

SURFACE USE
AND OPERATIONS PLAN

Well Name: Yeso Hills Federal #1

Location: Section 18, T-26-S, R-25-E Eddy County, New Mexico

1. Existing Roads: Exhibits A & B are topographic & Lease maps of the roads and other wells in the area.
2. Planned Access Roads: Approximately 600' of new road will be required to join the pad to the access road. See Exhibit "A."
3. Location of Existing Wells: See Exhibit "B".
4. Location of Tank Batteries, Production Facilities, and Production, Gathering, and Service Lines: Stock tanks and production facilities will be on location, Gathering and service line locations are pending due to success in completing this well as a commercial producer.
5. Location and Type of Water Supply (rivers, creeks, lakes, ponds, wells): Plans include drilling this well with fresh water. Water will be obtained thru private and commercial sources and will be transported over existing and planned access roads.
6. Source of Construction Materials: Will be handled by dirt contractors.
7. Methods of Handling Waste Disposal: Drill cuttings to reserve pits allowing for fluids evaporation until dry. Pits will be fenced. Water will be disposed of in a BLM approved disposal system. Current laws on human waste will be complied with. Produced oil will be stored in tanks until sold. Trash will be covered with 24" of dirt. Trash and debris will be removed from well site within 30 days of completion.
8. Ancillary Facilities: None required.