MULTI-POINT SURFACE USE AND OPERATIONS PLAN

Max Wilson, Inc.
Wildernhel No. 1
1,720' FSL & 920' FWL
Section 24, T. 20S, R. 21E
Eddy County, New Mexico
(Exploratory Well)

This plan is submitted with Form 9-331C, Application for Permit to Drill, covering the above described well. The purpose of this plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of necessary surface disturbance involved, and the procedures to be followed in rehabilitating the surface after completion of the operations, so that a complete appraisal can be made of the environmental effects associated with tne opertion.

1. EXISTING ROADS.

A. Exhibit A is composit BLM Quad-Color maps. Exhibit B is a portion of a USGS topographic map of the area on a scale of approximately 2.65 inches to the mile, showing the location of the proposed wellsite, and the roads in the vicinity. The proposed location is situated approximately 19 miles south of Hope, New Mexico, via the access route shown in red.

DIRECTIONS:

1. Proceed south from Hope (Shell Station) for 19 miles.
2. The new road will start at this point to the right (west) and continue for .3 mile to the site.

2. PLANNED ACCESS ROAD.

A. The proposed new access will be approximately .3 mile in length from point of origin to the edge of the drilling pad. The road will lie in a northwest to southeast direction.

B. The new road will be 12 feet in width (driving surface), except at the point of origin, adjacent to the existing road, at which point enough additional width will be provided to allow heavy trucks and equipment to turn.

C. The surface will be crowned, with drainage on both sides. No turnouts will be necessary.

D. The center line of the new road has been staked and flagged and the route of the road is clearly visible.

3. LOCATION OF EXISTING WELLS.

A. The well locations in the vicinity of the proposed well are shown in Exhibit C. There are no wells within a two-mile radius.

APPLICATION FOR DRILLING

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Eddy County, New Mexico

In conjunction with Form 9-331C, Application for Permit to Drill subject well, Max Wilson, Inc. submits the following ten items of pertinent information in accordance with USGS requirements:

1. The geologic surface formation is Permian.

2. The estimated tops of geologic markers are as follows:

San Andres	Surface
Glorieta	1450'
Abo	3450'
Wolfcamp	5000'
Cisco-Canyon	6350'
Strawn	7450'
Atoka	7750'
Morrow	8150'
Barnett	8500'

3. The estimated depths at which anticipated water, oil or gas formations are expected to be encountered:

   Water: Approximately 245 feet
   Oil or gas: Wolfcamp: approximately 5000'to 6350'
   Cisco-Canyon: approximately 6350' to 7450'
   Atoka-Morrow: approximately 7750' to 8500'

4. Proposed Casing Program: See Form 9-331C and exhibit F.

5. Pressure Control Equipment: See Form 9-331C and exhibit E.

6. Mud Program: See exhibit G.

7. Auxiliary Equipment: See exhibit H.

8. Testing, Logging and Coring Programs:

   Drill stem tests (all DST's to be justified by a valid show of oil):

Wolfcamp	5000'
Cisco-Canyon	6350'
Atoka-Morrow	7750'

   Logging:
   Logging unit from 4750' (basal Abo) to TD.
   Electric Log Program:
   Neutron Porosity Log
   Dual Induction Laterolog
   Proximity Log-Microlog

9. No abnormal pressures or temperatures are anticipated.

10. Anticipated starting date: As soon as possible.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES.

   A. There is no producing well on this lease at the present time.

   B. In the event that the well is productive, the necessary production facilities will be installed on the drilling pad. If the well is productive of oil, a gas or diesel self-contained unit will be used to provide the necessary power. No power will be required if the well is productive of gas.

5. LOCATION AND TYPE OF WATER SUPPLY

   A. It is planned to drill the proposed well with a fresh water system. The water will be obtained from commercial sources and will be hauled to the location by truck over the existing and proposed roads shown in Exhibits A and B.

