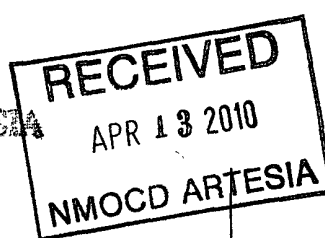


OCD-ARTESIA



ATS-10-204

FA 10-414
FORM APPROVED
OMB NO 1004-0137
Expires: July 31, 2010

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
APPLICATION FOR PERMIT TO DRILL OR REENTER

5 Lease Serial No	NM-104642
6. If Indian, Allottee or Tribe Name	N/A
7. If Unit or CA Agreement, Name and No	N/A
8. Lease Name and Well No	Tractor BPC Federal Com #1H
9. API Well No	30-015-37779
10 Field and Pool, or Exploratory	Undesignated Bone Springs
11 Sec., T, R., M, or Blk. And Survey or Area	Section 20-T25S-R25E
12 County or Parish	Eddy
13 State	NM

1a. Type of Work: ☒ DRILL ☐ REENTER
1b Type of Well ☒ Oil Well ☐ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone
2 Name of Operator

Yates Petroleum Corporation 025575

3a Address 105 South Fourth Street, Artesia, NM 88210
3b. Phone No. (include area code) 505-748-1471

4 Location of well (Report location clearly and in accordance with any State requirements. *)
At surface 1310' - Per SN 2/5/10 RGH
At proposed prod. zone 660' FNL & 330' FEL, Sec. 20-25S-25E, UL A, NENE

14. Name of Operator
Yates Petroleum Corporation 025575

15. Distance from proposed* location to nearest property or lease line, ft (Also to nearest drlg. unit line, if any)	330'	16' No of acres in lease	477.60	17. Spacing Unit dedicated to this well	N2N2
18 Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft	None	19 Proposed Depth	VD 5130'	20 BLM/ BIA Bond No on file	NATIONWIDE BOND #NMB000434
21 Elevations (Show whether DF, KDB, RT, GL, etc)	3597 -3583' GL	22 Approximate date work will start*	ASAP	23. Estimated duration	45 days

24. Attachments

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

- | | |
|--|---|
| 1 Well plat certified by a registered surveyor | 4 Bond to cover the operations unless covered by existing bond on file(see item 20 above) |
| 2 A Drilling Plan | 5. Operator certification. |
| 3 A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office). | 6 Such other site specific information and/ or plans as may be required by the BLM |

25 Signature	Name (Printed/ Typed)	Date
Clifton May	Clifton May	January 14, 2010
Title Land Regulatory Agent		
Approved By (Signature)	Name (Printed/ Typed)	Date
/s/ Don Peterson	/s/ Don Peterson	APR 07 2010
Title	Office	
FOR FIELD MANAGER	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 cc operations thereon.

Conditions of approval, if any, are attached

APPROVAL FOR TWO YEARS

Title 18 USC Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and wilfully 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.

*(Instructions on page 2)

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

Carlsbad Controlled Water Basin

**Approval Subject to General Requirements
& Special Stipulations Attached**

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OOD-ARTESIA

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other (re-entry)	5. Lease Serial No. NM-104662
2. Name of Operator Yates Petroleum Corporation 025575	6. If Indian, Allottee or Tribe Name Not Applicable
3a. Address 105 South Fourth Street, Artesia, NM 88210	7. If Unit or CA/Agreement, Name and/o Not Applicable
3b. Phone No. (include area code) (575) 748-1471	8. Well Name and No. ractor "BPC" Federal Com. #11
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 1310' FNL & 660' FWL, Sec 20-T25S-R25E, Surface Hole 660' FNL & 330' FEL, Sec 20-T25S-R57E, Bottom Hole	9. API Well No.
	10. Field and Pool, or Exploratory Area Undesignated Bone Spring
	11. County or Parish, State Eddy County, New Mexico

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Move
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	surface location
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	and road

13 Describe Proposed or Completed Operation Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomple horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recomple in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Yates Petroleum Corporation, at the request of BLM, moved the surface location and changed the road route. The new footages are 1310' FNL & 660' FWL. Attached are copies of a new C-102 and plat of the road re-route. Yates is also attaching a new drilling plan as well as surface use plan. New horizontal diagrams are included.

Thank you. *Engineering review - OK RGH 2/09/2010*

RWR-Approved-New location is STAKED. IAW on-site Results.

14. I hereby certify that the foregoing is true and correct	
Name (Printed/Typed) Clifton May	Title Land Regulatory Agent
Signature <i>Clifton May</i>	Date February 5, 2010

THIS SPACE FOR FEDERAL OR STATE USE

Approved by <i>/s/ Don Peterson</i>	Title FOR FIELD MANAGER	Date APR 07 2010
Conditions of approval, if any, are attached. Approval of this notice 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.		
Office CARLSBAD FIELD OFFICE		

Title 18 U.S.C. Section 1001, 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.

(Instructions on reverse)

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
1201 W. Grand Avenue, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1229 S. St. Francis Dr., Santa Fe, NM 87506

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised October 15, 2009

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 30-015-3777A	Pool Code	Pool Name Bone Spring
Property Code 38127	Property Name TRACTOR "BPC" FEDERAL COM	Well Number 1H
OGRID No. 025575	Operator Name YATES PETROLEUM CORP.	Elevation 3597'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	20	25 S	25 E		1310	NORTH	660	WEST	EDDY

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
A	20	25 S	25 E		660	NORTH	330	EAST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
160			

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

SURFACE LOCATION
Lat - N 32°07'10.89"
Long - W 104°25'27.20"
NMSPC - N 407291.707
E 513199.718
(NAD-83)

PROPOSED BOTTOM HOLE LOCATION
Lat - N 32°07'13.89"
Long - W 104°24'36.85"
NMSPC - N 407591.83
E 517529.62
(NAD-83)

OPERATOR CERTIFICATION

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.

Clifton May 2/4/10
Signature Date

Clifton May
Printed Name

SURVEYOR CERTIFICATION

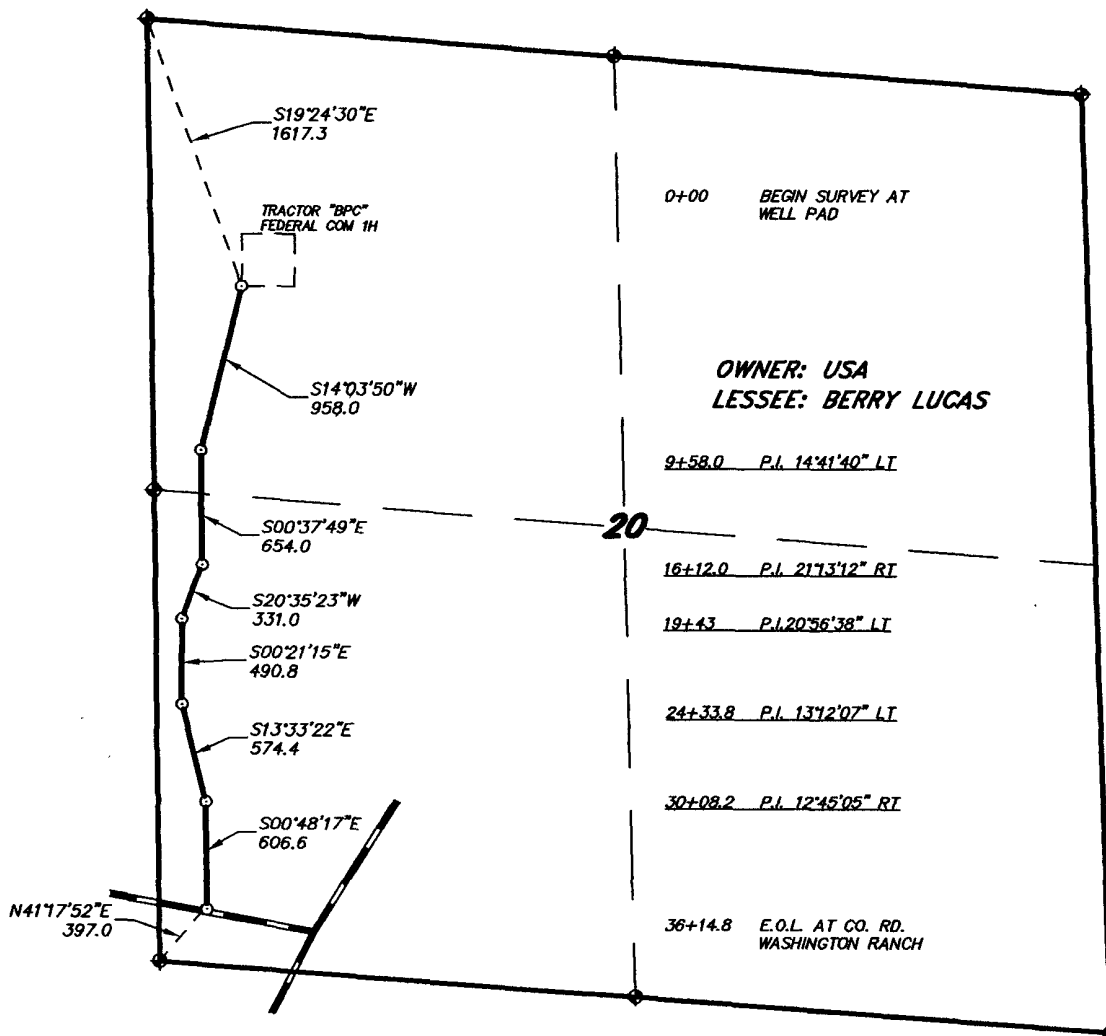
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.

