

30-015-39296

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

Yates Petroleum Corporation

Federal CW B #9H

330' FNL & 990' FEL Surface Hole Location

330' FSL and 990' FEL Bottom Hole Location

Section 1, T-19S-R24-E

Eddy County, New Mexico

RECEIVED

AUG 4 2011

NMOCD ARTESIA

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 19 miles south and west of Artesia, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go South out of Artesia on highway 285 for approximately 9 miles to Kincaid Ranch Road. Turn left on Kincaid Ranch Road and go approximately 3.5 miles to end of pavement. Continue on dirt existing of Kincaid Ranch Road for approximately 2.3 miles to a locked gate on a cattleguard on the right. Follow existing lease road west for approximately 3.3 miles. Turn right here on existing lease road and go approximately 0.2 of a mile to Yates' SRC State KZ #5 well location. From the southwest corner of this location the new road will start here going northwest for approximately 0.3 of a mile to the southeast corner of the well location.

2. PLANNED ACCESS ROAD.

- A. The proposed existing access will go west approximately 167.3' and then to the northwest approximately 633.7' the southeast corner of the well location. The road will lie in an southeast 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.
- B. There will not be any new access road to this well location. Existing access will be used to access this well location
- C. The road is bladed with drainage on one side. Traffic turnouts will not 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 no 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, an electric line will be installed to this location.

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 well site in as aesthetically pleasing a condition as possible.
- B. 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: Yates Petroleum Corporation
C/O Darrell Brown
P. O. Box 1281
Artesia, NM 88211
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.


Plans for Interim and Final Surface Reclamation.

1. Well location will be contoured to resemble the original topography as closely as possible. Surface reclamation measures will be taken to avoid new erosion on the well location and the area surrounding the well location. These measures will be overseen by Yates' personnel following a structured plan for the reclamation of each individual site.
2. Major drainage systems will be avoided as determined at the onsite with the BLM. Minor drainages may be rerouted around the well site within the 600' x 600' cleared area to avoid moving the well location.
3. Segregation of topsoil or like soils will be placed in low lift rows rather than in a stockpile just off the caliche well pad. Placement of these lift rows will be determined at the BLM onsite or at the time of construction by Yates Personnel.
4. Yates will use prudent oil field practices when constructing well locations and related facilities. Yates personnel will determine the size of the well location needed for safe working conditions for personnel during all aspects on the drilling and production process.
5. Back fill requirements for above ground reserve pits will be met by using cut, fill, and contouring of available top soil and like soils from the pit area. Should additional material be needed it will be brought in from a BLM approved source.
6. All topsoil will be spread over the area reclaimed during interim reclamation using a front end loader. For final reclamation enough topsoil will be evenly distributed between the interim reclaimed area and the final reclaimed area. This method of soil stabilization should help maintain the productivity and viability of the topsoil.
7. Soil treatments will be determined at the time of final reclamation by Yates' Environmental Specialist or other designated personnel to meet BLM final reclamation goals.
8. Reseeding of disturbed areas will be accordance with the seed mixtures attached to the approved APD as Conditions of Approval. Planting and soil preparation will be done during the rainy season between June 1st and September 1st.
9. Yates' personnel will control weeds during the productive period through final abandonment of the well. Yates may also use the option to hire a third party to be in charge of weed control or participate in the Chaves Soil and Water District program to pool monies for weed control.
10. Well pads, roads and related facilities with caliche or other surfacing material will be picked up or turned over at the time of final abandonment. These materials may be used on other projects in the area if possible or placed back in the caliche pit or other designated site. Buried pipelines will be left in place after being bled down and purged. Above surface support equipment will be removed or cut down below plow depth and removed. Pipeline right-of-ways will be reseeded according to BLM Best Management Practices.
11. After the well has been drilled and completed Yates' Production Department Personnel will meet with BLM Personnel on each individual well location to discuss the specifics of downsizing the well pad at that time. This information will not be available at the time the Application for Permit to Drill is submitted to the Bureau of Land Management office.

CERTIFICATION
YATES PETROLEUM CORPORATION
Federal CW-B #9H

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 the 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 17 day of _____ 2011