6. SOURCES OF CONSTRUCTION MATERIALS.

   A. Any caliche required for construction of the drilling pad and the new access road will be obtained from an existing pit on federally owned surface shown on Exhibit A.

7. METHODS OF HANDLING WASTE DISPOSAL.

   A. Drill cuttings will be disposed of in the reserve pits.

   B. Drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry.

   C. Water produced during operations will be collected in tanks until hauled to an approved disposal system or a separate disposal application will be submitted to the USGS for appropriate approval.

   D. Oil produced during operations will be stored in tanks until sold.

   E. Current laws and regulations pertaining to the disposal of human waste will be complied with.

   F. Trash, waste paper, garbage and junk will be buried in a separate trash pit and covered with a minimum of 24 inches of dirt. All waste material will be contained to prevent scattering by the wind.

   G. All trash and debris will be buried or removed from the wellsite within 30 days after finishing drilling and/or completion operations.

8. ANCILLARY FACILITIES.

   A. None required.

9. WELLSITE LAYOUT.

A. Exhibit D shows the dimensions of the well pad and reserve pits, and the location of major rig components.

B. The ground surface at the drilling location is sloping down toward the north. Cutting will be required to level the pad area.

C. The reserve pits will be plastic lined.

D. The pad and pit area has not been staked and flagged.

10. PLANS FOR RESTORATION OF THE SURFACE.

A. After finishing drilling and/or completion operations, all equipment and other material not needed for further operations will be removed. The location will be cleared of all trash and junk, to leave the wellsite in as aesthetically pleasing a condition as possible.

B. Unguarded pits, if any, containing fluids will be fenced until they have been filled.

C. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the Bureau of Land Management and the United States Geological Survey will be complied with and will be accomplished as expeditiously as possible. All pits will be filled and leveled within 30 days after abandonment.

11. TOPOGRAPHY.

A. The wellsite and access route are located in a hilly area.

B. The top soil at the wellsite is rocky.

C. The vegetation cover at the wellsite is moderately sparse, with prairie grasses, some yucca, and miscellaneous weeds.

D. No wildlife was observed but it is likely that rabbits, lizards, insects and rodents traverse the area. The area is used for cattle grazing.

E. There are no ponds, lakes, streams, or rivers within several miles of the wellsite.

F. There is a ranch house approximately one mile southwest of the proposed site.

G. The wellsite is located on federal surface.

H. There is no evidence of any archaeological, historical, or cultural sites in the vicinity of the location.

12. OPERATOR'S REPRESENTATIVES.

A. The field representatives responsible for assuring compliance with the approved surface use plan are:

Max M. Wilson
Max Wilson, Inc.
901 Security National Bank
Roswell, NM 88201
Office: 505-623-0507
Home: 505-623-0452

