

MULTI-POINT SURFACE USE AND OPERATIONS PLAN**HOBBS OCD****Yates Petroleum Corporation**

Lusk AHB Federal #7H

710' FNL & 2410' FWL Surface Hole Location

330' FSL and 1980' FWL Bottom Hole Location

Section 35, T-19S-R32-E

Lea County, New Mexico

FEB 06 2013**RECEIVED**

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 wellsite is located approximately 12 miles south of Maljamar, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go east of Artesia, New Mexico on Highway 82 to the Junction with Highway 529 which is past Loco Hills. Turn right on HWY 529 and go approximately 7 miles to Maljamar Road. (CR 126). Turn right on Maljamar Road and go approximately 10 miles to Dry Lake road near the Lusk Plant. At Dry Lake Road turn left here at a cattleguard and go east on existing lease road for approx. 2.2 miles to a cattleguard. Cross cattleguard and immediately to the right and go approx. 1.3 miles. Turn left here and go approx. 1.7 miles. Turn south here and go approx. 1 mile. Turn right here and go approx. 200 feet to the Lusk AIB Federal #5 well location. The new road will start at the southwest corner of the Lusk AIB Federal #5 going west for approx. .3 of a mile. This will be following a reclaimed lease road the southeast corner of the Lusk AIB Federal #7H well location. This well will use part of a dry hole location.

2. PLANNED ACCESS ROAD.

- A. The proposed new access will go west of approximately .3 of a mile to the southeast corner of the drilling pad. The road will lie in an east to west 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 one side. Traffic turnouts may be built.
- 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 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 production facilities on this lease at the present time.
- B. In the event that the well is productive, the production will be taken via pipeline to the Lusk AIB Federal #1 tank battery. The pipeline will be a 3" surface SDR-11 poly pipeline. The length of the pipeline is not available at this time. Should electric power be needed for production a three phase 480 volt above ground raptor proof powerline will be built from the southeast corner of this well east to the powerline located at the Lusk AIB Federal #5 well location. Please note attached plat showing the route of the flowline and the powerline.

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.

6. SOURCE OF CONSTRUCTION MATERIALS:

Dirt contractor will locate closest pit and obtain any permits and materials needed for construction of the well location.

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, location of the drilling equipment, pulling unit orientation and access road approach. 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.
- B. 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 wellsite in as aesthetically pleasing a condition as possible.

- B. Unguarded pits, if any, containing fluids will be fenced until they have dried and been leveled.
- C. If the proposed well is non-productive, 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:

Surface Estate Bureau of Land Management
620 East Greene Street, Carlsbad, NM 88220.

Mineral Estate: Bureau of Land Management
620 East Greene Street, Carlsbad, NM 88220

12. OTHER INFORMATION:

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

13. OPERATOR'S REPRESENTATIVE

Through A.P.D. Approval:
Cy Cowan
Land Regulatory Agent
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-4372

Through Drilling Operations,
Tim Bussell,
Operations Manager
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
Phone (505) 748-1471

FEB 06 2013

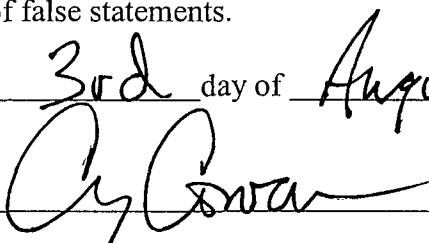
CERTIFICATION
YATES PETROLEUM CORPORATION
Lusk AHB Federal #7H