Signature 

Name Travis Hahn

Position Title Land Regulatory Agent

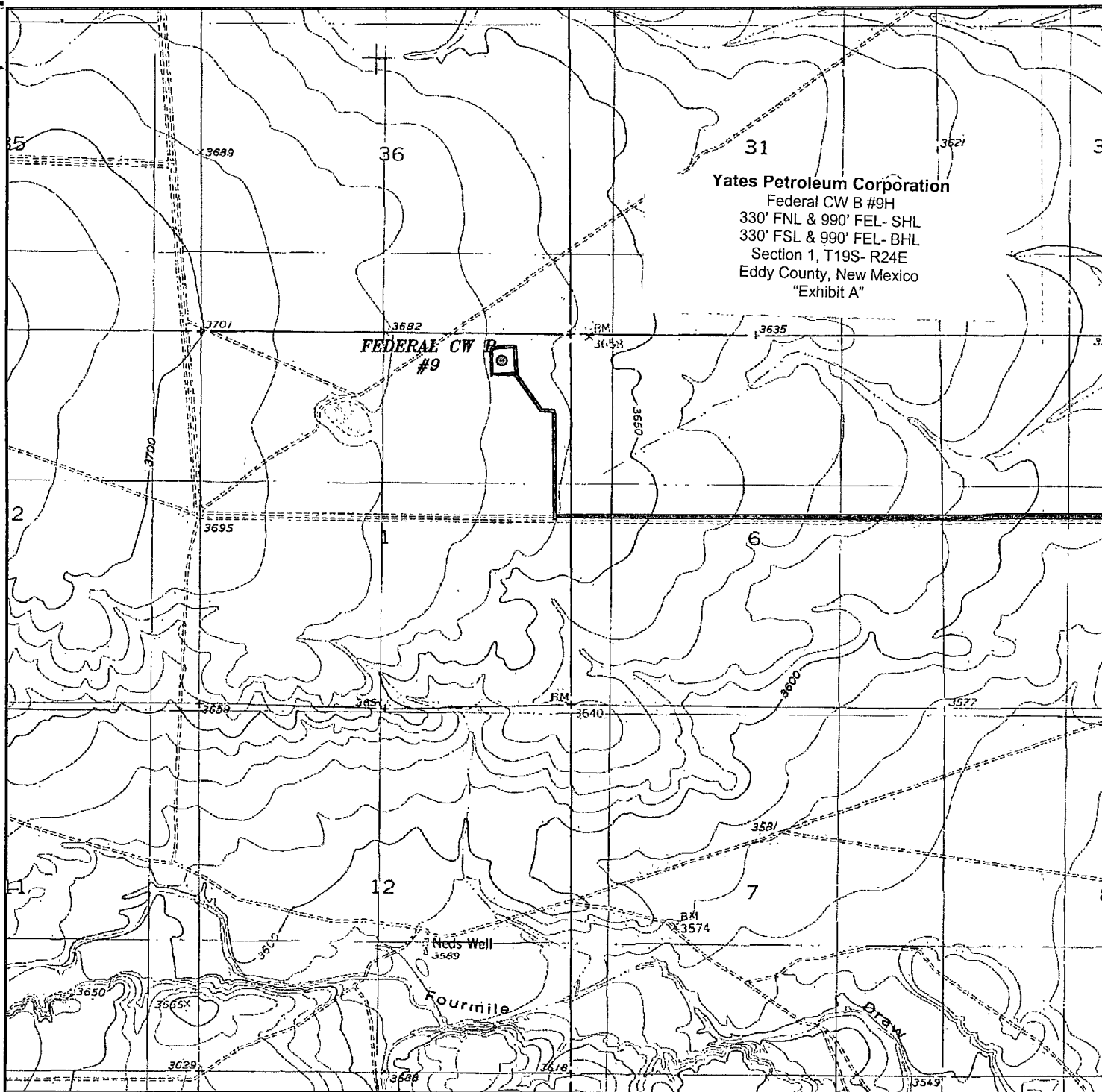
Address 105 South Fourth Street, Artesia, New Mexico 88210

Telephone (575) 748-4120

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



FEDERAL CW B #9
 Located 330' FNL and 990' FEL
 Section 1, Township 19 South, Range 24 East,
 N.M.P.M., Eddy County, New 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

