



## **BC Operating, Inc.**

**Lea County, NM (NAD27 NME)**

**Rusty Anchor 7 Federal COM**

**#3H**

**OH**

**Plan: Plan #2 08-27-15**

## **Standard Planning Report**

**27 August, 2015**



|           |                            |                              |                                  |
|-----------|----------------------------|------------------------------|----------------------------------|
| Database: | Compass 5000 GCR           | Local Co-ordinate Reference: | Well #3H                         |
| Company:  | BC Operating, Inc.         | TVD Reference:               | KB: 25' @ 3553.00usft (Planning) |
| Project:  | Lea County, NM (NAD27 NME) | MD Reference:                | KB: 25' @ 3553.00usft (Planning) |
| Site:     | Rusty Anchor 7 Federal COM | North Reference:             | Grid                             |
| Well:     | #3H                        | Survey Calculation Method:   | Minimum Curvature                |
| Wellbore: | OH                         |                              |                                  |
| Design:   | Plan #2 08-27-15           |                              |                                  |

|             |                                      |               |                |
|-------------|--------------------------------------|---------------|----------------|
| Project     | Lea County, NM (NAD27 NME)           |               |                |
| Map System: | US State Plane 1927 (Exact solution) | System Datum: | Mean Sea Level |
| Geo Datum:  | NAD 1927 (NADCON CONUS)              |               |                |
| Map Zone:   | New Mexico East 3001                 |               |                |

|                       |                            |                   |                    |
|-----------------------|----------------------------|-------------------|--------------------|
| Site                  | Rusty Anchor 7 Federal COM |                   |                    |
| Site Position:        |                            | Northing:         | 574,866.71 usft    |
| From:                 | Map                        | Easting:          | 694,542.68 usft    |
| Position Uncertainty: | 0.00 usft                  | Slot Radius:      | 13-3/16 "          |
|                       |                            | Latitude:         | 32° 34' 43.78019 N |
|                       |                            | Longitude:        | 103° 42' 6.37667 W |
|                       |                            | Grid Convergence: | 0.34 °             |

|                      |           |                     |                    |
|----------------------|-----------|---------------------|--------------------|
| Well                 | #3H       |                     |                    |
| Well Position        | +N/-S     | 0.00 usft           | Northing:          |
|                      | +E/-W     | 0.00 usft           | Easting:           |
| Position Uncertainty | 0.00 usft | Wellhead Elevation: | 0.00 usft          |
|                      |           | Latitude:           | 32° 34' 43.78019 N |
|                      |           | Longitude:          | 103° 42' 6.37667 W |
|                      |           | Ground Level:       | 3,528.00 usft      |

|           |            |             |                     |
|-----------|------------|-------------|---------------------|
| Wellbore  | OH         |             |                     |
| Magnetics | Model Name | Sample Date | Declination (°)     |
|           | HDGM       | 8/26/2015   | 7.18                |
|           |            |             | Dip Angle (°)       |
|           |            |             | 60.58               |
|           |            |             | Field Strength (nT) |
|           |            |             | 48,606              |

|                   |                  |        |               |
|-------------------|------------------|--------|---------------|
| Design            | Plan #2 08-27-15 |        |               |
| Audit Notes:      |                  |        |               |
| Version:          | Phase:           | PLAN   | Tie On Depth: |
|                   |                  |        | 0.00          |
| Vertical Section: | Depth From (TVD) | +N/-S  | +E/-W         |
|                   | (usft)           | (usft) | (usft)        |
|                   | 0.00             | 0.00   | 0.00          |
|                   |                  |        | Direction (°) |
|                   |                  |        | 1.26          |

| Plan Sections         |                 |             |                       |              |              |                         |                        |                       |         |                      |
|-----------------------|-----------------|-------------|-----------------------|--------------|--------------|-------------------------|------------------------|-----------------------|---------|----------------------|
| Measured Depth (usft) | Inclination (°) | Azimuth (°) | Vertical Depth (usft) | +N/-S (usft) | +E/-W (usft) | Dogleg Rate (°/100usft) | Build Rate (°/100usft) | Turn Rate (°/100usft) | TFO (°) | Target               |
| 0.00                  | 0.00            | 0.00        | 0.00                  | 0.00         | 0.00         | 0.00                    | 0.00                   | 0.00                  | 0.00    |                      |
| 9,213.47              | 0.00            | 0.00        | 9,213.47              | 0.00         | 0.00         | 0.00                    | 0.00                   | 0.00                  | 0.00    |                      |
| 9,963.47              | 60.00           | 25.00       | 9,833.72              | 324.55       | 151.34       | 8.00                    | 8.00                   | 0.00                  | 25.00   |                      |
| 10,603.54             | 90.00           | 359.81      | 10,000.00             | 918.16       | 271.94       | 6.00                    | 4.69                   | -3.94                 | -43.25  |                      |
| 20,558.95             | 90.00           | 359.81      | 10,000.00             | 10,873.52    | 238.48       | 0.00                    | 0.00                   | 0.00                  | 0.00    | BHL(Rusty Anchor #3) |

Database: Compass 5000 GCR  
Company: BC Operating, Inc.  
Project: Lea County, NM (NAD27 NME)  
Site: Rusty Anchor 7 Federal COM  
Well: #3H  
Wellbore: OH  
Design: Plan #2 08-27-15

Local Co-ordinate Reference:  
TVD Reference:  
MD Reference:  
North Reference:  
Survey Calculation Method:  
Well #3H  
KB: 25' @ 3553.00usft (Planning)  
KB: 25' @ 3553.00usft (Planning)  
Grid  
Minimum Curvature

