

SURFACE USE AND OPERATIONS PLAN

SCHLOSSER WN FEDERAL #4E
1970' FSL & 1790' FEL
Section 34-28N-11W
San Juan County, New Mexico

1. EXISTING ROADS: A portion of topographic map is attached showing the existing roads within a one (1) mile radius of the location (colored green). Main access will be from Bloomfield, New Mexico approximately 4-1/2 miles north. None of the existing roads will require any improvement. However, due to road conditions, weather, etc., these roads will be maintained to whatever extent is required.
2. PLANNED ACCESS ROAD: The planned access road will come on to the location at the southwest corner of the pad from our Schlosser WN Federal Well #4. There will be 2400' of new road to build with a 1 to 6' cut on 800' of the roadway. This road will have to cross the wash three times. There will be no steep grades to create erosion. The road will be approximately 18' wide (sufficient to handle drill equipment). The grade will not exceed 8%. There will be no cattle-guards, culverts, fence cuts, etc.
3. LOCATION OF EXISTING WELLS: Existing wells within one (1) mile radius of this location are shown on the attached map.
4. EXISTING AND/OR PROPOSED FACILITIES: ARCO Oil and Gas Company, Division of Atlantic Richfield Company has 4 existing wells within the one (1) mile radius of this location, they are:

Schlosser WN Federal Wells #4, #5, #6 and #8

The above wells each have a 1-300 bbl storage tank and production unit which is located approximately 150' from the well and is connected to the well with a buried gas line.

There are numerous other Schlosser WN Federal wells proposed for this area, but due to the drilling rig availability it is not possible at this time to anticipate which wells will be drilled prior to the drilling of this well. The production facilities for this well will be similar to the above wells.

5. WATER SUPPLY: It is anticipated that water will be obtained from the San Juan River approximately six (6) miles north of this location. The water will be trucked over New Mexico Highway 44, existing roads and the planned access road in Item number 2 above.
6. CONSTRUCTION MATERIALS: None anticipated.
7. WASTE DISPOSAL: Cuttings and drilling fluids will be disposed of in the reserve pit. A trash or burn pit will be used to dispose of trash, garbage, etc. If the reserve pit is sufficiently dry when the well is completed, both the reserve and trash pit will be filled. If the reserve pit is not sufficiently dry when the well is completed it will be fenced for the protection of livestock and wildlife to be filled at such time it is sufficiently dry.

Produced fluids will be disposed of in the reserve pit. Any oil accumulation on the reserve pit during drilling and completion operations will be skimmed off and held in a temporary storage tank for later disposition. Trash and debris cleanup will be commenced as soon as the completion rig moves out.

8. ANCILLARY FACILITIES: None are proposed.
9. WELL SITE LAYOUT: Per the attached sketches. The reserve pit will be approximately 100' by 100' and will be unlined.