

30-015-39254

## MULTI-POINT SURFACE USE PLAN

**NAME OF WELL: James Ranch Unit #126H**

LEGAL DESCRIPTION - SURFACE: 1441' FNL & 1821' FEL, Section 21, T22S, R30E, Eddy County, NM.  
BHL: 660' FNL, 330' FWL, Section 19, T22S, R30E, Eddy County, NM.

### POINT 1: EXISTING ROADS

- A) Proposed Well Site Location:

See Exhibit A and Survey Plats

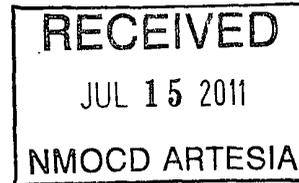
- B) Existing Roads:

BOPCO plans to use the existing Cimarron Road described as follows: From the junction of hwy 128 go north on Cimarron for approximately 6.2 miles to lease road, then west to Legg Federal #1. Follow existing lease road west of Legg Federal #1 to pipeline right-of-way. Follow pipeline right-of-way to new road. Follow new road to location (See Exhibits "E" & "F" for details).

- C) Existing Road Maintenance or Improvement Plan:

Portions of Cimarron Road will have to be upgraded. G. Gerhard discussed this with Frank Weldon with Eddy County Highway Department.

See Exhibit B and Survey Plats.



### POINT 2: NEW PLANNED ACCESS ROUTE

- A) Route Location:

From Legg Federal #1 (Sec 27, T22S, R30E) proceed west to pipeline road, follow pipeline road northwest for approximately 1,500' and then follow new road for approximately 3,300' to location with turnouts that are mutually visible from one another. The new road will be designed and engineered by HALFF Engineering of Austin, Texas. See attached HALFF plats showing road route.

- B) Width

14'

- C) Maximum Grade

Grade to not exceed 8% or to match existing topography or as per BLM requirements.

- D) Turnout Ditches

Spaced per BLM requirements.

E) **Culverts, Cattle Guards, and Surfacing Equipment**

If required, culverts and cattle guards will be set per BLM Specs.

**POINT 3: LOCATION OF EXISTING WELLS**

Exhibit "A" indicates existing wells within the surrounding area.

**POINT 4: LOCATION OF EXISTING OR PROPOSED FACILITIES**

A) **Existing facilities within one mile owned or controlled by leasee/operator.**

The existing facilities currently on the James Ranch #12 location will be permanently removed. See point 4.B.

B) **New Facilities in the Event of Production (See Exhibit "E"):**

New production facilities will be installed at the Legg Federal #1 (Sec. 27, T22S, R30E). A 2-7/8" steel flowline and supplemental power lines (260 KV, 3 phase) will be routed above ground from the Legg Federal #1, along the existing pipeline right-of-way, to the James Ranch #126H (JRU #12 drilling pad) location as required. The steel flowline will be suspended across low water crossings and/or areas of significant erosion as required by the BLM (See Exhibit "E").

C) **Rehabilitation of Disturbed Areas Unnecessary for Production:**

Following the construction of the location, those access areas as required for continued production will be graded to provide drainage and minimize erosion. The areas necessary for use will be graded to blend in the surrounding topography – See Point 10.

**POINT 5: LOCATION AND TYPE OF WATER SUPPLY**

A) **Location and Type of Water Supply**

Fresh water will be hauled from Johnson Station 50 miles east of Carlsbad, New Mexico or other commercial facilities. Brine water will be hauled from commercial facilities.

B) **Water Transportation System**

Water hauling to the location will be over the existing and proposed roads.

## POINT 6: SOURCE OF CONSTRUCTION MATERIALS

Page 3

### A) Materials

On-site caliche will be used. If this is not sufficient, caliche will be hauled from a BLM approved pit.

### B) Land Ownership

Federally Owned.

### C) Materials Foreign to the Site

No construction materials foreign to this area are anticipated for this drill site.

### D) Access Roads

See Exhibit "E" & "F".

## POINT 7: METHODS FOR HANDLING WASTE MATERIAL

### A) Cuttings

Cuttings will be contained in the steel pits and will be hauled to an approved disposal facility.

### B) Drilling Fluids

Drilling fluids will be contained in the steel pits, frac tanks, and will be disposed of at licensed disposal facilities.

### C) Produced Fluids

Water production will be contained in the steel pits as part of the closed loop system.

Hydrocarbon fluid or other fluids that may be produced during testing will be retained in the test tanks. Prior to cleanup operations, any hydrocarbon material in the steel pits will be removed by skimming or hauling as the situation would dictate.

### D) Sewage

Current laws and regulations pertaining to the disposal of human waste will be complied with.

### E) Garbage

Portable containers will be utilized for garbage disposal during the drilling of this well.

F) Cleanup of Well Site

Upon release of the drilling rig, the surface of the drilling pad will be graded to accommodate a completion rig if testing indicates potential productive zones. In any case, the "mouse" hole and the "rat" hole will be covered. Reasonable cleanup will be performed prior to the final restoration of the site.

**POINT 8: ANCILLARY FACILITIES**

None required.

**POINT 9: WELL SITE LAYOUT**

A) Rig Orientation and Layout (See Exhibit "D")

Exhibit "D" shows the dimensions of the well pad and reserve pits, and the location of major rig components. The JRU #12H re-entry APD described expansion of pad for the JRU #12 and future drilling locations.

Only minor leveling of the existing well pad will be required. No significant cuts or fills will be necessary other than previously stated. A twelve inch (12") earthen berm preventing fluids from entering the location or leaving the location will encompass the entire location. A secondary containment berm will encompass the steel "frac" tanks used for temporary fluids storage. Erosion control materials will be utilized where applicable as required by the BLM on the northern and western edges of the location

A) Locations of Access Road

See Exhibits "E" & "F"

B) Lining of the Pits

No reserve pit. Closed loop system.

