Drilling experience has shown that wells in developmental areas, (i.e. Dagger Draw, Livingston Ridge Delaware, and Lusk Delaware) are normally pressured and don't experience either H2S kicks or loss of returns. Due to these circumstances, we request exceptions to the rule requiring flare line with remote lighter and choke manifold with minimum of one remote choke. This equipment would be provided on exploratory wells or wells with the known potential for H2S kicks. Additionally, a SO2 monitor would be positioned near the flare line, and a rotating head utilized.

The drill string, casing, tubing, wellhead, blowout preventers and associated lines and valves will be suitable for anticipated H2S encounters.

Radio and or mobile telephone communication will be available on site. Mobile telephone communication will be available in company vehicles.

Drill stem testing to be performed with a minimum number of essential people on location. They will be those necessary to safely conduct the test. If H2S is encountered during a drill stem test, essential personnel will mask up and determine H2S concentration. The recovery will then be reversed to flare pit. Pulling of test tools will be conducted in a safe manner.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
Yates Petroleum Corporation
Feline "ALF" Federal #2
660' FNL and 660' FWL
Section 34-T21S-R30E
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 wellsite is located approximately 25 miles northeast of Loving, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go out of Carlsbad, New Mexico on Hobbs Highway (62-180) to Road 31. Go south for approximately 8 miles to Cimarron Road (736). Go east approximately 5.5 miles through cattle guard past ranch house. County Road goes south. Continue east on lease road approximately 1.5 miles (road forks past trailer house). Go left approximately 1.5 miles road T's. Turn left and go .4 of a mile to old location. Turn right and follow the road to the Julia "AJL" Federal #4 location. Continue west about .5 of a mile. The new access road will start here and go north to the southwest edge of the pad.

2. PLANNED ACCESS ROAD

A. The proposed new access will be approximately 1600' in length from point of origin to the southwest edge of the drilling pad. The road will lie in a northernly direction.
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 sides. Adequate traffic turnouts will be built.
D. The route of the road is visible.

3. LOCATION OF EXISTING WELL

A. There is drilling activity within 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 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. 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.