

YATES PETROLEUM CORPORATION
Parsley ARA Federal #3H
200' FSL & 1980' FEL, Surface Hole
330' FNL & 1980' FEL, Bottom Hole
Section 26-T23S-R32E
Lea 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 wellsite is located approximately 42 miles southeast of Carlsbad, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go east of Carlsbad on Highway 62-180 to State Road 31. Turn south on 31 and go to Highway 128 (Jal Highway). Turn left on HWY 128 and go east for approximately 26.1 miles. At this point there will be a pipeline station with yellow gates on the left. Turn left here and follow the existing lease road for approximately 4 miles. Turn left here at a compressor station and go approximately .6 of a mile. Turn right here on an old two track ranch road and go approximately .2 of a mile to the southeast corner of the proposed well location.

2. PLANNED ACCESS ROAD.

- A. There will not be any new access road to this location. *Will be a road upgrade. V 7-2-2013*
- B. The existing access road will be 14 feet in width (driving surface) and will be adequately drained to control runoff and soil erosion.
- C. The existing road will be bladed with drainage on one side. A traffic turnout 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 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 the exhibits.

AUG 16 2013

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. A closed loop system will be used to drill this well.
- 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. Water produced during operations will be collected in tanks until hauled to an approved disposal system, or separate disposal application will be submitted.
- D. Oil produced during operations will be stored in tanks until sold.
- E. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- F. 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~~ Frac Pond

9. WELLSITE LAYOUT:

- A. An exhibit shows the relative location and dimensions of the well pad, the closed loop mud system, location of the drilling equipment, rig orientation and access road approach. The proposed well location will be approximately 330' x 375'. All of the location will be constructed within the 600' x. 600' staked area.
- 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.

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 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:

Surface Estate: Bureau of Land Management Carlsbad, New Mexico.
Mineral Estate: Bureau of Land Management Carlsbad, New Mexico.

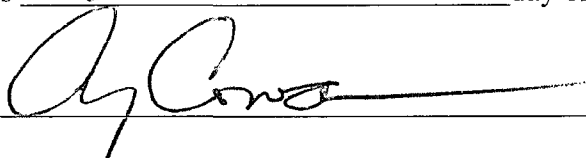
12 OTHER INFORMATION:

