

ATS-12-1104

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

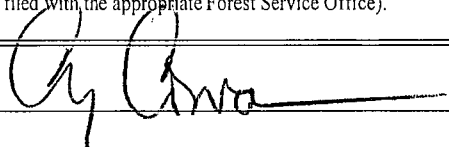
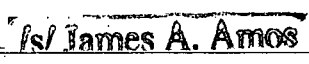
APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM-57274
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name N/A
2. Name of Operator YATES PETROLEUM CORPORATION		7. If Unit or CA Agreement, Name and No. N/A
3a. Address 105 South Fourth Street Artesia, NM 88210	3b. Phone No. (include area code) 575-748-4347	8. Lease Name and Well No. Haracz AMO Federal #10H
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface 200' FNL and 660' FEL Ut. Ltr. A Non-Standard Location At proposed prod. zone 330' FSL and 660' FEL Ut. Ltr. P		9. API Well No. 30-015-40963
14. Distance in miles and direction from nearest town or post office* approximately 30 miles east of Carlsbad, New Mexico		10. Field and Pool, or Exploratory Undesignated Bone Springs
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 200'	16. No. of acres in lease NM-57274 1743.52 acres	11. Sec., T. R. M. or Blk. and Survey or Area Section 24, T24S-R31E
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. Approximately 1250'	19. Proposed Depth Pilot Hole: 11929' TD 10658' TVD 15203' MD	12. County or Parish Eddy County
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3575' GL	22. Approximate date work will start* 09/10/2012	13. State NM
17. Spacing Unit dedicated to this well E2E2, Sec.24,T24S-R31E		
20. BLM/BIA Bond No. on file Nationwide Bond #NMB-000434 Individual Bond #NMB-000920		
23. Estimated duration 70 Days		

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification
- Such other site specific information and/or plans as may be required by the BLM.

25. Signature 	Name (Printed/Typed) Cy Cowan	Date 8/8/12
Title Land Regulatory Agent		
Approved by (Signature) 	Name (Printed/Typed) James A. Amos	Date JAN 8 2013
Title FIELD MANAGER	Office CARLSBAD FIELD OFFICE	

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

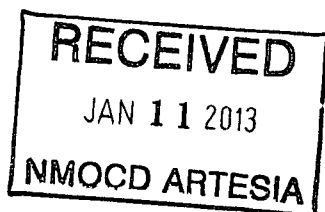
APPROVAL FOR TWO YEARS

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on page 2)

*(Instructions on page 2)
Approval Subject to General Requirements
& Special Stipulations Attached

Carlsbad Controlled Water Basin



SEE ATTACHED FOR
CONDITIONS OF APPROVAL

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
Phone (575) 393-6161 Fax: (575) 393-0720

DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210
Phone (575) 748-1283 Fax: (575) 748-9720

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone (505) 478-3460 Fax: (505) 478-3462

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised August 1, 2011

Submit one copy to appropriate
District Office

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-015-40963	Pool Code 96556	Pool Name Cotton Draw UNDESIGNATED BONE SPRING
Property Code 14835	Property Name HARACZ "AMO" FEDERAL	Well Number 10H
OGRID No. 025575	Operator Name YATES PETROLEUM CORP.	Elevation 3575'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	24	24 S	31 E		200	NORTH	660	EAST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	24	24 S	31 E		330	SOUTH	660	EAST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
160 E2E2			

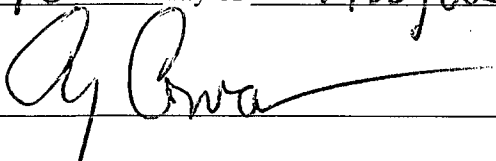
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>SURFACE LOCATION Lat - N 32°12'34.47" Long - W 103°43'30.32" NMSPC- N 440509.80 E 729457.00 (NAD-83)</p> <p>Penetration Point 677' FNL & 657' FEL</p> <p>Project Area →</p> <p>Producing Zone →</p> <p>PROPOSED BOTTOM HOLE LOCATION Lat - N 32°11'47.46" Long - W 103°43'30.30" NMSPC- N 435759.98 E 729485.70 (NAD-83)</p>		<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Cy Cowan</i> 8/8/12 Signature Date</p> <p>Cy Cowan Printed Name</p> <p>cy@yatespetroleum.com Email Address</p> <p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p> Date Surveyed Signature & Seal of Professional Surveyor</p> <p>Certificate No. Gary L. Jones 7977</p> <p>BASIN SURVEYS 26951</p>
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CERTIFICATION
YATES PETROLEUM CORPORATION
Haracz AMO Federal #10H

I hereby certify that I, or someone under my direct supervision, have inspected the drill site and access route proposed herein; that I am familiar with the conditions which currently exist; and an someone under employment of Yates Petroleum Corporation has full knowledge of state and federal laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements.

Executed this 10th day of August 2012

Signature 

Name Cy Cowan

Position Title Regulatory Agent

Address 105 South Fourth Street, Artesia, New Mexico 88210

Telephone (575) 748-4372

Field Representative (if not above signatory) Tim Bussell, Drilling Supervisor

Address (if different from above) Same as above.

Telephone (if different from above) (575) 748-4221

E-mail (optional) _____

YATES PETROLEUM CORPORATION

Haracz "AMO" Federal #10H
200' FNL & 660' FEL, Surface Hole
330' FSL & 660' FEL, Bottom Hole
Section 24 -T24S-R31-E
Lea County, New Mexico

1. THE ESTIMATED TOPS OF GEOLOGIC MARKERS ARE AS FOLLOW:

Rustler	768'	Lower Avalon	9198'--Oil	
Top of Salt	1108'	Bone Springs 1/SD/	9588'--Oil	
Base of Salt	4393'	Bone Springs 2/SD/	10178'--Oil	
Lamar	4618'	Kick Off Point	10181'	
Bell Canyon	4663'	Target SBSG	10658'--Oil	10931' MD
Cherry Canyon	5513'--Oil	Base SBSG	10678'--Oil	
Brushy Canyon	6813'--Oil	Harky/Harky/SD/	10898'	
Bone Springs LM	8443'	Bone Springs 3/SD/	11428'	
Avalon Sand	8578'--Oil	Base TBSG	11818'	
Middle Avalon	8928'--Oil	TD Pilot Hole	11920'	
		TD Lateral	10658' TVD	15203' MD

2. THE ESTIMATED DEPTHS AT WHICH ANTICIPATED WATER, OIL OR GAS FORMATIONS ARE EXPECTED TO

Water: Approx 250' - 350'

Oil or Gas: See above--All Potential Zones

3. PRESURECONTROL EQUIPMENT: See COA

A BOP with a minimum opening of 13 5/8" will be installed on the 13 3/8" rated for 3000# BOP systems and a 5000# BOP system with a minimum opening of 13 5/8" will be installed on the 9 5/8" casing and will be consistent with API RP 53. Pressure tests will be conducted before drilling out from under all casing strings which are set and cemented in place. Blowout Preventer controls will be installed prior to drilling the surface plug and will remain in use until the well is completed or abandoned. Preventers will be inspected and operated at least daily to ensure good mechanical working order, and this inspection recorded on the daily drilling report.

See Exhibit B.

A Auxiliary Equipment:

Kelly cock, pit level indicators, flow sensor equipment and a sub with full opening valve to fit the drill pipe and collars will be available on the rig floor in the open position at all times for use when Kelly is not in use.