JAN 14 2010 42 Jones
Date Surveyed
Signature & Seal of Professional Surveyor 7977

Certificate No. Gary L. Jones 7977

BASIN SURVEYS

**SECTION 20, TOWNSHIP 25 SOUTH, RANGE 25 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.**



LEGAL DESCRIPTION

A STRIP OF LAND 30.0 FEET WIDE, LOCATED IN SECTION 20, TOWNSHIP 25 SOUTH, RANGE 25 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO AND BEING 15.0 FEET LEFT AND RIGHT OF THE ABOVE PLATTED CENTERLINE SURVEY.

SECTION 20 = 3614.8 FEET = 219.08 RODS = 0.68 MILES = 2.49 ACRES

YATES PETROLEUM CORPORATION

Tractor BPC Federal Com. #1H

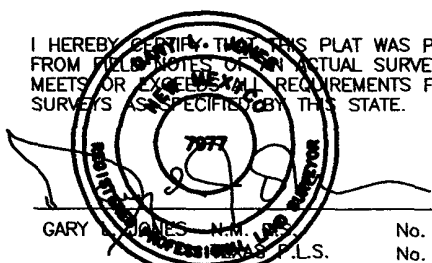
1310' FNL and 660' FWL SHL

660' FNL and 330' FEL BHL

Section 20, T25S-R25E

Eddy County, New Mexico Exhibit B

I HEREBY CERTIFY THAT THIS PLAT WAS PREPARED FROM FIELD NOTES OF AN ACTUAL SURVEY AND MEETS OR EXCEEDS ALL REQUIREMENTS FOR LAND SURVEYS AS SPECIFIED BY THIS STATE.



GARY L. JONES - N.M.P.S.
PROFESSIONAL P.L.S.

No. 7977
No. 5074

BASIN SURVEYS P.O. BOX 1786-HOBBS, NEW MEXICO

W.O. Number: 22314

Drawn By: J. M. SMALL

Date: 01-28-2010

Disk: 22314

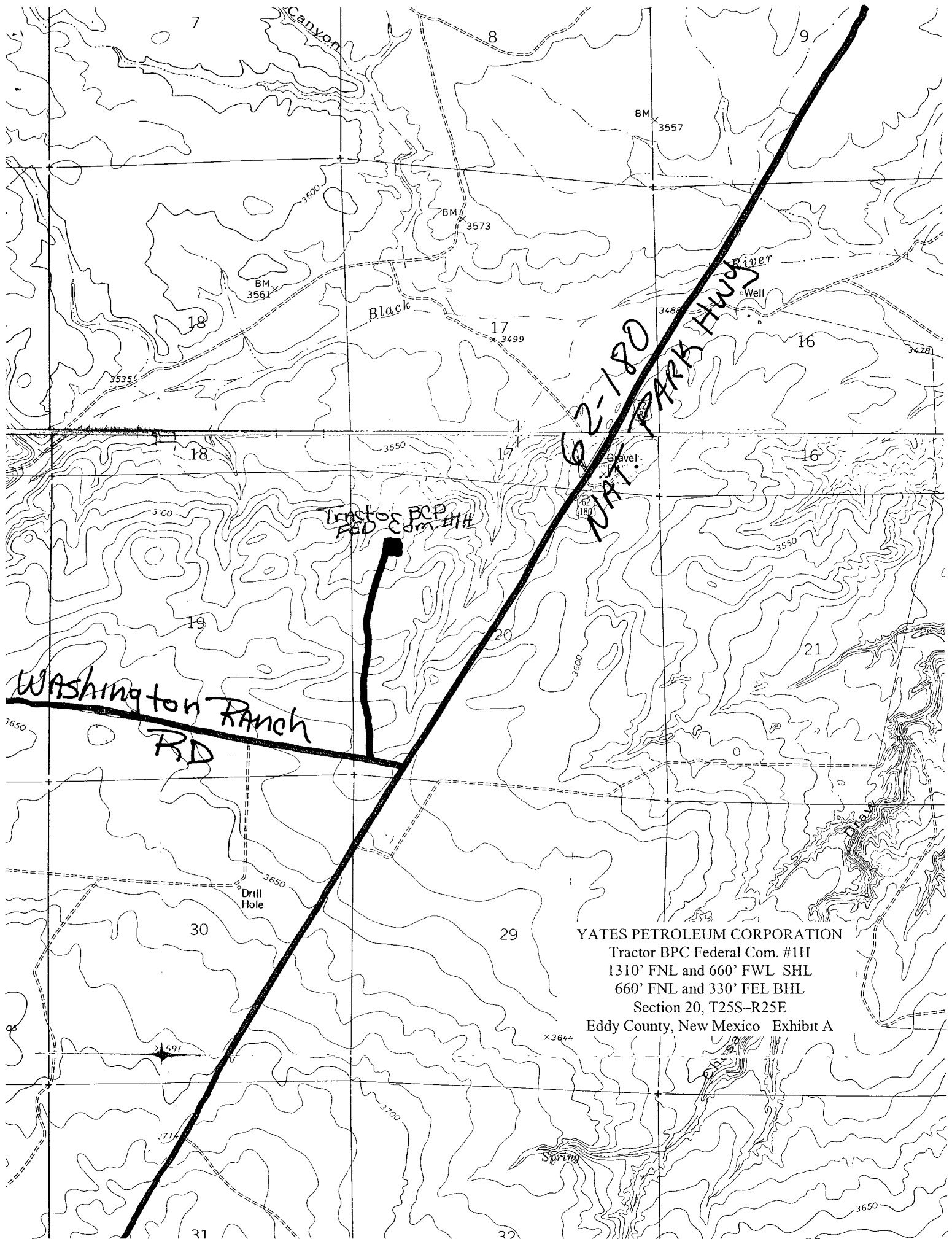
Survey Date: 01-27-2010

Sheet 1 of 1 Sheets

YATES PETROLEUM CORP.

REF: PROP LEASE ROAD TO THE TRACTOR "BPC" FEDERAL COM #1H

A LEASE ROAD CROSSING USA LAND IN
SECTION 20, TOWNSHIP 25 SOUTH, RANGE 25 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO.



YATES PETROLEUM CORPORATION
Tractor BCP Federal Com. #1H
1310' FNL and 660' FWL SHL
660' FNL and 330' FEL BHL
Section 20, T25S-R25E
Eddy County, New Mexico Exhibit A

YATES PETROLEUM CORPORATION
Tractor "BPC" Federal Com #1H
1310' FNL and 660' FWL Surface Hole Location
660' FNL & 330' FEL Bottom Hole Location
Section 20-T25S-R25E
Eddy County, New Mexico

HORIZONTAL INFORMATION

1. The estimated tops of geologic markers are as follows:
- | | | | |
|----------------------|-----------|-----------------|-----------|
| Castille | 380' | Bone Spring | 5020'-Oil |
| Bell Canyon | 1530' | Avalon Shale | 5130'-Oil |
| Cherry Canyon | 2470' | FBSG | 5930' |
| Brushy Canyon | 3300'-Oil | TD (Pilot Hole) | 6300' |
| Brushy Canyon Marker | 4700'-Oil | TMD (Lateral) | 9246' |
2. The estimated depths at which anticipated water, oil or gas formations are expected to be encountered:

Water: 170'
Oil or Gas: Oil Zones: 3300', 4700', 5020' & 5130'.

3. Pressure Control Equipment: BOPE will be installed on the 11 3/4" and the 8 5/8" casing and rated for 3000# BOP System. 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.
4. 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.
5. THE PROPOSED CASING AND CEMENTING PROGRAM:

A. Casing Program: All new casing to be used

<u>Hole Size</u>	<u>Casing Size</u>	<u>Wt./Ft</u>	<u>Grade</u>	<u>Coupling</u>	<u>Interval</u>	<u>Length</u>
14 3/4"	11 3/4"	42#	H-40	ST&C	0-350'	350'
11"	8 5/8"	32#	J-55	ST&C	0-1650'	1650
7 7/8"	5.5"	17#	HCP- 110	LT&C	0'-9246'	9246'

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

B. CEMENTING PROGRAM:

Surface Casing: Lead with 225 sacks Class C (Yld 1.34 Wt. 14.80). TOC surface.

Intermediate Casing: Lead with 300 sacks of Poz C (Yld 1.96 Wt 12.60). Tail in with 200 sacks Class C (YLD 1.34 WT 14.80 YLD). TOC surface

Production Casing: Stage One: Cement with 1150 sacks Pecos Valley Lite (Yld 1.41 Wt 13.00). TOC 4600'. DV Tool set approximately 4600.'

Stage Two: Lead with 350 sacks Lite crete (Yld 2.66 Wt 9.90). Tail in with 200 sacks Pecos Valley Lite (Yld 1.41 Wt 13.00). TOC ~~1150'~~ *Sur Face*

See COA

Horizontal Information Continued
Tractor "BPC" Federal Com. #1H
Page Two

Pilot hole drilled vertically to 6300' TVD. Well will be plugged back with 180' plug on bottom then a 400'-500' kick off plug at approx. 4667'. Kicked off and directionally drilled at 12 degrees per 100' with a 7 7/8" hole to 9246 MD (5130' TVD) where 5 1/2" casing will be set and cemented. Penetration point of producing zone will be encountered at 990' FNL & 1135' FWL, 20-25S-25E. Deepest TVD in the well is 6300' in the pilot hole. Deepest TVD in the lateral will be 5130'.

