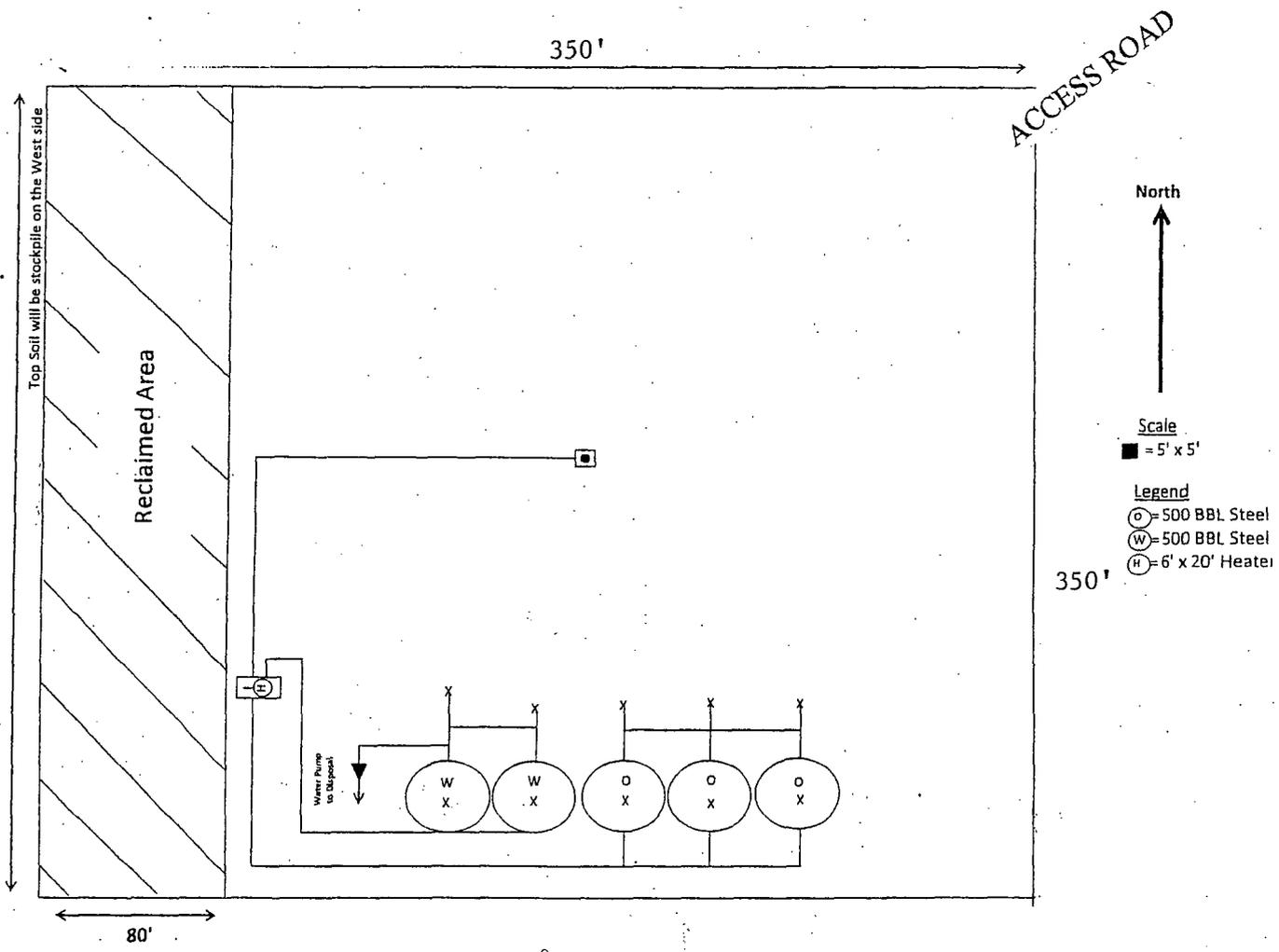


HOBBS OCD

JUL 21 2015

RECEIVED



PROPOSED RECLAIMED AREA

McELVAIN ENERGY, INC.
EK "29" FEDERAL COM. #3HBS2
UNIT "N" SECTION 29
T18S-R34E LEA CO. NM

JUL 2 2015

SURFACE USE PLAN

McELVAIN ENERGY, INC.
EK "29" FEDERAL COM. #3HBS2
UNIT "N" SECTION 29
T18S-R34E LEA CO. NM

1. EXISTING AND PROPOSED ROADS WITH DIRECTIONS TO LOCATION:

- A. Exhibit "B" is a reproduction of a County General Hi-Way map showing existing roads. Exhibit "C" is a reproduction of a USGS topographic map showing existing roads and proposed roads. All existing roads will be maintained in equal or better than current conditions. All new roads will be constructed to BLM specifications.
- B. Exhibit "A" shows the proposed well site as staked.
- C. Directions to location: From Hobbs New Mexico take US Hi-way 62-180 West 15 miles to junction with State Hi-way 529, take 529 West to mile marker 17 turn Left (South) on to lease road follow road 1.2 miles, bear Right (Southwest) go 1.8 miles to location on the East side of road, turn Left (East) go 1.1 miles, bear Left (Northeast) go .4 miles, turn Right (Southwest) Go .5 miles to EK"30" FEDERAL COM. #1h location.
- D.

