

13 Point Land Use Plan

1. Existing Roads - A small scale map is attached (**Exhibit #1**) which shows the location of this well in relation to Malaga and Loving, New Mexico. A larger topographical map is (**Exhibit #2**) shows the location of the well in relationship to US Highway 285, which is the nearest paved road.
2. Planned Access Roads - We propose a 290' caliche road from US 285, which is shown on Exhibit #3. Either a cattle guard or gate will be installed.
3. Location of Existing Wells - This is the first well on a new lease. The nearest offset producer is a gas well approximately ½ mile to the SSW. There are no exploratory wells presently being drilled within a two-mile radius.
4. Location of Tank Batteries, Production Facilities & Lines -
 - We anticipate gas production from the Morrow and Atoka, with minimal produced oil or water. We will build a battery with two 210 Bbl steel tanks, one for oil and one for water. We will also have a Stack-Pack separator on location.
 - All produced fluids will be hauled off lease by road. There are no plans for oil pipelines, LACT units or SWD lines.
 - A gas flowline is proposed (**Exhibit #4, #5**) roughly parallel to US 285 to the nearest gas tie-in SSW of our location.
 - A power line runs along the US 285 right-of-way on the East side of the road. However, we do not anticipate a need for electrical service on the lease at this time.
5. Location & Type- of Water Supply - Malaga Water Users in Malaga, NM will supply fresh water to be used at this drilling site. Salt water will be trucked from Carlsbad by Permian Corp.
6. Source of Construction Material - Primary source of caliche will be the reserve pit area of the new drilling location. There are several alternate caliche sources such as the pits in section 13, ESE of Malaga, or in section 17, WSW of Malaga.
6. Methods of Handling Waste Disposal - Enclosed drill site plat (**Exhibit #4**) indicates location of drilling pits, reserve pit & trash trailer. After sufficient time has elapsed to allow drilling fluids to dry, all pits will be closed and leveled. All trash and debris will be removed from the location.
7. Ancillary Facilities - There are no camps or airstrips planned.
8. Well Site Layout - The well site (see NMOCD C-102 Form) has been staked and is also indicated on the enclosed maps (**Exhibits #2, #3 & #4**). The drilling site is a sandy area, covered by sparse native vegetation (see color photos). The drilling pad will be covered with 6" caliche with measurements as per attached drawing. The drilling pad will blend in with terrain since the topography is gently rolling sand dunes.