

**SANTA FE ENERGY RESOURCES, INC.**  
**MULTI-POINT SURFACE USE AND OPERATIONS PLAN**  
**GAUCHO UNIT NO 2**  
**Section 29, T-22-S,R-34-E**  
**Lea County, New Mexico**

This plan is submitted with Form 3160-3, Application for Permit to Drill, covering the above described well. The purpose of this plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of necessary surface disturbance involved, and the procedures to be followed by rehabilitating the surface after completion of the operations, so that a complete appraisal can be made of the environmental effects associated with the operation.

1. EXISTING ROADS.

- A. Exhibit E is a 7.5 minute topographic map which shows the location of the proposed wellsite and roads in the vicinity. The proposed location is situated approximately 20 miles West of Jal, New Mexico.

DIRECTIONS

1. From the intersection of State Hwy 128 & CR-21, go North and back East 9.6 miles, turn North 2.4 miles then west 0.6 miles to location.

2. PLANNED ACCESS ROAD.

- A. Build  $\pm$ 0.6 miles of new road to the proposed location.

3. LOCATION OF EXISTING WELLS.

- A. The well locations in the vicinity of the proposed well are shown in Exhibits E.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES

- A. There are no producing oil or gas wells on this lease at this time.
- B. In the event the well is productive, the necessary production equipment will be installed on the drilling pad. If the well is productive of oil, a gas or diesel self-contained unit will be used to supply the necessary power to run to pump jack.

5. LOCATION AND TYPE OF WATER SUPPLY.

- A. It is planned to drill the well with both fresh water and brine water systems. Both types of waters will be hauled to the location by truck over existing roads. Both types will be obtained from commercial sources.

6. SOURCES OF CONSTRUCTION MATERIALS.

- A. Any caliche required for construction of the drilling pad will be obtained from a pit approved by the BLM.

7. METHODS OF HANDLING WASTE DISPOSAL.

- A. Drill cuttings will be disposed of in the reserve pits.
- B. Drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry.

- C. The vegetation cover at the wellsite is moderately sparse, with prairie grasses, some mesquite bushes, and shinnery oak.
- D. No wildlife was observed but it is likely that deer, rabbits, coyotes, and rodents traverse the area.

12. OPERATOR'S REPRESENTATIVES

- A. The field representatives responsible for assuring compliance with the approved surface use plan are:

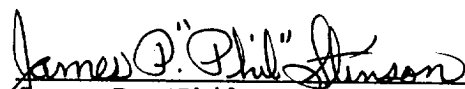
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CERTIFICATION

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route, that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Santa Fe Energy Resources, Inc. and its contractors and subcontractors in conformity with this plan and the terms and conditions under which is approved.

SIGNED this 30<sup>th</sup> day of September, 1996

  
James P. (Phil) Stinson  
Agent for Santa Fe Energy Resources, Inc.