4. THE PROPOSED CASING AND CEMENTING PROGRAM:

A. Casing Program: (All New)

HOLE SIZE	CASING SIZE	WT./FT.	GRADE	COUPLING	INTERVAL	LENGTH
17 1/2"	13 3/8"	48#	J-55-Hybrid	ST&C	0'-795'	795'
12 1/4"	9 5/8"	40#	HCK-55	LT&C	0'-80'	80'
12 1/4"	9 5/8"	36#	J-55	LT&C	80'-3200'	3120'
12 1/4"	9 5/8"	40#	HCK 55	LT&C	3200'-4630'	1430'
8 3/4"	5 1/2"	17#	P-110	LT&C	0'-10100'	10100"
8 1/2"	5 1/2"	17#	P-110	Buttress	10100"-15203'	5103"

Minimum Casing Design Factors: Burst 1.0, Tensile 1.8, Collapse 1.125

See COA Isolation Plug: 220' plug with Class H cement with fresh water=3.352 gal/sack, D080-dispersant=.030 gal/sack, D197-Retarder=0.070 gal/sk, D206-Antifoam=0.20 gal/sack (Wt. 17.5 Yld. 0.94). Cement designed with 35% excess. TOC-11720"

See COA

- * Kick-Off Plug: 600' plug from 10480' to 9880' with 360 sacks Class H cement with fresh water=3.352 gal/sack, D080-Dispersant=.030 gal/sack, D197-Retarder=0.060 gal/sack, D206-Antifoam=0.020 gal/sack (Wt.17.5 Yld. 0.94). Cement designed with 35% excess. TOC-9880".

B. CEMENTING PROGRAM:

Surface casing: 645 sacks Class C with 2% CaCl₂ (Wt. 13.50 Yld. 1.71). Cement designed with 100% excess. TOC-Surface.

Intermediate Casing: Lead with 1315 sacks 35:65:6PzC (Wt. 12.50 Yld. 2.00); tail in with 200 sacks Class C with 2% CaCl₂ (Wt. 14.80 Yld. 1.34). Cement designed with 100% excess. TOC-Surface

Production Casing: Cement to be done in two stages with DV cementer tool will be set approximately at 7100'.

Stage 1 from 7100' to 15203; cement with 600 sacks 35:65:6PzC (Wt. 12.50 Yld. 2.00). Tail in 1115 sacks of PecosVILt with D112, Fluid Loss 0.4%; D151, Calcium Carbonate 22.5 lb/sack; D174, Extender 1.5 lb/sack; D177, Retarder 0.01 lb/sack; D800, Retarder 0.6 lb/sack; D46, Antifoam Agent(Wt. 13.00 Yld. 1.41). Cement designed with 35% excess. TOC-7100'

Stage 2 from 4100'-7100'; Lead with 375 sacks 35:65:6PzC (Wt. 12.50 Yld 2.00). Tail In with 200 sacks PecosVILt with D112, Fluid Loss 0.4%; D151, Calcium Carbonate 22.5 lb/sack; D174, Extender 1.5 lb/sack; D177, Retarder 0.01 lb/sack; D800, Retarder 0.6 lb/sack; D46, Antifoam Agent (Wt. 14.80 Yld 1.34). Cement designed with 35% excess. TOC- 4100'.

See COA

Pilot hole drilled vertically to 11920' and kicked off at approximately 10181'. A ^{220'}200' isolation plug will be set at pilot hole TD and a 600' plug from 10480' to 9880'. The well will then be directionally drilled at 12 degrees per 100' with an 8 3/4" hole to 10931' MD (10658' TVD). At this point, reduce the hole size to 8 1/2" and drill to 15203' MD (10658' TVD). 5 1/2" casing will then be set and cemented in two stages with a DV tool at approximately 7100'. Penetration point of producing zone will be encountered at 677' FNL & 657' FEL, Section 24-24S-31E. Deepest TVD in the well will be 11920' in the pilot hole. Deepest TVD in the lateral is 10658'.

5. MUD PROGRAM AND EQUIPMENT::

See COA

INTERVAL	TYPE	WEIGHT	VISCOSITY	FLUID LOSS
0-795'	Fresh Water	8.60-9.20	28-34	N/C
795'-4630'	Brine Water	10.00-10.20	28-30	N/C
4630'-11920'	Cut Brine	8.80-9.20	30-36	N/C
10181'-15203'	Cut Brine (Lateral Section)	8.80-9.20	32-36	N/C

Sufficient mud material(s) to maintain mud properties, control lost circulation and contain a blow out will be available at the well site during drilling operations. Mud will be checked hourly by rig personnel.

6. EVALUATION PROGRAM: *See COA*

Samples: 30' samples from surface to 4600'. 10' samples from 4600' to TD.

Logging: Gamma Ray Neutron—TD to surface

Density—TD to intermediate casing

Laterolog (Resistivity)—TD to intermediate casing

CMR—TD to intermediate casing

Coring: As warranted.

DST's: As warranted.

Mudlogging from the 4600' to TD

7. ABNORMAL CONDITIONS, Bottom hole pressure and potential hazards:

Anticipated Bottom Hole Pressure:	
From 0' to 795'	Anticipated Maximum BHP is 380 PSI
From 795' to 4630'	Anticipated Maximum BHP is 2456 PSI
From 4630' to 11920'	Anticipated Maximum BHP is 5703 PSI

No abnormal pressures or temperatures are anticipated.

Lost Circulation Zones Anticipated: None.

H2S Zones Anticipated: None

8. ANTICIPATED STARTING DATE:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 60 days to drill the well with completion taking another 30 days.

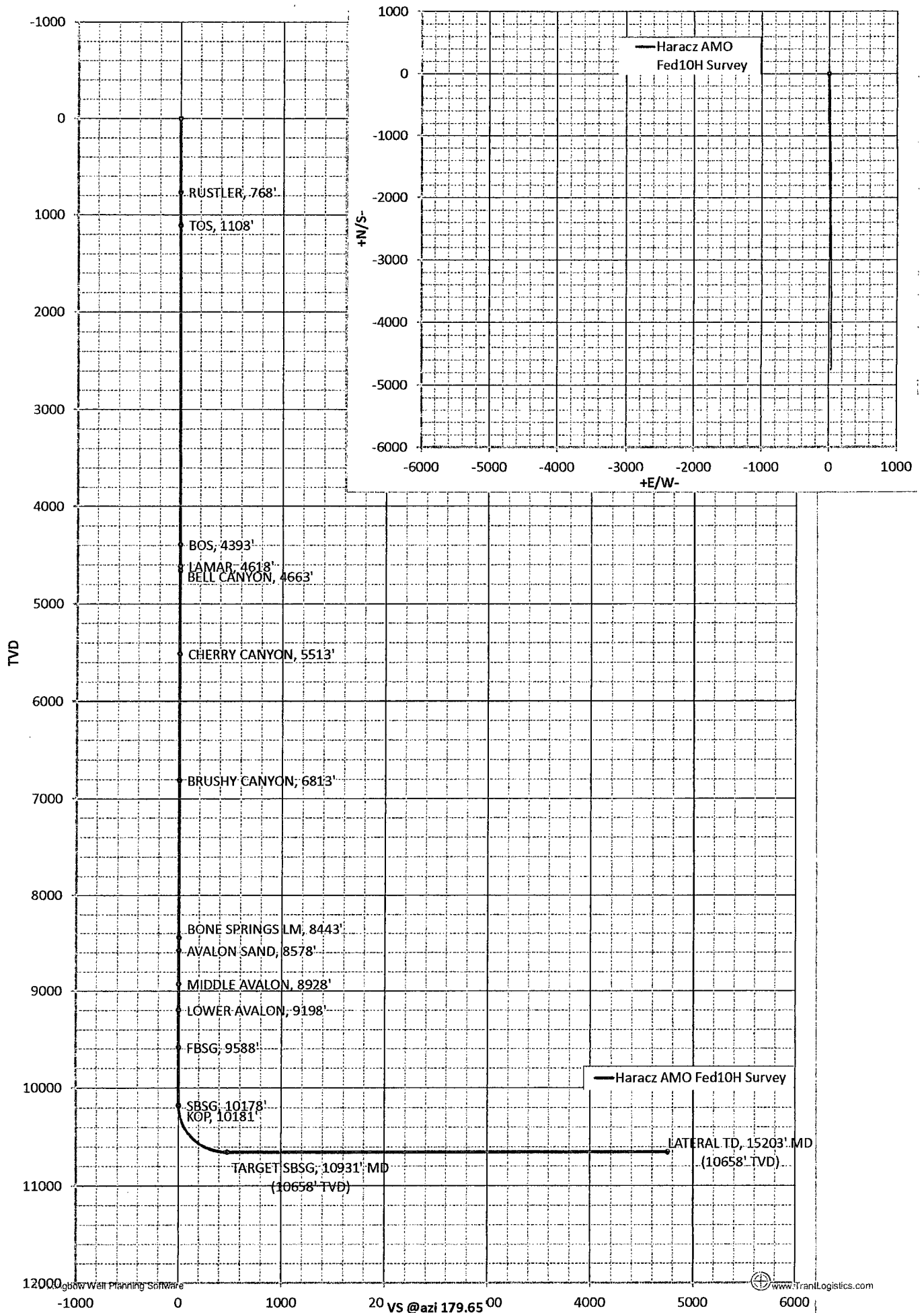
Operator Co.

