

30-015-39348

MULTI-POINT SURFACE USE AND OPERATIONS PLAN  
YATES PETROLEUM CORPORATION  
Mucho Luck BBW Federal Com. #2H  
1100' FSL & 330' FEL, Surface Hole Location  
400' FSL & 330' FWL, Bottom Hole Location  
Section 27-T16S-R27E  
Eddy 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 well site is located approximately 38 miles east of Carlsbad, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS: Go east of Artesia, NM on Highway 285 for approximately 8 miles to the power station at Southern Union Road. Turn left on Southern Union Road and go approximately 2.8 miles. Follow the road to the right for about 1.1 miles to a white compressor site. Turn left here and go approximately 2.2 miles. There will be a white tank on the right side of the road and a cattleguard. Turn left here on lease road for approx. 0.7 of a mile. Turn right here on existing lease road and go approximately .3 of a mile to the Gem Dandy BCG State Com. #2H well location. The new road will start from the northeast corner of the Gem Dandy #2H well going north for about 0.2 of a mile and then to the left for approximately .1 of a mile to the northeast corner of the proposed well location.

2. PLANNED ACCESS ROAD:

- A. The proposed new access will be approximately 0.3 of a mile in length from the point of origin to the southeast corner of the drilling pad. The road will run in a north then northwesterly 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 both sides. Traffic turnouts may be needed.
- D. The route of the road is visible.
- E. Existing roads will be maintained in the same or better condition.
- F. A ROW for the off lease access road is in the process of being filed with the BLM office in Carlsbad.

3. LOCATION OF EXISTING WELL:

- A. There is 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. However the tank battery is not located in a close vicinity of this well location. Therefore we may have to construct a tank battery and related facilities on this location. Plans are not is time for off location flowlines. If needed they will be applied for at a later time by

Yates Petroleum Corporation, Agave Energy, or a third party. 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 Exhibit A.

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. 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, closed loop mud system, location of the drilling equipment, pulling unit orientation and access road approach. Please note the location will have the V-Door to the northeast and the closed loop system to the northwest.
- 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. 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. Unguarded pits, if any, containing fluids will be fenced until they have dried and have 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 620 East Greene Street, Carlsbad, NM 88220. (575) 234-5972
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:  
Clifton R. May,  
Land Regulatory Agent  
Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, New Mexico 88210  
Phone (505) 748-1471

Through Drilling Operations,  
Tim Bussell,  
Operations Manager  
Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, New Mexico 88210  
Phone (505) 748-4221

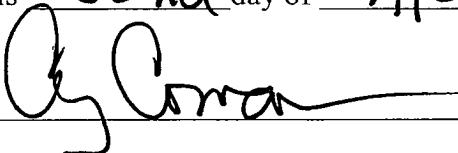
## Plans for Interim and Final Surface Reclamation.

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  
Mucho Luck BBW Federal Com. #2H