RECEIVED

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 3rd day of August 20 11

Signature



Name Cy Cowan

Position Title Land Regulatory Agent

Address 105 South Fourth Street, Artesia, New Mexico 88210

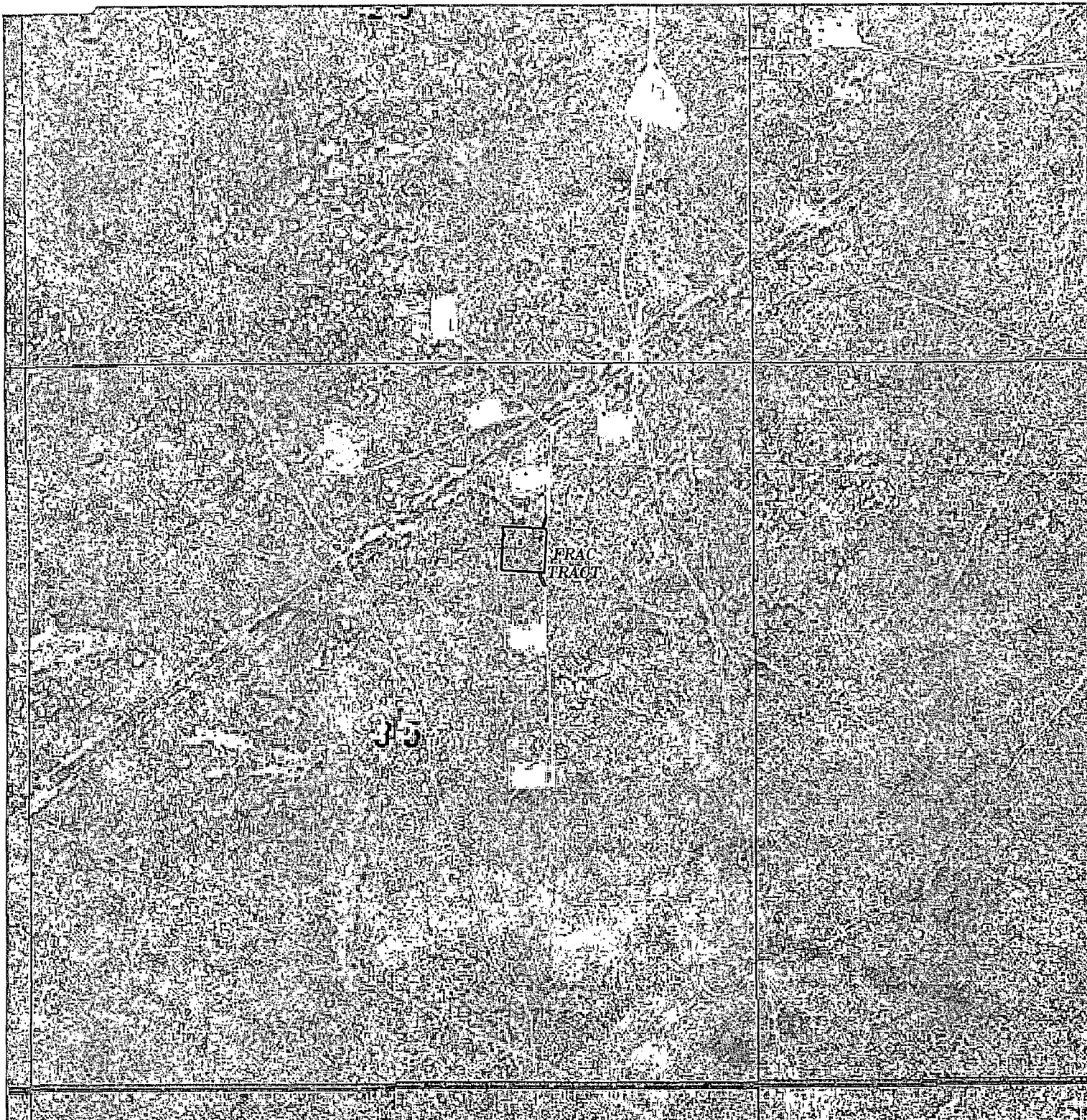
Telephone (505) 748-4372

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

Address (if different from above) Same as above.

