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*See Instructions On Reverse Side

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SURFACE USE PLAN

FOR

WILLIAM A. & EDWARD R. HUDSON NO. 5, SHUGART B 1980' FNL and 660' FEL SEC. 15, T18S, R31E EDDY COUNTY, NEW MEXICO

- LOCATED: 8 air miles southwest of Maljamar, New Mexico
- FEDERAL LEASE NO.: LC-062052
- LEASE ISSUED: August 14, 1945
- RECORD LESSEE: Hudson and Hudson
- ACRES IN LEASE: 720
- <u>GRAZING PERMITTEE</u>: Virgil Linam Estates P.O. Box 1503 Hobbs, New Mexico 88240
- POOL: Yates, Seven Rivers, Queens, GR-SA
- POOL RULES: 40 acre spacing for oil
- EXHIBITS: A. Road Map
 - B. Topography Map
 - C. County Map
 - D. Location Access Plat
 - E. Location Dimensions, Pit and Access Road
 - F. Pressure Control Equipment

MULTI-POINT SURFACE USE & OPERATION PLAN William A. & Edward R. Hudson Shugart -B- Lease Well No. 5

- 1. Existing Roads
 - A. Exhibit -A- is a portion of a road map showing the location of the well site as staked. Take U.S. Highway 62/180 east from Carlsbad to State Road 360, take Road 360 north to County Road 222, take County Road 222 north to County Road 249, turn right on County Road 249 and go 1.5 miles, turn left on existing lease road and go .9 mile, turn right on existing lease road and go .1 mile to the location.
 - B. Exhibit -B- show existing roads in the vicinity of the proposed well site.
- 2. Planned Access Road
 - A. The existing road will join the well location pad on the west side.
 - B. Construction: No new roads will be built.
- 3. Location of Existing Wells:
 - A. Existing wells are shown on Exihibit -C-.
 - B. No other wells are operating in this 1/4 section.
- 4. Location of Existing and/or Proposed Facilities:
 - A. The production facilities for this lease were abandoned and removed from the lease in 1989. The production facilities was located in the center of the NE 1/4 of Sec. 15, T18S, R31E. The new production facilities will be constructed on the same site.
 A 3" flowline will be layed from the well site to the production facilities along side the existing lease road. Two secondary power line poles and the power lines located west of the well site were removed in 1990. It is proposed to re-install these power lines.
- 5.Location and Type of Water Supply:
 - A. Water needed for drilling operations will be purchased and trucked to the well site.
- 6. Source of Construction Materials:
 - A. Caliche needed for construction work will be obtained from an existing quarry on Federal Land in Section 11 just to the north of our location, and will be trucked to the well site over existing roads.

Shugart -B-, Well No. 5

- 7. Waste Disposal
 - A. Drill cuttings will be disposed of in the temporary workover pit.
 - B. Remaining fluids will be allowed to evaporate in the reserve pit until the pit is dry enough for backfilling.
 - C. Water produced during tests will be disposed of in the temporary workover pit.
 - D. Oil produced during test will be stored in test tanks until transferred to the tank battery and sold.
 - E. Trash, waste paper, garbage and junk will be transported from the location and disposed of in a legal trash dump.
 - F. All trash and debris will be buried or removed from the wellsite within 30 days after drilling and/or completion operations are finished.
- 8. Ancillary Facilities
 - A. None Required.
- 9. Wellsite Layout
 - A. Exhibit-E- shows the dimensions of the well pad, the pit and the road.
 - B. The temporary workover pit will be unlined, a four strand barbed wire fence will be built around the pit to keep livestock out. The pit will be covered with a net to keep birds out of any Hydro-carbons that may accumulate in the pit.
- 10. Plans For Restoration of Surface
 - A. Following re-entry and/or completion operations, all equipment and material not needed for further operations will be removed. Pits will be filled and the location will be cleaned of all trash and junk to leave the well site in an aesthetically pleasing condition as reasonably possible.
 - B. After abandonment, all equipment, trash and junk will be removed and the well site cleaned. Any special rehabilitation and/or special revegetation requirements of the surface management agency will be complied with and will be accomplished as rapidly as is reasonable possible.

MULTI-POINT SURFACE USE AND OPERATION PLAN

Page Three

Shugart -B- Well No. 5

- 11. Other Information
 - A. <u>Topography</u>: The surface is gently undulating with numerous dunes.
 - B. Soil: Top soil in the area of the well site is fine sand.
 - C. <u>Flora and Fauna</u>: Vegetation cover is moderate and include mesquite, shinnery oak, sand sage, yucca, weeds and range grasses. Wildlife consists of coyotes, rabbits, rodents, reptiles, dove and quail.
 - D. <u>Ponds and Streams</u>: There are no rivers, lakes, ponds or streams in the area.
 - E. <u>Residences and Other Structures</u>: There are no inhabited dwellings or other structures within one mile of the proposed well site.
 - F. <u>Archaeological, Historical, and Cultural</u>: None observed in the area.
 - G. Land Use: Oil and gas production, grazing, and wildlife habitat.
 - H. Surface Ownership: Federal
- 12. Operator's Representative
 - A. The field representatives that are responsible for assuring compliance with the approved surface use plan are:

Dwaine Howard - Production Superintendent P.O. Box 9, Maljamar, New Mexico 88264 Phone: 505/676-2266 (Office) 505/676-3338 (Mobile) 505/67604311 (Home)

Jimmy Smith - Field Foreman #25 Halftrack Lane, Artesia, New Mexico 88210 Phone: 505-676-3339 (Mobile) 505-746-6263 (Home)

MULTI-POINT SURFACE USE AND OPERATION PLAN Page Four

Shugart -B-, Well No. 5

13. 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 which presently exist; that the statements made in this plan are to the best of my knowledge true and correct; and that the work associated with the operations and proposed herein will be performed by Hudson $\hat{\&}$ Hudson Oil Producers and its contractors and sub-contractors in conformity with this plan and the terms and conditions under which it is approved. A well location sign showing operators name, well no., section range and township will be installed at the well site prior to operations beginning.

February 12, 1991 Date

Dwaine Howard

Production Superintendent Hudson & Hudson

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NEW MEXICO OIL CONSERVATION COMMISSION

Well Location and Acreage Dedication Plat

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Form C-128 Revised 5/1/57 WILLIAM A. & EDWARD R. HUDSON Shugart B Lease Well No. 5 Sec. 15, T-18-S, R-31-E Eddy County, N.M.

EXHIBIT -E-

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LC-062052



WILLIAM A. & EDWARD R. HUDSON

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EXHIBIT -F---

WILLIAM A. & EDWARD R. HUDSON Shugart B Lease, Well No.5 1980' FNL, 660' FEL Sec. 15, T18S, R31E Eddy County, N.M.