

SURFACE USE AND OPERATIONS PLAN
Melrose Operating Co.
Closson B Federal # 39
2310' FNL, 2310' FEL
Unit G, Sec. 30, T22S, R36E
Lea Co., NM

1. Existing Roads:

- A. The well site and elevation plat for the proposed well is shown in Exhibit #1. It was staked by Dan Reddy, Carlsbad, New Mexico.
- B. All roads to the location are shown in Exhibit #3A& B. The existing roads are labeled and upgrading of the road prior to drilling will be done where necessary as determined during the onsite inspection.
- C. Directions to location: S. of Eunice on Hwy. 207 ~ 4 M to Delaware Basin Road . Turn right & go 13 M on Delaware Basin. Turn left at Melrose gate # 4 (combo 0001). Stay left and go immediately N. Go .25 M and turn right and go straight (East) and follow road to Closson # 25. Go straight to location.
- D. Routine grading and maintenance of existing roads will be conducted as necessary to maintain their condition as long as any operations continue on this lease.

2. Proposed Access Road:

Exhibit #3A&B show the existing road.

~859' of new road will be needed. Access road is shown on Exhibit #3 A & B.

3. Location of Existing Wells:

Exhibit #4 shows all existing wells within a one-mile radius of this well.

4. Location of Existing and/or Proposed Facilities and ROW's:

- A. If the well is productive:
 - 1. The well will be tested and a flowline will be laid to the existing Closson B battery # 2 beside the existing road. ROW shown in exhibit 3C.
 - 2. Any battery improvements necessary will be done on the existing battery #2 . The location of the battery is shown in exhibit 3D.
 - 3. A Power line will be built to location from the existing line shown in exhibit 3C. ROW is shown in exhibit 3C.
- B. If the well is productive, rehabilitation plans are as follows:
 - 1. The reserve pit will be back-filled after the contents of the pit are dry (within 120 days after the well is complete).
 - 2. Topsoil removed from the drill site will be used to raconteur the pit area to the original natural level, as nearly as possible, and reseeded as per BLM specifications.

