

HOBBS OCD

MAY 05 2015

RECEIVED

R360 Environmental Solutions Inc.
Halfway SWD #1 APD, Blue Bird Drilling Island

Surface Use Plan

1. Existing & Proposed Access Roads

- A. The well site survey and elevation plat for the proposed well is attached with this application. It was staked by Pettigrew and Associates, Hobbs, New Mexico.
- B. All roads to the location are shown in the Vicinity Map. The existing lease roads are illustrated and are adequate for travel during drilling and production operations. Upgrading existing roads prior to drilling the well will be done where necessary.
- C. Directions to location: From Carlsbad, NM take Highway 62 North for about 28 Miles, location is on the left. Please see topographic map.
- D. Routine grading and maintenance of existing roads will be conducted as necessary to maintain their condition as long as any operations continue on this lease. Roads will be maintained according to specifications in Section 2A of this Surface Use Plan.

2. Proposed Access Road:

The Map of Road, Pipeline and Pad Easements shows that 5375' of new access road will be required for this location. If any road is required it will be constructed as follows:

- A. The maximum width of the running surface will be 30'. The road will be crowned, ditched and constructed of 6" rolled and compacted caliche. Ditches will be at 3:1 slope and 4 feet wide. Water will be diverted where necessary to avoid ponding, prevent erosion, maintain good drainage, and to be consistent with local drainage patterns.
- B. The average grade will be less than 1%.
- C. No turnouts are planned.
- D. No culverts, cattleguard, gates, low water crossings or fence cuts are necessary.
- E. Surfacing material will consist of native caliche. Caliche will be obtained from the actual well site if available. If not available onsite, caliche will be hauled from the nearest BLM approved caliche pit.

3. Location of Existing Well:

The One-Mile Radius Map shows existing wells within a one-mile radius of surface hole location and the bottom hole location.

MAY 07 2015

4. Location of Existing and/or Proposed Facilities:

- A. An SWD facility will be constructed on private land owned by R360 Permian Basin LLC as shown in the figure attachments.
- B. The facility will be installed according to API specifications.
- C. Any additional caliche will be obtained from the actual well site. If caliche does not exist or is not plentiful from the well site, the caliche will be hauled from a BLM approved caliche pit. Any additional construction materials will be purchased from contractors.
- D. It will be necessary to run electric power if this well is productive. Power will be provided by local energy company and they will submit a separate plan and ROW for service to the well location.
- E. Rehabilitation plans will include the following:
 - The original topsoil from the well site will be returned to the location, and the site will be re-contoured as close as possible to the original site.

5. Location and Type of Water Supply:

The well will be drilled with combination brine and fresh water mud system as outlined in the drilling plan. The water will be obtained from commercial water stations in the area and hauled to location by transport truck over the existing and proposed access road. If a commercial fresh water source is nearby, fast line may be laid along existing road ROW's and fresh water pumped to the well. No water well will be drilled on the location.

6. Source of Construction Materials :

Obtaining caliche: Caliche will be obtained from the existing caliche pit at R360 Halfway Facility directly to the south of the proposed SWD. The Halfway Facility is on private land.

7. Methods of Handling Water Disposal:

- A. The well will be drilled utilizing a closed loop mud system. Drill cuttings will be held in roll-off style mud boxes and taken to an NMOCD approved disposal site.
- B. Drilling fluids will be contained in steel mud pits.
- C. Water produced from the well during completion will be held temporarily in steel tanks and then taken to an NMOCD approved commercial disposal facility.

- D. Garbage and trash produced during drilling or completion operations will be collected in a trash bin and hauled to an approved landfill. No toxic waste or hazardous chemicals will be produced by this operation.
- E. Human waste and grey water will be properly contained and disposed of. Proper disposal and elimination of waste and grey water may include but are not limited to portable septic systems and/or portable waste gathering systems (i.e. portable toilets). Human waste and grey water will be disposed at an approved facility.
- F. After the rig is moved out and the well is either completed or abandoned, all waste materials will be cleaned up within 30 days.

8. Ancillary Facilities:

No airstrip, campsite or other facilities will be built as a result of the operation on this well.

9. Well Site Layout:

- A. The drill pad layout, with elevations staked by Pettigrew and Associates, is shown in the Elevation Plat.
- B. The Closed-Loop exhibit shows the proposed orientation of closed loop system and access road. No permanent living facilities are planned, but a temporary foreman/toolpusher's trailer will be on location during the drilling operations.

10. Plans for Restoration of the Surface:

- A. Interim reclamation will take place after the well has been completed. The pad will be downsized by reclaiming the areas not needed for production operations. The portions of the pad that are not needed for production operations will be re-contoured to its original state as much as possible. The caliche that is removed will be reused to either build another pad site or for road repairs within the lease. The stockpiled topsoil will then be spread out reclaimed area and reseeded with a BLM approved seed mixture. In the event that the well must be worked over or maintained, it may be necessary to drive, park, and/or operate machinery on reclaimed land. This area will be repaired or reclaimed after work is complete.
- B. Final Reclamation: Upon plugging and abandoning the well all caliche for well pad and lease road will be removed and surface will be recontoured to reflect its surroundings as much as possible. Caliche will be recycled for road repair or reused for another well pad within the lease. If any topsoil remains, it will be spread out and the area will be reseeded with a BLM approved mixture and re-vegetated as per BLM orders.

