

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

Fearless BSF Federal Com. #1H

2440' FSL & 2200' FEL Surface Hole Location

Section 23, T25S-R32E

330' FSL and 2200' FEL Bottom Hole Location

Section. 26, T-25S-R32-E

Lea County, New Mexico

HOBBS OCD**JUN 12 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 well site is located approximately 30 miles east of Carlsbad, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS: From the intersection of State Road 31 and Highway 128 go east on Highway 128 for approximately 21.3 miles to Orla Road. Turn right here and go south for approximately 5.5 miles to the intersection of Orla Road and Cotton Draw Road. Turn left on Cotton Draw Road and go approximately 1.9 miles. Turn right at a cattleguard and a Devon sign and go approximately .3 of a mile. Turn left here and go .1 of a mile. Turn right here and go approximately .3 of a mile. The new road will start here going west for approximately .2 of a mile to the southeast corner of the well location.

2. PLANNED ACCESS ROAD.

- A. The proposed new access will go west for approximately .2 of a mile to the southeast corner of the proposed well location. 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 well site.
- B. An Exhibit shows existing wells within a one-mile radius of the proposed well site.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES

- A. There are not any production facilities on this lease at the present time
- B. In the event that the well is productive, the necessary production facilities will be constructed on this well location. If the well is productive oil, a gas or diesel self-contained unit will be used to provide the necessary power.

JUN 18 2013

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. An Exhibit 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. All pits will be filled level after they have evaporated and dried.

11. SURFACE OWNERSHIP:

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

Mineral Estate: Federal Leases NM-108 970, NM-110836, and
NM-15913
Bureau of Land Management
620 East Greene Street, Carlsbad, NM 88220

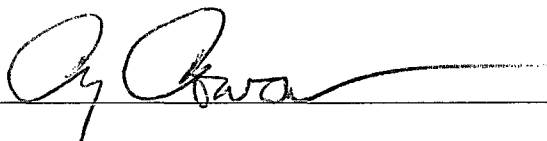
12. OTHER INFORMATION:

- 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.