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 22nd day of April 2011

Signature 

Name Cy Cowan

Position Title Land Regulatory Agent

Address 105 South Fourth Street, Artesia, New Mexico 88210

Telephone (505) 748-4372

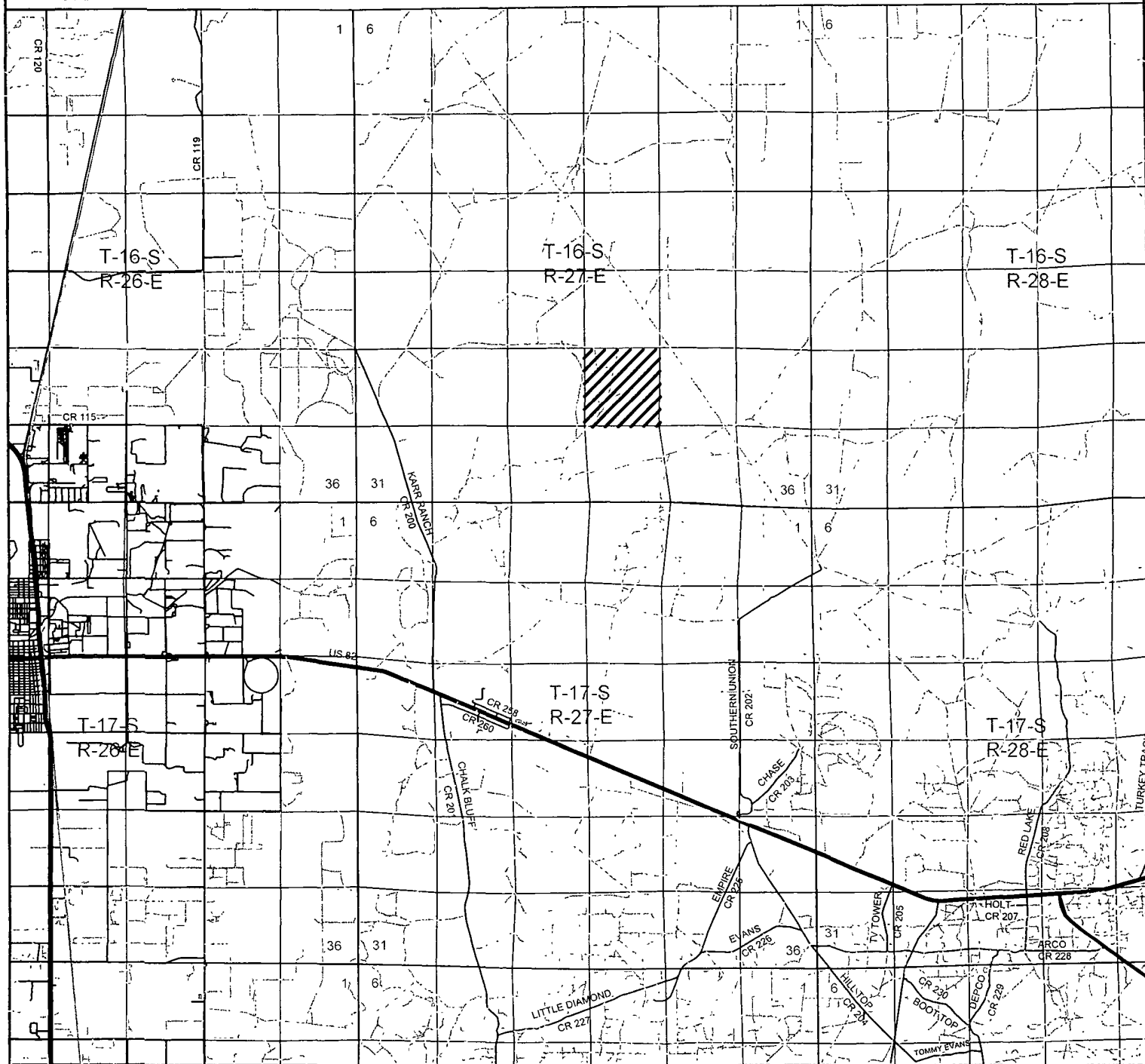
Field Representative (if not above signatory) Tim Bussell, Drilling Supervisor

Address (if different from above) Same as above.

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

E-mail (optional) \_\_\_\_\_

CR 129



MUCHO LUCK "BBW" FEDERAL COM #2H

Located 1100' FSL and 330' FEL

Section 27, Township 16 South, Range 27 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