6. MUD PROGRAM AND AUXILIARY EQUIPMENT:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-350'	Fresh Water Gel	8.60-9.20	29-36	N/C
350'-1650'	Brine Water	10.00-10.20	28-30	N/C
1650'-6300'	Cut Brine (Pilot Hole)	8.90-9.10	28-29	N/C
4667-9246'	Cut Brine(Lateral Section)	9.00-9.30	28-34	<15

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. Rig personnel will check mud hourly.

7. EVALUATION PROGRAM:

Samples: Thirty foot samples to 3000'. Every 10' from 3000' to TD
Logging: Platform Huls; CMR; dipole sonic w/stress orientation — *see COA*
Coring: None anticipated
DST's: None Anticipated
Mudlogging: From surface casing

8. ABNORMAL CONDITIONS, BOTTOM HOLE PRESSURE, AND POTENTIAL HAZARDS:

Maximum Anticipated BHP:
0'-350' 158 PSI
350'-1650' 875 PSI
1650'-6300' 3047 PSI

Abnormal Pressures Anticipated: None
Lost Circulation Zones Anticipated: None.
H2S Zones Anticipated: None Anticipated
Maximum Bottom Hole Temperature: 150 F

9. 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 20 days.

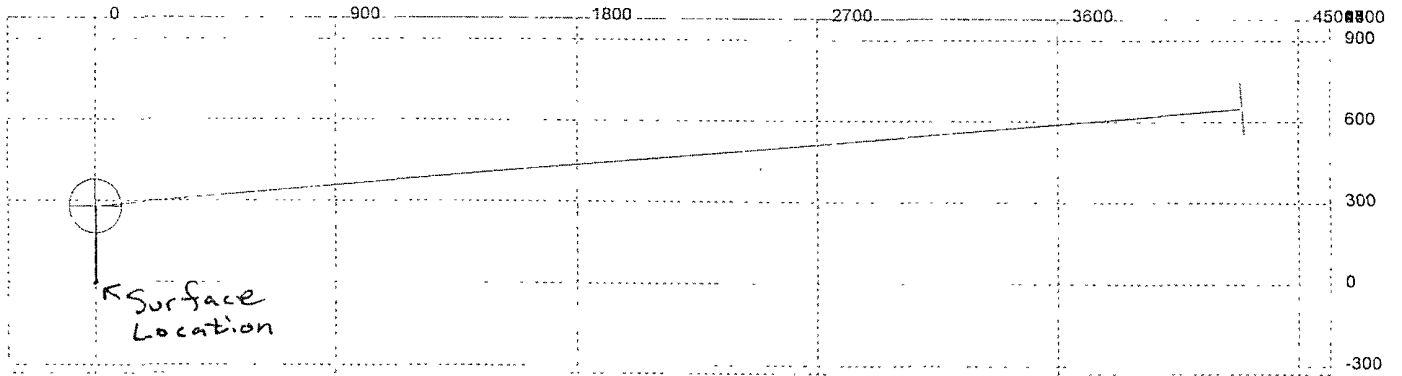
M.D.	Inclination	Azimuth	T.V.D.	N+S	E+W	D.L.S.	ToolFace	T.F. Ref. (HS/GN)	
0	0	0	0	0	0	0			
380	0	0	380	0	0	0			CASTILLE
1,530	0	0	1,530	0	0	0			BELL CANYON
1700	0	0	1700	0	0	2.5	0	GN	KOP for s-curve
1725	0 62	0	1725	0 14	0	2.5	0	HS	
1750	1 25	0	1750	0 55	0	2.5	0	HS	
1775	1 88	0	1774 99	1 23	0	2.5	0	HS	
1800	2.5	0	1799 97	2 18	0	2.5	0	HS	
1825	3 12	0	1824 94	3 41	0	2.5	0	HS	
1850	3 75	0	1849 89	4 91	0	2.5	0	HS	
1875	4 38	0	1874 83	6 68	0	2.5	0	HS	
1900	5	0	1899 75	8 72	0	2.5	0	HS	
1925	5 63	0	1924 64	11 04	0	2.5	0	HS	
1949 76	6 24	0	1949 27	13 6	0	0			
2473 59	6 24	0	2470	70 57	0	0			CHERRY CANYON
3308 55	6 24	0	3300	161 39	0	0			BRUSHY CANYON
4264 97	6 24	0	4250 74	265 41	0	0			
4275	5 99	0	4260 71	266 47	0	2.5	180	HS	
4300	5 37	0	4285 59	268 95	0	2.5	180	HS	
4325	4 74	0	4310 49	271 15	0	2.5	180	HS	
4350	4 12	0	4335 42	273 08	0	2.5	180	HS	
4375	3 49	0	4360 36	274 74	0	2.5	180	HS	
4400	2 87	0	4385 33	276 13	0	2.5	180	HS	
4425	2 24	0	4410 3	277 24	0	2.5	180	HS	
4450	1 62	0	4435 29	278 09	0	2.5	180	HS	
4475	0 99	0	4460 28	278 66	0	2.5	180	HS	
4500	0 37	0	4485 28	278 95	0	2.5	180	HS	
4514 72	0 05	0	4500	279	0	0			
4667 72	0	0	4653	279	0	0			
4667 72	0	0	4653	279	0	12	85	GN	KOP for Lateral
4675	0 87	85 06	4660 28	279	0 06	12	360	HS	
4700	3 87	85 06	4685 25	279 09	1 09	12	360	HS	
4715	5 67	85 06	4700 2	279 2	2 33	12	360	HS	BRUSHY CANYON MKR
4725	6 87	85 06	4710 14	279 3	3 42	12	360	HS	
4750	9 87	85 06	4734 87	279 61	7 05	12	0	HS	
4775	12 87	85 06	4759 38	280 03	11 96	12	0	HS	
4800	15 87	85 06	4783 59	280 57	18 14	12	0	HS	
4825	18 87	85 06	4807 45	281 21	25 58	12	360	HS	
4850	21 87	85 06	4830 88	281 96	34 25	12	360	HS	
4875	24 87	85 06	4853 83	282 82	44 13	12	0	HS	
4900	27 87	85 06	4876 22	283 77	55 19	12	0	HS	
4925	30 87	85 06	4898 01	284 83	67 4	12	0	HS	
4950	33 87	85 06	4919 12	285 98	80 74	12	0	HS	
4975	36 87	85 06	4939 5	287 23	95 16	12	360	HS	
5000	39 87	85 06	4959 1	288 57	110 62	12	360	HS	
5025	42 87	85 06	4977 86	289 99	127 08	12	0	HS	
5050	45 87	85 06	4995 73	291 5	144 49	12	360	HS	
5075	48 87	85 06	5012 65	293 08	162 82	12	0	HS	
5087	50 31	85 06	5020 43	293 87	171 92	12	360	HS	BONE SPRINGS
5100	51 87	85 06	5028 6	294 74	182	12	0	HS	
5125	54 87	85 06	5043 51	296 47	201 98	12	360	HS	
5150	57 87	85 06	5057 35	298 26	222 72	12	0	HS	
5175	60 87	85 06	5070 09	300 11	244 15	12	0	HS	
5200	63 87	85 06	5081 68	302 02	266 22	12	0	HS	
5225	66 87	85 06	5092 1	303 98	288 86	12	360	HS	
5250	69 87	85 06	5101 31	305 98	312 01	12	0	HS	
5275	72 87	85 06	5109 29	308 02	335 61	12	360	HS	
5300	75 87	85 06	5116 03	310 1	359 59	12	0	HS	
5325	78 87	85 06	5121 49	312 2	383 89	12	360	HS	
5350	81 87	85 06	5125 67	314 32	408 44	12	0	HS	
5375	84 87	85 06	5128 56	316 46	433 18	12	0	HS	
5400	87 87	85 06	5130 14	318 61	458 04	12	360	HS	
5417.78	90 01	85 06	5130.46	320.14	475.75	12	360	HS	AVALON SHALE
9246.27	90 01	85 06	5130	650	4290	0			LATERAL TD

Pilot hole will be drilled directionally to 6,300 TVD. Well will then be plugged back with 180' plug on bottom and 400'-500' kick off plug. Well will then be kicked off at 4667' at 12 degrees per 100' with a 7 7/8" hole to 9246' MD (5,130' TVD) where 5 1/2" casing will be set and cemented. Penetration point of producing zone will be at 990' FNL and 1135' FWL, 20-25S-25E. Deepest TVD in the well is 6300' in the pilot hole. Deepest TVD in the lateral will be 5130'