C. E. Dorsey
Geologist
P.O. Box 1978
Roswell, NM 88201
Office: 505-623-0507
Home: 505-622-3576

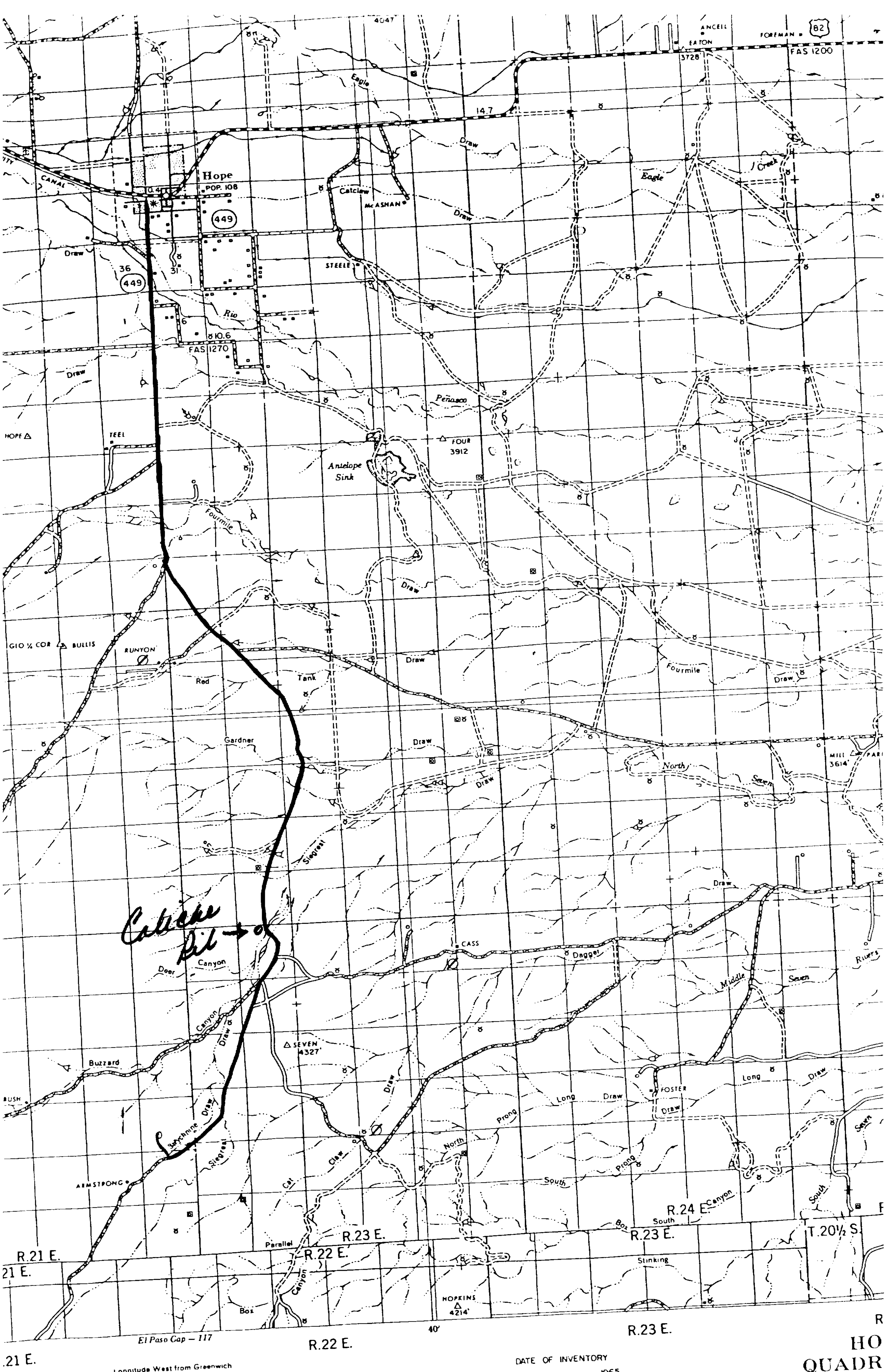
E. G. Durrett
Drilling Consultant
P.O. Box 4431
Odessa, TX 79763
915-337-5407

13. CERTIFICATION.

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Max Wilson, Inc. and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

6-4-97
Date

Max M. Wilson, President
Max Wilson, Inc.



