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 flat. No 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 $1\frac{1}{4}$ miles southwest of the wellsite.

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

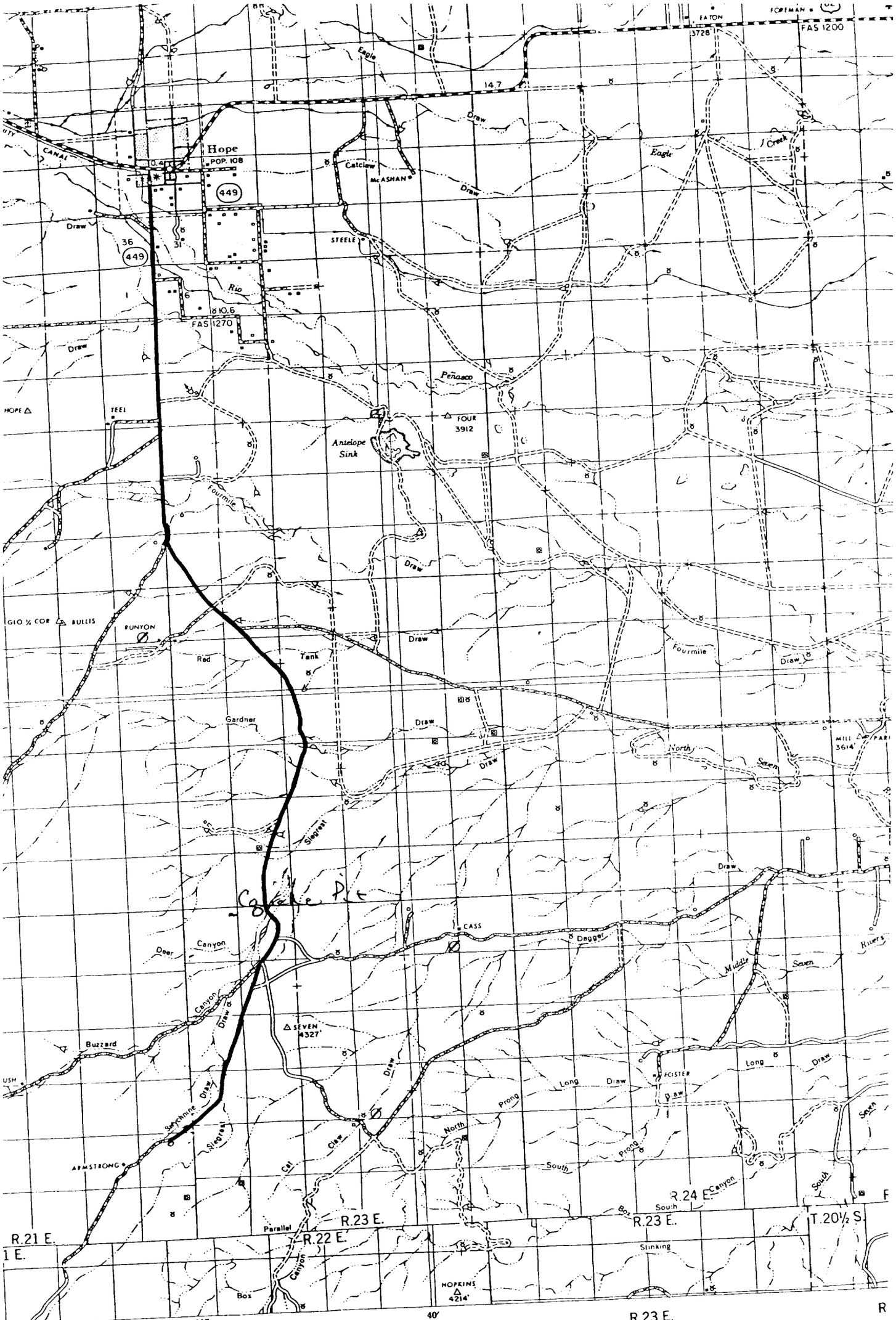
E. G. Durrett
Drilling Consultant
P. O. Box 4431
Odessa, TX 79763
915-337-5407

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.

