

Stephens & Johnson Operating Company: Operation & Maintenance Plan

1. 250 bbl, ½ frac tank, cutting tank with dimensions of 32' X 10.5' X 6' tall will be installed on top of 20mil plastic barrier.
2. Cuttings will be discarded from shaker into cuttings tank.
3. Cutting tank will be continuously monitored by designated roughneck or contract worker so that cuttings tank will not be overfilled.
- 4. Rig crew will visually inspect fluid integrity of cuttings tank on a daily basis.
5. Documentation of visual inspection of cutting tank will be captured on Daily Drilling Report.

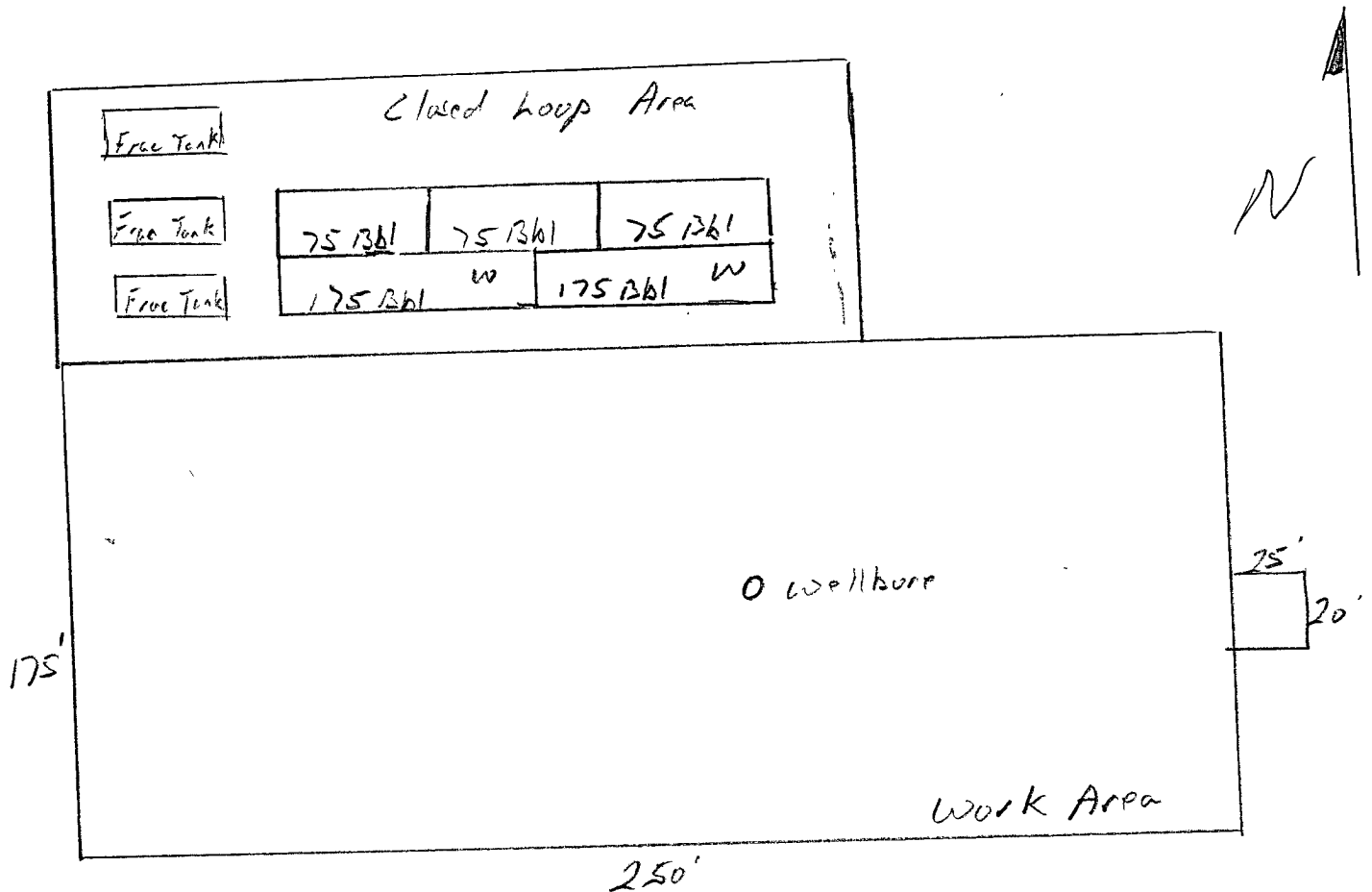
Stephens & Johnson Operating Company: Closer Plan

1. Drilled cuttings will be dipped out of tank with backhoe bucket and placed in suitable transport container (dump truck or cuttings bin).
2. Drill cuttings will be disposed of at suitable off-site location waste disposal facility. Sites available are Sundance – NM-01-0003 or Control Recovery Inc. – R-9166
3. Drill fluids to be hauled off to approved disposal.

STEPHENS & JOHNSON OPERATING COMPANY

DRILLING LOCATION PLAT

CLOSED LOOP SYSTEM



Closed Loop Area

- 2- 175 bbl steel working pits w/ 2 center legs & shale shaker
- 3- 75 bbl haul pits for cuttings & haul off bins
- 3- 500 bbl Free Tanks for fluids