Longitude West from Greenwich

Scale $\frac{1}{126720}$ or 1 Inch = 2 Miles

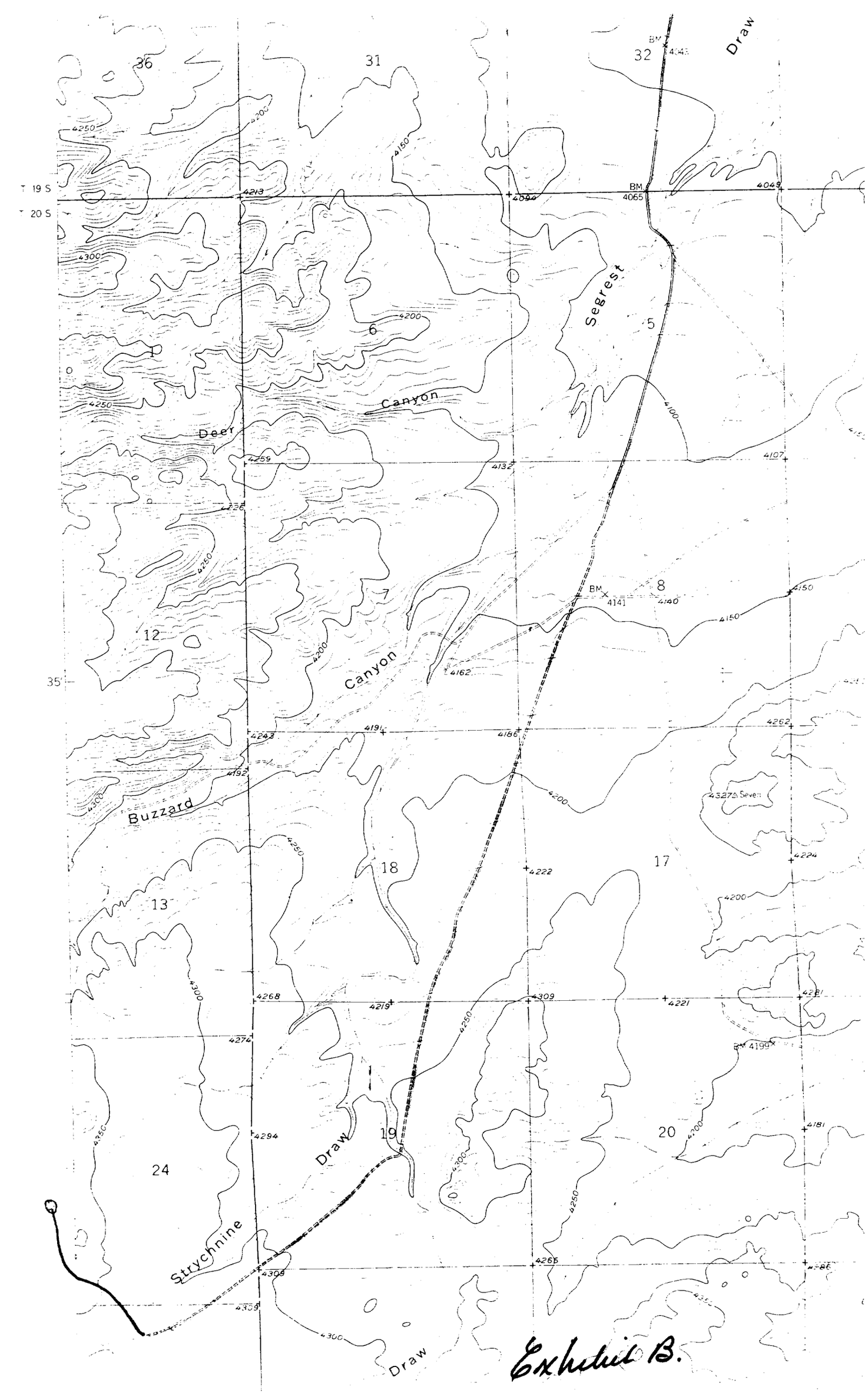
1 ½ 0 1 2 3 4

STATUTE MILES

DATE OF INVENTORY

EDDY COUNTY	1965
CHAVES COUNTY	1966
OTERO COUNTY	1966

Exhibit A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BM 4065
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4181
24
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4309
4265
4286
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Exhibit B.

