

SURFACE USE PLAN

HARVEY E. YATES COMPANY
Arco 8 Federal #3
Sec. 8, T18S, R31E
Eddy County, New Mexico

1. EXISTING ROADS:

Exhibit A is a portion of a New Mexico Map showing the location of the proposed well. The location is approximately 30 miles east of Artesia, New Mexico. Leave Artesia going east on U.S. Highway 82 and travel east to State Highway 222. Turn south on 222 and travel 3 miles. Turn west and travel 1/4 mile. Turn south and travel 1/2 mile across the PMS 8 #4 location; then left at Y 1/4 across the Arco 8 #2 location, & then southeast 1/4 mile to new location.

2. PLANNED ACCESS ROADS:

We plan to use the existing roads as far as possible. We propose to build approximately 1/4 mile of new road to reach the proposed location. The running surface will be 14' wide, with 6" compacted caliche

3. LOCATION OF EXISTING WELLS:

Exhibit B is a plat showing existing wells and their locations.

4. LOCATIONS OF TANK BATTERIES, ELECTRICAL LINE, ETC.:

In the event we drill a producing well all production equipment will be located at Unit K, Sec. 8, T18S, R31E. In the event power is needed at the location, we will use a 14.4/25 KV voltage unit & run a line as shown in Exhibit B. Also, we are showing the right-of-way for a flowline and/or a temporary gas line on Exhibit "B".

5. LOCATION AND TYPE OF WATER SUPPLY:

Water will be from commercial sources, either hauled or pipelined.