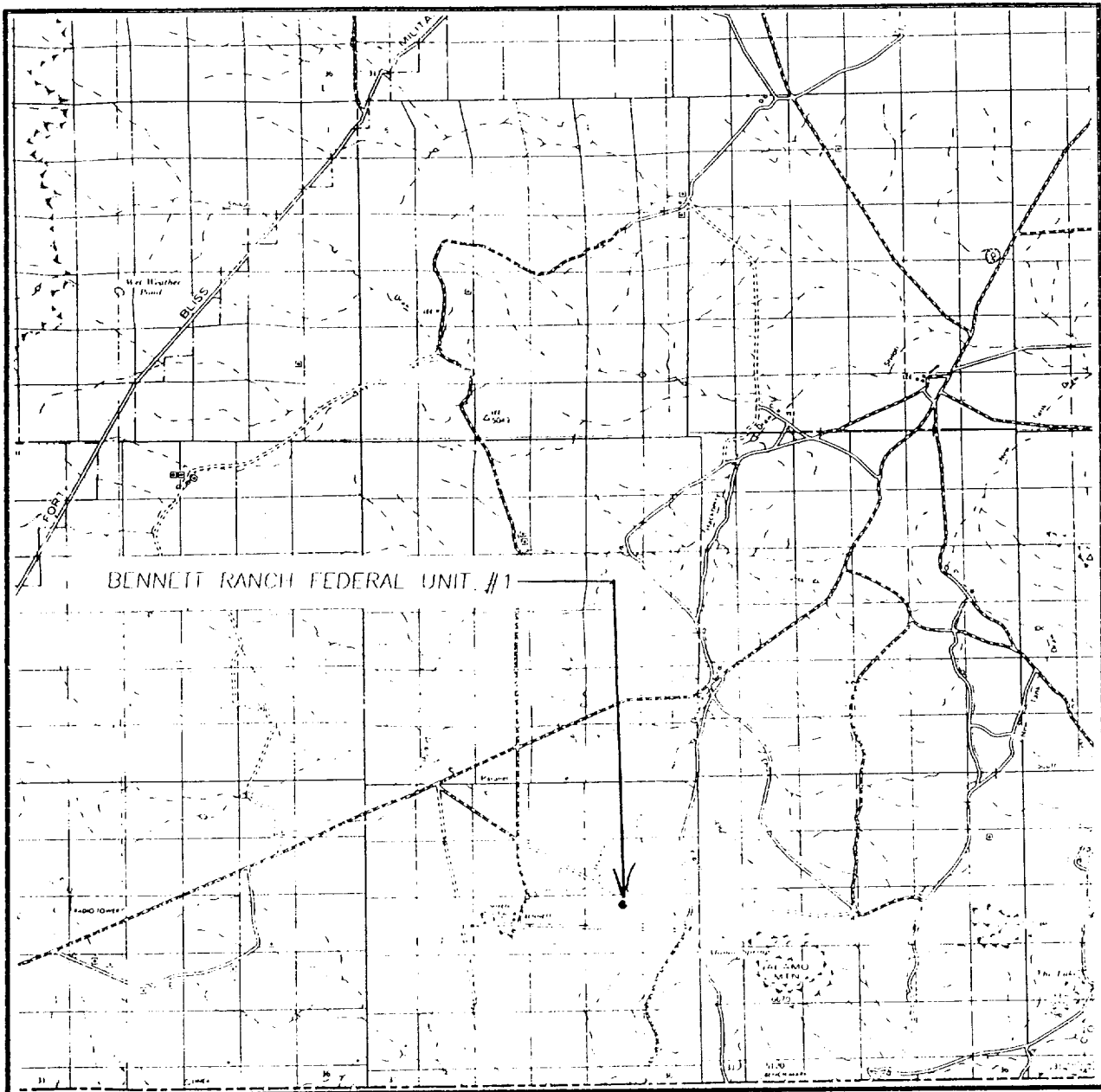


VICINITY MAP

EXHIBIT A



SCALE: 1" = 3 MILES

SEC. 14 TWP. 26-S. RGE. 12-E

SURVEY N.M.P.M.