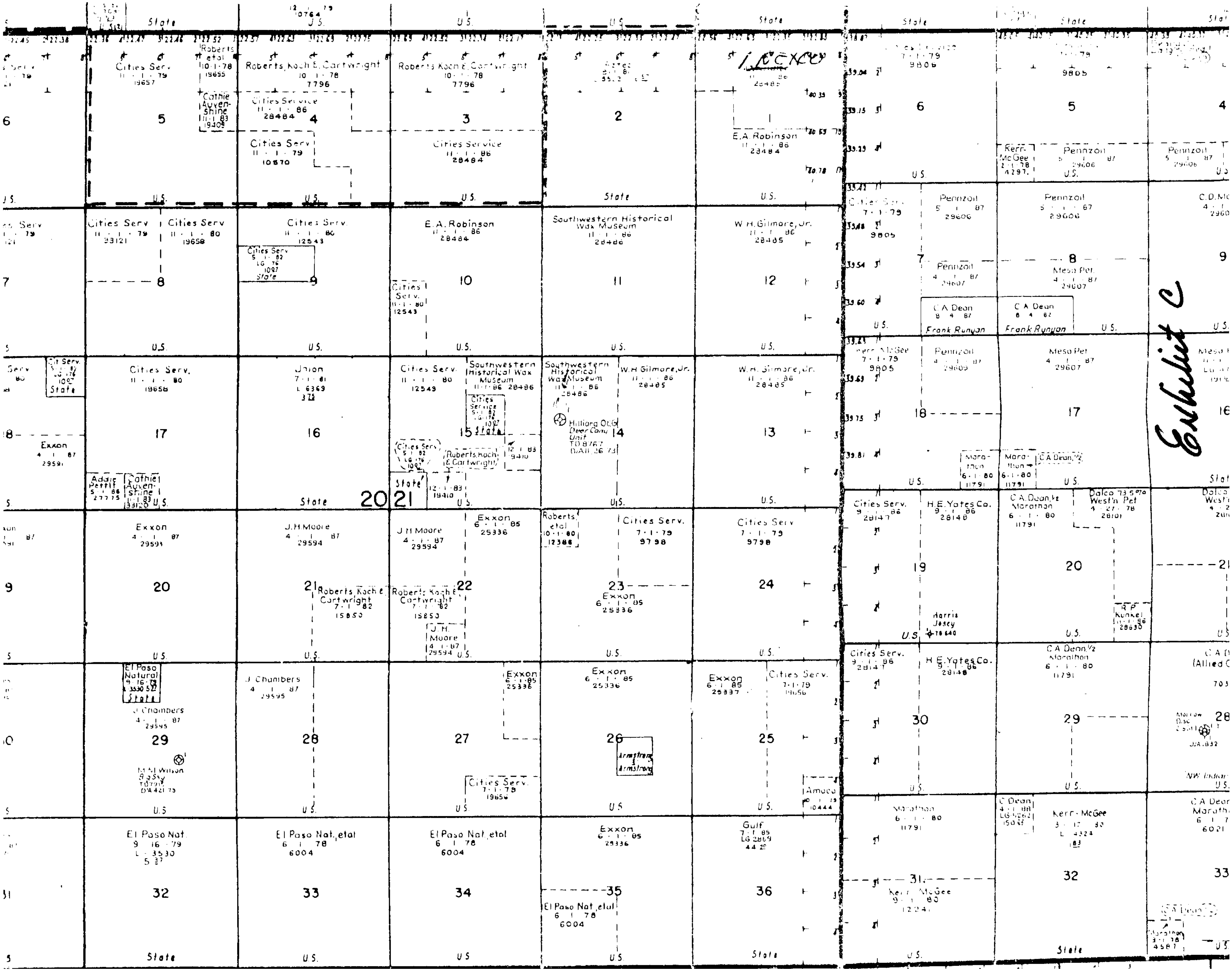