3D³ Directional Drilling Planner - 3D View

Company: Yates Petroleum Corporation

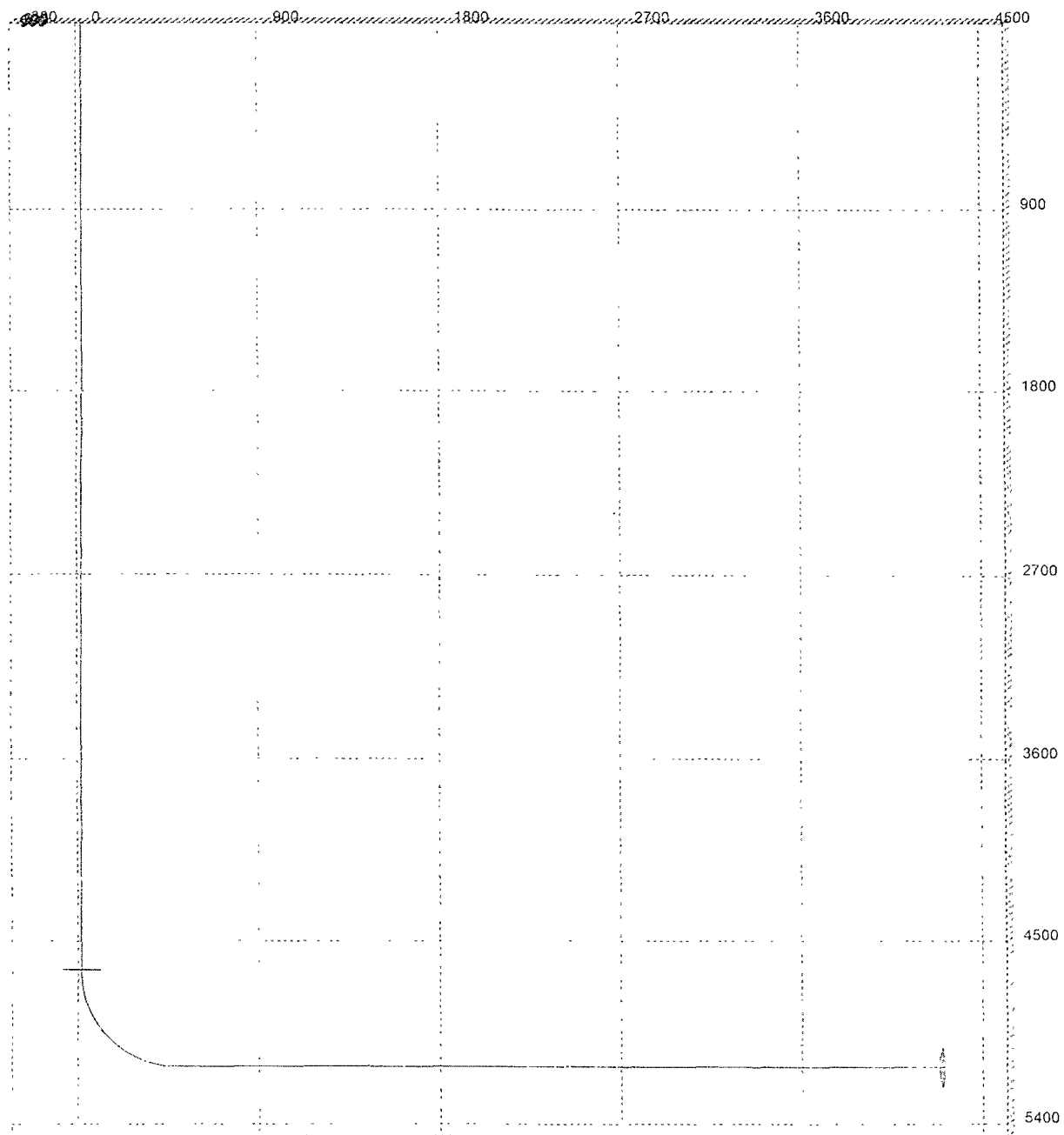
Well: Tractor BPC Federal Com. #1H

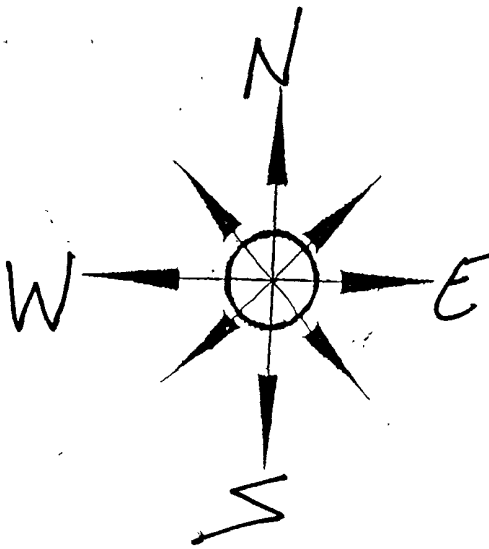


3D³ Directional Drilling Planner - 3D View

Company: Yates Petroleum Corporation

Well: Tractor BPC Federal Com. #1H



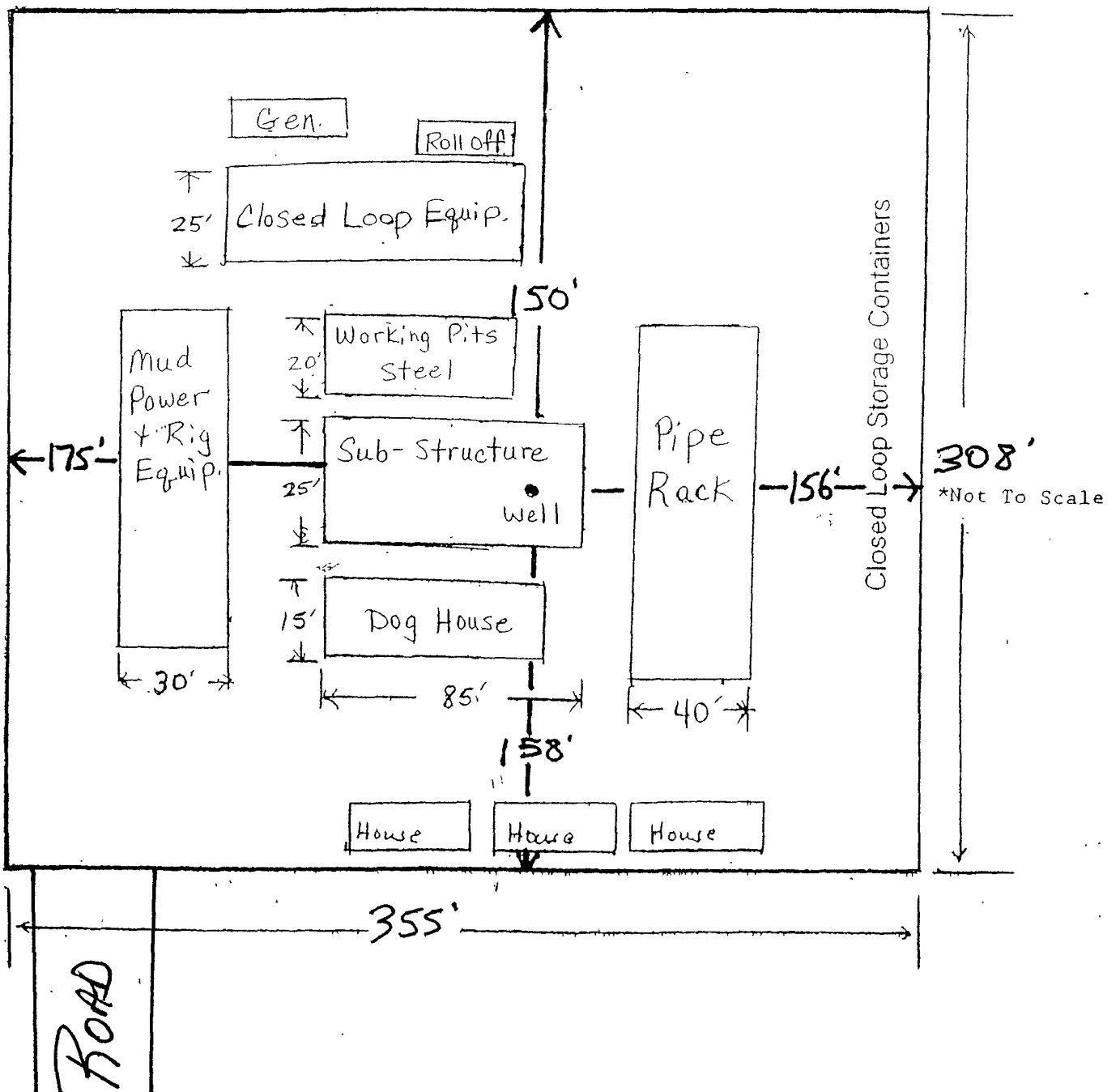


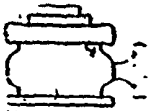
Yates Petroleum Corporation

Location Layout for Permian Basin

YATES PETROLEUM CORPORATION
Tractor BPC Federal Com. #1H
1310' FNL and 660' FWL SHL
660' FNL and 330' FEL BHL
Section 20, T25S-R25E
Eddy County, New Mexico Exhibit C

