

MULTI POINT SURFACE USE AND OPERATIONS PLAN

CHI OPERATING, INC.
McIver Federal, Well No. 1
1000' FNL & 1720' FEL, Sec. 20-T22S-R25E
Eddy County, New Mexico
Lease No.: NM-98799
(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 and environmental effects associated with the operations.

1. EXISTING ROADS:

- A. Exhibit "A" is a portion of a BLM minerals map showing the location of the proposed well as staked. The well site location is approximately 12 road miles west of Carlsbad, NM. Traveling west of Carlsbad on County Roads # 672 and 429 plus ranch roads there will be approximately 12 miles of existing paved and gravel roads.
- B. Directions: Travel west of Highway 62/180 on County Rd. 672 (Hidalgo St.) for approximately 3 miles to County Road # 429 (McKittrick Rd.). Turn west on #429 for 5.1 miles to County Rd. # 428; continue west for 2.3 miles to a gravel ranch road that turns northwest. Follow this road for 2.1 miles to the start of the proposed access road on the south side of the road. The proposed access road will run southwest for approximately 1600 feet to the southwest corner of the location.

2. PLANNED ACCESS ROAD:

- A. Length and Width: The proposed access road will be approximately 1600 feet long. The proposed and existing roads are color coded on Exhibits "A" and "B".
- B. Construction: The proposed access road will be constructed by grading and topping with compacted caliche. The surface will be properly drained.
- C. Turnouts: There may be one turnout at midsection of the road, increasing the width to 20 feet for passing.
- D. Culverts: None.
- E. Cuts and Fills: One cut may be required to create a gentler slope from the flat area to the small hill.
- F. Gates, Cattle guards: None required.
- G. Off lease right of way: A Right of Way application is being submitted for the approximately two miles of off lease existing road back to the county road.

3. LOCATION OF EXISTING WELLS:

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