

Proposed Development Plan for Surface Use

Well No. 2 Federal
2310' FSL & 2310' FWL Sec. 17, T22S, R37E,
Lea County, New Mexico - Lease No. NM1410

1. Existing roads including location of exit from main highway.

Detailed map showing drillsite location in relation to the nearest town and all existing roads within one mile of the wellsite are shown on Exhibit A.

From the south edge of Eunice go south 2 miles on State Highway No. 18. Turn west on County Road No. 21 for 1 3/4 miles. Turn south 3/4 mile on a dirt lease road, then 1/4 mile east to the location. Existing roads to be repaired are indicated on Exhibit A in red.

2. Planned access roads.

No new access roads will be required.

3. Location of existing wells.

All existing wells within one mile radius are shown on Exhibit B.

4. Location of tank batteries and flow lines.

Production facilities (tanks, separators, treaters) will be located off the northeast corner of the drilling pad, as indicated in Exhibit "C".

5. Location and type of water supply.

Fresh and brine water will be hauled from Eunice by a commercial trucking company.

6. Source of construction materials.

Caliche will be obtained from an existing pit located in Sec. 18, T22S, R37E, as shown on Exhibit "A".

7. WASTE DISPOSAL

- a. Drill cuttings will be disposed of in the reserve pit.
- b. Drilling fluids will be allowed to evaporate in the reserve pit until the pit is dry.

- c. Trash, waste paper, garbage and junk will be burned or buried with a minimum of 24" cover. Waste material will be contained to prevent scattering by wind prior to ultimate disposal.
- d. Any produced water will be contained in tanks and be disposed of in an approved manner. Oil produced will be stored in tanks until sold, at which time it will be hauled from location.
- e. Current laws and regulations pertaining to disposal of human waste will be complied with.
- f. If productive, maintenance waste will be placed in special containers and buried or hauled away periodically.

8. ANCILLARY FACILITIES

No camps, airstrips, etc. will be constructed.

9. WELLSITE LAYOUT

- a. Size of Drilling Pad: 220' x 150' x 6"
- b. Compacted - Caliche
- c. Surfaced - No.
- d. 400' square area around wellsite has been cleared by archaeologist.
- e. See Exhibit "C".

10. RESTORATION OF SURFACE

Producing Well - all pits will be cut, filled, and leveled as soon as practical to original condition with rehabilitation to commence following removal of drilling and completion equipment. Rehabilitation to be completed in 180 days if possible.

Dry Hole - same as above with dry hole marker to be installed and surface reseeded if required.

11. OTHER INFORMATION

- a. Terrain - Flat plain with very small depressions caused by wind erosion.
- b. Soil - Sandy loam underlaid by caliche.
- c. Vegetation - Mesquite bushes and various grasses.
- d. Surface Use - Grazing
- e. Ponds and Streams - None
- f. Water Wells - None
- g. Residences and Buildings - None
- h. Arroyos, Canyons, etc. - None
- i. Well Sign - Posted at drillsite
- j. Open Pits - All pits containing liquid or mud will be fenced.
- k. Archaeological Resources - No known archaeological, historical, or cultural sites exist in the drill or road areas.

12. OPERATOR'S REPRESENTATIVE

Field personnel responsible for compliance with development plan for surface use is:

M. F. Nelson, Engineer
P. O. Box 603
Hobbs, NM 88240
Office Phone: 505/393-2937

13. Certification: The following statement is to be incorporated in the plan and must be signed by the lessee's or operator's field representative who is identified in Item No. 12 of the plan.

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 ZIA ENERGY, INC. and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

March 28, 1979
DATE

M. F. Nelson President
NAME AND TITLE

ATTACHMENT TO FORM 9-331C

APPLICATION FOR PERMIT TO DRILL

LEASE Federal WELL NO. 1
LOCATION 2310' FSL and 2310' FWL Sec. 17, T22S, R37E
POOL Wildcat
COUNTY Lea STATE New Mexico

The undersigned hereby states that Zia's representative, Mr. M. F. Nelson, personally contacted Mr. Millard Deck, the owner/lessee of the surface land where the proposed work is to be conducted and advised him of the proposed work, the construction site and pertinent roads included in the project. It is further stated that, upon being fully advised of the extent of the work and the effect upon the surface, said owner has consented to the said work and that agreement as to the compensation for damages to the surface estate has been reached.

