

McElvain Energy, Inc.

Pargin Ranch #11 well
680' FNL x 2488' FWL
NE/4NW/4-Section 36, T-33-N, R-7W N.M.P.M.
La Plata Co., CO

Lease # I-22-IND-2803

12 Point Summary

A. **Existing Roads:** (see attached survey and legal description)

The existing road is a graveled road being approximately 20 feet wide and 2,663.68 feet in length, more or less.

All roads used to access the well shall be properly maintained in the same or better condition than the roads presently found.

B. **Planned Access Route/New Access Road:** (see attached surveys and legal descriptions)

Per the attached survey, a new access road approximately 20 feet in width will be constructed from the North end of the existing access road to continue a distance of 563.43 feet to reach the South line of lands covered by Lease # I-22-IND-2803 in the NENW of Section 36, T33N, R7W, N.M.P.M.

From this point, the new access road will continue in a Northerly direction across lands covered by Lease # I-22-IND-2803 in the NENW of Section 36, T33N, R7W, N.M.P.M., a distance of 517.17 feet, more or less, to the edge of the proposed well pad. The aforementioned 517.17 foot access is described by metes and bounds on Page 8 of the attached survey referred to as Item D. below.

Any necessary culverts for the new access road will be installed pursuant to storm water best management practices.

C. **Location of Existing Wells** (see attached map for details)

D. **Location of Existing or Proposed Facilities:** (See attached survey)

1.) The proposed well is to be located on a new well pad. Proposed facilities may consist of a wellhead, well-site compressor, separator, dehydrator, two 400 bbl water tanks, and one pit tank for residual compressor/dehy fluids. All permanent equipment will be painted as required.

Any production equipment designed to contain fluids will be encompassed by a dirt berm and adequately fenced and properly maintained in order to safeguard wildlife and livestock.

2.) A new pipeline Right-of-Way, approximately 40 feet in width, is proposed which will

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begin at a point in the vicinity of the wellhead on the proposed well pad and continue a total distance of 781.84' more or less, to the South property line of the subject tract (the lease line).

3.) A new pipeline Right-of-Way, approximately 40 feet in width, is proposed which will begin at a point on the South property line of the subject tract and continue across fee lands for a distance of 7.40 feet, more or less, to a tie-in with an existing gas pipeline

E. Location and Type of Water Supply:

Any water for the project will be obtained from the City of Ignacio. Water will be trucked to the site using the same roads described above.

F. Construction Materials:

All of the construction materials (fill, dirt, etc) will be obtained onsite or trucked from commercial facilities. The construction contractor for the well location, road and pipeline construction has not yet been determined.

G. Methods for Handling Waste:

1.) The drill cuttings, drill water, and completion fluids will be placed in a lined reserve pit, if required. The reserve pit will be fenced on three sides away from the pad during drilling and the fourth side fenced as soon as the rig moves out. The reserve pit will have the free fluids removed and be allowed to dry, or the free fluids may be trucked and reused in drilling operations or trucked to an approved disposal facility.

2.) All garbage and trash will be hauled away by McElvain to an approved landfill.

3.) Chemical toilets will be provided and maintained during construction, drilling and completion operations.

4.) Any removed brush or shrubs will be used as erosion control throughout the project area.

H. Ancillary Facilities:

The proposed well pad will be utilized to build and then contain the production battery.

I. Well Site Layout:

The attached survey plat depicts the layout of the proposed well pad. Production equipment will be painted as required.

J. Plans for Surface Restoration:

Construction areas will be cleared and grubbed using adequate equipment and appropriate processes. Stockpile areas will be cleared, grubbed, and leveled before stockpiling. Topsoil will be stockpiled in the construction zone for later use in reclamation with quantities large enough to complete interim reclamation obligations. Mixing of the subsoil and topsoil will be kept to a minimum through the appropriate selection of equipment and construction methods. Removal and stockpiling of topsoil will be performed under conditions that do not

12 Point Summary

(cont)

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I certify that I, or persons under my supervision have inspected the proposed drillsite and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by McElvain Energy, Inc., its contractors and subcontractors in conformity with this plan and terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

4/29/13
Date



Michael J. Finney, Agent
McElvain Energy, Inc.

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degrade the integrity of the stockpiles. Topsoil stockpiles will be protected from erosion and proper drainage control will be installed as necessary on and around all stockpiles.

In all instances, McElvain will try to minimize the size of the disturbed areas.

Storm water best management practices will be utilized to prevent erosion and runoff.

Pits will be restored to a safe and stable condition. All liquids from pits will be removed and disposed of properly until only drilling mud and cuttings remain. Solidification of the materials in the pit will be accomplished using natural drying methods and, if necessary, mechanical stirring.

All trash and debris will be removed before backfilling begins. All pit liners will be cut at the mud level and removed prior to backfilling. Materials removed and stockpiled during site construction will be utilized for interim reclamation backfilling, contouring, and drainage control. Contouring will match the form and line of existing terrain.

Standard redistribution of topsoil will be accomplished using standard industry methods. The topsoil will be returned to reclamation areas with adequate depth and uniformity. Care will be taken not to compact the topsoil unnecessarily. All surfaces (not including all weather surfaces needed for production and safety) will have topsoil redistributed within a few feet of production facilities. Care will be taken not to contaminate or mix topsoil with subsoil or other foreign matter during the redistribution. The subsoil or subsurface will be prepared to accept topsoil before topsoil is redistributed.

Standard location seeding will be accomplished following best industry practices. The site will be evaluated for plant community. In place topsoil will be tilled, ripped, or disked dependent upon need. Recommendations for the season to plant, the seed mix to use, and the re-vegetation methods will be followed. Seeding will be performed in conditions that are conducive to successful re-vegetation.

K. Surface Ownership:

Southern Ute Indian Tribe, P. O. Box 1500, Ignacio, Colorado 81137,

L. Other Information:

Contact the following person for operations, engineering and/or regulatory issues:

	Office	Mobile	Other
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