Planned Survey

| Measured Depth (usft)                      | Inclination (°) | Azimuth (°) | Vertical Depth (usft) | +N/-S (usft) | +E/-W (usft) | Vertical Section (usft) | Dogleg Rate (°/100usft) | Build Rate (°/100usft) | Turn Rate (°/100usft) |
|--------------------------------------------|-----------------|-------------|-----------------------|--------------|--------------|-------------------------|-------------------------|------------------------|-----------------------|
| 0.00                                       | 0.00            | 0.00        | 0.00                  | 0.00         | 0.00         | 0.00                    | 0.00                    | 0.00                   | 0.00                  |
| 9,213.47                                   | 0.00            | 0.00        | 9,213.47              | 0.00         | 0.00         | 0.00                    | 0.00                    | 0.00                   | 0.00                  |
| <b>KOP, Start 8°/100' Build</b>            |                 |             |                       |              |              |                         |                         |                        |                       |
| 9,300.00                                   | 6.92            | 25.00       | 9,299.79              | 4.73         | 2.21         | 4.78                    | 8.00                    | 8.00                   | 0.00                  |
| 9,400.00                                   | 14.92           | 25.00       | 9,397.90              | 21.89        | 10.21        | 22.11                   | 8.00                    | 8.00                   | 0.00                  |
| 9,500.00                                   | 22.92           | 25.00       | 9,492.42              | 51.26        | 23.90        | 51.77                   | 8.00                    | 8.00                   | 0.00                  |
| 9,600.00                                   | 30.92           | 25.00       | 9,581.51              | 92.26        | 43.02        | 93.18                   | 8.00                    | 8.00                   | 0.00                  |
| 9,700.00                                   | 38.92           | 25.00       | 9,663.43              | 144.10       | 67.20        | 145.54                  | 8.00                    | 8.00                   | 0.00                  |
| 9,800.00                                   | 46.92           | 25.00       | 9,736.60              | 205.77       | 95.95        | 207.83                  | 8.00                    | 8.00                   | 0.00                  |
| 9,900.00                                   | 54.92           | 25.00       | 9,799.59              | 276.07       | 128.73       | 278.83                  | 8.00                    | 8.00                   | 0.00                  |
| 9,963.47                                   | 60.00           | 25.00       | 9,833.72              | 324.55       | 151.34       | 327.79                  | 8.00                    | 8.00                   | 0.00                  |
| <b>Begin 6°/100' Build and Turn</b>        |                 |             |                       |              |              |                         |                         |                        |                       |
| 10,000.00                                  | 61.61           | 23.29       | 9,851.54              | 353.65       | 164.38       | 357.16                  | 6.00                    | 4.40                   | -4.67                 |
| 10,100.00                                  | 66.11           | 18.87       | 9,895.60              | 437.38       | 196.59       | 441.59                  | 6.00                    | 4.50                   | -4.42                 |
| 10,200.00                                  | 70.73           | 14.75       | 9,932.39              | 526.36       | 223.41       | 531.13                  | 6.00                    | 4.62                   | -4.12                 |
| 10,300.00                                  | 75.43           | 10.86       | 9,961.50              | 619.62       | 244.56       | 624.83                  | 6.00                    | 4.71                   | -3.89                 |
| 10,400.00                                  | 80.20           | 7.13        | 9,982.61              | 716.12       | 259.80       | 721.64                  | 6.00                    | 4.77                   | -3.73                 |
| 10,500.00                                  | 85.00           | 3.50        | 9,995.49              | 814.82       | 268.96       | 820.52                  | 6.00                    | 4.81                   | -3.62                 |
| 10,549.20                                  | 87.38           | 1.74        | 9,998.76              | 863.85       | 271.21       | 869.59                  | 6.00                    | 4.82                   | -3.58                 |
| <b>HL Crossing @ 10549.20' MD</b>          |                 |             |                       |              |              |                         |                         |                        |                       |
| 10,549.23                                  | 87.38           | 1.74        | 9,998.76              | 863.88       | 271.21       | 869.62                  | 0.00                    | 0.00                   | 0.00                  |
| <b>FTP(Rusty Anchor #3H)</b>               |                 |             |                       |              |              |                         |                         |                        |                       |
| 10,600.00                                  | 89.83           | 359.93      | 10,000.00             | 914.62       | 271.95       | 920.37                  | 6.00                    | 4.83                   | -3.57                 |
| 10,603.54                                  | 90.00           | 359.81      | 10,000.00             | 918.16       | 271.94       | 923.91                  | 5.99                    | 4.82                   | -3.56                 |
| <b>LP, Begin 90° Inc Hold, 359.81° Azm</b> |                 |             |                       |              |              |                         |                         |                        |                       |
| 10,700.00                                  | 90.00           | 359.81      | 10,000.00             | 1,014.62     | 271.62       | 1,020.34                | 0.00                    | 0.00                   | 0.00                  |
| 10,800.00                                  | 90.00           | 359.81      | 10,000.00             | 1,114.62     | 271.28       | 1,120.30                | 0.00                    | 0.00                   | 0.00                  |
| 10,900.00                                  | 90.00           | 359.81      | 10,000.00             | 1,214.62     | 270.95       | 1,220.27                | 0.00                    | 0.00                   | 0.00                  |
| 11,000.00                                  | 90.00           | 359.81      | 10,000.00             | 1,314.62     | 270.61       | 1,320.24                | 0.00                    | 0.00                   | 0.00                  |
| 11,100.00                                  | 90.00           | 359.81      | 10,000.00             | 1,414.62     | 270.28       | 1,420.21                | 0.00                    | 0.00                   | 0.00                  |
| 11,200.00                                  | 90.00           | 359.81      | 10,000.00             | 1,514.62     | 269.94       | 1,520.18                | 0.00                    | 0.00                   | 0.00                  |
| 11,300.00                                  | 90.00           | 359.81      | 10,000.00             | 1,614.62     | 269.60       | 1,620.14                | 0.00                    | 0.00                   | 0.00                  |
| 11,400.00                                  | 90.00           | 359.81      | 10,000.00             | 1,714.62     | 269.27       | 1,720.11                | 0.00                    | 0.00                   | 0.00                  |
| 11,500.00                                  | 90.00           | 359.81      | 10,000.00             | 1,814.62     | 268.93       | 1,820.08                | 0.00                    | 0.00                   | 0.00                  |
| 11,600.00                                  | 90.00           | 359.81      | 10,000.00             | 1,914.62     | 268.59       | 1,920.05                | 0.00                    | 0.00                   | 0.00                  |
| 11,700.00                                  | 90.00           | 359.81      | 10,000.00             | 2,014.62     | 268.26       | 2,020.02                | 0.00                    | 0.00                   | 0.00                  |
| 11,800.00                                  | 90.00           | 359.81      | 10,000.00             | 2,114.62     | 267.92       | 2,119.98                | 0.00                    | 0.00                   | 0.00                  |
| 11,900.00                                  | 90.00           | 359.81      | 10,000.00             | 2,214.62     | 267.59       | 2,219.95                | 0.00                    | 0.00                   | 0.00                  |
| 12,000.00                                  | 90.00           | 359.81      | 10,000.00             | 2,314.62     | 267.25       | 2,319.92                | 0.00                    | 0.00                   | 0.00                  |
| 12,100.00                                  | 90.00           | 359.81      | 10,000.00             | 2,414.62     | 266.91       | 2,419.89                | 0.00                    | 0.00                   | 0.00                  |
| 12,200.00                                  | 90.00           | 359.81      | 10,000.00             | 2,514.62     | 266.58       | 2,519.86                | 0.00                    | 0.00                   | 0.00                  |
| 12,300.00                                  | 90.00           | 359.81      | 10,000.00             | 2,614.62     | 266.24       | 2,619.82                | 0.00                    | 0.00                   | 0.00                  |
| 12,400.00                                  | 90.00           | 359.81      | 10,000.00             | 2,714.61     | 265.91       | 2,719.79                | 0.00                    | 0.00                   | 0.00                  |
| 12,500.00                                  | 90.00           | 359.81      | 10,000.00             | 2,814.61     | 265.57       | 2,819.76                | 0.00                    | 0.00                   | 0.00                  |
| 12,600.00                                  | 90.00           | 359.81      | 10,000.00             | 2,914.61     | 265.23       | 2,919.73                | 0.00                    | 0.00                   | 0.00                  |
| 12,700.00                                  | 90.00           | 359.81      | 10,000.00             | 3,014.61     | 264.90       | 3,019.70                | 0.00                    | 0.00                   | 0.00                  |
| 12,800.00                                  | 90.00           | 359.81      | 10,000.00             | 3,114.61     | 264.56       | 3,119.66                | 0.00                    | 0.00                   | 0.00                  |
| 12,900.00                                  | 90.00           | 359.81      | 10,000.00             | 3,214.61     | 264.22       | 3,219.63                | 0.00                    | 0.00                   | 0.00                  |
| 13,000.00                                  | 90.00           | 359.81      | 10,000.00             | 3,314.61     | 263.89       | 3,319.60                | 0.00                    | 0.00                   | 0.00                  |
| 13,100.00                                  | 90.00           | 359.81      | 10,000.00             | 3,414.61     | 263.55       | 3,419.57                | 0.00                    | 0.00                   | 0.00                  |
| 13,200.00                                  | 90.00           | 359.81      | 10,000.00             | 3,514.61     | 263.22       | 3,519.54                | 0.00                    | 0.00                   | 0.00                  |
| 13,300.00                                  | 90.00           | 359.81      | 10,000.00             | 3,614.61     | 262.88       | 3,619.50                | 0.00                    | 0.00                   | 0.00                  |
| 13,400.00                                  | 90.00           | 359.81      | 10,000.00             | 3,714.61     | 262.54       | 3,719.47                | 0.00                    | 0.00                   | 0.00                  |
| 13,500.00                                  | 90.00           | 359.81      | 10,000.00             | 3,814.61     | 262.21       | 3,819.44                | 0.00                    | 0.00                   | 0.00                  |

