HOBBS OCD

Battle Axe Federal Com #2H API# 30-025-41370_

JAN 1 3 2014

SURFACE USE PLAN OF OPERATIONS

RECEIVED

LOCATION

- Surface Location
 - SHL: 2260' FNL & 380' FWL, Unit E, Section 2, T26S-R33-E, Lea Co, NM
 - BHL: 330' FNL & 380' FWL, Unit D, Section 35, T25S-R33-E, Lea Co, NM
- > On Site Inspection
 - An onsite inspection was conducted on Monday August 19th with BLM Surface Protection Specialist Indra Dahal, Jeff Pangburn, Archeologist with APAC and representatives from Endeavor Energy Resources, L.P., to review the surface location, roads and infrastructure routes for the Battle Axe Federal Com #2H.

EXISTING ROADS

- > Proposed well site and existing roads into the location.
 - The well site and elevation plat for the proposed well are reflected on the well site layout; Form C-102. The well was staked by Gary Jones (Certificate #7977) of Basin Surveys (Bond# 29220).
- Directions to Location.
 - Beginning in Jal at the intersection of State Hwy 18 and State Hwy 128, go west on State Hwy 128 for 14.1 miles, turn left on County Road 2 (AKA Battle Axe Road) and head southwest for 13.5 miles, then turn left on Dinwiddie Road west for 200 yards, then north 1/8 mile to Battle Axe #2H well on the left.
- > Improvement and/or Maintenance of existing roads.
 - All existing structures on the access route will be properly repaired or replaced if they are damaged or have deteriorated beyond practical use.

NEW OR RECONSTRUCTED ACCESS ROAD

- > Access roads planned to be constructed/reconstructed.
 - The location will be accessed using an existing lease road that will be re-routed to the location at the southeast corner of the well pad. This new lease road will enter the southeast corner of the well pad a distance of 210.6 feet from the existing lease road.
- > New road construction information.
 - The maximum width of the lease road is 20'. It is crowned and consists of 6" of rolled and compacted caliche. Water will be deflected, as necessary to avoid accumulation and prevent soil erosion.
 - Surface material is native caliche and the average grade will be approximately 1%. This material will be obtained, as needed for maintenance, from a BLM approved pit nearest in proximity to the location.
 - There will be no cattleguards installed at the Battle Axe #2H well site.

LOCATION OF EXISTING WELLS

> Map identifying all known wells (producing, abandoned, SWD, water, etc...) within a one mile radius.

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LOCATION OF EXISTING AND/OR PROPOSED PRODUCTION FACILITIES

- > Facilities planned on the well site showing production facility and lines likely to be installed.
 - All production equipment will be located on site.
- > Gas Pipeline.
 - A 3-1/2" steel low pressure gas sales line will be laid above ground from the middle of eastern edge of the location <u>251.1</u> feet East to and under the existing lease road; then North <u>1216.9</u> feet along the East side of the existing lease road; then East <u>1025.7</u> feet along the South side of the existing lease road; then Northwardly <u>3097.8</u> feet along the East side of the existing lease road to SUG sales point. The gas sales line shall offset the existing lease road, when running alongside, a distance of <u>10.0</u> feet.
- Produced Water Pipeline
 - A 4" poly low pressure produced water line will be laid above ground from the middle of the eastern edge of the location <u>194.5</u> feet to the existing lease road; then North <u>1509.4</u> feet along the West side of existing lease road then West <u>720.7</u> feet to tie into existing SWD line in the Northeast Quarter of Section 3, T-26-S, R-33-E, Lea County, New Mexico. The produced water line shall offset the existing lease road, when running alongside, a distance of <u>10.0</u> feet.
- ➢ Electric Line
 - A 3-phase electric line will be run from the middle of the eastern edge of the location <u>190.4</u> feet; then North <u>1500.0</u> feet along the West side of the existing lease road; then East <u>713.6</u> feet to the tie-in point. The electric line shall offset the existing lease road, when running alongside, a distance of <u>10.0</u> feet.

LOCATION AND TYPES OF WATER SUPPLY

- > Source, access route, and transportation method for all water anticipated for use in drilling.
 - This location will be drilled using a combination of water mud systems (outlined in the drilling program). The water will be obtained either from commercial water stations in the area and hauled to location or transported by poly pipelines following existing and proposed roads. In cases where a poly pipeline is used to transport water to the location for drilling or any other purpose, proper authorizations will be secured.

