

Enron Oil & Gas Company
James Ranch Unit, Well No. 38
2180' FSL & 430' FEL
Sec. 1, T23S, R30E
Eddy County, New Mexico

SURFACE USE AND OPERATIONS PLAN

1. Existing Roads:

Access to location will be made as shown on Exhibit #2 from an existing lease road running east and west in Sec 1.

Routine grading and maintenance of existing roads will be conducted as necessary to maintain their condition as long as any operations continue on this lease.

2. Proposed Access Road:

Exhibit #2 shows the 1600 feet of new access road to be constructed. Proposed road will measure 50' in width. Surface material will consist of six (6) inches of caliche, water compacted and graded with a minimum grade of 3 percent. Drainage will have a drop of 6 inches from the center line on each side.

No turnouts are planned.

No culverts, cattleguards, gates, low-water crossings, or fence cuts are necessary.

Surfacing material will consist of native caliche to be obtained from the nearest BLM-approved caliche pit. Any additional materials required will be purchased from the dirt contractor.

3. Location of Existing Wells:

Exhibit #3 shows all existing wells within a one-mile radius of this well.

4. Location of Existing and/or Proposed Facilities:

There are no existing production facilities. If production is encountered a temporary facility will be established on the drill pad, and if warranted a production facility would be built at a later date in the immediate area of the drill-pad location. (See attached Exhibit #4). If the well is productive, the flowline would also be located on the drill-pad site and no additional disturbance will occur.