

DEVELOPMENT PLAN FOR SURFACE RESUME

COMPANY:

Basin Fuels, Incorporated
Suite 300, 300 W. Arrington
Farmington, N.M. 87401

WELL:

McCollum No. 2
330' FSL, 990' FEL
Sec. 12, T20N, R6W
McKinley County, New Mexico

1. Location and vicinity map, San Juan Engineering Company, Exit Highway 44, 22 miles northwest of lease. Directions to site: at Counselor, N.M. turn right, go 4.5 miles to cross-road, left at cross-road, on Ojo Encino Road go 14.5 miles; at this point, trail off main road, go south 3 miles to site.
2. No roads required; only slight improvement of existing trail will be required.
3. Eight producing wells, located in the SW SW Sec. 7, SE NW Sec. 7, NW SW Sec. 7, and NW NW Sec. 18, Township 20 North, Range 5 West; SE SE Sec. 12, Township 20 North, Range 6 West, SW NE Sec. 7, Township 20 North, Range 5 West; SE NE Sec. 12, Township 20 North, Range 6 West; and NE NE Sec. 13, Township 20 North, Range 6 West.
4. Roads shown on vicinity plat and location plat.
5. In the event of production, tank battery to be installed on location.
6. Water will come from lease. (Water produced in association with oil production).
7. All trash and waste material to be placed in mud pit and covered. No other surface to be used.
8. None.
9. None.
10. Rig layout shown on plat attached. Area is flat with sagebrush. Drilling pad to be compacted.
11. Upon completion of drilling or producing operation, the surface will be leveled and restored in accordance with instructions from appropriate governmental agency.
12. Area is flat, covered with sagebrush. Drillsite to be compacted, and upon completion of operation will be leveled and restored.