

30-025-42414

MULTI-POINT SURFACE USE & OPERATIONS PLAN

BTA OIL PRODUCERS, LLC

7811 JV-P Rojo #2H
50' FSL & 430' FEL
UL -P-, Sec. 22, T25S, R33E Surface
330' FNL & 430' FEL
UL -A-, Sec. 22, T25S, R33E Bottom
Lea County, New Mexico

This plan is submitted with Form 3160-3, Application for Permit to Drill, covering the referenced well. The plan describes the location of the proposed project, proposed activities and operations plan, the magnitude of necessary surface disturbance, and the procedures to be followed in rehabilitating the surface after completion of the operation so that complete appraisal can be made concerning the environmental effects associated with the operations.

1. Existing Roads

- A. The well was staked by John West Surveying Company.
- B. Exhibit -B- is a topographic map Existing Roads/Vicinity Map showing the location of the proposed project as staked with existing roads and conditions. The existing location is approximately 25 miles west from Jal, New Mexico.
- C. From the intersection of Battle Axe and Dinwiddie Rd, go east along Battle Axe Rd approximately 0.25 miles, veer left and continue N-NE along Battle Axe Rd approximately 0.4 miles; veer right and continue NE along Battle Axe Rd approximately 2.75 miles; turn left and go NE approximately 2.0 miles; veer left and go W-NW approximately 0.8 miles; veer right and go NW approximately 0.75 miles; turn left and go S approximately 0.9 miles to a proposed road survey; follow road survey west 961 feet to the location as shown on Exhibits -C- and -D-.

2. Access Roads

- A. Our proposed new access road will be 961 feet east from the well pad to the existing lease road as shown on Exhibit -C-.
- B. The maximum width of the road will be 15'. It will be crowned and made of 6" of rolled and compacted caliche. Water will be deflected, as necessary, to avoid accumulation and prevent surface erosion. The road will be maintained during drilling operations and, if productive, as long as producing.
- C. Native caliche will be used for the access road and drill pad, compacted and watered. This material will be obtained from a BLM approved pit nearest in proximity to the location. The average grade will be 1°.
- D. No cattle guards, grates, or fence cuts will be required. No turnouts are planned.
- E. We are, with this application, applying for new access ROW from Battle Axe Rd extending to this location for BLM surface.

FEB 03 2015

MULTI-POINT SURFACE USE AND OPERATION PLAN

Rojo #2H

Page 2

3. Location of Existing Wells

- A. Existing wells, within a 1 mile radius of our proposed well (SL and BHL), are shown on Exhibit -E-.

4. Location of Existing and/ or Proposed Facilities

- A. If well is productive, we will use the existing well pad for the tank battery and all necessary production facilities.
- B. At such point as the well may require operation by means of an electric prime mover, separate application for ROW for electric lines will be submitted.
- C. All flow lines will adhere to API standards.
- D. Additional facilities, if necessary for operations, will be applied for via Sundry notice with a schematic diagram prior to installation.
- E. Should the well be successfully completed for production, the original topsoil from the site will be returned to the location. The drill site will be contoured as close as possible to the original state.
- F. All facilities will be painted a flat, nonreflective, earthtone color to match the standard environmental colors within six months of installation.

5. Location and Type of Water Supply

- A. Water for drilling and completion operations will either be purchased from commercial water stations in the area and trucked to the well site using the existing and proposed roads or transported from a pre-existing water well by plastic temporary "fas-line" laid on the surface alongside existing roads.

6. Source of Construction Materials

- A. Caliche used for construction of the drilling pad and access road will be obtained from the closest existing caliche pit as designated by the BLM or from prevailing deposits found under the location.
- B. If there is not sufficient material available, it will be purchased from the area designated by the BLM.

7. Methods of Handling Waste Disposal

- A. This will be a closed loop system.
- B. Water produced during operations will be collected in tanks until hauled to an approved disposal system or a separate disposal application will be submitted to the BLM for appropriate approval.
- C. Oil and condensate produced during testing will be stored in test tanks until sold.
- D. Grey water and sewage will be contained safely and disposed of properly at a state approved facility.

