MULTI-POINT SURFACE USE AND OPERATIONS PLAN

CLEARY PETROLEUM CORPORATION
NEW MEXICO FEDERAL "F" COMM. #1
1980' FWL and 4650' FWL, Sec. 5, T-21-S, R-32-E
LEA COUNTY, NEW MEXICO
LEASE NEW MEXICO 04229-B

This plan is submitted with the Application for Permit to Drill the above described well. The purpose of the 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 in rehabilitating the surface after completion of the operation so that a complete appraisal can be made of the environmental effects associated with the operation.

1. EXISTING ROADS

A. Exhibit "B" is a portion of a highway map showing the location of the proposed well as staked. 4.75 miles southeast of Halfway, New Mexico, and 34 miles northwest of Eunice, New Mexico on State Highway 176. A caliche road goes south from Highway 176 for 1.3 miles, right 0.8 mile to New Mexico Federal "B" #1, plus 2 miles. Road will be extended 0.25 mile to the north to proposed wellsite.

B. Exhibit "B" is a plat showing all existing roads within a one mile radius of the wellsite, and the planned access road.

C. Entry and exit to the proposed location will be from State Highway 176 south past Pubco Federal Well No. 1, next right to New Mexico Federal "B" #1 plus 1.5 miles to New Mexico Federal "E" Comm. #1 and continue 0.5 mile on existing road, right 0.25 mile over new caliche road.

2. PLANNED ACCESS ROADS

A. Length and Width: New road required will be 12 feet wide and 1320 feet long to connect to existing lease road to north. This new road is labeled and color coded red on Exhibit "B". The Center line of the proposed new road from the beginning to the wellsite, has been staked and flagged with the stakes being visible from any one to the next.

B. Surfacing Material: Six inches of caliche, water, compacted, and graded.

C. Maximum Grade: 3 percent

D. Turnouts: None required.

E. Drainage Design: New road will have a drop of 6 inches from center line on each side.

F. Culverts: None required.

G. Cuts and fills: None required.

H. Gates, Cattleguards: None required.

3. LOCATION OF EXISTING WELLS:

A. Existing wells within a one-mile radius are shown on Exhibit "B".

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

A. Location of the proposed tank battery production unit and flow line from New Mexico Federal "F" No. 1 are shown on Exhibit "C". If well produces salt water it will be collected in a 210 barrel fiberglass tank by the production unit. It will be hauled to disposal to Laguna Gatuna Salt Lake. The flow line will not be buried. A Hi-Lo safety valve will be installed on the wellhead to shut in the well in the event of a line failure.

B. If the proposed well is completed for production, the tank battery, production unit, and flow line will be located on the well pad, and no additional surface disturbance will occur. (As shown on Exhibit "C")

5. LOCATION AND TYPE OF WATER SUPPLY:

A. There is no adequate water supply in the area for drilling. Water will be purchased and trucked to the wellsite over the existing and proposed roads shown on Exhibit "A" and "C".

6. SOURCE OF CONSTRUCTION MATERIALS:

A. Caliche for surfacing the road and the well pad will be obtained from an existing pit in Lot 3 of Sec. 4, T-21-S, R-32-E and from previous New Mexico Federal "F" No. 1 location. The pit is approximately 700 feet north of New Mexico Federal No. 1 well, operated by Cleary Petroleum Corporation. The

pit is on land owned by The Bureau of Land Management. Location of the pit is shown on Exhibit "B". Royalty will be paid to The Bureau of Land Management by the road and location construction company.

METHODS OF HANDLING WASTE DISPOSAL:

A. Drill cuttings will be disposed of in the drilling pits.

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

C. Water produced during tests will be disposed of in the drilling pits. Oil produced during tests will be stored in test tanks until sold.

D. Current laws and regulations pertaining to the disposal of human waste will be complied with.

E. Trash, waste paper, garbage, and junk will be buried in a separate trash pit and covered with a minimum of 24 inches of dirt. All waste material will be contained to prevent scattering by the wind. Location of trash pits are shown on Exhibit "D".

F. All trash and debris will be buried or removed from the wellsite within 30 days after finishing drilling and/or completion operations.

