

SURFACE USE PLAN

HARVEY E. YATES COMPANY

Young Deep Unit #1

660' FNL & 660' FWL

Section 10, Township 18 South, Range 32 East

Lea County, New Mexico

1. EXISTING ROADS:

A. Exhibit A is a portion of highway map showing the location of the proposed well. The location is approximately 38 miles east of Artesia, New Mexico or about 6 miles south of Maljamar, New Mexico. Leave Artesia on U. S. Highway 82 and travel east to the junction of New Mexico Highway 529. Turn south on highway 529 and travel 7.2 miles to the intersection of New Mexico Highway 126. Turn west on 126 and go 1.7 miles (you will see a sign on the left - Superior Oil Co., Gov't. K #1 well) and turn south on the caliche road. Go 1 mile and then turn left and go 7/10 mile. Our proposed location is on the left approximately 1/2 mile.

B. We will have to improve the 7/10 mile of road and build 1/2 mile of new road. Exhibit B is a plat showing the existing roads in the area and the portion of road that will have to be improved and the portion of road that will have to be built.

2. PLANNED ACCESS ROADS:

A. We propose to build approximately 1/2 mile of new road to reach our proposed location. The road will be 12' wide and 6" compacted caliche.

3. LOCATION OF EXISTING WELLS:

A. There are two dry holes in this section. Namely, the North Young Queen #1 is one we drilled and the #1 Stroup drilled by Page & Yates.

4. LOCATION OF TANK BATTERIES, ETC.:

A. There are no tank batteries or any other type of oil or gas production facilities on this section. In the event that we drill a producing well, all production facilities will be installed on the existing pad.

5. LOCATION AND TYPE OF WATER SUPPLY:

A. Water will be obtained from commercial sources, either hauled or pipelined.

6. SOURCE OF CONSTRUCTION MATERIAL:

A. Caliche will be needed to build the road, improve the existing access road and construct the drilling pad. There is a pit owned by Williams and Sons Cattle Co. and the caliche will be purchased from them. This pit is located in the NE/4 SW/4 of Section 9.