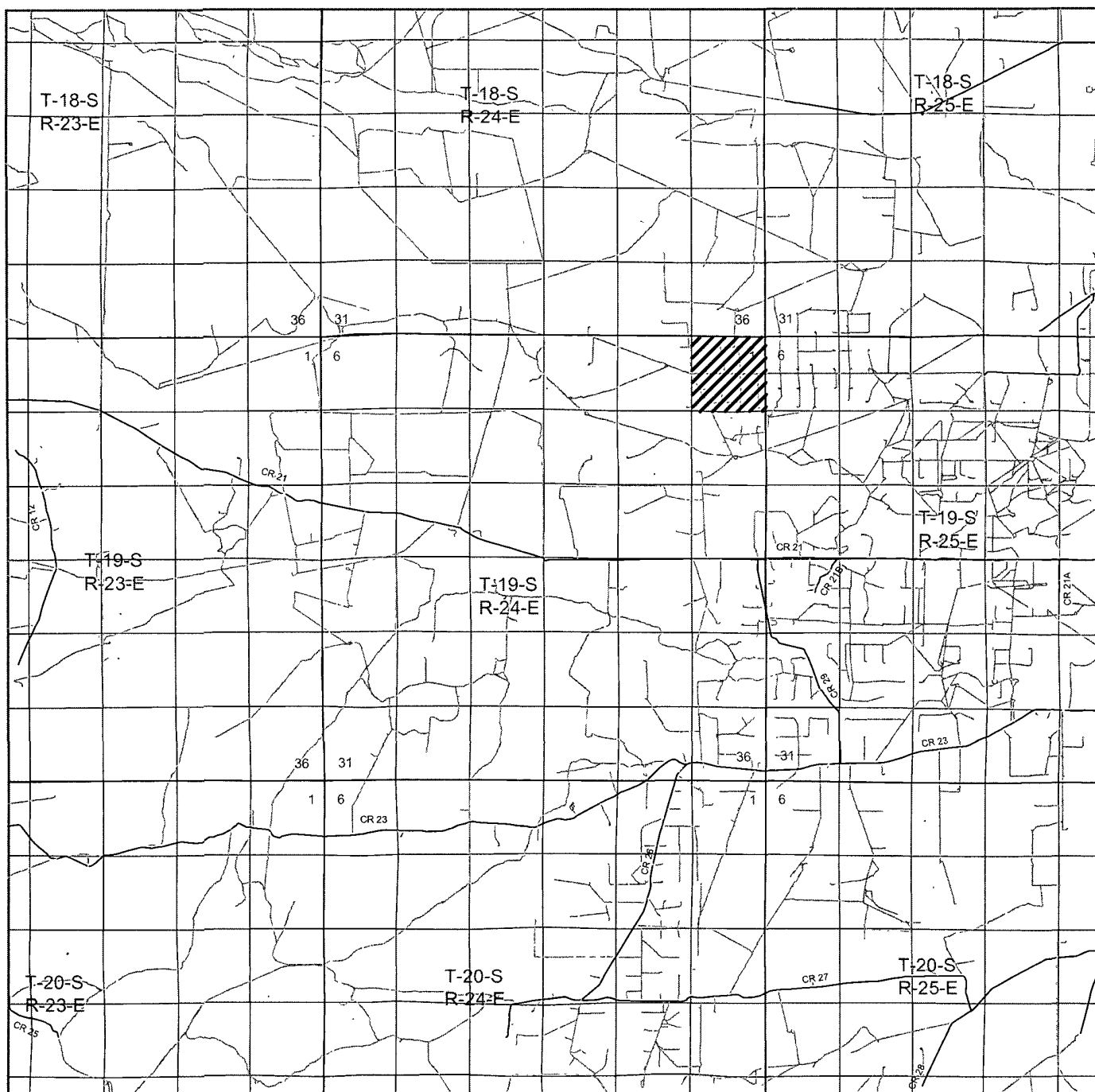
W.O. Number: JMS 24659

Survey Date: 05-24-2011

Scale: 1" = 2000'

Date: 05-26-2011

YATES
PETROLEUM
CORP.



