

### THIRTEEN POINT PROGRAM

1. From Artesia go approximately 24.4 miles east on Federal Highway US-82 to Loco Hills, New Mexico. Turn left (north) in Loco Hills on County Road 217 and proceed .9 miles. From this starting point turn left (west) on dirt road for .6 miles, then turn right (north) for .1 miles, then turn left (west) .3 miles, then turn left (south) .2 miles. The lease road runs right through the middle of the pad and continues south to the tank battery.
2. PROPOSED NEW ROAD: No new roads are necessary since existing road runs through the drillsite.
3. LOCATION OF EXISTING WELLS: The nearest production to the proposed well is the Holder CB #2 well located northwest of the proposed well. This well and all existing wells in the vicinity of the proposed drillsite are shown on Exhibits "B" and "C".
4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:
  - A. This is a producing lease and central tank battery is located in the NW/4 NW/4 of Section 17-17S-30E.
  - B. If the well is productive, flowline will be laid along the proposed and existing roadbeds to the battery.
  - C. There are powerlines on the lease, the closest pole being located approximately 350 feet west of the well location. The proposed electric powerline would be approximately 300 feet in length and run from the above referenced pole to a pole in the southwest corner of the well pad, which will have to be inserted. See Exhibit "E".
5. WATER SUPPLY: It is not planned to drill a water supply well. Water for leasehold operations will be purchased from a commercial water hauler.
6. CONSTRUCTION MATERIALS: Material for construction of the proposed new road and well pad will be obtained from either an existing approved caliche pit located on federal land in the SE/4 NE/4 of Section 14-17S-29E, or from the reserve pit.
7. WASTE DISPOSAL:
  - A. Drill cutting will be disposed of in the drilling pits.
  - B. Drilling fluids will be allowed to evaporate in the drilling pits until the pits are dry.