

SURFACE USE PLAN

FOR

DRILLING, COMPLETING AND PRODUCING

CHAMA PETROLEUM COMPANY
WELL #1 HUBER FEDERAL
1980' FSL & 1980' FEL SEC. 3-20S-25E
EDDY COUNTY, NEW MEXICO

LOCATED: 16 air miles south of Artesia, New Mexico.

FEDERAL LEASE NUMBER: NM-14758

LEASE ISSUED: 1-1-72 for a primary term of 10 years.

RECORD LESSEE: J. M. Huber Corporation

OPERATOR'S AUTHORITY: Designation of Operator from lessee
(to be furnished later)

BOND COVERAGE: \$150,000 nation-wide bond

ACRES IN LEASE: 1442.36

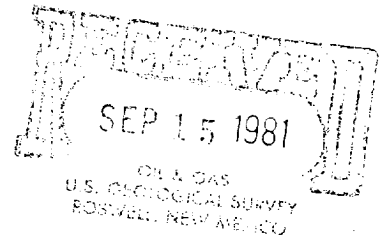
SURFACE OWNERSHIP: Federal

GRAZING PERMITTEE: Ernest McGonagill
P. O. Box 184 (Ph. 505-457-2413)
Lakewood, New Mexico 88254

POOL: Undesignated Morrow, 320-acre spacing

EXHIBITS

- A. Area Road Map
- B. Topographic Map
- C. Oil & Gas Lease Map
- D. Sketch of Well Pad



ROAD LOG TO PROPOSED DRILLSITE

STARTING POINT is between Artesia and Carlsbad, New Mexico on US-285 at Mile Post 53.72. This point is 15.28 miles south of US-82 in Artesia and 20.50 miles north of US-62 in Carlsbad. It is located at an electric substation which is 2.57 miles north of the Seven Rivers bridge.

- 0.00 Turn west on a paved county road and proceed in a westerly direction for a distance of 3.01 miles.
- 3.01 Turn left (south) on an oilfield road and proceed in a southerly direction for a distance of 1.52 miles. (Beginning at Mileage-3.65, access road will need upgrading.)
- 4.53 Turn right (west) on a two-track ranch road and proceed in a westerly direction for a distance of 0.38 mile.
- 4.91 New road will start at this point. Turn left (southwest) and go 0.05 mile to the southeast corner of the proposed well pad.
- 4.96 DRILLSITE (Well #1 Huber Federal).

THIRTEEN POINT PROGRAM

- 1. EXISTING ROADS: Existing access roads, which lead to the proposed drillsite, are shown on Exhibits "A" & "B". The access road from mileage-3.65 to mileage-4.91 will need to be upgraded.
- 2. PROPOSED NEW ROAD: Proposed new access road will be 0.05 mile in length. Exhibit "B" shows proposed route which will originate at mileage-4.91 on the road log and will terminate at the southeast corner of the proposed drill pad. The center of the proposed new road has been staked and flagged.
 - A. Width: 16 feet with 20-foot R-O-W.
 - B. Surfacing Material: The new road will be surfaced with caliche.
 - C. Maximum Grade: Less than one percent.
 - D. Turnouts: None necessary.
 - E. Drainage Design: New road will be constructed by clearing and blading road base and surfacing with 6 - 7" of caliche.