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Well: #3H  
Wellbore: OH  
Design: Plan #2 08-27-15

Local Co-ordinate Reference:  
TVD Reference:  
MD Reference:  
North Reference:  
Survey Calculation Method:

Well #3H  
KB: 25' @ 3553.00usft (Planning)  
KB: 25' @ 3553.00usft (Planning)  
Grid  
Minimum Curvature

Planned Survey

| Measured Depth (usft) | Inclination (°) | Azimuth (°) | Vertical Depth (usft) | +N/-S (usft) | +E/-W (usft) | Vertical Section (usft) | Dogleg Rate (°/100usft) | Build Rate (°/100usft) | Turn Rate (°/100usft) |
|-----------------------|-----------------|-------------|-----------------------|--------------|--------------|-------------------------|-------------------------|------------------------|-----------------------|
| 13,600.00             | 90.00           | 359.81      | 10,000.00             | 3,914.61     | 261.87       | 3,919.41                | 0.00                    | 0.00                   | 0.00                  |
| 13,700.00             | 90.00           | 359.81      | 10,000.00             | 4,014.61     | 261.54       | 4,019.38                | 0.00                    | 0.00                   | 0.00                  |
| 13,800.00             | 90.00           | 359.81      | 10,000.00             | 4,114.61     | 261.20       | 4,119.34                | 0.00                    | 0.00                   | 0.00                  |
| 13,900.00             | 90.00           | 359.81      | 10,000.00             | 4,214.61     | 260.86       | 4,219.31                | 0.00                    | 0.00                   | 0.00                  |
| 14,000.00             | 90.00           | 359.81      | 10,000.00             | 4,314.61     | 260.53       | 4,319.28                | 0.00                    | 0.00                   | 0.00                  |
| 14,100.00             | 90.00           | 359.81      | 10,000.00             | 4,414.60     | 260.19       | 4,419.25                | 0.00                    | 0.00                   | 0.00                  |
| 14,200.00             | 90.00           | 359.81      | 10,000.00             | 4,514.60     | 259.86       | 4,519.22                | 0.00                    | 0.00                   | 0.00                  |
| 14,300.00             | 90.00           | 359.81      | 10,000.00             | 4,614.60     | 259.52       | 4,619.18                | 0.00                    | 0.00                   | 0.00                  |
| 14,400.00             | 90.00           | 359.81      | 10,000.00             | 4,714.60     | 259.18       | 4,719.15                | 0.00                    | 0.00                   | 0.00                  |
| 14,500.00             | 90.00           | 359.81      | 10,000.00             | 4,814.60     | 258.85       | 4,819.12                | 0.00                    | 0.00                   | 0.00                  |
| 14,600.00             | 90.00           | 359.81      | 10,000.00             | 4,914.60     | 258.51       | 4,919.09                | 0.00                    | 0.00                   | 0.00                  |
| 14,700.00             | 90.00           | 359.81      | 10,000.00             | 5,014.60     | 258.17       | 5,019.06                | 0.00                    | 0.00                   | 0.00                  |
| 14,800.00             | 90.00           | 359.81      | 10,000.00             | 5,114.60     | 257.84       | 5,119.02                | 0.00                    | 0.00                   | 0.00                  |
| 14,900.00             | 90.00           | 359.81      | 10,000.00             | 5,214.60     | 257.50       | 5,218.99                | 0.00                    | 0.00                   | 0.00                  |
| 15,000.00             | 90.00           | 359.81      | 10,000.00             | 5,314.60     | 257.17       | 5,318.96                | 0.00                    | 0.00                   | 0.00                  |
| 15,100.00             | 90.00           | 359.81      | 10,000.00             | 5,414.60     | 256.83       | 5,418.93                | 0.00                    | 0.00                   | 0.00                  |
| 15,200.00             | 90.00           | 359.81      | 10,000.00             | 5,514.60     | 256.49       | 5,518.90                | 0.00                    | 0.00                   | 0.00                  |
| 15,300.00             | 90.00           | 359.81      | 10,000.00             | 5,614.60     | 256.16       | 5,618.87                | 0.00                    | 0.00                   | 0.00                  |
| 15,400.00             | 90.00           | 359.81      | 10,000.00             | 5,714.60     | 255.82       | 5,718.83                | 0.00                    | 0.00                   | 0.00                  |
| 15,500.00             | 90.00           | 359.81      | 10,000.00             | 5,814.60     | 255.49       | 5,818.80                | 0.00                    | 0.00                   | 0.00                  |
| 15,600.00             | 90.00           | 359.81      | 10,000.00             | 5,914.60     | 255.15       | 5,918.77                | 0.00                    | 0.00                   | 0.00                  |
| 15,700.00             | 90.00           | 359.81      | 10,000.00             | 6,014.60     | 254.81       | 6,018.74                | 0.00                    | 0.00                   | 0.00                  |
| 15,800.00             | 90.00           | 359.81      | 10,000.00             | 6,114.60     | 254.48       | 6,118.71                | 0.00                    | 0.00                   | 0.00                  |
| 15,900.00             | 90.00           | 359.81      | 10,000.00             | 6,214.59     | 254.14       | 6,218.67                | 0.00                    | 0.00                   | 0.00                  |
| 16,000.00             | 90.00           | 359.81      | 10,000.00             | 6,314.59     | 253.80       | 6,318.64                | 0.00                    | 0.00                   | 0.00                  |
