

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

Yates Petroleum Corporation

Walt Canyon AMA Federal #5

1830' FNL and 2027' FEL

Sec. 3-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 the BLM map showing the well and roads in the vicinity of the proposed location. The proposed wellsite is located approximately 32 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 on Highway 137 and go approximately 14 miles. Turn south on lease and follow it to top of mesa going to the Anemone #2 Tank Battery on the left. Continue on lease road to the first road going to the left. This point will be approximately 3.2 miles from the pavement. Follow lease road to the first road going to the right. Turn right here and follow road to the Walt Canyon AMA Federal #3 well. Continue past the #3 for approximately .3 of a mile. The new road will start here going to the southeast.

2. PLANNED ACCESS ROAD

The new access road will be approximately .3 of a mile in length from the point of origin to the southwest corner of the well pad.

3. LOCATION OF EXISTING WELL

- A. There is drilling activity within a one-mile radius of the wellsite.
- B. Exhibit D shows existing wells within a one-mile radius of the proposed wellsite.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES

- A. There are 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. The water will be obtained from commercial sources and will be hauled to the location by truck over the existing and proposed roads shown in Exhibit A.

6. SOURCE OF CONSTRUCTION MATERIALS:

The dirt contractor will locate closest pit and will obtain any permits and materials for needed for construction.