Battle Axe Federal Com #2H

API# 30-025-41370

. **HOBBS OCD**

JAN 1 3 2014

SURFACE USE PLAN OF OPERATIONS

RECEIVED

LOCATION

- Surface Location
 - SHL: 2260' FNL & 380' FWL, Unit E, Section 2, T26S-R33-E, Lea Co, NM
 - BHL: 330' FNL & 380' FWL, Unit D, Section 35, T25S-R33-E, Lea Co, NM
- > On Site Inspection
 - An onsite inspection was conducted on Monday August 19th with BLM Surface Protection Specialist Indra Dahal, Jeff Pangburn, Archeologist with APAC and representatives from Endeavor Energy Resources, L.P., to review the surface location, roads and infrastructure routes for the Battle Axe Federal Com #2H.

EXISTING ROADS

- Proposed well site and existing roads into the location.
 - The well site and elevation plat for the proposed well are reflected on the well site layout; Form C-102. The well was staked by Gary Jones (Certificate #7977) of Basin Surveys (Bond# 29220).
- > Directions to Location.
 - Beginning in Jal at the intersection of State Hwy 18 and State Hwy 128, go west on State Hwy 128 for 14.1 miles, turn left on County Road 2 (AKA Battle Axe Road) and head southwest for 13.5 miles, then turn left on Dinwiddie Road west for 200 yards, then north 1/8 mile to Battle Axe #2H well on the left.
- Improvement and/or Maintenance of existing roads.
 - All existing structures on the access route will be properly repaired or replaced if they are damaged or have deteriorated beyond practical use.

NEW OR RECONSTRUCTED ACCESS ROAD

- Access roads planned to be constructed/reconstructed.
 - The location will be accessed using an existing lease road that will be re-routed to the location at the southeast corner of the well pad. This new lease road will enter the southeast corner of the well pad a distance of 210.6 feet from the existing lease road.
- New road construction information.
 - The maximum width of the lease road is 20'. It is crowned and consists of 6" of rolled and compacted caliche. Water will be deflected, as necessary to avoid accumulation and prevent soil erosion.
 - Surface material is native caliche and the average grade will be approximately 1%. This material will be obtained, as needed for maintenance, from a BLM approved pit nearest in proximity to the location.
 - There will be no cattlequards installed at the Battle Axe #2H well site.

LOCATION OF EXISTING WELLS

Map identifying all known wells (producing, abandoned, SWD, water, etc...) within a one mile radius.

Battle Axe Federal Com #2H

API# 30-025-41370

LOCATION OF EXISTING AND/OR PROPOSED PRODUCTION FACILITIES

- > Facilities planned on the well site showing production facility and lines likely to be installed.
 - All production equipment will be located on site.

Gas Pipeline.

A 3-1/2" steel low pressure gas sales line will be laid above ground from the middle of eastern edge of the location <u>251.1</u> feet East to and under the existing lease road; then North <u>1216.9</u> feet along the East side of the existing lease road; then East <u>1025.7</u> feet along the South side of the existing lease road; then Northwardly <u>3097.8</u> feet along the East side of the existing lease road to SUG sales point. The gas sales line shall offset the existing lease road, when running alongside, a distance of 10.0 feet.

> Produced Water Pipeline

A 4" poly low pressure produced water line will be laid above ground from the middle of the eastern edge of the location 194.5 feet to the existing lease road; then North 1509.4 feet along the West side of existing lease road then West 720.7 feet to tie into existing SWD line in the Northeast Quarter of Section 3, T-26-S, R-33-E, Lea County, New Mexico. The produced water line shall offset the existing lease road, when running alongside, a distance of 10.0 feet.

Electric Line

• A 3-phase electric line will be run from the middle of the eastern edge of the location <u>190.4</u> feet; then North <u>1500.0</u> feet along the West side of the existing lease road; then East <u>713.6</u> feet to the tie-in point. The electric line shall offset the existing lease road, when running alongside, a distance of 10.0 feet.

LOCATION AND TYPES OF WATER SUPPLY

- > Source, access route, and transportation method for all water anticipated for use in drilling.
 - This location will be drilled using a combination of water mud systems (outlined in the drilling program). The water will be obtained either from commercial water stations in the area and hauled to location or transported by poly pipelines following existing and proposed roads. In cases where a poly pipeline is used to transport water to the location for drilling or any other purpose, proper authorizations will be secured.

CONSTRUCTION MATERIAL

- > Type and source of construction material for pad and roads.
 - Caliche utilized for the drilling pad and proposed access road will be obtained either from an existing approved
 pit, or by benching into a hill which will allow the pad to level with existing caliche from cut, or extracted by
 "flipping" the location. A caliche permit shall be obtained from the BLM prior to excavating any caliche from
 Federal Lands. Amount will vary for each pad. The procedure for "flipping" the location is as follows:
 - i. An adequate amount of topsoil for final reclamation will be stripped from the well location surface and stockpiled along the edge of the location as shown in the well site layout.
 - ii. An area will be used within the proposed well site to excavate caliche.
 - iii. The subsoil will then be removed and stockpiled within the footages of the well location.
 - iv. Once caliche/mineral material is found, the material will be excavated and stockpiled within the footages of the well location.
 - v. The subsoil will then be placed back in the excavated hole.
 - vi. Caliche/mineral material will then be placed over the entire pad and/or road to be compacted.
 - In the event that caliche is not found on site, a permit will be acquired if caliche is obtained from a BLM approved caliche pit.

Battle Axe Federal Com #2H

API# 30-025-41370

METHODS FOR HANDING WASTE

- > Methods and locations proposed for safe containment and disposal of each type of waste material at a state approved facility that results from drilling and completion.
 - Drilled cuttings shall be disposed of in a steel cutting bin (catch tanks) on the drilling pad (behind the steel mud tanks). The bin and cuttings shall be hauled to an approved cuttings dumpsite. At the site, the cuttings shall be removed from the bin & the bin shall be returned to the drilling site for reuse.
 - All trash, junk, and other waste material shall be contained in trash cages or trash bins to prevent scattering.
 When a job is completed, all contents shall be removed and disposed of in an approved landfill.
 - All broken sacks, banding, wraps and pallets will be properly disposed of.
 - If necessary, a Porto-John shall be provided for the rig crews. This equipment shall be properly maintained during the drilling and completion operations and shall be removed when all operations are completed.
 - Remaining drilling fluids shall be hauled off by transports to a state approved disposal site. Water produced during completion shall be put in storage tanks and disposed of in a state approved disposal. Oil and condensate produced shall be put in a storage tank and sold.
 - Disposal of fluids to be transported by the following companies:
 - i. Steve Kent Trucking
 - ii. Rapid Transports
 - iii. Cuatro Transports

ANCILLARY FACILITIES

> No airstrip, campsite, or other facilities will be built.