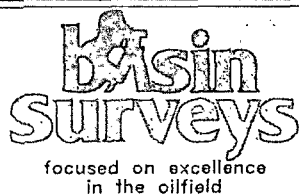
Telephone (if different from above) (505) 748-4221

E-mail (optional) _____



LUSK FRAC TRACT

Section 35, Township 19 South, Range 32 East,
N.M.P.M., Lea County, New Mexico.



P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(575) 393-7316 - Office
(575) 392-2206 - Fax
basinsurveys.com

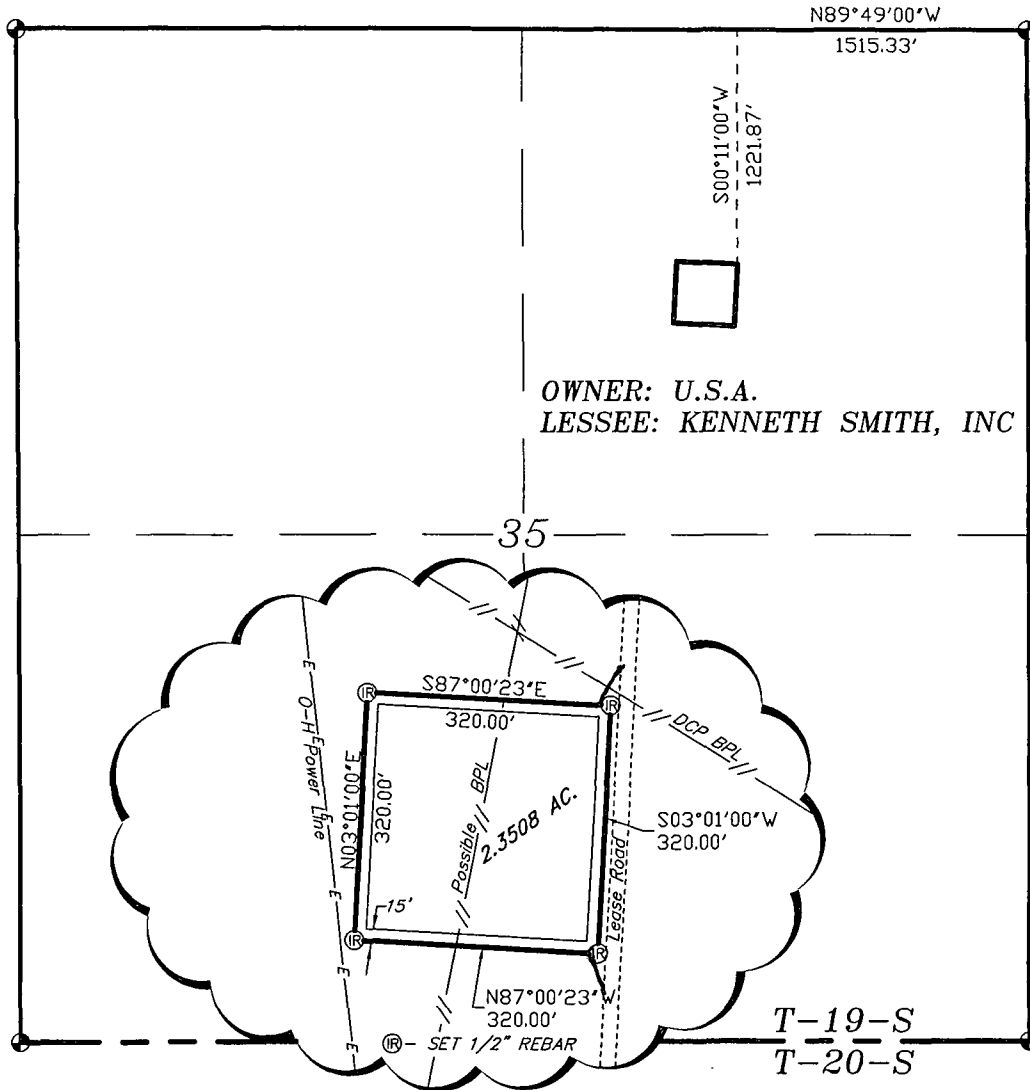
W.O. Number: 24535

Scale: 1" = 1000'

YELLOW TINT - USA LAND
BLUE TINT - STATE LAND
NATURAL COLOR - FEE LAND

YATES
PETROLEUM
CORP.

