

SURFACE USE PLAN

Phillips Petroleum Company, James E Lease, Well No. 13, 660' FWL and 1980' FNL, Section 12, T-22-S, R-30-E, Eddy County, New Mexico. (Fed Lease No. NM0479142)

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. Runs East and West

2. Planned Access Roads

A. To run West to East from James E #5

B. Turnouts: None

C. Drainage Design: Centerline to sideline 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: #3-500' FNL & 1800' FEL of Sec. 11
#4-760' FNL & 330' FEL of Sec. 11
#5-1810' FNL & 330' FEL of Sec. 11

4. Locations of Tank Batteries, Production Facilities, Production Gathering, and Service Lines: The present tank battery is located -
@ Well #3 - Sec. 11
Flow line from Well No. 13 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, T-22-S, R-30-E or location site

B. Caliche pit is located on Fed. Pit in Sec. 11, T-22-S, R-30-E or location site

7. Methods for Handling Waste Disposal

Will be put in trash trailer and hauled away upon completion of well. 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.

Page: 2

8. Ancillary Facilities: None

9. Well Site Layout: Attached sketch shows the relative location and dimensions of the well pad, mud pit, reserve pit, and trash pit. Location will be 250 X 250.

10. Plans for Restoration of Surface:

Pit will be backfilled and levelled as soon as practical to original condition. If well is productive, caliche pad will remain as well service pad. If dry hole, pads and access roads will be ripped per regulations. Commencement of rehabilitation operations will immediately follow removal of drilling and completion equipment from location and rehabilitation of the surface is planned to be completed within 60 days from commencement.

11. Other Information:

- A. Terrain: See Archaeological Report
B. Soil: See Archaeological Report
C. Vegetation: See Archaeological Report
D. Surface Use: Possible grazing
E. Ponds and Streams: None
F. Water Wells: None
G. Residences and Buildings: 4 Miles West of Location
H. Arroyos, Canyons, etc.: None
I. Well Sign: Sign identifying and locating the well will be maintained at drill site with the spudding of the well.
J. Archaeological Resources: See Archaeological Survey

12. Operator's Representative: Field personnel who can be contacted concerning compliance of the "Surface Use Plan" are as follows:

L. M. Sanders
4001 Penbrook Street
Odessa, Texas 79762
Phone: 915-368-1488

or

D. J. Fisher
1625 West Marland
Hobbs, New Mexico 88240
Phone: 505-393-5121

13. Certification:

I hereby certify that I, or persons under my direct supervision, have inspected the 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 Phillips Petroleum Company and its contractors and sub-contractors in conformity with this plan and the terms and conditions under which it is approved.


L. M. Sanders, Supervisor
Regulation and Proration

1/28/91

Date