**POINT 10: PLANS FOR RESTORATION OF THE SERVICE**

A) Closed loop system.

The closed loop system will be utilized to drill the subject well. No earthen pits will be used that require remediation. All solids and drill fluids will be hauled off location to Controlled Recovery Inc. located approximately 25 miles Northeast of Carlsbad, N.M.

**B) Restoration Plans – Production Developed**

Those areas not required for production will be graded to blend with the surrounding topography. Topsoil, as available, will be placed upon those areas and seeded. The portion of the site required for production will be graded to minimize erosion and provide access during inclement conditions. Following depletion and abandonment of the site, restoration procedures will be those that follow under Item C.

**C) Restoration Plans – No Production Developed**

With no production developed, the entire surface disturbed by construction of the well site will be restored. The site will be contoured to blend with the surrounding topography and provide drainage of surface water. The topsoil, as available, shall be replaced in a uniform layer and seeded according to the BLM stipulations.

**D) Rehabilitation Timetable**

Upon completion of drilling operations, the initial cleanup of the site will be performed as soon as weather and site conditions allow economic execution of the work.

**POINT 11: OTHER INFORMATION**

**A) Terrain**

Relatively Flat.

**B) Soil**

Caliche and sand.

**C) Vegetation**

Sparse, primarily grasses and mesquite with very little grass.

**D) Surface Use**

Primarily grazing.

**E) Surface Water**

There are no ponds, lakes, streams, or rivers within several miles of the well site.

**F) Water Wells**

There is one (1) water well within 1/8 mile of the existing location (See Exhibit "A"):

**Perry R. Bass**  
1275' FNL, 1830' FEL  
Sec. 21, T-22-S, R-30-E

G) Residences and Buildings

One ranch house located approximately 1-1/2 miles north.

H) Historical Sites

None observed.

I) Archeological Resources

This well site is located in the archeological area covered by Permian Basin Memorandum of Agreement. The \$1,339.00 fee should be taken from BOPCO, L.P. account balance with the BLM.

J) Surface Ownership

The well site and access road are both on federally owned land.

K) Well signs will be posted at the drilling site.

L) Open Pits

No earthen pits will be used. A closed loop system will be used and employ steel pits only.

**POINT 12: OPERATOR'S FIELD REPRESENTATIVE**

(Field personnel responsible for compliance with development plan for surface use).

**DRILLING**  
Stephen Martinez  
Box 2760  
Midland, Texas 79702  
(432) 683-2277

**PRODUCTION**  
Dean Clemmer  
3104 East Green Street  
Carlsbad, New Mexico 88220  
(505) 887-7329

Carlos Cruz  
Box 2760  
Midland, Texas 79702  
(432) 683-2277



Mosaic Potash Carlsbad Inc.  
PO Box 71  
1361 Potash Mines Road  
Carlsbad, NM 88220  
www.mosaicco.com

Tel 505-887-2871  
Fax 505-887-0589

February 16, 2011

Mr. Brad Glasscock  
BOPCO, L.P.  
201 Main Street  
Fort Worth, TX 76102-3131  
(817) 339-7185

Dear Mr. Glasscock:

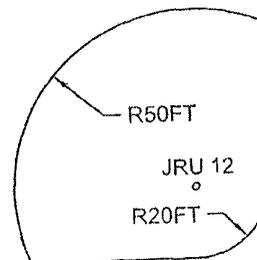
Per our discussions James Ranch Unit wells 128H, 126H, 134H, 136H, and 132H, all located at 1821' FEL and varying from 1431' to 1471' FNL of Section 21, T-22-S, R-30-E; Mosaic Potash Carlsbad Inc. does have a potash lease for this area and these locations are within our LMR. These locations are all currently planned within 20' of an existing gas well (JRU12). The drilling of these directional wells should cause no further loss of potash reserves, therefore Mosaic does not object to their locations at this time. In order to provide some latitude for adjusting the locations to meet other requirements, Mosaic would not object to moving these locations minimally to the north or to the west but would resist encroachment further to the south and east. Anywhere within an area extending 20' south and east or up to 50' north and west of JRU12 (see sketch below) would be agreeable.

As more information becomes available, our estimates of the extent of potash resources in any given area may change. Therefore, please consider a "no objection" or "objection" to these locations to be valid for one year only. Do not consider a "no objection offered" or an "objection offered" decision to be permanent.

Mosaic Potash submits this letter in lieu of the forms requested.

Sincerely,

Dan Morehouse  
Mine Engineering Superintendent



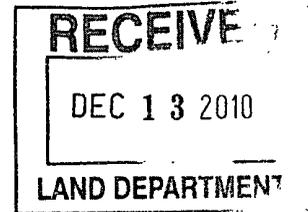


Mosaic Potash Carlsbad Inc.  
PO Box 71  
1361 Potash Mines Road  
Carlsbad, NM 88220  
www.mosaicco.com

Tel 505-887-2871  
Fax 505-887-0589

December 8, 2010

Mr. Brad Glasscock  
BOPCO, L.P.  
201 Main Street  
Fort Worth, TX 76102-3131  
(817) 339-7185



Dear Mr. Glasscock:

Per our discussions James Ranch Unit wells 125H, 126H, 127H, 128H, and 131H, all located at 1821' FEL and varying from 1431' to 1471' FNL of Section 21, T-22-S, R-30-E; Mosaic Potash Carlsbad Inc. does have a potash lease for this area and these locations are within our LMR. These locations are all within 20' of an existing gas well (JRU12). The drilling of these directional wells should cause no further loss of potash reserves, therefore Mosaic does not object to their locations at this time.