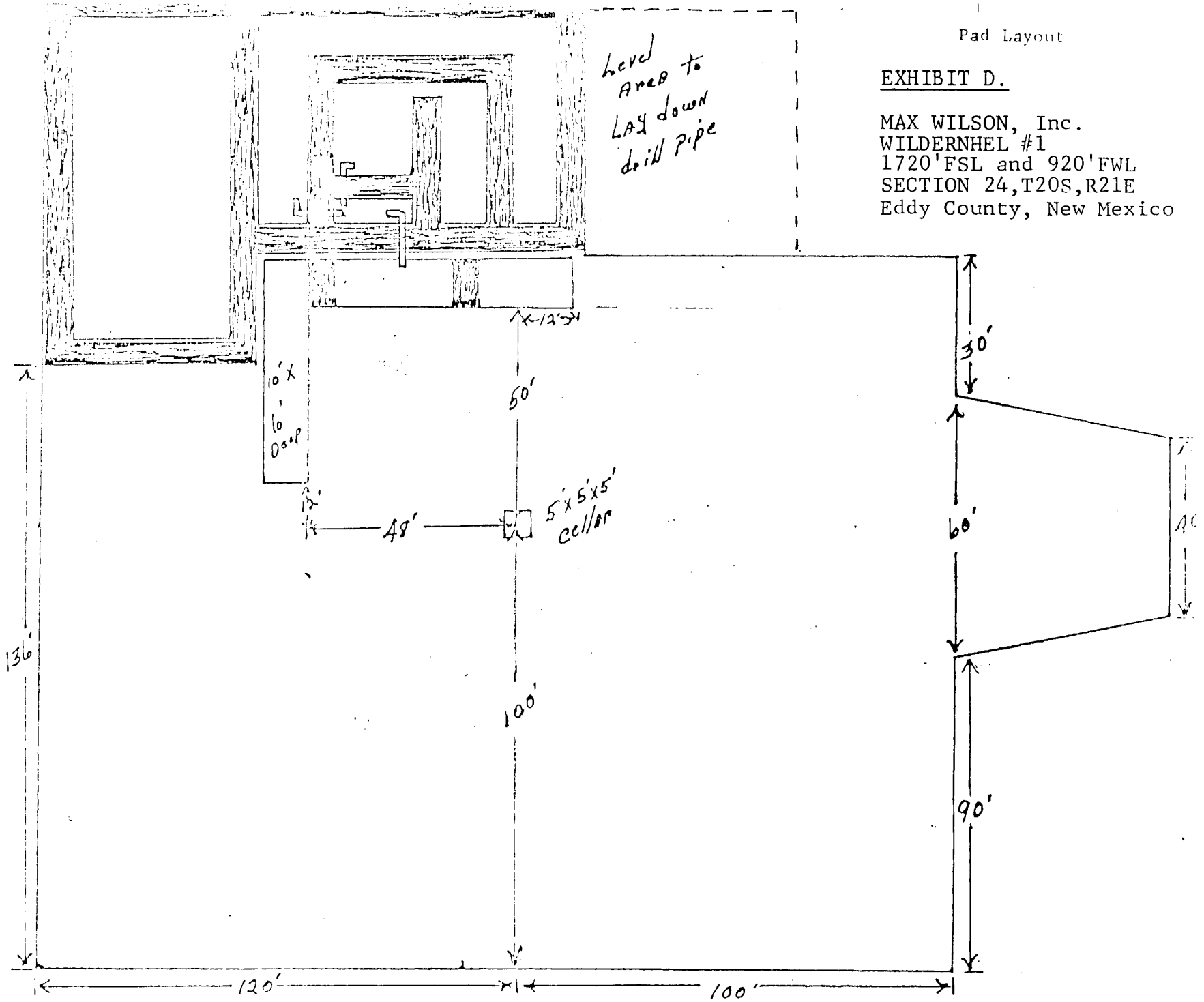

