

# HILLIARD OIL & GAS, INC.

906 Building of the Southwest, Midland, Texas 79701 • (915) 684-8271

November 13, 1975

United States Department of the Interior  
Geological Survey  
P. O. box 1157  
Hobbs, New Mexico 88240

RE: Development Plan for Surface Use  
Hilliard Oil & Gas, Inc.  
McElvain-Federal # 2 (10,500' E K Bone Springs)  
Lease Serial No. NM 0245247  
Lea County, New Mexico

Gentlemen:

In compliance with your requirement that each application for permit to drill be accompanied by a Development Plan for Surface Use, we submit the following information regarding our plans for the subject well:

1. Existing roads, including location of the exit from the main highway:

See Plat No. 1 - All existing roads are indicated on this plat. The main access road is shaded in yellow. The exit from the main highway is off State Highway 529, 15½ miles northwest of Arkansas Junction.

2. Planned access roads:

See Plat No. 1 and Plat No. 2 - The main access road that will be used is shown shaded in yellow on Plat No. 1. This road is presently in existence. On plat No. 2, the existing road is indicated in yellow in approximate location. New road construction is indicated in red. The new road will be approximately 1800' in length and 12' wide. The road will have to be surfaced with caliche.

3. Location of existing wells:

See Plat No. 1 and Plat No. 2 - All wells that we have knowledge of are shown on these plats.

4. Lateral roads to well locations:

See Plat No. 1 and Plat No. 2.

5. Location of tank batteries and flow lines:

See Plat No. 4 - We intend to install the tank battery on the location pad after drilling rig is removed. Flowline & tank layout as indicated on Plat No. 4.

6. Location and type of water supply:

All water will be delivered to the well site by tank truck. Fresh water will be from wells located on the Cap Rock. Salt water will be saturated Potash Mine Brine.

7. Methods for handling waste disposal:

See Plat No. 3.- Cuttings and liquid waste will be disposed of in the reserve pit. A burn pit will be dug about 8' X 12' X 6' in the vicinity of the mud storage and reserve pit. All trash, garbage, and scrap will be disposed of in this burn pit. All combustible material will be burned in this pit when weather permits. This pit will be within the area designated for the location.

8. Location of camps:

None anticipated.

9. Location of Airstrips:

None anticipated.

10. Location of Layout to include position of the rig, mud tanks, reserve pits, burn pits, pipe racks, etc.:

See Plat No. 3.- Drilling pad will be leveled and surfaced with caliche. The immediate area is relatively flat with a gentle slope to the southwest. The rig will be oriented as shown on Plat No. 3.

11. Plans for restoration of the surface:

In preparing the site, top soil will be stock piled at 3 or 4 places around the location. If the well makes a producer, the reserve pits will be leveled and top soil spread back over the pit area. In the event of a dry hole, the entire area will be returned as closely as possible to grade. If required, we will remove any caliche used for surfacing. Top soil will be spread back over the area and re-seeded with a seed mixture as specified by the surface management agency.

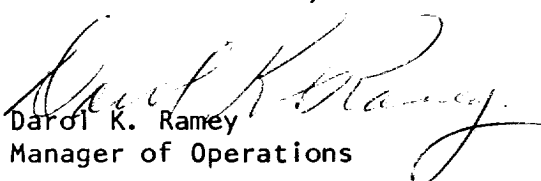
12. Any other information that may be used in evaluating the impact on environment:

The general area is sloping gently to the southwest at about 100' per mile. The surface is covered with sand and it will be necessary to caliche the road & location. Vegetation in the area is primarily short brush with some native grass. Leveling the location will require a 1' to 2' cut on the north and east side.

If you need additional information, please advise.

Very truly yours,

HILLIARD OIL & GAS, INC.

  
Darol K. Ramey  
Manager of Operations

DKR/mlm