

Penroc Oil Corporation
Ross Draw Unit #5
Eddy County, New Mexico

In the event of a dry hole, the same procedure would be followed, plus doing all work required by regulations.

In this case it would appear that only the pad and vicinity might have to be ripped and seeded inasmuch as the improved portion of the road already existing should be left intact for pumper and rancher use. This is the route they already use. Also in this case, about the only new area of disturbance will be the pad and pits.

11. Other Information:

The area varies from gentle rolling to hilly and uneven. Several draws and gullies incise the surface following the drainage patterns. Quaternary gravels are most prevalent particularly on the hills and slopes with soil of a clayey to gyp nature in the lower areas.

Vegetation is that adapted to arid areas and sparse. Very little grass is present.

Mostly all ranch country that supports a very limited number of cattle.

12. Lessee's or Operator's Representative:

Sterling J. Talley - Penroc Oil Corporation
P. O. Drawer 831
Midland, Texas 79701

Phone: (915) 683-1861

13. See Attached Statement.