

SURFACE USE PLAN

SOUTHLAND ROYALTY COMPANY
(Operated by Meridian Oil Inc.)

Comanche Federal No. 1
2310' FSL & 1980' FEL
Sec. 12, T-18-S, R-31-E
Eddy County, New Mexico
LC-047800(a)

This plan is submitted with Application to Drill on above described well. The minerals are federal and the surface is leased for grazing (See below for surface lessee). The purpose of this plan is to describe the location, proposed construction activities and operations plans, magnitude of necessary surface disturbance and procedures to be followed in rehabilitating the surface after completion of the operation so that complete appraisal can be made of the environmental effects associated with the operations.

1. Existing Roads:

Exhibit "A" is a portion of a U.S.G.S. topographic map showing the location of the proposed well as staked.

Directions to the well are as follows: From the junction of US 82 and Hwy. 31, 6 miles east of Loco Hills, go south 4.0 miles on Hwy. 31, thence SE 1.1 miles on a county road, thence east 2.1 miles on a lease road to the SW corner of Section 12.

2. Planned Access Road:

An existing trail road extends thru the proposed well site. This road will be improved as is necessary to comply with BLM standards.

3. Location of Existing Wells in Area:

See Exhibit "B"

4. Location of Proposed Facilities:

Location of proposed well site and tank battery is shown on Exhibit "C". The battery will be located on proposed well pad; no additional surface disturbance will be necessary.

5. Water Supply:

No available surface or sub-surface fresh water exists in the vicinity of the proposed well. Drilling water will be transported or pumped to the drill site from the nearest commercial source.