

Well Site Diagram
Drill Rig Orientation
Surface Use Plan Exhibit 4

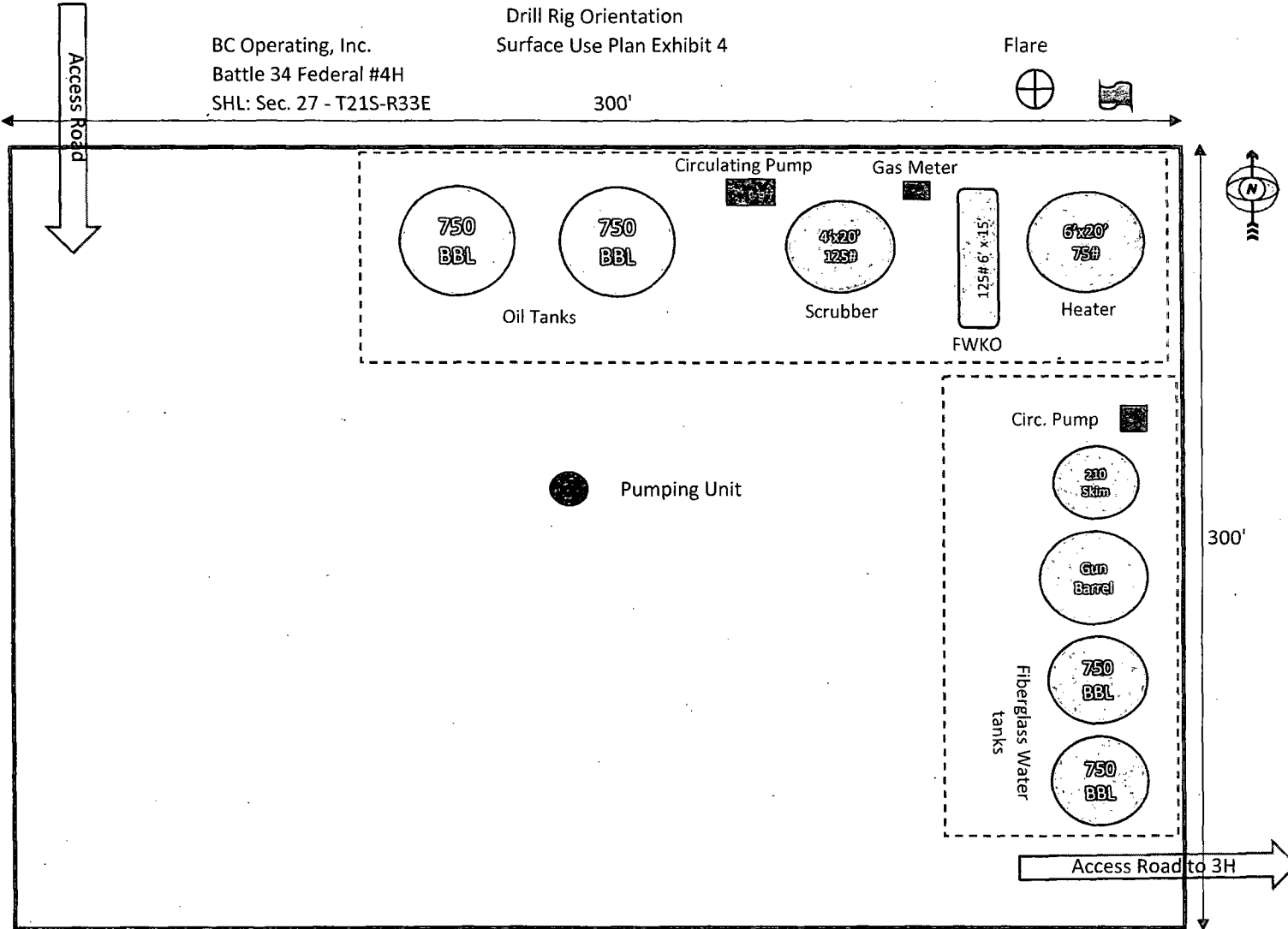
BC Operating, Inc.
Battle 34 Federal #4H
SHL: Sec. 27 - T21S-R33E

300'

Flare



TOP SOIL



Surrounding terrain is heavy brush with large mesquites, yuccas, cactus, wild grass, wild flowers, and a 3ft. slope



