

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

1. EXISTING ROADS: See Plat (Exhibits A & B) From Artesia go 4 miles south on U.S. 285, (north of Ranch House) then west on black-top 1 mile to 13th Street. Continue west on caliche road (county-maintained road) for 4.2 miles to Kennedy Ranch house, then south 0.1 mile and south-west on lease road for 1.8 miles, then north on ranch road (on east side of fence) for 1/4 mile to access road.
2. PLANNED ACCESS ROADS: See Plat (Exhibits A & B) Approximately 300 feet of new road, 12 feet wide, running east to the location, requiring no turnouts and no fence cuts. Road will be caliched & watered. Access road is flagged with orange tape.
3. LOCATION OF EXISTING WELLS: See Plat (Exhibits A & B) There are several producing gas wells in the area to the south, east and northeast. There are 2 dry holes to the west, one converted to a water source well. The nearest windmill is 1/4 mile northwest.
4. LOCATION OF TANK BATTERIES, PRODUCTION FACILITIES, AND PRODUCTION, GATHERING AND SERVICE LINES: See Plat (Exhibit C) The tank battery will be on the south side of the pad. Flow-lines will be 2" steel and will be above ground. A fiberglass tank will collect produced water for subsequent disposal by trucking to a suitable disposal system.
5. LOCATION AND TYPE OF WATER SUPPLY: See Plat (Exhibit B) Drilling water will be piped from source water well in NE/4 of NW/4, Section 1-18S-24E.
6. SOURCE OF CONSTRUCTION MATERIAL: See Plat (Exhibit B) There is an open caliche pit on the east side of Federal "CZ" No. 1 well in NW/4 of NE/4, Section 8-18S-25E.
7. METHODS FOR HANDLING WASTE DISPOSAL: See Plat (Exhibit C) Well cuttings will be disposed of in the reserve pits; mud sacks, paper & garbage will be burned; garbage will be accumulated in trash barrels and disposed of by burning or buried three feet in the burn pit. If productive, produced water will be collected in a tank and hauled away.
8. ANCILLARY FACILITIES: None.
9. WELL SITE LAYOUT: (rig, tanks, pits, racks, etc.) See Sketch (Exhibit C) Exhibit C shows position of drill pad, rig, reserve pits, burn pit, mud pits, jet sump, pipe racks, pumps, water tanks. Pad size - 270' X 220'; Cut and fill - negligible cut & fill; Surfaced with caliche, watered & compacted; Reserve pit - 80' X 120', plastic-lined. Pad is flagged with red tape; pit area is flagged with blue tape.
10. PLANS FOR RESTORATION OF SURFACE: If well is productive, pits will be fenced until dry, then back-filled and levelled as soon as practical. Location will be cleaned, all excess material removed from location. Upon abandonment, location will be cleaned and levelled or restored in compliance with BLM stipulations.
11. OTHER INFORMATION: (a) Terrain is gently rolling with rock.
(b) Soil is a thin sandy loam.
(c) Vegetation consists of Prairie Grass, Filaree, Yucca, broomweed, greasewood & cactus.
(d) There are no ponds or streams in the area. The nearest windmills or water wells are located 1.5 miles northeast and 1.7 miles northwest.
(e) The nearest residences or buildings are located 1.5 miles to the northeast.
(f) Surface use is grazing.
(g) The effect on the environment will be minimal; drillsite is in semi-arid desert country, wind-blown and natural re-seeding.
(h) Surface ownership is to Mr. W. G. Kennedy of Des Moines, NM.
12. LESSEE'S OR OPERATOR'S REPRESENTATIVE: Eddie Mahfood, Leon Bergstrom or James Jonas, 207 South Fourth Street, Artesia, NM, phone: 746-3558.

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CERTIFICATION:

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 or sub-contractors in conformity with this plan and the terms and conditions under which it is approved.

March 16, 1977

Eddie M. Mahfood, Engineer

Name and Title