11. Surface Ownership:

- A. The surface is owned by the U.S. Government and is administered by the Bureau of Land Management. The surface is multiple uses with the primary uses of the region for grazing of livestock and the production of oil and gas.
- B. The proposed road routes and surface location will be restored as directed by the BLM

12. Other Information:

- A. The area around the well site is grassland and the topsoil is sandy. The vegetation is moderately sparse with native prairie grasses, some mesquite and shinnery oak. No wildlife was observed but it is likely that mule deer, rabbits, coyotes and rodents traverse the area.
- B. There is no permanent or live water in the immediate area.
- C. There are no dwellings within 2 miles of this location.

13. Bond Coverage:

Bond Coverage is Statewide Bonds # NMB929591818

THOMAS M. MAGEE
Independent Petroleum Landman
P.O. Box 52938
Midland, Texas 79710

712-253-7742 cell

mageelaw@windstream.net

August 8, 2014

Mark Larson
Larson & Associates, Inc.
507 N. Marienfeld, Suite 200
Midland, TX 79702

Re: Halfway SWD #1
Section 22, T20S-R32E
Lea County, NM

Dear Mr. Larson:

You asked for an Report of "owners" within ½ mile of your proposed Halfway SWD #1 being permitted in the SW/4 of the captioned Section 22.

In this connection I researched the abstract tract records of Caprock Title Company in Midland, Texas; the abstract of title prepared by Schutz Abstract Co., Inc., the public website records of the Bureau of Land Management (BLM); the public website of the New Mexico Oil Conservation Commission (NMOCD); the public website of the State of New Mexico Land System; and the Lea County, NM Tax Assessor's public website.

Based on the material examined, I am attaching a Report of the surface owners and "affected persons" being any unleased mineral/potash owner, or mineral/potash Lessee if not producing, or oil & gas Operator if producing. I am also attaching copies of relevant information used in preparing the Report.

I wish to bring to your attention that the mineral, potash and leasehold ownership of N/2 NW/4 of Section 27 is an based on a Surface, Mineral and Potash Report you provided to me, prepared by Sarah Nelson, Landman, which I have updated.

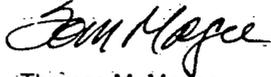
I also wish to bring to your attention that some of the Lessees named in my Report may not be current due to the lack of updated information being filed of record either with the BLM or in the county records and no attempt has been made to independently tract down heirs or devisees of anyone.

Page -2-

Finally, all of the lands surrounding the proposed SWD wells are within the Federal designated Potash area and subject to restrictions on oil and gas development. I did not find any current potash leases on the Federal lands but do caution you to contact Intrepid Potash mining company to make certain it does not claim to own a mining lease on any of the lands within the 1/2 mile radius of your proposed wells.

Thank you and please do not hesitate to call should you have any questions or comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Magee". The signature is written in a cursive, flowing style.

Thomas M. Magee.

