

SURFACE USE PLAN

McELVAIN ENERGY, INC.
EK-30 BS2 FEDERAL COM. #3H
UNIT "M" SECTION 30
T18S-R34E LEA CO. NM

HOBBS OCD

APR 04 2016

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. From Hobbs New Mexico take us Hi-way 62-180 West toward Carlsbad New Mexico go .4 miles West of Mile Marker #76 to Smith Ranch Road. Turn Right follow road 2 milesto Cimmaron sign and water station, turn Right go Northeast go Northeast 2 miles turn Left (North) follow road 3.8 miles turn Left (West) go .5 miles, Follow road North .7 miles follow road West follow road to McElvain well #8.
- D. Exhibit "C" shows existing and proposed roads.

2. PLANNED ACCESS ROADS: No new roads will be required.

- 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 - None known
- 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"

APR 14 2016

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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 of the area is used for livestock grazing and the production of oil and gas. The dip is low gentle dip to the Southwest. Soil consists of sand dunes and sandy soils. The vegetation consists of typical desert scrub mainly shinnery oak sand sage, mesquite, and native grasses. The area is bisected by various lease roads for the use in producing of oil and gas.

OPERATOR CERTIFICATION

I hereby certify that I or someone under my direct supervision have inspected the drill site and the access route proposed herein; and that I am familiar with the conditions that 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.

OPERATORS REPRESENTATIVES:

BEFORE CONSTRUCTION

TIERRA EXPLORATION, INC.

JOE T. JANICA

P. O. BOX 2188

HOBBS, NEW MEXICO 88241

OFFICE PHONE 575-391-8503

JOE JANICA CELL 575-390-1598

DURING & AFTER CONSTRUCTION

McELVAIN ENERGY, INC.

CHRIS CAPLIS

1050 17th STREET SUITE 2500

DENVER COLORADO 80265

OFFICE PHONE 303-962-6475

CELL PHONE 303-601-4884

Name: Joe T. Janica

Title: PERMIT ENG.

DATE 10/21/15

T. H. MCELVAIN OIL & GAS, LLLP

MCELVAIN ENERGY, INC., GENERAL PARTNER

1050 17TH STREET, SUITE 2500
DENVER, COLORADO 80265-1801

RICK HARRIS
LAND MANAGER

TELEPHONE 303-962-6487
FAX 855-613-9139
E-MAIL: RICK.HARRIS@MCELVAIN.COM

November 23, 2015

Bureau of Land Management
Attn: Stephen J. Caffey
620 E. Greene Street
Carlsbad, New Mexico

RE: EK 30 BS2 Federal Com #3H
C-102 Plat

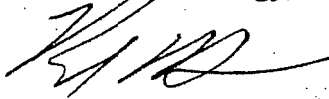
Dear Mr. Caffey:

Pursuant to our recent conversation, McElvain Energy, Inc. ("McElvain") has recently permitted the captioned well, however the permit was returned to McElvain because the Form C-102 had not been signed. Due to the timing of the federal permitting process, McElvain wanted to get the permits filed with the BLM but is currently unable to sign the operator certification on the C-102 form because it has not completed its title examination covering the entire spacing unit of the well. McElvain anticipates it will have its title work completed by the end of the 1st quarter of 2016, and will immediately submit a signed Form C-102 as soon as McElvain can properly sign the operator certification.

McElvain respectfully requests that the BLM begin processing the permit. McElvain would be agreeable if the BLM listed as a condition of approval, that McElvain submit an executed Form C-102. If you have any questions or would like to discuss in more detail please do not hesitate to contact the undersigned.

Very truly yours,

McElvain Energy, Inc.



Rick Harris
Land Manager