FEDERAL CWB #9

Located 330' FNL and 990' FEL

Section 1, Township 19 South, Range 24 East,

N.M.P.M., Eddy County, New 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

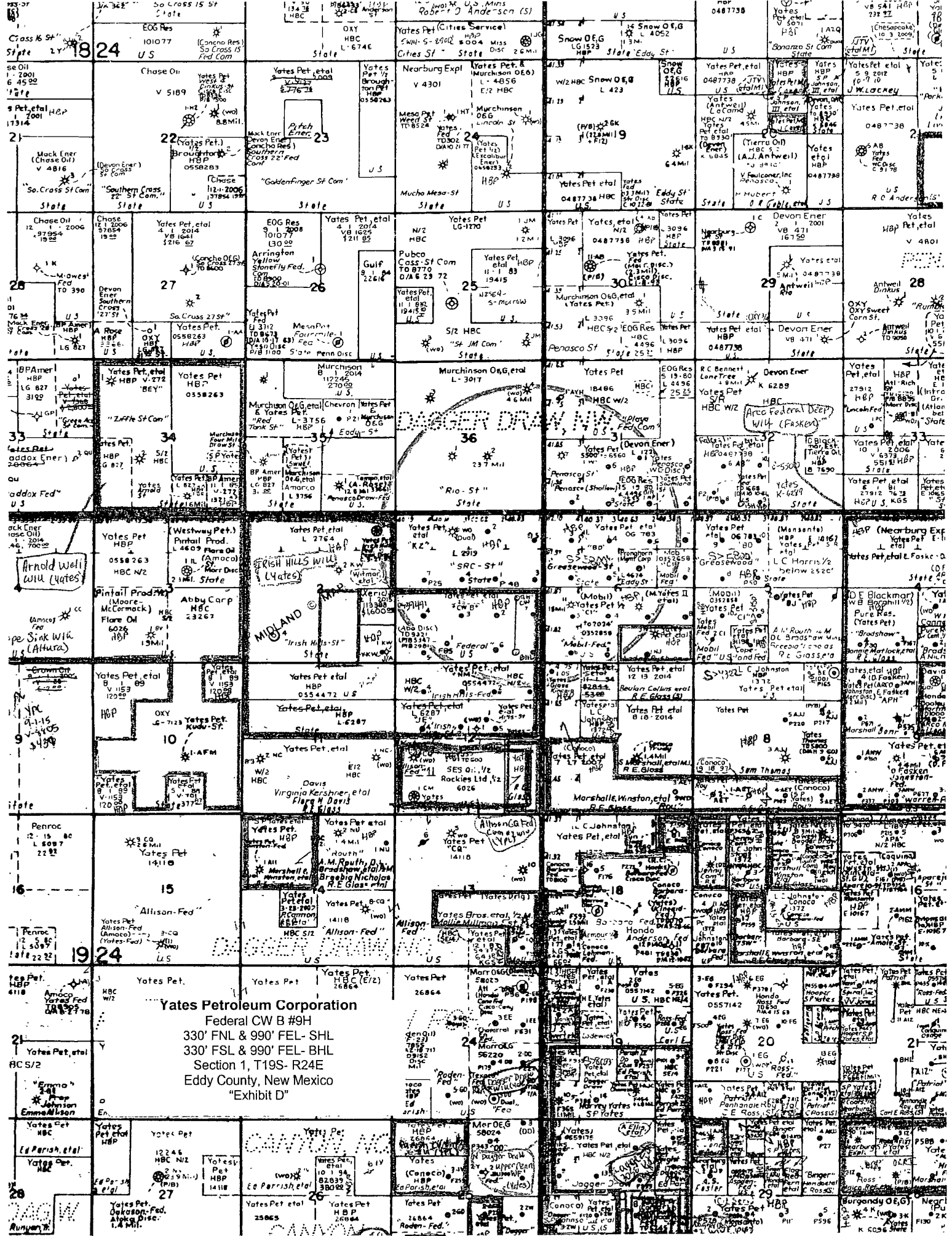
W.O. Number JMS 24659

Survey Date 05-24-2011

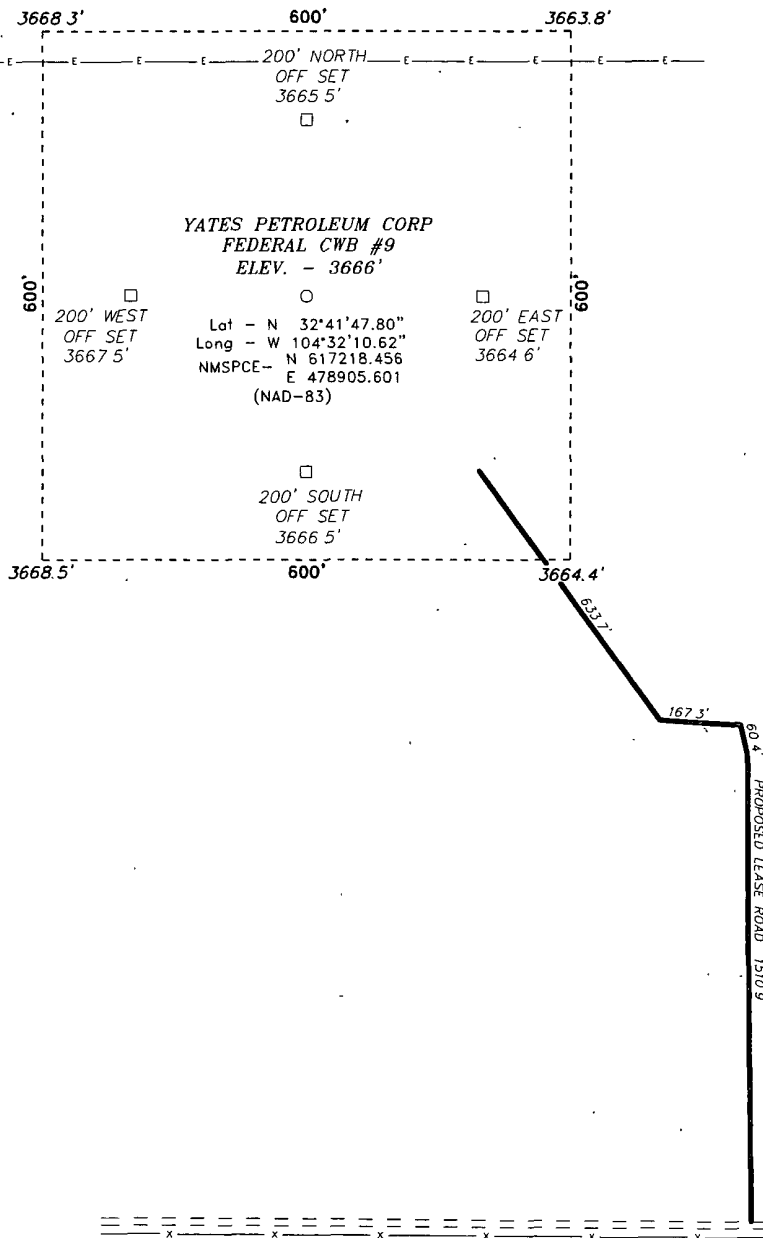
Scale 1" = 2 Miles

Date: 05-26-2011

YATES
PETROLEUM
CORP.