WELL SITE LAYOUT

- Survey plat of well site drafted by a professional surveyor/engineer as well as diagram showing the well site dimensions with surface facilities, proposed roads and topsoil stockpile.
- > Reserve pit Information
 - Mud pits in the active circulating system shall be steel pits and the catch tanks shall be steel tanks set in shallow sumps behind the steel circulating tanks and sumps.
 - The area where the catch tanks are placed shall be reclaimed and the surface vegetation restored to as or near the same condition that existed prior to operations.

PLANS FOR SURFACE RECLAMATION

- Surface Reclamation Plan (interim and final).
 - After concluding the drilling and/or completion operations, if the well is found non-commercial, the caliche shall
 be removed from the pad and transported to the original caliche pit or used for other drilling locations and roads.
 The road shall be reclaimed and the surface vegetation restored to as or near the same condition that existed
 prior to operations. The original topsoil shall again be returned to the pad and contoured, as close as possible, to
 the original topography.
 - After the well is plugged and abandoned, the location and road shall be reclaimed and the surface vegetation restored to as or near the same condition that existed prior to operations.
 - Caliche from areas of the pad site not required for operations shall be reclaimed. The original topsoil shall be returned to the area of the drill pad not necessary to operate the well. These unused areas of the drill pad shall be contoured, as close as possible, to match the original topography.

Battle Axe Federal Com #2H

API# 30-025-41370

- Well site has reclaimed area and downsized well location.
 - After drilling and completion of the Battle Axe #2H, the location site will be reduced on the west and north sides. See Exhibit for final production pad dimensions.
 - The top soil deposited on the west side of location will be used to remediate the surface after caliche has been removed in the downsizing operations.
 - Interim reclamation guidelines of the BLM will be followed.

SURFACE OWNERSHIP

> The surface is owned by the State of New Mexico. The surface is multiple use with the primary uses of the region for the grazing of livestock and the production of oil and gas.

OTHER INFORMATION

- > The area surrounding the well is mesquite cresote brush and tar brush. The topsoil is caliche/sandy nature. The vegetation is moderately sparse with native prairie grass and cactus. No wildlife was observed but it is likely that deer, rabbits, coyotes, birds, and rodents transverse the area.
- > There are no dwellings within 2.0 miles of location. There is a single family residence located 3.0 miles to the northeast of the well location.
- > Applicant will not participate in the MOA. Because surface location is on state lands. Contract Cultural Study and Report was submitted by APAC to BLM Office in Calsbad, New Mexico.
- Oil will be trucked by Blueknight. The oil purchaser is Oasis Transportation and Manufacturing Corp.

BOND COVERAGE

Bond coverage is Nationwide; Bond No. NM 000846

Battle Axe Federal Com #2H

API# 30-025-41370

COMPANY REPRESENTATIVES

Representatives responsible for ensuring compliance of the surface use plan are listed below:

Land and Right of Way

Rodney Foster Endeavor Energy Resources, L.P. 110 N. Marienfeld, Suite 200 Midland, Texas 79701 (432) 687-1575 Office (432) 638-0543 Cell

Regulatory

Brad Bates, Petroleum Engineer Endeavor Energy Resources, L.P. 110 N. Marienfeld, Suite 200 Midland, Texas 79701 (432) 262-4034 Office (432) 664-4205 Cell

Production

Ronnie Pryer – Foreman Endeavor Energy Resources, L.P. 110 N. Marienfeld, Suite 200 Midland, Texas 79701 (432) 262-4046 Office (432) 634-2934 Cell

Drilling

Kelvin Fisher
Endeavor Energy Resources, L.P.
110 N. Marienfeld, Suite 200
Midland, Texas 79701
(432) 687-1575 Office
(432) 634-5621 Cell



Battle Axe Federal Com #2H

API# 30-025-41370

OPERATOR CERTIFICATION

Name:

Bradley S. Bates

Special Projects

Position:

Petroleum Engineer,

Address:

110 N. Marienfeld, Suite 200

Midland, Texas 79701

Telephone:

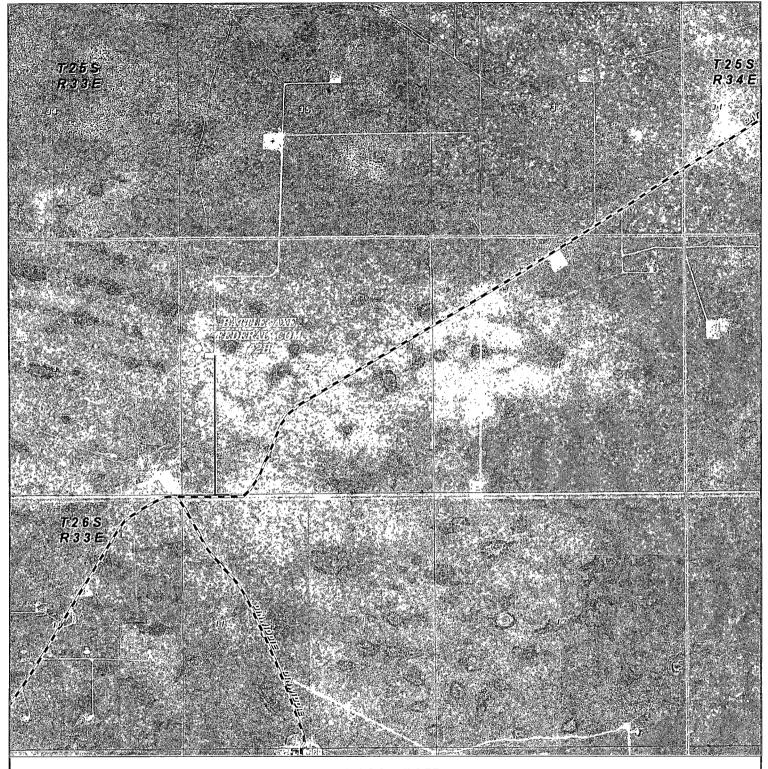
(432) 262-4034 Office

Email:

bradb@eeronline.com

Signed:

Bradley S. Bates



BATTLE AXE FEDERAL COM #2H Located 2260' FNL and 380' FWL Section 2, Township 26 South, Range 33 East, N.M.P.M., Lea County, New Mexico.