8. ANCILLARY FACILITIES:

A. None required

9. WELLSITE LAYOUT:

A. Exhibit "D" shows the relative location and dimensions of the well pad, mud pits, reserve pit, trash pits and location of major rig components.

B. Only minor levelling of the wellsite will be required. No significant cuts and fills will be necessary.

C. The reserve pit will be plastic lined.

D. The pad and pit area has been staked and flagged.

10. PLANS FOR RESTORATION OF THE SURFACE:

A. After completion of drilling and/or completion operations, all equipment and other material not needed for operations will be removed. Pits will be filled and location cleaned of all trash and junk to leave the wellsite in an aesthetically pleasing condition as possible.

B. Any unguarded pits containing fluids will be fenced until all are filled.

C. After abandonment of the well, surface restoration will be in accordance with The Bureau of Land Management requirements. Pits will be filled and location will be cleaned. The pit area, well pad, and all unneeded access road will be ripped to promote revegetation. Rehabilitation should be accomplished within 90 days after abandonment. Any special rehabilitation and/or revegetation requirements of the surface management agency will be complied with and accomplished as expeditiously as possible. All pits should be filled and levelled within 90 days after abandonment.

11. OTHER INFORMATION:

A. Topography: Land surface is gently sloping to the northwest. From the wellsite, the land surface slopes gently to the northwest at about 50 feet per mile.

B. Soil: Soil is a deep fine sand underlain by caliche.

C. Flora and Fauna: The vegetative cover is generally sparse and consists of mesquite, yucca, shinnery oak, sandsage and perennial native range grasses. Wildlife in the area is that typical of semi-arid desert land and includes coyotes, rabbits, rodents, reptiles, dove, quail, and an occasional antelope.

D. Ponds and Streams: There are no rivers, streams, lakes or ponds in the area.

E. Residences and Other Structures: The nearest occupied dwelling is a ranch house 2 miles northwest of the wellsite.

F. Archaelogical, Historical and Cultural Sites: None observed in the area.

G. Land Use: Grazing and hunting in season.

H. Surface Ownership: Wellsite and new roads are on Federal surface.

12. OPERATOR'S REPRESENTATIVE:

The field representatives responsible for assuring compliance with the approved surface use and operations are as follows:

Buddy J. Knight
District Production Manager
P. O. Drawer 2358
Midland, Texas 79702
Office Phone: 915-683-4793
Home Phone: 915-684-6263

Douglas W. Rice
Assistant District Production Manager
P. O. Drawer 2358
Midland, Texas 79702
Office Phone: 915-683-4793
Home Phone: 915-684-4724

13. CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite 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 Cleary Petroleum Corporation and its contractors and sub-contractors in conformity with this plan and the terms and conditions under which it is approved.

