

Walter W. Krug DBA Wallen Production Co.

Development Plan For Surface Use

Wallen Nadine #2 Well
1980' FWL and 660 FSL
Section 23,T 19 S,
R 38 E, Lea County,
New Mexico

The following discussion answers the items 1 thru 12, concerning the above subject well.

1. AERIAL MAP

Plat #1 is a portion of a USGS topographic map, Lea County, New Mexico, showing existing roads. The location is approximately 2 miles S of Hobbs. The location is along highway 18.

2. LOCATION OF EXISTING
WELLS

Plat #2 shows all of the wells and dry holes within a one (1) mile radius of the proposed location.

3. PROPOSED WELL
LOCATION

Plat #3 shows the rig location with North orientation marker.

a. Mat size is 210' x 145.

b. Surfaced with 8" of compacted, watered and leveled caliche from Jack Wright quarry.

c. Pit is 125' x 140' x 5' deep.

d. Cut and Fill isn't necessary, here the location is nearly level and only requires caliche.

e. Entrance road is 660; long and comes off of road going to Nadine #1.

f. SETTING AND ENVIRONMENT

1. Terrain is gently rolling sand (see Plat # 1).

2. Soil is a very rocky loam.

3. Vegetation is grass, mesquite, grama grass, spanish dagger, general desert weeds and sand burrs.

4. Surface use is for grazing.

5. Other the area is nearly flat semiarid desert country and is probably considered a low environmental risk area. There should be very little (if any) environmental effect of drilling and producing in this vicinity.