

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

Holly Energy Inc.
Canadian Kenwood Well No. 1
1980' FWL and 660' FSL Section 17 T-18S R-31E
Eddy County, New Mexico

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U.S. GEOLOGICAL SURVEY
ARTESIA, NEW MEXICO

This plan is submitted with Form 2-331C, Application for Permit to Drill covering the above described well. The purpose of this plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of necessary surface disturbance involved, and the procedures to be followed in rehabilitating the surface after completion of the operations, so that a complete appraisal can be made of the environmental effects associated with the operations.

1. EXISTING ROADS.

- A. Exhibit A is a portion of B.L.M. quad-color map no. SE-19 on a scale of 1/3" to a mile, showing the proposed location and the surrounding area. Exhibit B is a portion of U.S.G.S. topographical map, on a scale of approximately 2" to a mile, showing the wellsite area and existing roads in the immediate vicinity of the proposed location. The proposed location is a driving distance of approximately 37 miles east of Artesia, New Mexico.

- (1) Proceed east on highway 82 from the intersection of highways 82 and 285 in Artesia, New Mexico for a distance of approximately 31 miles. At this point highway 31 intersects highway 82, turn right for approximately 5 miles. At this point there will be a Mewbourne Oil and Texaco sign on the west side of the highway, turn right and proceed .5 of a mile. The newly constructed road to the wellsite will begin at this point, heading to the right (north) from the existing road.

2. PLANNED ACCESS ROAD.

- A. The newly constructed access road will run in an north to south direction and will be approximately 100' in length. It will join the drilling pad at the southwest corner of the pad. The road will be 12 feet in width and the surface will be crowned in the center, with drainage on both sides. No culvert or cattlegaurds will be needed.
- B. The center line of the proposed new road has been staked and flagged and is clearly visible.

3. LOCATION OF EXISTING WELLS.

- A. Existing wells in the vicinity are shown on Exhibit C.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES.

- A. There are no existing production facilities on the lease.
- B. In the event that the proposed well is productive, the necessary production facilities will be installed on the drilling pad.

5. LOCATION AND TYPE OF WATER.

- A. Any water used in the drilling operation will be fresh or brine water. The water will be purchased from commercial sources and will be hauled to the location by truck over the existing and planned roads shown on Exhibits A and B.