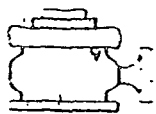
Your Co.

Survey/Planning Report

Survey/Planning Report									
Operator	Yates Petroleum Corp.			Northing Easting Elevation Latitude Longitude Units	Feet	Date System Datum Zone Scale Fac. Converg.	2-Aug-12		
Dir. Co.	Yates Petroleum Corp.						2 - St. Plane		
Well Name	Haracz AMO Fed10H Survey						1983 - NAD83		
Location	Sec. 24, 24S-31E						4302 - Utah Central		
Rig									
Job									
MD	INC	AZI	TVD	N/S	E/W	VS@179.65°	BR	TR	DLS
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
768.00	0.00	0.00	768.00	0.00	0.00	0.00	0.00	0.00	0.00
768: RUSTLER, 768'									
1108.00	0.00	0.00	1108.00	0.00	0.00	0.00	0.00	0.00	0.00
1108: TOS, 1108'									
4393.00	0.00	0.00	4393.00	0.00	0.00	0.00	0.00	0.00	0.00
4393: BOS, 4393'									
4618.00	0.00	0.00	4618.00	0.00	0.00	0.00	0.00	0.00	0.00
4618: LAMAR, 4618'									
4663.00	0.00	0.00	4663.00	0.00	0.00	0.00	0.00	0.00	0.00
4663: BELL CANYON, 4663'									
5513.00	0.00	0.00	5513.00	0.00	0.00	0.00	0.00	0.00	0.00
5513: CHERRY CANYON, 5513'									
6813.00	0.00	0.00	6813.00	0.01	0.00	-0.01	0.00	0.00	0.00
6813: BRUSHY CANYON, 6813'									
8443.00	0.00	0.00	8443.00	0.01	0.00	-0.01	0.00	0.00	0.00
8443: BONE SPRINGS LM, 8443'									
8578.00	0.00	0.00	8578.00	0.01	0.00	-0.01	0.00	0.00	0.00
8578: AVALON SAND, 8578'									
8928.00	0.00	0.00	8928.00	0.01	0.00	-0.01	0.00	0.00	0.00
8928: MIDDLE AVALON, 8928'									
9198.00	0.00	0.00	9198.00	0.01	0.00	-0.01	0.00	0.00	0.00
9198: LOWER AVALON, 9198'									
9588.00	0.00	0.00	9588.00	0.01	0.00	-0.01	0.00	0.00	0.00
9588: FBSSG, 9588'									
10178.00	0.00	0.00	10178.00	0.01	0.00	-0.01	0.00	0.00	0.00
10178: SBSSG, 10178'									
10180.54	0.00	179.65	10180.54	0.01	0.00	-0.01	0.00	1.76	0.00
10180.54: KOP, 10181'									
10200.00	2.34	179.65	10199.99	-0.39	0.00	0.39	12.00	0.00	12.00
10300.00	14.34	179.65	10298.76	-14.86	0.09	14.86	12.00	0.00	12.00
10400.00	26.34	179.65	10392.35	-49.55	0.30	49.55	12.00	0.00	12.00
10500.00	38.34	179.65	10476.69	-102.94	0.62	102.94	12.00	0.00	12.00
10600.00	50.34	179.65	10548.09	-172.69	1.04	172.70	12.00	0.00	12.00
10700.00	62.34	179.65	10603.42	-255.77	1.55	255.77	12.00	0.00	12.00
10800.00	74.34	179.65	10640.27	-348.53	2.11	348.54	12.00	0.00	12.00
10900.00	86.34	179.65	10657.02	-446.93	2.70	446.94	12.00	0.00	12.00
10930.53	90.00	179.65	10658.00	-477.45	2.88	477.46	12.00	0.00	12.00
10930.53: TARGET SBSSG, 10931' MD (10658' TVD)									
15202.98	90.00	179.65	10658.01	-4749.81	28.70	4749.90	0.00	0.00	0.00
15202.98: LATERAL TD, 15203' MD (10658' TVD)									



