

SURFACE USE AND OPERATIONS PLAN

FOR

AMERICAN TRADING AND PRODUCTION CORPORATION  
WELL NO.1 TALCO UNIT  
1980'FNL & 660'FEL SEC.11, T.26 S.,R.35 E.  
LEA COUNTY, NEW MEXICO

LOCATED: 9 air miles southwest of Jal, New Mexico.

FEDERAL LEASE NUMBER: NM 12280

LEASE ISSUED: September 1, 1970. Lease expires 8-31-80 absent production or diligent drilling operations in progress over such date and the next year's lease rental having been timely paid. Lease NM 11620, which has an expiration date as of 4-30-80, should be extended provided that the proposed unit is approved prior to such date, that the lease is committed to the unit, that diligent drilling operations are in progress in the unit area on such date, and that the next year's lease rental is timely paid.

RECORD LESSEE: American Trading and Production Corporation.

ACRES IN LEASE: 1240.

SURFACE OWNERSHIP: Federal.

GRAZING PERMITTEE: Sam Beckham  
c/o Patrica Beckham Ainsworth  
P. O. Box 1203  
Jal, New Mexico 88252

POOL: Wildcat

POOL RULES: Statewide rules. 320 acre spacing.

ATTACHMENTS: A. General Road Map  
B. Plat Showing Existing Wells and Existing Roads  
C. Drilling Rig Layout