As more information becomes available, our estimates of the extent of potash resources in any given area may change. Therefore, please consider a "no objection" or "objection" to these locations to be valid for one year only. Do not consider a "no objection offered" or an "objection offered" decision to be permanent.

Mosaic Potash submits this letter in lieu of the forms requested.

Sincerely,

Dan Morehouse  
Mine Engineering Superintendent

**BOPCO, L. P.**  
6 DESTA DRIVE, SUITE 3700 (79705)  
P. O. BOX 2760  
MIDLAND, TEXAS 79702

(432) 683-2277

FAX (432) 687-0329

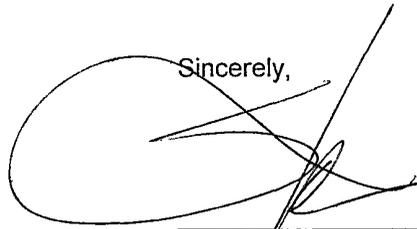
January 10, 2010

Bureau of Land Management  
620 E. Greene  
Carlsbad, New Mexico 88220  
Attn: John Chopp

Dear Mr. Chopp,

BOPCO, L.P. respectfully requests exception to the Prairie Chicken timing restrictions for James Ranch Unit #126H located 1441' FNL, 1821' FEL, of Section 21, T22S, R30E, Eddy County, New Mexico.

Sincerely,

A handwritten signature in black ink, appearing to read 'Stephen Martinez', written over a horizontal line. The signature is stylized with a large loop on the left side and a vertical stroke on the right.

Stephen Martinez  
Division Drilling Superintendent

GEG/keh

# **B O P C O, L.P.**

P. O. Box 2760  
Midland, Texas 79702

432-683-2277

FAX-432-687-0329

January 10, 2011

Bureau of Land Management  
Carlsbad Field Office  
620 East Green Street  
Carlsbad, New Mexico 88220-6292

Attn: Mr. Don Peterson – Assistant Field Manager, Minerals

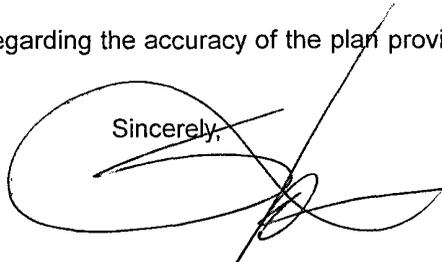
RE: APPLICATION FOR PERMIT TO DRILL  
JAMES RANCH UNIT # 126H  
1,441' FNL, 1,821' FEL, SEC. 21, T22S, R30E, EDDY COUNTY, NM

Dear Mr. Peterson,

In reference to the above captioned well, I hereby certify that I, or persons under my direct supervision have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in the attached eight point drilling plan and multi-use surface plan are, to the best of my knowledge, true and correct; and that the work associated with operations proposed herein will be performed by BOPCO, L.P. and it's contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

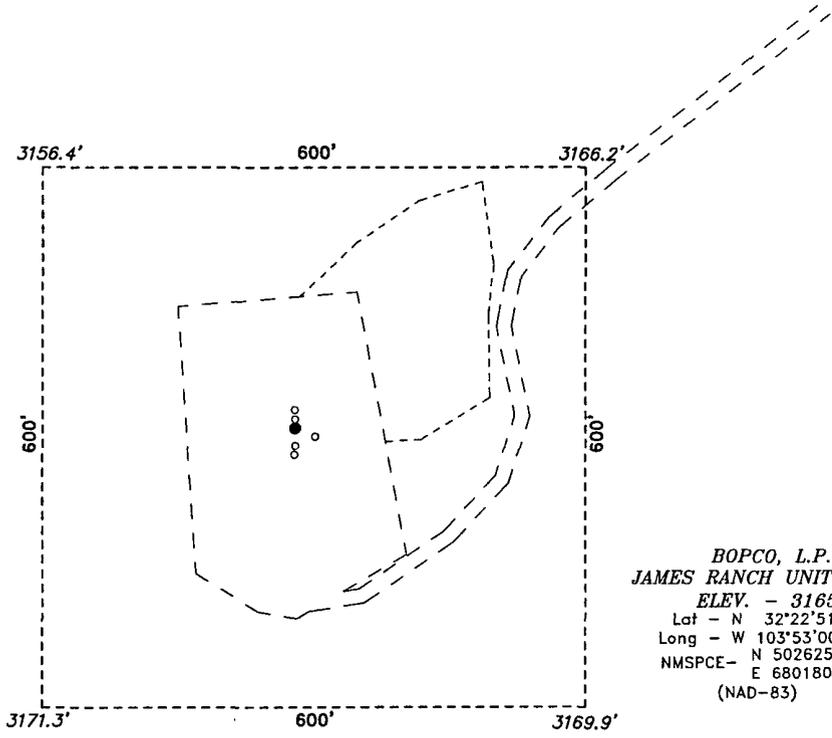
If you have any questions regarding the accuracy of the plan provided herein, please do not hesitate to contact me at (432) 683-2277.

Sincerely,

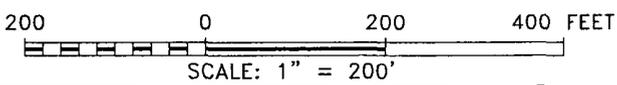
A handwritten signature in black ink, appearing to read "Stephen M. Martinez", is written over the word "Sincerely,". The signature is stylized with a large loop at the beginning and a long horizontal stroke at the end.

Stephen M. Martinez  
Division Drilling Superintendent

SECTION 21, TOWNSHIP 22 SOUTH, RANGE 30 EAST, N.M.P.M.,  
 EDDY COUNTY, NEW MEXICO.



