

SURFACE USE AND OPERATIONS PLAN
FOR

COLLINS & WARE, INC.
QUAHADA RIDGE FEDERAL 31 WELL NO. 3
560' FSL & 330' FWL SEC. 31, T.22 S., R.29 E.
EDDY COUNTY, NEW MEXICO

LOCATED: 11 miles southeast of Carlsbad, NM

FEDERAL LEASE NUMBER: 61349

ACRES IN LEASE: 960

TERM: ten years from 7/1/85

LESSEE: Collins & Ware, Inc.

SURFACE OWNERSHIP: Federal

GRAZING PERMITTEE: Henry Grandi
Box 898
Carlsbad, NM 88221 (505) 236-6401

POOL: Herradura Bend, East

POOL RULES: Statewide Rules - 40-acre spacing for oil

EXHIBITS: 2. Existing roads
2A. Planned access roads
3. One-Mile Radius Map showing lease boundary and wells
3A. Well Status
4. Drilling Rig Layout
5. Production Facilities Layout