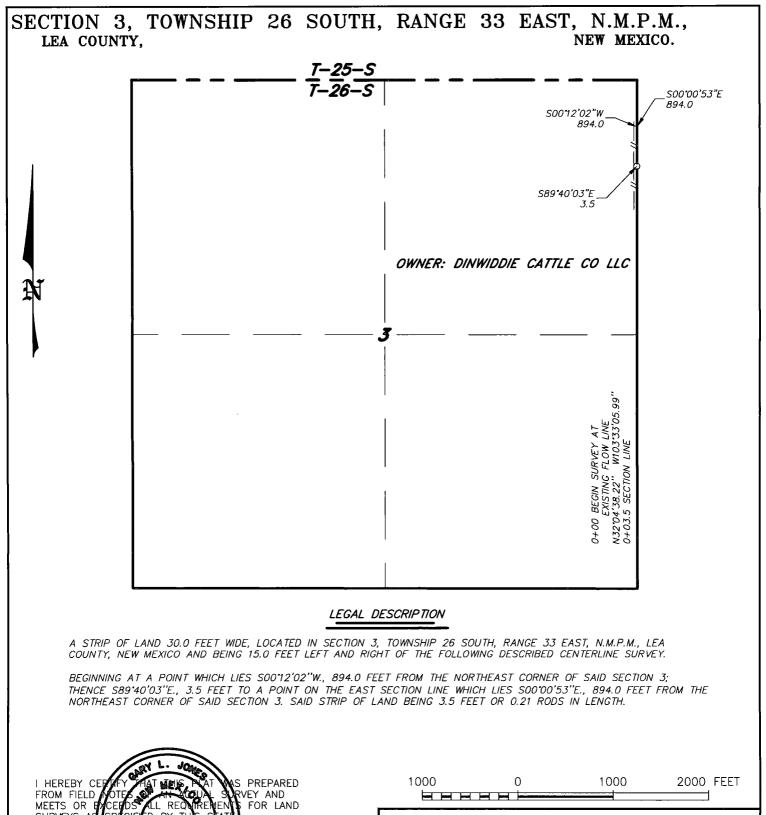


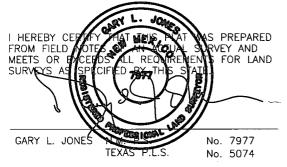
P.O. Box 1786 1120 N. West County Rd. Hobbs, New Mexico 88241 (575) 393-7316 - Office (575) 392-2206 - Fax basinsurveys.com W.O. Number: JMS - 29220

Scale: 1" = 2000'

YELLOW TINT — USA LAND BLUE TINT — STATE LAND NATURAL COLOR — FEE LAND







BASIN SURVEYS P.O. BOX 1786 - HOBBS, NEW MEXICO

Disk: JG - 29289

W.O. Number: 29289 Drawn By: J. GOAD

Date: 8-26-2013

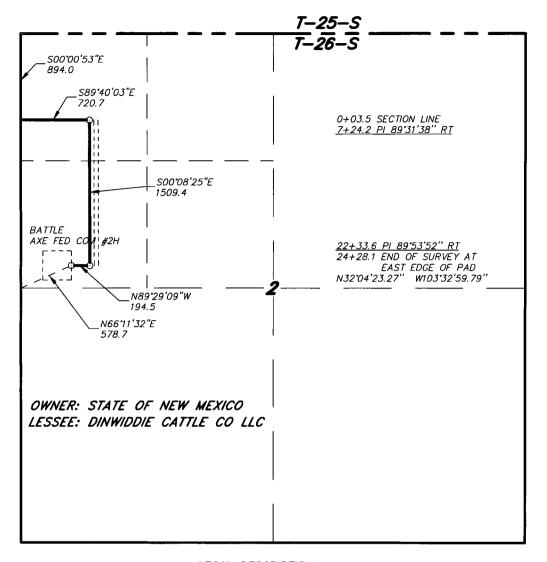
ENDEAVOR ENERGY RESOURCES LP

REF: PROPOSED BATTLE AXE FED COM #2H PRODUCED WATER LINE

A PIPELINE CROSSING FEE LAND IN SECTION 3, TOWNSHIP 26 SOUTH, RANGE 33 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO.

Sheet Sheets Survey Date: 8-22-2013

SECTION 2, TOWNSHIP 26 SOUTH, RANGE 33 EAST, N.M.P.M., LEA COUNTY. NEW MEXICO.

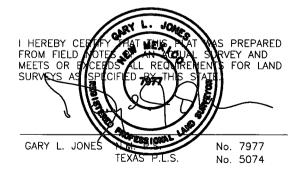


LEGAL DESCRIPTION

A STRIP OF LAND 30.0 FEET WIDE, LOCATED IN SECTION 2, TOWNSHIP 26 SOUTH, RANGE 33 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO AND BEING 15.0 FEET LEFT AND RIGHT OF THE FOLLOWING DESCRIBED CENTERLINE SURVEY.

BEGINNING AT A POINT ON THE WEST SECTION LINE WHICH LIES S00'00'53"E., 894.0 FEET FROM THE NORTHWEST CORNER OF SAID SECTION 2; THENCE S89'40'03"E., 720.7 FEET; THENCE S00'08'25"E., 1509.4 FEET; THENCE N89'29'09"W., 194.5 FEET TO THE END OF THIS LINE WHICH LIES N66'11'32"E., 578.7 FEET FROM THE WEST QUARTER CORNER OF SAID SECTION 2. SAID STRIP OF LAND BEING 2424.6 FEET OR 146.94 RODS IN LENGTH AND CONTAINING 1.67 ACRES, MORE OR LESS, AND BEING ALLOCATED BY FORTIES AS FOLLOWS.

> NW/4NW/4 69.24 RODS OR 0.79 ACRES SW/4NW/4 77.70 RODS OR 0.88 ACRES



BASIN SURVEYS P.O. BOX 1786 - HOBBS, NEW MEXICO

Disk: JG - 29289

W.O. Number: 29289 Drawn By:

