

CAZA OPERATING, LLC.
WEST COPPERLINE 29 STATE COM #1H
UNIT "C" SECTION 29
T23S-R34E LEA CO. NM

HOBBS OCD

AUG 05 2013

RECEIVED

1. EXISTING AND PROPOSED ROADS WITH DIRECTIONS TO LOCATION:

- A. Exhibit "B" is a reproduction of a County General Hi-Way map showing existing roads. Exhibit "C" is a reproduction of a USGS topographic map showing existing roads and proposed roads. All existing roads will be maintained in equal or better than current conditions. All new roads will be constructed to BLM specifications.
- B. Exhibit "A" shows the proposed well site as staked.
- C. Directions to location: From Eunice New Mexico take State Hi-way 207 South 2.5 miles, turn Right go 9 miles, turn Left (South) go 4 miles, turn Right (West) go 3 miles bear Left (Southwest) go 1.6 miles bear Right (West) go 7 miles, turn Left (South) go 2.7 miles to lease road turn Left (East) go .7 miles to proposed lease road continue East to Southwest corner of drilling location.
- D. Exhibit "C" shows a topographic map showing existing and proposed roads to the location. If a powerline is required to produce this lease it will be constructed along the new lease road as indicated.

2. PLANNED ACCESS ROADS: Approximately 1500' of new road will be constructed.

- A. The access roads will be crowned and ditched to a 14' wide travel surface, within a 30' R-O-W.
- B. Gradient of all roads will be less than 5%.
- C. Turn-outs will be constructed where necessary.
- D. As required all new access roads will be surfaced with a minimum of 4-6" of Caliche. This material will be obtained from a local source.
- E. The center line of roads will be flagged and road construction will be done as field conditions allow.
- F. Culverts will be placed in the access roads as drainage conditions require. Roads will be constructed to use low water crossings for drainage as topographic features require to keep erosion to a minimum.

3. EXHIBIT "A-1" SHOWS EXISTING WELLS WITHIN A ONE MILE RADIUS OF THE LOCATION:

- | | |
|---------------------|-------------------------------------------|
| A. Water wells | One well 1.25 miles Northeast of location |
| B. disposal wells | None known |
| C. drilling wells | None known |
| D. producing wells. | As shown on Exhibit "A-1" |
| E. abandoned wells | As shown on Exhibit "A-1" |

SURFACE USE PLAN

CAZA OPERATING, LLC.
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4. If on completion this well is a success the operator will complete it as a producer. The operator will construct production facilities and tank battery on location. If power lines will be required to produce this well they may be constructed along existing R-O-W's as shown on Exhibit "C".

5. LOCATION AND TYPE OF WATER SUPPLY:

Water will be purchased locally from a commercial source and transported by transport or piped to location by flexible flowlines laid on top of the ground.

6. SOURCE OF CONSTRUCTION MATERIAL:

If possible construction material will be obtained from the leveling of the drill site. If additional material will be required it will be obtained from a local source and transported over access roads shown on Exhibit "C".

7. METHODS OF HANDLING WASTE MATERIAL:

- A. In case this well is drilled using a closed mud system the cuttings will be collected in containers and disposed of in a state approved disposal site. Drilling fluids likewise will be contained in tanks and disposed of in state approved disposal sites.
- B. All trash, junk and other waste material will be contained in trash cages or trash bins to prevent scattering. When job is complete all contents will be taken from location and disposed of in a state approved disposal site.
- C. Salts and other mud material remaining after completion of the well will be collected by the supplier and be removed from the location.
- D. Waste water from living quarters will be directed into an onsite sewage treatment unit and when well is completed residue will be removed and disposed of in a state approved disposal site. Porto-johns will be on location for rig crews, completion crews and other contract personnel, this equipment will be properly maintained during drilling and completion. When all operations are complete the residue will be removed and disposed of in a state approved disposal site and the equipment removed by supplier.
- E. Any fluids produced during the completion phase will be separated and the oil sold and water will be disposed of in an approved disposal site.

8. ANCILLARY FACILITIES:

- A. No camps, airstrips, or staging areas will be constructed on location.