| 16,100.00             | 90.00           | 359.81      | 10,000.00             | 6,414.59     | 253.47       | 6,418.61                | 0.00                    | 0.00                   | 0.00                  |
| 16,200.00             | 90.00           | 359.81      | 10,000.00             | 6,514.59     | 253.13       | 6,518.58                | 0.00                    | 0.00                   | 0.00                  |
| 16,300.00             | 90.00           | 359.81      | 10,000.00             | 6,614.59     | 252.80       | 6,618.55                | 0.00                    | 0.00                   | 0.00                  |
| 16,400.00             | 90.00           | 359.81      | 10,000.00             | 6,714.59     | 252.46       | 6,718.51                | 0.00                    | 0.00                   | 0.00                  |
| 16,500.00             | 90.00           | 359.81      | 10,000.00             | 6,814.59     | 252.12       | 6,818.48                | 0.00                    | 0.00                   | 0.00                  |
| 16,600.00             | 90.00           | 359.81      | 10,000.00             | 6,914.59     | 251.79       | 6,918.45                | 0.00                    | 0.00                   | 0.00                  |
| 16,700.00             | 90.00           | 359.81      | 10,000.00             | 7,014.59     | 251.45       | 7,018.42                | 0.00                    | 0.00                   | 0.00                  |
| 16,800.00             | 90.00           | 359.81      | 10,000.00             | 7,114.59     | 251.12       | 7,118.39                | 0.00                    | 0.00                   | 0.00                  |
| 16,900.00             | 90.00           | 359.81      | 10,000.00             | 7,214.59     | 250.78       | 7,218.35                | 0.00                    | 0.00                   | 0.00                  |
| 17,000.00             | 90.00           | 359.81      | 10,000.00             | 7,314.59     | 250.44       | 7,318.32                | 0.00                    | 0.00                   | 0.00                  |
| 17,100.00             | 90.00           | 359.81      | 10,000.00             | 7,414.59     | 250.11       | 7,418.29                | 0.00                    | 0.00                   | 0.00                  |
| 17,200.00             | 90.00           | 359.81      | 10,000.00             | 7,514.59     | 249.77       | 7,518.26                | 0.00                    | 0.00                   | 0.00                  |
| 17,300.00             | 90.00           | 359.81      | 10,000.00             | 7,614.59     | 249.43       | 7,618.23                | 0.00                    | 0.00                   | 0.00                  |
| 17,400.00             | 90.00           | 359.81      | 10,000.00             | 7,714.59     | 249.10       | 7,718.19                | 0.00                    | 0.00                   | 0.00                  |
| 17,500.00             | 90.00           | 359.81      | 10,000.00             | 7,814.59     | 248.76       | 7,818.16                | 0.00                    | 0.00                   | 0.00                  |
| 17,600.00             | 90.00           | 359.81      | 10,000.00             | 7,914.59     | 248.43       | 7,918.13                | 0.00                    | 0.00                   | 0.00                  |
| 17,700.00             | 90.00           | 359.81      | 10,000.00             | 8,014.58     | 248.09       | 8,018.10                | 0.00                    | 0.00                   | 0.00                  |
| 17,800.00             | 90.00           | 359.81      | 10,000.00             | 8,114.58     | 247.75       | 8,118.07                | 0.00                    | 0.00                   | 0.00                  |
| 17,900.00             | 90.00           | 359.81      | 10,000.00             | 8,214.58     | 247.42       | 8,218.03                | 0.00                    | 0.00                   | 0.00                  |
| 18,000.00             | 90.00           | 359.81      | 10,000.00             | 8,314.58     | 247.08       | 8,318.00                | 0.00                    | 0.00                   | 0.00                  |
| 18,100.00             | 90.00           | 359.81      | 10,000.00             | 8,414.58     | 246.75       | 8,417.97                | 0.00                    | 0.00                   | 0.00                  |
| 18,200.00             | 90.00           | 359.81      | 10,000.00             | 8,514.58     | 246.41       | 8,517.94                | 0.00                    | 0.00                   | 0.00                  |
| 18,300.00             | 90.00           | 359.81      | 10,000.00             | 8,614.58     | 246.07       | 8,617.91                | 0.00                    | 0.00                   | 0.00                  |
| 18,400.00             | 90.00           | 359.81      | 10,000.00             | 8,714.58     | 245.74       | 8,717.87                | 0.00                    | 0.00                   | 0.00                  |
| 18,500.00             | 90.00           | 359.81      | 10,000.00             | 8,814.58     | 245.40       | 8,817.84                | 0.00                    | 0.00                   | 0.00                  |
| 18,600.00             | 90.00           | 359.81      | 10,000.00             | 8,914.58     | 245.06       | 8,917.81                | 0.00                    | 0.00                   | 0.00                  |
| 18,700.00             | 90.00           | 359.81      | 10,000.00             | 9,014.58     | 244.73       | 9,017.78                | 0.00                    | 0.00                   | 0.00                  |
| 18,800.00             | 90.00           | 359.81      | 10,000.00             | 9,114.58     | 244.39       | 9,117.75                | 0.00                    | 0.00                   | 0.00                  |
| 18,900.00             | 90.00           | 359.81      | 10,000.00             | 9,214.58     | 244.06       | 9,217.71                | 0.00                    | 0.00                   | 0.00                  |