SECTION 1, TOWNSHIP 19 SOUTH, RANGE 24 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



YATES PETROLEUM CORP.

REF FEDERAL CWB #9 / WELL PAD TOPO

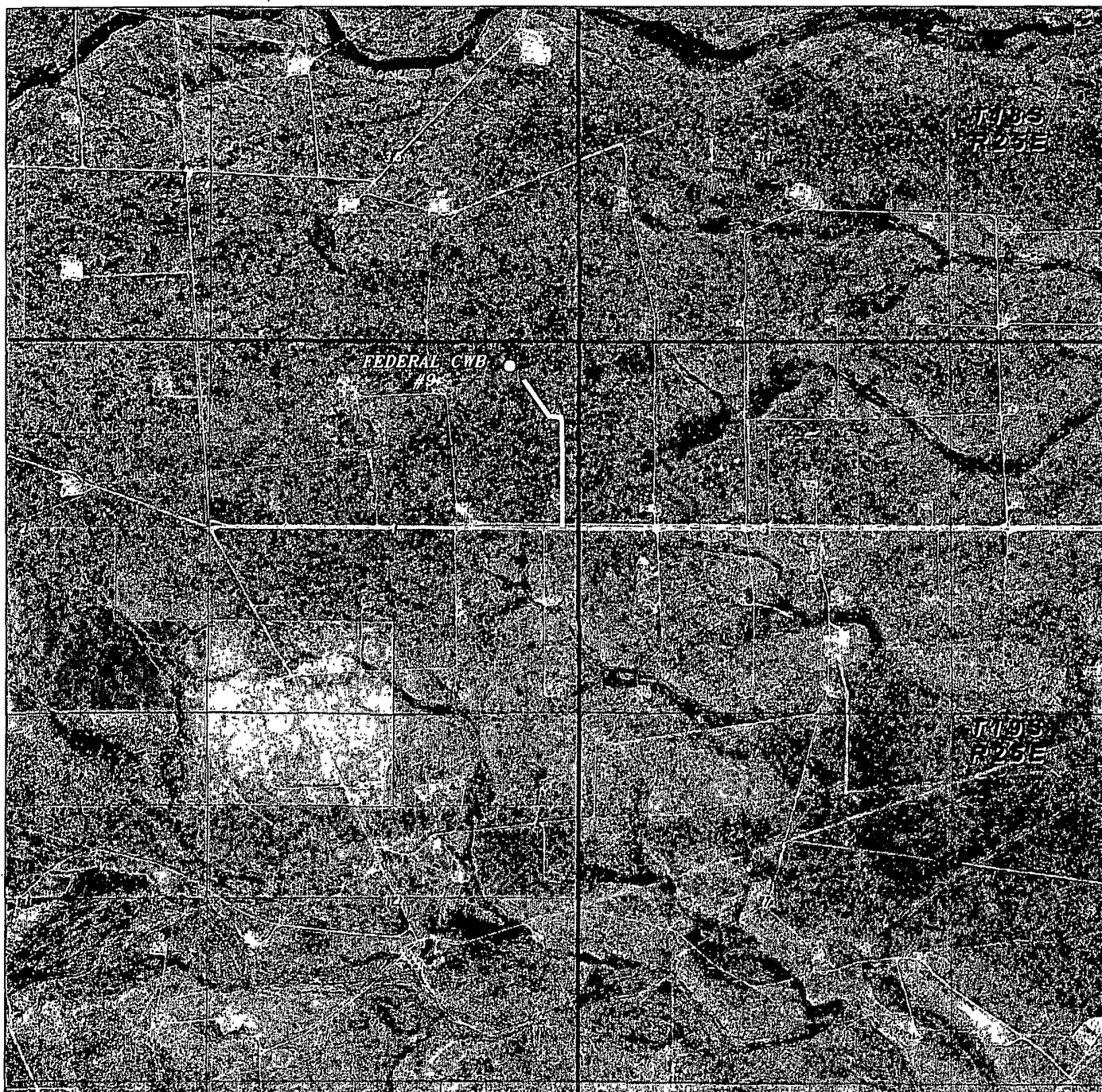
THE FEDERAL CWB #9 LOCATED 330'
FROM THE NORTH LINE AND 990' FROM THE EAST LINE OF
SECTION 1, TOWNSHIP 19 SOUTH, RANGE 24 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO.