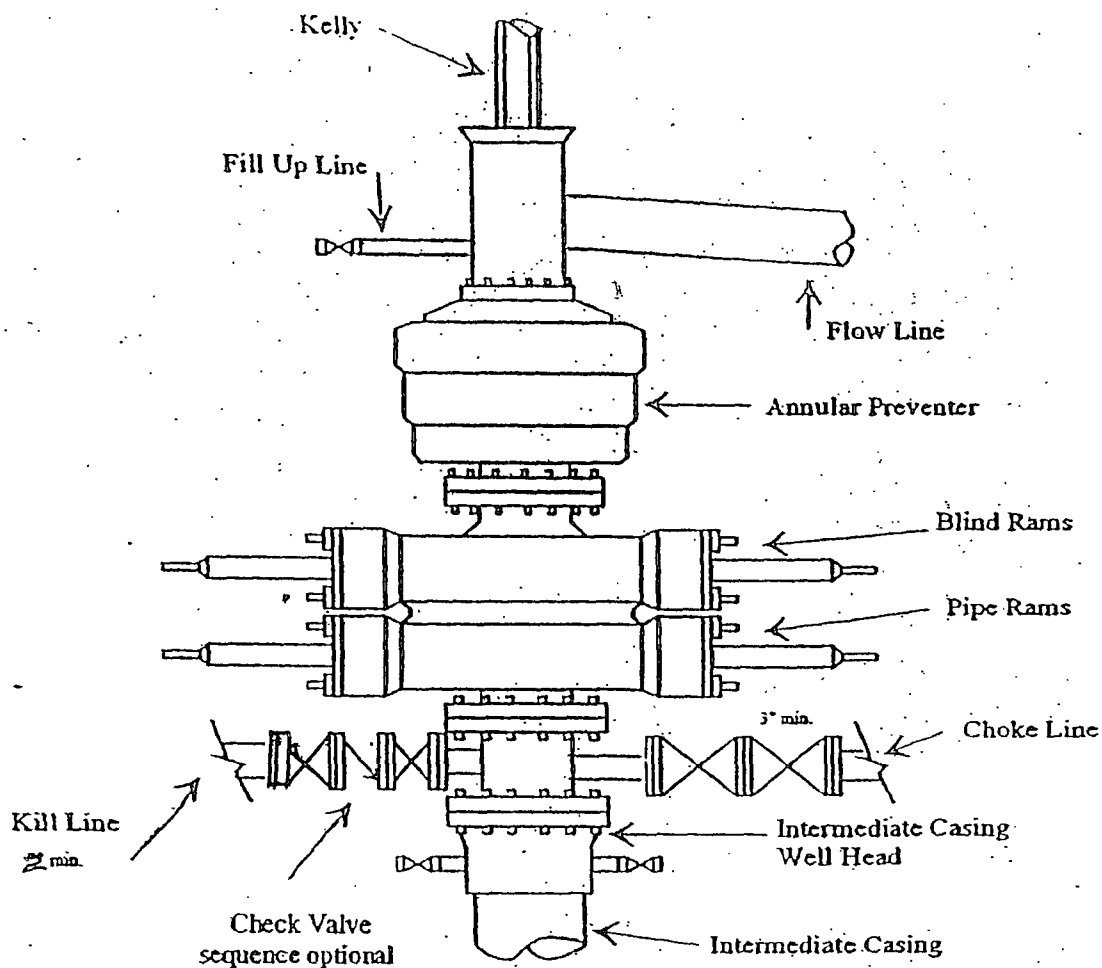




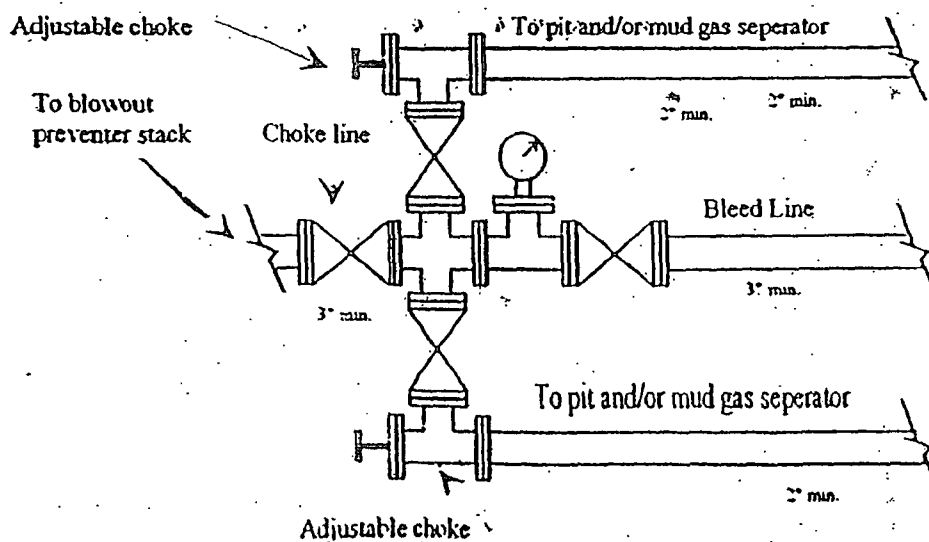
Yates Petroleum Corporation
Typical 3,000 psi Pressure System
Schematic
Annular with Double Ram Preventer Stack

