

## **SURFACE USE AND OPERATING PLAN**

Shahara Oil, LLC  
Grayburg Jackson WFU Tract MB No. 5  
978' FSL & 2323' FEL, Unit O  
Section 27, T17S, R30E  
Eddy County, New Mexico  
Lease No. NM-0467934

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 the operations plan to be followed in rehabilitating the surface after completion of the operation to that a complete appraisal can be made of the environmental effects associated with the operations.

<b><u>Located:</u></b>	1.5 miles southeast of Loco Hills, New Mexico												
<b><u>Federal Lease Number:</u></b>	NM-0467934												
<b><u>Lease Issued:</u></b>	N/A												
<b><u>Acres in Lease:</u></b>	1080 acres												
<b><u>Record lessee:</u></b>	Phillips Petroleum Company												
<b><u>Surface Ownership:</u></b>	Federal												
<b><u>Grazing Permittee:</u></b>	Williams & Son Cattle Company												
<b><u>Pool:</u></b>	Grayburg Jackson 7R-QN-GB-SA												
<b><u>Pool Rules:</u></b>	The 40 acre oil well spacing rules apply to this location, being 330' to the nearest side boundary or 1/4-1/4 section line, nor closer than 330' to the nearest well capable of producing from the same formation.												
<b><u>Exhibits:</u></b>	<table><tbody><tr><td>"A"</td><td>Road Map</td></tr><tr><td>"B"</td><td>Existing Wells Map</td></tr><tr><td>"C"</td><td>Well Location and Acreage Dedication Plat</td></tr><tr><td>"C-1"</td><td>Topo Map (Location Verification Map)</td></tr><tr><td>"D"</td><td>Drilling Rig Layout Diagram (Pulling Unit)</td></tr><tr><td>"E"</td><td>BOP Equipment</td></tr></tbody></table>	"A"	Road Map	"B"	Existing Wells Map	"C"	Well Location and Acreage Dedication Plat	"C-1"	Topo Map (Location Verification Map)	"D"	Drilling Rig Layout Diagram (Pulling Unit)	"E"	BOP Equipment
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