SECTION 35, TOWNSHIP 19 SOUTH, RANGE 32 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.

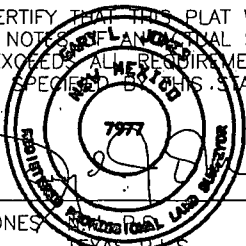


LEGAL DESCRIPTION

A TRACT OF LAND LOCATED IN SECTION 35, TOWNSHIP 19 SOUTH, RANGE 32 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS.

BEGINNING AT A POINT WHICH LIES N.89°49'00"W., 1515.33 FEET AND S.00°11'00"W., 1221.87 FEET FROM THE NORTHEAST CORNER OF SAID SECTION 35; THENCE S.03°00'23"W., 320.00 FEET; THENCE N.87°00'23"W., 320.00 FEET; THENCE N.03°01'00"E., 320.00 FEET; THENCE S.87°00'23"E., 320.00 FEET TO THE POINT OF BEGINNING. SAID TRACT OF LAND CONTAINING 2.3508 ACRES, MORE OR LESS.

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



GARY L. JONES No. 7977
TEXAS P.E.S. No. 5074

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

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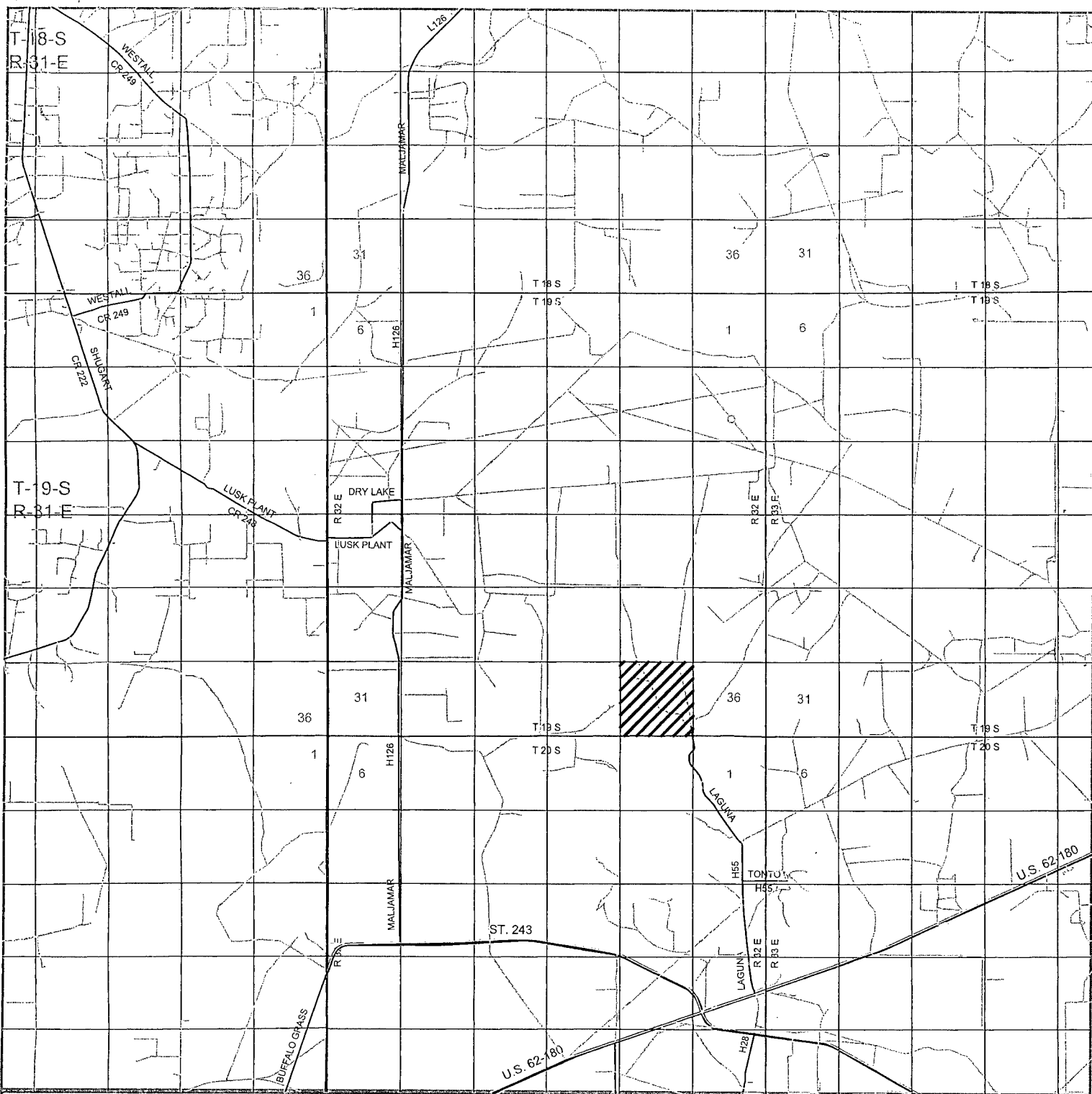
1000 0 1000 2000 FEET

