

MULTI POINT SURFACE USE AND OPERATIONS PLAN

CHI OPERATING, INC.

Re-entry

McIver Federal Com., Well No. 2

Surface location: 687' FSL & 2240' FEL, Sec. 20-T22S-R25E

Eddy County, New Mexico

Lease No.: NM-98799

(Development Well)

This plan is submitted with the Application for Permit to Drill the above described well. The purpose of the plan is to describe the location of the proposed well; the proposed construction activities and operations plan to be followed in rehabilitating the surface and environmental effects associated with the operations.

1. EXISTING ROADS:

- A. Exhibit "A" is a portion of a BLM minerals map showing the location of the proposed well as staked. The well site location is approximately 12 road miles west of Carlsbad, NM. Traveling west of Carlsbad on County Roads # 672 and 429 plus ranch roads there will be approximately 12 miles of existing paved and gravel roads.
- B. Directions: Travel west of Highway 62/180 on County Rd. 672 (Hidalgo St.) for approximately 3 miles to County Road # 429 (McKittrick Rd.). Turn west on #429 for 5.1 miles to County Rd. # 428; continue west for 2.3 miles to a gravel ranch road that turns northwest. Follow this road for 2.9 miles to an existing access road on the south side of the road. The existing access road continues south for approximately 1.2 miles to the southeast corner of the extant Guadalupe Fed. #1 location.

2. PLANNED ACCESS ROAD:

- A. Length and Width: The existing access roads are color coded on Exhibits "A" and "B".
- B. Construction: The existing access roads will be repaired by water and blading and repairing by topping with compacted caliche as required. The surface will be properly drained.
- C. Turnouts: There are several existing turnouts on the 1.2 mile section of the road in section 20, increasing the width to 20 feet for passing.
- D. Culverts: None.
- E. Cuts and Fills: None required, except in repairing the existing roads.
- F. Gates, Cattle guards: There are three existing cattle guards to be cleaned out and repaired.
- G. Off lease right of way: A Right of Way application was submitted with the McIver Fed., #1 APD for the approximately two miles of off lease existing road back to the county road.
Ref.: ROW No. NM-106038

3. LOCATION OF EXISTING WELLS:

- A. Existing wells within a two-mile radius are shown on Exhibit "C".