- F. Culverts: None necessary.
- G. Gates, Cattleguards: None necessary.
3. LOCATION OF EXISTING WELLS: Existing wells in the vicinity of the proposed drillsite are shown on Exhibit "C".
4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:
- A. Chama has no production facilities on the leasehold.
- B. If the well is productive, production and storage facilities will be located on the well pad.
5. LOCATION AND TYPE OF WATER SUPPLY: It is not planned to drill a water supply well. Water for leasehold operations will be purchased from a commercial water hauler.
6. SOURCE OF CONSTRUCTION MATERIALS: Material for construction of the proposed new road and well pad will be obtained from an existing Federal pit located in the NW $\frac{1}{4}$ NW $\frac{1}{4}$ Se. 35-19S-25E. This pit was archaeologized by New Mexico Archaeological Services, Inc. on September 10, 1981.
7. METHODS OF HANDLING WASTE DISPOSAL:
- A. Drill cuttings will be disposed of in the drilling pits.
- B. Drilling fluids will be allowed to evaporate in the drilling pits until the pits are dry.
- C. Water produced during tests will be disposed of in the drilling pits.
- D. Oil produced during tests will be produced into temporary test tanks.
- E. Trash, waste paper, garbage, and junk will be buried in a trash pit and covered with a minimum of 24 inches of dirt. All waste material will be contained to prevent scattering by the wind. Location of the trash pit is shown on Exhibit "D".
- F. All trash and debris will be buried or removed from the wellsite within 30 days after finishing each drilling and/or completion operation.

8. ANCILLARY FACILITIES: None anticipated.

9. WELLSITE LAYOUT:

- A. The wellsite has been surveyed and a 500' x 500' area has been staked and flagged.
- B. The dimensions and relative location of the drill pad, mud pit, and trash pit with respect to the well bore are shown on Exhibit "D".
- C. The location is relatively level and will only require about one foot of cut on the north side of the pad.
- D. The well pad will be surfaced with caliche.

10. PLANS FOR RESTORATION OF THE SURFACE:

- A. After completion of drilling and/or completion operations, all equipment and other material not needed for operations will be removed. Pits will be filled and the location cleaned of all trash and junk to leave the wellsite in as aesthetically pleasing condition as possible.
- B. Any unguarded pits containing fluids will be fenced until they are filled.
- C. After abandonment, all equipment, trash and junk will be removed and the location cleaned. Any special rehaabilitation and/or special revegetation requirements of the Bureau of Land Management will be complied with and accomplished as expeditiously as possible.

11. OTHER INFORMATION:

- A. Topography: The undisturbed wellsite elevation is 3435 feet and the location slopes gently to the southeast toward the Middle Seven Rivers Fork. See Exhibit "B". Regional slope is to the east toward the Pecos River.
- B. Soil: Top soil at the wellsite is silty clay loam.
- C. Land Type & Use: The vacinity surrounding the drillsite is semi-arid rangeland and its primary use is for grazing.
- D. Flora & Fauna: Vegetative cover is sparse. Flora consists primarily of broomweed and greasewood interspersed with mesquite and other desert plants. Six antelope were observed, however fauna for this type of habitat usually consists of lizards, snakes, rabbits, rodents, coyotes, skunks, quail, dove, and other small birds.

- E. Ponds & Streams: Middle Seven Rivers Fork is approximately $\frac{1}{2}$ mile to the southeast.
- F. Water Wells: Nearest water well is $\frac{1}{2}$ mile to the northeast.
- G. Residences & Other Structures: Nearest occupied dwelling is 2 miles to the southeast.
- H. Archaeological, Historical & Cultural Sites: A reconnaissance of the 500' x 500' area and proposed new road was made by New Mexico Archaeological Services, Inc. on September 10, 1981 and no sites were found.
- I. Surface Owner: U. S. Government. Grazing rights are owned by Ernest McGonagill, P. O. Box 184, Lakewood, New Mexico 88254.
12. OPERATOR'S REPRESENTATIVE: Representative responsible for assuring compliance with the approved Surface Use Plan:

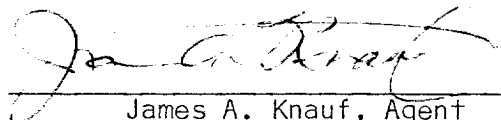
Burl Reynolds
Drilling & Production Superintendent
900 W. Copper Avenue
Hobbs, New Mexico 88240
Phone 505-392-6604