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9. WELL SITE LAYOUT:

A. Exhibit "D" shows a generic well site for a well drilled using a closed mud system.

10. PLANS FOR RESTORATION OF SURFACE:

Rehabilitation of the surface will start after the well has been completed, if the well is completed as a producer production facilities will be constructed on the location. What area is not required for the operation of this project will be reclaimed and restored as near as possible to the original grade and vegetation.

If in case this well is unsuccessful and is a dry hole the drilling pad and the access roads will be reclaimed according to specifications provided by The Bureau of Land Management. Caliche or other road material will be removed for the possible use in another location or deposited in an approved reclamation site.

Drill cuttings and mud used to drill this well will be removed and disposed of at an approved disposal site. All trash and any other debris will be collected disposed of as the above.

11. ADDITIONAL INFORMATION:

The surface is owned by The Limestone Livestock, LLC. located at 76 Angell Road, Lovington, New Mexico 88260.

Topography has a slight dip in an Easterly direction toward Antelope Sink. Vegetation consists of prickly pear, mesquite, snake weed and various native grasses.

There is a water well approximately 1.25 miles Northeast of the location and is approximately 350' deep.

The surface is used for the grazing of livestock and the production of oil and gas.

Negotiations are currently underway to settle damages to the surface due to the drilling of this well with the surface owner.

OPERATOR CERTIFICATION

I hereby certify that I or someone under my direct supervision have inspected the drill site and access route proposed herein; that I am familiar with the conditions which currently exist; that I have full knowledge of state and federal laws applicable to this operation; that the statements made in the APD package are, to the best of my knowledge, true and correct, and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I or, the company that I represent, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

OPERATORS REPRESENTATIVES

BEFORE CONSTRUCTION

TIERRA EXPLORATION, INC.

P. O. BOX 2188

HOBBS, NEW MEXICO 88241

OFFICE PHONE 575-391-8503

JOE T. JANICA CELL PH. 575-390-1598

DURING AND AFTER CONSTRUCTION

CAZA OPERATING, LLC.