Flare: ⊕

Wind Sock: 🚩

RECEIVED

JUN 15 2015

HOBBS OCD

JUN 16 2015

BC Operating, Inc.
Surface Use and Plan

Battle 34 Federal #4H

SHL: 191' FSL & 960' FWL of Unit Letter 'M', Section 27, T-21S, R-33E

BHL: 240' FSL & 960' FWL of Unit Letter 'M', Section 34, T-21S, R-33E

Lea County, New Mexico

This Surface Use Plan is submitted with Form 3160-3, Application for Permit to Drill, in accordance with BLM Onshore Oil and Gas Order Number 1 Section III.D.4., covering the above described well. The purpose of this plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of the surface disturbance involved and the procedures to be followed in rehabilitating the surface after completion of the operations, so that a complete appraisal can be made of the environmental effect associated with the operations.

a. Existing Roads:

1. The well site and elevation plat for the proposed well are attached to Form 3160-3 and reflect the proposed well site layout (NMOCD Form C-102). The well was staked by Lloyd P. Short.
2. Surface Use Plan – Exhibit 1 is a Vicinity map showing the well and roads in the vicinity of the proposed location. There are existing roads that provide access to other wells in the area that will be utilized for access to this new location. These roads are in good condition and will not require any improvements for this well.

Directions: From Eunice, New Mexico, go 6.4 miles west on Hwy 176. At the 176/8 intersection, turn left (west) and go 13.3 miles west on 176*. Turn left (south) and go 3.6 miles south on caliche road to T. Turn right and go 4.4 miles west. Turn left on new road and head south for ¼ mile. You will end up at the Battle 34 Federal #4H location.

*Road P-13 and DCP Berry Booster signs

3. Right of Way using the proposed route is hereby being requested, if necessary.
4. Routine grading and maintenance of existing roads will be conducted as necessary to maintain their condition in the same or better condition than before operations began for as long as any operations continue on this lease.

b. New Access Road and Drill Pad:

1. The proposed new access road will be 1100' in length and will come into the northwest side of the drill pad. The proposed well site and the proposed new access route to the well site are shown on Surface Use Plan-Exhibit 2.

The width of the ROW for proposed new access road will not exceed 20' with a driving surface not to exceed 14'. The proposed new access road will originate off an existing lease road and terminate at the northwest side of the drill pad. The road will be constructed with a road crown grade of ~2% and surfaced with 3-6 inches of caliche. Drainage control systems shall be constructed on the entire length of the proposed new access road. The entire road will be watered and compacted. The proposed road will not require the installation of any culverts, cattle guards, nor the modification or installation of any fence.

2. Surface Use Plan-Exhibit 2 also is a plat showing the well site layout and drill pad dimensions for a rig utilizing a closed loop system. This well will be drilled with a closed loop system so no reserve pits will be constructed.

The drill pad will be 300' x 300' (see Surface Use Plan-Exhibit 2) and will require less than 5' of cut and fill from the north side of the pad to the south side of the pad. The drill pad will be surfaced with 4-6 inches of compacted caliche. The average grade will be approximately 1%. Topsoil will be stockpiled on the west side of the location.

c. Location of Existing Wells:

Surface Use Plan-Exhibit 3 shows all wells within a one mile radius of the proposed well.

d. Location of Existing and/or Proposed Production Facilities:

1. In the event the well is found productive, a tank battery will be constructed with two 750 bbl oil storage tanks, two 750 bbls fiberglass water tanks, a separator, a heater treater and a gas sales meter (see Surface Use Plan – Exhibit 4).
2. The well should be a producing oil well and will be produced initially with a submersible pump and then with a conventional pumping unit.