If the well is a producer, all pits will be cut, filled and leveled as soon as practical after the pits are dry. If the well is a dry hole, pits will be filled as above, a dry hole marker will be installed, and the location, pad and road will remain intact.

M F Nelson
M. F. Nelson
Engineer

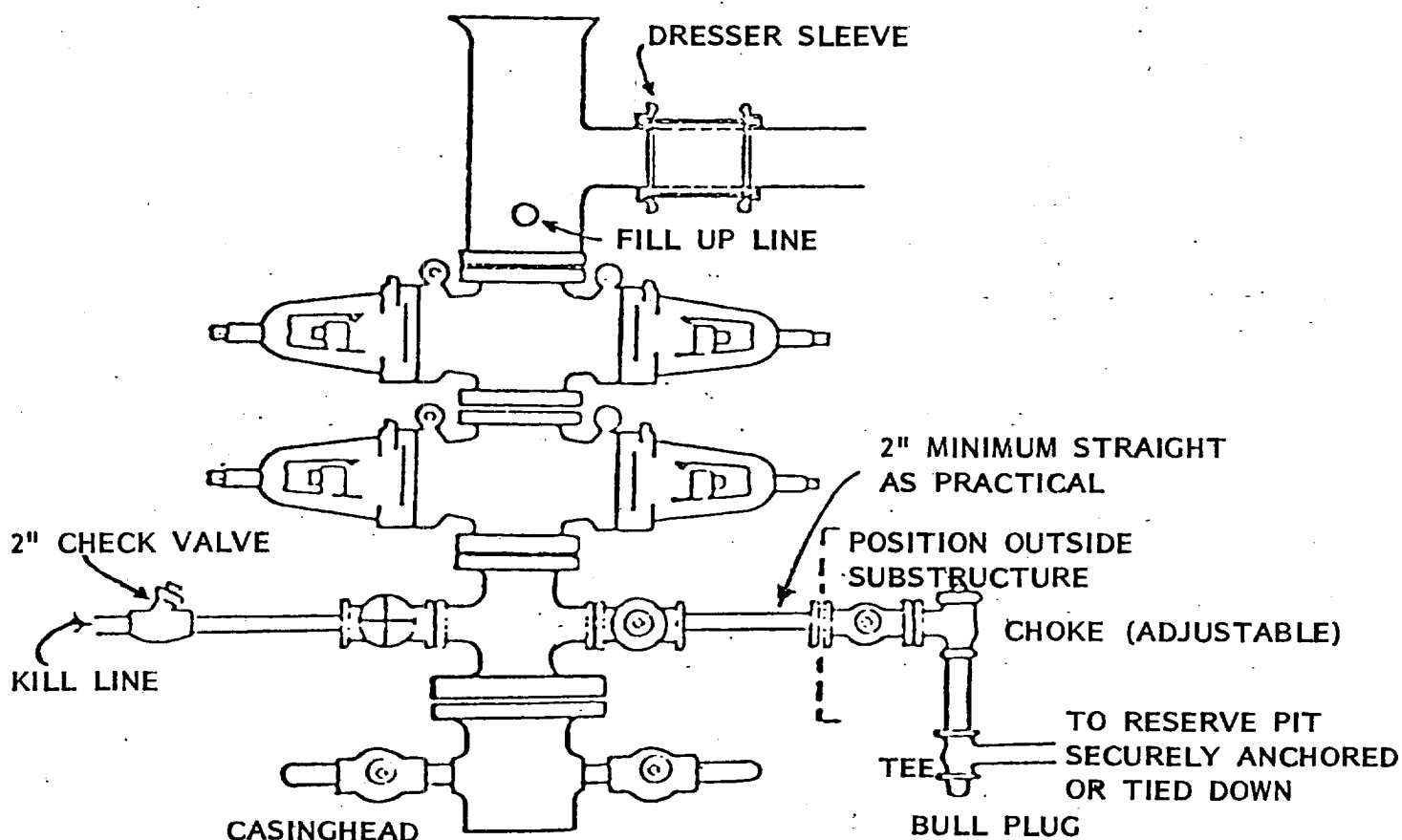
March 28, 1979
Date

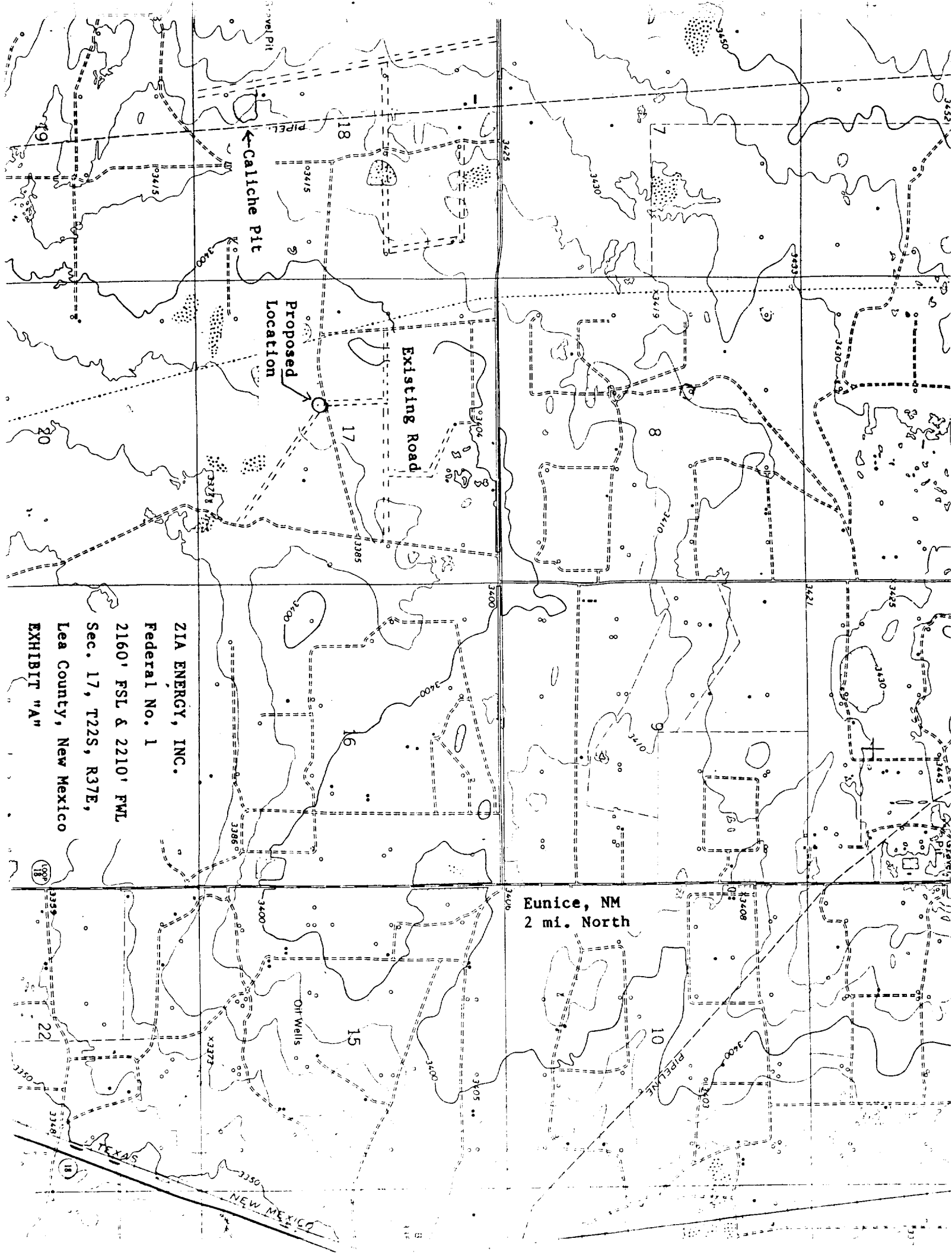
1. All equipment must be in good condition, 2,000 psi W.P. (4,000 psi test) minimum.
2. Bell nipple above blowout preventer shall be same size as casing being drilled through.
3. Kelly cock to be installed on kelly.
4. Pull opening safety valve 2,000 psi W.P. (4,000 psi test) minimum must be available on rig floor at all times with proper correction or subs to fit any tool joint in string.
5. Spool or cross may be eliminated if connections are available in the lower part of the blowout preventer body.
6. Double or space saver type preventers may be used in lieu of two single preventers.
7. BOP rams to be installed as follows: *

Top preventer	-	Drill pipe or casing rams
Bottom preventer	-	Blind rams

*Zia superintendent may reverse location of rams.

