YATES PETROLEUM CORPORATION - FEDL _ "HJ" NO. 2 330' FNL & 1650' FEL, Section 31-65-26E, Chaves County, New Mexico

Surface Use Place to Accompany "Applications to Drill, Federal Lease".

- EXISTING ROADS: See Plat (Exhibit A) Go 69 miles north from Artesia (or 29 miles north from Roswell) on U. S. 285, then east on Cottonwood Ranch Road for 15 miles to Federal "HJ" #1 Tank Battery. This road is bladed only and county maintained, no gates or turnouts required.
- PLANNED ACCESS ROADS: See Plat (Exhibit B) Approximately 1250' of new road, 12' wide, will be bladed and watered as needed. There will be no fences to cut; no culverts or turnouts required.
- 3. LOCATION OF EXISTING WELLS: See Plat (Exhibit B) This test well will be a development well in the Linda San Andres field and is an offset to the No. 1 well. There are several windmills in the area, the closest being approximately 1/4 mile east of location.
- 4. LOCATION OF TANK BATTERIES, PRODUCTION FACILITIES, AND PRODUCTION, GATHERING AND SERVICE LINES: See Plat (Exhibit B & C) Existing tank battery. Flowlines will be alongside access road, 2" steel and above ground.
- LOCATION AND TYPE OF WATER SUPPLY: Fresh water supply for drilling to be hauled to location from any available commercial source. Salt water source will be from Federal "HJ" Tank Battery.
- 6. SOURCE OF CONSTRUCTION MATERIAL: Caliche pit in SW/4 of Section 30-6S-26E.
- METHODS FOR HANDLING WASTE DISPOSAL: Well cuttings will be disposed of in mud pit. Barrel containers will be located on drill site for trash. Waste will be hauled away periodically or burned. Treating water will be accumulated and hauled away periodically.
- 8. ANCILLARY FACILITIES: None.
- 9. WELL SITE LAYOUT: (rig, tanks, pits, racks, etc.) See Sketch (Exhibit C) (a) Mat size 100' X 50', no caliche needed.
 (b) No cut and fill; location is fairly level.
 (c) Pit area will be 50' X 30', unlined.
 (d) Surface will be bladed and watered as needed.
 (e) Pad and burn pit are flagged.
 (f) 3-phase 220-440v. lines run N-S approximately 0.3 mile east of location; single-phase line 100' north of location.
- 10. PLANS FOR RESTORATION OF SURFACE: If productive, mud pit will be fenced and used as burn pit. Location will be cleaned and all surplus material removed. Upon abandonment, all pits will be filled and levelled. Location will be cleaned, and surface restored to near original or in compliance with BLM stipulations.
- 11. OTHER INFORMATION: (a) Land surface is flat with very gentle slope to the east, horseshoe ridge to west, south and north.
 - (b) Soil is sandy loam underlaid with red beds.
 - (c) Vegetative cover is prairie grass & filarre, scattered mesquite.
 - (d) Location is approximately 14 mile west of Rio Pecos.
 - (e) Nearest occupied dwelling is ranch house approximately 14 mile South.
 - (f) Land use is cattle grazing.
 - (g) Surface is BLM with grazing lease issued to Thomas Cooper of Las Cruces, New Mexico.
- 12. LESSEE'S OR OPERATOR'S REPRESENTATIVES: Eddie Mahfood or Jim Jonas, 207 South Fourth Street, Artesia, NM. Phone: 746-3558.
- 13. CERTIFICATION:

MAY 0 5 19/7 U.S. GEOLOGICAL SURVEY ARTESIA, NEW MEXICO

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by Yates Petroleum Corporation and its contractors and sub-contractors in conformity with this plan and the terms and conditions under which it is approved.

Eddie her Matoford, Engineer