

SURFACE USE PLAN

Phillips Petroleum Company, Livingston Ridge Fed Lease, Well No. 3,
Surface location - 1450' FNL & 660' FWL; bottom hole location - 1980' FNL
& 660' FWL, Section 1, T-22-S, R-30-E, Eddy County, New Mexico. (Fed
Lease No. NM70335.)

This plan is to accompany "Application for Permit to Drill" the subject well which is located approximately 22 miles east of Carlsbad, New Mexico. The following is a discussion of pertinent information concerning the possible effect which the proposed drilling well may have on the environment of the well and road sites and surrounding acreage. A copy will be posted on the derrick floor so that all contractors and sub-contractors will be aware of all items of this plan.

1. Existing Roads

A. None

2. Planned Access Roads

A. North from Livingston Ridge #2 and West to SW corner of #3
location.

B. Turnouts: None

C. Drainage Design: Center line to side line slope

D. Culverts, Cuts and Fills: None

E. Surfacing Material: Caliche well pad and roads.

F. Gates, Cattleguards, Fences: None

G. Proposed Road: The proposed road is centerline staked.

3. Locations of Existing wells: None drilled.

4. Locations of Tank Batteries, Production Facilities, Production
Gathering, and Service Lines: The present tank battery is located
None
Flow line from Well No. 3 to run alongside proposed access roadway.

5. Water Supply Source: Hauled

6. Source of Construction Materials

A. Caliche for surfacing the new road and well pads will be
obtained from
Federal Pit in Section 11

B. Caliche pit is located on Federal Pit in Section 11

7. Methods for Handling Waste Disposal

Will be put in separate waste pits and covered with minimum of 2'
backfill. (See sketch.) If well is productive, maintenance waste
will be placed in special trash cans and hauled away periodically.
All produced water will be collected in tanks until hauled to an
approved disposal system, or separate disposal applications will be
submitted for appropriate approval.