Date: 8-26-2013

J. GOAD

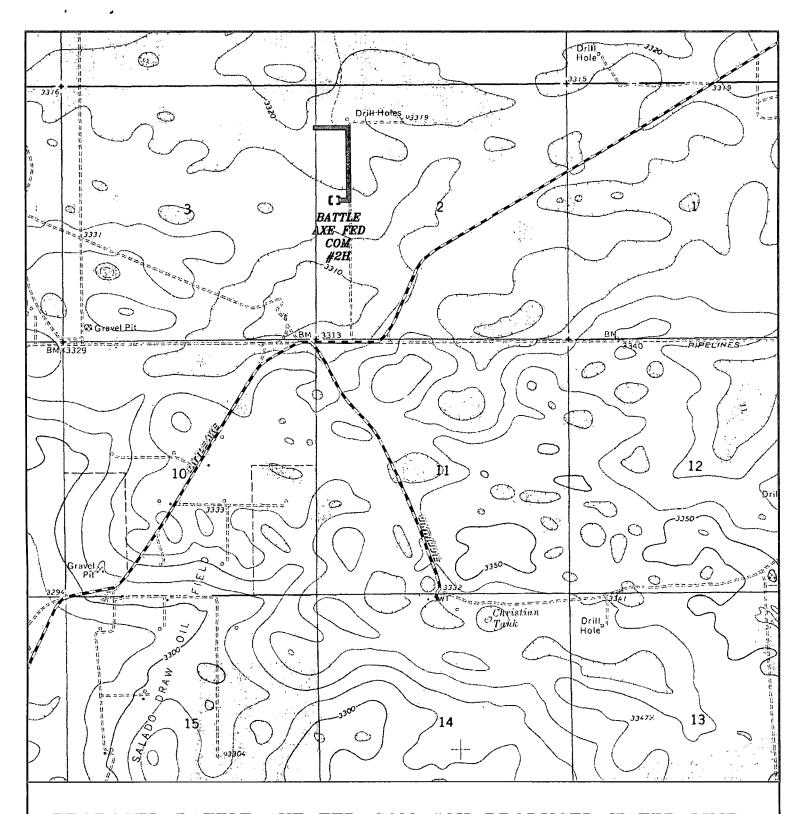
1000 1000 2000 FEET

Endeavor energy resources lp

REF: PROPOSED BATTLE AXE FED COM #2H PRODUCED WATER LINE

A PIPELINE CROSSING STATE LAND IN SECTION 2, TOWNSHIP 26 SOUTH, RANGE 33 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO.

Survey Date: 8-22-2013 Sheet Sheets



PROPOSED BATTLE AXE FED COM #2H PRODUCED WATER LINE Sections 2&3, Township 26 South, Range 33 East, N.M.P.M., Lea County, New Mexico.



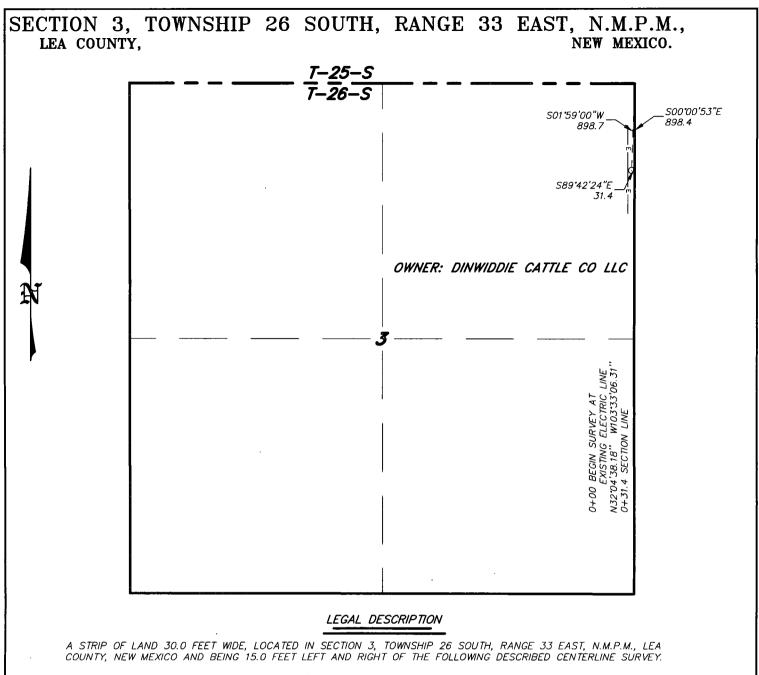
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Survey Date: 8-22-2013

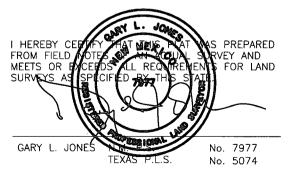
Scale: 1" = 2000'

Date: 8-26-2013

ENDEAVOR ENERGY RESOURCES LP



BEGINNING AT A POINT WHICH LIES S01'59'00"W., 898.7 FEET FROM THE NORTHEAST CORNER OF SAID SECTION 3; THENCE S89°42'24"E., 31.4 FEET TO A POINT ON THE EAST SECTION LINE WHICH LIES S00'00'53"E., 898.4 FEET FROM THE NORTHEAST CORNER OF SAID SECTION 3. SAID STRIP OF LAND BEING 31.4 FEET OR 1.90 RODS IN LENGTH.



BASIN SURVEYS P.O. BOX 1786 - HOBBS, NEW MEXICO

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1000 1000 2000 FEET

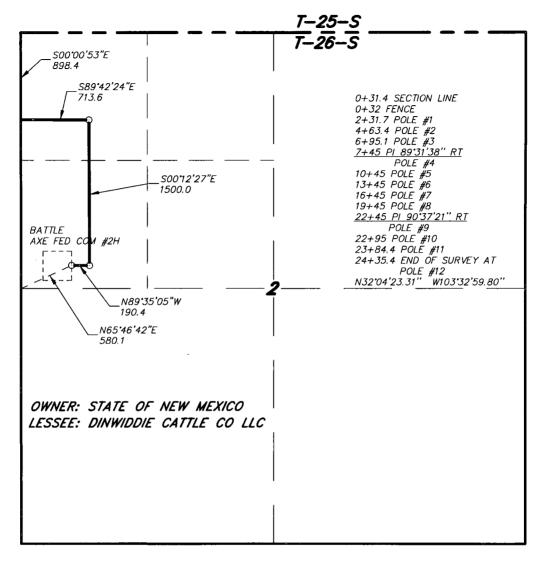
ENDEAVOR ENERGY RESOURCES LP

REF: PROPOSED BATTLE AXE FED COM #2H ELECTRIC LINE

AN ELECTRIC LINE CROSSING FEE LAND IN SECTION 3, TOWNSHIP 26 SOUTH, RANGE 33 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO.

Sheet Sheets Survey Date: 8-22-2013

SECTION 2, TOWNSHIP 26 SOUTH, RANGE 33 EAST, N.M.P.M., LEA COUNTY. NEW MEXICO.



LEGAL DESCRIPTION

A STRIP OF LAND 30.0 FEET WIDE, LOCATED IN SECTION 2, TOWNSHIP 26 SOUTH, RANGE 33 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO AND BEING 15.0 FEET LEFT AND RIGHT OF THE FOLLOWING DESCRIBED CENTERLINE SURVEY.

