

SURFACE USE PLAN

Holly Energy Inc.

Beeson #1

Lease: LC 028936-G 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 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 Maljamar 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 will be erected 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-desert country, is in a low environmental risk area. The total effect of drilling and producing this and other wells in this area would be very minimal.

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g. DISTANCES TO

- (1) Ponds and Streams - There are no surface waters within $\frac{3}{4}$ mile.
- (2) Water Wells - There are no water wells within $\frac{1}{2}$ mile.
- (3) Residences and Building - Holly Energy has pipe yard and lease house located $\frac{1}{2}$ mi. from well prospect.
- (4) Arroyos, Canyons, Hills, etc. - Outside of small sand dunes there are no surface features.

h. WELL SIGN - Sign identifying and locating proposed well will be maintained at the drill site commencing with the spudding of the well.

i. OPEN PITS - All pits containing mud or other liquids will be guarded.

4. ROADS

- a. EXISTING ROADS - All existing roads within the immediate area of well site are shown on Exhibit "B".
- b. PLANNED ROADS - Planned access road will require less than 1000 feet of new road that is 12 feet wide. The road will be surfaced with caliche. The proposed road is colored blue and suggested route to the location is colored red on Exhibit "B". Little improvement will be required on existing access road.
- c. FENCES, GATES AND CATTLE GUARDS - Will be maintained as Holly Energy already operates several wells in the immediate area.

5. TANK BATTERY - If production is encountered a Tank Battery will be erected: See Exhibit D.

6. LEASE - PIPELINES -

- a. EXISTING - All existing pipelines are shown on Exhibit "B".
- b. PLANNED - If production is encountered, flowline will consist of about 200' of 2" steel line on top of ground shown in orange on Exhibit "B".

7. WASTE DISPOSAL - Barrel trash containers will be in accessible locations within the drill site area during the drilling and completion operations. A waste disposal pit will be covered with a minimum of 2 feet of top soil. See Exhibit "C" for pit location. If well is productive, maintenance waste will be placed in special trash cans and hauled away periodically. Any produced water will be disposed of by transporter to approved S.W.D. system.

8. WATER SUPPLY - Water supply to drill this well will be fresh and hauled by transports over the existing and proposed roads.

9. ARCHAEOLOGICAL RESOURCES - None were observed.

10. RESTORATION OF SURFACE - If well is productive, pits will be back-field and leveled as soon as practical. Upon final abandonment of well, well site will be leveled and cleaned, with land returned as near as possible to original condition.
11. OPERATOR'S REPRESENTATIVES - Field personnel who can be contacted concerning compliance of this surface use plan are as follows:

DRILLING AND PRODUCTION

Robert Loyd
Box 726
Artesia, New Mexico 88210
Office Phone: 746-6161
Home Phone: 746-3422
Mobil Phone: 365-2521

12. CERTIFICATION

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions as they actually exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the proposed work performed by Holly Energy Inc. and its Contractors and Sub-Contractors will conform to this plan.