- 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
Parsley ARA Federal #3H

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 6th day of June 2013

Signature 

Name Cy Cowan

Position Title Land Regulatory Agent

Address 105 South Fourth Street, Artesia, New Mexico 88210

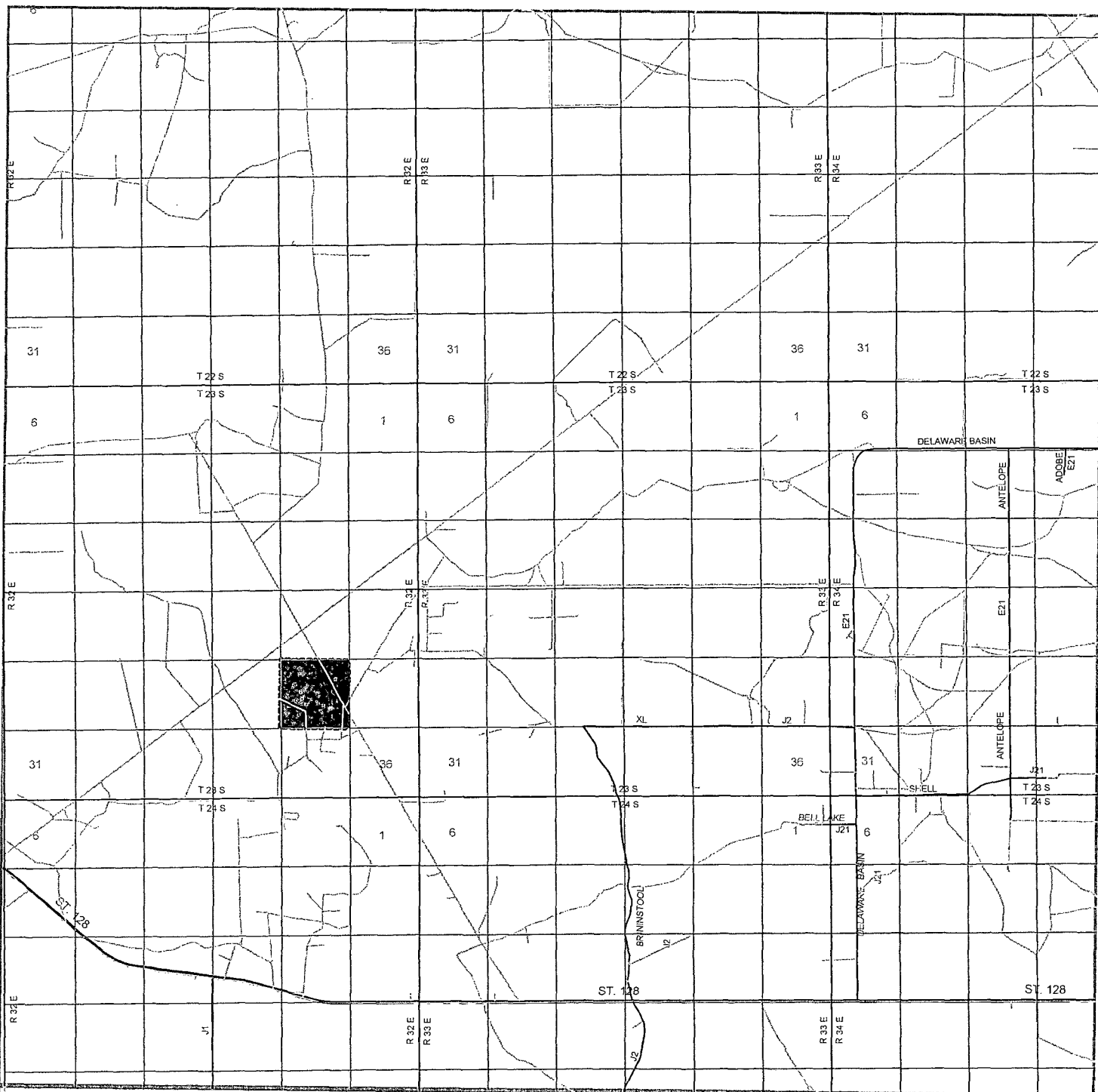
Telephone (575) 748-4372

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

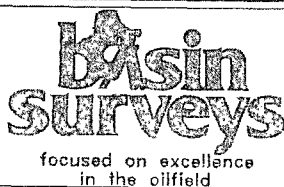
Address (if different from above) Same as above.

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

E-mail (optional) cy@yatespetroleum.com



PARSLEY ARA FEDERAL #3H
 Located 200' FSL and 1980' FEL
 Section 26, Township 23 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: JG 28273