6-4-79
Date

Max M. Wilson
Max M. Wilson, President
Max Wilson, Inc.


Hope
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449
Catclaw
McASHAN
STEELE
Eagle
Draw
Rio
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Peñasco
Antelope Sink
FOUR 3912
HOPE
TEEL
Fourmile
GLO ¼ COR
BULLIS
RUNYON
Red
Tank
Gardner
Slegreat
CASS
Dagger
Deer
Canyon
Buzzard
SEVEN 4327'
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ARMSTRONG
Cat
Claw
Parallel
Box
HOPKINS 4214'
Prong
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FOSTER
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Seven
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North
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R.23 E.
R.24 E.
T.20½ S.
40'
Longitude West from Greenwich
Scale 1/126720 or 1 Inch = 2 Miles
STATUTE MILES
DATE OF INVENTORY
EDDY COUNTY 1965
CHAVES COUNTY 1966
OTERO COUNTY 1966
El Paso Gap – 117
Exhibit A

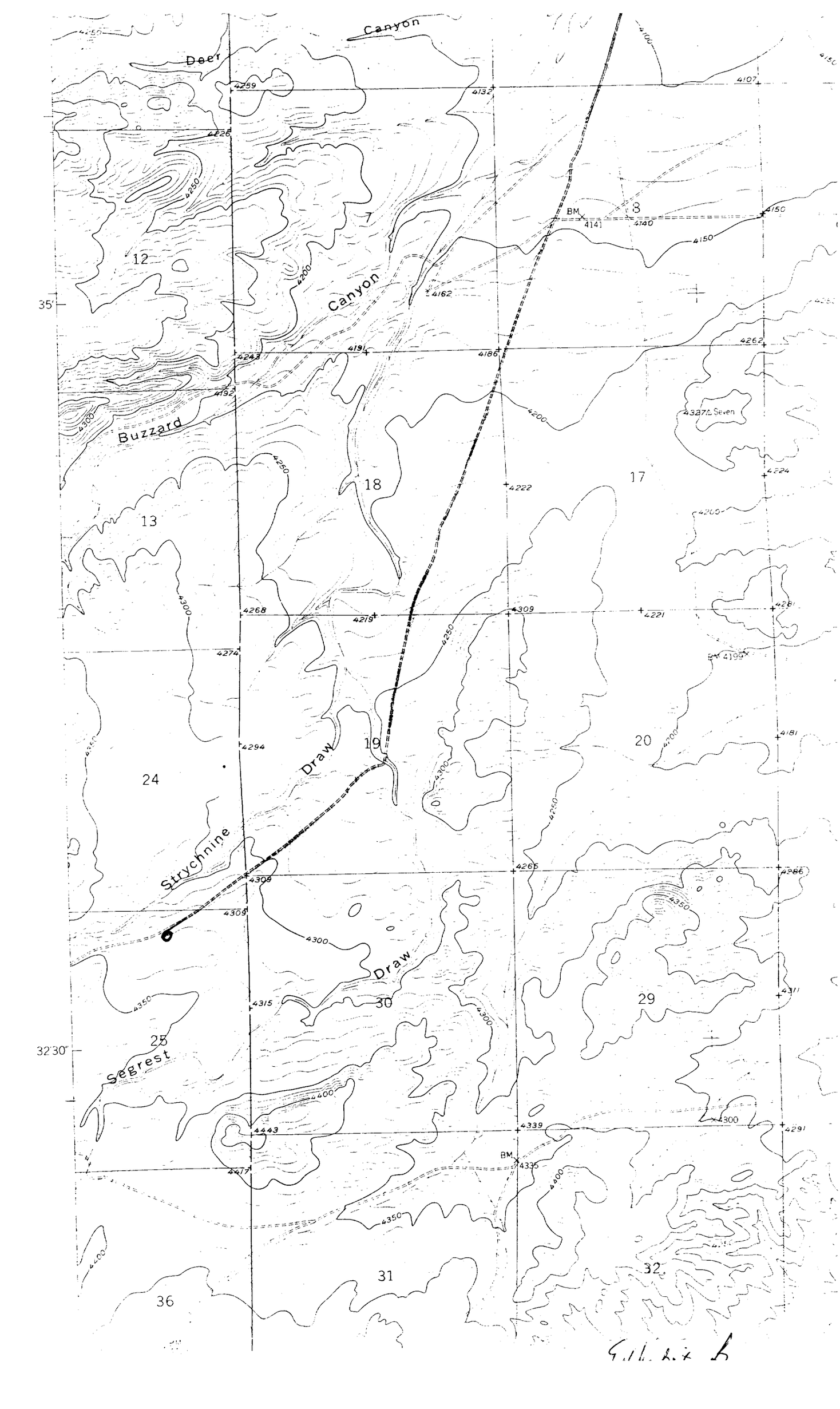
Deer Canyon
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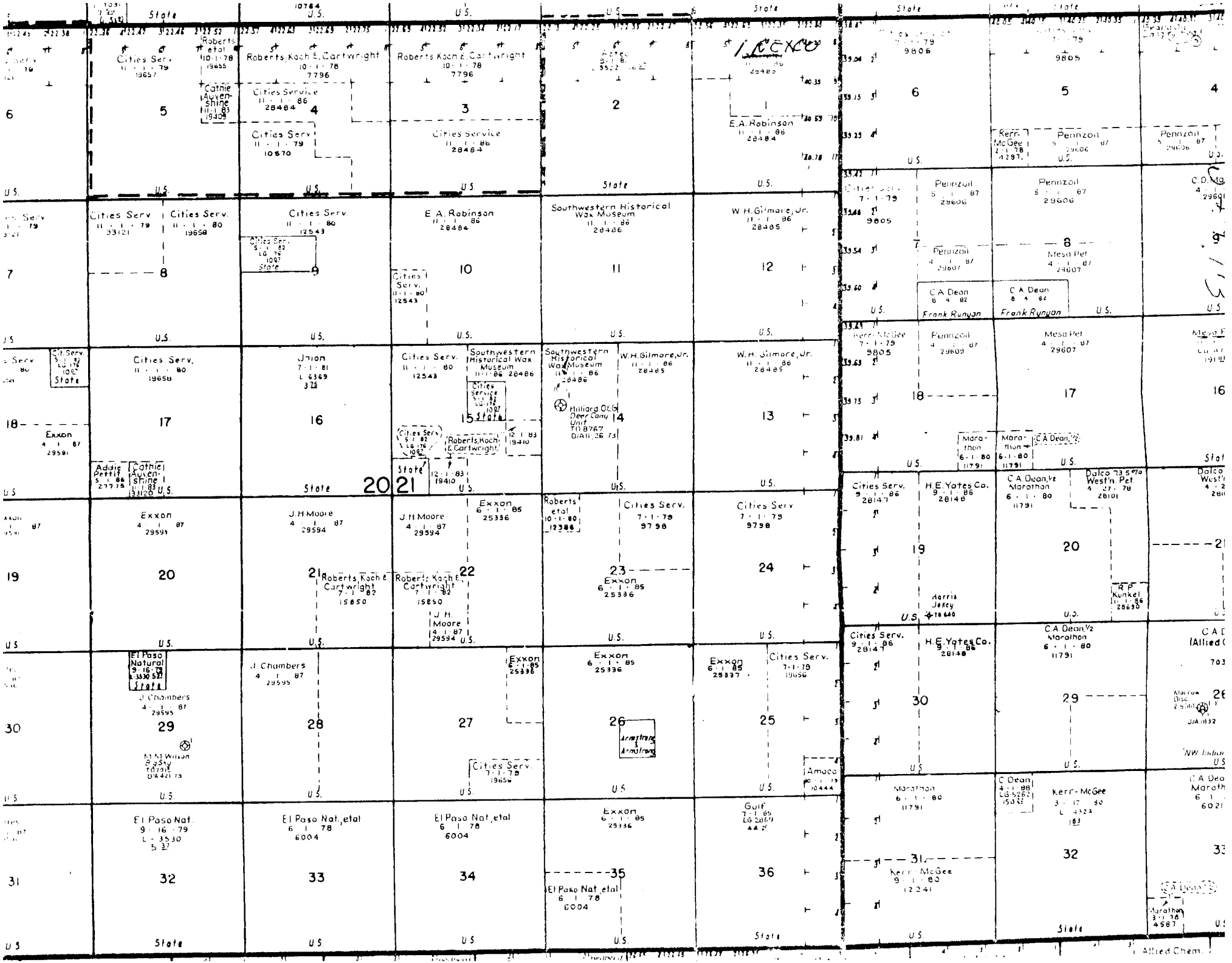
Exhibit A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Cathie Auvenshine 11-1-83 19409
Roberts, Koch & Cartwright 10-1-78 7796
Cities Service 11-1-86 28484
Cities Serv 11-1-79 10670
Roberts Koch & Cartwright 10-1-78 7796
Cities Service 11-1-86 28484
E.A. Robinson 11-1-86 28484
Cities Serv 11-1-79 33121
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E.A. Robinson 11-1-86 28484
Southwestern Historical Wax Museum 11-1-86 28486
