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SURFACE USE PLAN

Harvey E. Yates Company
Stebbins Federal N #1
Eddy County, New Mexico

E. S. CROSBY
AMERICA, NEW MEXICO

1. EXISTING ROADS:

- A. Travel northeast from Carlsbad, New Mexico on Highways 60 and 182 in the direction of Hobbs, New Mexico. Continue on this highway for approximately 8.25 miles. At this point there is a road heading north. Turn north on this road and travel for about 2.5 miles. You are now at the southwest corner of Section 30. Turn due east and travel approximately 2310'. This portion of road (2310') will have to be improved and when finished will be 12' X 6" compacted caliche. Please refer to Exhibit A for details.

2. PLANNED ACCESS ROADS:

- A. Please refer to Exhibit B. The new access road will originate at a point 2310' from the west line of Section 30 on the existing road described above which runs along the south boundary of the section and ends 660' due north at the proposed drillsite. This road is color coded green on Exhibit A. The existing road that is to be improved and the new road to be constructed will be a 12' X 6" compacted caliche road. Caliche for construction of the new road, improvement of the existing road and drillsite pad will be obtained from a federal pit located in NE/SW of Section 18, Township 20S, Range 29E.

3. LOCATION OF EXISTING WELLS:

- A. Please refer to Exhibit B on which several dry holes are color coded purple. The Stebbins Deep Federal #1 is a shut in gas well and the tank batteries are color coded yellow. A water well about 200' to the south of the afore mentioned shut in gas well is color coded blue.

4. LOCATION OF TANK BATTERIES, PRODUCTION FACILITIES, AND PRODUCTION, GATHERING AND SERVICE LINES:

- A. The only production facility located on this section is the tank battery for the Stebbins Deep Federal #1 and this is color coded yellow.
- B. The production facilities to be installed in the event the proposed well is productive will be pumping unit, heater treater and tank battery. However, if this should be a flowing well, we would not have the pump unit.

5. LOCATION AND TYPE OF WATER SUPPLY:

- A. There is a water well located in the SE/NW of Section 30. We will lay a temporary pipeline on the surface to furnish water for this well.

6. SOURCE OF CONSTRUCTION MATERIAL:

- A. Caliche will be obtained from a federal pit located in NE/SW of Section 18, Township 20S, Range 29E.