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

W.O. Number. 24659 Drawn By J. SMALL

Date 05-26-2011 Disk JMS 24659

Survey Date. 05-24-2011 Sheet 1 of 1 Sheets



FEDERAL CWB #9

Located 330' FNL and 990' FEL

Section 1, Township 19 South, Range 24 East,
N.M.P.M., Eddy County, New 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

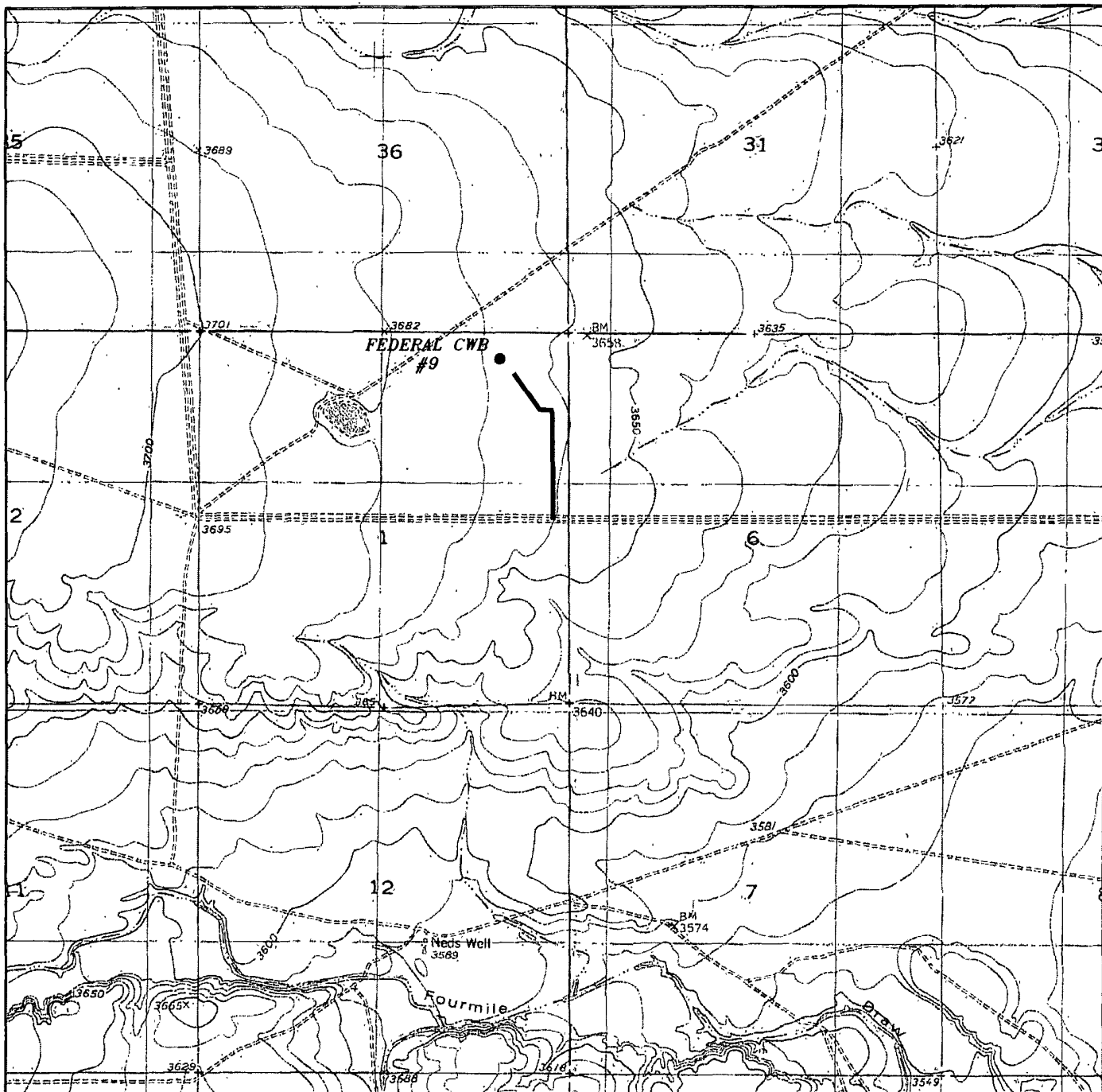
W.O. Number JMS 24659

Scale. 1" = 2000'

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



YATES
PETROLEUM
CORP.



FEDERAL CWB #9

Located 330' FNL and 990' FEL

Section 1, Township 19 South, Range 24 East,
N.M.P.M., Eddy County, New 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

W.O. Number JMS 24659

Survey Date 05-24-2011

Scale 1" = 2000'

Date 05-26-2011



YATES
PETROLEUM
CORP.

