

SURFACE USE PLAN

YATES PETROLEUM CORPORATION - Federal "HN" #1
1980' FNL & 1980' FWL, Section 8 - 23S - 23E, Eddy County, New Mexico

1. EXISTING ROADS: Refer to Exhibit A & B. From Artesia, go 24 miles South on US 285 to Sitting Bull Falls road, then about 20 miles southwest on State Hwy 137 to H Bar Y ranch access road (Kincaid ranch house on left), then west $4\frac{1}{2}$ miles to cattleguard, then southeast approximately 1 mile to Tule well and $1\frac{1}{4}$ miles to Cox well and $\frac{1}{4}$ mile southeast to location. Last $2\frac{1}{2}$ miles would require blading and occasional turnouts, some caliche for last mile of road.
2. PLANNED ACCESS ROADS: Refer to Exhibits A & B. Location is approximately 300 feet north of existing road. Propose 12 ft. width, bladed & caliched, no turnouts, no culverts, no fence cuts.
3. LOCATION OF EXISTING WELLS: Refer to Exhibits A & B. Nearest gas well (shut-in) is located $1\frac{1}{2}$ miles south in Section 17. There are other gas wells about 5 miles to North and East and one drilling in Rocky Arroyo (8-9 mi NW). There are several dry holes in area and water wells or windmills within a 2 mile radius of the location.
4. TANK BATTERIES, PRODUCTION FACILITIES AND LEASE PIPELINES: Refer to Exhibit C. If a producer, the tank battery & production facilities will be on the east and southeast corner of the pad near access road. Flowlines will be steel and on the surface.
5. WATER SUPPLY: Refer to Exhibit B. Possible water supply 2 miles SE but would necessitate pumping uphill and across non-participating patented land. Will more probably truck water from any available commercial water supply.
6. CONSTRUCTION MATERIAL: Refer to Exhibit B. There is a caliche pit in SE/4 of SW/4 Sec 28 - 22S - 23E, approximately $4\frac{1}{2}$ miles from the location. There is another pit in NE corner of Sec 16 - 23S - 23E.
7. WASTE DISPOSAL: Refer to Exhibit C. Well cuttings will be disposed of in the reserve pits; mud sacks, paper & garbage will be burned; garbage will be accumulated in trash barrels and disposed of by burning or buried three feet in the burn pit. If productive, produced water will be collected in a tank and hauled away.
8. ANCILLARY FACILITIES: No camps, airstrips, etc. will be constructed.
9. WELLSITE LAYOUT: Refer to Exhibit C. Shows position of drill pad, rig, reserve pits, burn pit, mud pits, jet sump, pipe racks, pumps, water tanks. Pad size - 220 x 270, Cut and fill - Approximately 3 ft of cut from NE corner, 3 ft fill on SW corner. Surfaced - To be bladed and caliched. Reserve pit - 90' x 120', plastic lined. Pad is flagged with red tape; Pit area is flagged with orange tape.
10. RESTORATION OF SURFACE: If well is productive, pits will be fenced until dry, then back-filled and levelled as soon as practical. Location will be cleaned, all excess material removed from location. Upon abandonment, location will be cleaned and levelled or restored in compliance with BLM stipulations and to the satisfaction of the surface owners.
11. OTHER INFORMATION: (a) Terrain is gently rolling with occasional gravel outcrop. (b) Soil is red sand & alluvium. (c) Vegetation consists of prairie grass, yucca, greasewood, thistle, cactus, and cholla. (d) There are no ponds or streams within 2 miles of location. The nearest windmills or water wells are located in $\frac{1}{4}$ NW of location and 1 mile SE. (e) The nearest residence or buildings are located 3-5 miles from the location. (f) Surface use is grazing. (g) The effect on the environment will be minimal; drillsite is in semi-arid desert country, wind-blown and natural re-seeding. (h) Surface ownership is to A. S. and Jack Patterson of Roswell, and we have made contact with Mr. Jack Patterson.
12. OPERATORS REPRESENTATIVES: Eddie Mahfood, 207 South 4th, Artesia, NM 88210 Phone 746-3558 (home phone 746-4415), Leon Bergstrom, phone 746-3558 (home phone 748-1072), or James Jonas, Phone 746-3558 (home phone 746-3772).
13. CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by Yates Petroleum Corporation and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

RECEIVED
FEB 28 1977
U.S. GEOLOGICAL SURVEY
ARTESIA, NEW MEXICO

Eddie Mahfood