

30-015-39422

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

Culebra BLV Federal Com #2H

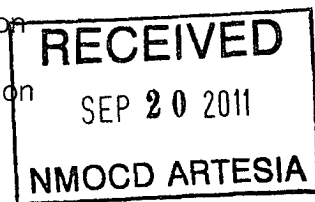
1650' FNL and 330' FWL Surface Hole Location

Section 7, T23S-R29E

1980' FNL and 2310' FWL Bottom Hole Location

Section 8, T23S-R29E

Eddy County, New Mexico



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 map showing the well and roads in the vicinity of the proposed location. The proposed well site is located approximately 16 miles southeast of Carlsbad, New Mexico and the access route to the location is indicated in blue on Exhibit A.

DIRECTIONS

Starting at the BLM Office in Carlsbad, go east on highway 62/180 for approximately 2 miles to U.S. Refinery Road. Turn right on U.S. Refinery Road and go approximately 12.8 miles, which is approximately 0.2 of a mile north of the intersection of U.S. Refinery Road and Highway 31. At this point turn left off of U.S. Refinery road on an existing lease road going to the Culebra BLV Federal #1H. Follow the lease road for approximately .2 of a mile. The new road will start here going to the right along the east side of an existing pipeline for approximately .2 of a mile then to the left for approx. 100 feet to the southwest corner of the proposed well location.

2. PLANNED ACCESS ROAD:

- A. The proposed new access road will be approximately .04 of a mile in length from the point of origin to the southwest corner of the well pad.
- 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.

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. The production from the this well the Culebra BLV Federal Com. #2H will be stored at the Culebra BLV Federal Com. #1H Battery. Please note attached plat showing the flowline route to the battery. The flowline will be either buried/surface steel/poly 3" working pressure 90# psi with a volume not yet determined.

B. If the well is productive oil, a gas or diesel self-contained unit will be used to provide the necessary power. No power will be required if the well is productive of gas.

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 nearest pit and obtain any permits and materials needed for construction.

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

9. WELLSITE LAYOUT:

A. Exhibit B shows the relative location and dimensions of the well pad, the closed loop mud system, and the location of the drilling equipment, rig orientation and access road approach. The proposed well location will be approximately 375' X 330'. 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.
- 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 been leveled.
- C. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the State of New Mexico will be complied with and will be accomplished as expeditiously as possible. All pits will be filled level after they have evaporated and dried.

SURFACE OWNERSHIP: Mosaic Potash Carlsbad, Inc.
PO Box 71
Carlsbad, NM 88221-0071

Yates Petroleum Corporation has reached an agreement on August 9, 2011, with Mosaic Potash Carlsbad, Inc. for the use of their private surface for drilling, and completions operations of the Culebra BLV Federal Com. #2H. Please feel free to contact Mr. Eugene Abernathy (575) 361-0436 or (575) 628-6205.

MINERALS OWNERSHIP Bureau of Land Management
Carlsbad Field Office
620 E. Greene Street
Carlsbad, NM 88220-6292

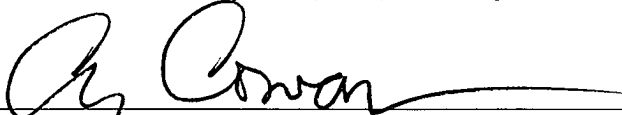
12. OTHER INFORMATION:

- A. Topography: Refer to the existing archaeological report for a description of the topography, flora, fauna, soil characteristics, and dwellings, historical and cultural sites.
- B. The primary surface use is for grazing.

CERTIFICATION
YATES PETROLEUM CORPORATION
Culebra BLV 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 24th day of February 2011