Encl.
TMM/cem

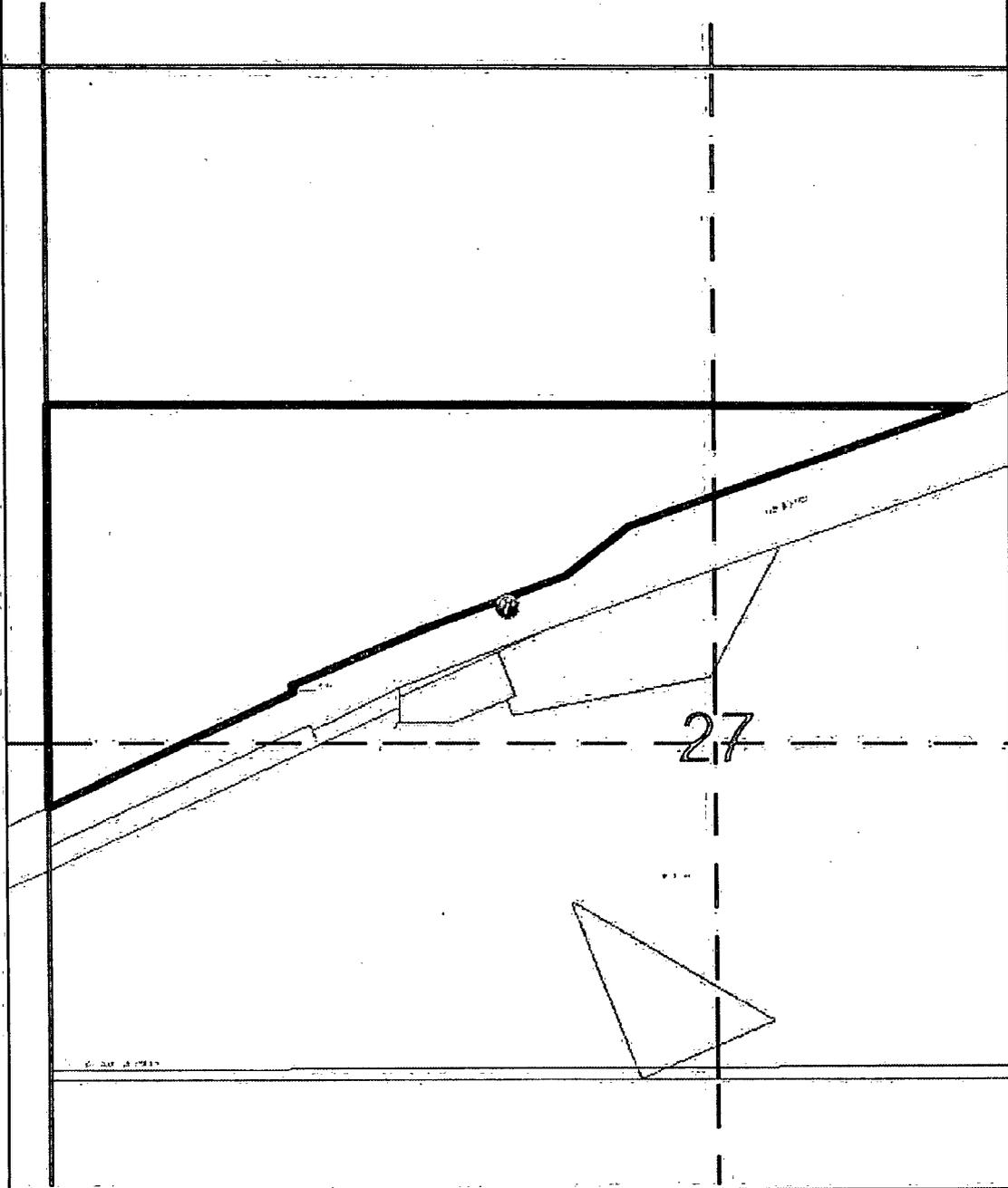
Lea County New Mexico

Halfway SWD

Printed Thu Jul 17 2014

Maps are for Tax Purposes Only, Not to be Used for Conveyance

Powered by EMapsPlus.com



SCHUTZ ABSTRACT CO., INC.

P.O. BOX 973

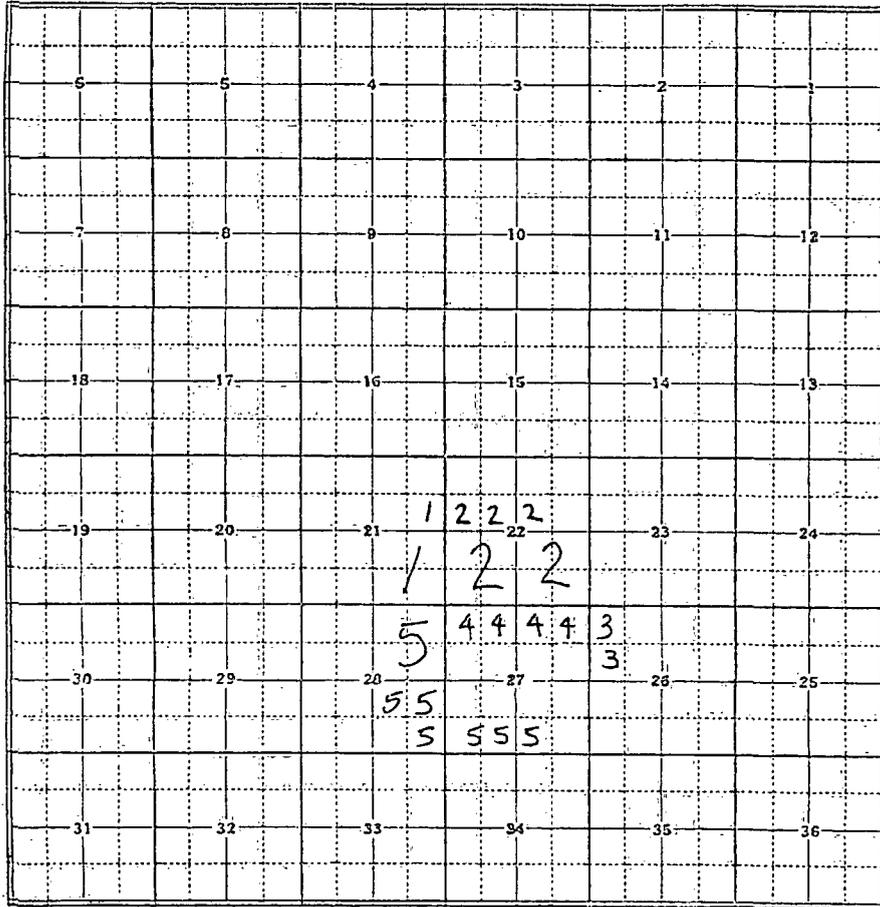
(505) 982-0130

SANTA FE, NEW MEXICO 87504

T. 20 South R. 32 East

Lea County

7/24/14



RED - STATE LAND
BLUE - FEE LAND

1. I.C. 065752-A
2. NM 33955
3. NM 15006
4. NM 15024
5. I.C. 065750-A

JUL 24 2014

LC 065752-A T.20 South - R.32 East L-H.B.P.
 out of LC 065752 Section 21:SE,SENE 07/01/51

Lessee :

CTV OG NM LLC 201 Main St. #2700 Ft. Worth, TX 76102	25%
LMBI OG NM LLC 201 Main St. #2700 Ft. Worth, TX 76102	18.75%
SRBI OG NM LLC 201 Main St. #2700 Ft. Worth, TX 76102	18.75%
Thru Line OG NM LLC 201 Main St.#2700 Ft. Worth, TX 76102	18.75%
Keystone OG NM LLC 201 Main St. #2700 Ft. Worth, TX 76102	18.75%

RUN SHEET:

The base lease, LC 065752 expired in 1973 and the lease file was sent to the Federal Archives. We are unable to examine any documents filed of record in the base lease file.

