

SURFACE USE PLAN

Phillips Petroleum Company, James E #2 Lease Well No. 2, NE1/4 NW1/4, Section 11, T-22-S, R-30-E, Eddy County, New Mexico. (Lease No. NM-0479142)

This plan is to accompany "Application for Permit to Drill" the subject well which is located approximately 22 miles east of Carlsbad New Mexico. The following is a discussion of pertinent information concerning the possible effect which the proposed drilling well may have on the environment of the well and road sites and surrounding acreage. A copy will be posted on the derrick floor so that all contractors and sub-contractors will be aware of all items of this plan.

1. Existing Roads

- A. Runs east & west - north of planned location 50' north of planned pad.
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2. Planned Access Roads

- A. Turn south off existing road & construct 20' X 50' new road in south direction to well site. 535' FNL & 1980' FWL & Sec. 11 T-22-S R-30-E Eddy County, New Mexico.
- B. Turnouts: None.
- C. Drainage Design: New road will have center line to side line slope
- D. Culverts, Cuts and Fills: None
- E. Surfacing Material: Caliche well pad and roads.
- F. Gates, Cattleguards, Fences: None
- G. Proposed Road: The proposed road is centerline staked.

3. Locations of Existing Wells: No. E #1 is located Unit G, 1980' FN & 1980' FEL, Section 11, T-22-S, R-30-E.

4. Locations of Tank Batteries, Production Facilities, Production Gathering, and Service Lines: There is no tank battery at present.

5. Water Supply Source: Hauled
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6. Source of Construction Materials

- A. Caliche for surfacing the new road and well pads will be obtained from SW 1/4 & SW 1/4 Sec. 2 T-22-S R-30-E Eddy Co., New Mexico.
- B. Caliche pit is located on Smith Ranch Land.

7. Methods for Handling Waste Disposal

Will be put in separate waste pits and covered with minimum of 2' backfill. (See sketch.) If well is productive, maintenance waste will