

30-025-42110

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

Yates Petroleum Corporation

Fearless BSF Federal Com. #2H

200' FNL & 440' FEL, Surface Hole Location

330' FSL and 440' FEL, Bottom Hole Location

Section 26, T-25S-R32-E

Lea County, New Mexico

HOBBS OCD

SEP 12 2014

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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 cattle guard and a Devon sign and go approximately 0.3 of a mile. Turn left here and go approximately 0.1 of a mile. Turn right here and go approximately 0.4 of a mile to Devon Paducah A16 Federal Com #1. From the southeast corner of the pad go east approximately 0.1 of a mile to a pipeline right of way. Go right here approximately 0.3 of a mile along pipeline. The new road starts here going right approximately 0.1 of a mile to the southeast corner of the proposed new well.

2. PLANNED ACCESS ROAD.

- A. The proposed new access will go west for approximately 0.1 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

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- 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.

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 the 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 well site in as aesthetically pleasing a condition as possible.
- B. If the well is a producer the downsizing plan of the location will be implemented after the well is put in production.
- 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: Federal Leases NM-110836, and NM-108970
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.