Partial assign. dated 5/12/52 from Paul & Louise Wallach to S.W. Richardson and Perry R. Bass as to sec. 19: All, sec. 20: All, sec. 21: All, sec. 28: NW, sec. 29: E2,N2NW, reserving 3% ORRI was given new serial # LC 065752-A. BLM decision of 3/16/53 approved this assignment and stated that the assigned portion is subject to the Big Eddy Unit.

Assign. dated 3/9/61 from Perry R. Bass, John B. Connally and Howell E. Smith, independent executors and New Mex. Ancillary Executors of the Estate of S.W. Richardson, deceased to Richardson Oils Inc 3/4 interest. It is stated that the partnership of Richardson and Bass was owned by Sid W. Richardson 3/4 and Perry R. Bass 1/4.

Richardson Oils Inc. changed its name to Bass Enterprises Prod. Co.

Bassi Enterprises Prod. Co. merged into Bass Brothers Enterprises Inc.

Bass Brothers Enterprises Inc. changed its name to Bass Enterprises Prod. Co.

Assign. of record title dated 1/29/86 from Perry & Nancy Bass to Perry R. Bass Inc. 25% as to all lands.

Assign. of record title dated 1/29/86 from Bass Enterprises Prod. Co. to Sid R. Bass Inc. 1/4, Thru Line Inc. 1/4, Robert M. Bass Group Inc. 1/4 and Lee M. Bass Inc. 1/4 75% interest as to all lands.

Robert M. Bass Group Inc. changed its name to Keystone Inc.

Perry R. Bass Inc. changed its name to Chisholm Trail Ventures LP.

Keystone Inc. merged into Keystone Group. Keystone Group changed its name to Keystone Group LP.

Thru Line Inc. changed its name to Thru Line LP.

Sid R. Bass Inc. changed its name to SRBI, LP.

Lee M. Bass Inc. changed its name to LMBI, LP.

Assign. of record title dated 5/17/06 from Thru Line LP to Thru Line O&G NM LLC 3/16 of 100% as to all lands.

Assign. of record title dated 5/17/06 from SRBI LP to SRBI O&G NM LLC 3/16 of 100% as to all lands.

Assign. of record title dated 5/17/06 from LMBI LP to LMBI O&G NM LLC 3/16 of 100% as to all lands.

Assign. of record title dated 5/17/06 from Keystone Group LP to Keystone O&G NM LLC 3/16 of 100% as to all lands.

Assign. of record title dated 5/17/06 from Chisholm Trail Ventures LP to CTV O&G NM LLC 1/4 of 100% as to all lands.

OPERATING RIGHTS:

Lessees	100%
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OVERRIDING ROYALTY:

Paul & Louise Wallach Eunice, NM	3%
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12.5% Royalty to U.S.A

Notes:

This lease is committed to the Big Eddy Unit agreement.

JUL 24 2014

NM 33955

T.20 South - R.32 East
Section 22:S2NW,SWNE,S2L-H.B.P.
09/01/78

Lessee :

Fasken Land & Minerals Ltd.
303 W. Wall Ave., Ste. 1800
Midland, TX 79701

RUN SHEET:

Lease NM 33955 issued 9/1/78 to Peggy E. Baetz for 10 years with 12.5% royalty to the USA.

Assign. dated 4/10/79 from Peggy & Bertrand O. Baetz to David Fasken 100% as to all lands, reserving an overriding royalty of 7.5%.

Decision of 12/20/79 stated that the lease terminated for non-payment of rental.

Notice of appeal was filed 1/16/80 by Don M. Fedric, attorney for David Fasken.

IBLA decision of 6/26/80 affirmed the BLM decision of 12/20/79.

Senate bill No. S. 2279 was introduced into Congress giving the Secretary of Interior authority to review, consider and act upon a petition for reinstatement by David Fasken.

Decision of 11/17/80 reinstated lease NM 33955 effective 9/4/79.

Assign. of overriding royalty dated 12/1/80 from David & Barbara Fasken to C.W. Trainer, David Trainer and Marvin C. Gross, equally, 5% of the oil & gas produced, the option of converting the overriding royalty interest as to the 1st well drilled into a 20% of 80% working interest net revenue interest upon the occurrence of pyaout, and the option of converting the overriding royalty into 20% of 80% working interest net revenue interest as to each subsequent well commenced upon the premises.

ASsign. of working interest dated 12/2/80 from David & Barbara Fasken to Adams Exploration Co. 12.5% as to all lands.

Assign. of working interest dated 12/2/80 from David & Barbara Fasken to Vaughn Petroleum Inc. 12.5% as to all lands.

Assign. of working interest dated 12/2/80 from David & Barbara Fasken to Resources Investment Corp. 12.5% interest as to all lands.

Assign. of working interest dated 12/2/80 from David & Barbara Fasken to Allen K. Trobaugh 12.5% as to all lands.

Assign. of working interest dated 12/2/80 from David & Barbara Fasken to H.G Nichols 2% of the working interest net revenue interest as to all lands.