CERTIFICATION
YATES PETROLEUM CORPORATION
Fearless BSF Federal Com. #1H

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 26th day of July 2012

Signature 

Name Cy Cowan

Position Title Land Regulatory Agent

Address 105 South Fourth Street, Artesia, New Mexico 88210

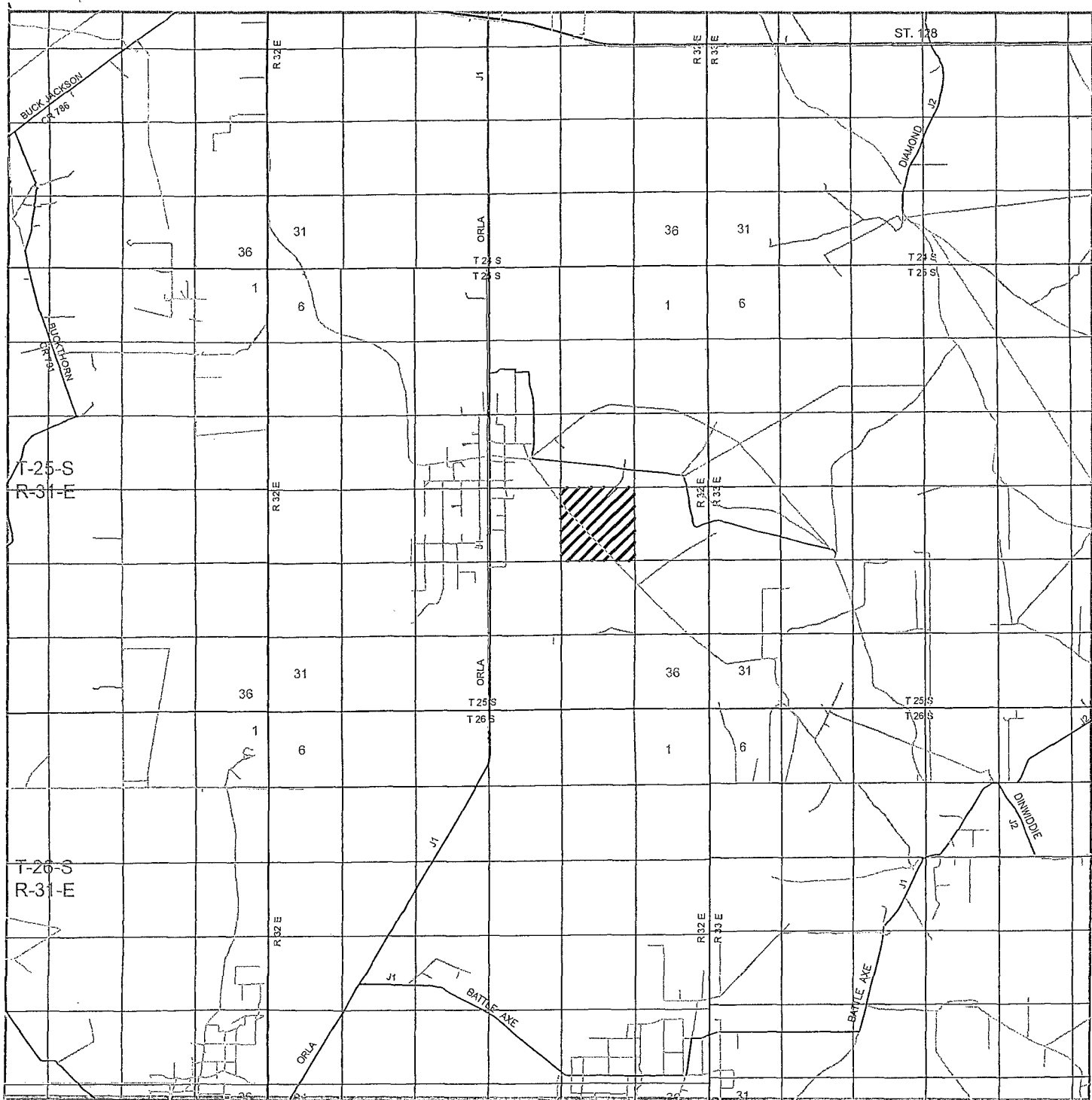
Telephone (505) 748-4372

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) _____



FEARLESS BSF FEDERAL COM. #1H
 Located 2440' FSL and 2200' FEL
 Section 23, Township 25 South, Range 32 East,
 N.M.P.M., LEA County, New Mexico.