200 NORTH LORAIN

SUITE 1550

MIDLAND, TEXAS 79701

RICHARD WRIGHT

OFFICE PH. 432-682-7424

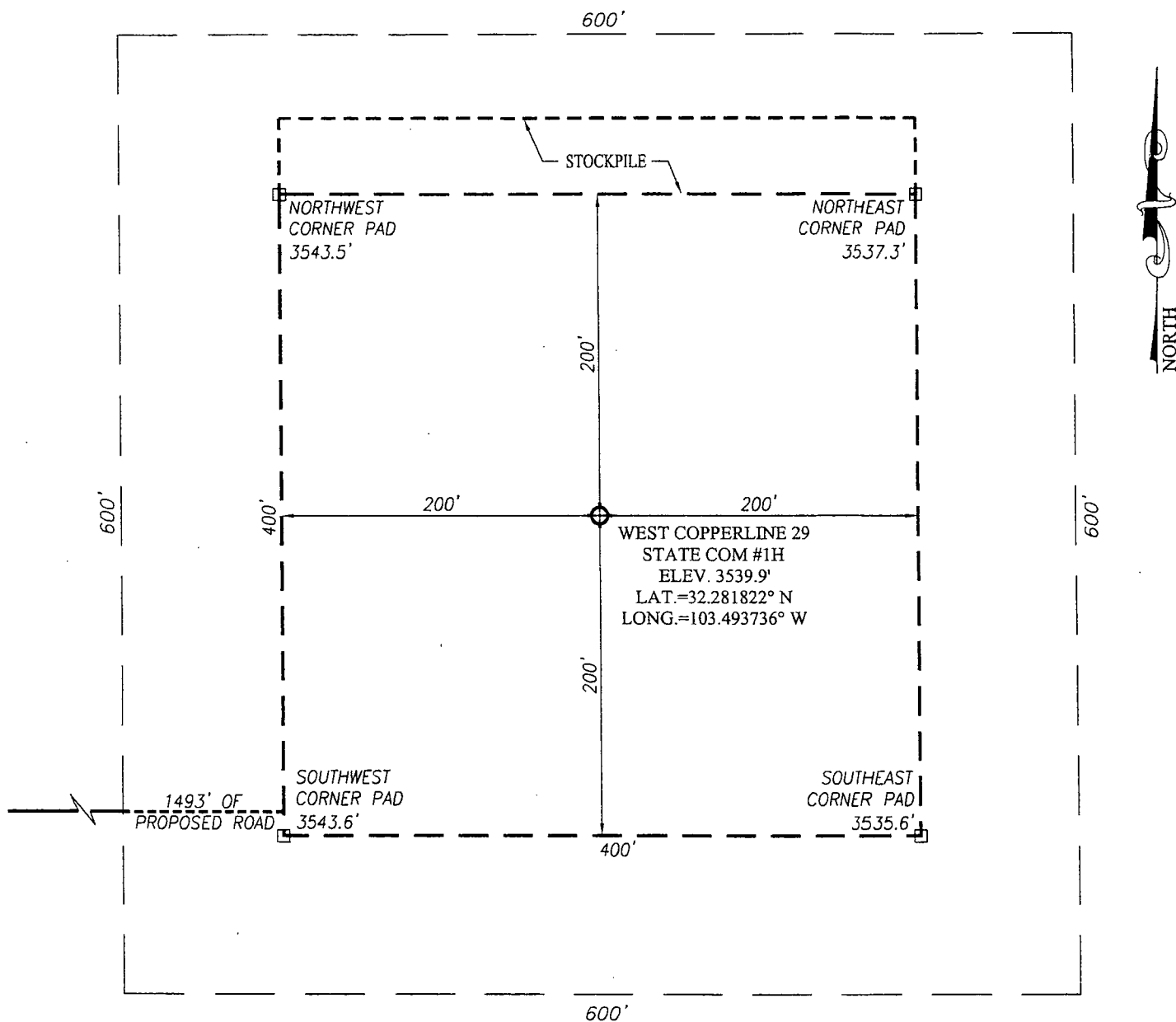
CELL PH 432-556-7595

NAME Joe T. Janica

TITLE Permit Eng.

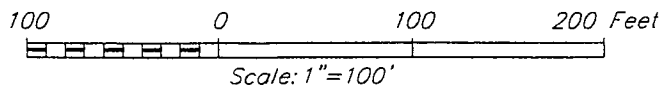
DATE 05/15/13

SECTION 29, TOWNSHIP 23 SOUTH, RANGE 34 EAST, N.M.P.M.
LEA COUNTY **NEW MEXICO**



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF CO. RD. #E21 (DELAWARE BASIN) AND CO. RD. #J2 (XL RD.), GO NORTH ON DELAWARE BASIN RD. APPROX. 1.2 MILES. TURN RIGHT AND GO SOUTHEAST APPROX. 0.7 MILES. BEND EAST TO PROPOSED ACCESS ROAD AND GO EAST APPROX. 1500 FEET TO THE SOUTHWEST PAD CORNER OF THIS LOCATION.