13. CERTIFICATION:

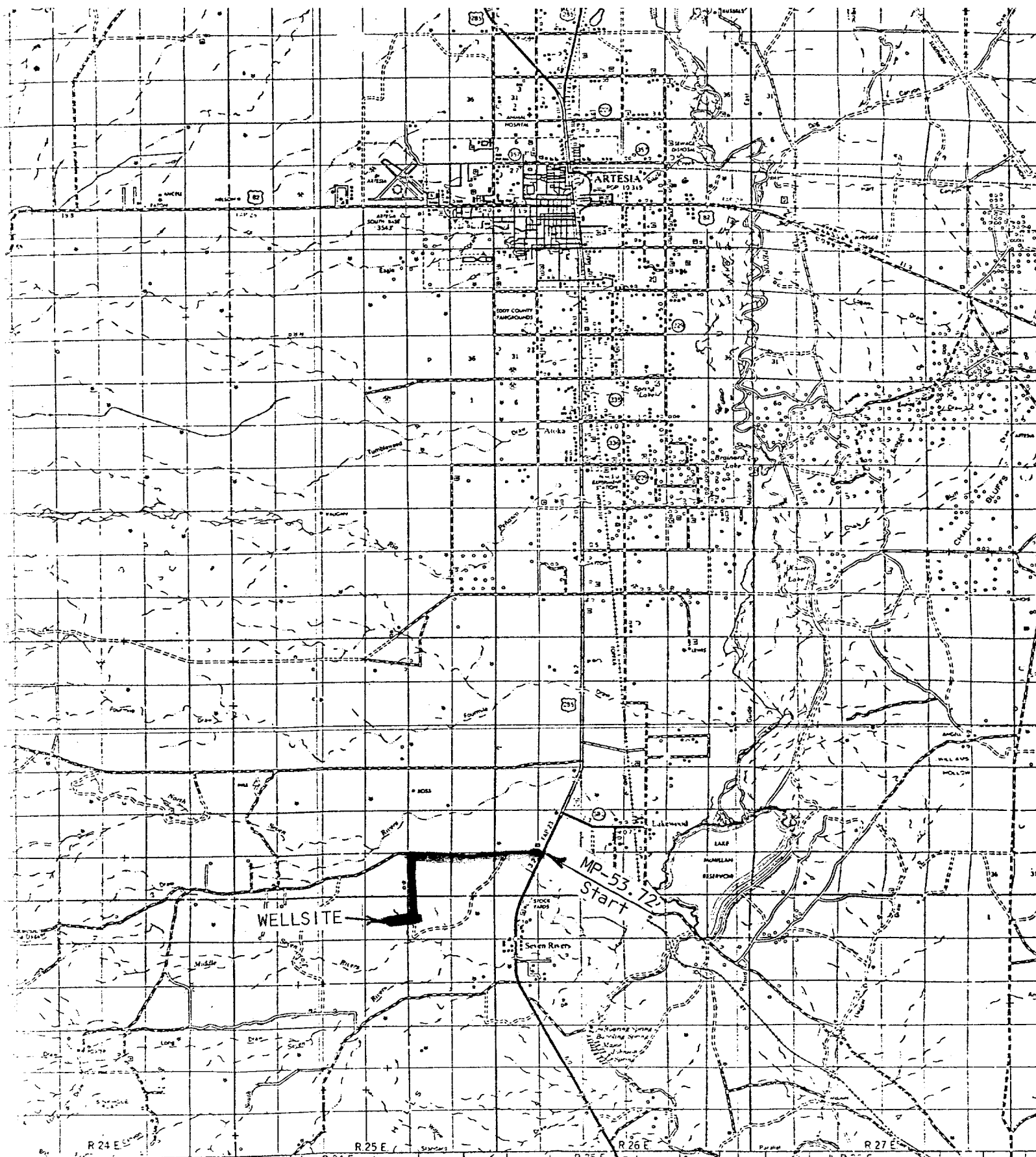
I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge true and correct; and, that the work associated with the operations proposed herein will be performed by CHAMA PETROLEUM COMPANY and its sub-contractors in conformity with this plan and the terms and conditions under which it is approved.