BEGINNING AT A POINT ON THE WEST SECTION LINE WHICH LIES S00'00'53"E., 898.4 FEET FROM THE NORTHWEST CORNER OF SAID SECTION 2; THENCE S89'42'24"E., 713.6 FEET; THENCE S00'12'27"E., 1500.0 FEET; THENCE N89'35'05"W., 190.4 FEET TO THE END OF THIS LINE WHICH LIES N65'46'42"E., 580.1 FEET FROM THE WEST QUARTER CORNER OF SAID SECTION 2. SAID STRIP OF LAND BEING 2404.0 FEET OR 145.71 RODS IN LENGTH AND CONTAINING 1.65 ACRES, MORE OR LESS, AND BEING ALLOCATED BY FORTIES AS FOLLOWS.

> NW/4NW/4 68.55 RODS OR 0.78 ACRES SW/4NW/4 77.16 RODS OR 0.87 ACRES

I HEREBY CE S PREPARED FROM FIELD RVFY AND MEETS OR E FOR LAND RF(SURVEYS GARY L. JONES No. 7977 No. 5074

BASIN SURVEYS P.O. BOX 1786-HOBBS, NEW MEXICO

W.O. Number: 29289 Drawn By: J. GOAD

Date: 8-26-2013

Disk: JG - 29289

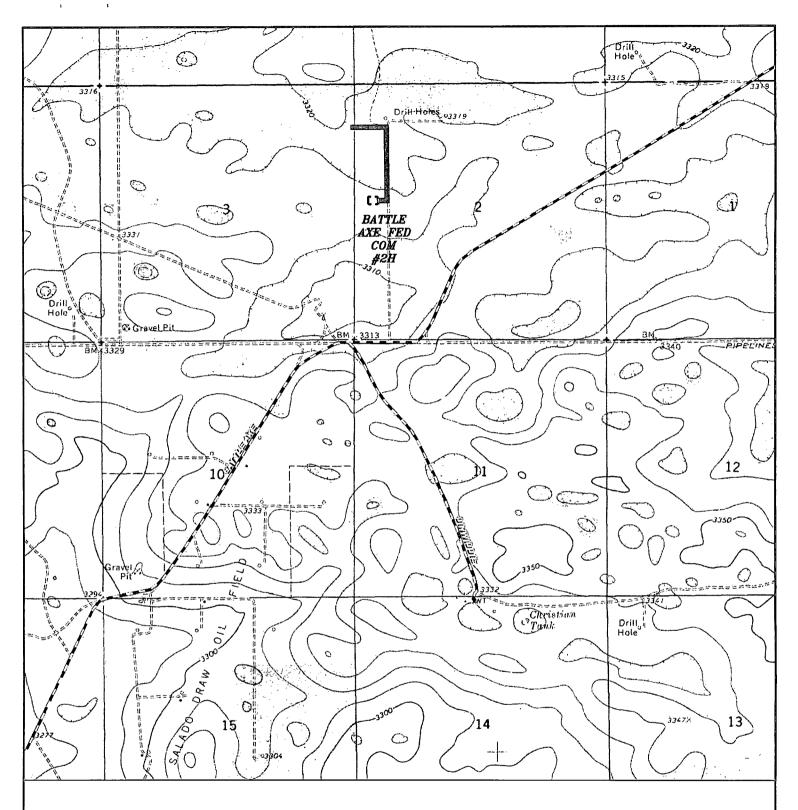
1000 Ω 1000 2000 FEET

ENDEAVOR ENERGY RESOURCES LP

REF: PROPOSED BATTLE AXE FED COM #2H ELECTRIC LINE

AN ELECTRIC LINE CROSSING STATE LAND IN SECTION 2, TOWNSHIP 26 SOUTH, RANGE 33 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO.

Survey Date: 8-22-2013 Sheet Sheets



PROPOSED BATTLE AXE FED COM #2H ELECTRIC LINE Sections 2&3, Township 26 South, Range 33 East, N.M.P.M., Lea County, New Mexico.



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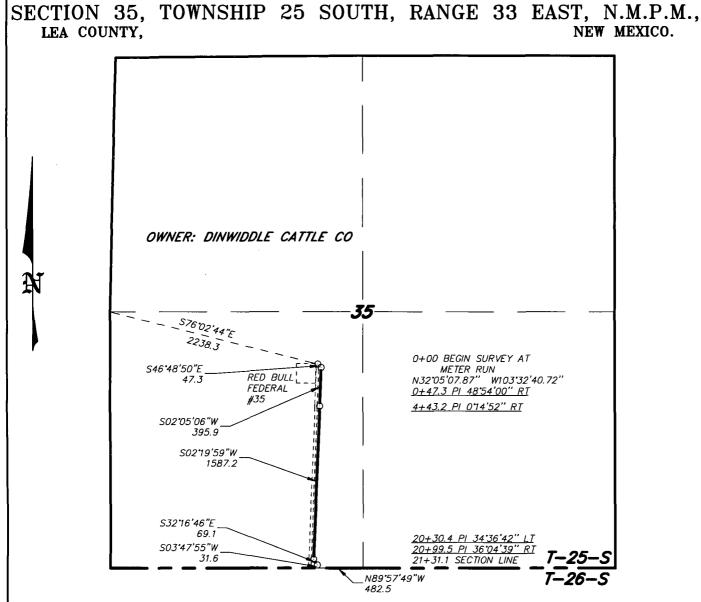
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Survey Date: 8-22-2013

Scale: 1" = 2000'

Date: 8-26-2013

ENDEAVOR ENERGY RESOURCES LP

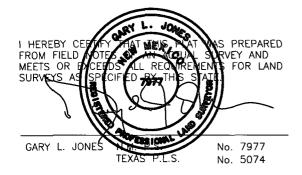


LEGAL DESCRIPTION

A STRIP OF LAND 30.0 FEET WIDE, LOCATED IN SECTION 35, TOWNSHIP 25 SOUTH, RANGE 33 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO AND BEING 15.0 FEET LEFT AND RIGHT OF THE FOLLOWING DESCRIBED CENTERLINE SURVEY.