BOP-3

Exhibit



Typical 3,000 psi choke manifold assembly with at least these minimum features



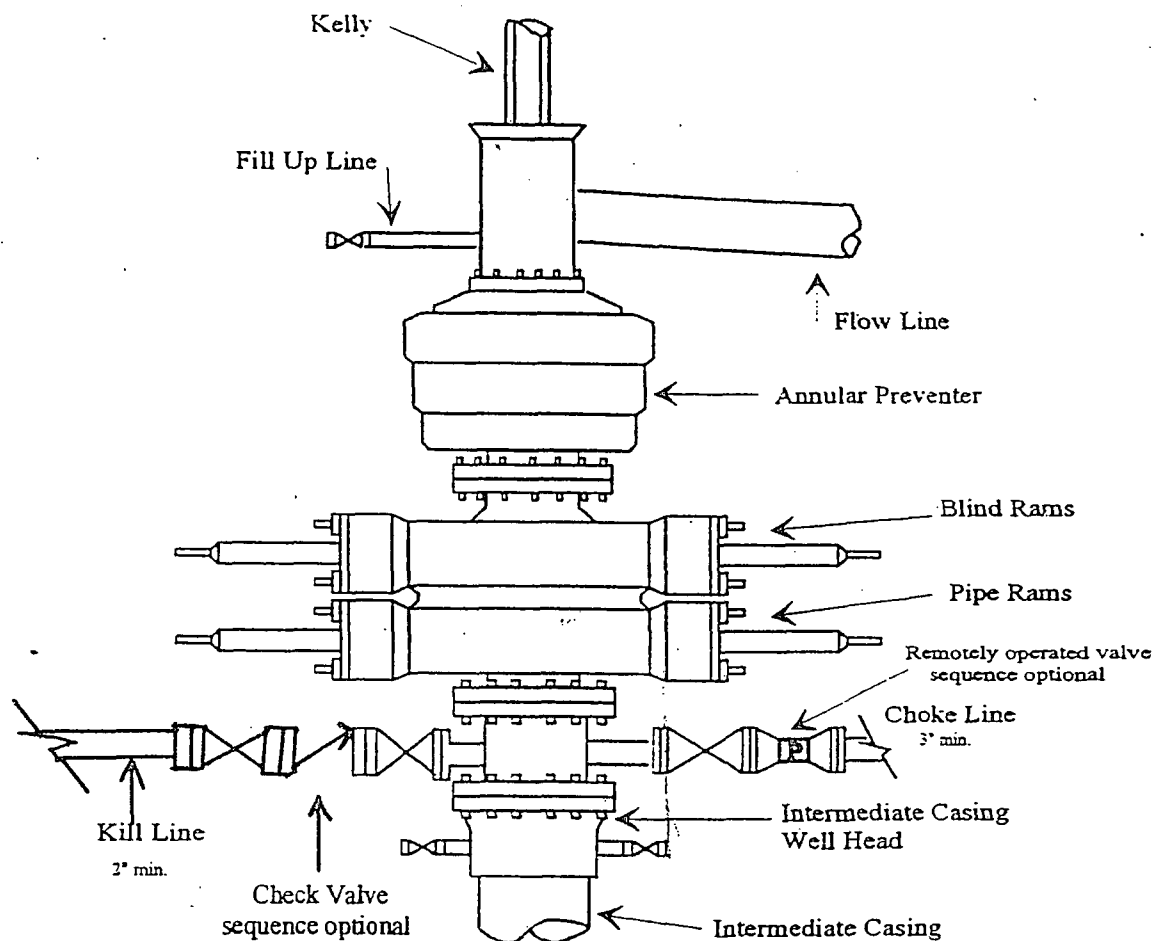


Yates Petroleum Corporation

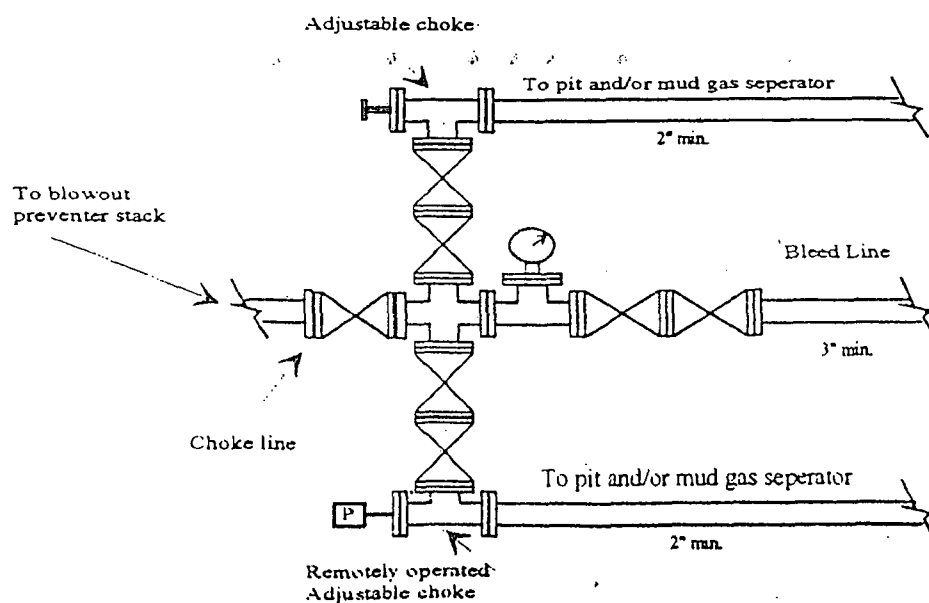
BOP-4

Typical 5,000 psi Pressure System
Schematic
Annular with Double Ram Preventer Stack

Exhibit



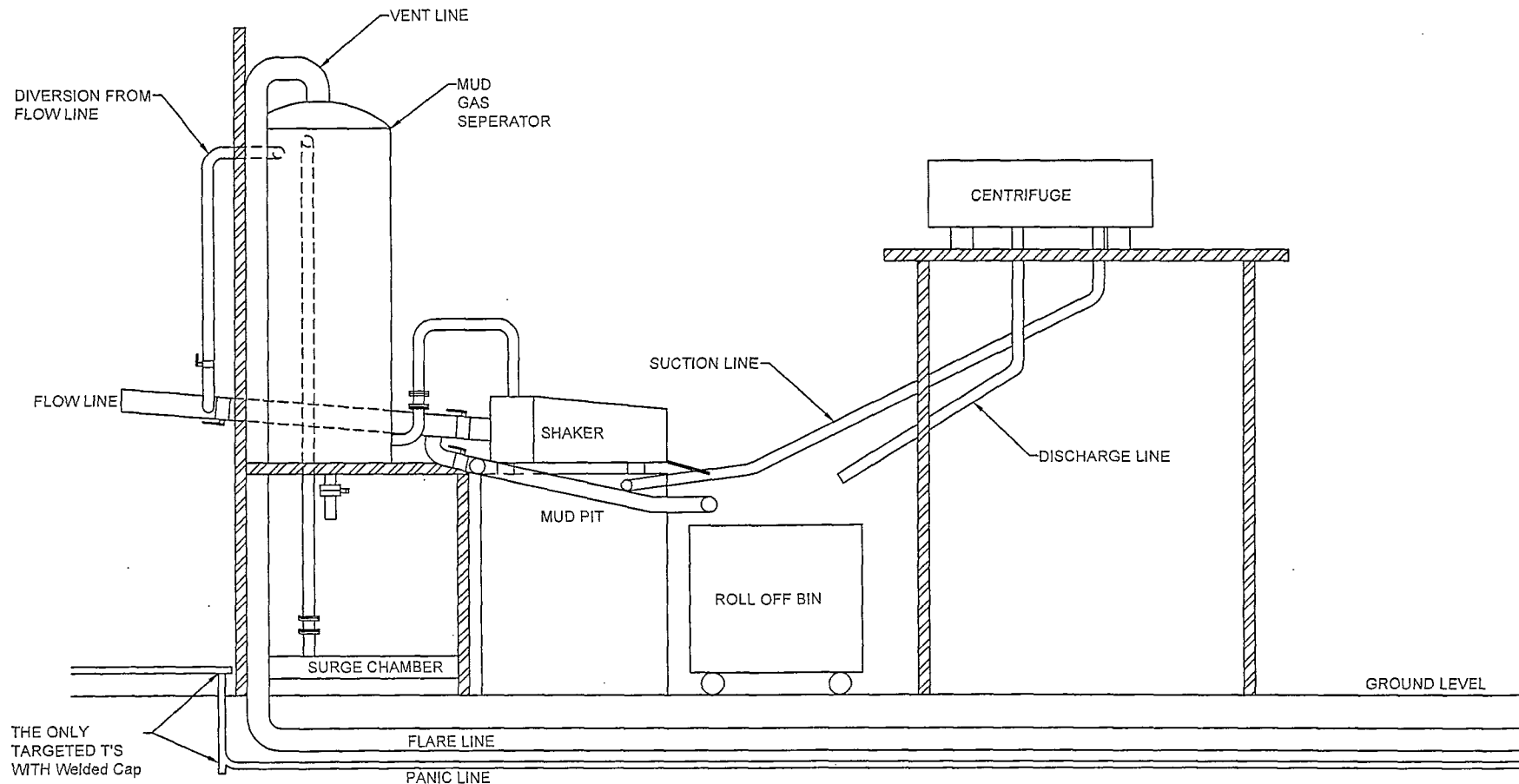
Typical 5,000 psi choke manifold assembly with at least these minimum features



Exhibit

YATES PETROLEUM CORPORATION

Piping from Choke Manifold
to the Closed Loop Drilling Mud System



The flare discharge must be 100' from wellhead for non H2S wells and 150' from wellhead for wells expected to encounter H2S.

Yates Petroleum Corporation Closed Loop System

Equipment Design Plan

Closed Loop System will consist of:

1 – double panel shale shaker

1 – (minimum) Centrifuge, certain wells and flow rates may require 2 centrifuges

On certain wells, the Centrifuge will be replaced by a Clackco Settling Tank System

1 – minimum centrifugal pump to transfer fluids

2- 500 bbl. FW Tanks

1 – 500 bbl. BW Tank

1 – half round frac tank – 250 bbl. capacity as necessary to catch cement / excess mud returns generated during a cement job.

1 Set of rail cars / catch bins

Certain wells will use an ASC Auger Tank

Operation Plan

All equipment will be inspected at least hourly by rig personnel and daily by contractors' personnel.

Any spills / leaks will be reported to YPC, NMOCD, and cleaned up without delay.

Closure Plan

Drilling with Closed Loop System, haul off bins will be taken to Gandy Marley, Lea Land Farm, CRI or Sundance Services Inc.

