

DEVELOPMENT PLAN FOR SURFACE USE

To be attached to Application to Drill a test well for oil or gas to be located 1650' FNL and 330' FEL section 24, T16N-R10W, McKinley County, New Mexico. The Federal Lease number is NM 12201. The well is to be known as William G. Gill, No. 6 Marcelina.

This well will be drilled by a light-weight, truck-mounted Failing 1500 type rig.

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

On Map No. 1, the locatable reference point is the Albers Ranch Headquarters, approximately 11 1/2 miles southwest of Hospah, New Mexico, on the Borrego Pass - Hospah road. This is the main access road. The point of exit from this road is 1/2 mile northeast of the Albers Headquarters.

2. Planned access roads.

No new road construction is contemplated. If necessary, some slight grading in the vicinity of the well may be performed.

3. Location of existing wells.

Map 1 shows the location of the proposed well and all wells within a 1 mile radius.

4. Location of existing and proposed facilities controlled by operator.

A. A 500bbl tank is located about 70 feet North of #1 Marcelina well.

B. In the event of production the tank battery will be located some 50 feet North of the well and is shown on Map 2. Also shown is flow line from well to tanks.

C. Well head and pump jack will be fenced. All disturbed areas will be restored to natural state.

5. Location and Type of Water.

Water for drilling operations will be taken from the Tesoro Petroleum pond at Hospah. Trucks will haul water to the well. No water lines will be needed.

6. No construction materials will be needed.

7. Methods for Handling Waste Disposal.

Upon completion of the well, all waste material will be placed in the pit, covered over and buried. See map 2.