Closed Loop Design Plan



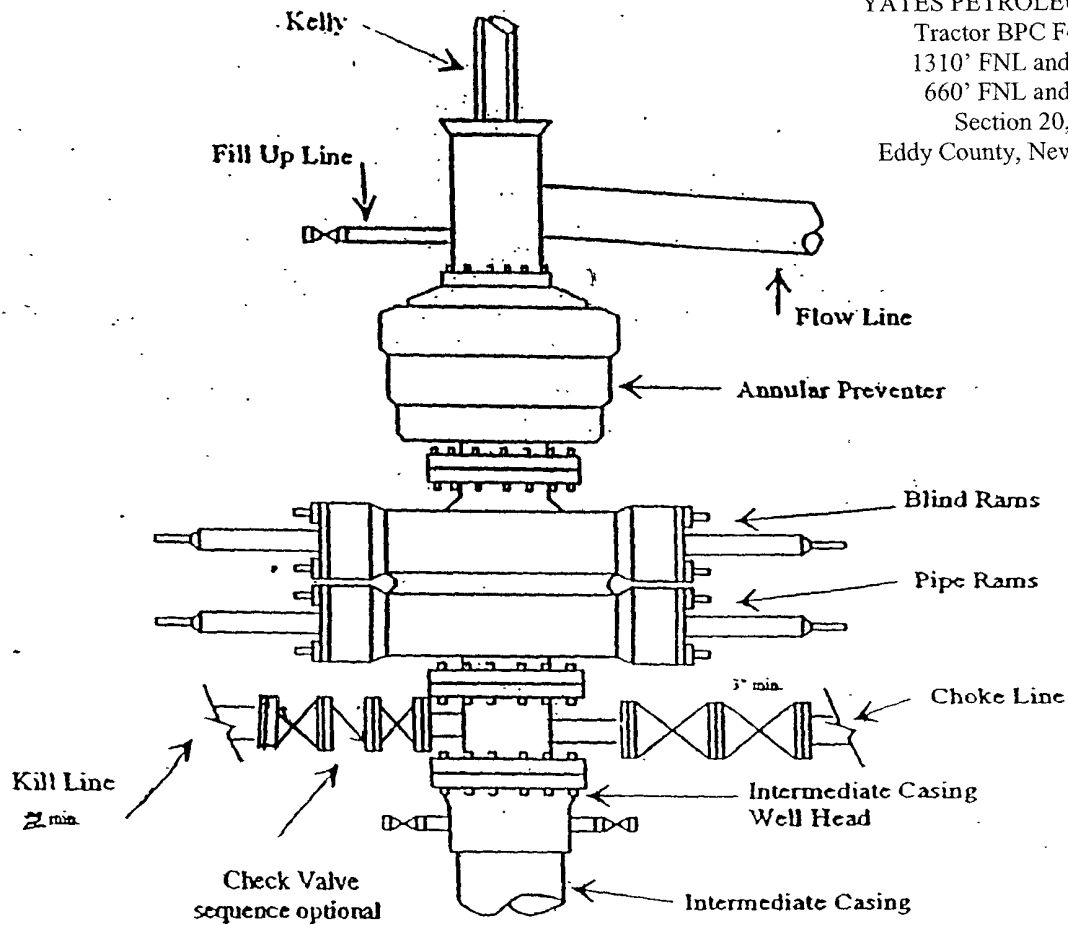


Yates Petroleum Corporation

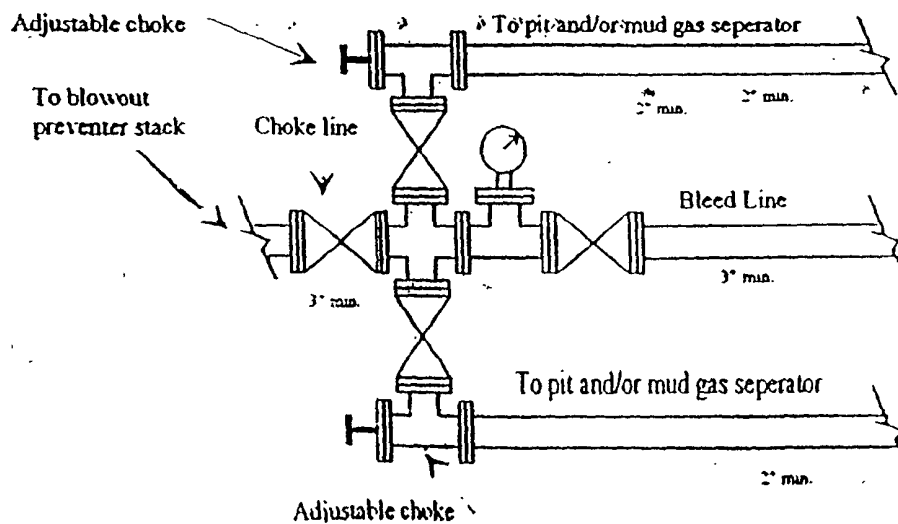
BOP-3

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

YATES PETROLEUM CORPORATION
Tractor BPC Federal Com. #1H
1310' FNL and 660' FWL SHL
660' FNL and 330' FEL BHL
Section 20, T25S-R25E
Eddy County, New Mexico Exhibit D

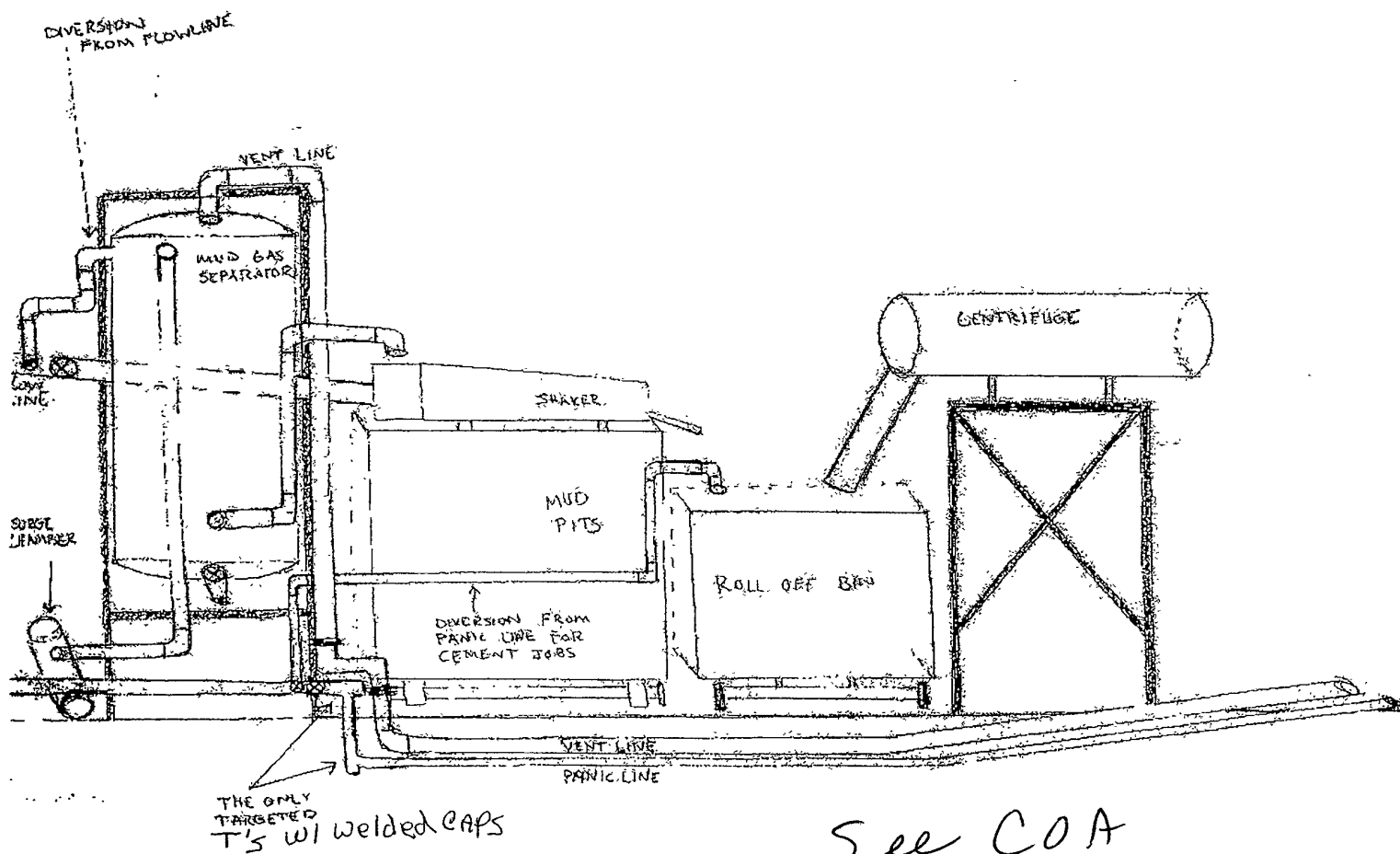


Typical 3,000 psi choke manifold assembly with at least these minimum features



YATES PETROLEUM CORPORATION
Piping from Choke Manifold
to the Closed-Loop Drilling Mud System

YATES PETROLEUM CORPORATION
Tractor BPC Federal Com. #1H
1310' FNL and 660' FWL SHL
660' FNL and 330' FEL BHL
Section 20, T25S-R25E
Eddy County, New Mexico Exhibit E



MULTI-POINT SURFACE USE AND OPERATIONS PLAN
YATES PETROLEUM CORPORATION
Tractor "BPC" Federal Com. #1H
1310' FNL & 660' FWL, Surface
660' FNL & 330' FEL, Bottom Hole
Section 20-T25S-R25E
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 the BLM map showing the well and roads in the vicinity of the proposed location. The proposed well site is located approximately 38 miles east of Carlsbad, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS: From Carlsbad, New Mexico take the National Parks Highway (62/180) to White City. Continue Southwest on 62/180 for approximately 5 miles to the Washington Ranch road. Turn right here on Washington Ranch Road and go west approximately 600'. The new road will start here going north for approx. 0.7 of a mile to the southwest corner of the proposed location.

