

MULTI POINT SURFACE USE AND OPERATIONS PLAN

CHI OPERATING, INC.
Hondo Federal, Well No. 2
1750' FSL & 2080' FEL, Sec. 9-T21S-R26E
Eddy County, New Mexico
Lease No.: NM-0400877
(Development Well)

This plan is submitted with the Application for Permit to Drill the above described well. The purpose of the plan is to describe the location of the proposed well, the proposed construction activities and operations plan, to be followed in rehabilitating the surface environmental effects associated with the operations.

1. EXISTING ROADS:

- A. Exhibit "A" is a portion of a BLM Topographic Carlsbad Quadrangle map showing the location of the proposed well as staked. The well site location is approximately 4 road miles north of Carlsbad, New Mexico. Traveling north of Carlsbad on U.S. Highway 285 there will be 3 miles of paved highway, plus 1.0 mile of gravel oilfield roads.
- B. Directions: Travel north from Carlsbad, NM on U. S. Highway 285 for approximately 3 miles to mileage marker 40. Turn north (right) onto gravel road circling east side of well pad and continue north for .9 mile to cattleguard. The proposed access road starts at this point on the right side of the existing access road. The existing two track road following the fence line for approximately 500 feet will be upgraded and 500 feet of new access road will continue east to the northwest corner of the staked well site.

2. PLANNED ACCESS ROAD:

- A. Length and Width: There will be approximately 1000 feet of new access road 12 feet wide (24' Max.). The proposed and existing roads are color coded on Exhibits "A" and "B".
- B. Construction: The new access road will be constructed by grading and topping with compacted caliche. The surface will be properly drained.
- C. Turnouts: One turnout increasing the road width to 20 feet for passing may be required.
- D. Culverts: None.
- E. Cuts and Fills: None required.
- F. Gates, Cattleguards: None required.
- G. Off Lease R/W: None required.

3. LOCATION OF EXISTING WELLS:

- A. Existing wells within a two mile radius are shown on Exhibit "C".