May 10, 1978

Buddy J. Knight
District Production Manager

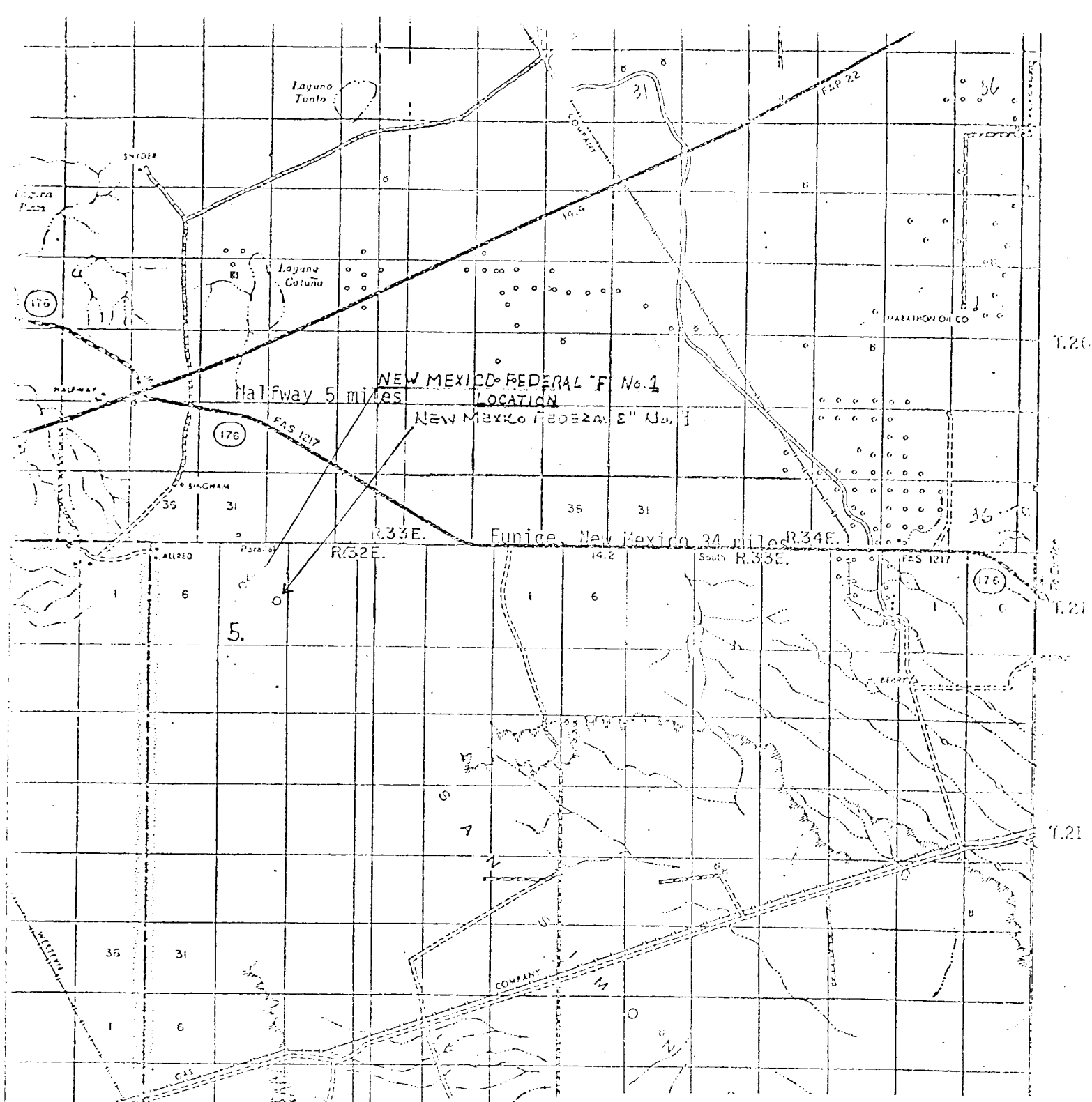


EXHIBIT "A"