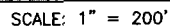
3. All flowlines will adhere to API standards.
 4. Electricity is several miles west of the location and will be supplied by Xcel. Xcel will apply for ROW for their power lines. No electricity in the area. Initially, we will use a generator that will be placed on location.
- e. Location and Types of Water Supply:
- This location will be drilled using a combination of water mud systems (outlined in the Section f of the Drilling Plan). The water will be obtained from commercial water stations in the area and hauled to location by transport truck using the existing and proposed roads shown. We will construct our own frac pit and drill our own water wells within Section 34. Temporary flowlines will be used for drilling and fracing activities.
- f. Construction Materials:
- Surface material will be native caliche. Construction materials will be obtained from the nearest approved BLM, Fee or State pit or from existing deposits found under the location.
- g. Methods of Handling Waste:
1. All trash, junk and other waste material, including broken sacks and/or pallets, will be removed from the well site within 30 days after finishing drilling and/or completion operations. All waste material will be contained in trash cages or trash bins to prevent scattering. When the job is completed, all contents will be removed and disposed of in an approved sanitary landfill.
 2. All drilling fluids and cuttings will be trucked to an approved disposal facility.
 3. A Porto-John will be provided for the rig crews. This equipment will be properly maintained during the drilling and completion operations and will be removed when all operations are complete. Any trailer houses and/or temporary living quarters on the well site will be plumbed into a sanitary septic system.
 4. Disposal of fluids to be transported by an approved disposal company.
- h. Ancillary Facilities:
1. No campsite or other facilities will be constructed as a result of this well.
- i. Well Site Layout:
1. Surface Use Plan-Exhibit 2 shows the proposed well site layout with dimensions of the pad layout.
 2. Surface Use Plan-Exhibit 5 is a schematic showing the rig equipment on the well pad.

3. Surface Use Plan-Exhibit 4 shows the proposed location of the topsoil stockpile.
 4. Mud pits in the active circulating system will be steel pits and a closed loop system will be utilized.
- j. Plans for Surface Reclamation:
1. Due to the possibility of having multiple targets for our laterals, as well as the necessity of a tank battery, we will not currently reclaim any surface area.
 2. Topsoil will be stockpiled on the west side of the location and 100% of this material will be used for the reclamation after the well is plugged and abandoned.
 3. Surface Use Plan – Exhibit 4 illustrates the proposed interim reclamation plan.
 4. If the well is not productive, a dry hole marker will be installed, all caliche will be removed from the location, the topsoil returned to the location and be re-contoured as close as is practical to the original contour. The location will then be ripped and seeded. The new access road will be reclaimed as directed by the BLM.
- k. The surface is owned by Merchant's Livestock and is administered by their office. The necessary permits and/or easements required by Merchant's Livestock have been acquired prior to the commencement of any surface disturbing activity associated with this application. The address is P.O. Box 1105, Eunice, NM 88231. The phone number is 575-370-1623.
- l. Other Information:
1. The area surrounding the well site is small rolling hills. The topsoil is packed red soils. The vegetation is moderately sparse with native prairie grass, some mesquite bushes and shinnery oak. No wildlife was observed but it is likely that deer, rabbits, coyotes and rodents traverse the area.
 2. There is no permanent or live water in the general proximity of the location.
 3. There are no dwellings within +2 miles of location.