Cities Serv
Roberts etal
Cathie Auven-Shine
Roberts, Koch & Cartwright
Cities Service
Aztec
E.A. Robinson
Kerr-McGee
Pennzoil
C.D. Mc
Southwestern Historical Wax Museum
W.H. Gilmore, Jr.
Mesa Pet.
C.A. Dean
Frank Runyan
Union
Hilliard Oil & Gas Deer Canyon Unit
Exxon
Adair Pettit
Marathon
C.A. Dean ½
Dalco 73.5% West'n Pet
H.E. Yates Co.
J.H. Moore
Harris Josey
R.P. Kunkel
El Paso Natural
J. Chambers
M.M. Wilson
Armstrong
Amoco
Gulf
El Paso Nat., etal
El Paso Nat.
NW Indian
State
U.S.

Exhibit C

Pad Layout

EXHIBIT D.

MAX WILSON, Inc.
WILDERNHEL #1
1720'FSL and 920'FWL
SECTION 24,T20S,R21E
Eddy County, New Mexico



Blowout Preventer

EXHIBIT E

MAX WILSON, Inc.
WILDERNHEL #1
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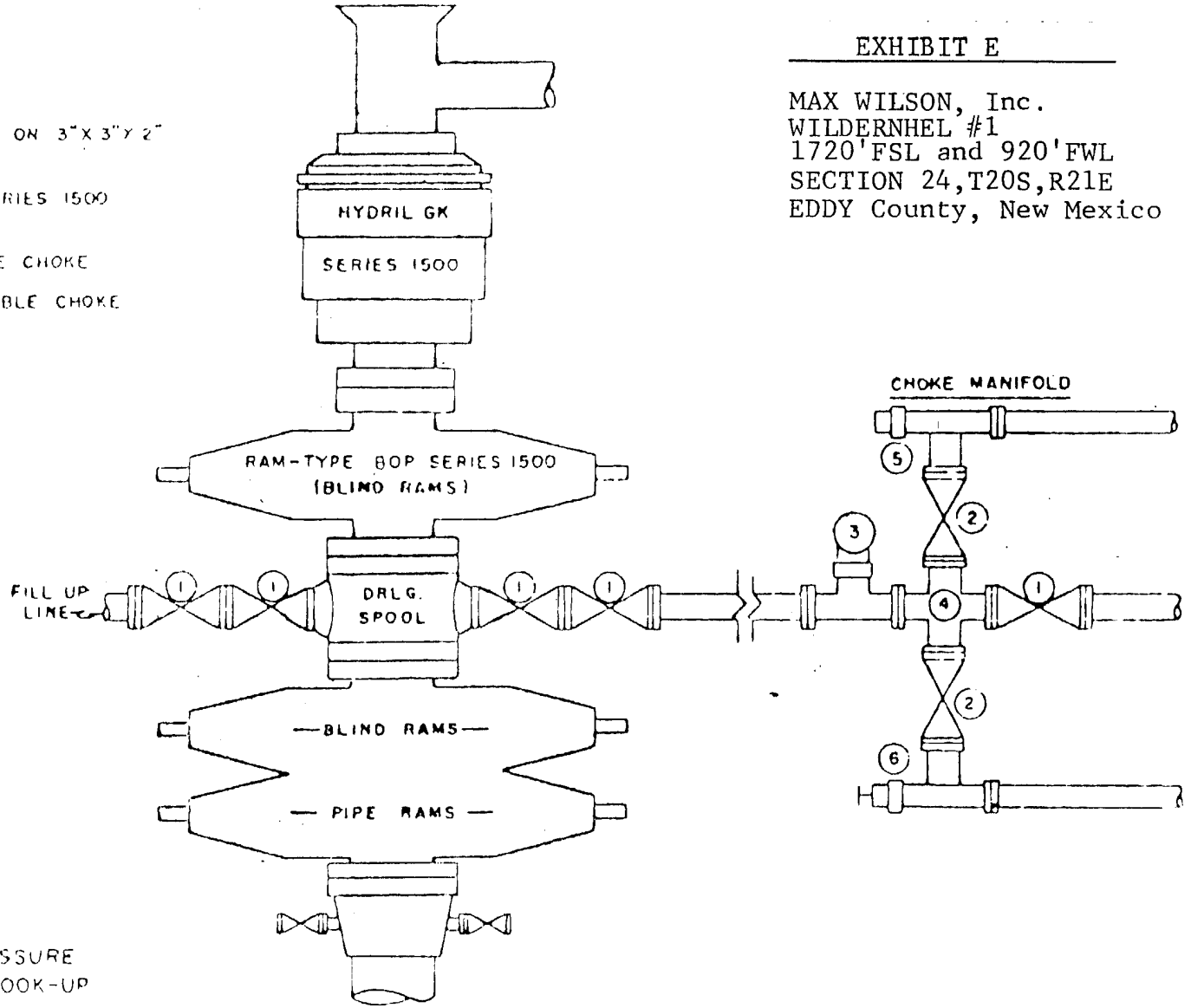
EDDY County, New Mexico