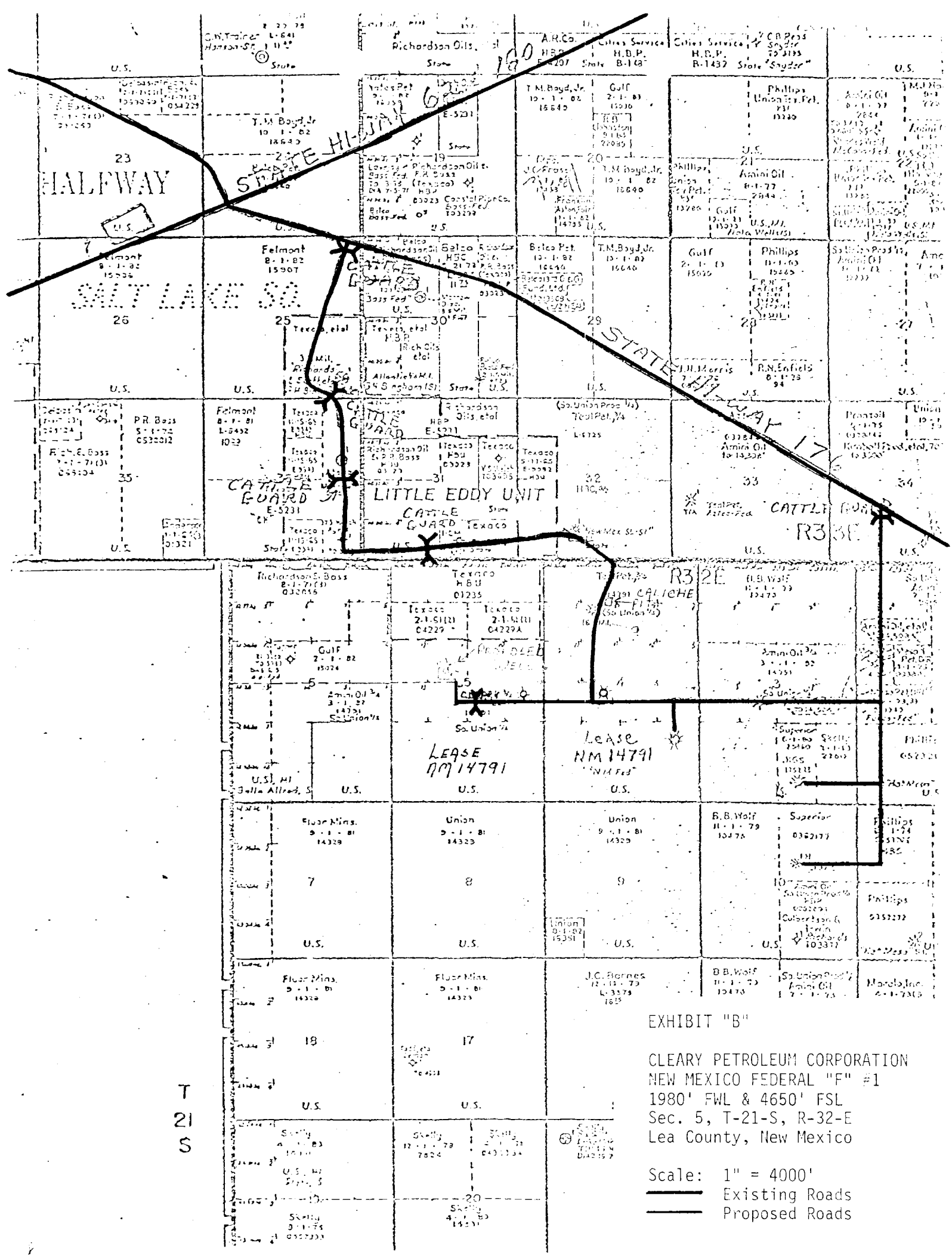
CLEARY PETROLEUM CORPORATION

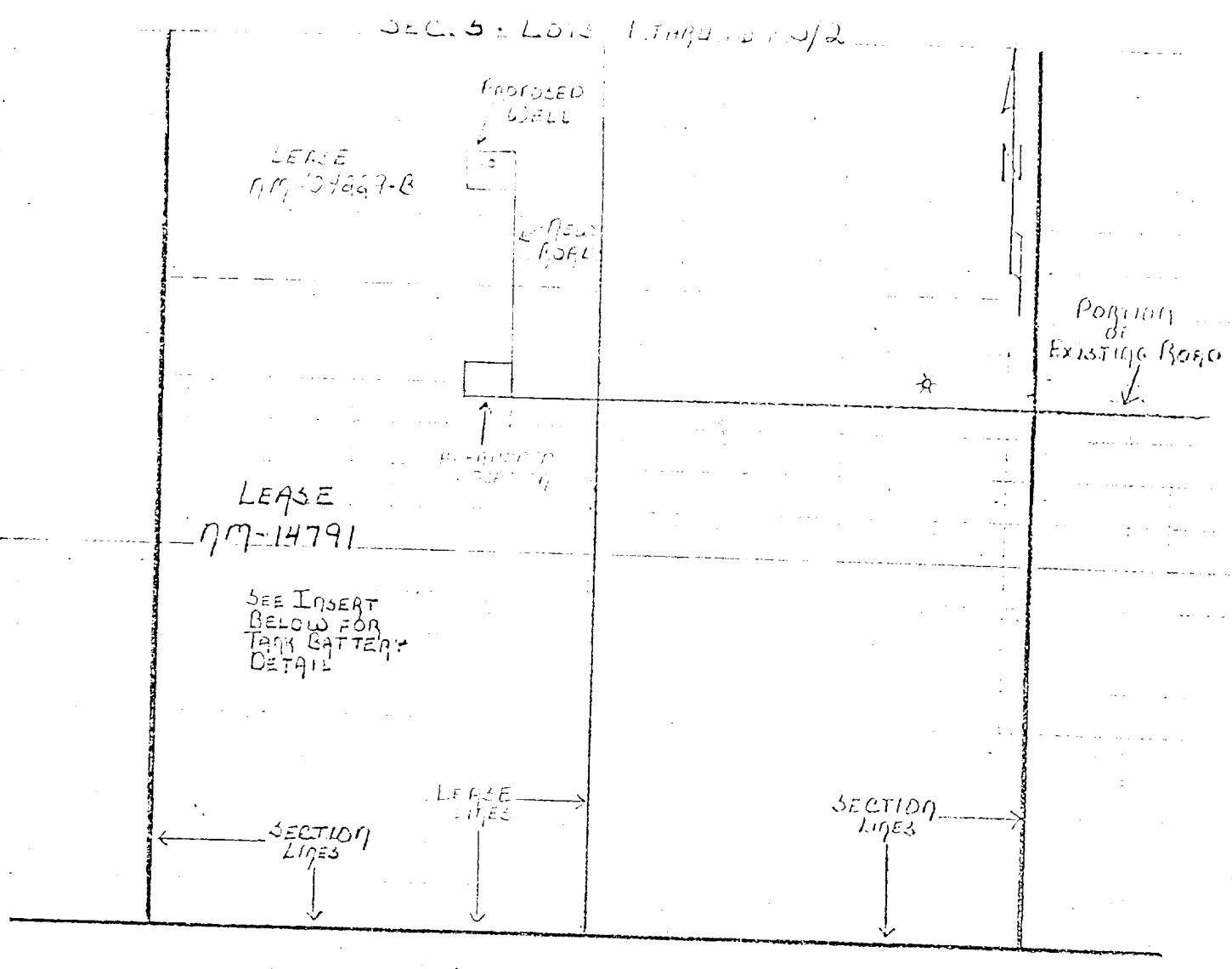
NEW MEXICO FEDERAL "E" WELL NO. 1
UNIT LETTER "P"
SECTION 5, T-21-S, R-32-E

NEW MEXICO FEDERAL "F" WELL NO. 1
UNIT LETTER "K"
SECTION 5, T-21-S, R-32-E

LEA COUNTY, NEW MEXICO

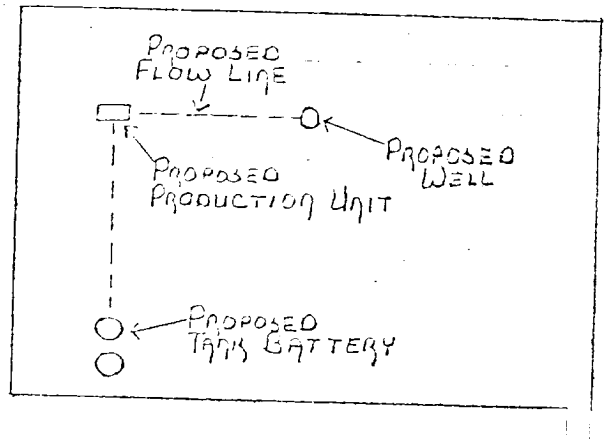
SCALE: 1" = 2 miles


HALFWAY
SALT LAKE SA
STATE HIGHWAY 62
STATE HIGHWAY 17
CATTLE GUARD
LITTLE EDDY UNIT
CATTLE GUARD
CALICHE
LEASE NM 14791
LEASE NM14791
R32E
R31E
T 21 S
EXHIBIT "B"
CLEARY PETROLEUM CORPORATION
NEW MEXICO FEDERAL "F" #1
1980' FWL & 4650' FSL
Sec. 5, T-21-S, R-32-E
Lea County, New Mexico
Scale: 1" = 4000'
Existing Roads
Proposed Roads



SCALE: 1" = 1000'

DETAIL OF TANK BATTERY



SCALE: 1"=100'

EXHIBIT "C"

CLEARY PETROLEUM CORPORATION
NEW MEXICO FEDERAL "F" #1
1980' FWL & 4650' FSL
Section 5, T-21-S, R-32-E
Lea County, New Mexico