*BOPCO, L.P.*  
 JAMES RANCH UNIT #126H  
 ELEV. - 3165'  
 Lat - N 32°22'51.54"  
 Long - W 103°53'00.85"  
 NMSPCE- N 502625.0  
 E 680180.2  
 (NAD-83)



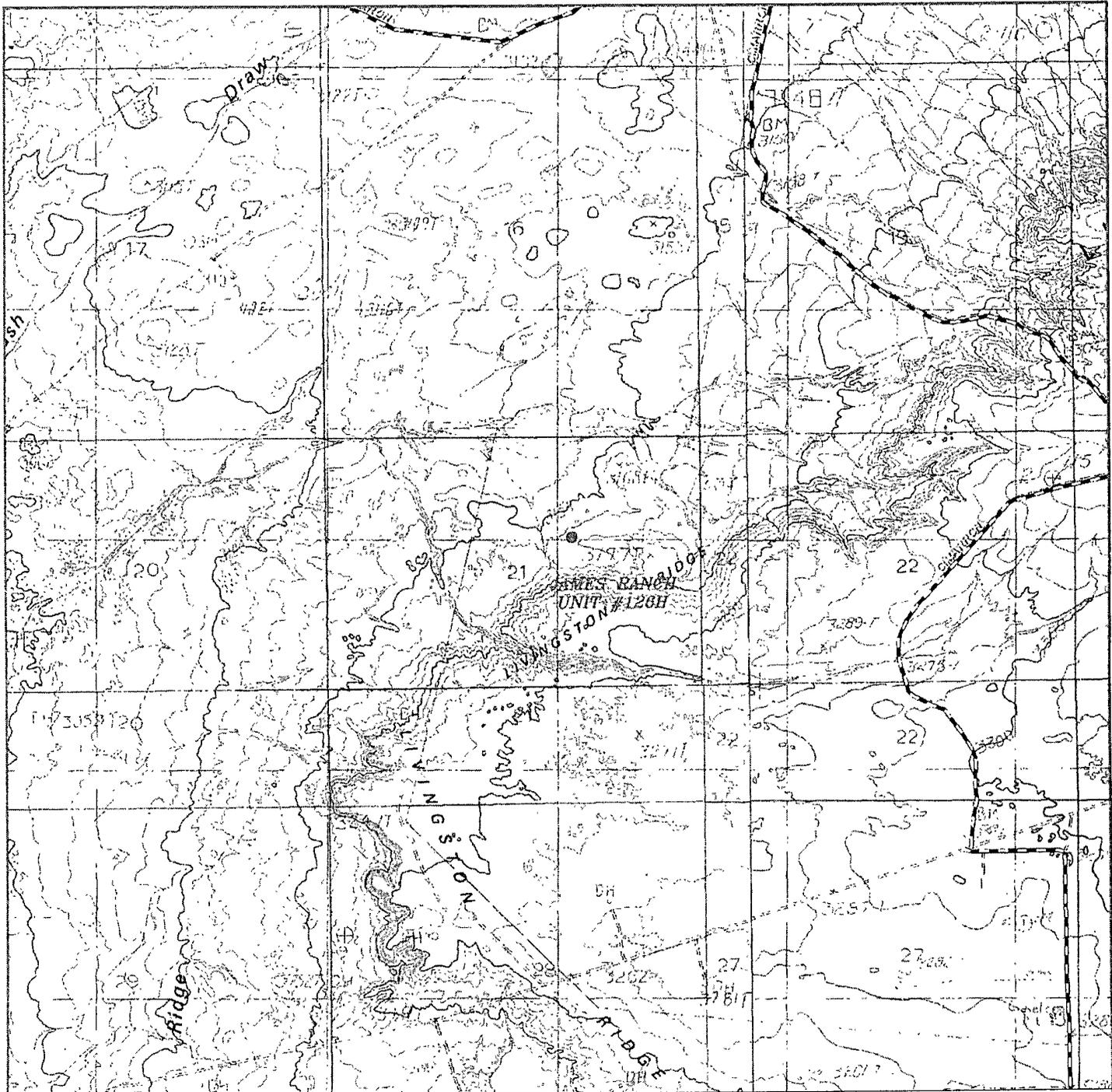
Directions to Location:

FROM THE JUNCTION OF HWY 128 AND CIMMARON ROAD, GO NORTHERLY 5.4 MILES TO LEASE ROAD, ON LEASE ROAD TO SOUTHWESTERLY 1.1 MILES TO WELL PAD AND PROPOSED LOCATION

<b>BOPCO, L.P.</b>
REF: JAMES RANCH UNIT #126H / WELL PAD TOPO
THE JAMES RANCH UNIT #126H LOCATED 1441' FROM THE NORTH LINE AND 1841' FROM THE EAST LINE OF SECTION 21, TOWNSHIP 22 SOUTH, RANGE 30 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO.

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

W.O. Number. 24152	Drawn By. K. GOAD
Date: 02-15-2011	Disk: KJG - 24152WELL(JRU 126)
Survey Date 02-12-2011	Sheet 1 of 1 Sheets



**JAMES RANCH UNIT #126H**  
 Located 1441' FNL and 1841' FEL  
 Section 21, Township 22 South, Range 30 East,  
 N.M.P.M., Eddy County, New Mexico.