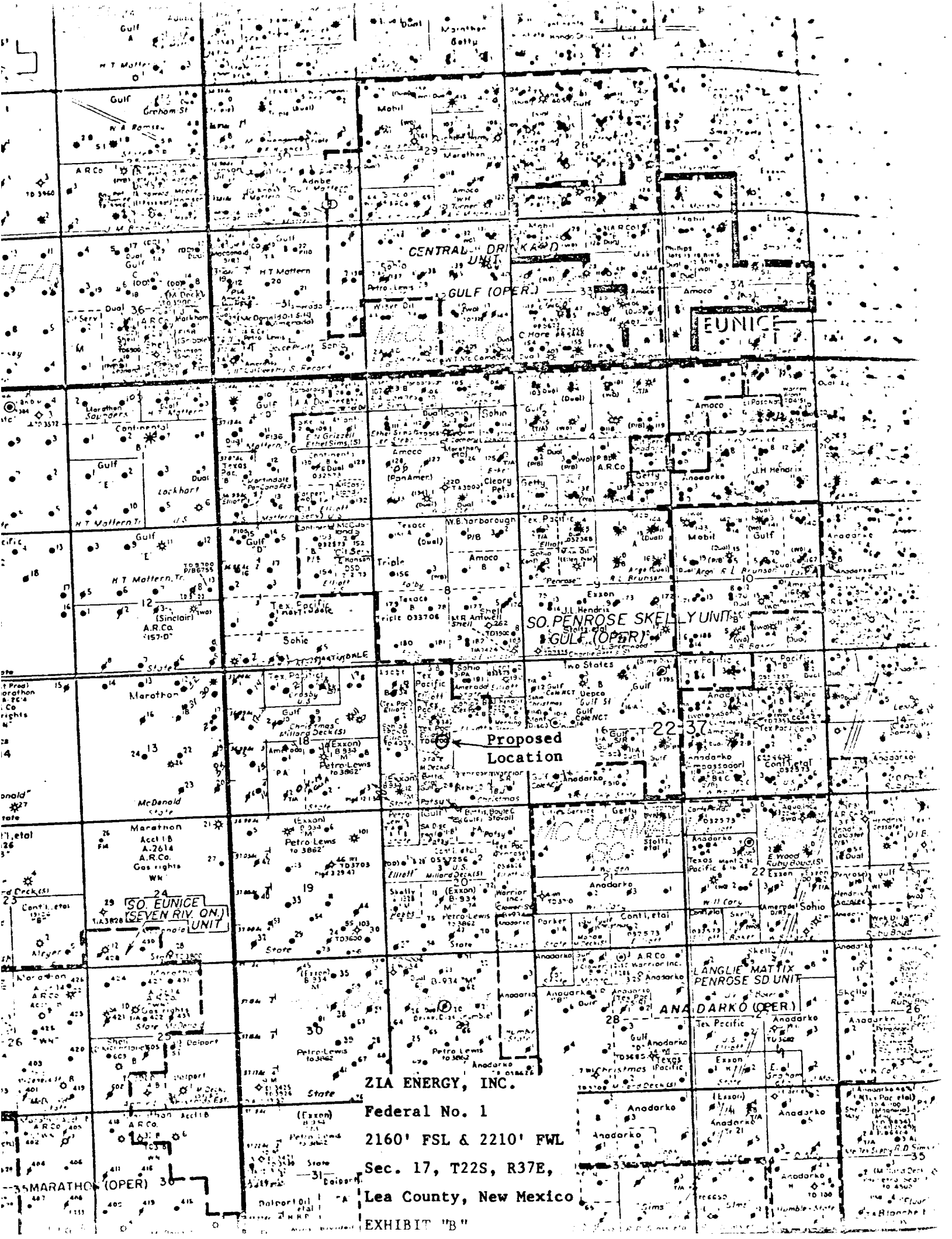
8. Extensions and hand wheels to be installed and braced at all times.
9. Manifold valves may be gate or plug metal to metal seal 2" minimum.





ZIA ENERGY, INC.
Federal No. 1
2160' FSL & 2210' FWL
Sec. 17, T22S, R37E,
Lea County, New Mexico
EXHIBIT "A"

Eunice, NM
2 mi. North



ZIA ENERGY, INC.

