

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
Yates Petroleum Corporation
Walt Canyon AMA Federal Com. #8
214' FNL and 1561' FEL – Surface Location
660' FNL and 1980' FEL – Bottom Hole Location
Sec. 10-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 well site 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 for 14 miles, and then turn south on lease road for 1.9 miles. Road will fork. Take right fork and go 0.6 of a mile to the Anemone #2 Battery. Continue east for 0.8 of a mile to the first road going right. Turn right here and go 0.5 of a mile. Turn right and go 0.1 of a mile to a big power line. Turn left under the power line. The new road will start here going east for approx. 0.3 of a mile to the northwest corner of the well location.

2. PLANNED ACCESS ROAD

The new access road will be approximately 0.3 of a mile in length from the point of origin to the northwest corner of the well pad.

3. LOCATION OF EXISTING WELL

- A. There is 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 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.