CONSTRUCTION MATERIAL

- > Type and source of construction material for pad and roads.
 - Caliche utilized for the drilling pad and proposed access road will be obtained either from an existing approved pit, or by benching into a hill which will allow the pad to level with existing caliche from cut, or extracted by "flipping" the location. A caliche permit shall be obtained from the BLM prior to excavating any caliche from Federal Lands. Amount will vary for each pad. The procedure for "flipping" the location is as follows:
 - i. An adequate amount of topsoil for final reclamation will be stripped from the well location surface and stockpiled along the edge of the location as shown in the well site layout.
 - ii. An area will be used within the proposed well site to excavate caliche.
 - iii The subsoil will then be removed and stockpiled within the footages of the well location.
 - iv. Once caliche/mineral material is found, the material will be excavated and stockpiled within the footages of the well location.
 - v. The subsoil will then be placed back in the excavated hole.
 - vi. Caliche/mineral material will then be placed over the entire pad and/or road to be compacted.
 - In the event that caliche is not found on site, a permit will be acquired if caliche is obtained from a BLM approved caliche pit.

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METHODS FOR HANDING WASTE

- > Methods and locations proposed for safe containment and disposal of each type of waste material at a state approved facility that results from drilling and completion
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 - Drilled cuttings shall be disposed of in a steel cutting bin (catch tanks) on the drilling pad (behind the steel mud tanks). The bin and cuttings shall be hauled to an approved cuttings dumpsite. At the site, the cuttings shall be removed from the bin & the bin shall be returned to the drilling site for reuse.
 - All trash, junk, and other waste material shall be contained in trash cages or trash bins to prevent scattering. When a job is completed, all contents shall be removed and disposed of in an approved landfill.
 - All broken sacks, banding, wraps and pallets will be properly disposed of.
 - If necessary, a Porto-John shall be provided for the rig crews. This equipment shall be properly maintained during the drilling and completion operations and shall be removed when all operations are completed.
 - Remaining drilling fluids shall be hauled off by transports to a state approved disposal site. Water produced during completion shall be put in storage tanks and disposed of in a state approved disposal. Oil and condensate produced shall be put in a storage tank and sold.
 - Disposal of fluids to be transported by the following companies:
 - i. Steve Kent Trucking
 - ii. Rapid Transports
 - iii. Cuatro Transports

ANCILLARY FACILITIES

> No airstrip, campsite, or other facilities will be built.

WELL SITE LAYOUT

- Survey plat of well site drafted by a professional surveyor/engineer as well as diagram showing the well site dimensions with surface facilities, proposed roads and topsoil stockpile.
- > Reserve pit Information
 - Mud pits in the active circulating system shall be steel pits and the catch tanks shall be steel tanks set in shallow sumps behind the steel circulating tanks and sumps.
 - The area where the catch tanks are placed shall be reclaimed and the surface vegetation restored to as or near the same condition that existed prior to operations.

PLANS FOR SURFACE RECLAMATION

- Surface Reclamation Plan (interim and final).
 - After concluding the drilling and/or completion operations, if the well is found non-commercial, the caliche shall be removed from the pad and transported to the original caliche pit or used for other drilling locations and roads. The road shall be reclaimed and the surface vegetation restored to as or near the same condition that existed
 - prior to operations. The original topsoil shall again be returned to the pad and contoured, as close as possible, to the original topography.
 - After the well is plugged and abandoned, the location and road shall be reclaimed and the surface vegetation restored to as or near the same condition that existed prior to operations.
 - Caliche from areas of the pad site not required for operations shall be reclaimed. The original topsoil shall be returned to the area of the drill pad not necessary to operate the well. These unused areas of the drill pad shall be contoured, as close as possible, to match the original topography.

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- > Well site has reclaimed area and downsized well location.
 - After drilling and completion of the Battle Axe #2H, the location site will be reduced on the west and north sides. See Exhibit for final production pad dimensions.
 - The top soil deposited on the west side of location will be used to remediate the surface after caliche has been removed in the downsizing operations.
 - Interim reclamation guidelines of the BLM will be followed.

SURFACE OWNERSHIP

> The surface is owned by the State of New Mexico. The surface is multiple use with the primary uses of the region for the grazing of livestock and the production of oil and gas.

OTHER INFORMATION

- The area surrounding the well is mesquite cresote brush and tar brush. The topsoil is caliche/sandy nature. The vegetation is moderately sparse with native prairie grass and cactus. No wildlife was observed but it is likely that deer, rabbits, coyotes, birds, and rodents transverse the area.
- There are no dwellings within 2.0 miles of location. There is a single family residence located 3.0 miles to the northeast of the well location.
- Applicant will not participate in the MOA. Because surface location is on state lands. Contract Cultural Study and Report was submitted by APAC to BLM Office in Calsbad, New Mexico.
- > Oil will be trucked by Blueknight. The oil purchaser is Oasis Transportation and Manufacturing Corp.