YATES PETROLEUM CORP.

REF: LUSK FRAC TRACT

A TRACT OF LAND LOCATED IN
SECTION 35, TOWNSHIP 19 SOUTH, RANGE 32 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO.

Survey Date: 04-18-2011 Sheet 1 of 1 Sheets



LUSK YATES PETROLEUM CORPORATION

Local Lusk AHB Federal #7H
 Section 710' FNL and 2410' FWL SHL
 Section 330' FSL and 1760' FWL BHL
 N.M. Section 35, T19S-R32E Exhibit A
 Lea County, New Mexico

10' FWL
 South, Range 32 East,
 v Mexico.

basin
surveys
 focused on excellence
 in the oilfield

P.O. Box 1786
 1120 N. West County Rd.
 Hobbs, New Mexico 88241
 (575) 393-7316 - Office
 (575) 392-2206 - Fax
 basinsurveys.com

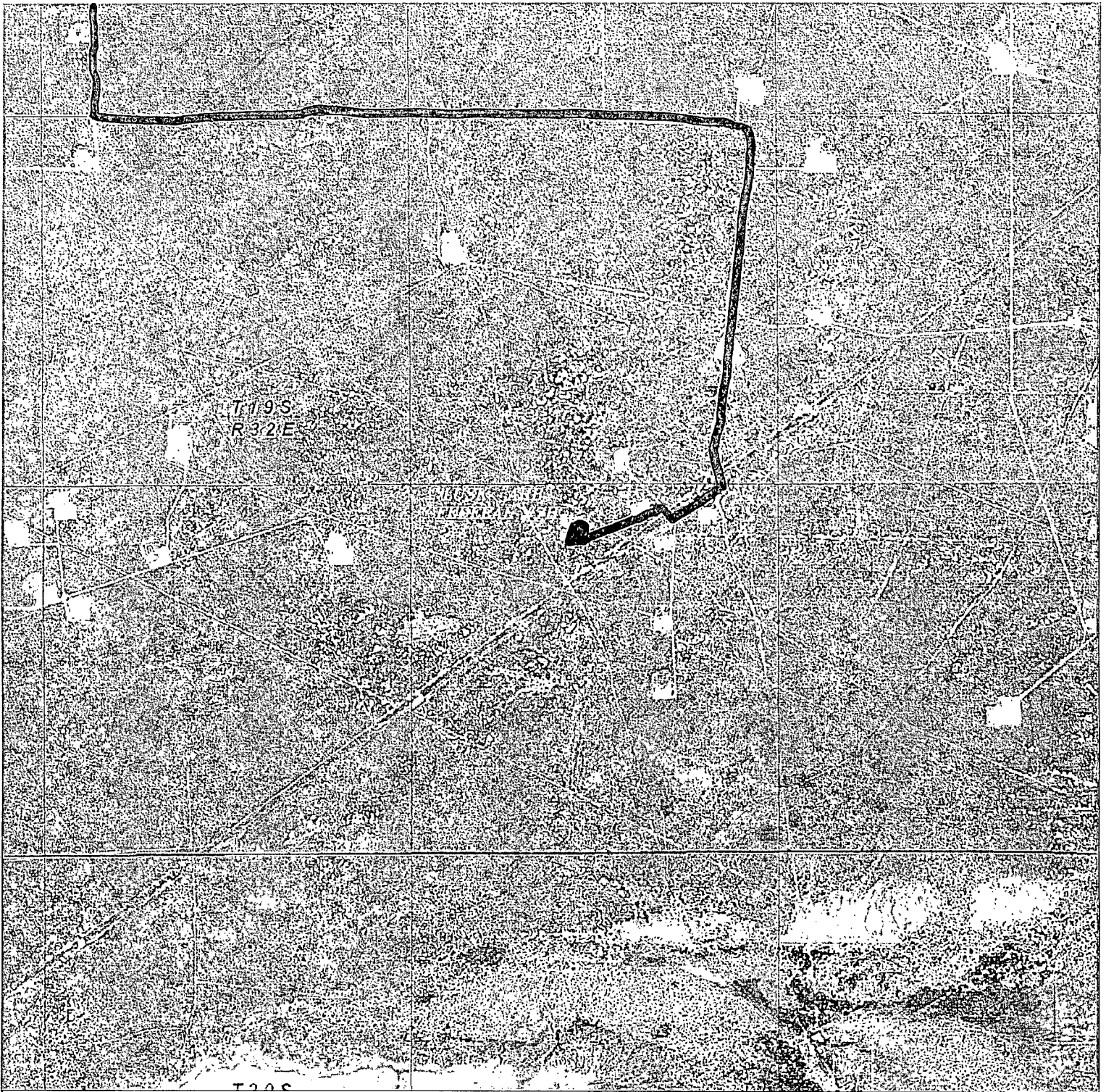
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Survey Date: 04-18-2011

Scale: 1" = 2 Miles

Date: 05-02-2011

YATES
 PETROLEUM
 CORP.



LUSK "AHB" FEDERAL #7H
Located 710' FNL and 2410' FWL
Section 35, Township 19 South, Range 32 East,
N.M.P.M., Lea County, New Mexico.