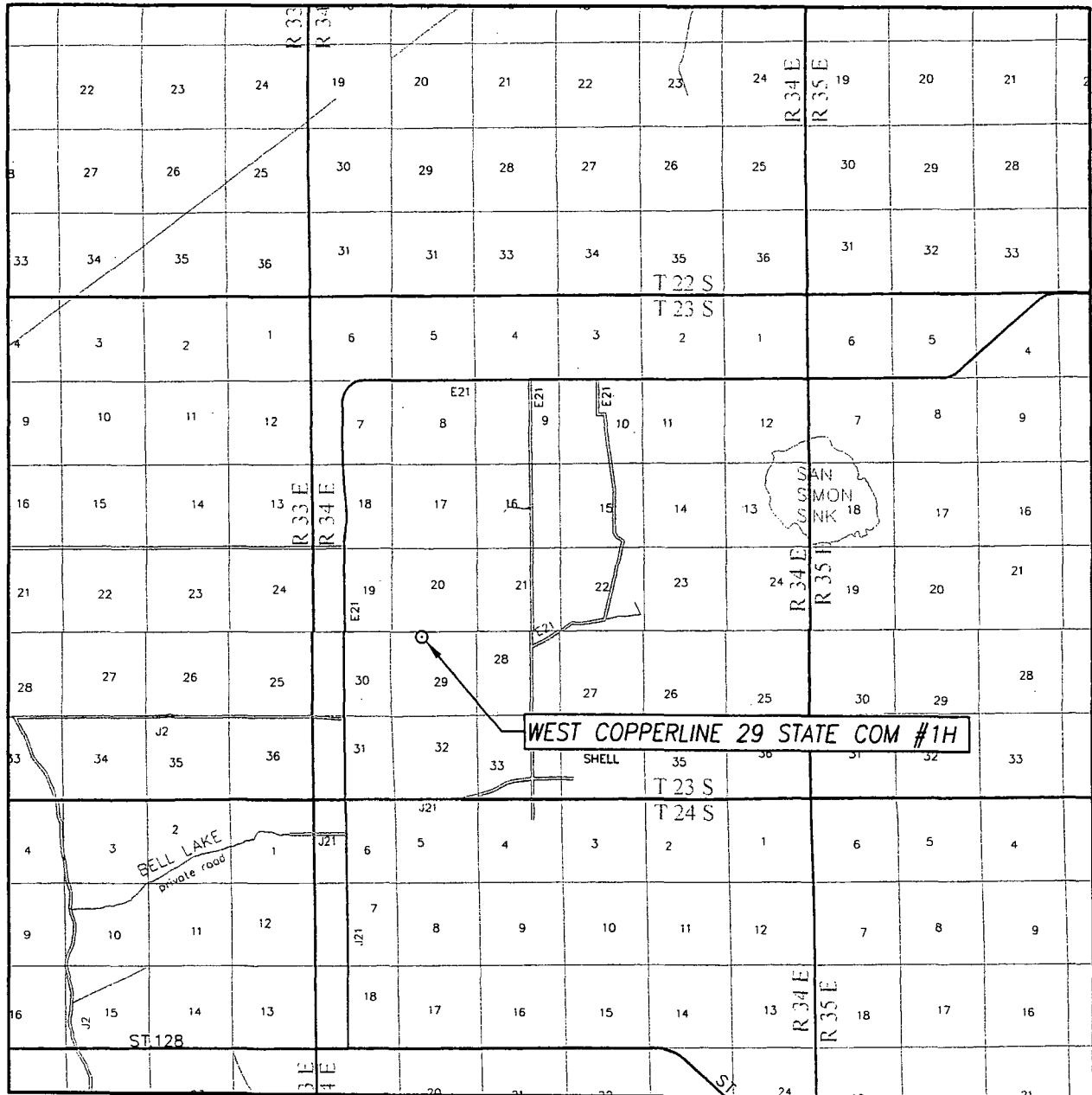
CAZA OPERATING, LLC

WEST COPPERLINE 29 STATE COM #1H WELL
LOCATED 330 FEET FROM THE NORTH LINE
AND 1980 FEET FROM THE WEST LINE OF SECTION 29,
TOWNSHIP 23 SOUTH, RANGE 34 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO

PROVIDING SURVEYING SERVICES
 SINCE 1946
JOHN WEST SURVEYING COMPANY
 412 N. DAL PASO
 HOBBS, N.M. 88240
 (575) 393-3117 www.jwsc.biz

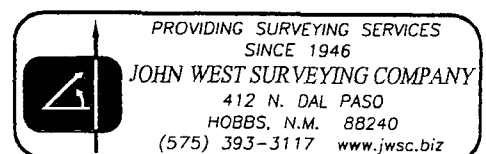
Survey Date: 4/9/13	CAD Date: 4/16/13	Drawn By: ACR
W.O. No.: 13110353	Rev: .	Rel. W.O.: Sheet 1 of 1