EXhibit



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

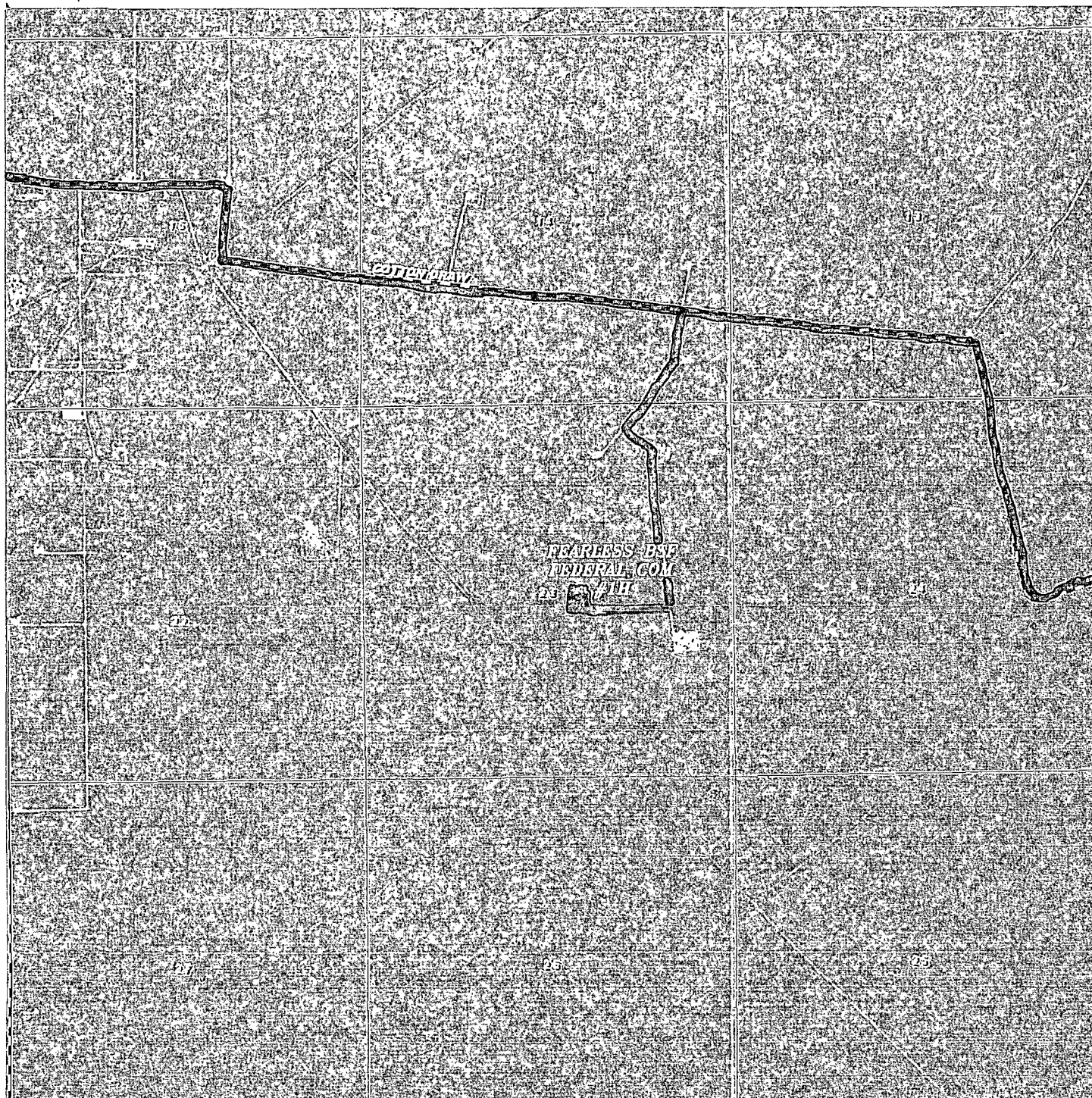
W.O. Number: DAJ 27075

Survey Date: 07-19-2012

Scale: 1" = 2 Miles

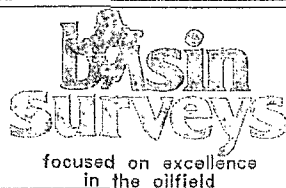
Date: 07-20-2012

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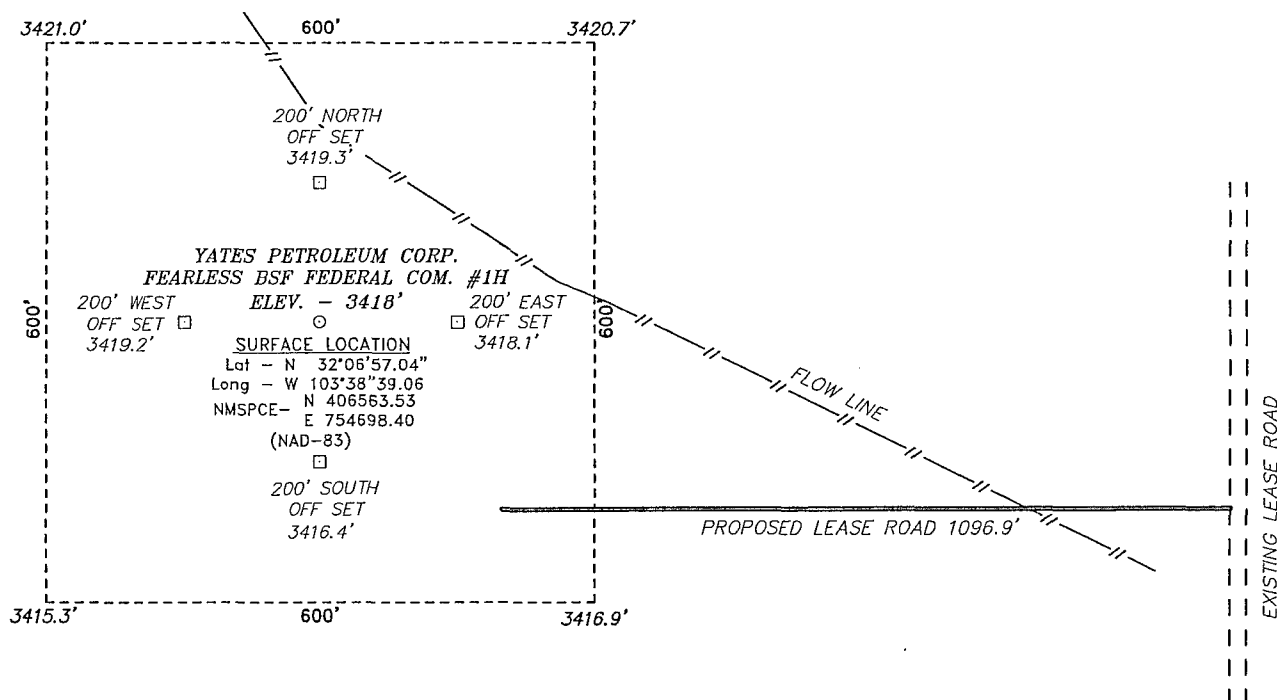
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Scale: 1" = 2000'

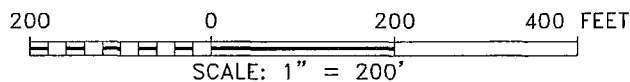
YELLOW TINT - USA LAND
BLUE TINT - STATE LAND
NATURAL COLOR - FEE LAND

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SECTION 23, TOWNSHIP 25 SOUTH, RANGE 32 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.



Exhibit



Directions to Location

FROM ORLA HWY TAKE COTTEN DRAW COUNTY ROAD
DRIVE EAST 2.1 MILES AND TAKE THE LEASE ROAD
TO THE RIGHT.

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

W.O. Number: 27075 Drawn By: D. JONES

Date: 07-20-2012 Disk: DAJ 27075

YATES PETROLEUM CORP.

REF: FEARLESS BSF FEDERAL COM. #1H / WELL PAD TOPO

THE FEARLESS BSF FEDERAL COM. #1H LOCATED 2440'
FROM THE SOUTH LINE AND 2200' FROM THE EAST LINE OF
SECTION 23, TOWNSHIP 25 SOUTH, RANGE 32 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO.

Survey Date: 07-19-2012 Sheet 1 of 1 Sheets

