SURFACE USE PLAN
Holly Energy Inc.
McIntyre B-3
Lease: LC 060999 Eddy County, New Mexico

The subject well is located approximately 24.8 miles East of Artesia, New Mexico on the South side of Highway U.S. 82. The following is a discussion of pertinent information concerning possible effect, which the proposed drilling of the 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. AERIAL ROAD MAP - Exhibit "A" is a portion of the Artesia Quadrangle Map #106 and Maljamer Quadrangle Map #107 showing well site in relation to U.S. Highway 82. Access road, which is shown on Exhibit "B" exits the highway about 24.8 miles East of Artesia, New Mexico.

2. LOCATION OF EXISTING WELLS - The location of existing wells in the immediate area of the proposed well is shown on Exhibit "B".

3. PROPOSED WELL MAT AND IMMEDIATE AREA - Refer to Exhibit "C" for direction orientation and road access.

   a. MAT SIZE - 140' x 180'.

   b. SURFACED - Will be topped with 6" of caliche, bladed, watered, and compacted. Caliche to be purchased from B.L.M. by dirt contractor.

   c. RESERVE PIT - 60' x 70' pit unlined, joining mat to North.

   d. CUT & FILL - Location is basically flat except for small sand dunes. No fill will be needed except existing sand dunes leveled and topped with caliche.

   e. DRILL SITE LAYOUT - Exhibit "C" shows the location and layout including position of the Rig, Mud Tanks, Reserve Pits, Pipe Racks, etc. The Rig wil be errected with the V-Door to the East.

   f. SETTING AND ENVIRONMENT -

      (1) Terrain - Low rolling sand hills.

      (2) Soil - Sandy Soil.

      (3) Vegetation - Sparse vegetation, being mostly mesquite, shennery, weeds, and other semi-desert plants with some grass.

      (4) Surface Use - Grazing.

      (5) Other - Drillsite - which is in sandy semi-arid desert country, is in a low environment risk area. The total effect of drilling and producing this and other wells in this area would be very minimal.