

MULTI POINT SURFACE USE AND OPERATIONS PLAN

CHI OPERATING, INC.

Carbon Valley 15 Federal, Well No. 1
660' FNL & 660' FEL, Sec. 15-T16S-R27E
Eddy County, New Mexico
Lease No.: NM-84851
(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 environmental effects associated with the operations.

1. EXISTING ROADS:

- A. Exhibit "A" is a portion of a BLM Public Access map showing the location of the proposed well as staked. The well site location is approximately 18 road miles east of Artesia, NM. Traveling east of Artesia on U.S. Highway 82 and county roads, there will be 9 miles of paved highway, plus 4 miles existing gravel County Rd. #202 and 5.6 miles of oilfield roads.
- B. Directions: Travel east from Artesia, NM on U. S. Highway 82 for approximately 9 miles to the Electric Power Station. Turn north on County Rd. #202 for 3.9 miles to a PNM gas pipeline sub station. Turn left (NW) on pipeline road for 2.2 mile to a white metal water tank and cattle guard. Continue northwest for .8 mile to a fork in the road. Take the road to the right (NE) for .6 mile to power line road.. Turn left (north) for 1.6 miles; then left (west) .6 mile to the Carbon Valley Deep 14 Federal, Well No. 1. The proposed access road will start on the southwest corner of the well pad and is staked to run northwest for approximately 2700 feet to the southeast corner of the proposed well site.

2. PLANNED ACCESS ROAD:

- A. Length and Width: There will be approximately 2700 feet of new access road 12 feet wide (24' Max.). The proposed and existing roads are color coded on Exhibits "A" and "B".
- B. Construction: The proposed access road will be constructed by grading and topping with compacted caliche. The surface will be properly drained.
- C. Turnouts: At least two turnouts will be required, increasing the road width to twenty (20) feet for passing.
- D. Culverts: None.
- E. Cuts and Fills: None required.
- F. Gates, Cattle guards: None required.
- G. Off lease right of way: None required.

3. LOCATION OF EXISTING WELLS:

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