2. PLANNED ACCESS ROAD:

- A. The proposed new access will be approximately 0.7 of a mile in length from the point of origin to the southwest corner of the drilling pad.
- 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. Two to three traffic turnouts may be needed.
- D. The route of the road is visible.
- E. Existing roads will be maintained in the same or better condition.

3. LOCATION OF EXISTING WELL:

- A. There is drilling activity within a one-mile radius of the well site.
- B. Exhibit D shows existing wells within a one-mile radius of the proposed well site.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

- A. There are 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 until an electric line can be built, if needed.

5. LOCATION AND TYPE OF WATER SUPPLY:

- A. It is planned to drill the proposed well with a brine 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.

6. SOURCE OF CONSTRUCTION MATERIALS:

The dirt contractor will be responsible for finding a source of material for construction of road and pad and will obtain any permits that may be required.

7. METHODS OF HANDLING WASTE DISPOSAL:

- A. This well will be drilled with a closed loop system
- B. The closed loop system will be constructed, maintained, and closed in compliance with the State of New Mexico, Energy and Natural Resources Department, Oil Conservation Division – the "Pit Rule" 19.15.17 NMAC.
- C. Drilling fluids will be removed after drilling and completions are completed.
- D. Water produced during operations will be collected in tanks until hauled to an approved disposal system, or separate disposal application will be submitted.
- E. Oil produced during operations will be stored in tanks until sold.
- F. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- G. All trash, junk, and other waste materials will be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not approved.

8. ANCILLARY FACILITIES: NONE

9. WELLSITE LAYOUT:

- A. Exhibit C shows the relative location and dimensions of the well pad, the location of the drilling equipment, pulling unit orientation and access road approach.
- B. The closed loop system will be constructed, maintained, and closed in compliance with the State of New Mexico, Energy and Natural Resources Department, Oil Conservation Division – the "Pit Rule" 19.15.17 NMAC.
- C. A 600' x 600' area has been staked and flagged.

10. PLANS FOR RESTORATION:

- A. After finishing drilling and/or completion operations, all equipment and other material not needed for further operations will be removed. The location will be cleaned of all trash and junk to leave the well site in as aesthetically pleasing a condition as possible.
- B. Unguarded pits, if any, containing fluids will be fenced until they have dried and have been leveled.
- C. If the proposed well is plugged and abandoned, all rehabilitation and/or vegetation requirements of the Bureau of Land Management will be complied with and will be accomplished as expeditiously as possible

11. SURFACE OWNERSHIP:

Federal Lands under the supervision of the Carlsbad BLM.

12. OTHER INFORMATION:

- A. The primary use of the surface is for grazing.
- B. Refer to the archaeological report for a description of the topography, flora, fauna, soil characteristics, dwellings, and historical and cultural sites.

CERTIFICATION
YATES PETROLEUM CORPORATION
Tractor BPC Federal Com #1H

I hereby certify that I or the company I represent, have inspected the drill site and access route proposed herein; that the company I represent is familiar with the conditions which currently exist; that 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 the company I represent is 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 14th day of January, 2010

Printed Name Clifton May

Signature Clifton May

Position Title Land Regulatory Agent

Address 105 South Fourth Street, Artesia, NM 88210

Telephone 575-748-4372

E-mail (optional) cy@yatespetroleum.com

Field Representative (if not above signatory) Tim Bussell

Address (if different from above) Same

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

E-mail (optional) _____

PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:	Yates Petroleum Corp
LEASE NO.:	NM104642
WELL NAME & NO.:	1H-Tractor BPC Fed Com
SURFACE HOLE FOOTAGE:	1310' FNL & 660' FWL
BOTTOM HOLE FOOTAGE:	660' FNL & 330' FEL
LOCATION:	Section 20, T. 25 S., R 25 E., NMPM
COUNTY:	Eddy County, New Mexico

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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**
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- ☐ **Archaeology, Paleontology, and Historical Sites**
- ☐ **Noxious Weeds**
- ☒ **Special Requirements**
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- ☐ **Construction**
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 - V-Door Direction
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 - Electric Lines – not requested
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I. GENERAL PROVISIONS

The approval of the Application For Permit To Drill (APD) is in compliance with all applicable laws and regulations: 43 Code of Federal Regulations 3160, the lease terms, Onshore Oil and Gas Orders, Notices To Lessees, New Mexico Oil Conservation Division (NMOCD) Rules, National Historical Preservation Act As Amended, and instructions and orders of the Authorized Officer. Any request for a variance shall be submitted to the Authorized Officer on Form 3160-5, Sundry Notices and Report on Wells.

II. PERMIT EXPIRATION

If the permit terminates prior to drilling and drilling cannot be commenced within 60 days after expiration, an operator is required to submit Form 3160-5, Sundry Notices and Reports on Wells, requesting surface reclamation requirements for any surface disturbance. However, if the operator will be able to initiate drilling within 60 days after the expiration of the permit, the operator must have set the conductor pipe in order to allow for an extension of 60 days beyond the expiration date of the APD. (Filing of a Sundry Notice is required for this 60 day extension.)

III. ARCHAEOLOGICAL, PALEONTOLOGY & HISTORICAL SITES

Any cultural and/or paleontological resource discovered by the operator or by any person working on the operator's behalf shall immediately report such findings to the Authorized Officer. The operator is fully accountable for the actions of their contractors and subcontractors. The operator shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery shall be made by the Authorized Officer to determine the appropriate actions that shall be required to prevent the loss of significant cultural or scientific values of the discovery. The operator shall be held responsible for the cost of the proper mitigation measures that the Authorized Officer assesses after consultation with the operator on the evaluation and decisions of the discovery. Any unauthorized collection or disturbance of cultural or paleontological resources may result in a shutdown order by the Authorized Officer.

IV. NOXIOUS WEEDS

The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipeline corridor, and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

V. SPECIAL REQUIREMENTS

** Depending on location, additional Drilling, Casing, and Cementing procedures may be required by engineering to protect critical karst groundwater recharge areas.

Cave/Karst Surface Mitigation

The following stipulations will be applied to minimize impacts during construction, drilling and production.

Construction:

In the advent that any underground voids are opened up during construction activities, construction activities will be halted and the BLM will be notified immediately.

No Blasting:

No blasting will be utilized for pad construction. The pad will be constructed and leveled by adding the necessary fill and caliche.

Pad Berming:

The entire pad will be bermed to prevent oil, salt, and other chemical contaminants from leaving the pad. All sides will be bermed.

Closed Mud System Using Steel Tanks with All Fluids and Cuttings Hauled Off.

A closed mud system using steel tanks for all cuttings and fluids is required. All fluids and cuttings will be hauled off site for disposal. No pits are allowed.

Tank Battery Liners and Berms:

Tank battery locations will be lined and bermed. A 20 mil permanent liner will be installed with a 4 oz. felt backing to prevent tears or punctures. Tank battery berms must be large enough to contain 1 ½ times the content of the largest tank.

Leak Detection System:

A method of detecting leaks is required. The method could incorporate gauges to measure loss, siting valves and lines so they can be visually inspected, or installing electronic sensors to alarm when a leak is present. Leak detection plan will be submitted to BLM for approval.

Automatic Shut-off Systems:

Automatic shut off, check valves, or similar systems will be installed for pipelines and tanks to minimize the effects of catastrophic line failures used in production or drilling.

Cave/Karst Subsurface Mitigation

The following stipulations will be applied to protect cave/karst and ground water concerns:

Rotary Drilling with Fresh Water:

Fresh water will be used as a circulating medium in zones where caves or karst features are expected. SEE ALSO: Drilling COAs for this well.

Directional Drilling:

Kick off for directional drilling will occur at least 100 feet below the bottom of the cave occurrence zone. SEE ALSO: Drilling COAs for this well.

Fluorescent Dyes:

Nontoxic Fluorescent dyes will be added to the drilling fluid when the hole is spudded and will be circulated to the bottom of the karst layers. BLM must witness the dye being injected.

Florescene Dye (Acid Yellow 73):

Thirty-two (32) ounces dry powder Florescene (Acid Yellow 73) dye will be added to the drilling fluid before the well is spudded AND to the pre-flush fluids of the surface interval of casing.

These dyes will track the fluids if lost circulation occurs.

Arrangements will be made to have BLM witness the dye being injected prior to spudding the hole and before the pre-flush of the surface casing. Contact the BLM drilling on call phone at (575) 361-2822 to make arrangements.

Lost Circulation:

ALL lost circulation zones from the surface to the base of the cave occurrence zone will be logged and reported in the drilling report.

Regardless of the type of drilling machinery used, if a void of four feet or more and circulation losses greater than 70 percent occur simultaneously while drilling in any cave-bearing zone, the BLM will be notified immediately by the operator. The BLM will assess the situation and work with the operator on corrective actions to resolve the problem.

Abandonment Cementing:

Upon well abandonment in high cave karst areas additional plugging conditions of approval may be required. The BLM will assess the situation and work with the operator to ensure proper plugging of the wellbore.

Pressure Testing:

Annual pressure monitoring will be performed by the operator on all casing annuli and reported in a sundry notice. If the test results indicated a casing failure has occurred, remedial action will be undertaken to correct the problem to the BLM's approval.

SPECIAL REQUIREMENTS (Continued)

Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.