P.O. Box 1786  
 1120 N. West County Rd.  
 Hobbs, New Mexico 88241  
 (575) 393-7315 - Office  
 (575) 392-2206 - Fax  
 basinsurveys.com

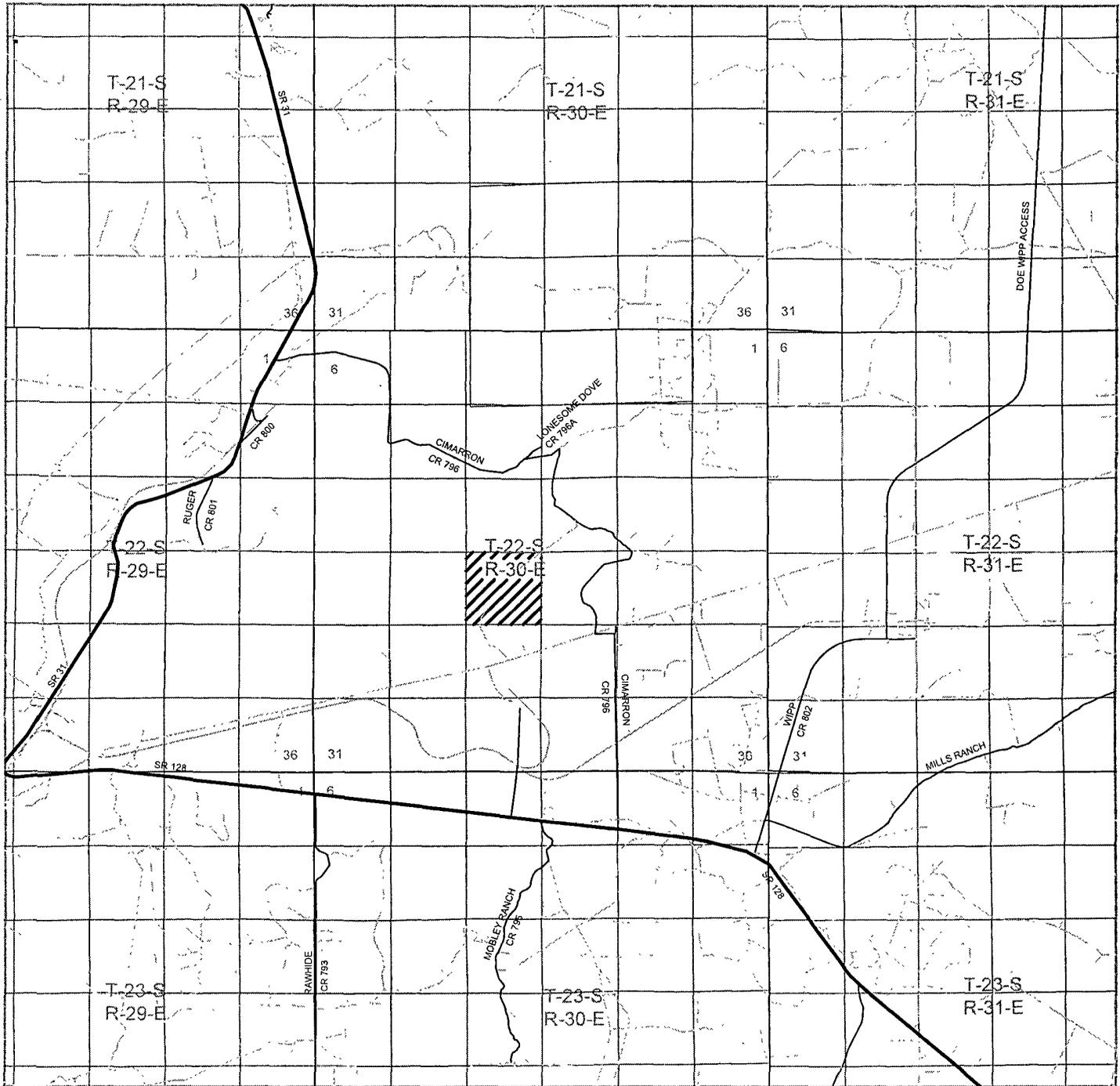
W.O. Number: KJG - 21152

Survey Date: 02-12-2011

Scale: 1" = 2000'

Date: 02-15-2011

*BOPCO, L.P.*



**JAMES RANCH UNIT #126H**  
 Located 1441' FNL and 1841' FEL  
 Section 21, Township 22 South, Range 30 East,  
 N.M.P.M., Eddy County, New Mexico.