9-14-81

Date



James A. Knauf, Agent
CHAMA PETROLEUM COMPANY

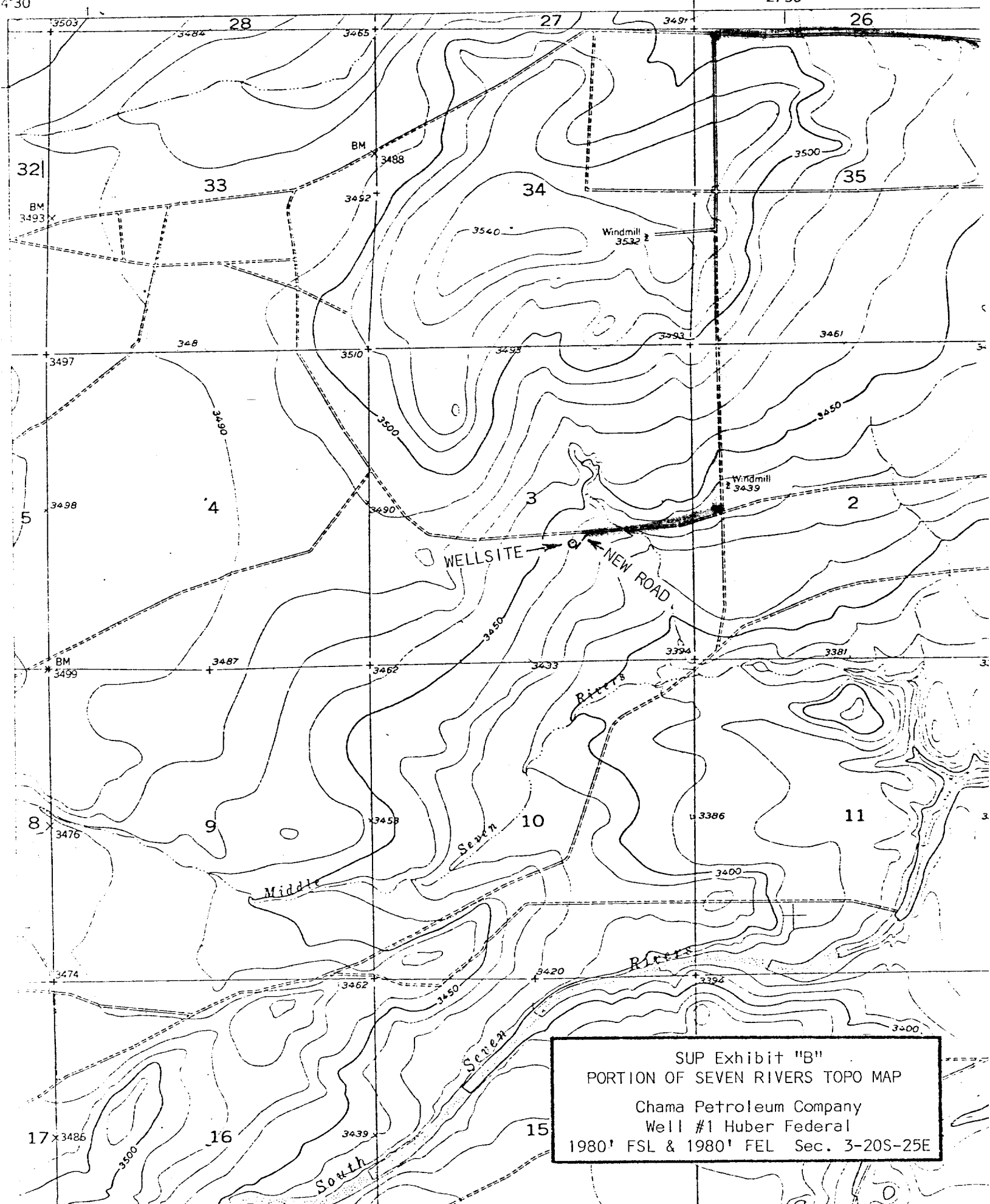


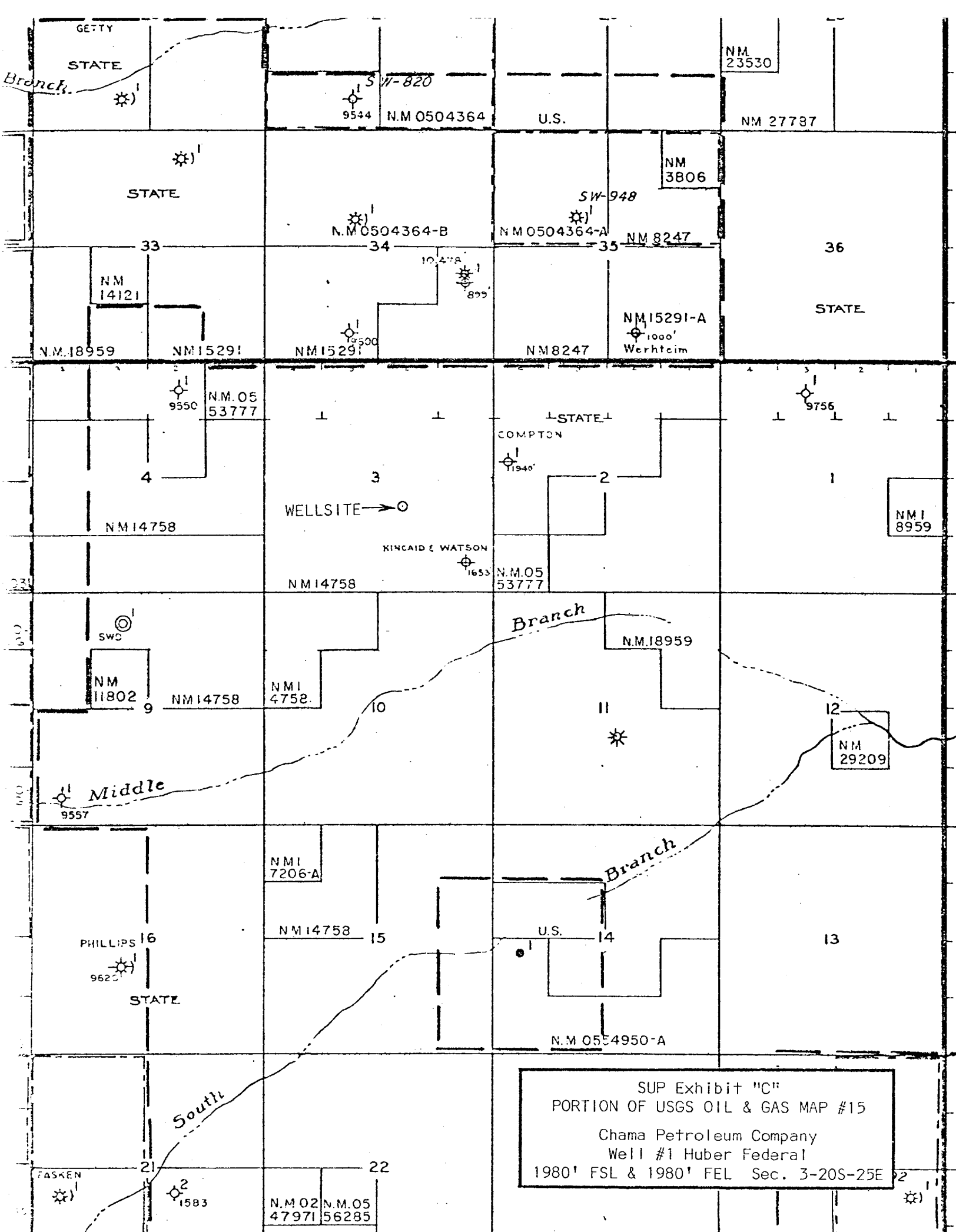
SUP Exhibit "A"
PORTION OF EDDY COUNTY ROAD MAP
Chama Petroleum Company
Well #1 Huber Federal
1980' FSL & 1980' FEL Sec. 3-20S-25E

