

BC Operating, Inc.
Hydrogen Sulfide Drilling Operations Plan

Rusty Anchor 7 Federal Com #3H

SHL: 534' FNL & 2437' FEL of Unit Letter 'B', Section 18, T-20S, R-33E

BHL: 240' FNL & 2260' FEL of Unit Letter '2', Section 6, T-20S, R-33E

Lea County, New Mexico

The H₂S Drilling Operations Plan is submitted with Form 3160-3, Application for Permit to Drill, in accordance with BLM Onshore Oil and Gas Order Number 6 Section III.A.1., covering the above described well.

I. Hydrogen Sulfide Training

All personnel, whether regularly assigned, contracted or employed on an unscheduled basis, will receive training from a qualified instructor in the following areas prior to commencing drilling operations on this well:

- A. The hazards and characteristics of hydrogen sulfide (H₂S).
- B. The prior use and maintenance of personal protective equipment and life support systems.
- C. The proper use of H₂S detectors, alarms, warning systems, briefing areas, evacuation procedures and prevailing winds.
- D. The proper techniques for first aid and rescue procedures.

In addition, supervisory personnel will be trained in the following areas:

- A. The effects of H₂S on metal components. If high tensile tubulars are to be used, personnel will be trained in their special maintenance requirements.
- B. Corrective action and shut in procedures when drilling or reworking a well and blowout prevention and well control procedures.
- C. The contents and requirements of the H₂S Drilling Operations Plan and the Public Protection Plan.

There will be an initial training session just prior to encountering a known or probable H₂S zone (within 3 days or 500') and weekly H₂S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H₂S Drilling Operations Plan and the Public Protection Plan. This plan shall be available at the well site. All personnel will be required to carry documentation that they have received the proper training.

II. H₂S Safety Equipment and Systems

Note: All H₂S safety equipment and systems will be installed, tested and operational when drilling reaches a depth of 500' above or three days prior to penetrating the first zone containing or reasonably expected to contain H₂S (prior to drilling out of the 13 3/8" surface casing shoe for this well).

- A. Well Control Equipment (All BOP and BOP equipment is shown in Drilling Plan – Exhibits 1-4).
 - Flare line
 - Choke manifold and remotely operated chokes
 - Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit.
 - Auxiliary equipment to include annular preventer, mud-gas separator and rotating head.

- B. Protective equipment for essential personnel:
 - Mark II Surviveair 30 minute units located in the dog house and at briefing areas

- C. H₂S detection and monitoring equipment:
 - 2 portable H₂S monitors positioned on location for best coverage and response.
 - These units have warning lights and audible sirens when H₂S levels of 20 ppm are reached.

- D. Visual Warning Systems:
 - Caution/Danger signs shall be posted on roads providing direct access to location.
 - Signs will be painted a high visibility yellow with black lettering of sufficient size to be readable at a reasonable distance from the immediate location. Bilingual signs will be used, when appropriate.

- E. Mud Program: The mud program has been designed to minimize the volume of H₂S circulated to the surface.

- F. Metallurgy:
 - All drill strings, casings, tubing, wellhead, blowout preventers, drilling spool kill lines, choke manifold lines and valves shall be suitable for H₂S services.

- G. Communication:
 - Company vehicles equipped with cellular telephone.

BC Operating, Inc. has conducted a review to determine if an H₂S Contingency Plan is needed for this well and has determined that there is minimal potential for the accumulation for any hazardous concentration of H₂S; therefore, no H₂S Contingency Plan has been submitted for this well.

WARNING

YOU ARE ENTERING AN H₂S AREA

AUTHORIZED PERSONNEL ONLY

- 1. BEARDS OR CONTACT LENSES NOT ALLOWED**
- 2. HARD HATS REQUIRED**
- 3. SMOKING IN DESIGNATED AREAS ONLY**
- 4. BE WIND CONSCIOUS AT ALL TIMES**
- 5. CHECK WITH BC OPERATING, INC. FORMAN AT MAIN OFFICED**

BC OPERATING, INC.