Database: Compass 5000 GCR  
Company: BC Operating, Inc.  
Project: Lea County, NM (NAD27 NME)  
Site: Rusty Anchor 7 Federal COM  
Well: #3H  
Wellbore: OH  
Design: Plan #2 08-27-15

Local Co-ordinate Reference:  
TVD Reference:  
MD Reference:  
North Reference:  
Survey Calculation Method:

Well #3H  
KB: 25' @ 3553.00usft (Planning)  
KB: 25' @ 3553.00usft (Planning)  
Grid  
Minimum Curvature

#### Planned Survey

| Measured Depth (usft)                              | Inclination (°) | Azimuth (°) | Vertical Depth (usft) | +N/-S (usft) | +E/-W (usft) | Vertical Section (usft) | Dogleg Rate (°/100usft) | Build Rate (°/100usft) | Turn Rate (°/100usft) |
|----------------------------------------------------|-----------------|-------------|-----------------------|--------------|--------------|-------------------------|-------------------------|------------------------|-----------------------|
| 19,000.00                                          | 90.00           | 359.81      | 10,000.00             | 9,314.58     | 243.72       | 9,317.68                | 0.00                    | 0.00                   | 0.00                  |
| 19,100.00                                          | 90.00           | 359.81      | 10,000.00             | 9,414.58     | 243.38       | 9,417.65                | 0.00                    | 0.00                   | 0.00                  |
| 19,200.00                                          | 90.00           | 359.81      | 10,000.00             | 9,514.58     | 243.05       | 9,517.62                | 0.00                    | 0.00                   | 0.00                  |
| 19,300.00                                          | 90.00           | 359.81      | 10,000.00             | 9,614.58     | 242.71       | 9,617.59                | 0.00                    | 0.00                   | 0.00                  |
| 19,400.00                                          | 90.00           | 359.81      | 10,000.00             | 9,714.58     | 242.38       | 9,717.55                | 0.00                    | 0.00                   | 0.00                  |
| 19,500.00                                          | 90.00           | 359.81      | 10,000.00             | 9,814.57     | 242.04       | 9,817.52                | 0.00                    | 0.00                   | 0.00                  |
| 19,600.00                                          | 90.00           | 359.81      | 10,000.00             | 9,914.57     | 241.70       | 9,917.49                | 0.00                    | 0.00                   | 0.00                  |
| 19,700.00                                          | 90.00           | 359.81      | 10,000.00             | 10,014.57    | 241.37       | 10,017.46               | 0.00                    | 0.00                   | 0.00                  |
| 19,800.00                                          | 90.00           | 359.81      | 10,000.00             | 10,114.57    | 241.03       | 10,117.43               | 0.00                    | 0.00                   | 0.00                  |
| 19,900.00                                          | 90.00           | 359.81      | 10,000.00             | 10,214.57    | 240.70       | 10,217.39               | 0.00                    | 0.00                   | 0.00                  |
| 20,000.00                                          | 90.00           | 359.81      | 10,000.00             | 10,314.57    | 240.36       | 10,317.36               | 0.00                    | 0.00                   | 0.00                  |
| 20,100.00                                          | 90.00           | 359.81      | 10,000.00             | 10,414.57    | 240.02       | 10,417.33               | 0.00                    | 0.00                   | 0.00                  |
| 20,200.00                                          | 90.00           | 359.81      | 10,000.00             | 10,514.57    | 239.69       | 10,517.30               | 0.00                    | 0.00                   | 0.00                  |
| 20,300.00                                          | 90.00           | 359.81      | 10,000.00             | 10,614.57    | 239.35       | 10,617.27               | 0.00                    | 0.00                   | 0.00                  |
| 20,400.00                                          | 90.00           | 359.81      | 10,000.00             | 10,714.57    | 239.01       | 10,717.23               | 0.00                    | 0.00                   | 0.00                  |
| 20,468.95                                          | 90.00           | 359.81      | 10,000.00             | 10,783.52    | 238.78       | 10,786.16               | 0.00                    | 0.00                   | 0.00                  |
| HL Crossing @ 20468.95' MD - LTP(Rusty Anchor #3H) |                 |             |                       |              |              |                         |                         |                        |                       |
| 20,500.00                                          | 90.00           | 359.81      | 10,000.00             | 10,814.57    | 238.68       | 10,817.20               | 0.00                    | 0.00                   | 0.00                  |
| 20,558.95                                          | 90.00           | 359.81      | 10,000.00             | 10,873.52    | 238.48       | 10,876.13               | 0.00                    | 0.00                   | 0.00                  |
| TD at 20558.95' MD - BHL(Rusty Anchor #3H)         |                 |             |                       |              |              |                         |                         |                        |                       |

