Proposed Development Plan for Surface Use

Federal BN #1 1592'FNL & 444' FEL, Sec. 17, T-22-S R-26-E Eddy County, NM

1. Existing roads including location of exit from main highway.

Detailed map showing drillsite location in relation to the nearest town and all existing roads within one mile of the wellsite are shown on Exhibit A.

From Happy Valley Park go 3.5 miles west. Turn south and go 2 miles toward Federal AA #1. Turn southeast and go .1 mile. Well is located .1 mile south.

2. Planned access roads.

Approx. 600' of access road will be built.

3. Location of existing wells.

All existing well within one mile radius are shown on Exhibit C.

4. Location of tank batteries and flow lines

If the well is commercially productive, the production facilities (i.e. tanks. separators, & treaters) will be located on existing pad.

5. Location and type of water supply.

RECEIVED

Fresh & brine water to be hauled by commercial hauler.

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6. Source of construction materials.

Caliche will be obtained from a pit located in NE/4 SW/4, Sec. 11, T-22-S R-25-E

7. WASTE DISPOSAL

a. Drill cuttings will be disposed of in the reserve pit.

b. Orilling fluids will be allowed to evaporate in the reserve pit until the pit is dry.