BOND COVERAGE

> Bond coverage is Nationwide; Bond No. NM 000846

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COMPANY REPRESENTATIVES

Representatives responsible for ensuring compliance of the surface use plan are listed below:

Land and Right of Way Rodney Foster Endeavor Energy Resources, L.P. 110 N. Marienfeld, Suite 200 Midland, Texas 79701 (432) 687-1575 Office (432) 638-0543 Cell

Regulatory Brad Bates, Petroleum Engineer Endeavor Energy Resources, L.P. 110 N. Marienfeld, Suite 200 Midland, Texas 79701 (432) 262-4034 Office (432) 664-4205 Cell

Production Ronnie Pryer – Foreman Endeavor Energy Resources, L.P. 110 N. Marienfeld, Suite 200 Midland, Texas 79701 (432) 262-4046 Office (432) 634-2934 Cell

Drilling Kelvin Fisher Endeavor Energy Resources, L.P. 110 N. Marienfeld, Suite 200 Midland, Texas 79701 (432) 687-1575 Office (432) 634-5621 Cell

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OPERATOR CERTIFICATION

I 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 that presently 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 18 mm = 100 mm + 200 mm

Name:	Bradley S. Bates		
Position:	Petroleum Engineer,		
	Special Projects		
Address:	110 N. Marienfeld, Suite 200		
	Midland, Texas 79701		
Telephone:	(432) 262-4034 Office		
Email:	bradb@eeronline.com		
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Signed:

Bradley S. Bates









SECTION 3, TOWNSHIP 26 SOUTH, RANGE 33 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO.

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SECTION 2,	TOWNSHIP 26 SOUTH	, RANGE 33 EAST, N.M.P.M.,	
LEA COUNTY	•	NEW MEXICO.	
		T-25-S	
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	▲ 		
	713.6	0+31.4 SECTION LINE 0+32 FENCE	
		2+31.7 POLE #1 4+63.4 POLE #2	
		6+95.1 POLE #3 <u>7+45 PI 89'31'38'' RT</u>	
	S00'12'27"E	POLE #4 10+45 POLE #5	
	1500.0	13+45 POLE #6 16+45 POLE #7	
		19+45 POLE #8 22+45 PI 90'37'21'' RT	
A.	BATTLE AXE FED CON #2H	POLE #9 22+95 POLE #10	
		23+84.4 POLË #11 24+35.4 END OF SURVEY AT	
		POLE #12 N32'04'23.31'' W103'32'59.80''	
•	N89'35'05"W		
	N65'46'42"E		
	580.1		
	OWNER: STATE OF NEW MEXICO LESSEE: DINWIDDIE CATTLE CO L		
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LEGAL DESCRIPTION			
A STRIP OF LAND 30.0 FEET WIDE, LOCATED IN SECTION 2, TOWNSHIP 26 SOUTH, RANGE 33 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO AND BEING 15.0 FEET LEFT AND RIGHT OF THE FOLLOWING DESCRIBED CENTERLINE SURVEY.			
BEGINNING AT A POINT ON THE WEST SECTION LINE WHICH LIES SOO'00'53"E., 898.4 FEET FROM THE NORTHWEST CORNER OF SAID SECTION 2; THENCE S89'42'24"E., 713.6 FEET; THENCE SOO'12'27"E., 1500.0 FEET; THENCE N89'35'05"W., 190.4			
FEET TO THE END OF THIS LINE WHICH LIES N65'46'42''E., 580.1 FEET FROM THE WEST QUARTER CORNER OF SAID SECTION 2. SAID STRIP OF LAND BEING 2404.0 FEET OR 145.71 RODS IN LENGTH AND CONTAINING 1.65 ACRES, MORE OR			
LESS, AND BEING ALLOCATED BY FORTIES AS FOLLOWS. NW/4NW/4 68.55 RODS OR 0.78 ACRES			
SW/4NW/4 00.55 RODS OR 0.78 ACRES			
		1000 0 1000 2000 FEET	
I HEREBY CEFFY FROM FIELD NOTES MEETS OR EXCEPDS SURVEYS AS SPICIFI	TAT MINS, PLAT WAS PREPARED		
SURVEYS AS SPICIF	ALL RECVIREMENTS FOR LAND	ENDEAVOR ENERGY RESOURCES LP	
		REF: PROPOSED BATTLE AXE FED COM #2H ELECTRIC LINE	
		AN ELECTRIC LINE CROSSING STATE LAND IN	
		SECTION 2, TOWNSHIP 26 SOUTH, RANGE 33 EAST,	
BASIN SURVEYS P.O. BOX 1786-HOBBS, NEW MEXICO		N.M.P.M., LEA COUNTY, NEW MEXICO.	
W.O. Number: 29289	Drawn By: J. GOAD	AMALINI, LEA COURT, NEW MEXICO.	
Date: 8-26-2013	Disk: JG – 29289	Survey Date: 8-22-2013 Sheet 2 of 2 Sheets	

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Scale: 1" = 2000'(575) 392-2206 - Fax Date: 9-4-2013

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RESOURCES LP

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