

SURFACE USE PLAN
BELCO PETROLEUM CORPORATION
FEDERAL RV 4-1
1980' FEL, 660' FSL, Sec. 4, T22S-R25E
Eddy County, New Mexico
Lease: New Mexico 18605

The proposed wellsite is approximately eight miles west of Carlsbad, New Mexico, and can be reached by exiting from Lea Street to Jones Road in the Carlsbad community of Happy Valley, as shown on Exhibit "A".

1. EXISTING ROADS: Access and existing roads are shown on Exhibit "A". In addition, Exhibit "B" also illustrates proximity access. Exhibit "B" is an enlargement of Exhibit "A", USGS topographic quadrangle Carlsbad, West, scale 1: 62,500 to a scale of 1:24,000. Existing roads are also shown on Exhibit "C", a plat of the lease at a scale of 1" = 500'.

Belco plans to repair and maintain an existing entry caliche road which extends 1.2 miles southeastward from the proposed location entry road, connecting to an existing, maintained, good condition caliche road, as shown on Exhibits "A" and "B".

2. PROPOSED ROAD: A proposed 1500[±] road is shown on Exhibits "A", "B" and "C" which is planned as an entry road to the drillsite.

Length and Width: Approximately 1500' of 20' sub-grade under 12' width roadway.

Surfacing Material: New road will be surfaced with six inches of compact caliche derived from an existing open pit two miles southeast of the proposed location.

Cut and Fill: None anticipated excepting fill at entry to pad.

Culverts: None required.

Cattleguards, Gates, etc.: None are planned at this time.

3. EXISTING WELLS: This proposed wildcat gas well location is located 3/4ths of a mile north of Belco's Jones-1 gas well in Section 9. The Jones well and dry holes in the vicinity are shown on Exhibits "A" and "B".

4. PRODUCTION, GATHERING, TREATING AND STORAGE FACILITIES:

Tank Battery: Tank battery site as shown on Exhibit "D" in the event of a successful well.

Flow Lines: Proposed flow lines are shown on Exhibit "D".

5. WATER SUPPLY: Drilling water will be hauled to the proposed wellsite from commercial source in Carlsbad.

6. SOURCE OF CONSTRUCTION MATERIALS: Caliche for repairing the existing road and for surfacing the proposed road and wellsite pad will be obtained from an existing open pit in the SW/4 Section 11, T22S-R25E. In addition, caliche may be obtained from open pits in Section 4, T22S-R25E.

7. METHODS OF HANDLING WASTE DISPOSAL:

Drill cuttings will be disposed of in the drilling pits.

Drilling fluids will be allowed to evaporate in the drilling pits until pits are dry.

Any produced water will be collected in tanks until hauled away. Any oil produced during tests will be stored in test tanks until sold.

Trash containers will be provided around the drilling rig during drilling and completion procedures. Trash, waste paper, garbage, and junk will be buried in a separate trash pit, as shown on Exhibit "D", and covered with a minimum of 24 inches

8. ANCILLARY FACILITIES: No camps, airstrips, etc. will be constructed.

9. WELLSITE LAYOUT: Exhibit "D" shows the dimensions and the relative locations of the well pad, mud pits, reserve pit, and trash pit with respect to the well.

Mat Size: 350' x 230'

Cut and Fill: The proposed drillsite pad will require leveling, including a 3 - 4' cut on the north side of the pad with a reciprocal 3 - 4' fill on the south side of the pad.

Surfaced: The base will be surfaced by 6 inches of compact caliche.

Reserve Pit: 155' x 125' pit lined with plastic.

Cleared Buffer Area: No buffer area is to be cleared; however, area around well mat may be used for turn-around and/or storage.

10. PLANS FOR RESTORATION OF THE SURFACE: 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 location cleaned of all trash and junk as soon as practical or buried with at least 24" of cover. Any unguarded pits containing fluids will be fenced until they are filled. After abandonment of the well, the well pad and all unneeded access roads will be ripped to promote revegetation.

11. OTHER INFORMATION:

Topography: Land surface consists of moderate relief carbonate hill and valley.

Soil: Thin calcareous soil underlain with some caliche

Vegetation: Native grasses, scrub oak (greasewood), some sage, some mesquite and yucca.

Wildlife: None observed.

Ponds and Streams: None present in the immediate vicinity of drillsite.

Residences and Other Structures: There are no occupied dwellings within 1/2 mile.

Water Wells: None in immediate vicinity of drillsite.

Land Use: Sparse grazing and hunting.

Surface Ownership: The SE/4 of Section 4 has a surface grazing lease issued by the BLM to F. H. Jones, P. O. Box 633, Carlsbad, New Mexico 88220

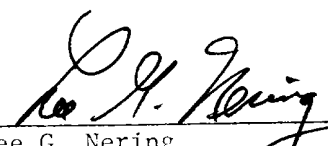
Well Sign: Sign identifying and locating well will be maintained at drillsite commencing with the spudding of the well.

12. OPERATOR'S REPRESENTATIVE: Field personnel who can be contacted concerning compliance of this Surface Use Plan consists of:

Ray Belden, 411 Petroleum Building, Midland, Texas 79701 - Phone (915) 683-6366

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 plat are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by BELCO PETROLEUM CORPORATION and its contractors and sub-contractors in conformity with this plan and the terms and conditions under which it is approved. A copy of this plan will be posted at the wellsite during the drilling of the well for reference by all contractors and sub-contractors.



Lee G. Nering
Administrative Geologist
BELCO PETROLEUM CORPORATION
Houston, Texas