#### Design Targets

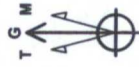
| Target Name<br>- hit/miss target<br>- Shape                                                                                      | Dip Angle (°) | Dip Dir. (°) | TVD (usft) | +N/-S (usft) | +E/-W (usft) | Northing (usft) | Easting (usft) | Latitude           | Longitude          |
|----------------------------------------------------------------------------------------------------------------------------------|---------------|--------------|------------|--------------|--------------|-----------------|----------------|--------------------|--------------------|
| BHL(Rusty Anchor #3H)<br>- plan hits target center<br>- Point                                                                    | 0.00          | 0.00         | 10,000.00  | 10,873.52    | 238.48       | 585,740.23      | 694,781.16     | 32° 36' 31.36173 N | 103° 42' 2.83396 W |
| LTP(Rusty Anchor #3H)<br>- plan hits target center<br>- Point                                                                    | 0.00          | 0.01         | 10,000.00  | 10,783.52    | 238.78       | 585,650.23      | 694,781.46     | 32° 36' 30.47114 N | 103° 42' 2.83671 W |
| FTP(Rusty Anchor #3H)<br>- plan misses target center by 1.25usft at 10549.23usft MD (9998.76 TVD, 863.88 N, 271.21 E)<br>- Point | 0.00          | 0.01         | 10,000.00  | 863.85       | 271.34       | 575,730.56      | 694,814.02     | 32° 34' 52.31222 N | 103° 42' 3.14567 W |

#### Plan Annotations

| Measured Depth (usft) | Vertical Depth (usft) | Local Coordinates |              | Comment                             |
|-----------------------|-----------------------|-------------------|--------------|-------------------------------------|
|                       |                       | +N/-S (usft)      | +E/-W (usft) |                                     |
| 9,213.47              | 9,213.47              | 0.00              | 0.00         | KOP, Start 8°/100' Build            |
| 9,963.47              | 9,833.72              | 324.55            | 151.34       | Begin 6°/100' Build and Turn        |
| 10,549.20             | 9,998.76              | 863.85            | 271.21       | HL Crossing @ 10549.20' MD          |
| 10,603.54             | 10,000.00             | 918.16            | 271.94       | LP, Begin 90° Inc Hold, 359.81° Azm |
| 20,468.95             | 10,000.00             | 10,783.52         | 238.78       | HL Crossing @ 20468.95' MD          |
| 20,558.95             | 10,000.00             | 10,873.52         | 238.48       | TD at 20558.95' MD                  |

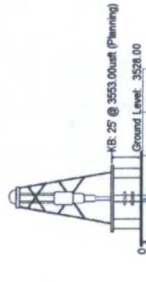


Project: Lea County, NM (NAD27 NME)  
Site: Rusty Anchor 7 Federal COM  
Well: #3H  
Wellbore: OH  
Design: Plan #2 08-27-15  
Rig: Planning



PHOENIX  
TECHNOLOGY SERVICES

Admits to Grid North  
True North: 43.34°  
Magnetic North: 6.84°  
Magnetic Field  
Strength: 48605.8nT  
Dip Angle: 60.58°  
Date: 8/26/2015  
Model: HDGM



#### WELL DETAILS

|              | MD        | Inc | Asi | TVD | North | East | Longitude | Latitude |
|--------------|-----------|-----|-----|-----|-------|------|-----------|----------|
| Ground Level | 3528.00   |     |     |     |       |      |           |          |
| Wellbore     | 894542.88 |     |     |     |       |      |           |          |
| Wellhead     | 518665.71 |     |     |     |       |      |           |          |
| Wellbore     | 0.00      |     |     |     |       |      |           |          |
| Wellhead     | 0.00      |     |     |     |       |      |           |          |