COUNTY OTERO

DESCRIPTION 990' FNL & 1980' FLL

ELEVATION 5100

OPERATOR HARVEY E. YATES COMPANY

LEASE BENNETT RANCH FEDERAL UNIT



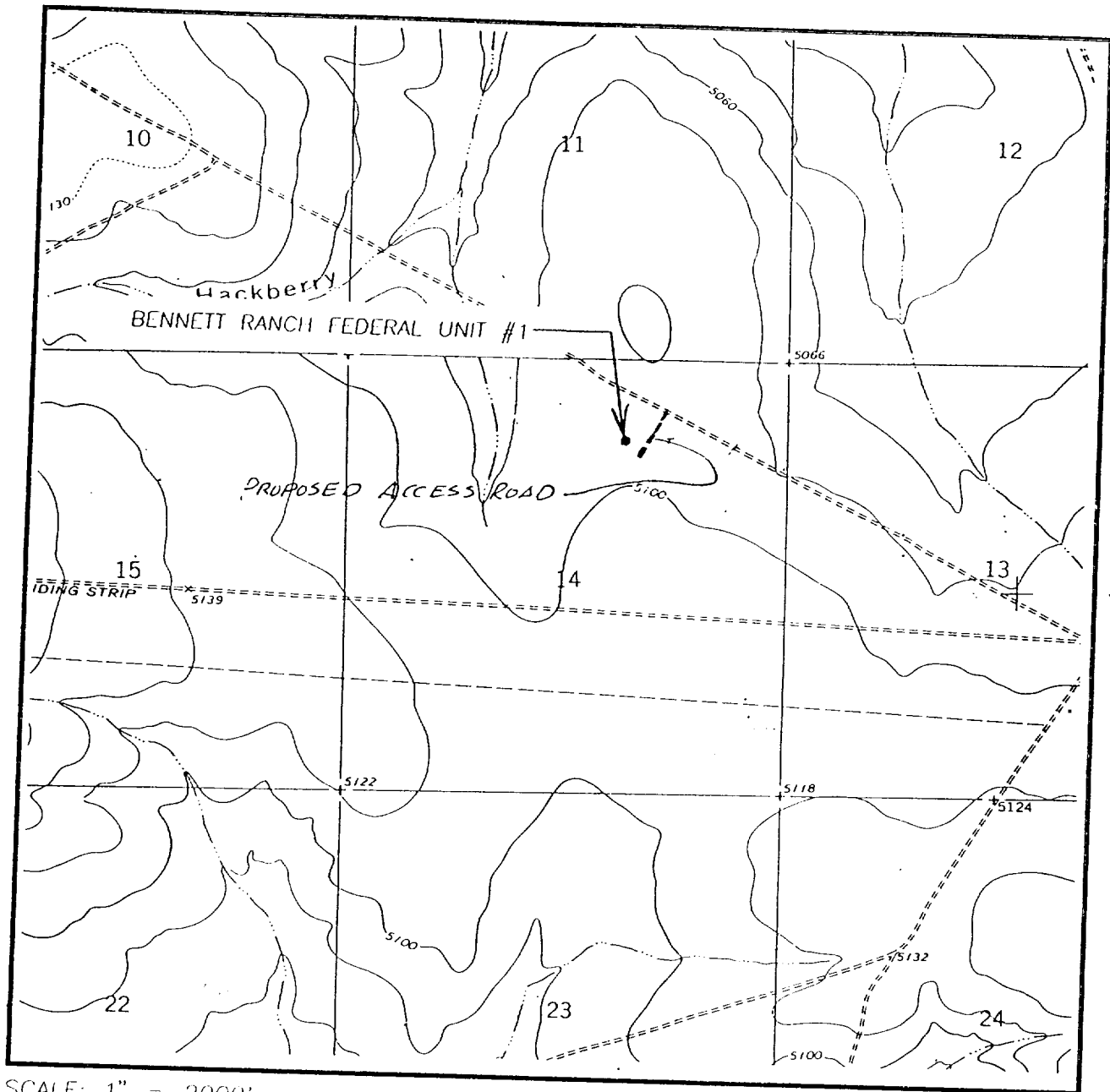
JOHN WEST ENGINEERING

ROSWELL, NEW MEXICO

(505) 393-3117

LOCATION VERIFICATION ON MAP

EXHIBIT B



SCALE: 1" = 2000'

CONTOUR INTERVAL - 20'

SEC. 14 TWP. 26-S RGE. 12-E

SURVEY N.M.P.M.