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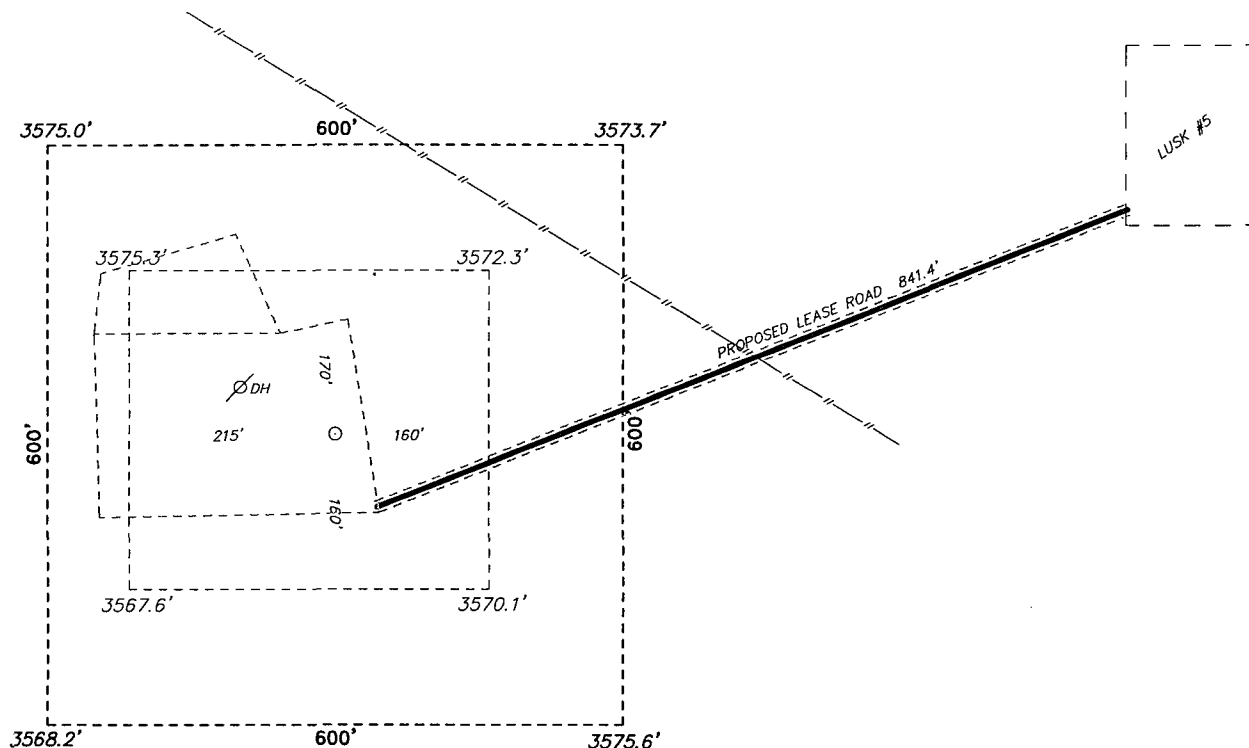
W.O. Number: JMS 24043

Scale: 1" = 2000'

YELLOW TINT - USA LAND
BLUE TINT - STATE LAND
NATURAL COLOR - FEE LAND

YATES
PETROLEUM
CORP.

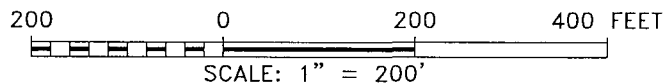
SECTION 35, TOWNSHIP 19 SOUTH, RANGE 32 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.



YATES PETROLEUM CORP.
LUSK "AHB" FEDERAL #7H
ELEV. - 3571'

Lat - N 32°37'19.71"
Long - W 103°44'15.39"
NMSPCE- N 590579.748
E 724748.836
(NAD-83)

YATES PETROLEUM CORPORATION
Lusk AHB Federal #7H
710' FNL and 2410' FWL SHL
330' FSL and 1760' FWL BHL
Section 35, T19S-R32E Exhibit B
Lea County, New Mexico



YATES PETROLEUM CORP.

REF: LUSK "AHB" FEDERAL #7H / WELL PAD TOPO

THE LUSK "AHB" FEDERAL #7H LOCATED 710'
FROM THE NORTH LINE AND 2410' FROM THE WEST LINE OF
SECTION 35, TOWNSHIP 19 SOUTH, RANGE 32 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO.