Federal No. 1

2160' FSL & 2210' FWL

Sec. 17, T22S, R37E,

Lea County, New Mexico

EXHIBIT "B"

DRILL SITE DIMENSIONS

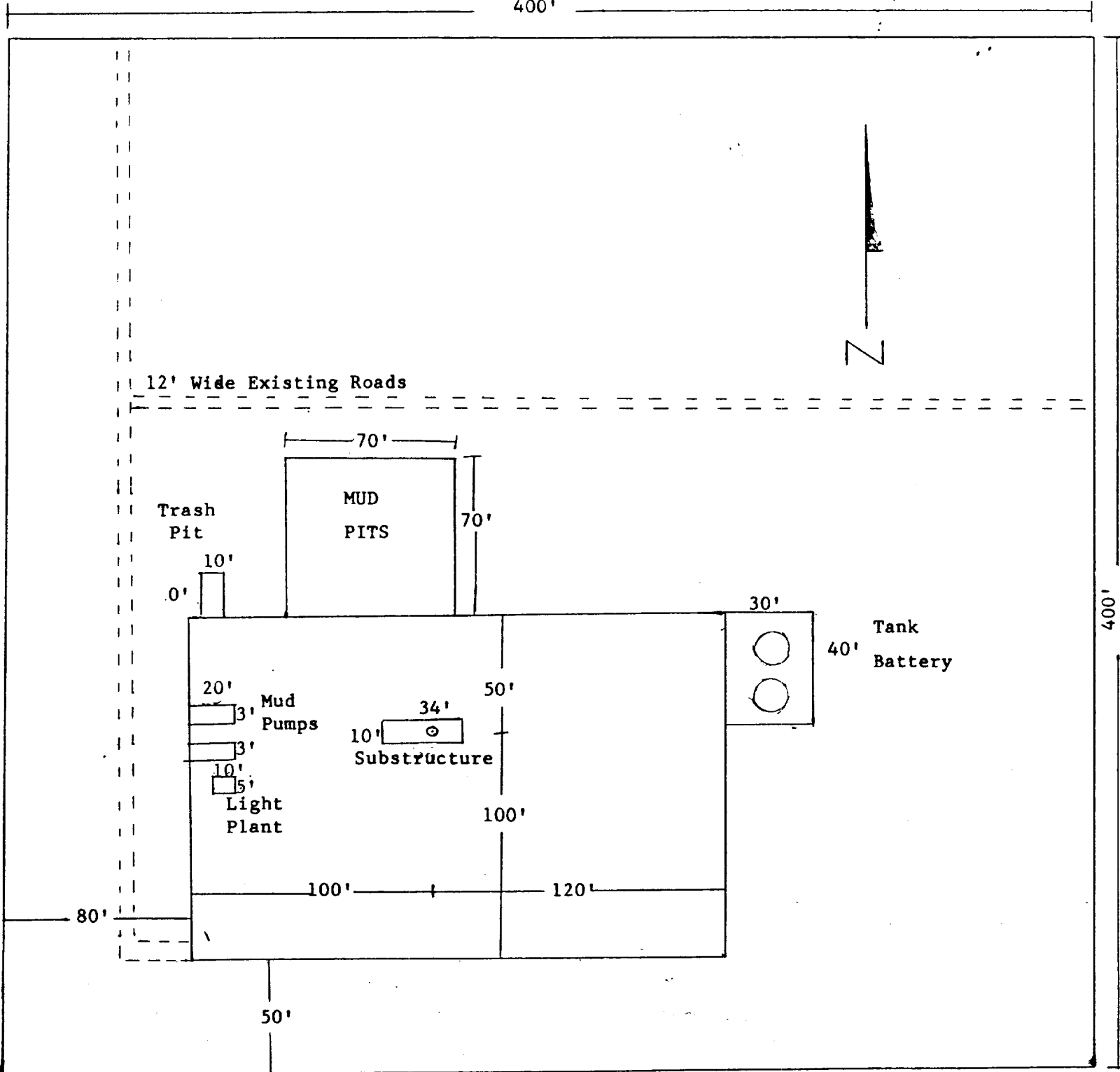


EXHIBIT "C"

ZIA ENERGY, INC.