COUNTY OTERO

DESCRIPTION 990' FNL & 1980' FFL

ELEVATION 5100

OPERATOR HARVEY E. YATES COMPANY

LEASE BENNETT RANCH FEDERAL UNIT

U.S.G.S. TOPOGRAPHIC MAP

ALAMO MOUNTAIN, N.M.

JOHN WEST ENGINEERING
BOBBS, NEW MEXICO

(505) 393-3117

JAN 8 1996

ROSWELL, NEW MEXICO

EXHIBIT C

Harvey E. Yates Company
Bennett Ranch Unit #1
Sec. 14, T26S, R12E
Otero County, N.M.

900 Series
3000 PSI

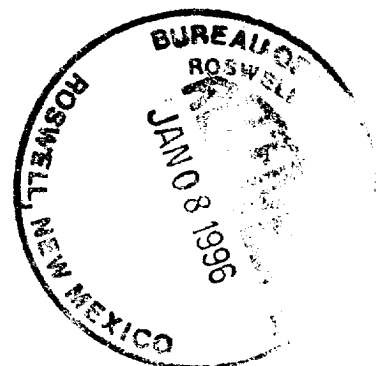
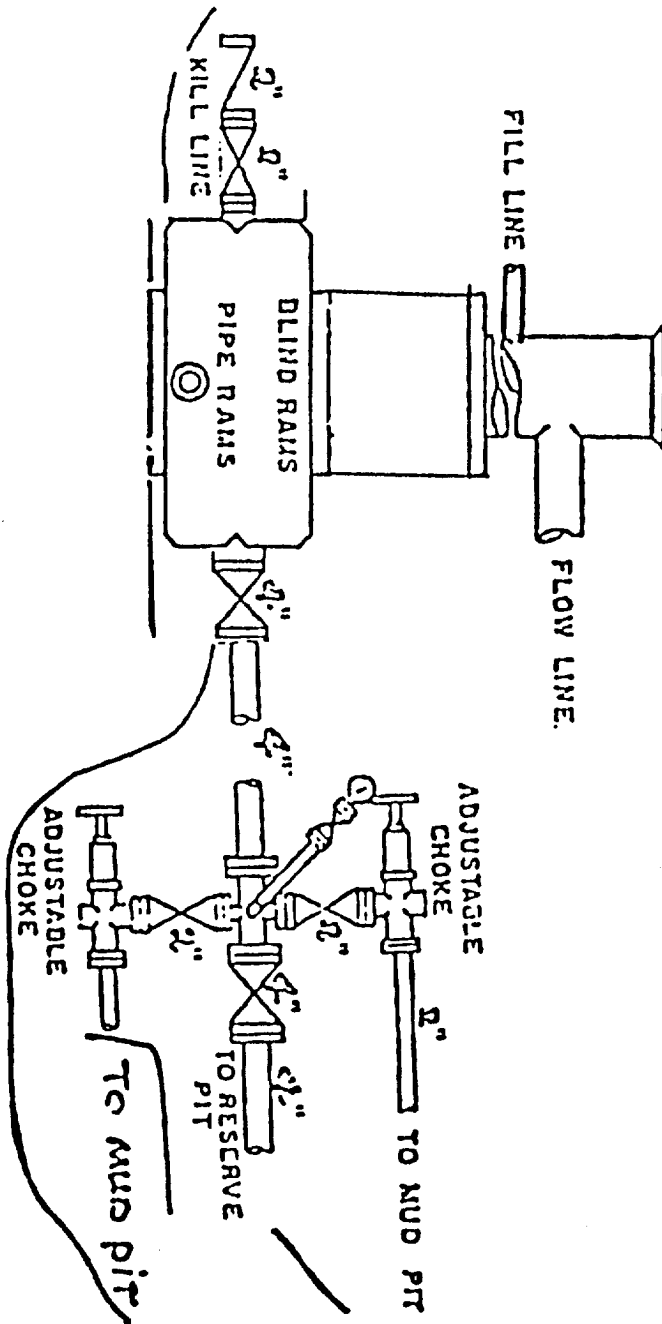
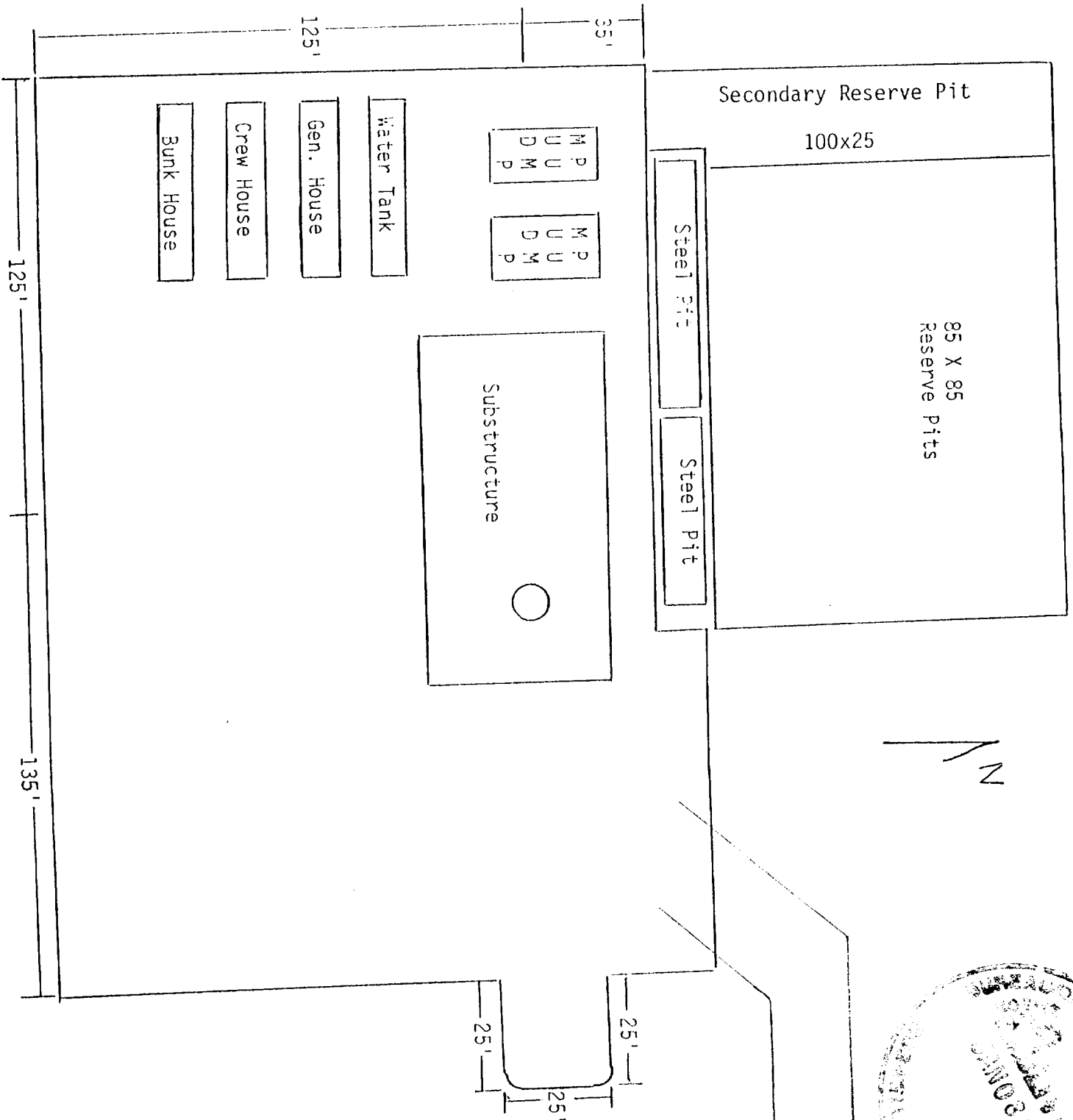


EXHIBIT D

Harvey E. Yates Company
Bennett Ranch Unit #1
Sec. 14, T26S, R12E
Otero County, New Mexico