BEGINNING AT A POINT WHICH LIES S76'02'44"E., 2238.3 FEET FROM THE WEST QUARTER CORNER OF SAID SECTION 35; THENCE \$46'48'50"E., 47.3 FEET; THENCE \$02'05'06"W., 395.9 FEET; THENCE \$02'19'59"W., 1587.2 FEET: THENCE S32'16'46"E., 69.1 FEET; THENCE S03'47'55"W., 31.6 FEET TO A POINT ON THE SOUTH SECTION LINE WHICH LIES N89'57'49"W. 482.5 FEET FROM THE SOUTH QUARTER CORNER OF SAID SECTION 35. SAID STRIP OF LAND BEING 2131.1 FEET OR 129.16 RODS IN LENGTH.

1000



BASIN SURVEYS P.O. BOX 1786 - HOBBS, NEW MEXICO

W.O. Number: 29318 J. GOAD Drawn By: Date: 9-4-2013

A PIPELINE CROSSING FEE LAND IN SECTION 35, TOWNSHIP 25 SOUTH, RANGE 33 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO.

ENDEAVOR ENERGY RESOURCES LP

REF: PROPOSED BATTLE AXE FEDERAL COM 2H GAS PIPELINE

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Survey Date: 8-27-2013

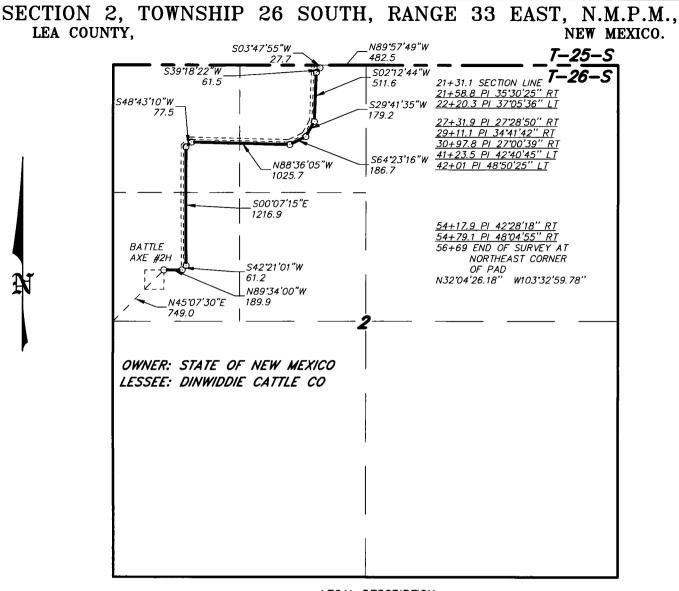
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Sheets

2000 FEET

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LEGAL DESCRIPTION

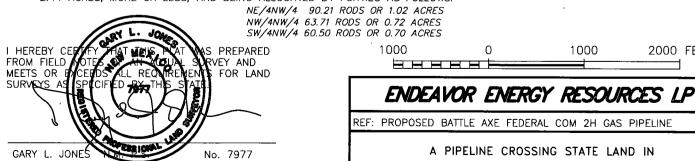
A STRIP OF LAND 30.0 FEET WIDE, LOCATED IN SECTION 2, TOWNSHIP 26 SOUTH, RANGE 33 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO AND BEING 15.0 FEET LEFT AND RIGHT OF THE FOLLOWING DESCRIBED CENTERLINE SURVEY.

BEGINNING AT A POINT ON THE NORTH SECTION LINE WHICH LIES N89'57'49"W., 482.5 FEET FROM THE NORTH QUARTER CORNER OF SAID SECTION 2; THENCE S03'47'55"W., 27.7 FEET; THENCE S39'18'22"W., 61.5 FEET; THENCE S02'12'44"W., 511.6 FEET; THENCE S29'41'35"W., 179.2 FEET; THENCE S64'23'16"W., 186.7 FEET; THENCE N88'36'05"W., 1025.7 FEET; THENCE S48'43'10"W., 77.5 FEET; THENCE S00'07'15"E., 1216.9 FEET; THENCE S42'21'01"W., 61.2 FEET; THENCE N89'34'00"W., 189.9 FEET TO THE END OF THIS LINE WHICH LIES N45'07'30"E., 749.0 FEET FROM THE WEST QUARTER CORNER OF SAID SECTION 2. SAID STRIP OF LAND BEING 3537.9 FEET OR 214.42 RODS IN LENGTH AND CONTAINING 2.44 ACRES, MORE OR LESS, AND BEING ALLOCATED BY FORTIES AS FOLLOWS.

2000 FEET

SECTION 2, TOWNSHIP 26 SOUTH, RANGE 33 EAST.

N.M.P.M., LEA COUNTY, NEW MEXICO.

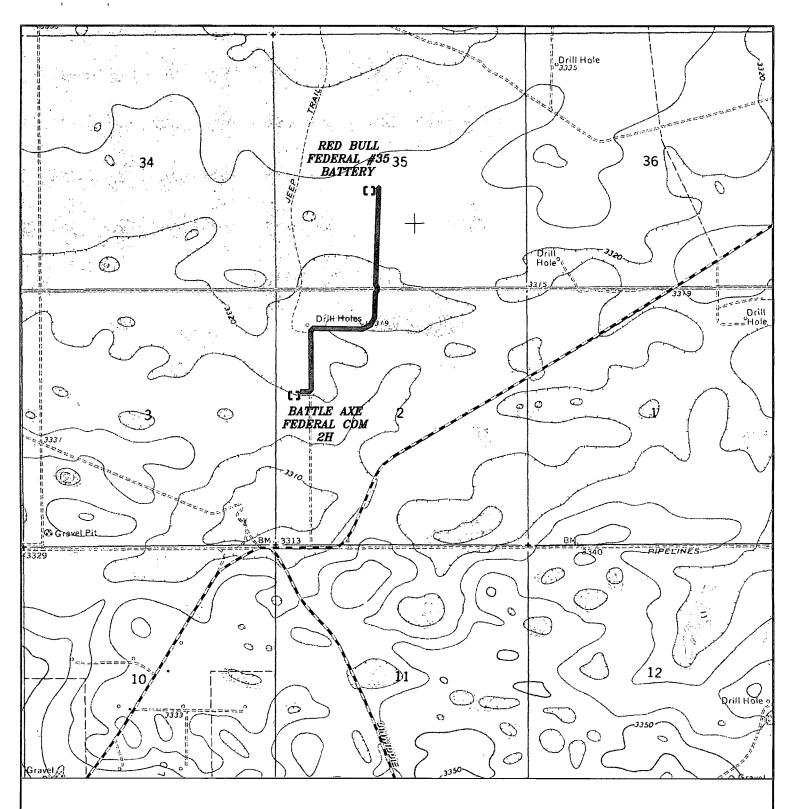


BASIN SURVEYS P.O. BOX 1786-HOBBS, NEW MEXICO

No. 5074

W.O. Number: 29318 J. GOAD Drawn By:

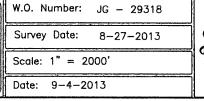
Date: 9-4-2013 Disk: JG - 29318 Survey Date: 8-27-2013 Sheet Sheets



PROPOSED BATTLE AXE FEDERAL COM 2H GAS PIPELINE Section 35, Township 25 South, Range 33 East, Section 2, Township 26 South, Range 33 East, N.M.P.M., Lea County, New Mexico.