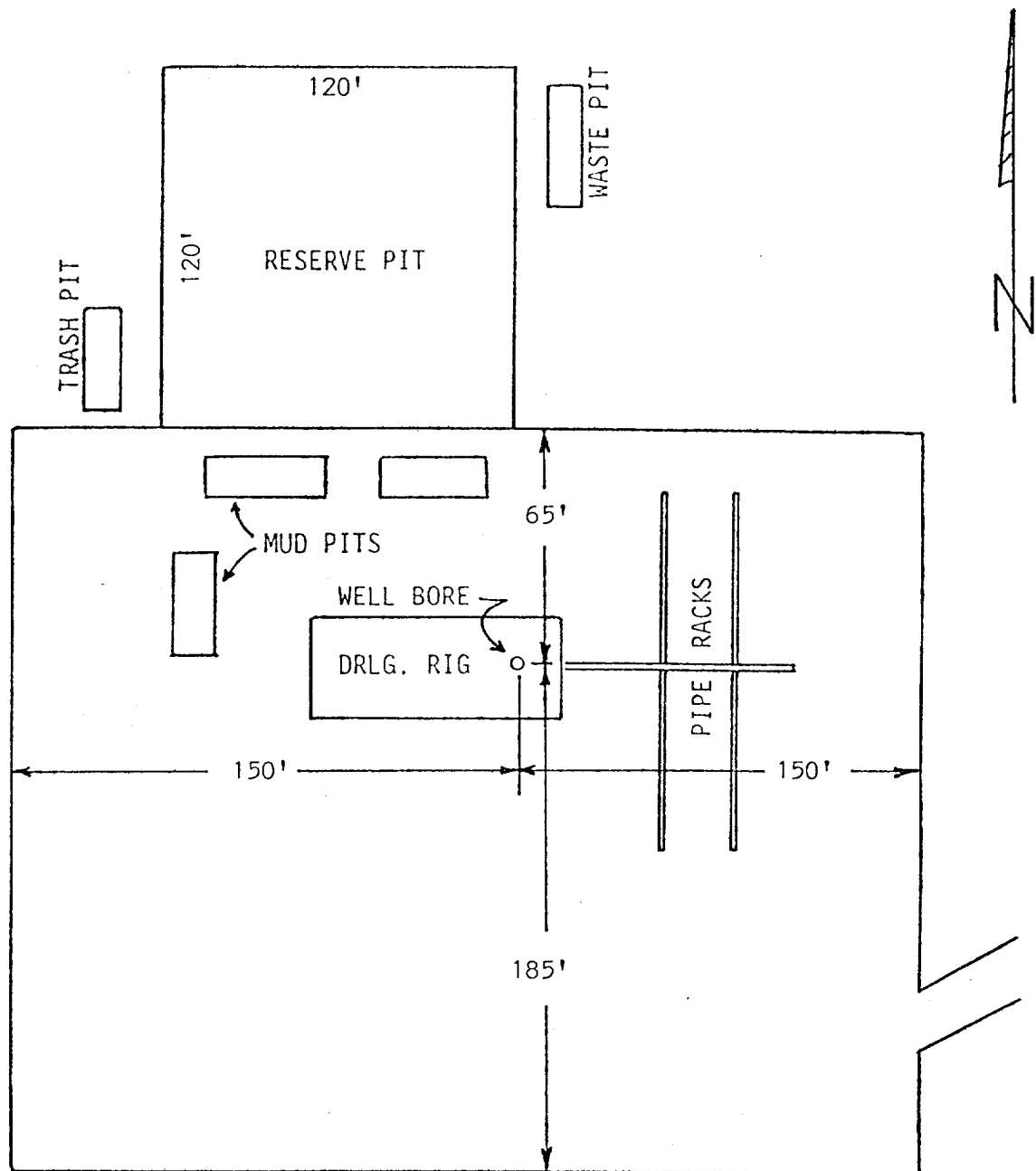
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

4°30'

27°30'







SUP Exhibit "D"
 SKETCH OF WELL PAD
 Chama Petroleum Company
 Well #1 Huber Federal
 1980' FSL & 1980' FEL Sec. 3-20S-25E