

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

KENSON OPERATING COMPANY, INC.

No. 122 Langlie Jal Unit

1404' FNL & 1206' FEL Sec. 17, T25S, R37E

Lea County, New Mexico

Federal Lease No. LC-032511 (c)

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 A is a portion of a road map showing the location of the proposed well as staked. The well is approximately one air mile northeast of Jal, New Mexico.
- B. Directions: Travel east out of Jal, New Mexico on State Highway #128, approximately $\frac{3}{4}$ mile. Turn north on caliche county road. Travel 1.0 mile north, turn west on lease road. Travel $\frac{1}{3}$ mile southwest to location.

2. PLANNED ACCESS ROAD:

- A. Length and Width: The new road will be about 600' long and about 12' wide.
- B. Surfacing Material: The new road and well pad will be surfaced with 6" of existing surface material supplemented with caliche where necessary.
- C. Maximum Grade: Less than 1%.
- D. Turnouts: No traffic turnouts are necessary.
- E. Drainage Design: The road will be constructed with a 6" crown to provide proper drainage.
- F. Culverts: None necessary.
- G. Cuts and Fills: Construction of the drill pad will require 2' of cut with 2' of fill. Surface soil will be stockpiled on the edge of the location for use in rehabilitating the disturbed area.
- H. Gates, Cattle Guards: None necessary.

2. LOCATION OF EXISTING WELLS:

- A. See Exhibit B

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3. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

- A. The flow line for the Langlie Jal Unit No.122 well will travel down existing lease roads ½ mile to the north where the existing Langlie Jal Unit production satellite #2 is located.
- B. The power line will be constructed from the Langlie Jal Unit No. 122 well, to the existing lease power line located east of the pad. See Exhibit E.

4. LOCATION AND TYPE OF WATER SUPPLY:

- A. Fresh water for drilling from surface to 500'+- will be obtained from a commercial source and trucked over existing roads. Lease brine water will be used to finish drilling and completing.

5. SOURCE OF CONSTRUCTION MATERIALS:

- A. Any caliche necessary for surfacing the road and pad will be purchased from a federal pit located in the NW/4 of Sec.6, T25S, R37E.

6. 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 the pits are dry.
- C. Water produced during test will be disposed of in the drilling pits. Oil produced during test will be stored in test tanks until sold.
- D. Current laws and regulations pertaining to the disposal of human waste will be compiled with.
- E. Trash, waste paper, garbage, debris or junk will be removed from the wellsite within 30 days after finishing drilling and/or completion operations.

7. ANCILLARY FACILITIES:

- A. None required.

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8. WELL SITE LAYOUT:

- A. The wellsite, surrounded by a 400' x 400' area has been surveyed and flagged.
- B. Dimensions and relative location of the drill pad and pit are shown on Exhibit C.

9. 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 the 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 they are filled.
- C. If the well is nonproductive, the disturbed area will be rehabilitated to surface owner requirements and will be accomplished as expeditiously as possible.

10. OTHER INFORMATION:

- A. Topography: The wellsite and access road are flat.
- B. Soil: The surface soil is fine with occasional caliche and chert inclusions.
- C. Flora and Fauna: Vegetation consists of oak shinnery, mesquite, sagebrush, yucca, and various weeds and grasses. Ground cover is about 15%. Wildlife in the area is that typical of semiarid desert land, such as coyotes, rodents, reptiles and birds.
- D. Ponds or Streams: None.
- E. Residences and Other Structures: None in this area.
- F. Archaeological, Historical and Other Cultural Sites: An Archaeological report is being furnished to BLM under separate cover directly from an Archaeological Survey Consultant.
- G. Land Use: The surface is used for cattle grazing.
- H. Surface Ownership: The drillsite and access road are located on federal surface. The grazing lessee is Jal Public Library Trust/Woolworth Trust.

11. OPERATOR'S REPRESENTATIVE:

Representative responsible for assuring compliance with the approved Surface Use Plan: M. A. Sirgo, III

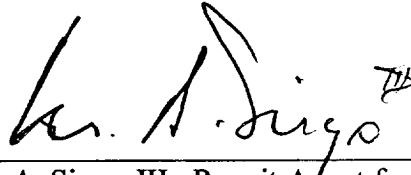
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12. CERTIFICATION:

I hereby certify that I, or person 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; that the work associated with the operations proposed herein will be performed by Kenson Operating Company, Inc. and its sub-contractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

Date:

6/6/01

A handwritten signature in black ink, appearing to read "M. A. Sirgo" with a stylized flourish at the end.

M. A. Sirgo, III Permit Agent for:
Kenson Operating Company, Inc.