

DEVELOPMENT PLAN

R & G Drilling Company
Phillips No. 67
800'FSL, 2220'FWL, Section 22-T28N-R11W
San Juan County, New Mexico

1. Existing roads shown on attached plat.
2. Planned access from existing road is approximately 400' to new location.
3. Location -
 See Above
4. No additional well is planned on this lease at this time.
5. Production equipment or storage facilities proposed for the well will be installed on location.
6. Water will be obtained from the San Juan River in the NW/4 Section 27-T29N-R11W
7. Waste materials will be buried on location or in reserve pit.
8. No permanent camp is planned. A trailer house will be used on location during drilling process.
9. No airstrip proposed.
10. See attached plat for layout.
11. Pits will be filled, location cleaned up, and area not in use for producing well will be reseeded using broadcast method of planting.

DEVELOPMENT PLAN

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12. Lessee's or operator's representative.

Ewell N. Walsh: 325-8203; Radio Dispatch 325-1873, Car 620.
Address: P. O. Box 254, Farmington, New Mexico 87401

13. CERTIFICATION:

I hereby certify that I, or persons 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; and, that the work associated with the operations proposed herein will be performed by: _____

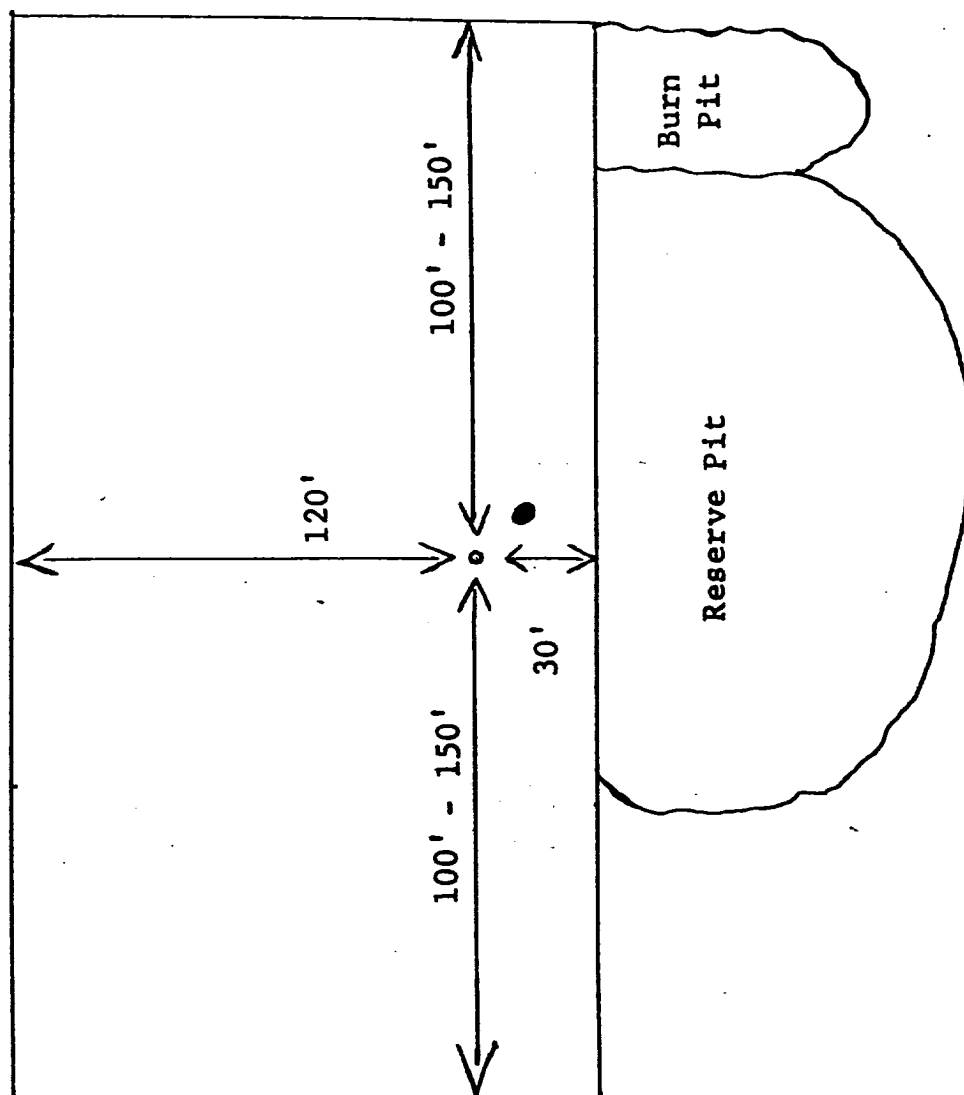
R & G Drilling Company

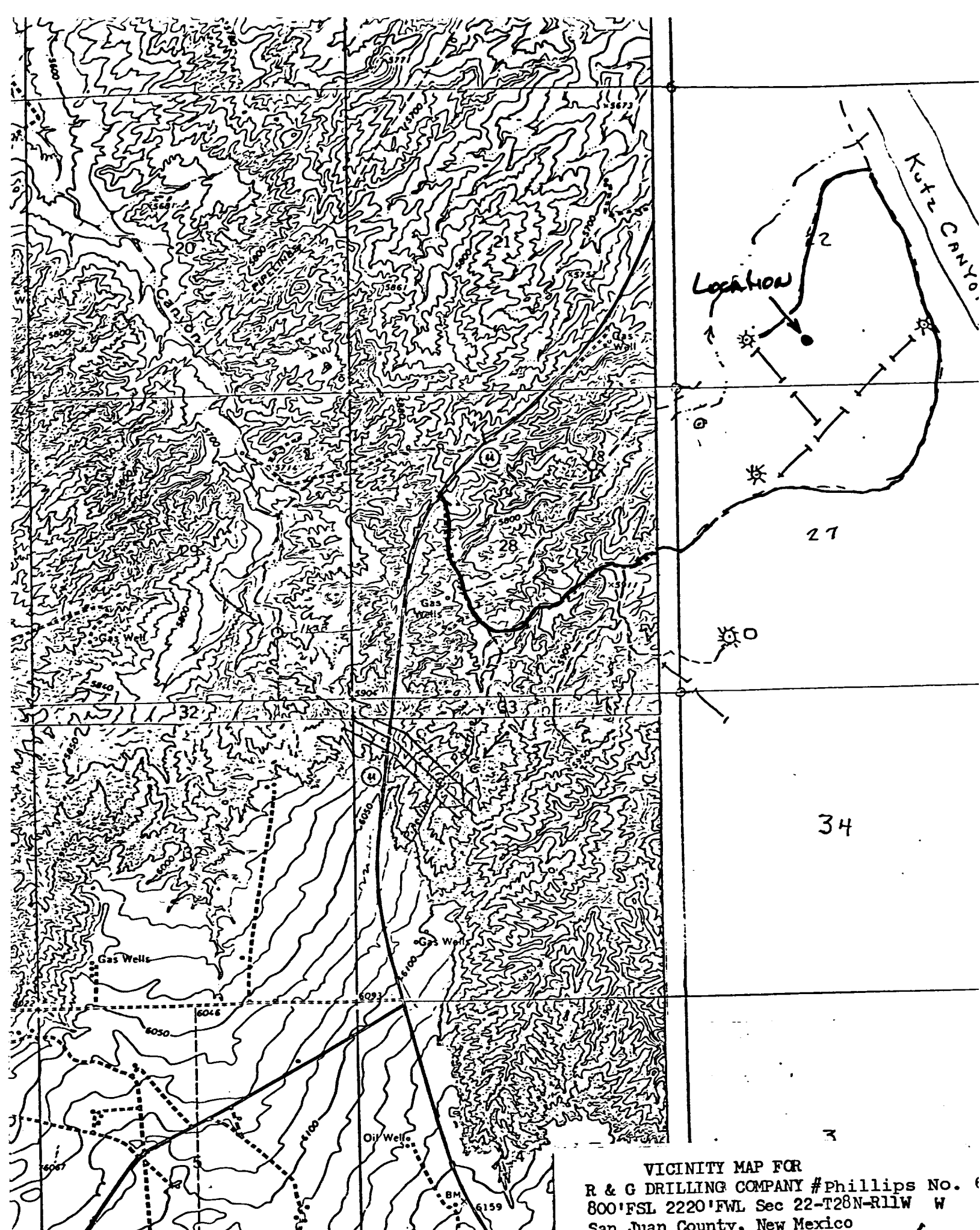
and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.



Ewell N. Walsh, P.E., President,
Walsh Engineering & Production
Corporation

Location Layout
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Seven Point Well Control Program

1. Surface Casing.
See Application for Permit to Drill.
2. Spools and Flanges
 - A. Surface Casing - Scwd Series 600, 2000 psi W.P.
 - B. Production, Scwd Series 600, 2000 psi W.P.
 - C. Tubing Head - Series 600, 2000 psi W.P.
3. Intermediate Casing.
None
4. Blowout Preventers
Production Hole - 8" 2000 psi
Fill, kill and choke manifold - 5000 psi W.P.
5. Addition Equipment (If necessary)
 - A. Kelly Cock
 - B. Bit Float
 - C. Degasser
 - D. Pit Level Indicator
 - E. Sub with Valve for Drill Pipe.
6. Anticipated Bottom Hole Pressure.
700 psi. Current mud program is for 9.2 lb./gal mud with hydrostatic head of psi at feet. Mud weight will be increased if necessary for higher pressures.
7. Drilling Fluid.
Native mud with gel-chemical for logging