Assign. of working interest dated 12/2/80 from David & Barbara Fasken to Richard S. Brooks 1/2 of 1% as to all lands.

Assign. of working interest dated 12/2/80 from David & Barbara Fasken to J.S. Abercrombie Mineral Co. Inc. 20% of the working interest net revenue interest as to all lands.

Assign. of working interest dated 12/2/80 from DAvid & Barbara Fasken to J. Taylor Wharton, Trustee. 3% of the working interest net revenue interest as to all lands.

Assign. of working interest dated 2/6/81 from Adams Exploration Co. HCW Drilling Partnership 1979-I 9.375% as to all lands.

Assign. of overriding royalty dated 3/16/81 from Peggy Baetz to Bertrand G. Baetz Jr. 1% as to all lands.

Royalty assign. dated 3/16/81 from Peggy Baetz to Courtney B. Newton 1% as to all lands.

Royalty assign. dated 3/16/81 from Peggy Baetz to Barbara Shelby Baetz Shipper 1% as to all lands.

Assign. of overriding royalty dated 4/21/81 from Resources Investment Corp. to Myron Dickson a net overriding royalty of 2% of assignor's net revenue interest as to all lands.

Assign. of overriding royalty dated 4/21/81 from Resources Investment Corp. to Forrest Spry 2% of assignor's net revenue interest as to all lands.

Assign. of overriding royalty dated 10/28/81 from J.S Abercrombie Mineral Co. Inc. to R.K. Moore .24999%, Rodger L. Felt .09999%, Richard H. Schulze .09999%, John R. Lewis .09999% and David C. Stephenson .05004% as to all lands. The overriding royalty shall reduce to 16% of 3% of 8/8 at payout of the Fasken-Baetz 23 Federal No. 1 well, as follows: R.K. Moore .19999%, Rodger L. Felt .07999%, Richard H. Schulze .07999%, John R. Lewis .07999% and David C. Stephenson .04004%.

Correction assign. of overriding royalty interest dated 11/5/81 from Resources Investment Corp. to Forrest Spry and Myron Dickson, equally, a net overriding royalty interest of 4% of assignor's net revenue interest before and after payout as to all lands. This assignment is made in lieu of an assignment dated 4/21/81 to Forrest Spry and an assignment dated 4/21/81 to Myron Dickson.

Assign. of oper. rights dated 12/3/81 from Resources Investment Corp. to Resources Investment Corp. as trustee for Energy Gas & Oil Drilling Program 1979-A 12.5% as to all lands.

Assign. of working interest dated 6/16/82 from David & Barbara Fasken to R.C. Leonard 1/2 of 1% as to all lands.

Assign. of oper. rights dated 8/26/85 from Vaughn Petroleum Inc. to Indian Wells Oil Co. 12.5% as to all lands, reserving .25% ORRI.

Assign. of oper. rights dated 3/6/86, but effective 10/1/85 from Adams Exploration Co. to Hutton/Indian Wells 1984 Energy Income Fund, Ltd. 3.125% as to all lands.

Assign. of oper. rights dated 1/16/86 from Indian Wells Oil Co. to Hutton/Indian Wells 1984 Energy Income Fund Ltd. 12.5% as to all lands.

Unapproved assign. of record title dated 3/9/90 from J. Taylor Wharton, Trustee to Marvin Gross and C.W. Trainer in equal shares, 3% as to all lands was rejected by BLM because the assignor owned no record title interest.

Unapproved assign. of record title dated effective 12/31/88 from

Abercrombie Mineral Co. Inc. to The Whiting 1988 Prod. Partnership Ltd. 20% as to all lands was rejected by BLM because the assignor owns no record title interest.

Letter of 3/29/93 stated that the royalty rate was reduced to 4.5% effective 1/1/93 due to the stripper royalty rate reduction program.

Assign. of oper. rights dated 3/4/93, but effective 12/31/88 from J.S. Abercrombie Mineral Co. Inc. to Whiting 1988 Production Partnership Ltd. 20% as to all lands.

Assign. of oper. rights dated 3/5/93 but effective 7/1/92 from Whiting 1988 Prod. Partnership Ltd. to Barbara Fasken 20% as to all lands.

Assign. of overriding royalty (not dated) from Peggy E. Baetz to Bertrand O. Baetz Jr. 1/3, Courtney Newton 1/3 and Barbara Shipper 1/3, all of assignor's interest as to all lands.

Barbara Fasken was recognized as the heir of David Fasken, deceased.

Assign. of oper. rights & overriding royalty dated 2003 from Robert Dickson and Norbert Dickman, co-personal rep. of the Estate of Barbara Fasken, deceased to Fasken Land & Minerals Ltd. all of assignor's interest as to all lands.

Assign. of record title dated 2003 from Robert Dickson & Norbert Dickman, co-personal representatives of the Estate of Barbara Fasken, deceased to Fasken Land & Minerals Ltd. all of assignor's interest as to all lands.