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
Phone (575) 393-6161 Fax: (575) 393-0720

DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210
Phone (575) 748-1283 Fax: (575) 748-9720

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone (505) 478-3460 Fax: (505) 478-3462

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised August 1, 2011

Submit one copy to appropriate
District Office

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name UNDESIGNATED BONE SPRING
Property Code	Property Name HARACZ "AMO" FEDERAL	Well Number 10H
GRID No. 025575	Operator Name YATES PETROLEUM CORP.	Elevation 3575'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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Bottom Hole Location If Different From Surface

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Dedicated Acres 160 E2E2	Joint or Infill	Consolidation Code	Order No.
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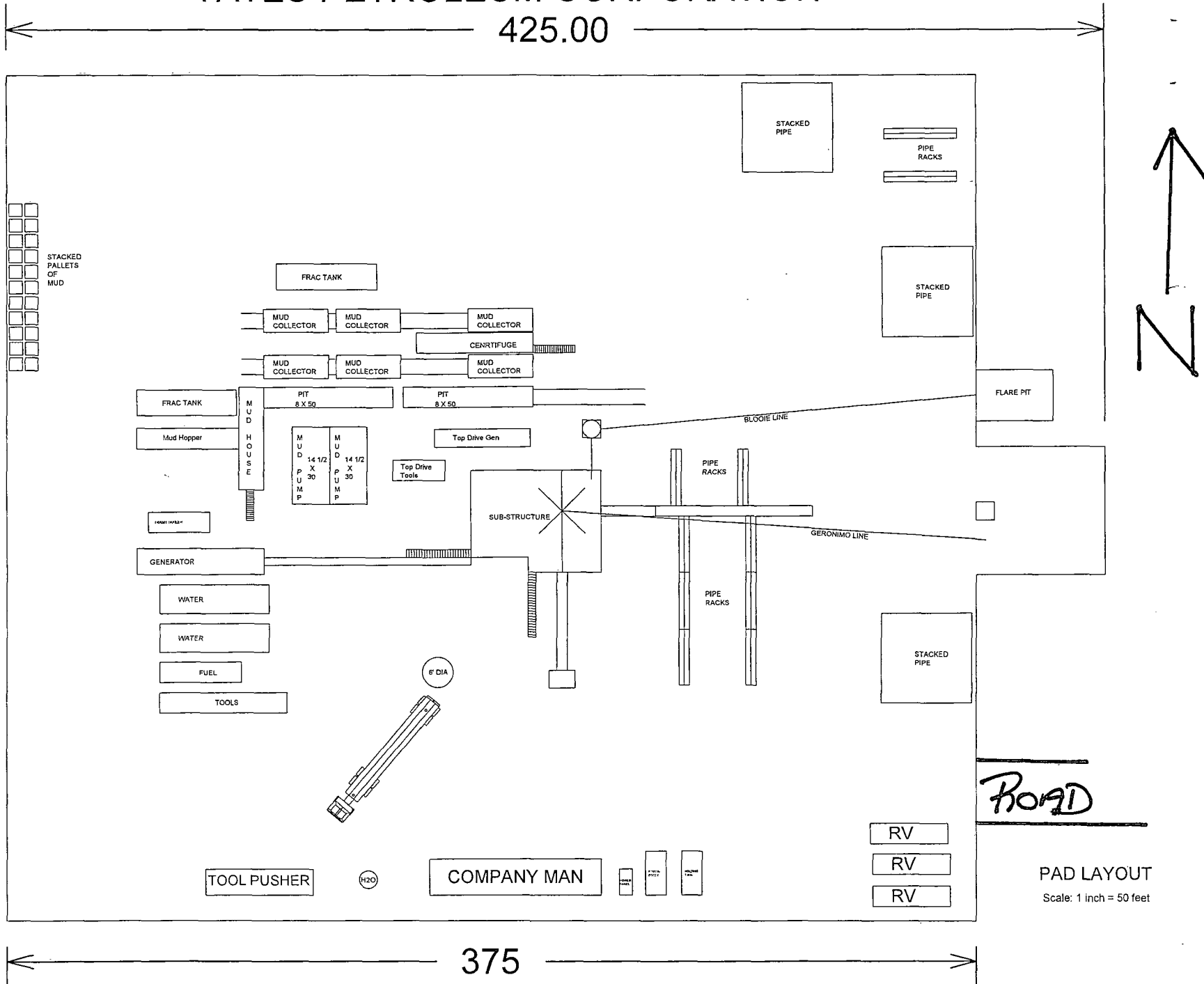
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>SURFACE LOCATION Lat - N 32°12'34.47" Long - W 103°43'30.32" NMSPCE- N 440509.80 E 729457.00 (NAD-83)</p> <p>Penetration Point 677' FNL & 657' FEL</p> <p>Project Area →</p> <p>Producing Zone →</p> <p>PROPOSED BOTTOM HOLE LOCATION Lat - N 32°11'47.46" Long - W 103°43'30.30" NMSPCE- N 435759.98 E 729485.70 (NAD-83)</p>	<p>3580.4'</p> <p>3575.8'</p> <p>200'</p> <p>660'</p> <p>3575.9'</p> <p>569.3'</p> <p>330'</p> <p>660'</p> <p>B.H.</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Cy Cowan</i> 8/8/12 Signature Date</p> <p>Cy Cowan Printed Name</p> <p>cy@yatespetroleum.com Email Address</p> <p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.</p> <p>GARY L. JONES JULY 21, 2012 CO Date Surveyed</p> <p>Signature & Seal of Professional Surveyor</p> <p>28951 Certificate No. Gary L. Jones 7977</p> <p>BASIN SURVEYS 26951</p>
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YATES PETROLEUM CORPORATION

425.00

330



PAD LAYOUT

Scale: 1 inch = 50 feet

Yates Petroleum Corporation

**105 S. Fourth Street
Artesia, NM 88210**

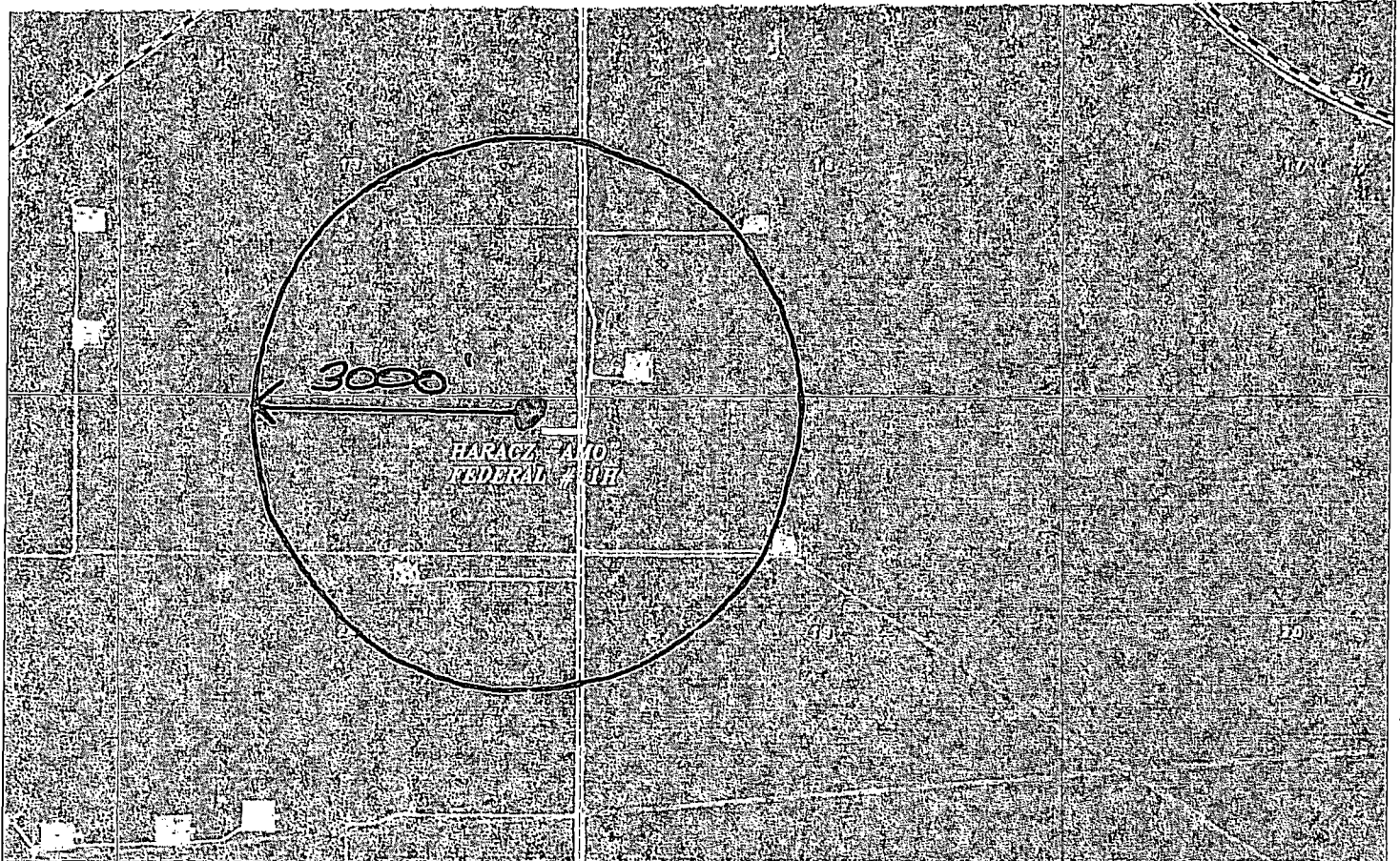
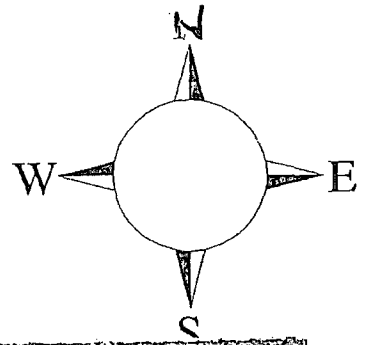
Hydrogen Sulfide (H₂S) Contingency Plan