W.H. Gilmore, Jr. 11-1-86 28485
Cities Serv. 11-1-80 12543
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Union 7-1-81 L 6369 3 75
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Southwestern Historical Wax Museum 11-1-86 28486
Cities Service 5-1-82 LG 76 1007 State
Hilliard OEG Deer Cany Unit TD 8767 D/A 11-26-75
W.H. Gilmore, Jr. 11-1-86 28485
W.H. Gilmore, Jr. 11-1-86 28485
Exxon 4-1-87 29591
Adkie Pettit 5-1-86 27775
Cathie Auvenshine 11-1-83 19410
Roberts, Koch & Cartwright 12-1-83 19410
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Exxon 4-1-87 29591
J.H. Moore 4-1-87 29594
J.H. Moore 4-1-87 29594
Exxon 6-1-85 25336
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Cities Serv. 7-1-79 9798
Cities Serv 7-1-79 9798
Roberts, Koch & Cartwright 7-1-82 15850
Roberts Koch & Cartwright 7-1-82 15850
J.H. Moore 4-1-87 29594
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El Paso Natural 9-16-79 L-3530 5 37
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Pennzoil 5-1-87 29606
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Mesa Pet 4-1-87 29607
C.A. Dean 6-4-82 Frank Runyan
C.A. Dean 8-4-82 Frank Runyan
Kerr-McGee 7-1-79 9805
Pennzoil 4-1-87 29609
Mesa Pet 4-1-87 29607
Marathon 6-1-80 11791
C.A. Dean, 1/2
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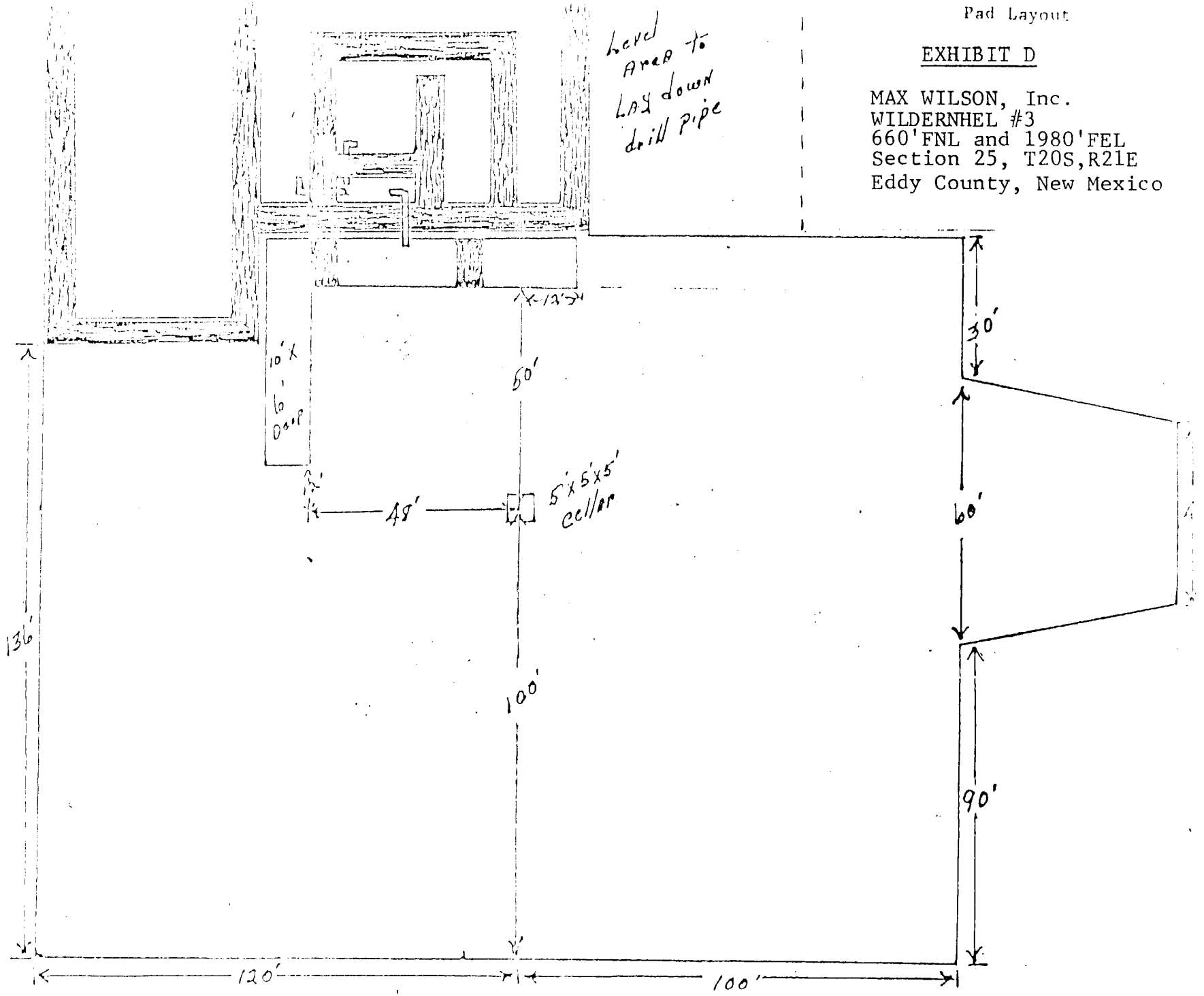
Marathon 6-1-80 11791
C Dean 4-1-88 LG 5983 15032
Kerr-McGee 3-17-80 L 4323 183
Kerr-McGee 9-1-80 12241
Marathon 3-1-78 4587
Allied Chem.

