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SURFACE USE PLAN

Elliott Oil Company
Monterey Federal No. 7
990' FSL & 2480' FWL
Section 1, T-21S, R-37E
Lea County, NM

This plan is submitted with the "Application for Permit to Drill" the subject well. The purpose of the plan is to determine 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. The proposed wellsite is 990' FSL and 2480' FWL of Section 1, T-21S, R-37E, Lea County, NM.
- B. Exhibit "3" is a portion of a road map showing the proposed location, existing roads, and the proposed access road. The well is approximately 6 miles northeast of Eunice, NM.
- C. Directions : Travel 2.0 miles east from Eunice, NM on Highway 176, 4.5 miles north on Highway 18, 0.5 miles east and 0.1 mile north.

2. PLANNED ACCESS ROAD :

- A. Length and Width : Access from existing roads will necessitate 300' of new road. The road will be bladed 12' wide with 2' shoulders.
- B. Turnouts : None.
- C. Drainage Design : Road will have a drop of 2" from the center line on each side.
- D. Culverts, Cuts, and Fills : None.
- E. Surfacing Material : Four inches of caliche, bladed, watered, and compacted.
- F. Gates, Cattleguards, and Fences : None.



G. The proposed road is staked.

3. LOCATION OF EXISTING WELLS :

A. Existing wells are shown on Exhibit "3".

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES :

A. Existing Facilities : 660' FSL and 1725' FWL, Section 1, T-21S, R-37E.

B. New Facilities : None.

5. LOCATION AND TYPE OF WATER SUPPLY :

A. Water will be purchased from a commercial source and transported over existing roads and the new access road to the wellsite.

6. SOURCE OF CONSTRUCTION MATERIAL :

A. Caliche will be hauled from a private pit to be designated by the grazing lessee.

7. METHODS OF HANDLING WASTE DISPOSAL :

A. Drill cuttings will be disposed of in the drill pit.

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

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

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

E. Trash, waste paper and garbage will be contained in a fenced trash trailer and disposed of in an approved landfill.

8. ANCILLARY FACILITIES :

A. None required.

9. WELLSITE LAYOUT :

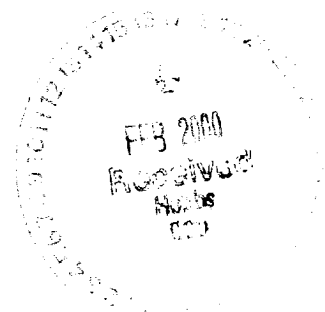
- A. Exhibit "A" indicates the relative location and dimensions of the well pad, mud pits, reserve pit and major rig equipment
- B. The reserve pit (If needed) will be lined with plastic to prevent loss of water and contain the drilling mud.

10. PLANS FOR RESTORATION OF THE SURFACE :

- A. After completion of drilling and/or completion operations all equipment and other material not needed for producing operations will be removed. Pits will be filled and the location cleaned of all trash and junk to leave the wellsite in as aesthetically pleasing condition as possible.
- B. Any unguarded pits containing fluids will be fenced until they are backfilled.
- C. If the well is non-productive, the disturbed area will be rehabilitated to Federal and State Agency requirements, and will be accomplished as expeditiously as possible.

11. OTHER INFORMATION :

- A. Terrain : Flat with sand dunes.
- B. Soil : Sandy.
- C. Vegetation : Mesquite, scrub oak, and grasses.
- D. Surface Use : Grazing
- E. Ponds and Streams : None within 1.0 mile.
- F. Water Wells : None within 1.0 mile.
- G. Residences and Buildings : None within 1.0 mile.
- H. Arroyos, Canyons, Etc. : None within 1.0 mile.



11. OTHER INFORMATION : (Continued)

- I. Well Sign : A sign identifying and locating the well will be maintained at the wellsite.
- J. Archeological, Historical and Other Cultural Sites : An agent with the Desert West Archaeological Services conducted an archeological survey of the access road, well pad, flowline and powerline. They will furnish a report and recommendation to the B. L. M. in Carlsbad, NM.
- K. Surface Ownership : The access road, powerline, and wellsite are located on State of New Mexico owned surface.

12. OPERATOR'S REPRESENTATIVE :

Marc Wise
P. O. Box 1708
Hobbs, NM 88241
Phone – (505) 392-6950
Fax – (505) 392-7886

13. 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 ; that the work associated with the operations proposed herein will be performed by Elliott Oil Company and its sub-contractors in conformity with this plan and the terms and conditions under which it is approved.

1/25/00
DATE

Marc Wise
MARC WISE – AGENT