

YATES PETROLEUM CORPORATION - NW INDIAN BASIN UNIT NO. 1  
~~1980'~~ FSL & ~~1980'~~ FWL, Section 12-21S-22E, Eddy County, New Mexico  
~~1885~~ ~~2080~~  
Surface Use Plan to accompany "Applications to Drill, Federal Lease".

1. EXISTING ROADS: See Plat (Exhibit A) Approximately 23 miles South of Artesia on U.S. 285, turn West on Marathon Plant Road, go SW and West approximately 17½ miles on black-top (or 4 miles West of Marathon Plant), then North on caliche lease road for 2 miles to Tatman Ranch Road, then left across cattleguard & NW to corrals. Will set a wider gate at east entrance to corrals and a cattle guard at the west gate. Continue West for 1½ miles on ranch road to bend in road. This 1½ miles needs to be widened to 16'. There will be minor cut and fill; some slippery-when-wet slopes will need caliche and one or two embankments will need longer gradual slopes.

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2. PLANNED ACCESS ROADS: See Plat (Exhibit A & B) Approximately 300' of new road, 16' wide, from road along south bank of draw to location. East-west fence through location will be moved to east and south boundaries of pad with gate at intersection with north-south fence, west of pad. Surface is broken rock & caliche all the way. No other fence cuts, no turnouts, no culverts needed.

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3. LOCATION OF EXISTING WELLS: See Plat (Exhibit A & B) This is a development well, the NE offset to Morrow discovery in NE/4 Section 14. There are several producers & dry holes in area & one deep test now being drilled just north of the ranch-house. There is one windmill in the corrals (Section 7) pumping water to the ranch-house and for livestock.

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4. LOCATION OF TANK BATTERIES, PRODUCTION FACILITIES, AND PRODUCTION, GATHERING AND SERVICE LINES: See Plat (Exhibit C) If well is completed for production, the tank battery will be built on the east end of the pad. The flowlines will not be buried and no additional surface will be disturbed.

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5. LOCATION AND TYPE OF WATER SUPPLY: Water for drilling will be trucked in from any available commercial source using existing roads.

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6. SOURCE OF CONSTRUCTION MATERIAL: Caliche for surfacing the road and well pad will be purchased from rancher, Bill Gissler, from open pit on deeded land at drill-site, NW SE of Section 7-21S-23E.

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7. METHODS FOR HANDLING WASTE DISPOSAL: Steel pits for mixing mud; reserve pit for circulating mud & cuttings; burn pit for burning mud sacks & garbage; jet sump for engine oil & trip mud; small sump for portable commode; trash barrels for house-cleaning.

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8. ANCILLARY FACILITIES: None.

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9. WELL SITE LAYOUT: (rig, tanks, pits, racks, etc.) See Sketch (Exhibit C) (a) Well site is on top of small flat-topped knob overlooking Stinking Draw.  
(b) Only minor leveling of the well site will be required but north-east corner of pad may be tiered for lower level parking.  
(c) The reserve pit will be plastic-lined.  
(d) The pad & pit area has been staked and flagged.

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