

ARMER OIL COMPANY
STEVENS FEDERAL #2 WELL
660' FNL & 1980' FEL SEC. 35-T17S-R30E
GRAYBURG JACKSON ON-GSG-SA FIELD
EDDY COUNTY, NEW MEXICO

ATTACHMENT TO APPLICATION FOR PERMIT TO DRILL

DEVELOPMENT PLAN FOR SURFACE USE

- I. Existing Roads - Existing road to be used includes approximately two miles of partially caliche road running in a southeasterly direction across federal land from a turn-off from the Lovington-Artesia Highway approximately 1-1/2 miles East of townsite of Loco Hills, New Mexico to General Operating Company's Stevens Federal #1 (dry hole) well located in SE/4 NE/4 Section 35-T17S-R30E.
- II. Planned Access Roads - Approximately 1000 feet of 12-foot wide caliche road will be built from the above referenced General Operating Company well to the proposed location. An additional 1500 feet of 12-foot wide caliche road will be built from the proposed location to Armer's General American Federal #1 well located in the NE/4 NW/4 Section 35-T17S-R30E.
- III. Location of Well - Proposed location is 660' FNL & 1980' FEL Section 35-T17S-R30E approximately 2-1/2 miles East and 1-1/2 miles South of townsite of Loco Hills, New Mexico. Topography includes sand with gentle undulations with no improvements thereon with vegetation primarily chinery.
- IV. Lateral Roads to Well Locations - No additional lateral roads will be built since this lease will only have two wells.
- V. Location of Tank Batteries and Flow Lines - Tank battery for Stevens Federal lease is located on pad with #1 well located on NE/4 NE/4 Section 35-T17S-R30E. Flow line from #2 well on Stevens Federal lease to lease tank battery will consist of 2" steel pipe installed on surface.
- VI. Locations and Types of Water Supply - Fresh water from commercial water company will be utilized to drill well.
- VII. Methods for Handling Waste Disposal - 50' x 100' reserve mud pit to be covered upon completion of well will be for disposal of drilling mud and cuttings. Paper and other debris will be placed in 8' x 20' burn pit.