

Road Log to the McClellan Federal #1

Starting Point is 19 miles East of Pecos River Bridge on Hwy. 31, East of Hagerman, New Mexico. This point is at mile post 20.5, where Jemina Road intersects with Hwy. 31.

0.0 Turn left (North) on Jemina Road and proceed in Northerly and then Westerly direction for a total of 2 miles.

2.0 Turn right (North) on Teresa Road and proceed for 5.5 miles to the access road to McClellan Federal #1.

7.5 Turn left (West) access road for .4 miles to location.

7.9 McClellan Federal #1 drillsite.

1. Existing Road: Existing roads which lead to the proposed drillsite are shown on Exhibits "A" and "B". Existing road from road log 4.8 to 7.5 will be upgraded.

2. Proposed New Road: The access road will be constructed to conform with BLM standards.

3. Location of Existing Facilities: Existing wells in the vicinity of the proposed drillsite are shown on Exhibit "C".

4. Location of Proposed Facilities:

A. If the proposed well is productive, production and storage facilities will be located on the new well pad.

B. Gas & oil flowlines will be buried a minimum of 12" deep.

5. Location and Type of Water Supply:

A. Water for leasehold operations will be purchased from the nearest commercial source (Abo #5).

6. Source of Construction Materials: Where possible, material-in-place will be used for construction of the road and well pad. If additional material is required, it will be obtained from the nearest commercial source, a federal pit located in Section 22, Township 13 South, Range 29 East, if approved by the BLM.

7. Method of Handling Waste Disposal:

A. Drill cuttings will be disposed of in the drilling pits.

B. Drilling fluids will be allowed to evaporate in the drilling pits until the pits are dry.

C. Water produced during test will be disposed of in the drilling pits until the pits are dry.