OPERATING RIGHTS:

All depths:

Allen K. Trobaugh 1405 1st Nat. Bank Bldg. Midland, TX 79701	12.5%
H.G. Nichols 3679 Calder Beaumont, TX 77706	2%
Richard S. Brooks 608 1st Nat. Bank Bldg. Midland, TX 79701	.5%
J. Taylor Wharton 10 Tokeneke Trail Houston, TX 77024	3%
HCW Drilling Partnership 1979-1 One Boston Place, 31st Floor Boston, MA 02108	9.375%
Resource Investment Corp. as trustee for Energy Oil & Gas Drilling Program 1979-A	12.5%
R.C. Leonard 903 1st Nat. Bank Bldg. Midland, TX 79701	.5%

Lessee	44%
Hutton/Indian Wells 1984 Energy Income Fund Ltd. 4200 E. Skelly Dr., Ste. 600 Tulsa, OK 74135	15.625%

OVERRIDING ROYALTY:

5%, to convert to 20% of 80% working interest at payout:

C.W. Trainer 1/3, David Trainer 1/3 and Marvin Gross 1/3

Bertrand O. Baetz, Jr. 633 Alta San Antonio, TX 78209	2.5%
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Courtney Newton No. 5 Penny Lane San Antonio, TX 78209	2.5%
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Barbara Shelby Baetz Shipper 1626 Milford Houston, TX 77006	2.5%
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Vaughn Petroleum Inc. 3700 Interfirst Two Dallas, TX 75270	.25% of 12.5%
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Forrest Spry 2411 Stutz Place Midland, TX 79701	2% of 12.5%
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Myron Dickson 312 N. Big Spring St. Ste. 12 Midland, TX 79701	2% of 12.5%
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Assign. of overriding royalty dated 10/28/81 from J.S. Abercrombie Mineral Co. Inc. to R.K. Moore .24999% before payout, .19999% after payout, Rodger Felt .09999% before payout, .07999% after payout, Richard Schulze .09999% before payout, .07999% after payout, John R. Lewis .09999% before payout .07999% after payout, and David Stephenson .05004% before payout, .04004% after payout of the Fasken-Baetz 23 Fed. no. 1 well.

12.5% Royalty to U.S.A

Notes:

JUL 24 2014

NM 15024

T.20 South - R.32 East
Section 27:N2N2L-H.B.P.
02/01/72

Lessee :

Chevron USA Inc.
Box 1635
Houston, TX 77251

RUN SHEET:

Lease NM 15024 issued 2/1/72 to Annamarie Duncan for 10 yrs. with 12.5% royalty to the USA.

Assign. of record title dated 9/6/72 from Annamarie & Vincent J. Duncan to Gulf Oil Corp. 100% as to all lands, reserving 5% ORRI.

Assign. of overriding royalty dated 6/16/75 from Annamarie & Vincent Duncan to Walter Duncan 30% of 5%, Raymond T. Duncan 30% of 5%, Vincent J. Duncan 30% of 5%, J. Walter Duncan, Jr. 9% of 5%, and Walter Duncan III 1% of 5% as to all lands.

Grace Petroleum Corp's well No. 1 New Mexico Federal "G" Com. was completed 5/13/80 on sec. 6: NESE.

Committed to com. agreement SCR-8 as to nat. gas & assoc. liquid hydrocarbons producible from the Morrow formation in sec. 6: Lots 9,10,15,16,SE.

Committed to com. agreement SCR-300 as to dry gas & assoc. liquid hydrocarbons producible from the Morrow formation in sec. 6: Lots 1-8.

Gulf Oil Corp. changed its name to Chevron USA Inc.

Assign. of overriding royalty dated 1/1/87 from Vincent J. Duncan to Club Oil & Gas Ltd. all of assignor's interest as to all lands.

Assign. of overriding royalty dated 10/24/80 from Walter Duncan III to JWD, III, Inc. 1% of 5% as to all lands.

Assign. of overriding royalty dated 3/11/92 from J. Walter Duncan Jr. to J. Walter Duncan Jr. Inc. all of assignor's interest as to all lands.

Assign. of overriding royalty dated 3/10/93 from Estate of Walter Duncan to J. Walter Duncan Jr., Vincent J. Duncan, Raymond T. Duncan and Edward J. Duncan, co-trustees of the Vincent Joseph Duncan Trust 1/3, J. Walter Duncan Jr., Vincent J. Duncan, Raymond T. Duncan and Edward J. Duncan, co-trustees of the Raymond Twomey Duncan Trust 1/3 and WDE Oil Properties 1/3 as to all lands.

Assign. of overriding royalty dated 6/30/93 from WDE Oil Properties to Walter Duncan Oil all of assignor's interest as to all lands.

OPERATING RIGHTS:

Sec. 27: N2N2

Lessee

100%

OVERRIDING ROYALTY:

J. Walter Duncan, Jr., Vincent J. Duncan, Raymond T. Duncan and Edward J. Duncan, Co-Trustees of the Vincent Joseph Duncan Trust	.5%
Raymond Twomey Duncan Trust	.5%
Walter Duncan Oil, a Ltd. Partnership 100 Park Ave. Bldg., Ste. 1200 Oklahoma City, OK	.5%
Raymond T. Duncan 1720 S. Bellaire St. Denver, CO 80222	1.5%
Club Oil & Gas Ltd. 1777 S. Harrison St., Penthouse 1 Denver, CO 80210	1.5%
J. Walter Duncan, Jr., Inc. 100 Park Ave., Ste. 1200 Oklahoma City, OK 73102	.45%
JWD III Inc. 100 Park Ave. Bldg., Ste. 1200 Oklahoma City, OK 73102	.05%
12.5% Royalty to U.S.A	

