



McClellan Oil Corporation

Re: Toles & McClellan
McCrea Federal No. 1
1980' FWL & 660' FSL
Section 31-T9S-R26E
Chaves County, New Mexico

The following is a Plan of Development for Surface Use required to drill the proposed well attached to this application.

1. Federal Highway 380 is approximately 5½ miles South of proposed well. A ranch road is in existence. This road will be used.
2. The proposed road will be the only road into the proposed drillsite.
3. It is possible that other roads will be necessary to the West and South if this test is successful.
4. Any production, if achieved, will be pumped into a tank battery located East of the test or if gas will be shut in, awaiting a connection.
5. Drilling water will have to be trucked in as there is no source of fresh water in area.
6. After completion of drilling operations all waste will be buried in a separate pit or hauled away.
7. Any produced brine water will be removed by truck in order to prevent contamination of any possible fresh water bearing sands in this area.
8. Only surface work to be done will consist of constructing approx. 1600' of new road, dig pit and set deadmen.
9. Negotiations for a connection will be made immediately upon completion.
10. An attached development plat indicates location layout, rig plan, etc.
11. In the event a dry hole is achieved, all pits will be filled and the location restored, as near as possible, to its original condition.
12. If production is achieved, pad and roads will remain in effect however pits will be filled and restored, as near as possible, to their original condition.