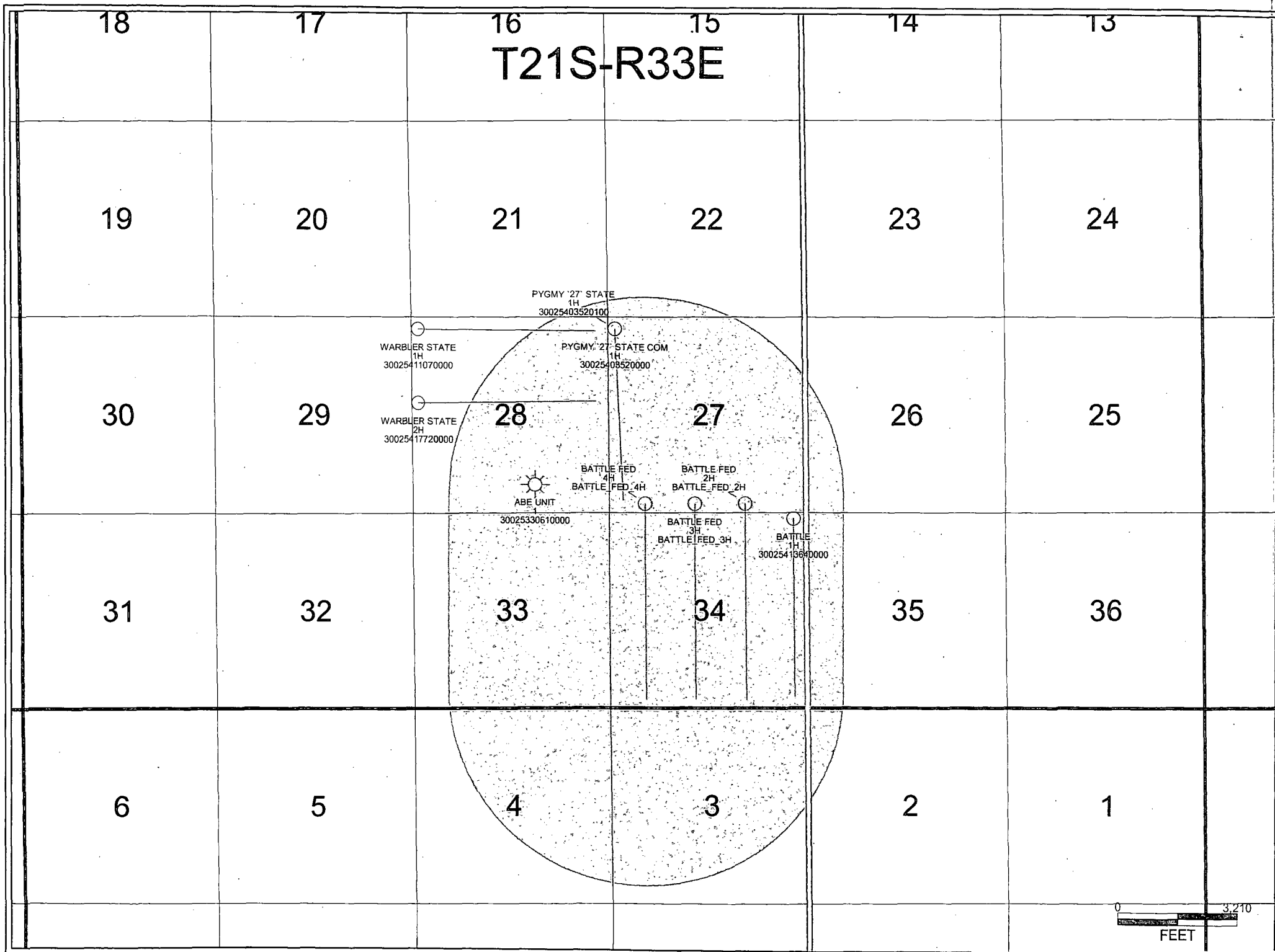
SEC. 27 TWP. 21-S RGE. 33-E
SURVEY: N.M.P.M.
COUNTY: LEA
U.S.G.S. TOPOGRAPHIC MAP: GRAMA RIDGE, N.M.



FROM THE INTERSECTION OF WEST CARLSBAD HIGHWAY AND HIGHWAY 176 TRAVEL
SOUTHEAST ON HIGHWAY 176 FOR 14.7 MILES TO LEASE ROAD ON THE RIGHT. TRAVEL
SOUTHEAST ON LEASE ROAD FOR 3.7 MILES TO LEASE ROAD. TAKING A RIGHT ONTO
SAID LEASE ROAD TRAVEL SOUTHWEST FOR 4.5 MILES TO PROPOSED LEASE ROAD.



PREPARED BY:
R-SQUARED GLOBAL, LLC
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318-323-6900 OFFICE



BC Operating, Inc.
Statement of Certification

Battle 34 Federal #4H

SHL: 191' FSL & 960' FWL of Unit Letter 'M', Section 27, T-21S, R-33E

BHL: 240' FSL & 960' FWL of Unit Letter 'M', Section 34, T-21S, R-33E

Lea County, New Mexico

This Statement of Certification is submitted with Form 3160-3, Application for Permit to Drill in accordance with BLM Onshore Oil and Gas Order Number 1 Section III.D.6., covering the above described well.

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 this 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 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 false statements.

Executed this 16th day of July, 2014.

Pam Stevens

Pam Stevens

Name: Pam Stevens
Position Title: Regulatory Analyst, BC Operating, Inc.
Address: P.O. Box 50820 – Midland, Texas 79710
Telephone: 432-684-9696

BC Operating, Inc.
Statement of Bond Coverage

Battle 34 Federal #4H

SHL: 191' FSL & 960' FWL of Unit Letter 'M', Section 27, T-21S, R-33E

BHL: 240' FSL & 960' FWL of Unit Letter 'M', Section 34, T-21S, R-33E

Lea County, New Mexico

This Statement of Bond Coverage is submitted with Form 3160-3, Application for Permit to Drill in accordance with BLM Onshore Oil and Gas Order Number 1 Section III.D.5., covering the above described well.

Bond Coverage: Statewide
BLM Bond File #: NM-2572

BC Operating, Inc.

Pam Stevens

Pam Stevens
Regulatory Analyst