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U.S. GEOLOGICAL SURVEY
ARTESIA, NEW MEXICO

SURFACE USE AND OPERATIONS PLAN
HNG OIL COMPANY
EL PASO FEDERAL "29" WELL #1
EDDY COUNTY, NEW MEXICO

The following information and plans are submitted for the drilling of the subject well as directed in the NTL-6 publication.

1. The proposed location is approximately 16 miles due south of Carlsbad, New Mexico. Go south on the Old Caverns road until pavement ends and continue south on caliche road known as the Four Hands Crossing road for approximately 2-1/2 miles. The location is 900' east of this county maintained road (see Exhibit #1). No improvements will be necessary for the existing roads.
2. The planned access road is shown on Exhibit #2. There will be constructed a 12' wide caliche based road of 900' straight into the well site. There are no existing fences to cross. The terrain from the existing county road to the well site is relatively flat so that no culverts will be required. Any drainage which will occur will be over an insignificant wide area. No turn-outs will be required due to the short length of the proposed access road.
3. Location of existing wells are shown on Exhibit #3.
4. There are no production facilities on this lease at the present time. If production is established, a production unit will be set at the well site. HNG Oil Company does not have any production, gathering, or service lines within a one mile radius of the proposed location.
5. The water used in the drilling operations will be purchased from a commercial source. There are no plans to attempt to drill for water on the lease. The purchased water will be trucked to the location, using the existing and proposed roads.
6. The proposed access road of 900' will require only grading and a caliche base added. The proposed drill site contains some caliche and when the location is cleared, leveled, and the mud pits dug, this material can be utilized on the proposed access road and drilling site. If additional caliche is required, there is an existing open caliche pit approximately one mile north of the well site.
7. Waste material, including drill cuttings, trash, sewage, garbage, chemicals, etc., will be collected in earthen pits and back-filled upon completion of drilling operations. Drilling fluids, oil and/or water will be accumulated in lined reserve pits and will be either recovered or allowed to evaporate. Upon completion of operations, and evaporation or recovery, the pits will be back-filled and leveled burying all residue left in the pits.
8. There will be no ancillary facilities required.
9. Exhibits 4 and 5 show the drill pad, access road and rig layout. The reserve pit will be lined.