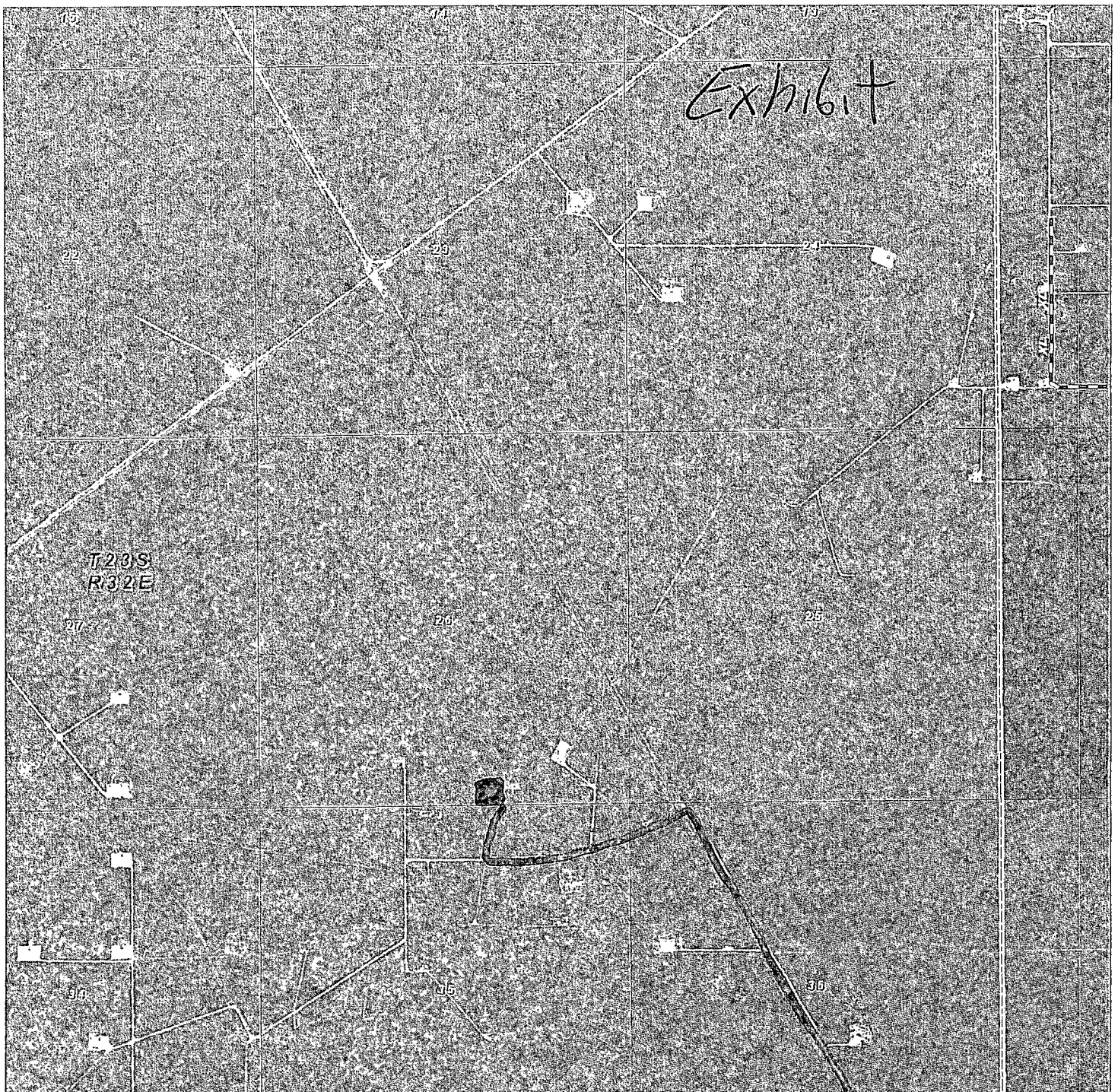
Survey Date: 3-1-2013

Scale: 1" = 2 Miles

Date: 3-5-2013



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PARSLEY ARA FEDERAL #3H
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Section 26, Township 23 South, Range 32 East,
N.M.P.M., Lea County, New Mexico.

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focused on excellence
in the oilfield

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Scale: 1" = 2000'