focused on excellence  
 in the oilfield

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

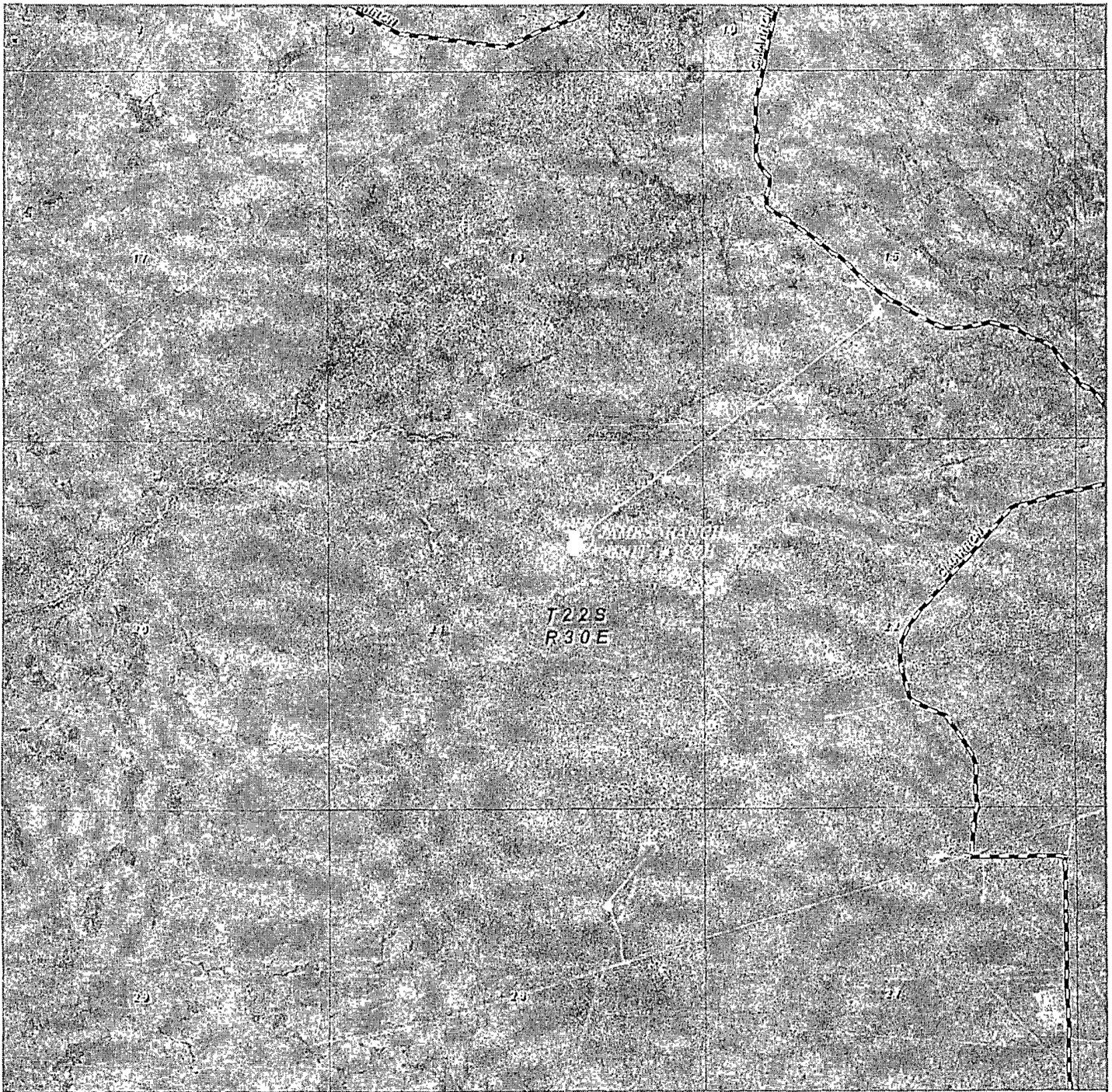
W.O. Number: KJG - 24152

Survey Date: 02-12-2011

Scale: 1" = 2 Miles

Date: 02-15-2011

*BOPCO, L.P.*



**JAMES RANCH UNIT #126H**  
 Located 1441' FNL and 1841' FEL  
 Section 21, Township 22 South, Range 30 East,  
 N.M.P.M., Eddy County, New Mexico.



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P.O. Box 1786  
 1120 N. West County Rd.  
 Hobbs, New Mexico 88241  
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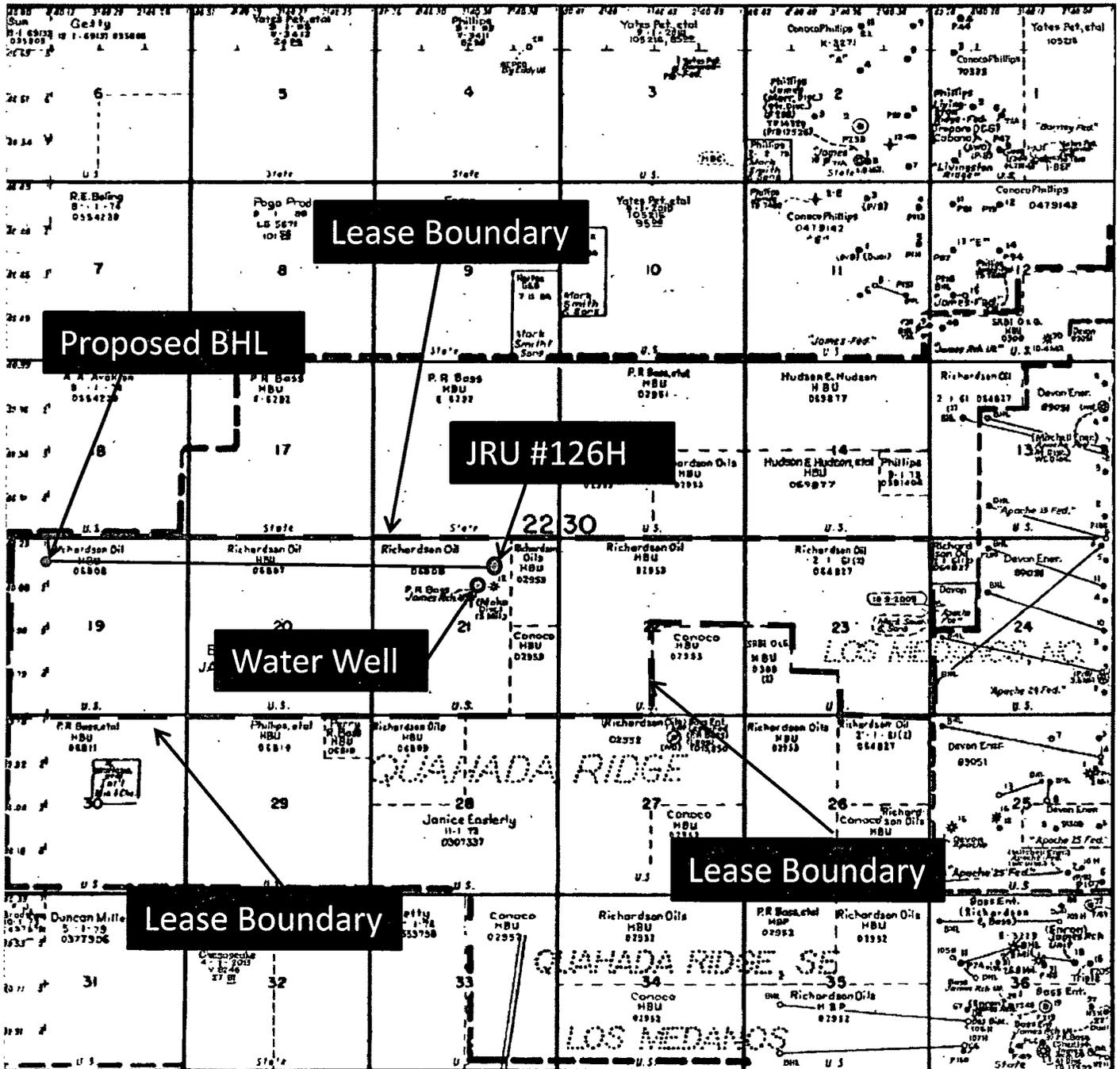
W.O. Number: KJG - 24152