CONDITIONS OF APPROVAL FOR:

Operator: HEYCO
Lease No: NM-71526
Well Name & No.: Bennett Ranch Unit #1
Location: Sec. 14, T. 26 S., R. 12 E., N.M.P.M.
Footage: 990' FSL & 1980' FEL
County: Otero County, New Mexico

RECEIVED

MAY 30 1969

OIL CON. DIV.
DIST. 2I. ON LEASE SURFACE REQUIREMENTS PRIOR TO DRILLING:

1. Prior to commencing construction of road, pad, or other associated developments, the operator will provide the dirt contractor with a copy of the approved Surface Use Plan and the attached Conditions of Approval.

2. Caliche, gravel, or other related materials from new or existing pits on Federal mineral estate will not be taken without prior approval from the authorized officer.

3. Payment for any Federal mineral materials used for construction is required prior to construction of the pad and access road.

4. Confine all vehicles and equipment associated with drilling, completion, or production phases of this well to the approved road, pad, and other areas herein approved.

5. Drilling Pits:

A. The reserve pit shall be constructed such that at least one half the total pit volume is below natural ground level (minimum of 4 feet). All reserve pits will be constructed so as not to leak, break, or allow discharge of liquids, if any are used. Pits are not to be located in any natural drainage. If any plastic material is used to line pits, the plastic lining must be at least 9 mil in thickness, have a bursting strength of 170 PSI, and be removed to below ground level before the pits are covered.

B. All unguarded pits containing liquids shall be fenced; and any unguarded pit or open top tank containing oil and/or toxic liquids shall be covered with a fine mesh netting to protect wildlife, particularly migratory waterfowl.

C. Liquids in pits will be allowed to evaporate, or be properly disposed of otherwise, before pits are reclaimed. Under no circumstances will pits be cut to be drained.

D. All trash, plastic lining from pits, junk and other waste materials will be placed in containers other than excavated pits to prevent scattering, and will be removed and disposed in an approved sanitary landfill. Trash will not be disposed of in the reserve pit or buried on the location.

6. Archeological or Historical Sites:

The lessee/operator shall comply with all cultural resource laws and policies. The lessee/operator shall immediately report the discovery of any cultural resources encountered during dirt work and shall immediately cease operations until advised to recommence work by the

authorized officer. Further, the company shall be held responsible for the conduct of its employees and subcontractors while on lease. Any unauthorized collection or disturbance of cultural resources by these persons may result in a shutdown order by the authorized officer.

7. Paleontology Stipulations:

Fossils or vertebrate animals discovered during any phase of the operation will be left undisturbed, and the lessee/operator shall immediately report the discovery of any paleontological resources encountered during dirt work and shall immediately cease operations until advised to recommence work by the Authorized Officer. Unauthorized collection or disturbance of paleontological resources by company employees and subcontractors while on lease may result in a shutdown order by the Authorized Officer.

8. NAGPRA Stipulation:

The operator, lessee, permittee, allottee, or party receiving authorization by the Bureau Of Land Management, is hereby known as the "holder". The holder is obligated to comply with procedures established in the Native American Graves Protection and Repatriation Act (NAGPRA) to protect such cultural items as human remains, associated funerary objects, sacred objects, and objects of cultural patrimony discovered inadvertently during the course of project implementation. In the event that any of the cultural items listed above are discovered during the course of project work, the holder shall immediately halt the disturbance and contact the BLM within 24 hours for instructions. The holder of any project shall be held responsible for protecting, evaluating, reporting, excavating, treating, and disposing of these cultural items according to the procedures established by the BLM in consultation with Indian Tribes.

9. Cave Stipulations:

A. No discarded materials or chemicals will be placed, or disposed of, in sinkholes or cave entrances.

B. If, during any construction activities any sinkholes or cave openings are discovered, all construction activities will cease immediately, and the BLM office will be notified.

C. The BLM will, within 24 hours of notification in "B" above, conduct an on the ground Karst field inspection. At the field inspection the authorized field inspector will authorize or suggest mitigating measures to lessen the damage to the karst environment. A verbal order to proceed or stop the operation will be issued at that time.