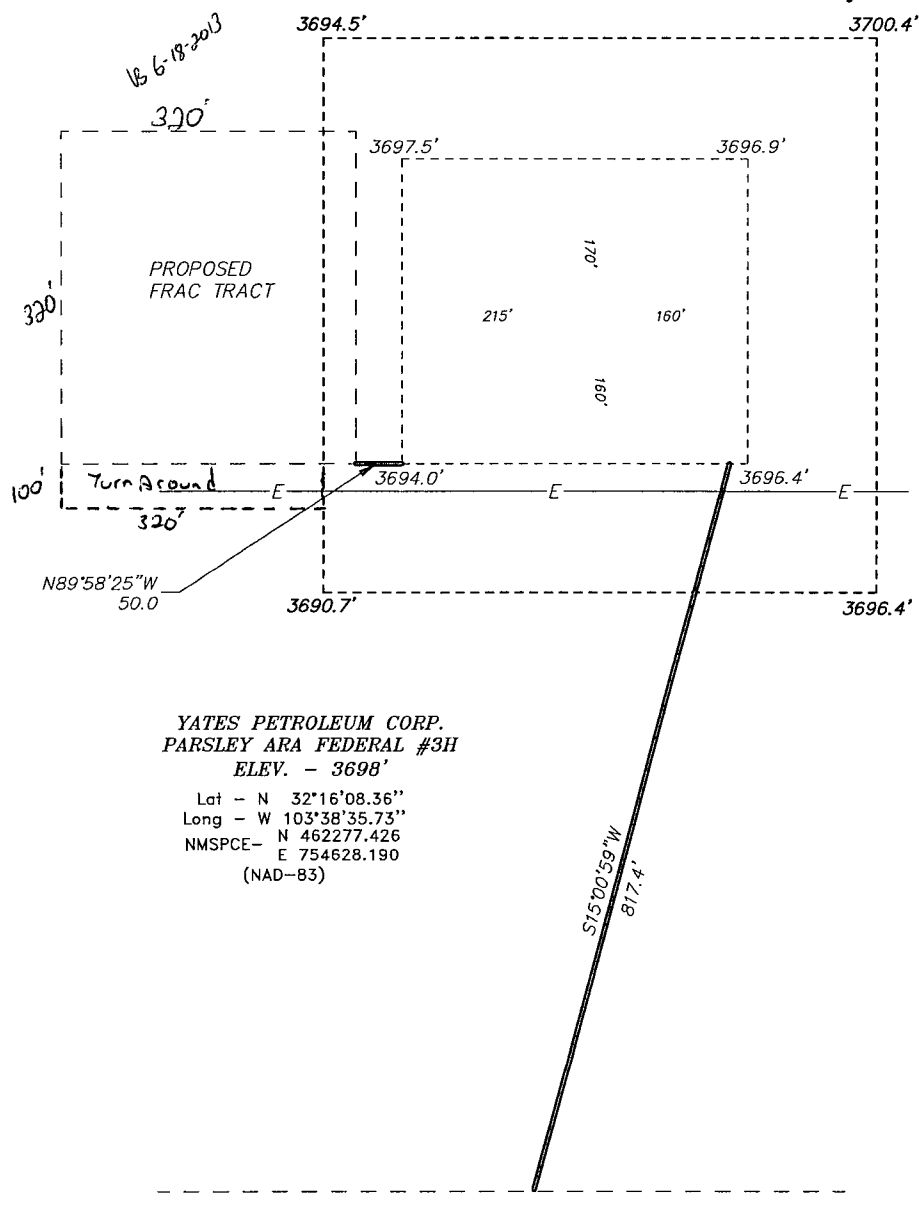
YELLOW TINT - USA LAND
BLUE TINT - STATE LAND
NATURAL COLOR - FEE LAND



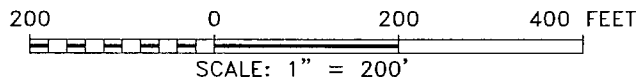
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PETROLEUM
CORP.

SECTION 26, TOWNSHIP 23 SOUTH, RANGE 32 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.

Exhibit



YATES PETROLEUM CORP.
PARSLEY ARA FEDERAL #3H
ELEV. - 3698'
Lat - N 32°16'08.36"
Long - W 103°38'35.73"
NMSPC- N 462277.426
E 754628.190
(NAD-83)



YATES PETROLEUM CORP.

REF: PARSLEY ARA FEDERAL #3H / WELL PAD TOPO

THE PARSLEY ARA FEDERAL #3H LOCATED 200'
FROM THE SOUTH LINE AND 1980' FROM THE EAST LINE OF
SECTION 26, TOWNSHIP 23 SOUTH, RANGE 32 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO.