The entire well pad will be bermed to prevent oil, salt, and other chemical contaminants from leaving the well pad.

No water flow from the uphill side(s) of the pad shall be allowed to enter the well pad. The berm shall be maintained through the life of the well and after interim reclamation has been completed.

A Cattleguard must be installed at the proposed fence-breeching along Washington Ranch Road. See instructions below for proper installation.

Low-profile tanks not greater than eight feet high shall be used to minimize visual impacts to the natural features of the landscape.

There are known populations of Malta Starthistle in the project area. The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipeline corridor, and adjacent land affected by the establishment of weeds due to this action

VI. CONSTRUCTION

A. NOTIFICATION

The BLM shall administer compliance and monitor construction of the access road and well pad. Notify the Carlsbad Field Office at (575) 234-5972 at least 3 working days prior to commencing construction of the access road and/or well pad.

When construction operations are being conducted on this well, the operator shall have the approved APD and Conditions of Approval (COA) on the well site and they shall be made available upon request by the Authorized Officer.

B. V-DOOR DIRECTION: _____

C. TOPSOIL

The operator shall stockpile the topsoil in a low profile manner in order to prevent wind/water erosion of the topsoil. The topsoil to be stripped is approximately 6 inches in depth. The topsoil will be used for interim and final reclamation.

D. CLOSED LOOP SYSTEM

Tanks are required for drilling operations: No Pits.

The operator shall properly dispose of drilling contents at an authorized disposal site.

E. FEDERAL MINERAL MATERIALS PIT

Payment shall be made to the BLM prior to removal of any federal mineral materials. Call the Carlsbad Field Office at (575) 234-5972.

F. WELL PAD SURFACING

Surfacing of the well pad is not required.

If the operator elects to surface the well pad, the surfacing material may be required to be removed at the time of reclamation.

The well pad shall be constructed in a manner which creates the smallest possible surface disturbance, consistent with safety and operational needs.

G. ON LEASE ACCESS ROADS

Road Width

The access road shall have a driving surface that creates the smallest possible surface disturbance and does not exceed fourteen (14) feet in width. The maximum width of surface disturbance, when constructing the access road, shall not exceed **sixteen (16) feet**.

Surfacing

Surfacing material is not required on the new access road driving surface. If the operator elects to surface the new access road or pad, the surfacing material may be required to be removed at the time of reclamation.

Where possible, no improvements should be made on the unsurfaced access road other than to remove vegetation as necessary, road irregularities, safety issues, or to fill low areas that may sustain standing water.

The Authorized Officer reserves the right to require surfacing of any portion of the access road at any time deemed necessary. Surfacing may be required in the event the road deteriorates, erodes, road traffic increases, or it is determined to be beneficial for future field development. The surfacing depth and type of material will be determined at the time of notification.

Crowning

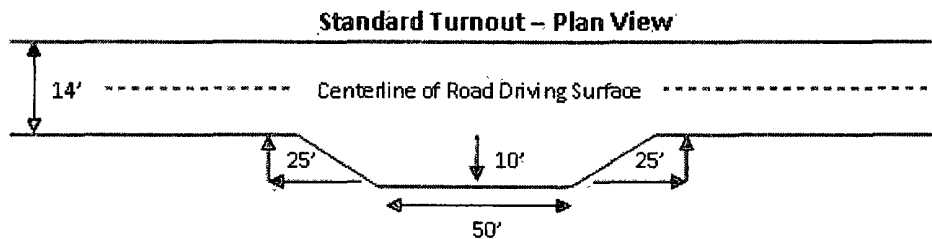
Crowning shall be done on the access road driving surface. The road crown shall have a grade of approximately 2% (i.e., a 1" crown on a 14' wide road). The road shall conform to Figure 1; cross section and plans for typical road construction.

Ditching

Ditching shall be required on the uphill side of the road.

Turnouts

Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall be constructed on all blind curves. Turnouts shall conform to the following diagram:

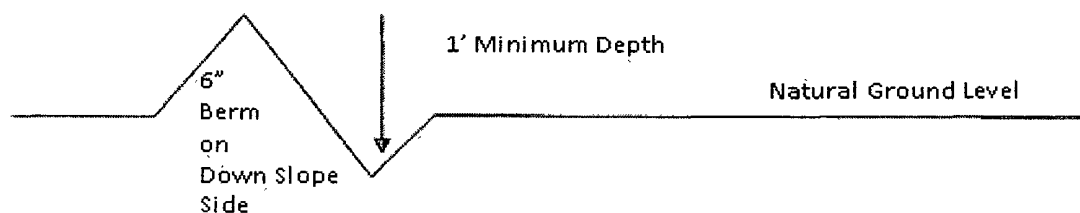


Drainage

Drainage control systems shall be constructed on the entire length of road (e.g. ditches, sidehill outslowing and inslaping, lead-off ditches, culvert installation, and low water crossings).

A typical lead-off ditch has a minimum depth of 1 foot below and a berm of 6 inches above natural ground level. The berm shall be on the down-slope side of the lead-off ditch.

Cross Section of a Typical Lead-off Ditch



All lead-off ditches shall be graded to drain water with a 1 percent minimum to 3 percent maximum ditch slope. The spacing interval are variable for lead-off ditches and shall be determined according to the formula for spacing intervals of lead-off ditches, but may be amended depending upon existing soil types and centerline road slope (in %);

Formula for Spacing Interval of Lead-off Ditches

Example - On a 4% road slope that is 400 feet long, the water flow shall drain water into a lead-off ditch. Spacing interval shall be determined by the following formula:

$$400 \text{ foot road with } 4\% \text{ road slope: } \frac{400'}{4\%} + 100' = 200' \text{ lead-off ditch interval}$$

Culvert Installations

Appropriately sized culvert(s) shall be installed at the deep waterway channel flow crossing.

Cattleguards

An appropriately sized cattleguard(s) sufficient to carry out the project shall be installed and maintained at fence crossing(s).

Any existing cattleguard(s) on the access road shall be repaired or replaced if they are damaged or have deteriorated beyond practical use. The operator shall be responsible for the condition of the existing cattleguard(s) that are in place and are utilized during lease operations.

A gate shall be constructed and fastened securely to H-braces.

Fence Requirement

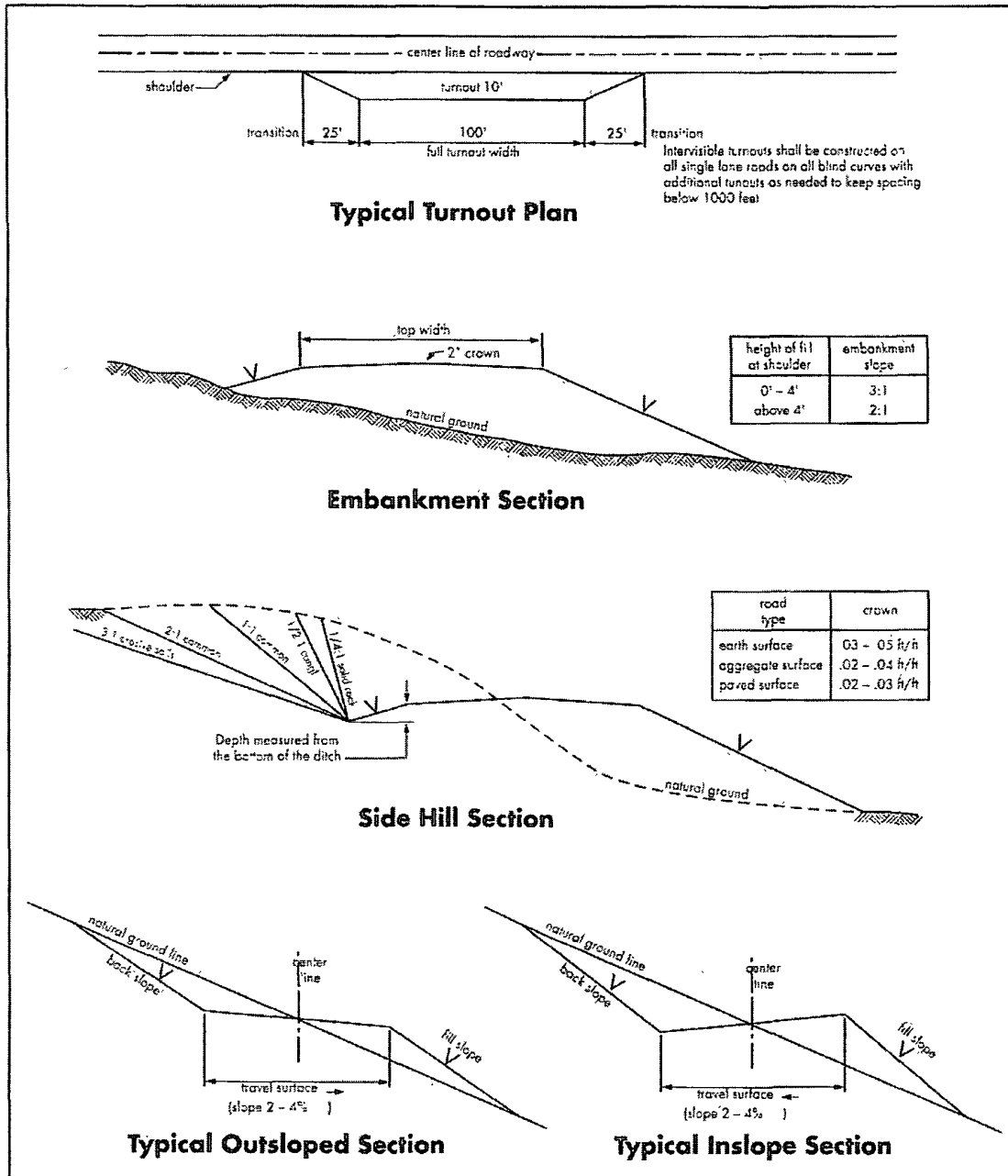
Where entry is required across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting.