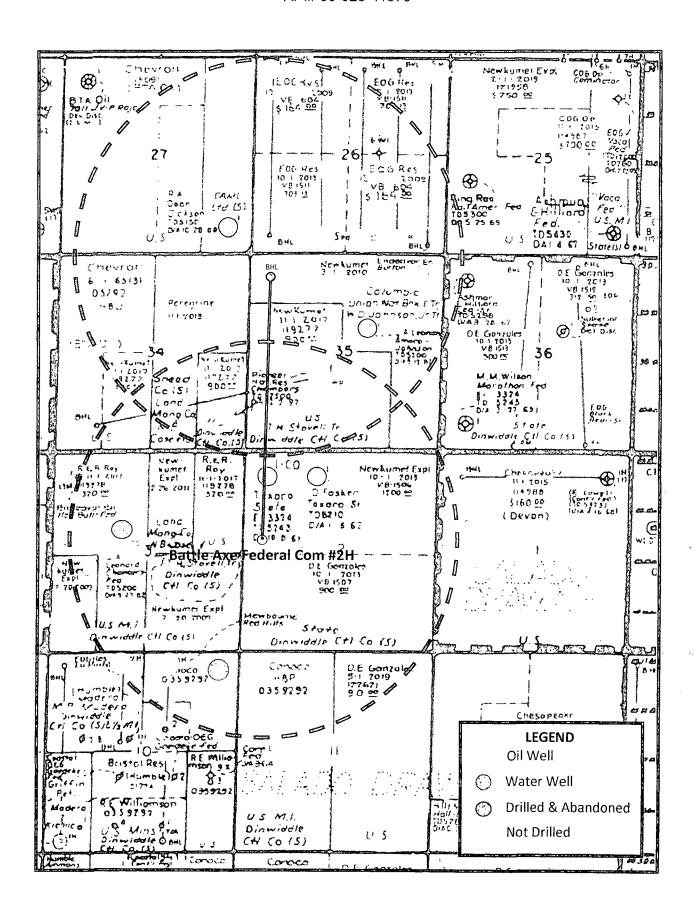
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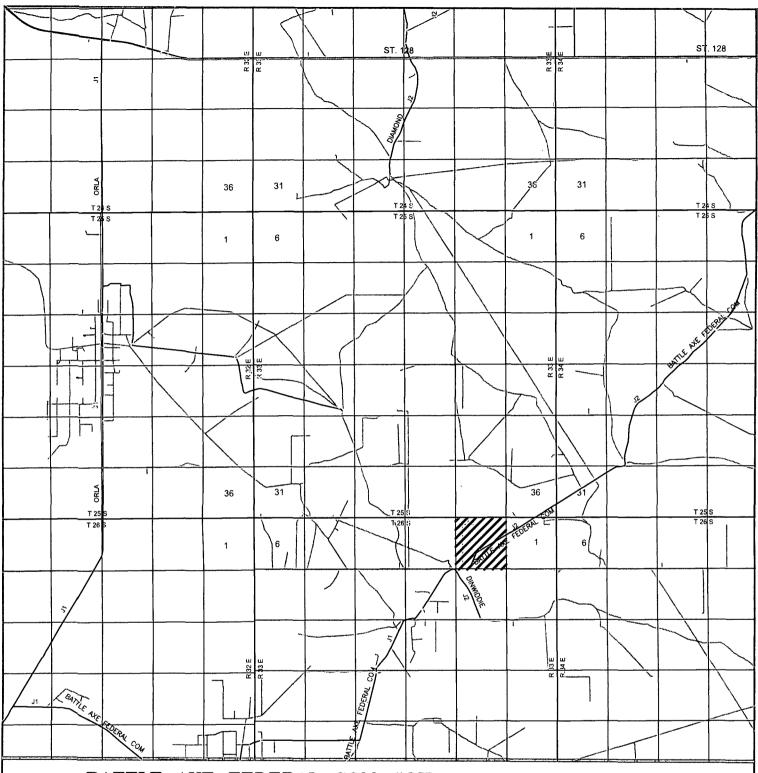


ENDEAVOR ENERGY RESOURCES LP

Battle Axe Federal Com #2H

API# 30-025-41370





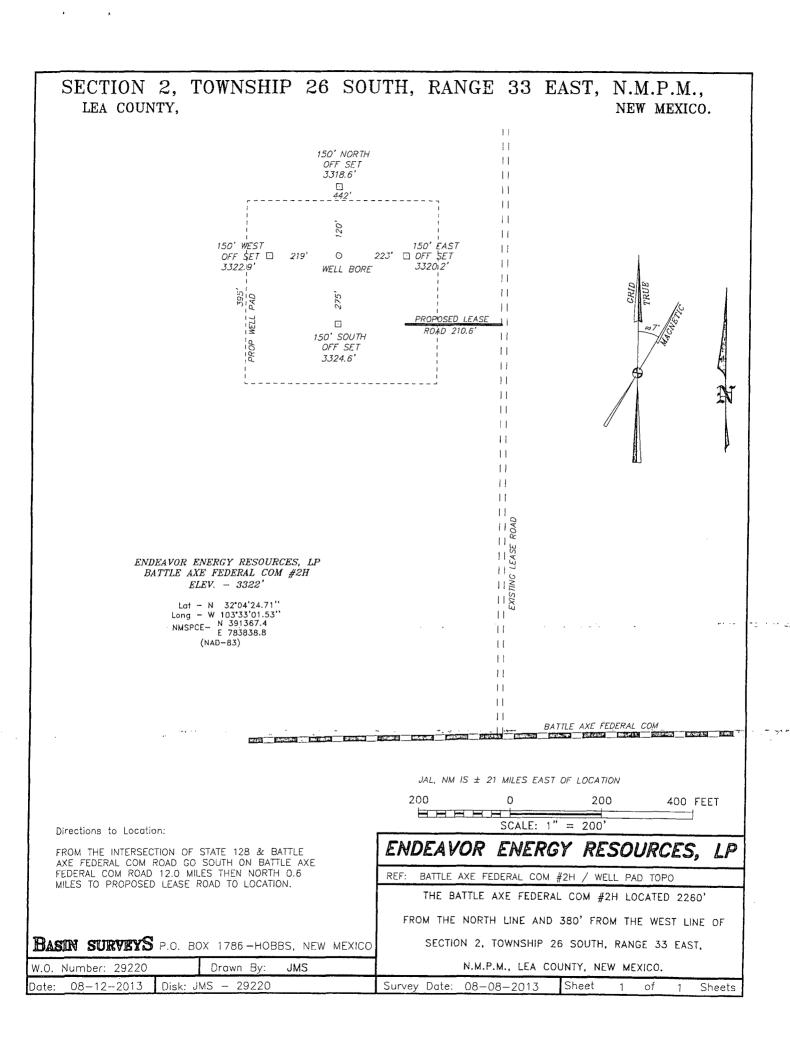
BATTLE AXE FEDERAL COM #2H Located 2260' FNL and 380' FWL Section 2, Township 26 South, Range 33 East, N.M.P.M., Lea County, New Mexico.