(1) 3" SERIES 1500 VALVE
(2) 2" SERIES 1500 VALVE
(3) 2" MUD PRESSURE GAUGE ON 3"X 3"X 2" SERIES 1500 STEEL TEE
(4) 3" SERIES 1500 X 2" SERIES 1500 STEEL CROSS
(5) 2" SERIES 1500 POSITIVE CHOKE
(6) 2" SERIES 1500 ADJUSTABLE CHOKE



5000 PSI WORKING PRESSURE
BLOWOUT PREVENTER HOOK-UP

(SERIES 1500 FLANGES OR BETTER)

MAX WILSON, Inc.
SUMMARY

DRILLING, DRILL STEM TESTS, CASING AND CEMENTING PROGRAM

1. Drill 17-1/2" hole to ~~30'±~~ 300'±. Will be at the San Andres at the surface.

2. Cement 13-3/8", 48# & 54.5# K-55 casing with 100 sacks circulated.

3. Release pressure immediately, nipple up and install BOP's. Test casing to 600 psi after 18 hours and drill out cement.

4. Drill 12-1/2" hole to 2000'± in Glorieta. Anticipated lost circulation zone at 800' to 2,000' with possibility of dry drilling.

5. Cement 8-5/8", 28# S-80 & 32# K-55 casing with 200 sacks Class "C" "Thickset", followed by 1000 sx. HOWCO Lite containing 5#/sk. Gilsonite and ¼#sk. Flocele and tail in with 200 sx. Class "C" containing 2% CaCl2 and ¼#sk. Flocele. Run guide shoe and insert float on bottom joint, and 3-6 centralizers. Weld first few joints of casing. Use one wooden plug to displace cement.

6. Release pressure immediately, nipple up and install BOP's. Test casing 1500 psi for 30 minutes after WOC 18 hours and drill out cement after 24 hours.

7. Drill 7-7/8"hole to total depth at 8700'. A fresh water mud system will be used to 6500'. At this point the system will be mudded up to 8.7 to 9.3#/gal. to obtain good samples. Anticipated pressure of Atoka-Morrow at 8000'+ = 3300 psi. See attached mud plan for details. Pit levelers and flowline sensors will utilized on the pits, Drill stem tests are anticipated in the following zones: Wolfcamp- 5000'; Cisco-Canyon- 6350; Atoka-Morrow-7750!

   DST flow periods and shut in time will be determined on location. A mud logging unit will be on location at 4750' to assist in evaluating samples and shows for exact drill stem test intervals. Run Formation Density-Compensated Neutron-Gamma Ray Log, Dual Induction-Laterolog, and Microlaterolog.

8. Run 5-1/2", 17#,N-80 casing and cement with 700 sx. 50-50 Pozmix "A"-Class "C", containing 2% gel,8#/sx. salt and 0.75% CFR-2 friction reducer. Use guide shoe and float collar, and 12-15 centralizers when necessary. Use top and botton plugs (rubber) displace cement with fresh water treated with 2% KCL and non-emulsifying agent (2 gals. NE per 1000 gals, water)

9. Perforations, acid job, and additional stimulation to be determined after completion.

EXHIBIT F

MAX WILSON, Inc.