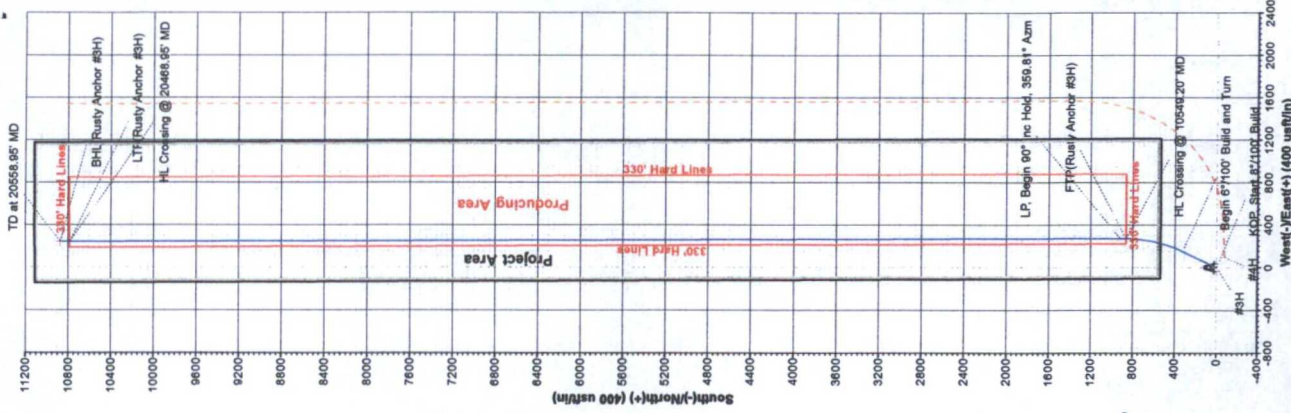
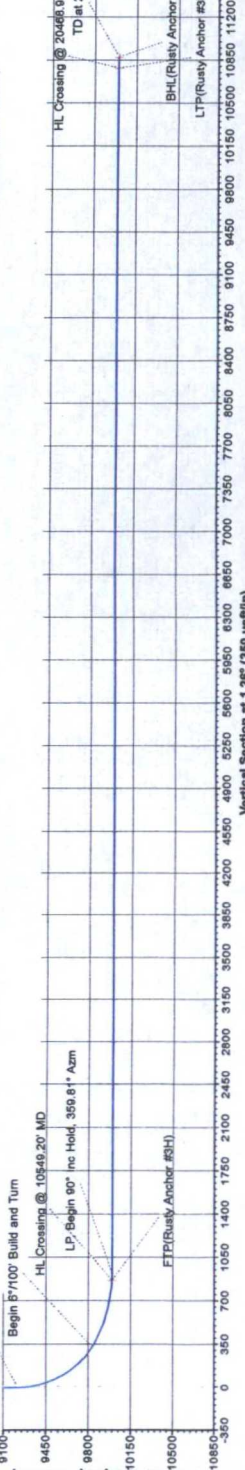
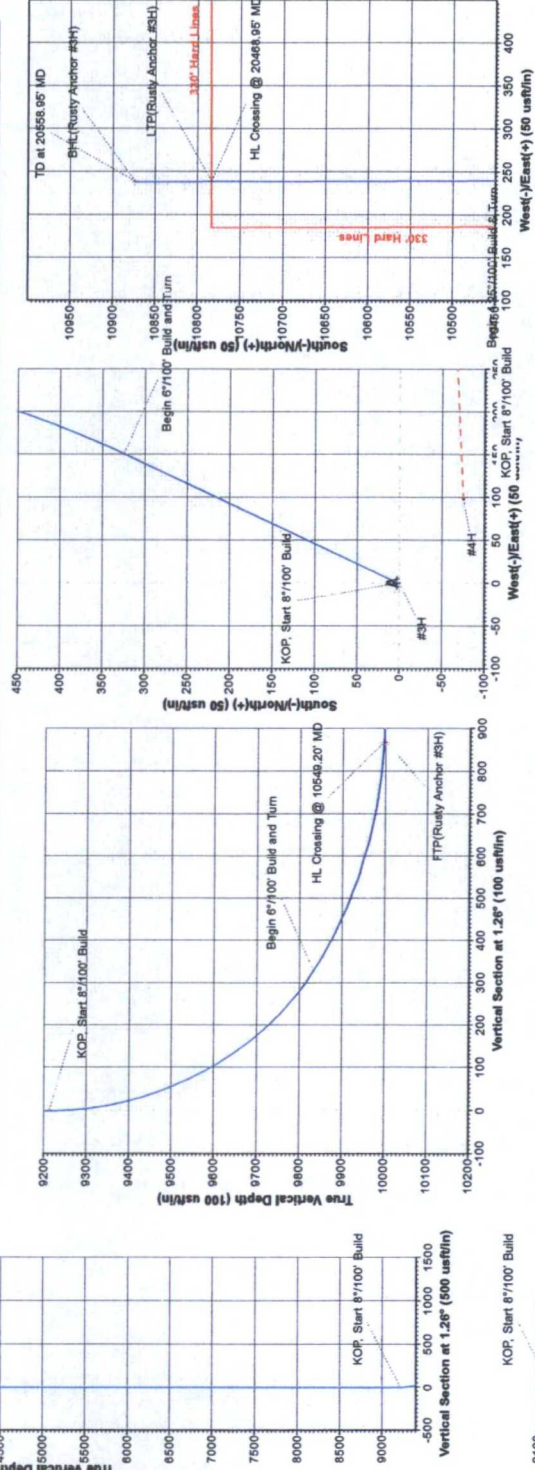
#### SECTION DETAILS

| Sec | MD       | Inc   | Asi    | TVD      | North    | East   | Longitude | Latitude |
|-----|----------|-------|--------|----------|----------|--------|-----------|----------|
| 1   | 0.00     | 0.00  | 0.00   | 0.00     | 0.00     | 0.00   | 0.00      | 0.00     |
| 2   | 9213.47  | 0.00  | 0.00   | 9213.47  | 0.00     | 0.00   | 0.00      | 0.00     |
| 3   | 9963.47  | 80.00 | 25.00  | 9833.72  | 324.55   | 151.34 | 8.00      | 23.00    |
| 4   | 10603.54 | 80.00 | 359.81 | 10000.00 | 918.16   | 271.84 | 6.00      | -43.25   |
| 5   | 20558.95 | 90.00 | 359.81 | 10000.00 | 10873.52 | 238.48 | 0.00      | 0.00     |

#### DESIGN TARGET DETAILS

| Name                  | MD       | Inc      | Asi    | TVD     | North | East     | Longitude          | Latitude           |
|-----------------------|----------|----------|--------|---------|-------|----------|--------------------|--------------------|
| BHL(Rusty Anchor #3H) | 10000.00 | 10873.52 | 238.48 | 9574.02 | 23    | 69478.11 | 32° 36' 31.36173 N | 103° 42' 2.83368 W |
| FTP(Rusty Anchor #3H) | 10000.00 | 10873.52 | 238.48 | 9574.02 | 23    | 69478.11 | 32° 36' 31.36173 N | 103° 42' 2.83368 W |
| LTP(Rusty Anchor #3H) | 10000.00 | 10873.52 | 238.48 | 9574.02 | 23    | 69478.11 | 32° 36' 31.36173 N | 103° 42' 2.83368 W |