Rojo #2H
Page 3

Rojo #2H
Page 3

- E. The supplier will pick up salts remaining after completion of well, including broken sacks.
- F. Trash, waste paper and garbage will be disposed of by hauling to an approved and available disposal. All waste material will be contained in a totally enclosed trash basket with a fine wire mesh, to prevent wind scattering during collection. The road and pad will be kept litter free.

A. It is possible that a mobile home will be used at the well site during drilling operations.

A. Exhibit –D– shows the existing pad layout.
B. Mud tanks in the active circulating system will be steel tanks.

- A. Following drilling and/or completion operations, all equipment and material not needed for further operations will be removed. The location will be cleaned of all trash and junk to leave the well site as clean as possible.
- B. The pad area will be contoured to the natural terrain. Topsoil will be evenly distributed over the entire location.
- C. Upon cessation of production, all rehabilitation and/or vegetation requirements of the BLM will be complied with and will be accomplished as expeditiously as possible.
- D. Upon cessation of production all disturbed areas will be seeded on the contour at a depth of one-half inch using the following mixture:
 - 1 pound per acre Alkali Sacaton (*Sporobolus airoides*)
 - 5 pound per acre Four-wing Saltbush (*Atriplex canescens*)
- E. Seeding will be completed after September 15 and prior to November 15th before freeze up or as early as possible the following spring to take advantage of available ground moisture.
- F. Newly constructed access road will be recontoured, disked, and seeded as specified above. All rehabilitation work, including seeding, will be completed as specified by the BLM, or sooner if conditions permit.

A. The surface ownership is: NE/4 USA – BLM
620 E. Greene Street
Carlsbad, NM 88220

Grazing Lease: Dinwiddie Cattle Co., LLC
Box 963
Capitan, NM 88316

MULTI-POINT SURFACE USE AND OPERATION PLAN

Rojo #2H

Page 4

The surface is multiple use with the primary uses of the region for the grazing of livestock and the production of oil and gas.

- B. The wellsite and access route are located within the Red Hills area. The area is fairly flat with sandy loam soil.
- C. There is no permanent or live water in the general proximity of the location, though Red Hills Draw runs through the section. On-site discussion with the BLM aided in choosing this location as being a sufficient distance from the draw.
- D. There are no houses or buildings within one mile of the drillsite.
- F. Signs identifying and locating our well will be maintained at the drillsite and principle entrance, commencing with the spudding of the well.
- G. An archaeological survey was conducted and a report has been prepared by Boon Archaeology and furnished directly to the Carlsbad BLM office (copy as Exhibit -H-).

12. Bond Coverage: NM1195

13. Operator's Representative:

- A. The field representative that is responsible for assuring compliance with the approved surface use plan is:

Drilling Manager: Mr. Nick Eaton
Phone: 432/682-3753 (Office)
432/260-7841 (Mobile)

OPERATOR CERTIFICATION

BTA OIL PRODUCERS, LLC

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50' FSL & 430' FEL

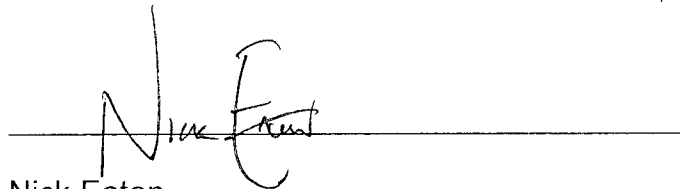
UL -P-, Sec. 22, T25S, R33E Surface

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Lea County, New Mexico

I hereby certify that I, or someone under my direct supervision, have inspected the project 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 USC 1001 for the filing of false statements. Executed this 13th day of June, 2013.

A handwritten signature in black ink, appearing to read "Nick Eaton", is written over a horizontal line.

Nick Eaton
Drilling Manager
BTA Oil Producers, LLC
104 S. Pecos
Midland, TX 79701
(432) 682-3753