

DEVELOPMENT PLAN
Signal 72 Federal "A" No. 1 Well
Chaves County, N.M.

The following plan of development is submitted for the above referenced exploratory well.

1. Roads: The existing roads, which will be used for access to this well are outlined in red on the attached plat. The proposed extension access road to the well location is outlined in green. The existing road will be improved slightly for use under heavy vehicle traffic. There are no other roads planned at this time. Should this test result in development operations, additional plats will be submitted showing location of lateral access roads.
2. Tank Batteries: The oil-storage facilities for this initial test will be located on the drilling pad.
3. Water Supply: Water for the drilling of this well will be purchased from the tenant on this lease. A temporary line will be laid directly from the drilling pad to a water reservoir located at the southeast corner of Section 6. This line will be removed when drilling operations are completed.
4. Waste Disposal: All drilling waste will be collected in a lined reserve pit. Upon completion of drilling operations, the pit will be allowed to dry sufficiently to be covered with surrounding surface material.
5. Other Construction: There are no camps, airstrips, etc. planned for this operation.
6. Surface Restoration: Upon completion of drilling operations, all debris will be removed from the wellsite, all drilling pits and excavations will be filled and covered.
7. Location Layout: Attached is a location layout showing the position of the rig, tanks, mud pits, reserve pits, and pipe racks.

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