

## DEVELOPMENT PLAN FOR SURFACE USE

Federal "22" Lease  
Well #1  
Eddy Co., N.M.

1. Existing Roads: New Mexico State Highway "396" and existing lease road.
2. Planned Access Road: N.M. Highway "396" 1-1/2 miles NW of Blackriver, N.M.
3. Location of Well: 1650' FN and 1650' FW Lines, Section 22, T-24-S, R-26-E, Eddy County, New Mexico.
4. Lateral Road to Well Location: Will exit N.M. Highway "396" onto existing lease road, then exit existing lease road 1 mile south onto a proposed 12' X 200' caliche road to well location.
5. Tank batteries and flowlines will be located at well site.
6. Water needed for drilling operations will be trucked in and stored in water supply tanks.
7. Waste disposal will be handled through maintaining a day-to-day housekeeping program with a detailed clean up immediately after the well is completed.
8. Produced brine water will be trucked to salt water disposal wells.
9. Inasmuch as our objective is gas, we do not anticipate casinghead gas production. However, in the event casinghead gas is found in commercial quantity, we will then make arrangements for a pipe line and marketing facilities.
10. Location layout plats attached.
11. Upon completion of well, location will be cleaned and leveled with bulldozer and grading equipment and restored to original state as near as feasible.