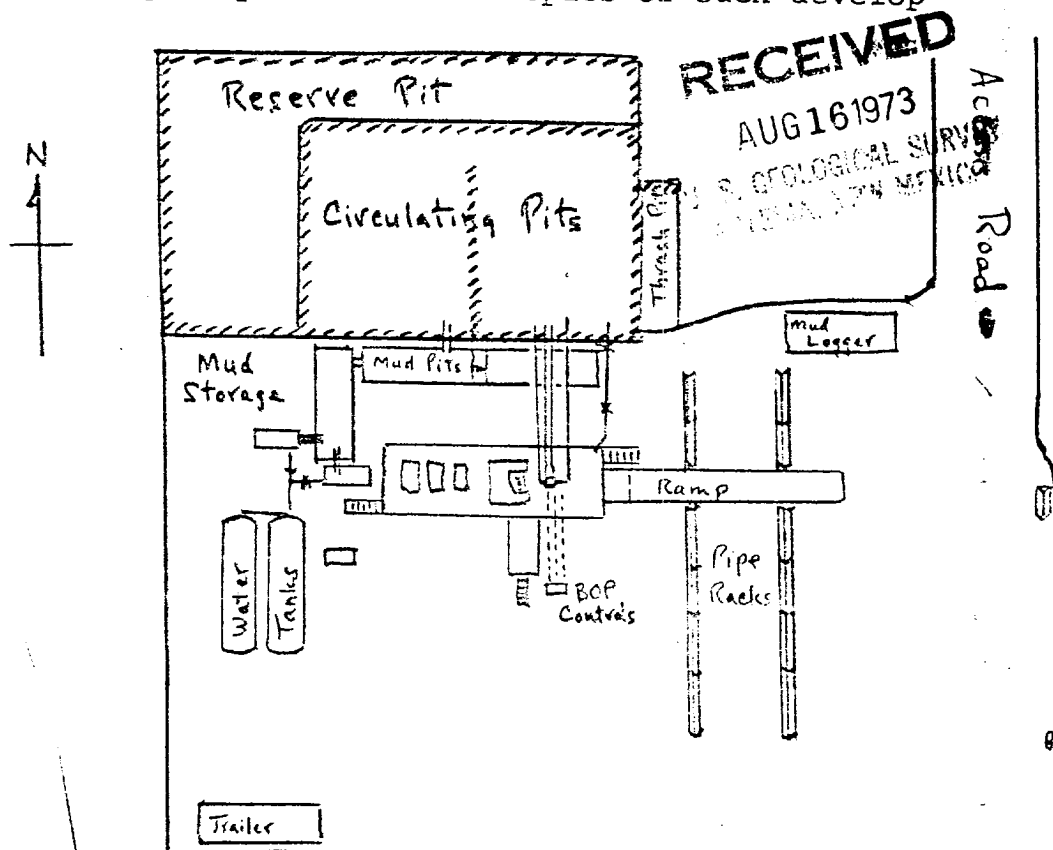


HONDO DRILLING COMPANY #1 KAISER LAKE UNIT, 660' FW & 545' FWL of Section 31, T-18-S,
R-27-E N.M.P.M., Eddy County, New Mexico

Development plan for surface use to accompany, "Applications to Drill Onshore Oil, Gas, or Geothermal Steam Wells on Public Domain and acquired Federal Lands:"

1. Existing roads. See attached topographic map. Roads are caliche and will be maintained as needed.
2. Planned access roads. See attached topographic map. Will build access road directly south from an existing road, 660 feet to the location. Access road and drilling pad will be caliche.
3. Location of well. See attached topographic map. Terrain is flat, has good drainage and a cover of salt cedar and tumbleweeds.
4. Lateral roads to wells locations. See attached topographic map. No lateral roads are proposed.
5. Location of tank batteries and flowlines. See attached topographic map. Tank site will be beside existing and access roads, above an elevation of 3270 ft., mean sea level, and protected by a sufficient dike to prevent pollution.
6. Locations and types of water supply. To be trucked.
7. Methods for handling waste disposal. Pits for mud; separate pit for trash and engine oil.
8. Location of camps. None.
9. Location of airstrips. None.
10. Location layout to include position of the rig, mud tanks, reserve pits, burn pits, pipe racks, etc. See sketch.
11. Plans for restoration of the surface. If dry hole, will erect marker and level pits. If producer, will fence and dike tank battery and pits, in accordance with the stipulations of the Bureau of Reclamation.
12. Any other information which the Approving Official considers essential to his assessment of the impact on the environment. Road and drill site presents minimum disturbance of the environment. Salt cedars and tumbleweeds are the only vegetation. The former, considered a water-thief, has been locally eradicated under Federal programs. The road and drill site were discussed with the grazing-rights lessee, Mr. Donald E. Fanning, who had no objection. The affected Federal and State surface managing agencies shall have access to or, if feasible, may be provided with copies of such development plans.



Scale 1 inch = 50 ft