SURFACE USE PLAN COTTON PETROLEUM CORPORATION, FEDERAL 24 #1 AFR 660' FS & EL, Sec. 24, T-21-S, R-23-E Lease NM, Eddy County, New Mexico This Plan is being submitted with our Application For Permit To Drill tog above well The purpose of the Plan is to describe the location of the proposed well well. The purpose of the Plan is to describe the location of the proposed well, the proposed construction activity, and the operation plan, the magnitude of necessary surface disturbance involved and the procedures to be followed in rehabilitating the surface after completion of the operations so that a complete appraisal can be made of the environmental affect associated with the operation.

- 1. EXISTING ROADS - Exhibit A is a map showing the location of the proposed well as staked. Go northwest of Carlsbad 12 miles to State Road 137 (paved road). Turn west on 137 and go 9 miles to a fork in the road. Take the right fork (paved road) and go 3.5 miles to a cattle guard. Turn left at the cattle guard and go southwesterly on a dirt road .3 miles. Turn left and go southerly and easterly for 1 mile. Turn north into southeast corner of pad. Some road improvements will be required to the existing ranch road between the turn off to the now abandoned Marathon Federal "SWD" Well No. ] and the proposed access road into the southeast corner of the pad.
- 2. PLANNED ACCESS ROADS - Exhibit B shows the planned access road which will be approximately 1400' long and 12' wide. This proposed road is color coded. RED on Exhibit B and the center line has been flagged from the location to the access road. The proposed road will not cut a fence and no cattle guard or fence repair will be required. The road will be surfaced with 6" of compacted caliche.
- LOCATION OF EXISTING WELLS Existing wells within the radius of one mile 3. are shown on Exhibit B.
- LOCATION OF EXISTING AND/OR PROPOSED FACILITY There are no tank batteries, 4. production facilities or lease pipelines on the lease. If production is found, tank batteries and production equipment will be located at the south edge of the well pad. All flowlines are to be constructed on the well pad on top of the ground. (Exhibit C shows location of proposed facilities).
- 5. WATER SUPPLY - Water for drilling the subject well will be hauled by truck from the nearest commercial water source.
- SOURCE OF CONSTRUCTION MATERIAL Caliche will be obtained by the dirt contractor 6. from one of the existing pits in the area. Any payments for caliche will be made by the dirt contractor. Construction materials will be hauled over the existing roads to the proposed new road.
- 7. METHODS OF HANDLING WASTE DISPOSAL - Well cuttings will be disposed in a reserve pit. Barrel trash containers will be in accessible locations within the drilling site area during drilling and completion procedures. All detrimental waste will be hauled away, burned or buried with a minimum coverage of 24" of dirt. (See Exhibit C for location of trash pits). If a well is productive, maintenance waste will be placed in special trash cans and hauled away periodically. Any produced water will be collected in tanks until hauled to any approved disposal system.