10. Painting Stipulations:

All above-ground permanent facilities, including, but not limited to, tanks, separators, heater treaters, and piping 4-inches in diameter or greater shall be painted Carlsbad Canyon, Munsell Soil, Color-25Y 6/2 within 60 days of installation (unless contrary to state and Federal safety requirements. Any deviations must be authorized in advance by the BLM.

11. Fences:

Each existing fence to be crossed by the permittee will be braced and tied off before cutting, so as to prevent slacking of the wire. The opening will be protected as necessary during the construction to prevent the escape of livestock; and upon completion of construction, the fence will be repaired back to the original standard of the existing fence. Unless otherwise approved, a cattleguard will be installed and maintained to prevent movement of livestock wherever an access road adjacent to the cattleguard.

12. Production Equipment:

All open-vent exhaust stacks associated with heater-treater, separator, and dehydrator units shall be modified to prevent birds and bats from entering them and to the extent practical to discourage perching and nesting.

II. ABANDONMENT:

1. If the well is dry and is to be plugged, approval of the proposed plugging program may be obtained orally, as to the plugging of the well bore. However, oral approval must be confirmed in writing by immediately filing an original and six (6) copies of the Notice of Intention to abandon on Form 3160-5 with the appropriate BLM area office. The report should show the total depth reached, the reason for plugging, and the proposed intervals, by depths, where plugs are to be placed, type of plug, type of plugging mud, etc.

2. Following receipt of "Notice of Intent to Abandon", and the "Subsequent Report of Abandonment", final BLM requirements for surface reclamation will be specified by the approving BLM office. Liability under bond will be retained until the surface restoration is completed and the "Final Abandonment Notice" is approved by the Authorized Officer.

3. If the well is not drilled, please notify the BLM so that an official release can be approved.

III. SPECIAL STIPULATIONS:

1. Hazardous Substances:

A. Hazardous substances listed in 40 CFR 302.4 and 40 CFR 355 shall be handled in such a way that releases of reportable quantities as defined by 40 CFR 302.4 and 40 CFR 355 do not occur. If a release should occur, the operator must follow the requirements of the National Contingency Plan (40 CFR 300) and also notify the BLM immediately, phone (505) 624-1790.

B. All use, transport, treatment, storage and disposal of hazardous substances/wastes shall be conducted in conformance with all federal, state and local environmental regulations. Furthermore, approval of this application by BLM does not mean that BLM has determined that you are in compliance with all applicable federal, state and local regulations. A BLM approval means that you have met BLM requirements only. Only the appropriate federal, state and local agencies can determine whether you are in compliance with all use, transport, treatment, storage and disposal regulations.

CABALLO RESOURCE AREA
SPECIAL DRILLING STIPULATIONS

THE FOLLOWING DATA IS REQUIRED ON THE WELL SIGN THAT SHALL BE POSTED IN A CONSPICUOUS PLACE ON THE LOCATION:

OPERATORS NAME: HEYCO LEASE NO.: NM-071526
WELL NAME & NO: Bennett Ranch Unit #1 COUNTY: Otero
LOCATION: 990' FNL & 1980' FEL - Sec. 14, T. 26 S., R. 12 E., N.M.P.M.

The special stipulations are applicable to the above described well and approval of this application to drill is conditioned upon compliance with such stipulations in addition to the General Conditions of Approval. The permittee should be familiar with the Onshore Order No. 2, a copy of which is available from a Bureau of Land Management office. EACH PERMITTEE HAS THE RIGHT OF ADMINISTRATIVE REVIEW OF THESE STIPULATIONS PURSUANT TO TITLE 43 CFR 3165.3.

I. SPECIAL ENVIRONMENTAL REQUIREMENTS:

1. Upon completion of this well as a producing well, the area of the pad shall be reduced to only that area required for the actual operation of the well. When it becomes necessary to use caliche material, the caliche surfacing materials outside of the area needed for the operation of the well will be scraped back onto the remaining pad area and the exposed areas will be roughened.
2. Any production equipment installed on this location, or utilized in the course of production for this well, that utilizes a vertical exhaust stack shall attach cover to prevent the entry of birds and bats into the stack and to the extent practical, to discourage perching and nesting on the top of the stack.