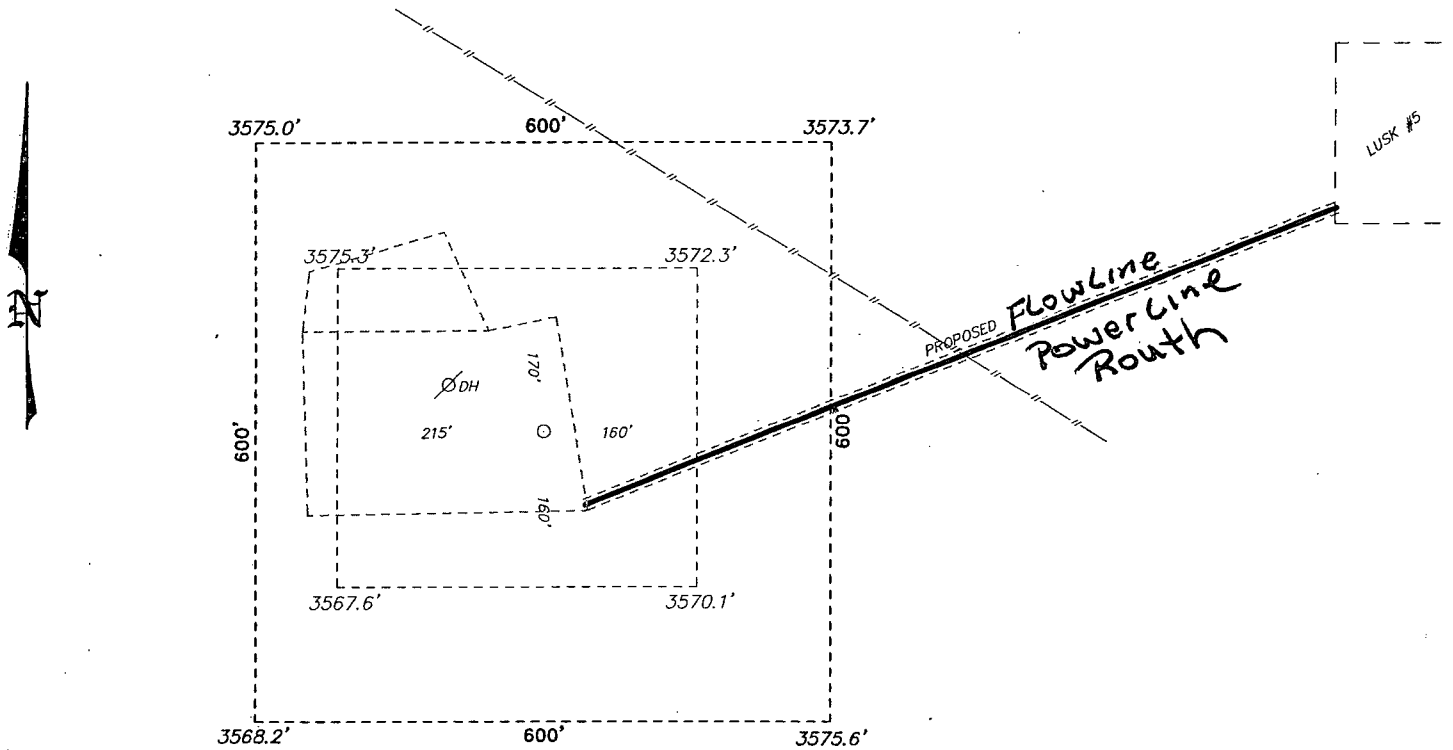
BASIN SURVEYS P.O. BOX 1786-HOBBS, NEW MEXICO

W.O. Number: 24043 Drawn By: J. SMALL

Date: 05-02-2011 Disk: JMS 24043

Survey Date: 04-18-2011 Sheet 1 of 1 Sheets

SECTION 35, TOWNSHIP 19 SOUTH, RANGE 32 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.



*Proposed Flowline
And Power Line Route*

YATES PETROLEUM CORP.
LUSK "AHB" FEDERAL #7H
ELEV. - 3571'

Lat - N 32°37'19.71"
Long - W 103°44'15.39"
NMSPCE- N 590579.748
E 724748.836
(NAD-83)



SCALE: 1" = 200'

YATES PETROLEUM CORP.

REF: LUSK "AHB" FEDERAL #7H / WELL PAD TOPO

THE LUSK "AHB" FEDERAL #7H LOCATED 710'
FROM THE NORTH LINE AND 2410' FROM THE WEST LINE OF
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Sheet 1 of 1 Sheets