Scale: 1" = 2000'

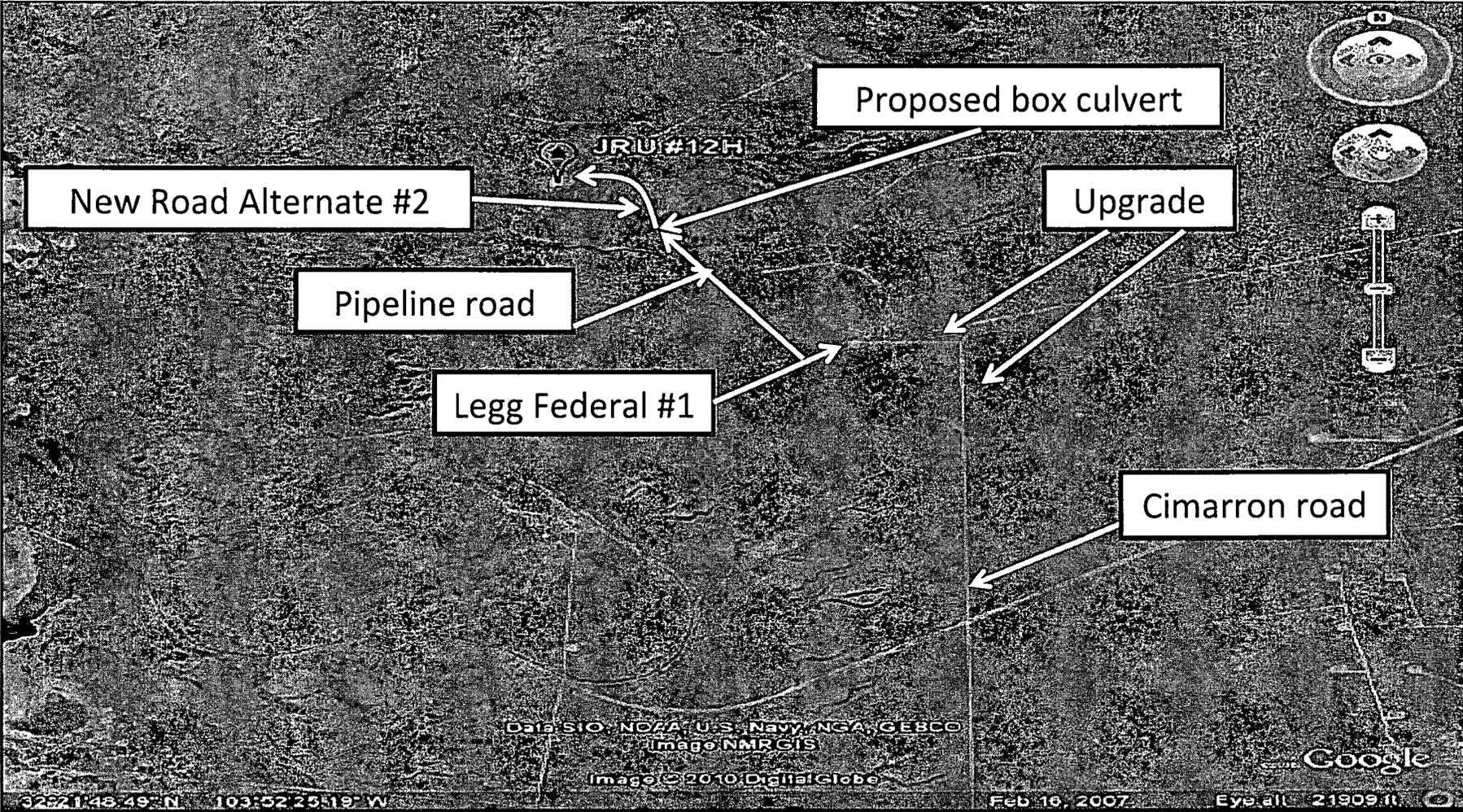
YELLOW TINT - USA LAND  
 BLUE TINT - STATE LAND  
 NATURAL COLOR - FEE LAND

*BOPCO, L.P.*

James Ranch Unit #126H  
Exhibit "A"



James Ranch Unit #126H  
Exhibit "E"