YATES PETROLEUM CORPORATION

Yates Petroleum Corporation

Federal CW B #9H

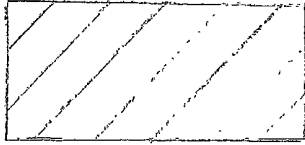
330' FNL & 990' FEL- SHL

330' FSL & 990' FEL- BHL

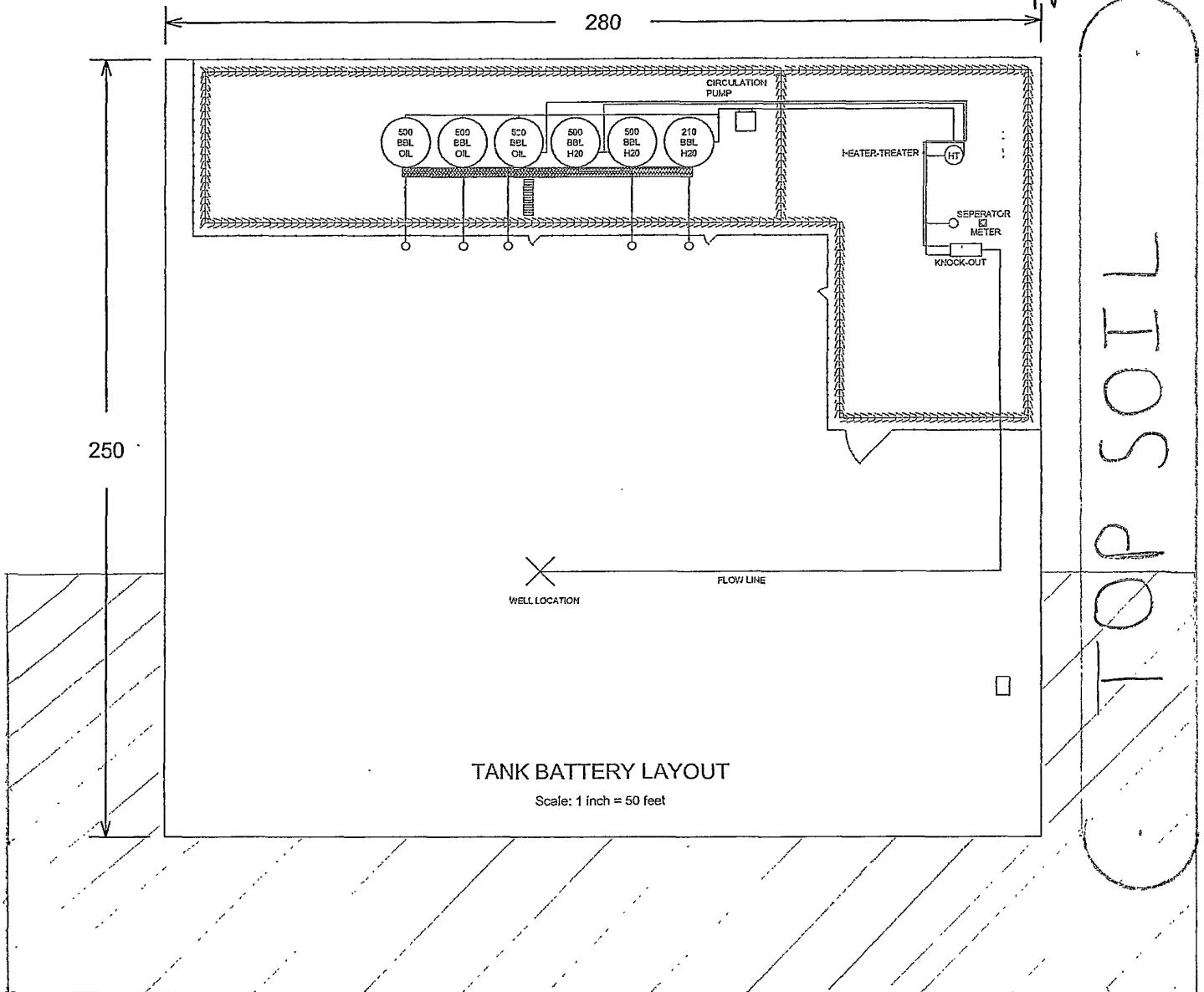
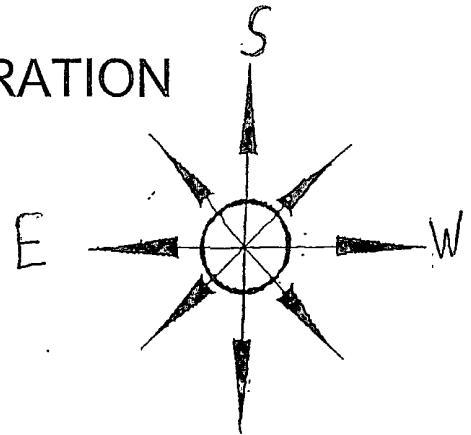
Section 1, T19S- R24E