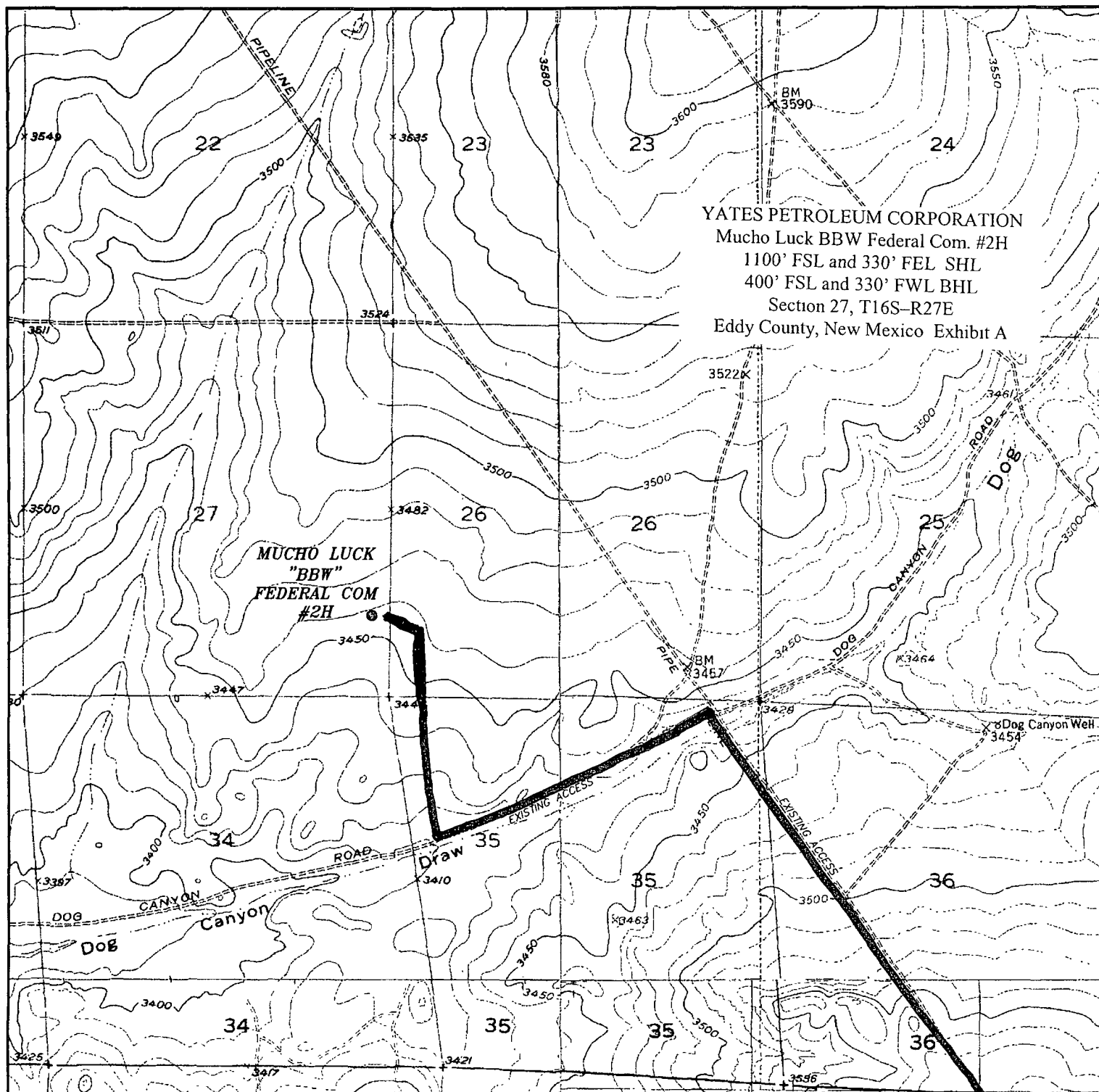
W.O. Number BJN 23917

Survey Date: 12-14-2010

Scale: 1" = 2 Miles

Date: 12-16-2010

**YATES**  
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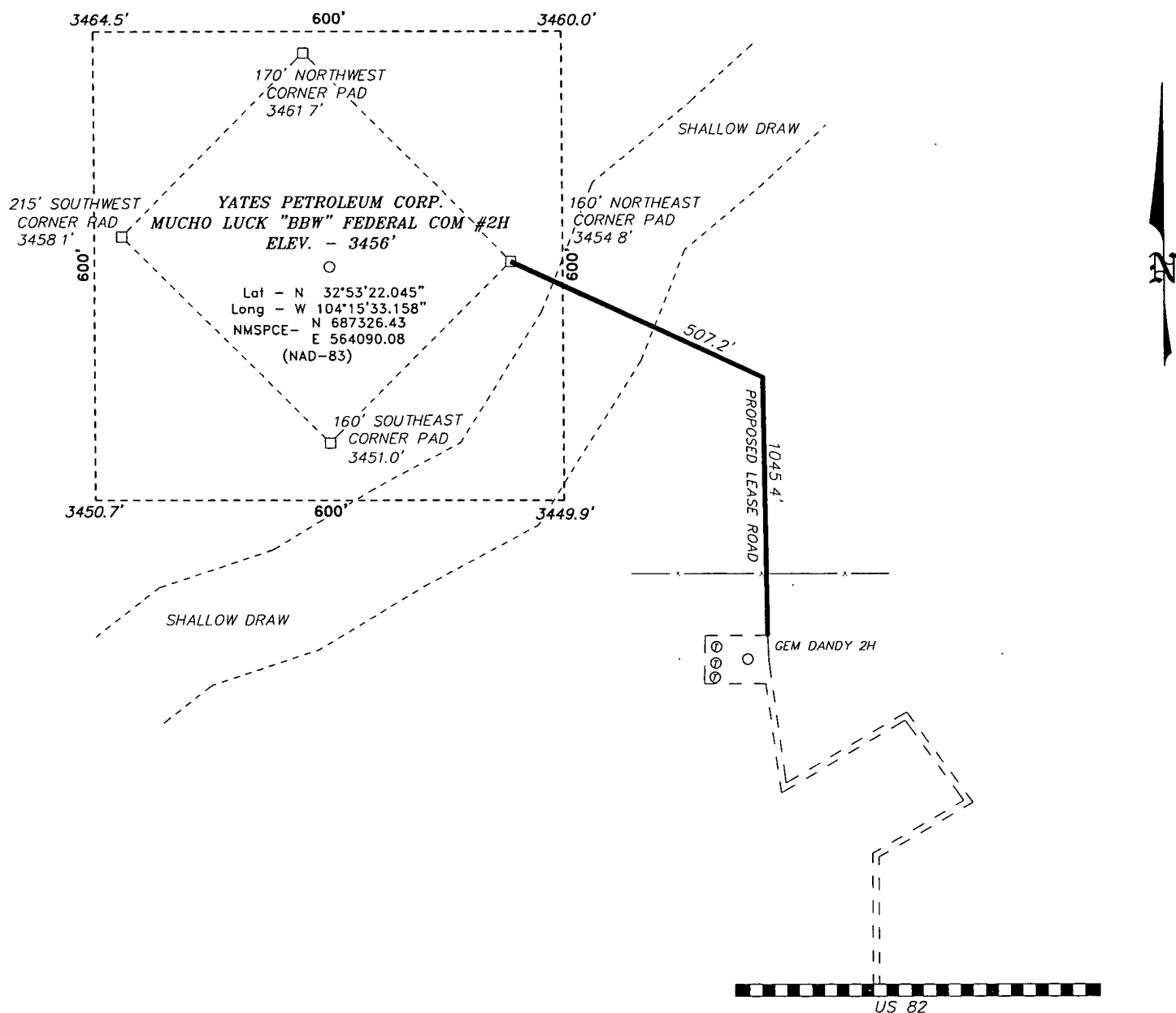
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Date: 12-16-2010



**YATES**  
**PETROLEUM**  
**CORP.**

SECTION 27, TOWNSHIP 16 SOUTH, RANGE 27 EAST, N.M.P.M.,  
EDDY COUNTY, NEW MEXICO.