Pad Layout

EXHIBIT D

MAX WILSON, Inc.
WILDERNHEL #3
660'FNL and 1980'FEL
Section 25, T20S,R21E
Eddy County, New Mexico



Blowout Preventer

EXHIBIT E

MAX WILSON, Inc.
WILDERNHEL #3
660'FNL and 1980'FEL
Section 25,T20S,R21E
Eddy County, New Mexico

(1) 3" SERIES 1500 VALVE

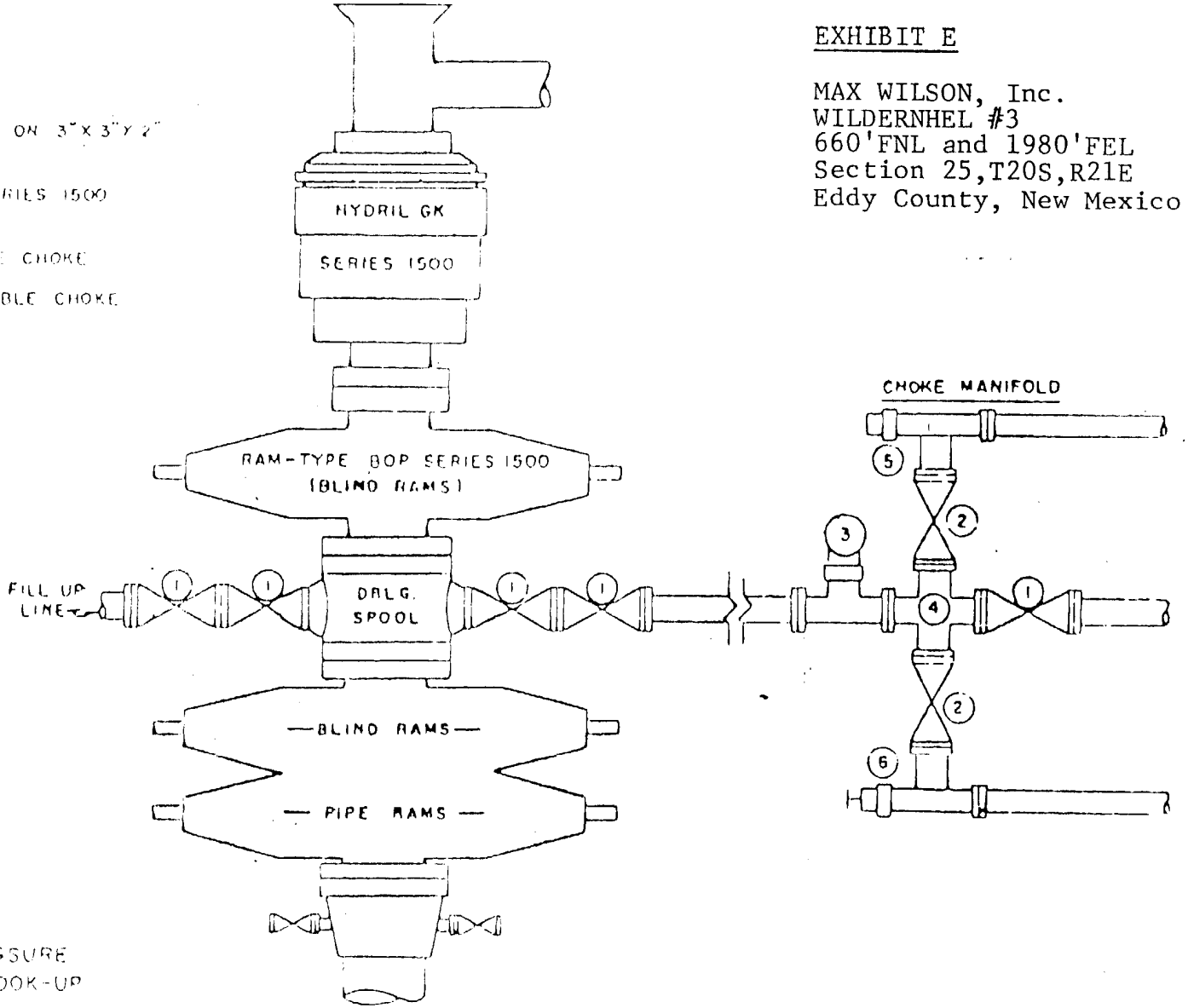
(2) 2" SERIES 1500 VALVE

(3) 2" MUD PRESSURE GAUGE ON 3"X3"X2" 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'±. 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% CaC12 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.

DELTA DRILLING COMPANY

BOX 2012 TELEPHONE 214 595-1911

TYLER, TEXAS 75710

5. EQUIPMENT, MATERIALS AND SERVICES TO BE FURNISHED BY CONTRACTOR:

The machinery, equipment, tools, materials, supplies, instruments, services and labor hereinafter listed, including any transportation required for such items, shall be provided at the location at the expense of Contractor unless otherwise noted hereon.

5.1 Drilling Rig:

Complete drilling rig, designated by Contractor as his Rig No. 60, the major items of equipment being:

Drawworks: National 75

(MAKE AND MODEL)

Engines: Make, Model, and H.P. Caterpillar D-379, 1554 HP

No. on Rig 2

Pumps: No. 1 Make, Size, and Power Gardner-Denver GXR, 825 HP

No. 2 Make, Size, and Power National C-350, 600 HP

Mud Mixing Pump: Make, Size, and Power High volume-low pressure mud mixing system

Boilers: Number, Make, H.P. and W.P. NA

Derrick or Mast: Make, Size, and Capacity Ideco Fullview, 133', 400,000#

Substructure: Size and Capacity Ideco, 12'6", 400,000#

Rotary Drive: Type Compound

Drill Pipe: Size 4-1/2" in. 10,000 ft.; Size ____ in. ____ ft.