Notes:

JUL 24 2014

LC 065750-A
out of LC 065750

T.20 South - R.32 East
Section 27:S2SW,SWSE
28:NE,N2SE,SESE

L-H.B.P.
07/01/51

Lessee :

CTV O&G NM LLC 201 Main St., #2700 Ft. Worth, TX 76102	25%
LMBI O&G NM LLC 201 Main St., #2700 Ft. Worth, TX 76102	18.75%
SRBI O&G NM LLC 201 Main St., #2700 Ft. Worth, TX 76102	18.75%
Thru Line O&G NM LLC 201 Main St., #2700 Ft. Worth, TX 76102	18.75%
Keystone O&G NM LLC 201 Main St., #2700 Ft. Worth, TX 76102	18.75%

RUN SHEET:

The base lease, LC 065750, is dead and the lease file was sent to the Federal Archives in Denver, CO. We are unable to examine documents filed of record in the base lease file. Lease LC 065750 issued 7/1/51 with 12.5% royalty to the USA.

Partial assignment dated 5/12/52 from Paul Wallach and Louise Wallach to S.W. Richardson & Perry R. Bass 100% as to sec. 27: S2S2, sec. 28: E2,SW, reserving an overriding royalty of 3%. New serial # LC 065750-A was given to this land.

Assign. dated 3/9/61 from Perry R. Bass, John B. Connally, and Howell E. Smith, independent executors and New Mexico Ancillary Executors of the Estate of S.W. Richardson, deceased to Richardson Oils Inc. 3/4 interest as to all lands. It is stated that the partnership of Richardson & Bass is owned 3/4 by S.W. Richardson and 1/4 by Perry R. Bass.

Richardson Oils Inc. changed its name to Bass Enterprises Prod. Co.

Bass Enterprises Prod. Co. merged into Bass Brothers Enterprises Inc.

Bass Brothers Enterprises Inc. changed its name to Bass Enterprises Prod. Co.

Assign. of record title dated 1/29/86 from Bass Enterprises Prod. Co. to Sid R. Bass Inc. 1/4, Thru Line Inc. 1/4, Robert M. Bass Group Inc. 1/4 and Lee M. Bass Inc. 1/4 as to all lands, 75% interest.

Assign. of record title dated 1/29/86 from Perry R. Bass & Nancy Lee Bass to Perry R. Bass Inc. 25% as to all lands.

Robert M. Bass Group Inc. changed its name to Keystone Inc.

Perry R. Bass Inc. changed its name to Chisholm Trail Ventures LP.

Keystone Inc. merged into Keystone Group Inc.

Keystone Group Inc. changed its name to Keystone Group LP.

Sid R. Bass Inc. changed its name to SRBI LP.

Lee M. Bass Inc. changed its name to SRBI LP.

Assign. of record title dated 5/17/06 from Thru Line LP to Thru Line O&G NM LLC 3/16 of 100% as to all lands.

Assign. of record title dated 5/17/06 from SRBI LP to SRBI O&G NM LLC 3/16 of 100% as to all lands.

Assign. of record title dated 5/17/06 from LMBI LP to LMBI O&G NM LLC 3/16 of 100% as to all lands.

Assign. of record title dated 5/17/06 from Keystone Group LP to Keystone O&G NM LLC 3/16 of 100% as to all lands.

Assign. of record title dated 5/17/06 from Chisholm Trail Ventures LP to CTV O&G NM LLC 1/4 of 100% as to all lands.

OPERATING RIGHTS:

Lessees	100%
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OVERRIDING ROYALTY:

Paul & Louise Wallach Eunice, NM	3%
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12.5% Royalty to U.S.A

Notes:

This lease is committed to the Big Eddy Unit agreement.

**HALFWAY SWD #1: OWNERS WITHIN 1/2 MILE RADIUS
LEA COUNTY, NM**

Section 21, Township 20 South, Range 32 East, NMPM

Surface Owners

SE/4 NE/4 & SE/4

United States Dept of the Interior
Bureau of Land Management
302 Dinosaur Trail
Sante Fe, NM 87508

Oil & Gas Lessees/Operators

SE/4 NE/4 & SE/4

Lease: LC 065752-A dated 7/1/1951
Operator of Big Eddy Unit
BOPCO, L.P.
201 Main Street, Ste. 2900
Fort Worth, TX 76102

Potash Lessees

Section 21 is within the designated
Federal designated "Potash Area"

SE/4 NE/4 & SE/4

No current Potash lease found of record

Section 22, Township 20 South, Range 32 East, NMPM

Surface Owners

S/2 NW/4 & SW/4 & SW/4 NE/4 & W/2 SE/4

United States Dept of the Interior
Bureau of Land Management
302 Dinosaur Trail
Sante Fe, NM 87508

Oil & Gas Lessees/Operators

S/2 NW/4 & SW/4 & SW/4 NE/4 & W/2 SE/4

Lease: NM 3395 dated 9/1/1978
Fasken Land & Minerals Ltd.
303 W. Wall Ave., Ste. 1800
Midland, TX 79701