2-7-78

DATE

Robert Loyd

Robert Loyd Superintendent

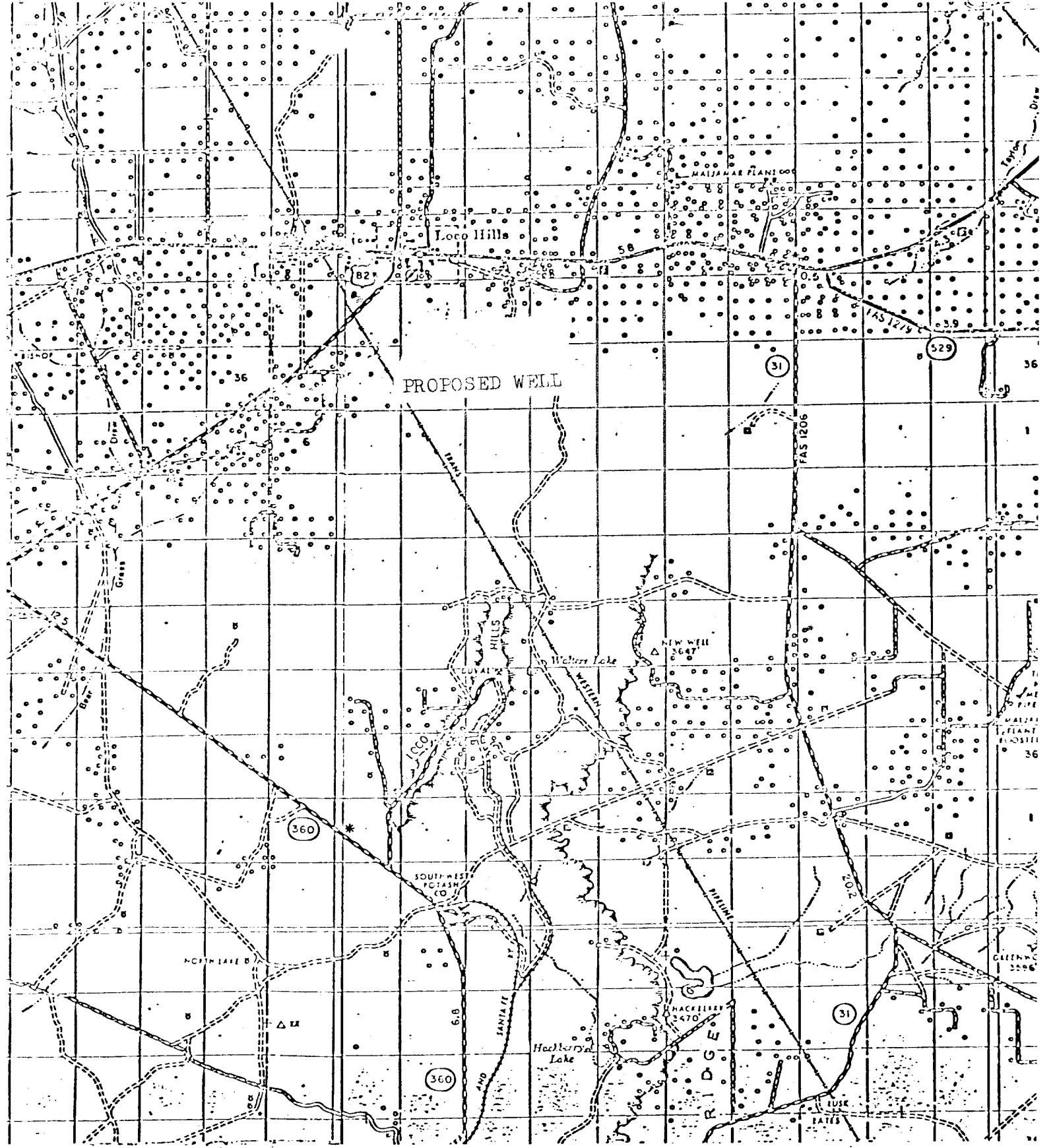


Exhibit "A"

SCALE: 1" = 2 MILES

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EXHIBIT "A"
HOLLY ENERGY INC.
BEESON #1
330'FNL 330'FWL
Sec 29 T-17S R-30E

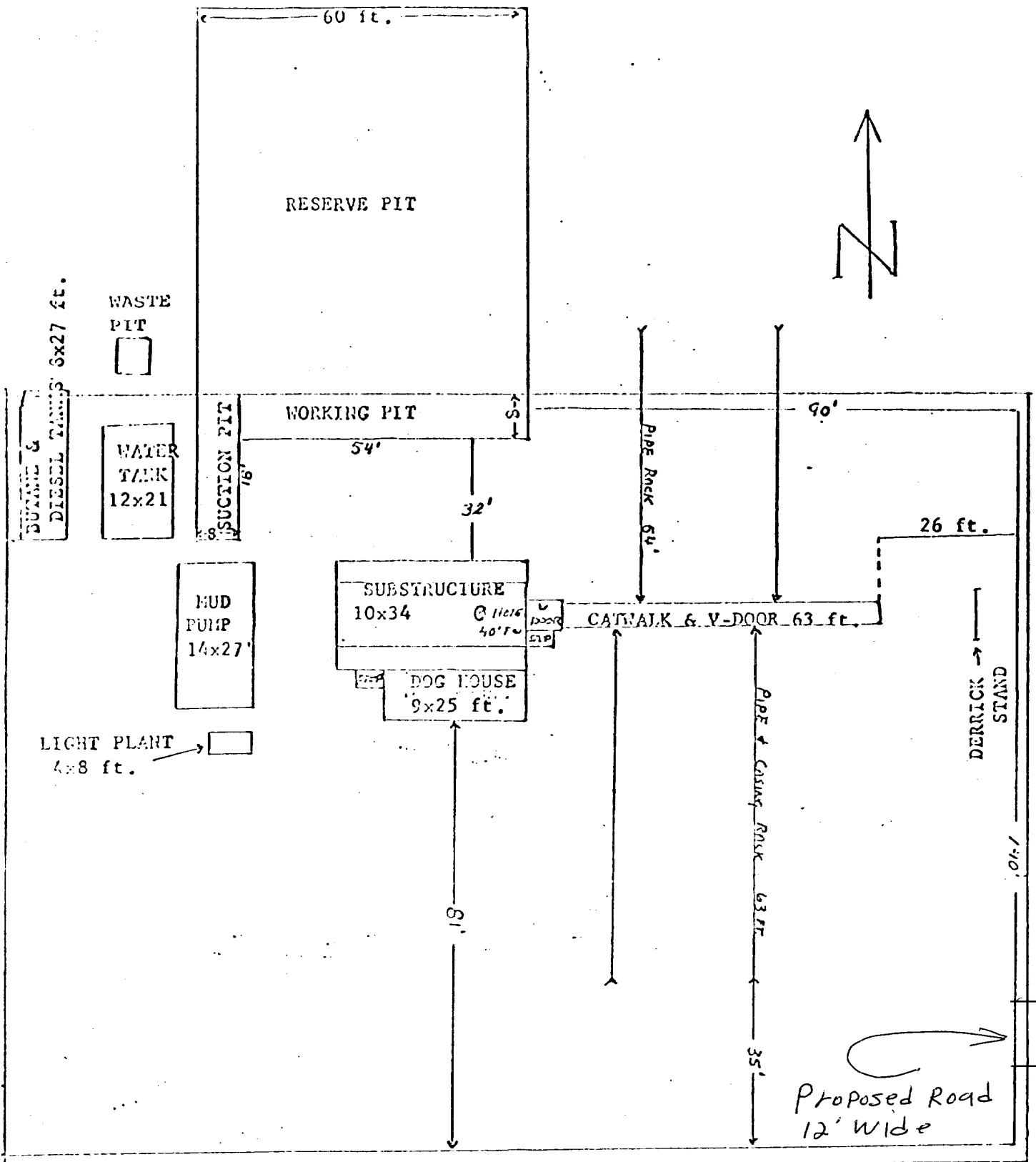


Exhibit "C" 1" = 25 ft.

O. C. C.
ARTESIA OFFICE

MAR 14 1978

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MAR 14 1978

MAR 13 1978

ACTING DISTRICT ENGINEER

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