432-684-9696

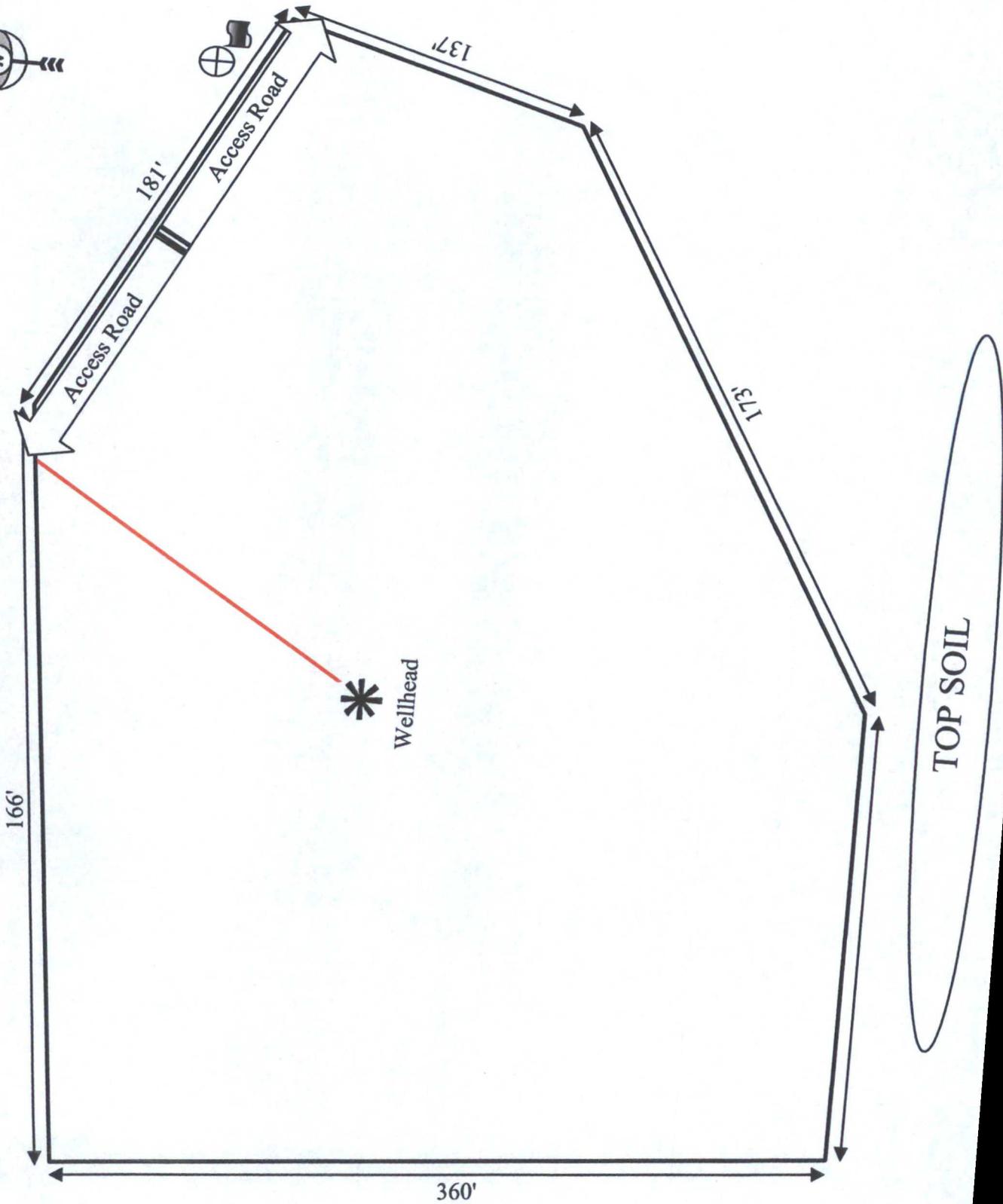
Emergency Call List

BC Operating, Inc. Office	432-684-9696
Deane Durham	432-684-9696 (Office) 432-431-9701 (Cell)
Nic Klopp	432-684-9696 (Office) 432-422-2510 (Cell)
Bruce Madden	432-684-9696 (Office) 432-894-0721 (Cell)