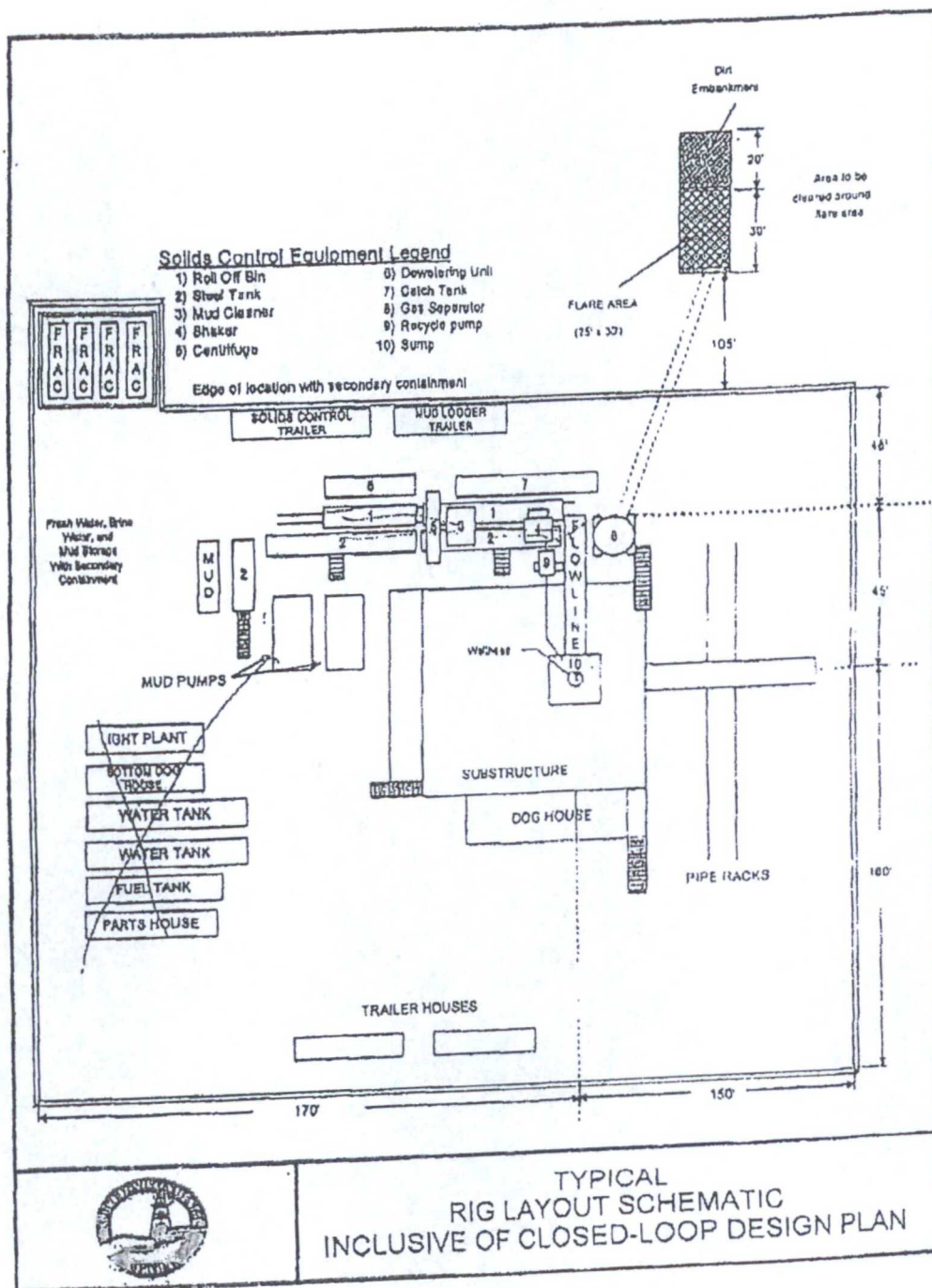
- plan hole target center



Map System: US State Plane 1927 (Exact solution)  
Datum: NAD 1927 (NADCON CONUS)  
Ellipsoid: Clarke 1866  
Zone Name: New Mexico East 3001  
Local Origin: Well #3H, Grid North  
Latitude: 32° 34' 43.78019 N  
Longitude: 103° 42' 6.37687 W  
Grid East: 694542.88  
Grid North: 10000.00  
Scale Factor: 1.000  
Geometric Model: HDGM  
Sample Date: 26-Aug-15  
Magnetic Declination: 7.18°  
Dip Angle: 60.58°  
Magnetic Field Strength: 48605  
To convert a Magnetic Direction to a Grid Direction, Add 6.84°  
To convert a Magnetic Direction to a True Direction, Subtract 0.34°

#### LEGEND

--- #4H, OH, Plan #2 08-27-15 VO  
--- Plan #2 08-27-15



## BC Operating, Inc. Closed Loop System

### Design Plan

#### Equipment List

- 2 – 414 MI Swaco *Centrifuges*
- 2 – MI Swaco 4 screen *Moongoose Shale Shakers*
- 2 – double screen *Shakers* with rig inventory
- 2 – CRI *Haul off bins* with track system
- 2 – additional 500bbl *Frac tanks* for fresh and brine water
- 2 – 500bbl *water tanks* with rig inventory

*\*Equipment manufactures may vary due to availability but components will not.*

### Operation and Maintenance

The system along with equipment will be inspected numerous times a day by each tour to make sure all equipment is operating correctly. Routine maintenance will be done to keep system running properly. Any leak in system will be repaired and/or contained immediately and the OCD notified within 48 hours of the remediation process start.

### Closure Plan

While drilling, all cuttings and fluids associated with drilling will be hauled off and disposed of via Controlled Recovery Incorporated Facilities Permit NM01-0006.

**BC Operating, Inc.**

Rusty Anchor 7 Federal Com #4H

**H2S Well Site Orientation - Drill Rig Orientation**

SHL: 609' FEL & 2440' FEL, Unit Letter B

Sec. 18, T-20S, R-33E

*Per Operator,*

*See Email Conversation*

166'

- H2S Monitor:

*Big Floor, Shale Shaker,  
Mud Pits, Close Loop*

*H2S Condition  
Sign, Per H2S  
Plan*