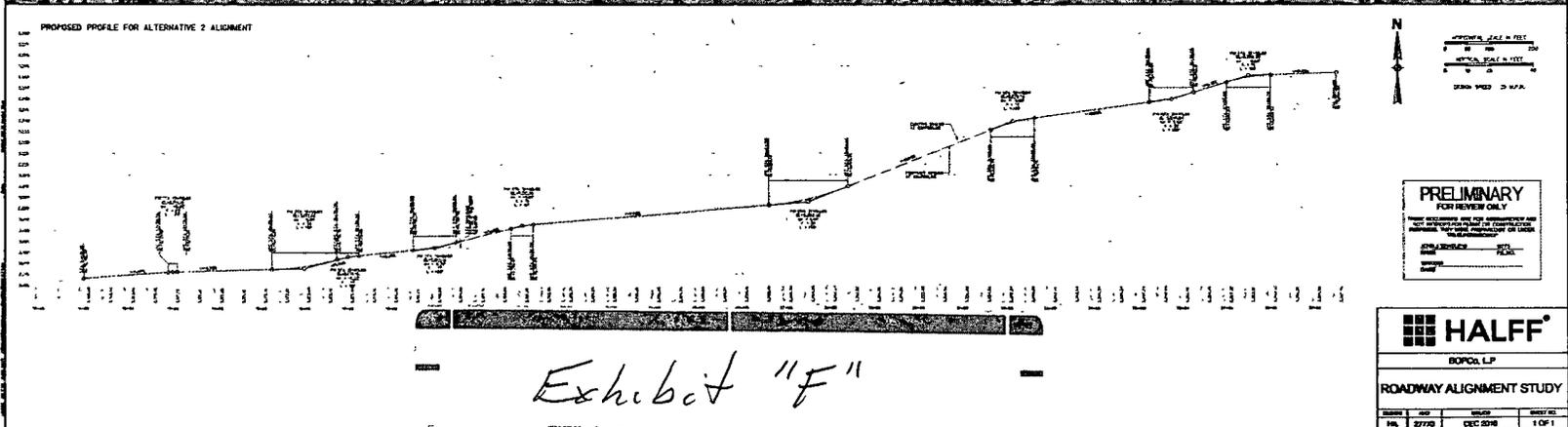
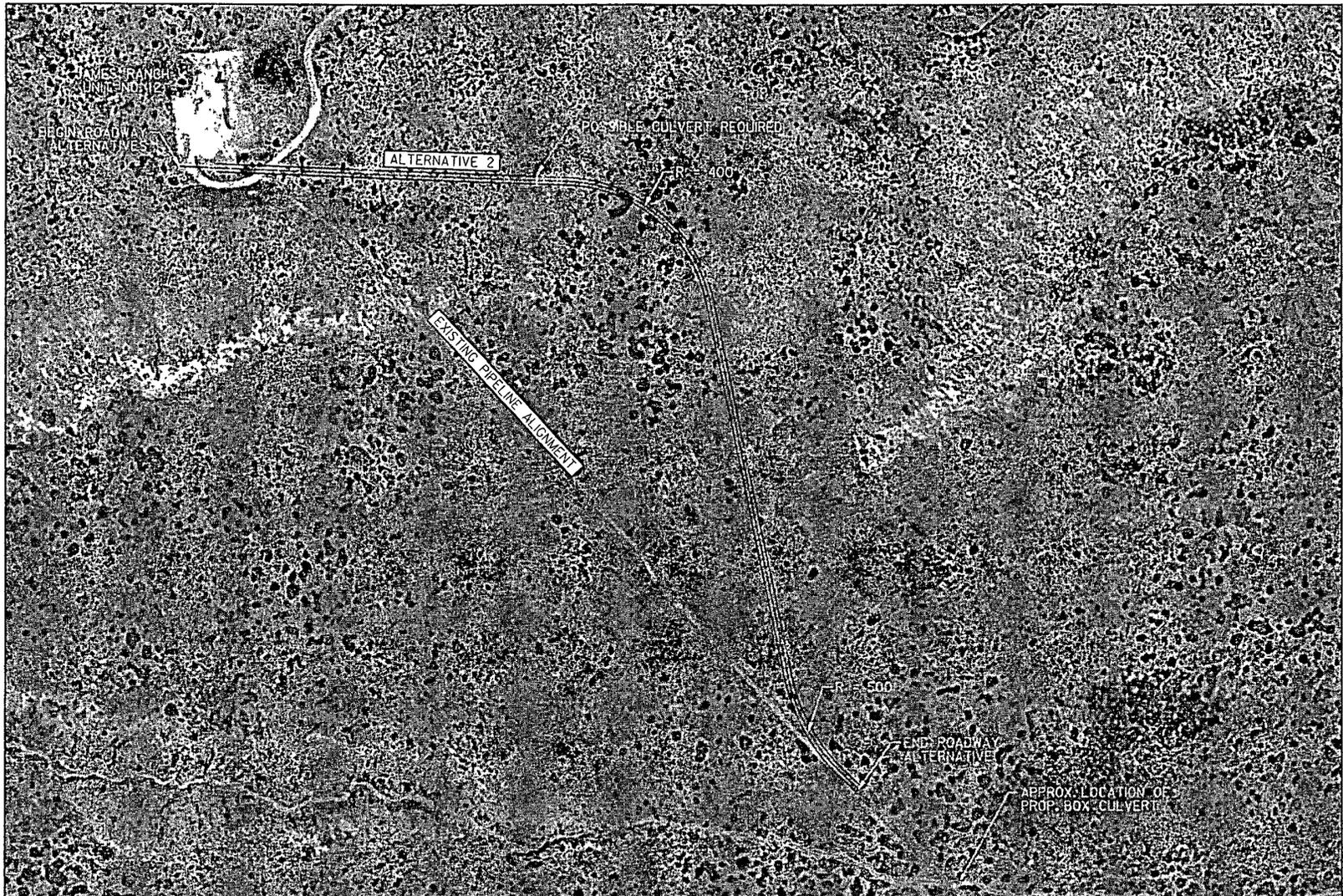


Exhibit "F"



BOPCO, L.P.  
 JAMES RANCH UNIT #126H  
 Sec 21, T22S-R30E  
 Eddy County, NM

Exhibit "D"

RIG LAYOUT SCHEMATIC  
 INCLUSIVE OF CLOSED-LOOP DESIGN PLAN

Solids Control Equipment Legend

- |                 |                    |
|-----------------|--------------------|
| 1) Roll Off Bin | 5) Centrifuge      |
| 2) Steel Tank   | 6) Dewatering Unit |
| 3) Mud Cleaner  | 7) Catch Tank      |
| 4) Shaker       |                    |

