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Surface Use Plan

U. S. GEOLOGICAL SURVEY ARTESIA, NEW MEXICO

Phillips Petroleum Company, Shug "A" Lease Wells Nos. 1 and 2 NE/4 Section 33, T-18-S, R-31-E, Eddy County, New Mexico.

This plan is to accompany "Application for Permit to Drill" the subject wells which are located approximately 14 miles north-northeast of Loco Hills, New Mexico. The following is a discussion of pertinent information concerning the possible effect which the proposed drilling wells 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. Existing Roads
 - A. New Mexico Highway 31 cuts SW/4 Section 33 in northwest southeast direction approximately 3/4 mile from the well sites and an existing lease road commences at New Mexico Highway 31 at a point in the SW/4 Section 28 (north of Shug "A" lease) runs east and west across Section 28 into Section 27, then south into Section 34 to a point offsetting the proposed well sites where a new access road to the Shug "A" lease will commence. (See map).
 - B. No improvement or maintenance are anticipated for the existing roads.
- 2. <u>Planned Access Roads</u>
 - A. Commencing at existing east offset lease road in the W/2 NW/4 Section 34 construct a 12' x 990' road in a westerly direction to a point approximately midway between the proposed locations for wells Nos. 1 and 2 and construct 12' x 1320' roadway connecting the locations for wells Nos. 1 and 2.
 - B. <u>Turnouts</u>: none.
 - C. Drainage Design: New road will have a center line to side lines slope.
 - D. Culverts, Cuts and Fills: none.
 - E. Surfacing Material: Caliche well pad and roads.
 - F. <u>Gates, Cattleguards, Fences</u>: none. G. <u>Proposed Road</u>: The proposed road i
 - G. Proposed Road: The proposed road is centerline staked.
- 3. Locations of Existing Wells: See attached map.
- 4. Locations of tank batteries, production facilities, and production, gathering, and service line: A tank battery will be located at a point on the Shug "A" lease where the proposed new lease access roads intersect; to be constructed immediately west of that intersection point and to consist of cleared caliched pads approximately 30' x 115', flowlines from the individual wells to run alongside proposed access roadways.
- 5. <u>Water Supply</u>: Undetermined to date, anticipate it will be purchased and trucked to site.