VICINITY MAP

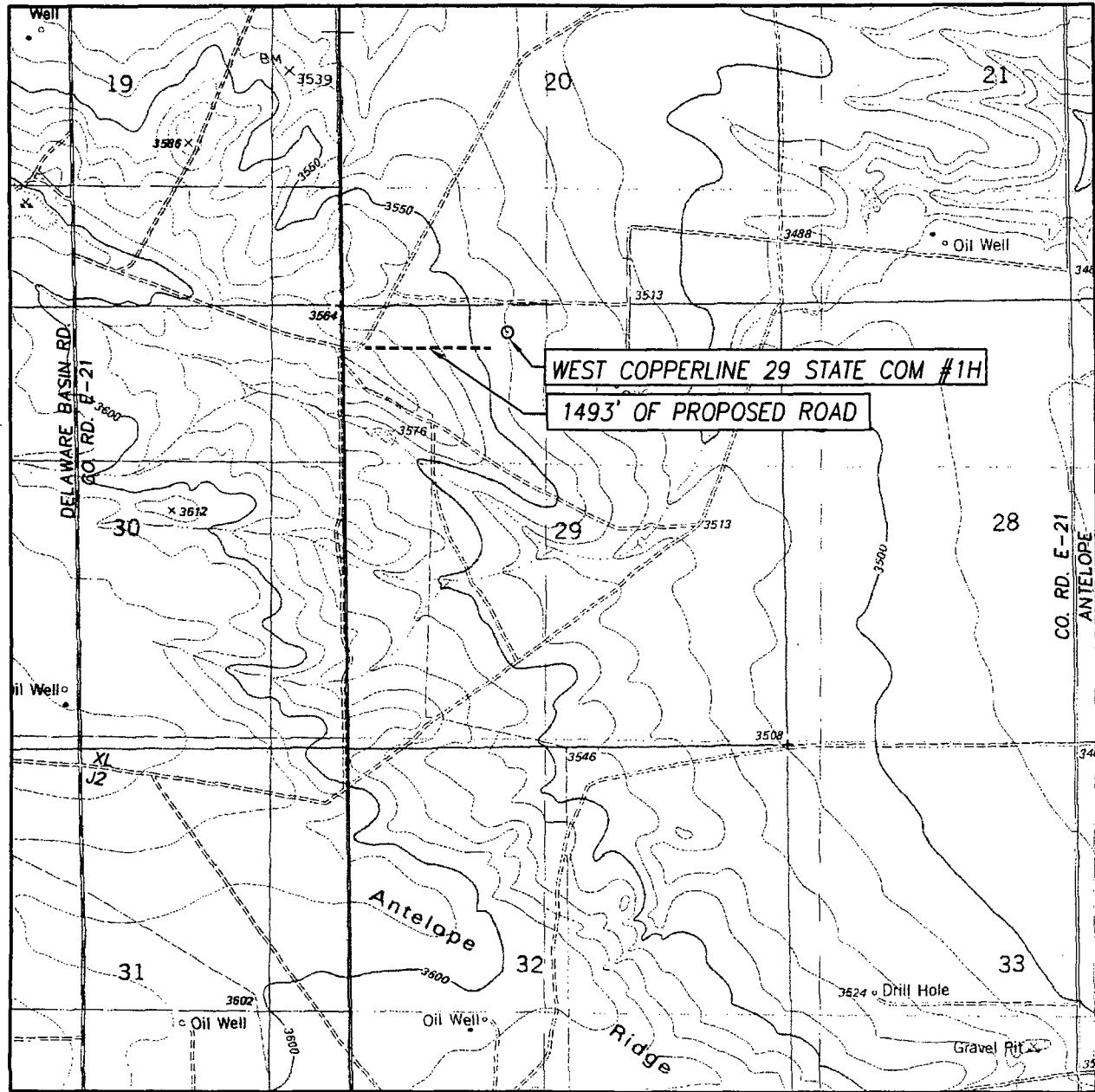


SCALE: 1" = 2 MILES

SEC. 29 TWP. 23-S RGE. 34-E
 SURVEY N.M.P.M.
 COUNTY LEA STATE NEW MEXICO
 DESCRIPTION 330' FNL & 1980' FWL
 ELEVATION 3540'
 OPERATOR CAZA OPERATING, LLC
 LEASE WEST COPPERLINE 29 STATE COM



LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
TIP TOP WELLS, N.M. - 10'
SAN SIMON SINK, N.M. - 10'

SEC. 29 TWP. 23-S RGE. 34-E

SURVEY N.M.P.M.

COUNTY LEA STATE NEW MEXICO

DESCRIPTION 330' FNL & 1980' FWL

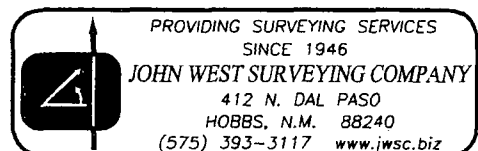
ELEVATION 3540'

OPERATOR CAZA OPERATING, LLC

LEASE WEST COPPERLINE 29 STATE COM

U.S.G.S. TOPOGRAPHIC MAP

TIP TOP WELLS, N.M.