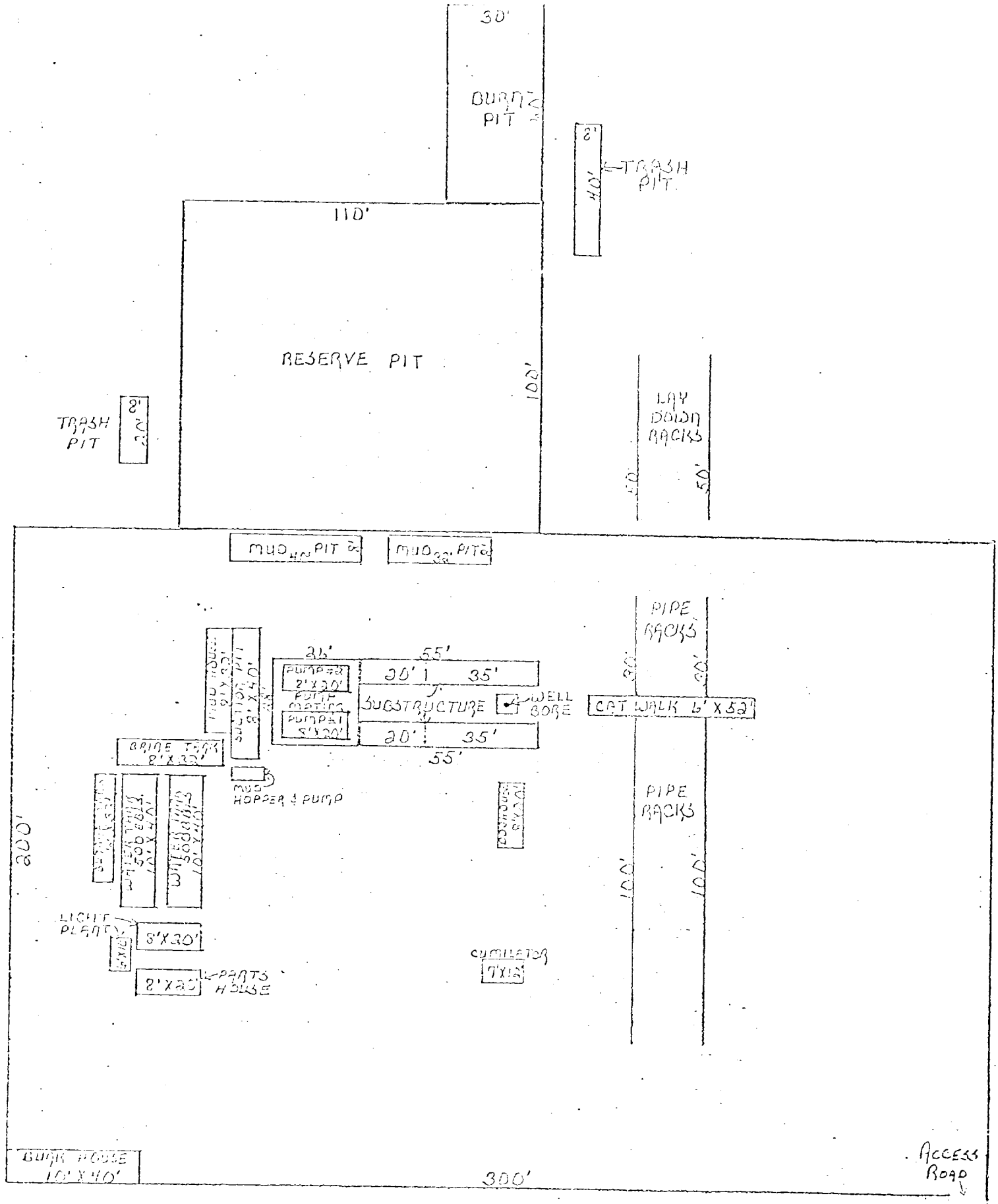


EXHIBIT "D"

RIG LAYOUT
CLEARY PETROLEUM CORPORATION
NEW MEXICO FEDERAL "F"

Scale: 1" = 40'