For

**Haracz AMO Federal #10H
200' FSL and 660' FEL
Section 24, T24S-R31E
Lea County, New Mexico**

Haracz AMO Federal #10H

This is an open drilling site. H₂S monitoring equipment and emergency response equipment will be used within 500' of zones known to contain H₂S, including warning signs, wind indicators and H₂S monitor.



Assumed 100 ppm ROE = 3000'

100 ppm H₂S concentration shall trigger activation of this plan.

Yates Petroleum Corporation Phone Numbers

YPC Office	(575) 748-1471
Pinson McWhorter/Operations Manager	(575) 748-4189
Wade Bennett/Prod Superintendent	(575) 748-4236
LeeRoy Richards/Assistant Prod Superintendent	(575) 748-4228
Mike Larkin/Drilling	(575) 748-4222
Paul Hanes/Prod. Foreman/Roswell	(575) 624-2805
Tim Bussell/Drilling Superintendent	(575) 748-4221
Artesia Answering Service	(575) 748-4302
(During non-office hours)	

Agency Call List

Lea County (575)

Jal

State Police	827-7130 Eunice
City Police.....	395-2501
Sheriff's Office	395-2121
Ambulance.....	911
Fire Department	395-2221
NMOCD.....	393-6161 Hobbs

Hobbs

State Police	392-5588
City Police.....	397-9265
Sheriff's Office	397-9262
Ambulance.....	911
Fire Department	397-9308
LEPC (Local Emergency Planning Committee).....	887-3798

US Bureau of Land Management.....	887-6544 Carlsbad
New Mexico Emergency Response Commission (Santa Fe)	(505) 476-9600
24 HR	(505) 827-9126
New Mexico State Emergency Operations Center.....	(505) 476-9635
National Emergency Response Center (Washington, DC)(800) 424-8802

Other

Boots & Coots IWC	1-800-256-9688 or (281) 931-8884
Cudd Pressure Control.....	(915) 699-0139 or (915) 563-3356
Halliburton	(575) 746-2757
B. J. Services.....	(575) 746-3569

Flight For Life -4000 24th St, Lubbock, TX	(806) 743-9911
Aerocare -Rr 3 Box 49f, Lubbock, TX	(806) 747-8923
Med Flight Air Amb 2301 Yale Blvd SE #D3, Albuq, NM	(505) 842-4433
S B Air Med Svc 2505 Clark Carr Loop SE, Albuq, NM	(505) 842-4949

Yates Petroleum Corporation

Hydrogen Sulfide Drilling Operation Plan

I. HYDROGEN SULFIDE TRAINING

All personnel, whether regularly assigned, contracted, or employed on an unscheduled basis, will receive training from a qualified instructor in the following areas prior to commencing drilling operations on this well:

1. The hazards and characteristics of hydrogen sulfide (H₂S).
2. The proper use and maintenance of personal protective equipment and life support systems.
3. The proper use of H₂S detectors, alarms, warning systems, briefing areas, evacuation procedures, and prevailing winds.
4. The proper techniques for first aid and rescue procedures.

In addition, supervisory personnel will be trained in the following areas:

1. The effects of H₂S on metal components. If high tensile tubular are to be used, personnel will be trained in their special maintenance requirements.
2. Corrective action and shut-in procedures when drilling or reworking a well and blowout prevention and well control procedures.
3. The contents and requirements of the H₂S Drilling Operations Plan and H₂S Contingency Plan.

There will be an initial training session just prior to encountering a known or probable H₂S zone (within 3 days or 500 feet) and weekly H₂S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H₂S Drilling Operation Plan and the H₂S Contingency Plan. **The location of this well does not require a Public Protection Plan.**

II. H2S SAFETY EQUIPMENT AND SYSTEMS

NOTE: All H2S safety equipment and systems will be installed, tested, and operational when drilling reaches a depth of 500 feet above, or three days prior to penetrating the first zone containing or reasonably expected to contain H2S.

1. Well Control Equipment:

- A. Flare line
- B. Choke manifold
- C. Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit
- D. Auxiliary equipment may include if applicable: annular preventer & rotating head.

2. Protective equipment for essential personnel:

- A. Mark II Survive Air (or equivalent) 30-minute units located in the doghouse and at briefing areas, as indicated on well site diagram.

3. H2S detection and monitoring equipment:

- A. 3 portable H2S monitors positioned at: Shale Shaker, Bell Nipple, and Rig Floor. These units have warning lights and audible sirens when H2S levels of 10 PPM are reached.

4. Visual warning systems:

- A. Wind direction indicators as shown on well site diagram (attached).
- B. Caution/Danger signs (attached) shall be posted on roads providing direct access to location. Signs will be painted with high visibility yellow with black lettering of a sufficient size to be readable at a reasonable distance from the immediate location. Bilingual signs will be used, when appropriate. See example attached.

5. Mud program:

- A. The mud program has been designed to minimize the volume of H2S circulated to the surface. Proper mud weight, safe drilling practices and the use of H2S scavengers will minimize hazards when penetrating H2S bearing zones.

6. Metallurgy:

- A. All drill strings, casings, tubing, wellhead, blowout preventer, drilling spool, kill lines, choke manifold and lines, and valves shall be suitable for H2S service.
- B. All elastomers used for packing and seals shall be H2S trim.