Emergency Response Numbers

New Mexico State Police	575-392-5580
Lea County Sheriff Dept	575-396-3611
Lea Regional Medical Center	575-492-5000
Ambulance	911

BC Operating, Inc.
Rusty Anchor 7 Federal Com #3H
Proposed Facility Diagram
SHL: 534' FNL & 2437' FEL, Unit Letter B
Sec. 18, T-20S, R-33E



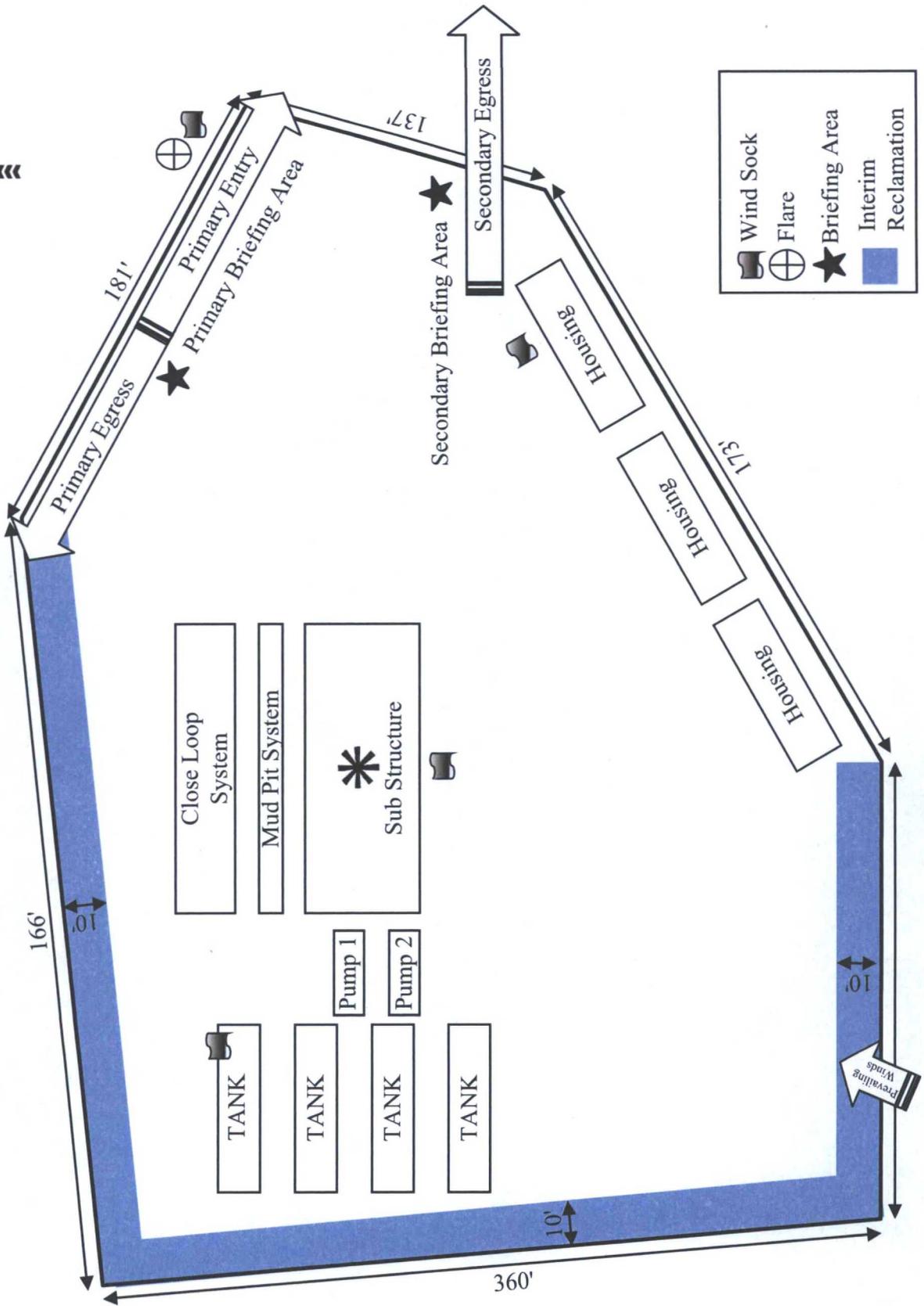
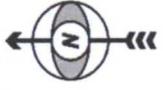
BC Operating, Inc.

