

OCD – HOBBS
10/06/2017
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Surface Use Plan

Cave Lion 5 Federal WC #5H
Surface: 185' FSL & 480' FWL, UL "M"
Sec. 5-T26S-R35E
BHL: 330' FNL & 330' FWL, UL "D"
Sec. 5-T26S-R35E
Lea County, New Mexico

1. Existing Roads:

The location is approximately 12.38 miles South West of Jal, NM. From the intersection of State Highway 128 (East Kansas Avenue) and State Highway 18 in the city of Jal, New Mexico, travel west on said State Highway 128 for 14.1 miles to County Road #2 (Battle Axe Road) on the Left. Travel Southwest on Battle Axe Road for 12.3 miles to a lease road on the left. Travel South on lease road for .7 miles on the left. Travel east on lease road for 7.8 miles to a lease road to the right. Travel East on lease road for .3 miles to proposed well 232 feet on the left. BC Operating, Inc. will repair pot holes, clear ditches, etc. All existing structures on the entire access route will be repaired or replaced if they are damaged or have deteriorated beyond practical use, BLM written approval will be acquired before application of surfactants, binding agents, or other dust suppression chemicals on roadways.

2. Planned Access Roads:

84 Feet of new road will be built from the existing lease road to the Southeast corner of the drill pad; Drilling pad (approximately 370' x 350' location) will be constructed. See road plat. The maximum width of the driving surface will be 14 feet. The maximum width of surface disturbance needed to construct the road will be 25 feet. The road will be crowned and ditched with a 2 % slope from the tip of the crown to the edge of the driving surface. The ditches will be 3 feet wide with 3:1 slopes. The driving surface will be made of 6" rolled and compacted caliche.

3. Location of Existing Wells:

See 1 mile radius map, existing wells within 1 mile.

4. Location of Tank Batteries, Electric Lines, Etc.:

- a. In the event the well is found productive, the tank battery would be utilized and the necessary production equipment (tanks, separator) would be built on location see battery diagram.
- b. All flow lines will adhere to API Standards
- c. BC will utilize generator initially; will install electric lines at a later date if the well is commercial.

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5. Location and Types of Water Supply:

This location will be drilled using a combination of water mud systems (outlined in the drilling program). Water will be obtained from commercial water stations in the area and hauled in by transport truck using the existing roads shown in the C-102.

- 1st water supply location – Madera Fresh Water Station
Sec. 21-T24S – R34E
- 2nd water supply location - Beckham Ranch
Sec. 18-T26S-R35E

6. Sources of Construction Material:

Top soil will be stock piled on the North side of the location and will be used after drilling and completion operations to reduce location size and reclaim and reseeded to BLM specifications. All caliche utilized for the drilling pad and proposed access road will be obtained from an existing BLM / State approved pit or from prevailing deposits found under the location. All roads will be constructed of 6" rolled and compacted caliche.

- 1st construction material source – Beckham Ranch
Sec. 18-T26S-R35E
- 2nd construction material source – BLM Approved Caliche Pit
Sec. 7-T26S-R34E

7. Methods of Handling Waste Disposal:

- a. All trash, junk, and other waste material will be contained in trash cages or trash bin to prevent scattering. When the job is completed, all contents will be removed and disposed of in an approved sanitary landfill. The wellsite will be cleaned of all waste within 30 days of final completion of the well.
- b. A portable toilet 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.
- c. Disposal of fluids to be transported by trucks to a nearby approved disposal.
- d. Closed loop solid control will be used. Drill solids waste will be collected in bins and hauled to permitted disposal facility in accordance with NM OCD rules.

8. Ancillary Facilities:

None

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9. Wellsite Layout

- a. Rig Plat shows the relative location and dimensions of the well pad and major rig components.
- b. The land is relatively flat with some sand in soil, native plants and grasses, windblown sand and gypsum dunes.
- c. The pad area has been staked.

10. Plan for Restoration of the Surface:

- a. After drilling and completion operations are completed, all equipment and other materials not needed for further operations will be removed. The location cleaned of all trash to leave the wellsite as pleasant in appearance as possible.
- b. If the proposed operation is nonproductive, all restoration and/or vegetation requirements of the BLM will be complied with, and will be accomplished as quickly as possible.
- c. Interim reclamation consists of downsizing the footprint of disturbance by reclaiming all portions of the well site not needed for production operations. Topsoil is respread over areas not needed for production operations and recontoured to the surrounding area and reseeded. All interim reclamation will be complete within 6 months of completion activities.
- d. If well is to be plugged and abandoned the entire pad and road not needed will be reclaimed. Base material will be hauled and top soil will be re-contoured to natural state and seeded. Seed mixture will be to BLM specifications. All work will be complete within 6 months of final abandonment of the wellbore.

11. Surface Ownership:

- a. The surface and mineral owner is the United States of America.
- b. The grazing lessee is Beckham Ranch, 236 Beckham Rd., Jal, NM 88252

12. Other Information:

- a. The mineral and surface owner is the Federal Government; Grazing lease owner will be contacted.
- b. An onsite was conducted on November 15, 2016 with Nick Franke of the BLM and all other affected operators in attendance.

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- c. The topography consists of sandy soil with native grasses, windblown sand and gypsum dunes. No wildlife was observed, but the usual inhabitants of this region are Jackrabbits, Reptiles, Coyotes, etc.
- d. An Archaeological Survey will be completed and a copy will be sent to the Carlsbad BLM office by Boone Archeological Services. There is no evidence of any significant archaeological, historical, or cultural sites in the area. Further, there are no occupied dwellings or windmills in the area.
- e. Should any incidental oil be recovered during testing of this well, this oil will be considered waste oil and not sellable due to contamination by drilling and/or completion fluids

13. Operator's Representative:

BC Operating, Inc. Company representatives responsible for ensuring compliance of the Surface Use plan are listed below.

Jason Goss, Drilling Engineer
BC Operating, Inc.
P.O. Box 50820
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May 12, 2017