

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

Yates Petroleum Corporation
Bandana Federal Unit #1
2310' FNL and 660' FEL
Section 20-T22S-R24E
Eddy County, New Mexico

This plan is submitted with Form 3160-3, Application for Permit to Drill, covering the above described well. The purpose of this plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of the surface disturbance involved and the procedures to be followed in rehabilitating the surface after completion of the operations, so that a complete appraisal can be made of the environmental effect associated with the operations.

1. EXISTING ROADS:

Exhibit A is a portion of BLM map showing the well and roads in the vicinity of the proposed location. The proposed well site is located approximately 33 miles northwest of Carlsbad, New Mexico, and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go north of Carlsbad on Highway 285 for 12.5 miles to Highway 137, turn west and go 14 miles to caliche road. Turn east on caliche road for 1.5 miles, turn south for .4 of a mile. New road starts here.

2. PLANNED ACCESS ROAD

- A. The proposed new access will be approximately 3 miles in length from point of origin to the northwest edge of the drilling pad. The road will follow an existing two tact road.
- B. The new road will be 14 feet in width (driving surface) and will be adequately drained to control runoff and soil erosion.
- C. The new road will be bladed with drainage on both side. Some traffic turnout will be built.
- D. The route of the road is visible.

3. LOCATION OF EXISTING WELL

- A. There is no drilling activity within a one-mile radius of the well site.
- B. Exhibit D shows existing wells within a one-mile radius of the proposed well site.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES

- A. There are no production facilities on this lease at the present time.
- B. In the event that the well is productive, the necessary production facilities will be installed on the drilling pad. If the well is productive oil, a gas or diesel self-contained unit will be used to provide the necessary power. No power will be required if the well is productive of gas.

5. LOCATION AND TYPE OF WATER SUPPLY:

- A. It is planned to drill the proposed well with a fresh water system. A local water trucking firm will be contracted to furnish the water. They will provide the water obtaining it from whatever sources available to them at their discretion. It will be trucked to the location over the existing and proposed roads shown in Exhibit A.