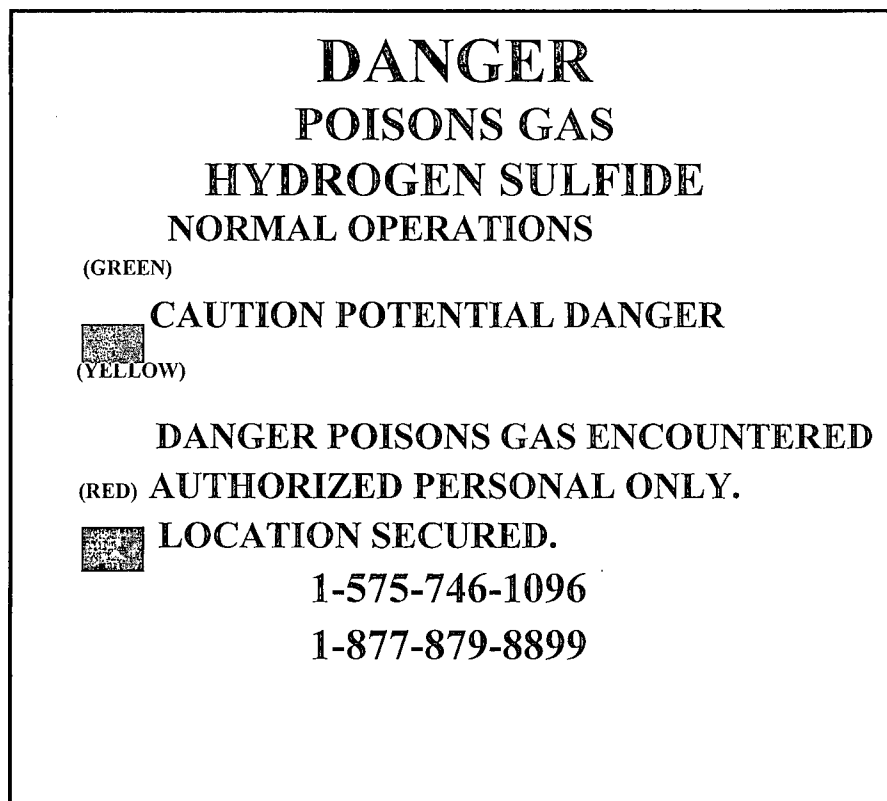
7. Communication:

- A. Cellular communications in company vehicles.
- B. Land line (telephone) communication at the Office.

8. Well testing:

- A. There will be no drill stem testing.

EXHIBIT



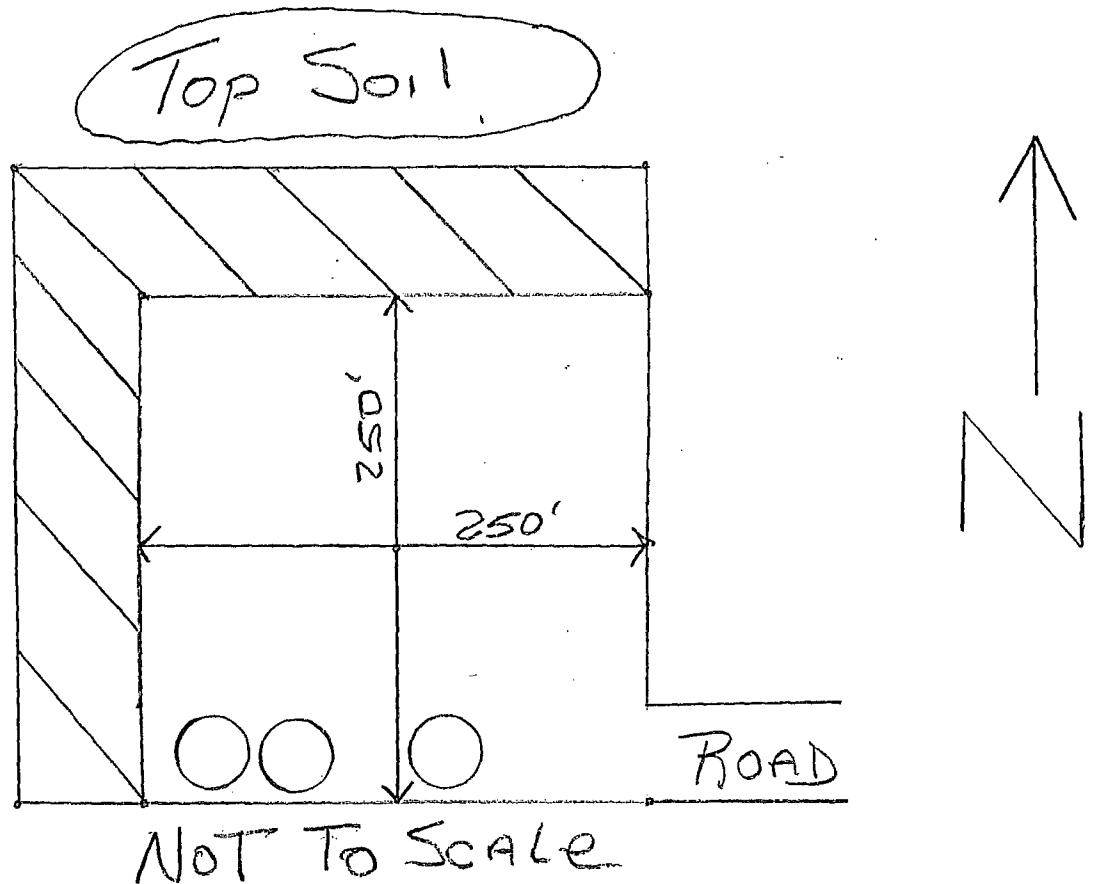
EDDY COUNTY EMERGENCY NUMBERS

ARTESIA FIRE DEPT. 575-746-5050
9308
ARTESIA POLICE DEPT. 575-746-5000
9285
EDDY CO. SHERIFF DEPT. 575-746-9888
396-1196

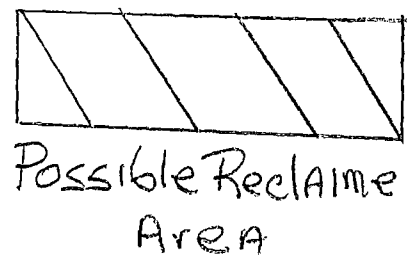
LEA COUNTY EMERGENCY

HOBBS FIRE DEPT. 575-397-
HOBBS POLICE DEPT. 575-397-
LEA CO. SHERIFF DEPT. 575-

Reclamation PLAT



FINAL Reclamation
May Not Look Like
THIS PLAT.



PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:	Yates Petroleum Corp
LEASE NO.:	NM57274
WELL NAME & NO.:	10H Haracz AMO Federal
SURFACE HOLE FOOTAGE:	200' FNL & 660' FEL
BOTTOM HOLE FOOTAGE:	330' FSL & 660' FEL
LOCATION:	Section 24, T.24 S., R.31 E., NMPM
COUNTY:	Eddy County, New Mexico

TABLE OF CONTENTS

Standard Conditions of Approval (COA) apply to this APD. If any deviations to these standards exist or special COAs are required, the section with the deviation or requirement will be checked below.

- ☐ **General Provisions**
- ☐ **Permit Expiration**
- ☐ **Archaeology, Paleontology, and Historical Sites**
- ☐ **Noxious Weeds**
- ☒ **Special Requirements**

Lesser Prairie-Chicken Timing Stipulations
Ground-level Abandoned Well Marker

- ☐ **Construction**
 - Notification
 - Topsoil
 - Closed Loop System
 - Federal Mineral Material Pits
 - Well Pads
 - Roads

- ☐ **Road Section Diagram**

- ☒ **Drilling**
 - Logging Requirements
 - Casing Requirements
 - Waste Material and Fluids

- ☐ **Production (Post Drilling)**
 - Well Structures & Facilities
 - Pipelines
 - Electric Lines

- ☐ **Interim Reclamation**
- ☐ **Final Abandonment & Reclamation**