Allen K. Trobaugh
1405 W. Wall Street
Midland, TX 79701

H.G. Nichols
3679 Calder
Beaumont, TX 77706

J. Taylor Wharton
10 Tokenke Trail
Houston, TX 77024

Enex Resources Corporation
General Partner for
Enex Oil & Gas Income Program III Series 5, LP
Enex Oil & Gas Income Program III Series 6, LP
Enex Oil & Gas Income Program III Series 7, LP
Enex Oil & Gas Income Program III Series 8, LP
Three Kingwood Place
800 Rockmoad Drive, Ste. 200
Kingwood, TX 77339

Section 22, Township 20 South, Range 32 East, NMPM

HCW Drilling Partnership 1979-1
One Boston Place, 31st Floor
Boston, MA 02108

R.C. Leonard
303 W. Wall Street
Midland, TX 79701

Marvin Gross
C.W. Trainer
Addresses Unknown

Parker & Parsley Development
Partners, LP
508 West Wall, Ste. 800
Midland, TX 79701

Parker & Parsley Petroleum
Company
508 West Wall, Ste. 800
Midland, TX 79701

Scott D. Sheffield
508 West Wall, Ste. 800
Midland, TX 79701

Herbert C. Williamson, III
508 West Wall, Ste. 800
Midland, TX 79701

Robert J. Castor
508 West Wall, Ste. 800
Midland, TX 79701

James D. Moring
508 West Wall, Ste. 800
Midland, TX 79701

Tim Dunn
508 West Wall, Ste. 800
Midland, TX 79701

A. Frank Kubica
508 West Wall, Ste. 800
Midland, TX 79701

Hermann E. Eben
508 West Wall, Ste. 800
Midland, TX 79701

Lon C. Kile
508 West Wall, Ste. 800
Midland, TX 79701

Jack D. Larremore
508 West Wall, Ste. 800
Midland, TX 79701

Section 22, Township 20 South, Range 32 East, NMPM

Potash Lessees

Section 22 is within the designated
Federal designated "Potash Area"

S/2 NW/4 & SW/4 & SW/4 NE/4 & W/2 SE/4

No current Potash lease found of record

Section 27, Township 20 South, Range 32 East, NMPM

Surface Owners

N/2 NW/4 & NW/4 NE/4

United States Dept of the Interior
Bureau of Land Management
302 Dinosaur Trail
Sante Fe, NM 87508

**61.88 acres and 193.81 acres and 5.00 acres and
8.06 acres located in the S/2 N/2 & N/2 S/2**

Controlled Recovery, Inc.
3 Waterway Square Place Ste. 110
The Woodlands, TX 77380

Oil & Gas Lessees/Operators

N/2 NW/4 & NW/4 NE/4

Lease: NM 15024 dated 2/1/1972
Chevron USA Inc.
P.O. Box 1635
Houston, TX 77251

S/2 NW/4

MRC Permian Company
One Lincoln Centre
5400 LBJ Freeway, Suite 1500
Dallas, TX 75240

Unleased Mineral Owners

S/2 NW/4

Mildred Moore
Ignatius O'Neil
Margaret C. Wray
A.J. White
SanPatricio Royalty Corporation
J.P. Davis
Celtic Oil Corporation
All of the above Address Unknown

Potash Lessees

Section 27 is within the designated
Federal designated "Potash Area"

S/2 NW/4

R360 Permian Basin, LLC
16945 Northchase Drive, Ste. 220
Houston, TX 77060

Section 28, Township 20 South, Range 32 East, NMPM

<u>Surface Owners</u>	<u>NE/4</u> United States Dept of the Interior Bureau of Land Management 302 Dinosaur Trail Sante Fe, NM 87508
<u>Oil & Gas Lessees/Operators</u>	<u>NE/4</u> Lease: LC 065750-A dated 7/1/1951 Operator of Big Eddy Unit BOPCO, L.P. 201 Main Street, Ste. 2900 Fort Worth, TX 76102
<u>Potash Lessees</u>	<u>NE/4</u> Section 28 is within the designated Federal designated "Potash Area"
	No current Potash lease found of record

THE FOREGOING IS BASED ON A REVIEW OF THE RECORDS OF CAPROCK TITLE MIDLAND, LLC. OF MIDLAND, TX THROUGH POSTING DATE OF 6.24.2014 AT 7:00 A.M., FOR FEE LAND; AND FEDERAL TAKE-OFF PREPARED BY SCHUTZ ABSTRACT CO., INC. THROUGH POSTING DATE OF 7.24.2014 FOR FEDERAL/STATE OWNED LANDS; AND THE OFFICIAL RECORDS OF LEA COUNTY, NM. NO WARRANTY OF TITLE EITHER EXPRESSED OR IMPLIED IS MADE TO THE CONTENTS OF THIS REPORT. SAME IS FOR YOUR INFORMATION PURPOSES ONLY.

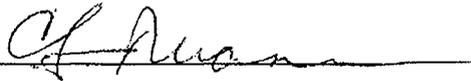
R360 Environmental Solutions Inc.
Halfway SWD #1 APD, Blue Bird Drilling Island

Operator Certification

I hereby certify that I, or persons under my direct supervision, have inspected the drill site and access road 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 R360 Permian Basin LLC, 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 8th day of December, 2014.

Signed: _____



Printed Name: Chris Ruane
Position: Director of Engineering
Address: 3 Waterway Square Place, Suite 110
The Woodlands, Texas 77380
Telephone (832) 442-2204
Email: chrisr@wasteconnections.com