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

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

W.O. Number 23917 Drawn By B. NIXON

Date 12-16-2010 Disk: BJN 23917

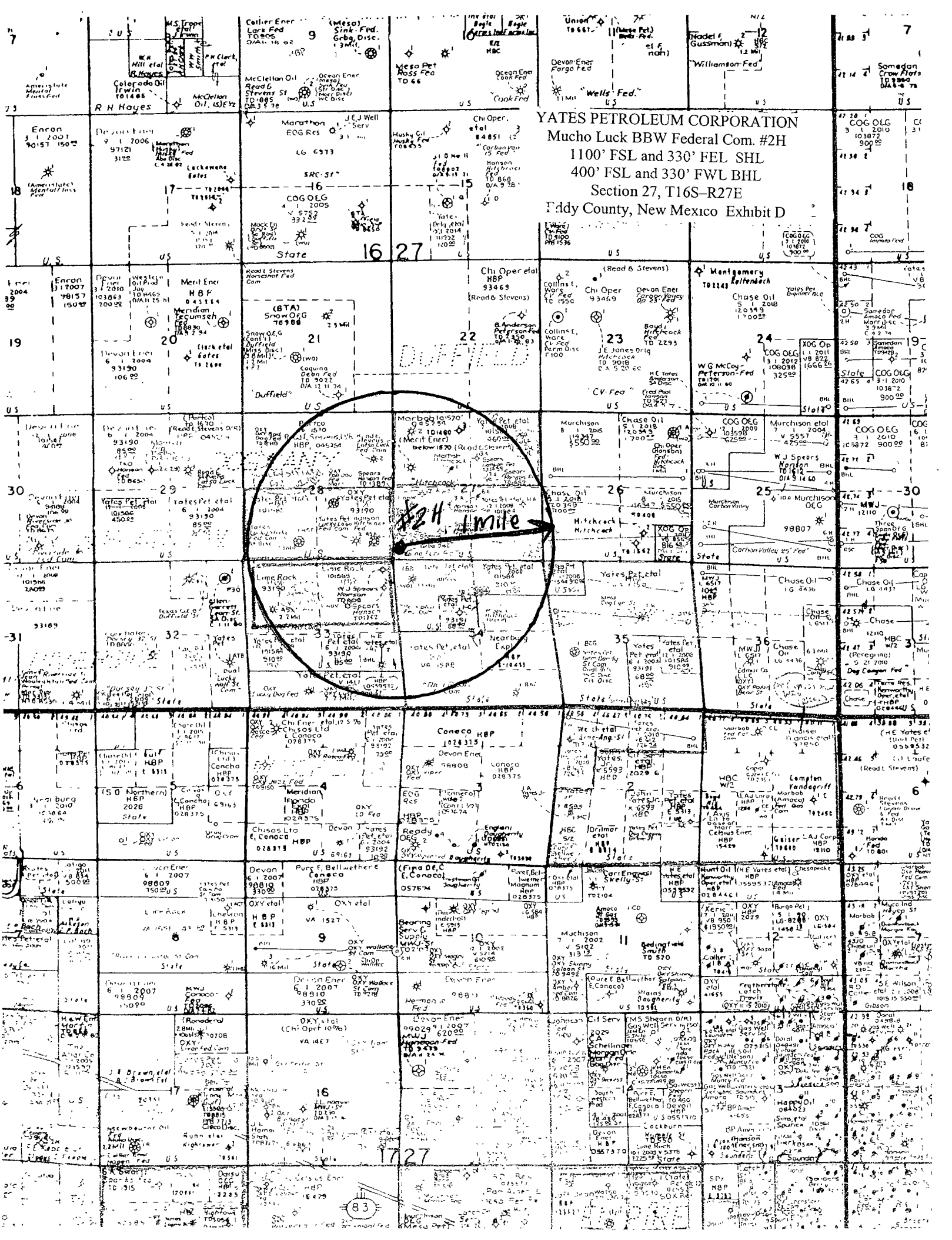
**YATES PETROLEUM CORP.**

REF MUCHO LUCK "BBW" FEDERAL COM #2H / WELL PAD TOPO

THE MUCHO LUCK "BBW" FEDERAL COM #2H LOCATED 1100'  
FROM THE SOUTH LINE AND 330' FROM THE EAST LINE OF  
SECTION 27, TOWNSHIP 16 SOUTH, RANGE 27 EAST,  
N.M.P.M., EDDY COUNTY, NEW MEXICO.

Survey Date 12-14-2010 Sheet 1 of 1 Sheets





YATES PETROLEUM CORPORATION  
Mucho Luck BBW Federal Com. #2H  
1100' FSL and 330' FEL SHL  
400' FSL and 330' FWL BHL  
Section 27, T16S-R27E  
Faddy County, New Mexico Exhibit D