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

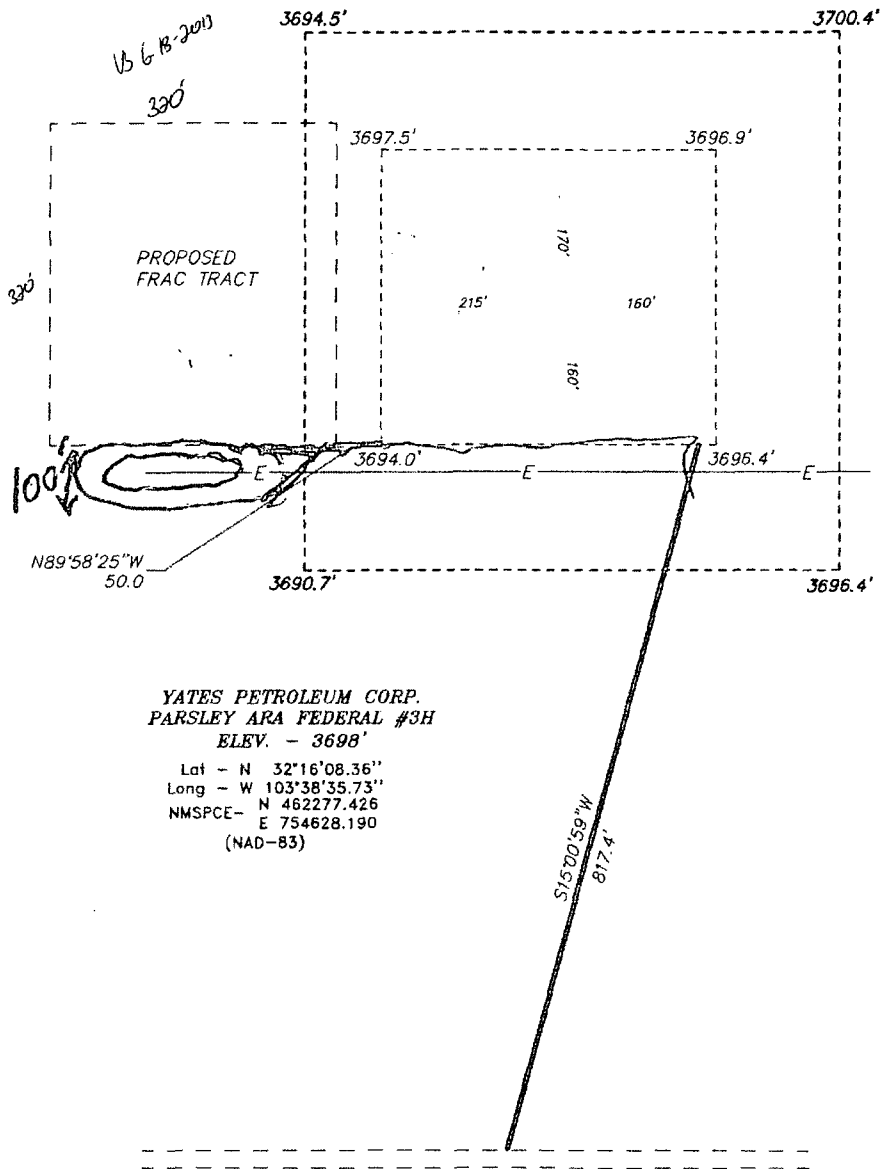
W.O. Number: 28273 Drawn By: J. GOAD

Date: 3-5-2013 Disk: JG - 28273WELL

Survey Date: 3-1-2013

Sheet 1 of 1 Sheets

SECTION 26, TOWNSHIP 23 SOUTH, RANGE 32 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.



YATES PETROLEUM CORP.
PARSLEY ARA FEDERAL #3H
ELEV. - 3698'
Lat - N 32°16'08.36"
Long - W 103°38'35.73"
NMSPCE- N 462277.426
E 754628.190
(NAD-83)

200 0 200 400 FEET
SCALE: 1" = 200'

YATES PETROLEUM CORP.

REF: PARSLEY ARA FEDERAL #3H / WELL PAD TOPO

THE PARSLEY ARA FEDERAL #3H LOCATED 200'