Rusty Anchor 7 Federal Com #3H

H2S Well Site Orientation – Drill Rig Orientation

SHL: 534' FNL & 2437' FEL, Unit Letter B

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



TOP SOIL

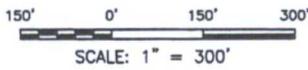
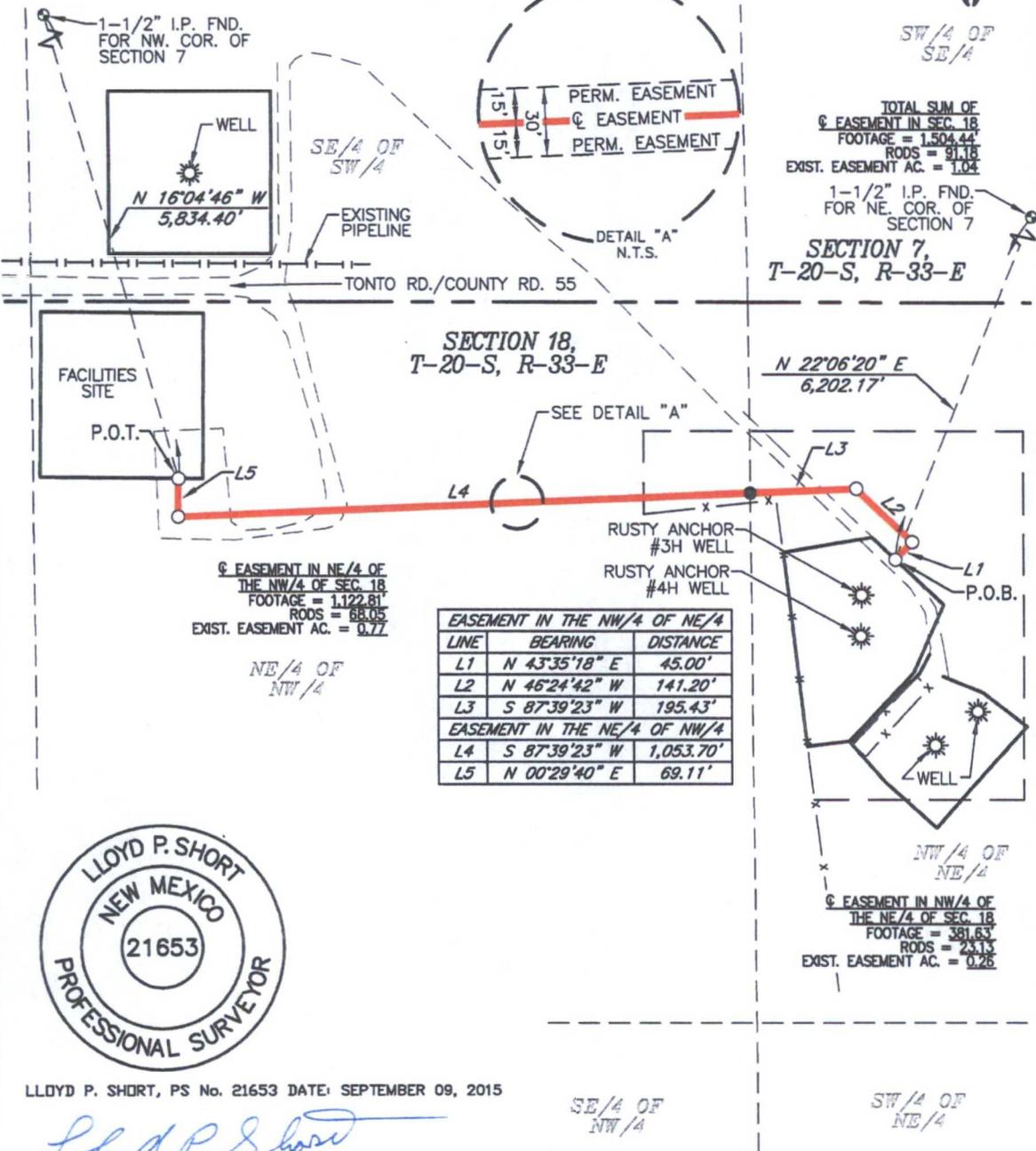