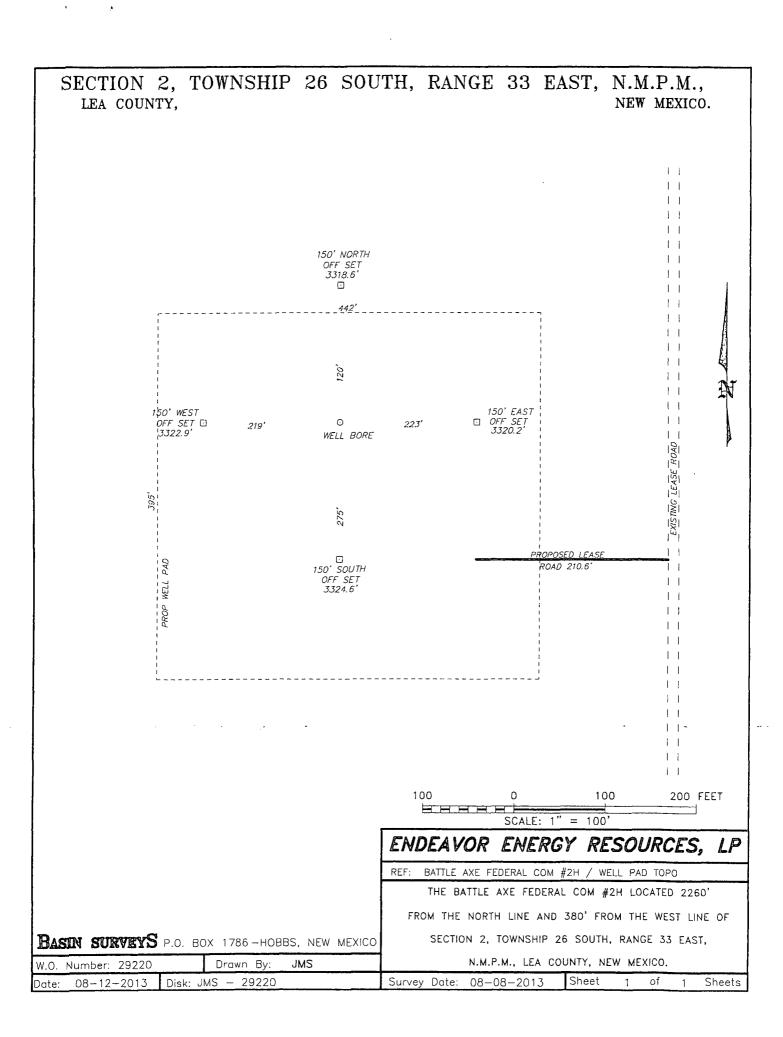


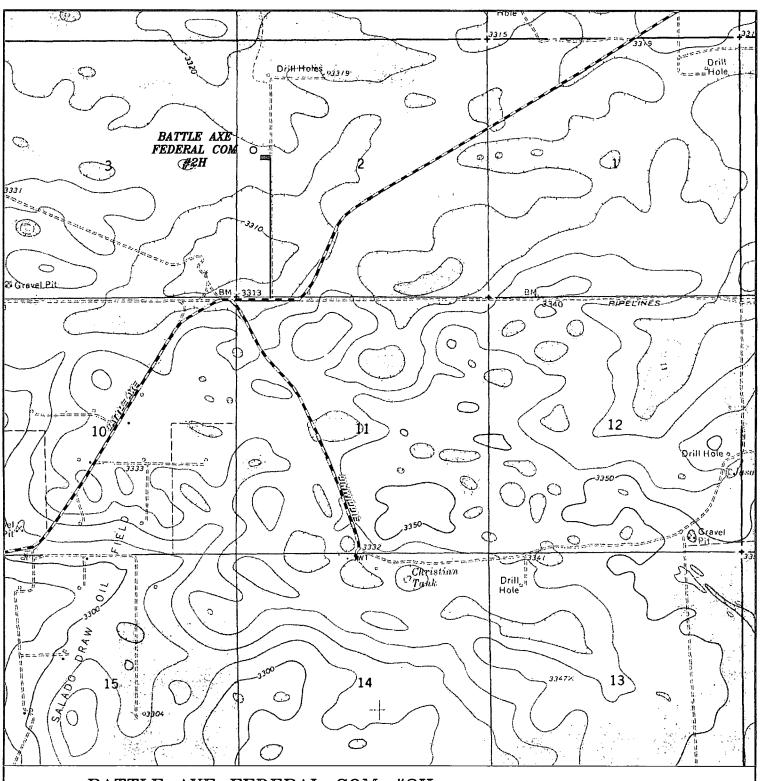
P.O. Box 1786 1120 N. West County Rd. Hobbs, New Mexico 88241 (575) 393—7316 — Office (575) 392—2206 — Fax basinsurveys.com

W.O. Number: JMS - 29220	
Survey Date: 08-08-2013	}}
Scale: 1" = 2 Miles	19
Date: 08-12-2013	4

ENDEAVOR ENERGY RESOURCES, LP







BATTLE AXE FEDERAL COM #2H Located 2260' FNL and 380' FWL Section 2, Township 26 South, Range 33 East, N.M.P.M., Lea County, New Mexico.



P.O. Box 1786 1120 N. West County Rd. Hobbs, New Mexico 88241 (575) 393-7316 - Office (575) 392-2206 - Fax basinsurveys.com

W.O. Number: JMS — 29220	,
Survey Date: 08-08-2013	5
Scale: 1" = 2000'	4
Date: 08-12-2013	L

ENDEAVOR ENERGY RESOURCES, LP