Drill Collars: Number and Size 12-8", 21 - 6-1/4"

Blowout Preventers:

Size	Series or Test Pr.	Make & Model	Number
10"	5,000	Shaffer LWS	Dual
10"	5,000	Hydril GK	1
B.O.P. Closing Unit:	Payne		
B.O.P. Accumulator:	Payne 80 gallon		

5.2 Trucking service and other transportation, hauling, or winching services as required to move Contractor's property to location, rig up Contractor's rig, tear down Contractor's rig, and remove all of Contractor's property from location.
5.3 Drilling bits, reamers, stabilizers, reamer cutters, and other drilling tools or devices (except while on daywork).
5.4 Contract fishing tool services and fishing tool rentals (except while on daywork).
5.5 Derrick timbers.
5.6 Normal strings of drill pipe and drill collars specified above.
5.7 Conventional drift indicator.
5.8 Circulating mud pits.
5.9 Necessary pipe racks and rigging up material.
5.10 Normal storage for mud and chemicals.
5.11 Shale Shaker.

6. EQUIPMENT, MATERIALS AND SERVICES TO BE FURNISHED BY OPERATOR:

The machinery, equipment, tools, materials, supplies, instruments, services and labor hereinafter listed, including any transportation required for such items, shall be provided at the location at the expense of Operator unless otherwise noted hereon.

6.1 Furnish and maintain adequate roadway and/or canal to location, right-of-way, including rights-of-way for fuel and water lines, river crossings, highway crossings, gates and cattle guards.
6.2 Stake location, clear and grade location, and provide turnaround, including surfacing when necessary.
6.3 Test tanks with pipe and fittings.
6.4 Mud storage tanks with pipe and fittings.
6.5 Separator with pipe and fittings.
6.6 Labor to connect and disconnect mud tank, test tank, and separator.
6.7 Labor to disconnect and clean test tanks and separator.
6.8 Drilling mud, chemicals, lost circulation materials and other additives.
6.9 Pipe and connections for oil circulating lines.
6.10 Labor to lay, bury and recover oil circulating lines.
6.11 Drilling bits, reamers, reamer cutters, stabilizers and special tools while operating on daywork basis.
6.12 Contract fishing tool services and tool rental while operating on a daywork basis.
6.13 Wire line core bits or heads and wire line core catchers if required.
6.14 Conventional core bits and core catchers.
6.15 Diamond core barrel with head.
6.16 Cement and cementing service.
6.17 Electrical and Gamma-Neutron and Micro logging services.
6.18 Directional, caliper, or other special services.
6.19 Gun or jet perforating services.
6.20 Explosives and shooting devices.
6.21 Formation testing, hydraulic fracturing, acidizing and other related services.
6.22 Equipment for drill stem testing.
6.23 Mud logging services.
6.24 Sidewall coring service.
6.25 Welding service for welding bottom joints of casing, guide shoe, float shoe, float collar and in connection with installing of well head equipment if required.
6.26 Casing, tubing, liners, screen, float collars, guide and float shoes and associated equipment.
6.27 Casing scratchers and centralizers.
6.28 Well head connections and all equipment to be installed in or on well or on the premises for use in connection with testing, completion and operation of well.
6.29 Special or added storage for mud and chemicals.
6.30 Casinghead, API series, to conform to that shown for the blowout preventers specified in Paragraph 5.1 above.
6.31 Blowout Preventer testing packoff.
6.32 Casing Thread Protectors and Casing Lubricant.

EXHIBIT H

MAX WILSON, Inc.
WILDERNHEL #3
660'FNL and 1980'FEL
Section 25,T20S, R21E
Eddy County, NM