The operator shall notify the private surface landowner or the grazing allotment holder prior to crossing any fence(s).

Public Access

Public access on this road shall not be restricted by the operator without specific written approval granted by the Authorized Officer.

Figure 1 – Cross Sections and Plans For Typical Road Sections



VII. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified a minimum of 4 hours in advance for a representative to witness:

- a. Spudding well
- b. Setting and/or Cementing of all casing strings
- c. BOPE tests

☒ **Eddy County**

Call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220,
(575) 361-2822

1. **Although Hydrogen Sulfide has not been reported in the area, it is always a potential hazard. If Hydrogen Sulfide is encountered, please report measured amounts and formations to the BLM.**
2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.
3. Floor controls are required for 3M or Greater systems. These controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works is located, this does not include the dog house or stairway area.
4. **The record of the drilling rate along with the CAL/GR/N well log run from TD to surface will be submitted to the BLM office as well as all other logs run on the borehole 30 days from completion. If available, a digital copy of the logs is to be submitted in addition to the paper copies. The Rustler top and top and bottom of Salt are to be recorded on the Completion Report.**

B. CASING

Changes to the approved APD casing and cement program require submitting a sundry and receiving approval prior to work. Failure to obtain approval prior to work will result in an Incident of Non-Compliance being issued.

Centralizers required on surface casing per Onshore Order 2.III.B.1.f.

Wait on cement (WOC) time for a primary cement job will be a minimum 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compressive strength, whichever is greater for all casing strings. Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. See individual casing strings for details regarding lead cement slurry requirements.

No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.

Possible lost circulation in the Delaware Group.

CRITICAL CAVE/KARST – ALL THREE CASING STRINGS ARE TO BE CEMENTED TO SURFACE IN CRITICAL CAVE/KARST AREAS. THE CEMENT MUST BE IN A SOLID SHEATH THEREFORE, ONE INCH OPERATIONS WILL NOT BE PERMITTED. A DV TOOL MAY BE REQUIRED TO ENSURE ADEQUATE COVERAGE ON THE INTERMEDIATE AND/OR PRODUCTION CASING. OPERATOR TO CONTACT BLM PRIOR TO RUNNING CASING IF LOST CIRCULATION OCCURS ON INTERMEDIATE OR PRODUCTION HOLE.

1. The 11-3/4 inch surface casing shall be set at approximately **350** feet (a minimum of 25 feet into the Castile Group and above the salt) and cemented to the surface.
 - a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with surface log readout will be used or a cement bond log shall be run to verify the top of the cement. Temperature survey will be run a minimum of six hours after pumping cement and ideally between 8-10 hours after completing the cement job.
 - b. **Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry.**
 - c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.
 - d. If cement falls back, remedial cementing will be done prior to drilling out that string.
2. The minimum required fill of cement behind the **8-5/8** inch intermediate casing is:
 - ☒ Cement to surface. If cement does not circulate see B.1.a, c-d above.
Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to cave/karst.

Pilot hole plug is approved as is, but the bottom plug must be tagged and depth reported on the Subsequent Sundry detailing the casing activity.

Centralizers required on horizontal leg, must be type for horizontal service and minimum of one every other joint.

3. The minimum required fill of cement behind the 5-1/2 inch production casing is:
 - a. First stage to DV tool, cement shall:
 - ☒ Cement to circulate. If cement does not circulate, contact the appropriate BLM office before proceeding with second stage cement job.
 - b. Second stage above DV tool, cement shall:
 - ☒ Cement to surface. If cement does not circulate, contact the appropriate BLM office.
4. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.

C. PRESSURE CONTROL

All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17. **Piping from choke manifold to flare to be as straight as possible.**

1. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **3000 (3M)** psi.
2. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
 - a. Casing cut-off and BOP installation will not be initiated until the cement has had 4-6 hours of setup time in a water basin and 12 hours in the potash areas. This time will start after the cement plug is bumped. Testing the BOP/BOPE against a plug can commence after meeting the above conditions plus the BOP installation time.
 - b. The tests shall be done by an independent service company using a test plug.
 - c. The results of the test shall be reported to the appropriate BLM office.

- d. All tests are required to be recorded on a calibrated test chart. **A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.**
- e. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug.

D. DRILL STEM TEST

If drill stem tests are performed, Onshore Order 2.III.D shall be followed.

RGH 02/09/2010

VIII. PRODUCTION (POST DRILLING)

A. WELL STRUCTURES & FACILITIES

Placement of Production Facilities

Production facilities should be placed on the well pad to allow for maximum interim recontouring and revegetation of the well location.

Containment Structures

The containment structure shall be constructed to hold the capacity of the entire contents of the largest tank, plus 24 hour production, unless more stringent protective requirements are deemed necessary by the Authorized Officer.

Tank Battery Liners and Berms:

Tank battery locations will be lined and bermed. A 20 mil permanent liner will be installed with a 4 oz. felt backing to prevent tears or punctures. Tank battery berms must be large enough to contain 1 ½ times the content of the largest tank.

Painting Requirement

All above-ground structures including meter housing that are not subject to safety requirements shall be painted a flat non-reflective paint color
Shale Green, Munsell Soil Color Chart # 5Y 4/2

VRM Facility Requirement

Low-profile tanks not greater than eight-feet-high shall be used.

B. PIPELINES – not requested in APD

C. ELECTRIC LINES – not requested in APD

IX. INTERIM RECLAMATION

During the life of the development, all disturbed areas not needed for active support of production operations should undergo interim reclamation in order to minimize the environmental impacts of development on other resources and uses.

Within six (6) months of well completion, operators should work with BLM surface management specialists (Jim Amos: 575-234-5909) to devise the best strategies to reduce the size of the location. Interim reclamation should allow for remedial well operations, as well as safe and efficient removal of oil and gas.

During reclamation, the removal of caliche is important to increasing the success of revegetating the site. Removed caliche that is free of contaminants may be used for road repairs, fire walls or for building other roads and locations. In order to operate the well or complete workover operations, it may be necessary to drive, park and operate on restored interim vegetation within the previously disturbed area. Disturbing revegetated areas for production or workover operations will be allowed. If there is significant disturbance and loss of vegetation, the area will need to be revegetated. Communicate with the appropriate BLM office for any exceptions/exemptions if needed.

All disturbed areas after they have been satisfactorily prepared need to be reseeded with the seed mixture provided below.

Upon completion of interim reclamation, the operator shall submit a Sundry Notices and Reports on Wells, Subsequent Report of Reclamation (Form 3160-5).

X. FINAL ABANDONMENT & RECLAMATION

At final abandonment, well locations, production facilities, and access roads must undergo "final" reclamation so that the character and productivity of the land are restored.

Earthwork for final reclamation must be completed within six (6) months of well plugging. All pads, pits, facility locations and roads must be reclaimed to a satisfactory revegetated, safe, and stable condition, unless an agreement is made with the landowner or BLM to keep the road and/or pad intact.

After all disturbed areas have been satisfactorily prepared; these areas need to be revegetated with the seed mixture provided below. Seeding should be accomplished by drilling on the contour whenever practical or by other approved methods. Seeding may need to be repeated until revegetation is successful, as determined by the BLM.

Operators shall contact a BLM surface protection specialist prior to surface abandonment operations for site specific objectives (Jim Amos: 575-234-5909).

Seed Mixture 3, for Shallow Sites

The holder shall seed all disturbed areas with the seed mixture listed below. The seed mixture shall be planted in the amounts specified in pounds of pure live seed (PLS)* per acre. There shall be no primary or secondary noxious weeds in the seed mixture. Seed will be tested and the viability testing of seed will be done in accordance with State law(s) and within nine (9) months prior to purchase. Commercial seed will be either certified or registered seed. The seed container will be tagged in accordance with State law(s) and available for inspection by the authorized officer.

Seed will be planted using a drill equipped with a depth regulator to ensure proper depth of planting where drilling is possible. The seed mixture will be evenly and uniformly planted over the disturbed area (smaller/heavier seeds have a tendency to drop the bottom of the drill and are planted first). The holder shall take appropriate measures to ensure this does not occur. Where drilling is not possible, seed will be broadcast and the area shall be raked or chained to cover the seed. When broadcasting the seed, the pounds per acre are to be doubled. The seeding will be repeated until a satisfactory stand is established as determined by the authorized officer. Evaluation of growth will not be made before completion of at least one full growing season after seeding.

Species to be planted in pounds of pure live seed* per acre:

<u>Species</u>	<u>lb/acre</u>
Plains Bristlegrass (<i>Setaria magrostachya</i>)	1.0
Green Spangletop (<i>Leptochloa dubia</i>)	2.0
Side oats Grama (<i>Bouteloua curtipendula</i>)	5.0

*Pounds of pure live seed:

Pounds of seed x percent purity x percent germination = pounds pure live seed