Multi-Point Surface Use and Operations Plan

Hondo Oîl & Gas Company Well No. 1. Federal 10 1550' FNL & 660' FWL (Unit letter E) Sec 10-185-28E Eddy County, New Mexico Lease, New Mexico LC028772-b Development Well

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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, the magnitude of necessary surface disturbance involved, and the procedures to be followed in rehabilitating the surface after completion of the operation so that a complete appraisal can be made of the environmental effects associated with the operation. Archaeological Clearance Report is attached.

- 1. Existing Roads:
 - A. Exhibit "A" is a portion of a map with highways showing the location .of the proposed well as staked. From Artesia go east on Hwy 82, 13 mi, turn south @ ARCO office, go 1.6 mi southeast on blacktop, turn right (SW) on existing
 caliche road, go 1 mi, turn right (West) on existing caliche road (pipeline R/W)
 go 1 mi, turn left (south) on existing caliche road 500', turn right (west) on proposed new road 600' to staked well location.
 B. Exhibit "B" is a plat showing all existing roads within a one mile
 - radius of the wellsite and the planned access road.
- 2. Planned Access Roads:
 - A. New road required will be 12' wide and 600' long. This new road is labeled on Exhibit "B" color coded red. The proposed new road

B. Turnouts: None

C. Culverts: None

D. Cuts & Fills: None

E. Gates, Cattleguards: None

3. Location of Existing wells:

A. Existing wells within a one mile radius are shown on Exhibit "B".

4. Location of Existing and/or Proposed Facilities:

A. Location of the proposed surface production equipment if well is completed as a producer is shown on Exhibit "D". Any production equipment installed will be within existing well pad boundaries.