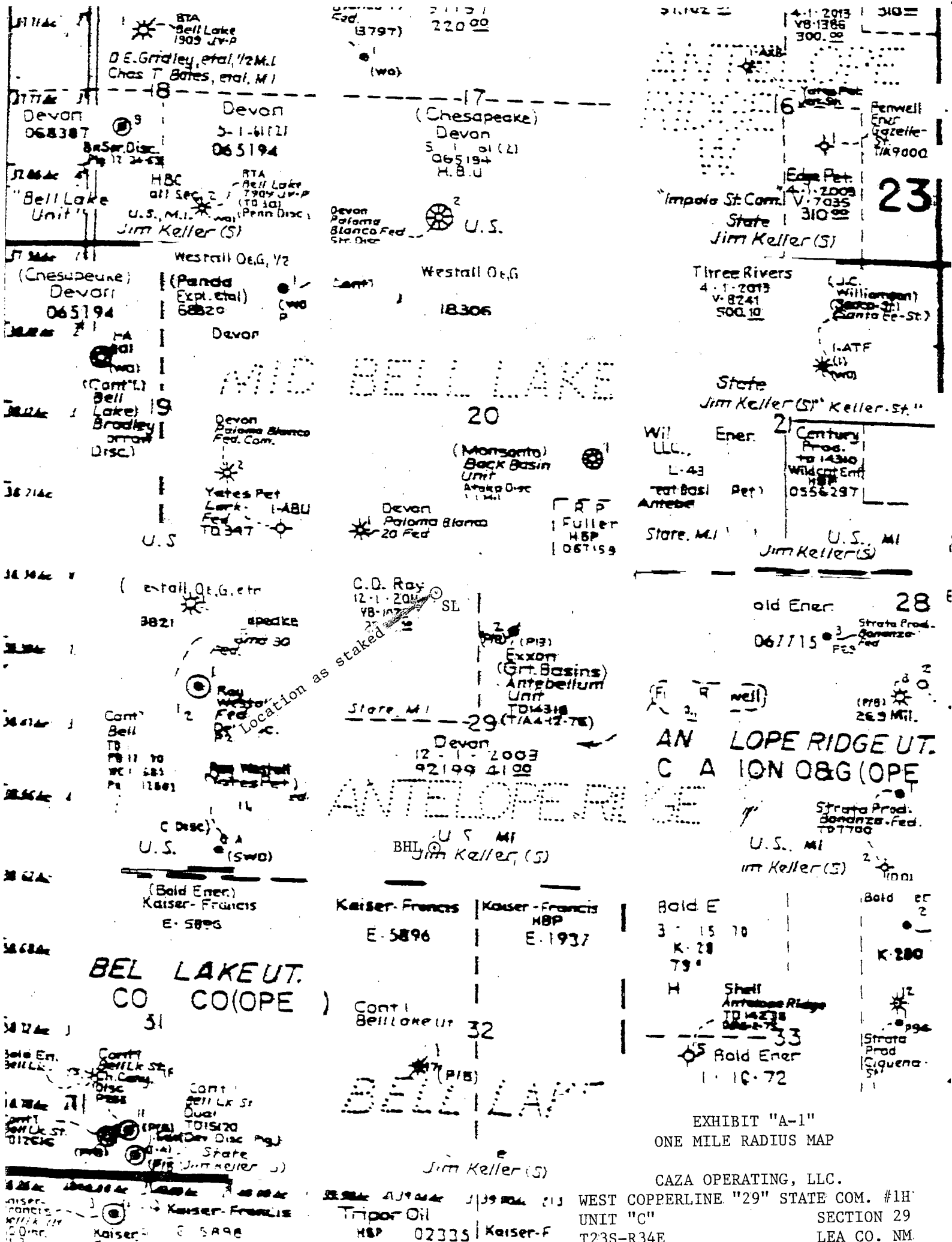
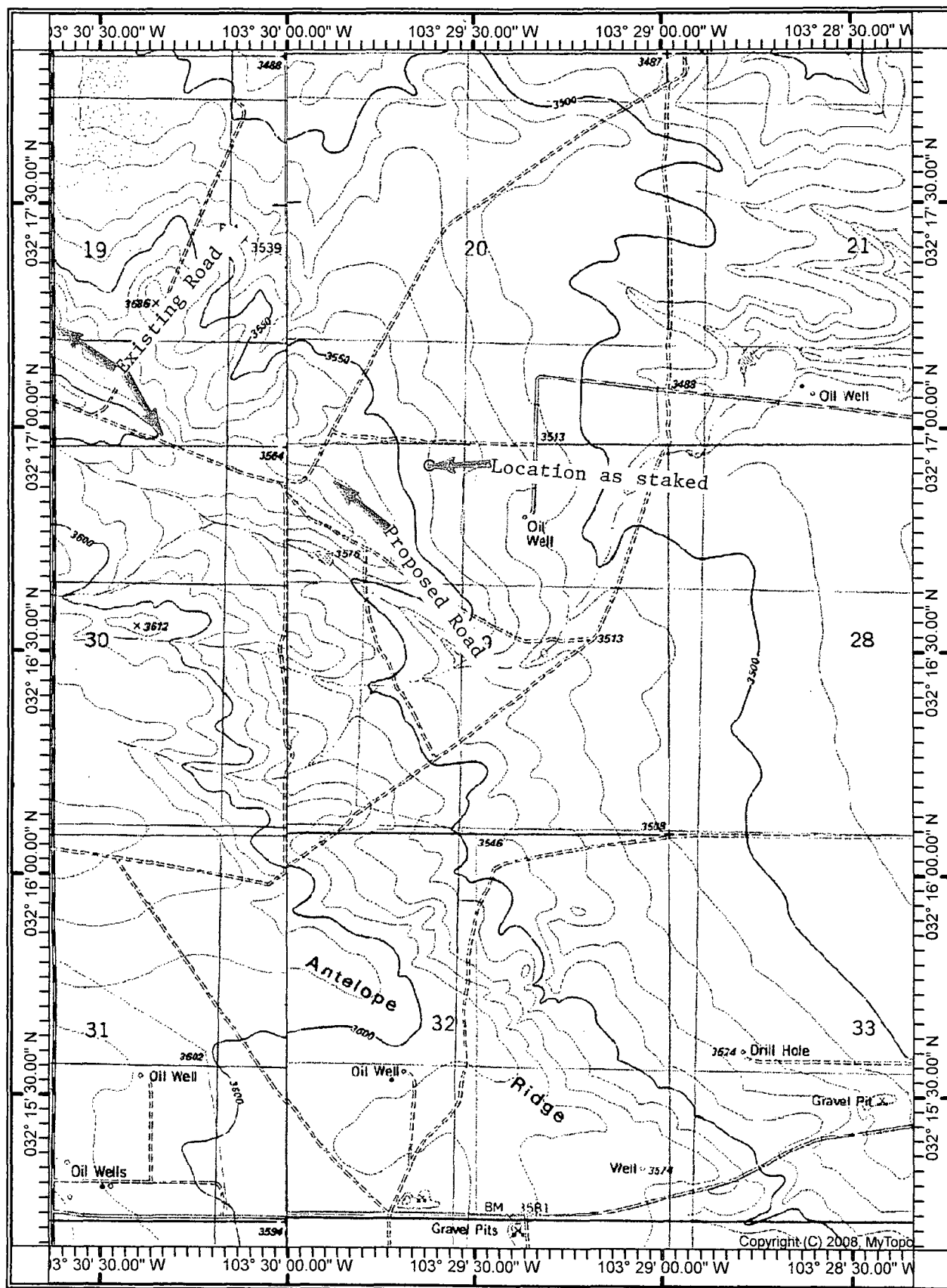


EXHIBIT "A-1"
ONE MILE RADIUS MAP

CAZA OPERATING, LLC.
WEST COPPERLINE "29" STATE COM. #1H
UNIT "C"
T23S-R34E
SECTION 29
LEA CO. NM.



SCALE 1:24000

0 1000 2000 3000 4000
FEET

EXHIBIT "C"
TOPOGRAPHIC MAP SHOWING
ROADS & DIRECTIONS TO

CAZA OPERATING, LLC.
WEST COPPERLINE "29" STATE COM. #1H
UNIT "C" SECTION 29