

SURFACE USE PLAN
BELCO PETROLEUM CORPORATION
Federal 31 Well No. 2
1980' FSL, 1980' FWL, Sec. 31, T9S, R33E
Lea County, New Mexico
Lease: New Mexico 11333

The proposed wellsite is approximately 27 air miles northwest of Tatum, New Mexico, and can be reached by exiting from U.S. Highway 380 approximately 22 miles NW of Tatum, as shown on Exhibit "A"-1. Travel then 15+ miles northeast to the location, as shown on Exhibit "A"-1, "A"-2, and Exhibit "B", and "C", via access roads.

1. EXISTING ROADS: Access and existing roads are shown on Exhibit "A"-1, "A"-2, "B" and "C". In addition Exhibit "B" and "C" illustrate proximity access. Exhibit "C" is the 1973 Lane Salt Lake USGS topographic quadrangle to a scale of 1:24,000; Exhibit "B", scale 1" = 1000' is a detailed well location plat.
2. PROPOSED ROAD: Access to the location pad will be from an existing oil field road to the Coastal Fed. Gonzales 1-J well. This existing road is 1330' east of the proposed Belco 31-2. Belco proposes to build a 12' wide caliche road, 1330' long from the Coastal 1-J well, center flagged for archeology.

Cut and Fill: Anticipating some compacted caliche to level the pad and possible minor fill to level the pad.

Culverts: None required.

Cattleguards, Gates, etc.: None expected.

3. EXISTING WELLS: This proposed oil well is located within the existing Flying "M" San Andres Pool, as shown on Exhibits "B", and "C".

4. PRODUCTION, GATHERING, TREATING AND STORAGE FACILITIES:

Tank Battery: Tank battery site, as shown on Exhibit "D", in the event of a successful well.

5. WATER SUPPLY: Belco plans to acquire water from commercial services available to the area.

6. SOURCE OF CONSTRUCTION MATERIALS: Caliche for construction of the new entry road and for surfacing the proposed wellsite pad will be obtained from commercial services who will utilize existing open supplies in the area; several pits are shown on Exhibit "C".

7. METHODS OF HANDLING WASTE DISPOSAL:

Drill cuttings will be disposed of in the drilling pits.

Drilling fluids will be allowed to evaporate in the drilling pits until pits are dry.

Any produced water will be collected in tanks until hauled away. Any oil produced during tests will be stored in test tanks until sold.

Trash containers will be provided around the drilling rig during drilling and completion procedures. Trash, waste paper, garbage, and junk will be buried in a separate trash pit, as shown on Exhibit "D", and covered with a minimum of 27 inches of dirt.

8. ANCILLARY FACILITIES: No camps, airstrips, etc. will be constructed.

9. WELLSITE LAYOUT: Exhibit "D" shows the dimensions and the relative locations of the well pad, mud pits, reserve pit, and trash pit with respect to the well.

Mat Size: 160' x 215'; approximately 200' x 200', flagged out for archaeological survey.

Cut and Fill: The proposed drillsite pad will be leveled and filled as needed.

Surfaced: The base will be surface by six inches of compact caliche.