

SURFACE USE PLAN

Phillips Petroleum Company, Luke Fed Lease, Well No. 2, 660' FNL & 660' FWL, Section 31, T-21-S, R-32-E, Lea County, New Mexico. (Fed Lease No. NM-14332)

This plan is to accompany "Application for Permit to Drill" the subject well which is located approximately 28 miles E from 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. None

2. Planned Access Roads

A. North and south from n/w corner of Luke #1 drlg. pad.

B. Turnouts: None

C. Drainage Design: Centerline to sideline slope

D. Culverts, Cuts and Fills:

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: None

4. Locations of Tank Batteries, Production Facilities, Production Gathering, and Service Lines: N/A Flow line from Well No. 2 to run alongside proposed access roadway.

5. Water Supply Source: Hauled

6. Source of Construction Materials

A. Caliche for surfacing the new road and well pads will be obtained from

State pit section 32, T-21-S, R-32-E

B. Caliche pit is located on Same as above

7. Methods for Handling Waste Disposal

Will be put in trash trailer. If well is productive, maintenance waste will be placed in special trash cans and hauled away periodically. All produced water will be collected in tanks until hauled to an approved disposal system, or separate disposal applications will be submitted for appropriate approval.