FROM THE SOUTH LINE AND 1980' FROM THE EAST LINE OF

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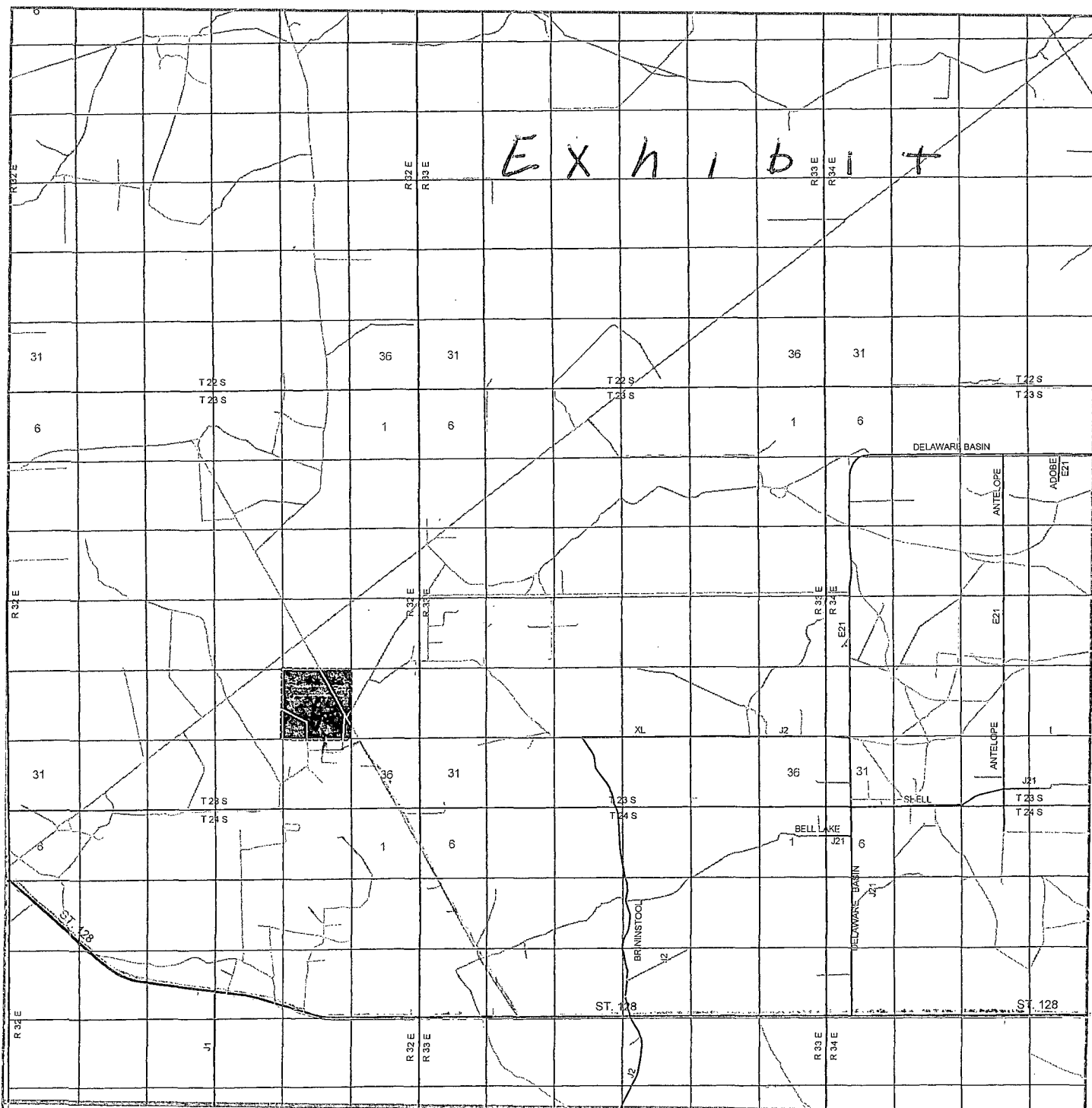
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Date: 3-5-2013

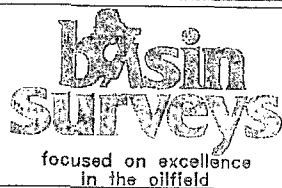
Disk: JG - 28273WELL

Survey Date: 3-1-2013

Sheet 1 of 1 Sheets



PARSLEY ARA FEDERAL #3H Location Access Route
 Located 200' FSL and 1980' FEL to State Highway
 Section 26, Township 23 South, Range 32 East, Tie in
 N.M.P.M., Lea County, New Mexico. Point.



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