

Walter W. Krug DBA Wallen Production Company

DEVELOPMENT PLAN FOR SURFACE USE

Wallen Federal # 5 well

2310' FNL & 2310' FEL

Section 20, T 20 S,

R 34 E, Lea County,

New Mexico

The following discussion answers the items 1 through 12, concerning the above subject well.

1. Attached to this discussion are Plats 1 & 2. Plat 1 shows all pertinent wells, the proposed location, flow lines, salt water line, tank battery and roads.
2. Plat 2 shows the rotary rig location and pits. As you know the minimum of surface acreage is used.
3. We are along side the county road and just added an 8" caliche mat on it, because of the sand problems.
4. There will be a 7" conduit of heavy casing under the country road. The salt water line will go in one direction and the proposed well's flow line will go through it in the other direction.
5. The drilling water will come from a commercial source; a local supply station.
6. The mud wastes from the mud pit will be rolled into a deep dozer ditch and covered (including old pit) with the new dirt from deep ditch.
7. The wire, cable, mud sacks, containers and waste barrels will be hauled off to an approved dump site upon completion or plugging of the well.
8. The restoration of the surface will be done upon completion or plugging of the well and will be accomplished as noted in item 6 above.