EXHIBIT "A"
LEA COUNTY, NEW MEXICO
SECTION 18, T-20-S, R-33-E, N.M.P.M.
RUSTY ANCHOR #3H FLOW LINE
CERTIFICATE OF SURVEY TO ACCOMPANY
LEGAL DESCRIPTION FOR EASEMENT



TOTAL SUM OF
 EASEMENT IN SEC. 18
 FOOTAGE = 1,504.44'
 RODS = 91.18
 EXIST. EASEMENT AC. = 1.04

EASEMENT IN NE/4 OF
 THE NW/4 OF SEC. 18
 FOOTAGE = 1,122.81'
 RODS = 68.05
 EXIST. EASEMENT AC. = 0.77

LINE	BEARING	DISTANCE
L1	N 43°35'18" E	45.00'
L2	N 46°24'42" W	141.20'
L3	S 87°39'23" W	195.43'
EASEMENT IN THE NE/4 OF NW/4		
L4	S 87°39'23" W	1,053.70'
L5	N 00°29'40" E	69.11'

EASEMENT IN NW/4 OF
 THE NE/4 OF SEC. 18
 FOOTAGE = 381.63'
 RODS = 23.15
 EXIST. EASEMENT AC. = 0.26



LLOYD P. SHORT, PS No. 21653 DATE: SEPTEMBER 09, 2015

Lloyd P. Short

CERTIFICATION
 I, LLOYD P. SHORT, NEW MEXICO PROFESSIONAL SURVEYOR NO. 21653, DO HEREBY CERTIFY THAT THIS EASEMENT SURVEY PLAT AND THE ACTUAL SURVEY ON THE GROUND UPON WHICH IT IS BASED WERE PERFORMED BY ME OR UNDER MY DIRECT SUPERVISION; THAT I AM RESPONSIBLE FOR THIS SURVEY; THAT THIS SURVEY MEETS THE MINIMUM STANDARDS FOR SURVEYING IN NEW MEXICO; AND THAT IT IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF. I FURTHER CERTIFY THAT THIS SURVEY IS NOT A LAND DIVISION OR SUBDIVISION AS DEFINED IN THE NEW MEXICO SUBDIVISION ACT AND THAT THIS INSTRUMENT IS AN EASEMENT SURVEY PLAT CROSSING AN EXISTING TRACT OR TRACTS.

NOTE
 THE EDGES OF THE EXISTING EASEMENT ARE PARALLEL WITH THE CENTERLINE OF THE EASEMENT UNTIL REACHING THE BOUNDARIES OF THE SUBJECT TRACT OF LAND.

BASIS OF BEARING
 ALL BEARINGS AND COORDINATES REFER TO NAD 83, NEW MEXICO STATE PLANE COORDINATE SYSTEM, EAST ZONE, U.S. SURVEY FEET. (ALL BEARINGS AND DISTANCES ARE GRID MEASUREMENTS.)

LEGEND	
— — — — —	EXISTING ROAD
— — — — —	LOT LINE
— — — — —	EASEMENT
— — — — —	EXIST. PIPELINE
⊙	MONUMENT
⊙	POWER POLE
— — — — —	EDGE OF EASEMENT
— — — — —	FENCE
— — — — —	SECTION LINE
— — — — —	EXISTING ROAD
●	QUARTER SPLIT

BC OPERATING, INC.

