INEXCO OIL COMPANY

SUITE 1900 1100 MILAM BUILDING HOUSTON, TEXAS 77002 (713) 237-3300



DEVELOPMENT PLAN FOR SURFACE USE

INEXCO FEDERAL "17" NO. 1

Section 17-21S-26E

Eddy County, New Mexico

TWELVE POINT DEVELOPMENT PLAN

- Existing roads including location of exit from the main highway: Shown on attached "Development Plan for Surface Use Plat".
- Planned access roads: Shown on attached "Development Plan for Surface Use Plat". Existing road was improved. No new road constructed.
- 3. Location of existing wells:

The INEXCO Federal "17" No. 1 is a development well. Two wells are located within one mile of this proposed well. Both wells are INEXCO operated and are shown on the "Development Plan for Surface Use Plat". The wells are:

> McMinn State Com. No. 1 1980' FSL & 1980' FWL Section 18-215-26E

> Arco Federal Com. No. 1 1200' FNL & 1200' FWL Section 20-215-26E

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- 4. Lateral roads to well locations: Access roads to the wells mentioned in No. 3 above are shown on the "Development Plan for Surface Use Plat".
- 5. Location of tank batteries and flow lines:

In the event a producing well is obtained, the proposed location of separation and storage facilities is shown on the "Tank Battery Location Plat". The separation and storage facilities will be installed within the location built for drilling operations. No other tank batteries are present within one-half mile of the proposed well.

6. Location and type of water supply:

A water well will be drilled in the northeast quarter of Section 21-21S-26E to a depth of less than 300'. Water from this well will be transported by temporary surface pipeline to the drilling location for use in drilling operations. The location of this well and water line are shown on the "Development Plan for Surface Use Plat" .At the conclusion of drilling operations, this well will be used by the surface fee owner of the drill site (also the lessee of Section 21, the water well site) for ranching operations.