II. ON LEASE - SURFACE REQUIREMENTS PRIOR TO DRILLING:

1. Contact Richard G. Hill at least 3 working days (72 Hours) prior to commencing construction at (505) 624-1790.
2. The drill pad and access road for this well must be surfaced with 6 inches of compacted gravel/caliche, when it becomes necessary to prevent surface erosion on the pad and road.
3. All topsoil and vegetation encountered during the construction of the drill site areas shall be stockpiled and made available for resurfacing of the disturbed areas after completion of the drilling operations. Topsoil on the Bennett Ranch Unit #1 is approximately 4 inches in depth. Approximately 750 cubic yards of topsoil material will be stockpiled on the pad for reclamation purposes.
4. The access roads authorized by this APD shall conform to the attached "STANDARD STIPULATIONS FOR PERMANENT RESOURCE ROADS IN THE ROSWELL DISTRICT, BLM".
5. Other -
 - (1) Tank batteries shall have a berm constructed around them, 24" high and of sufficient dimensions to contain the contents of the largest tank from spilling out of the confines of the locality.
 - (2) Pits shall be dug a minimum of 4 feet below the ground level.
 - (3) A diversion of the ranch road accessing the well location shall be constructed around the cattle watering point in section 10, and only on the surface cleared for cultural resources by Human Systems Research, Inc.

III. Drilling Operations Requirements:

The Bureau of Land Management shall be notified at (505) 624-1790, in sufficient time for a representative to witness:

1. Spudding. 2. Cementing 8 5/8 and 4 1/2 inch casing.
3. BOP tests.

Include the API No. assigned to well by NMOCD on the subsequent report of setting the first casing string.

IV. Casing:

The 8 5/8 inch surface casing should be set to 900' and circulate cement to the surface. If cement does not circulate to the surface this BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.

The fill of cement behind the 4 1/2 inch production casing shall be sufficient to isolate all water, oil and gas, but at a minimum must extend to at least 600 feet above the pay zone.

V. Pressure Control:

Before drilling below the 8 5/8 inch casing, the blowout preventer assembly shall consist of a minimum of two ram type preventers.

Minimum working pressure of the blowout preventer and related equipment (BOPE) shall be 2000 psi.

Before drilling below the 8 5/8 inch casing, the BOPE shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.

1. Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not allowed since it can mask small leaks.
2. Testing must be done in a safe workman like manner. Hard line connections shall be required.
3. This BLM office shall be notified at (505) 624-1790, in sufficient time for a representative to witness the tests.

Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.

VI. Surface Restoration: The operator will comply with all requirements set forth by the Authorized Officer pertaining to reclamation of this location.

VII. Other:

BLM SEEDING REQUIREMENTS FOR BENNETT RANCH UNIT #1

Reseeding

Reseeding will be accomplished in June or July to coincide with the "rainy" season. Drill seeding is recommended, but broadcasting seed will be accepted. Broadcast seed will be covered by raking, dragging, or other practical means. Hydro-seeding or other established means of broadcast seeding will be acceptable with approval of the Authorized Officer.

Mulching

Mulching will be required on all seeding projects. Acceptable mulches include:

- | | |
|------------------------|----------------|
| 1) Straw or native hay | (2 tons/AC) |
| 2) Wood residues | (2 tons/AC) |
| 3) Hydro-mulching | (1,500 lb./AC) |

Straw, hay, and wood residue mulch shall be applied on the surface following reseeding. Rotted or moldy hay or straw will not be accepted.

Application

The following shows species to be reseeded and application rates of each. Application rates are shown as pounds of pure-live-seed per acre. Species substitutions and deviations to application rates must be approved by the Authorized Officer. When broadcast, seed application rates are double those shown below.

<u>Species</u>	<u>Application Rate Lbs./AC PLS @</u>
Blue grama	1.0
(<u>Bouteloua gracilis</u> var. <u>Hachita</u>)	
Sand dropseed	0.5
(<u>Sporobolus cryptandrus</u>)	
Plains bristlegrass	1.0
(<u>Setaria macrostachya</u>)	
Desert globemallow	1.0
(<u>Sphaeralcea imbiqua</u>)	
Winterfat	1.0
(<u>Eurotia lanata</u>)	

@- Seed application rates are doubled if broadcast.