PLAT FOR A PROPOSED EASEMENT CROSSING THE PROPERTY OF
MULTIPLE OWNERS
 LEA COUNTY, NEW MEXICO

1309 LOUISVILLE AVE.
 MONROE, LA 71201

(318) 323-6900
 FAX (318) 362-0064

REV.	DATE	DESCRIPTION	BY	CHKD	SHEET 2 OF 2	JOB NO.: R3408_001
					DRAWN BY: DEF	DWG. NO.
					DATE: 08/31/2015	R3408_001-NM-LE-0001.00000
					CHECKED BY: LPS	

EXHIBIT "A"

NM-LE-0001.00000
LEA COUNTY, NEW MEXICO
RUSTY ANCHOR #3H FLOW LINE
PROPOSED PIPELINE
B.C. OPERATING, INC.

SHEET 1 OF 2

FIELD NOTES DESCRIBING

The centerline of a 30 foot wide proposed easement, being 1.04 acres of land. Said easement being located in Section 18, Township 20 South, Range 33 East, New Mexico Principal Meridian, Lea County, New Mexico.

Being more particularly described as lying 15 feet on each side of the following described centerline:

BEGINNING at a point from which a 1-1/2 inch iron pipe found for the Northeast corner of said Section 7 bears, N 22°06'20" E a distance of 6,202.17 feet.

(NW/4 OF THE NE/4)

THENCE continue crossing the Northwest quarter of the Northeast quarter of said Section 18 the following courses and distances:

N 43°35'18" E a distance of 45.00 feet, N 46°24'42" W a distance of 141.20 feet, and
S 87°39'23" W a distance of 195.43 feet, to the West line of the Northwest quarter of the Northeast quarter of said Section 18.

The length of the above easement is 381.63 feet (23.13 rods) and contains a total of 0.26 acres of land.

(NE/4 OF THE NW/4)

THENCE continue crossing the Northeast quarter of the Northwest quarter of said Section 18 the following courses and distances:

S 87°39'23" W a distance of 1,053.70 feet, and N 00°29'40" E a distance of 69.11 feet to the *POINT OF TERMINATION* on the South edge of a facilities site in the Northeast quarter of the Northwest quarter of said Section 18, from which a 1-1/2 inch iron pipe found for the Northwest corner of said Section 7 bears, N 16°04'46" W a distance of 5,834.40 feet.

The length of the above easement is 1,122.81 feet (68.05 rods) and contains a total of 0.77 acres of land.

The total length of the easement is 1,504.44 feet (91.18 rods), and contains 1.04 acres of land.

The edges of the easement are parallel with the centerline of the easement until reaching the boundaries of the subject tract of land.

All bearings and coordinates refer to NAD 83, New Mexico State Plane Coordinate System, East Zone, U.S. Survey Feet. (All bearings and distances are grid measurements.)

Title information furnished by B.C. Operating, Inc.

Reference accompanying Certificate of Survey prepared in conjunction with this legal description for easement.

STATE OF NEW MEXICO
COUNTY OF LEA

I, Lloyd P. Short, New Mexico Professional Surveyor No. 21653, do hereby certify that this easement survey plat and the actual survey on the ground upon which it is based were performed by me or under my direct supervision; that I am responsible for this survey; that this survey meets the minimum standards for surveying in New Mexico; and that it is true and correct to the best of my knowledge and belief. I further certify that this survey is not a land division or subdivision as defined in the New Mexico Subdivision Act and that this instrument is an easement survey plat crossing an existing tract or tracts.



LLOYD P. SHORT, PS No. 21653 DATE: SEPTEMBER 09, 2015

R-SQUARED GLOBAL, LLC
PROJECT NO. R3408_001

A handwritten signature in blue ink that reads "Lloyd P. Short".

Modification in any way of the foregoing description terminates liability of Surveyor.