

DEVELOPMENT PLAN FOR SURFACE USE

PENROC OIL CORPORATION, NO. **1**, DERO-FEDERAL **"A"** COMM.  
1980' FWL, 660' FSL, Section 35, T19S, R28E  
Eddy County, New Mexico

1. Existing Roads: See attached reproduction from USGS Oil City Quadrangle, marked Exhibit A.  
More recent caliche surfaced roads to nearest wells are indicated on map marked Exhibit B in yellow color.
2. Planned Access Roads: Refer to Exhibit B.  
The proposed location will be at the intersection of two roads alleviating the necessity to build an access road. Only a location pad will be constructed.
3. Location of Existing Wells: See Exhibit B.
4. Lateral Roads to Well Location: See Exhibit B.
5. Location of Tank Batteries and Flow Line:  
If well is productive and commercial, tank battery to be constructed on west side of drilling pad.
6. Location and Type of Water Supply:  
No water available in the immediate area. Water for drilling to be hauled to location by tank truck.
7. Methods for Handling Waste Disposal:  
All waste and debris to be placed in reserve pit and covered during final clean up.
8. Location of Camps: None.
9. Location of Airstrips: None.
10. Location Layout (Rig, pits, pipe racks, etc.): See Exhibit C.
11. Plans for Restoration of Surface: All pits to be filled and levelled.
12. Other Information:  
The terrain is sandy with some dunes with minimal vegetation. No creeks, gullies or washes present to require special consideration.