2. PLANNED ACCESS ROADS: Approximately 2200' of new road will be constructed.

- A. The access roads will be crowned and ditched to a 14' wide travel surface, within a 30' R-O-W.
- B. Gradient of all roads will be less than 5%.
- C. Turn-outs will be constructed where necessary.
- D. As required all new access roads will be surfaced with a minimum of 4-6" of Caliche. This material will be obtained from a local source.
- E. The center line of roads will be flagged and road construction will be done as field conditions allow.
- F. Culverts will be placed in the access roads as drainage conditions require. Roads will be constructed to use low water crossings for drainage as topographic features require to keep erosion to a minimum.

3. EXHIBIT "A-1" SHOWS EXISTING WELLS WITHIN A ONE MILE RADIUS OF THE LOCATION:

- A. Water wells - One well .5 miles Southwest of location.
- B. Disposal wells - None known
- C. Drilling wells - None known
- D. Producing wells - As shown on Exhibit "A-1"
- E. Abandoned wells - As shown on Exhibit "A-1"

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4. If on completion this well is a success the operator will complete it as a producer. The operator will construct production facilities and tank battery on location. If power lines will be required to produce this well they may be constructed along existing R-O-W's as shown on Exhibit "C".

5. LOCATION AND TYPE OF WATER SUPPLY:

Water will be purchased locally from a commercial source and transported by transport or piped to location by flexible flowlines laid on top of the ground.

6. SOURCE OF CONSTRUCTION MATERIAL:

If possible construction material will be obtained from the leveling of the drill site. If additional material will be required it will be obtained from a local source and transported over access roads shown on Exhibit "C".

7. METHODS OF HANDLING WASTE MATERIAL:

- A. In case this well is drilled using a closed mud system the cuttings will be collected in containers and disposed of in a state approved disposal site. Drilling fluids likewise will be contained in tanks and disposed of in state approved disposal sites.
- B. All trash, junk and other waste material will be contained in trash cages or trash bins to prevent scattering. When job is complete all contents will be taken from location and disposed of in a state approved disposal site.
- C. Salts and other mud material remaining after completion of the well will be collected by the supplier and be removed from the location.
- D. Waste water from living quarters will be directed into an onsite sewage treatment unit and when well is completed residue will be removed and disposed of in a state approved disposal site. Porto-johns will be on location for rig crews, completion crews and other contract personnel, this equipment will be properly maintained during drilling and completion. When all operations are complete the residue will be removed and disposed of in a state approved disposal site and the equipment removed by supplier.
- E. Any fluids produced during the completion phase will be separated and the oil sold and water will be disposed of in an approved disposal site.

8. ANCILLARY FACILITIES:

- A. No camps, airstrips, or staging areas will be constructed on location.

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9. WELL SITE LAYOUT:

A. Exhibit "D" shows a generic well site for a well drilled using a closed mud system.

10. PLANS FOR RESTORATION OF SURFACE:

Rehabilitation of the surface will start after the well has been completed, if the well is completed as a producer production facilities will be constructed on the location. What area is not required for the operation of this project will be reclaimed and restored as near as possible to the original grade and vegetation.

If in case this well is unsuccessful and is a dry hole the drilling pad and the access roads will be reclaimed according to specifications provided by The Bureau of Land Management. Caliche or other road material will be removed for the possible use in another location or deposited in an approved reclamation site.

Drill cuttings and mud used to drill this well will be removed and disposed of at an approved disposal site. All trash and any other debris will be collected disposed of as the above.

11. ADDITIONAL INFORMATION:

The surface of the area is used for livestock grazing and the production of oil and gas. The dip is low gentle dip to the Southwest. Soil consists of sand dunes and sandy soils. The vegetation consists of typical desert scrub mainly shinnery oak sand sage, mesquite, and native grasses. The area is bisected by various lease roads for the use in producing of oil and gas.

OPERATOR CERTIFICATION

I hereby certify that I or someone under my direct supervision have inspected the drill site and the access route proposed herein; and that I am familiar with the conditions that currently that 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.

OPERATORS REPRESENTATIVES:

BEFORE CONSTRUCTION

TIERRA EXPLORATION, INC.

JOE T. JANICA

P. O. BOX 2188

HOBBS, NEW MEXICO 88241

OFFICE PHONE 575-391-8503

JOE JANICA CELL 575-390-1598

DURING & AFTER CONSTRUCTION

MCELVAIN ENERGY, INC.

CHRIS CAPLIS

1050 17th STREET SUITE 2500

DENVER CO. 80265

OFFICE PHONE 303-962-6475

CELL: PHONE 303-601-4884

Name: Joe T. Janica

Title: Permit Eng.

DATE 03/12/15