Eddy County, New Mexico

**POSSIBLE
RECLAIMED AREA**



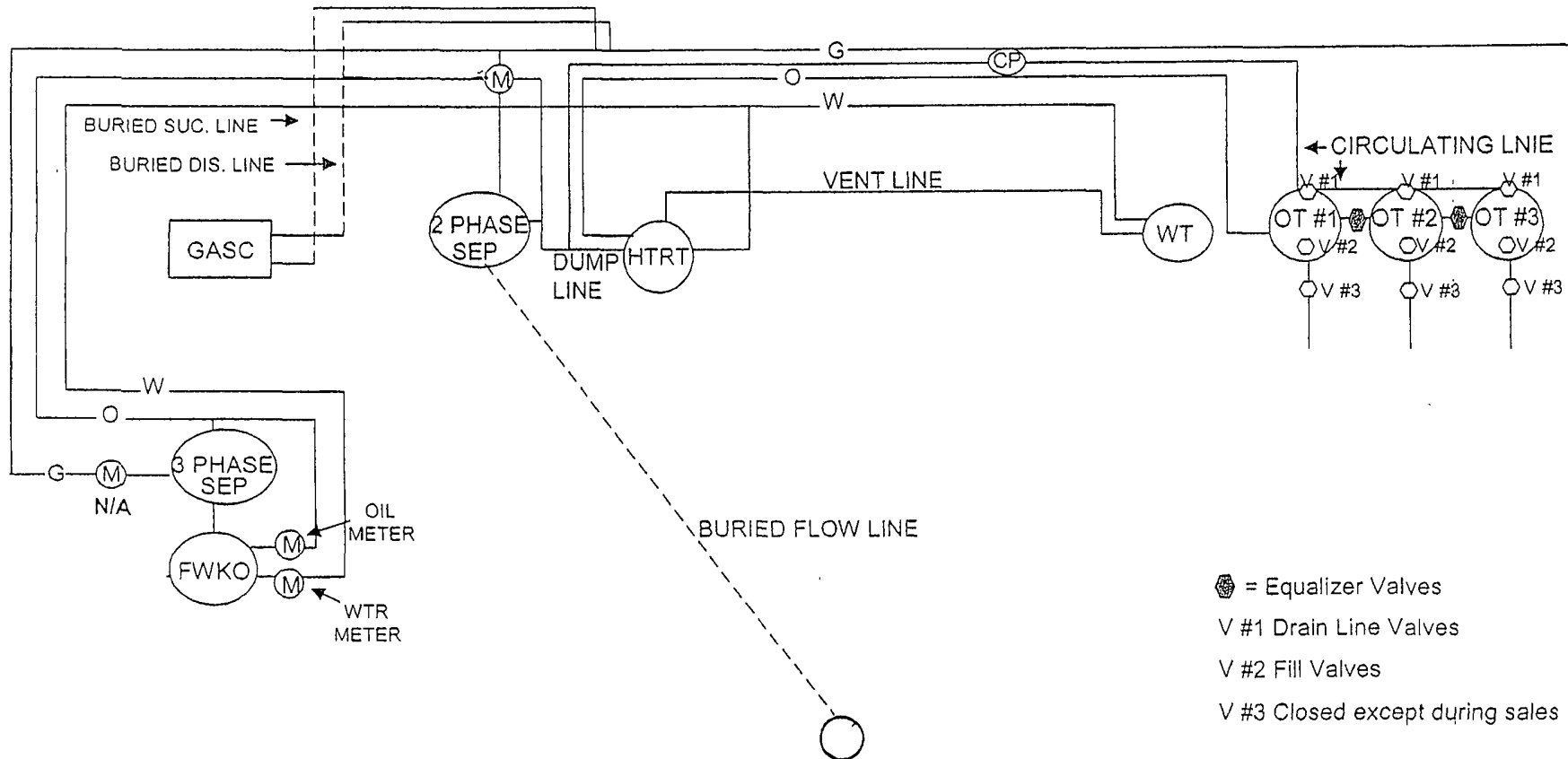
Reclaimed areas may look different
after final reclamation.





105 South 4th Street * Artesia, NM 88210
(575)-748-1471

-Danny Matthews
June, 2010



◊ = Equalizer Valves
V #1 Drain Line Valves
V #2 Fill Valves
V #3 Closed except during sales

Yates Petroleum Corporation
Federal CW B #9H
330' FNL & 990' FEL-SHL
330' FSL & 990' FEL-BHL
Section 1, T19S-R24E
Eddy County, New Mexico
"Exhibit D"

This diagram is subject to the Yates Petroleum Corporation August 1983 Security Plan
which is on file at 105 South 4th Street, Artesia, NM