SANTA FE ENERGY RESOURCES, INC.
MULTI-POINT SURFACE USE AND OPERATIONS PLAN
RIO BLANCO "4" FED NO. 1
Section 4, T-23-S, R-34-E
Lea County, New Mexico

This plan is submitted with Form 3160-3, 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 by rehabilitating the surface after completion of the operations, so that a complete appraisal can be made of the environmental effects associated with the operation.

1. EXISTING ROADS.

   A. Exhibit E is a 7.5 minute topographic map which shows the location of the proposed wellsite and roads in the vicinity. The proposed location is situated approximately 20 miles West of Jal, New Mexico.

   DIRECTIONS

   1. From the intersection of State Hwy 128 & CR-21, go North and back East 9.6 miles, turn North 0.8 miles and turn right 0.4 miles to the proposed location.

2. PLANNED ACCESS ROAD.

   A. Build ±0.4 miles of new road from the existing road to the proposed location.

3. LOCATION OF EXISTING WELLS.

   A. The well locations in the vicinity of the proposed well are shown in Exhibits E.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES

   A. There are no producing gas wells on this lease at this time.

   B. In the event the well is productive, the necessary production equipment will be installed on the drilling pad.

5. LOCATION AND TYPE OF WATER SUPPLY.

   A. It is planned to drill the well with both fresh water and brine water systems. Both types of waters will be hauled to the location by truck over existing roads. Both types will be obtained from commercial sources.

6. SOURCES OF CONSTRUCTION MATERIALS.

   A. Any caliche required for construction of the drilling pad will be obtained from a pit approved by the BLM.

7. METHODS OF HANDLING WASTE DISPOSAL.

   A. Drill cuttings will be disposed of in the reserve pits.

   B. Drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry.

   C. Water produced during operations will be either placed in the reserve pits and allowed to evaporate or collected in tanks until hauled to an approved disposal system or a separate disposal application will be submitted to the BLM for appropriate approval.

   D. Oil produced during operations will be stored in tanks until sold.

   E. Human waste will be disposed of per current standards.

   F. Trash, waste paper, garbage, and junk will be collected in trash trailers and disposed of in an approved waste facility such as a land fill. The trash trailers will contain all of the material to prevent scattering by the wind.

   G. All trash and debris will be removed from the wellsite within 30 days after finishing drilling and/or completion operations.

8. ANCILLARY FACILITIES

   None Required at this time.

9. WELLSITE LAYOUT

   A. Exhibit G shows the dimensions of the well pad and reserve pits, and the location of major rig components.

   B. The ground surface of the location is relatively flat. Minor cutting will be required to level the pad area, which will be covered with at least six inches of compacted caliche.

   C. The reserve pits will be plastic lined.

   D. A 400' X 400' work area which will contain the pad and pit area has been staked and flagged.

10. PLAN FOR RESTORATION OF THE SURFACE

   A. After finishing drilling and/or completion operations, all equipment

and other material not needed for further operations will be removed. The location will be cleared of all trash and junk, to leave the wellsite in as aesthetically pleasing a condition as possible.

B. Unguarded pits, if any, containing fluid will be fenced until they have been filled.

C. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the Bureau of Land Management and the United States Geological Survey will be complied with and will be accomplished as expeditiously as possible. All pits will be filled and levelled within 300 days after abandonment.

11. TOPOGRAPHY

A. The wellsite and access route are located in a relatively flat area.

B. The top soil at the wellsite and access route is sandy.

C. The vegetation cover at the wellsite is moderately sparse, with prairie grasses, some mesquite bushes, and shinnery oak.

D. No wildlife was observed but it is likely that deer, rabbits, coyotes, and rodents traverse the area.

12. OPERATOR'S REPRESENTATIVES

A. The field representatives responsible for assuring compliance with the approved surface use plan are:

Michael R. Burton
Division Operations Manager
Santa Fe Energy Resouces, Inc.
550 W. Texas, Suite 1330
Midland, Texas 79701
915-686-6616 - office
915-559-6842 - cellular

CERTIFICATION

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site 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 Santa Fe Energy Resources, Inc. and its contractors and subcontractors in conformity with this plan and the terms and conditions under which is approved.

SIGNED this 21st day of July, 1998

James P. "Phil" Stinson

James P. (Phil) Stinson
Agent for Santa Fe Energy Resources, Inc.