Signature 

Name Cy Cowan

Position Title Land Regulatory Agent

Address 105 South Fourth Street, Artesia, New Mexico 88210

Telephone (505) 748-4372

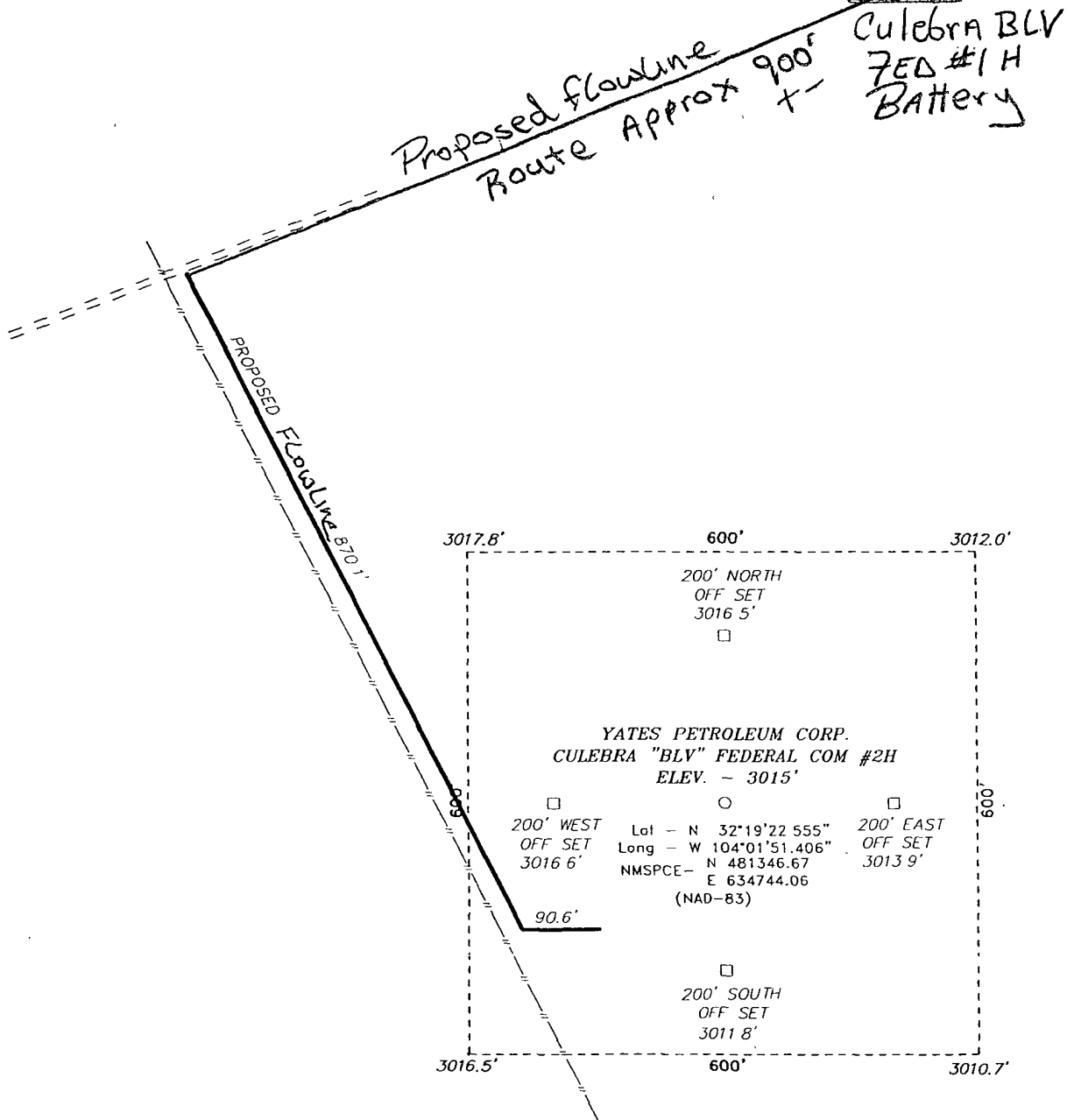
Field Representative (if not above signatory) Tim Bussell, Drilling Supervisor

Address (if different from above) Same as above.

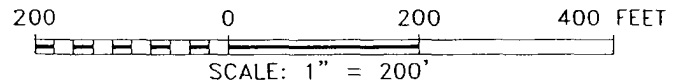
Telephone (if different from above) (505) 748-4221

E-mail (optional) _____

SECTION 7, TOWNSHIP 23 SOUTH, RANGE 29 EAST, N.M.P.M.,
 EDDY COUNTY, NEW MEXICO.



Total Length of Flowline
 Will follow Access Road.



YATES PETROLEUM CORP.

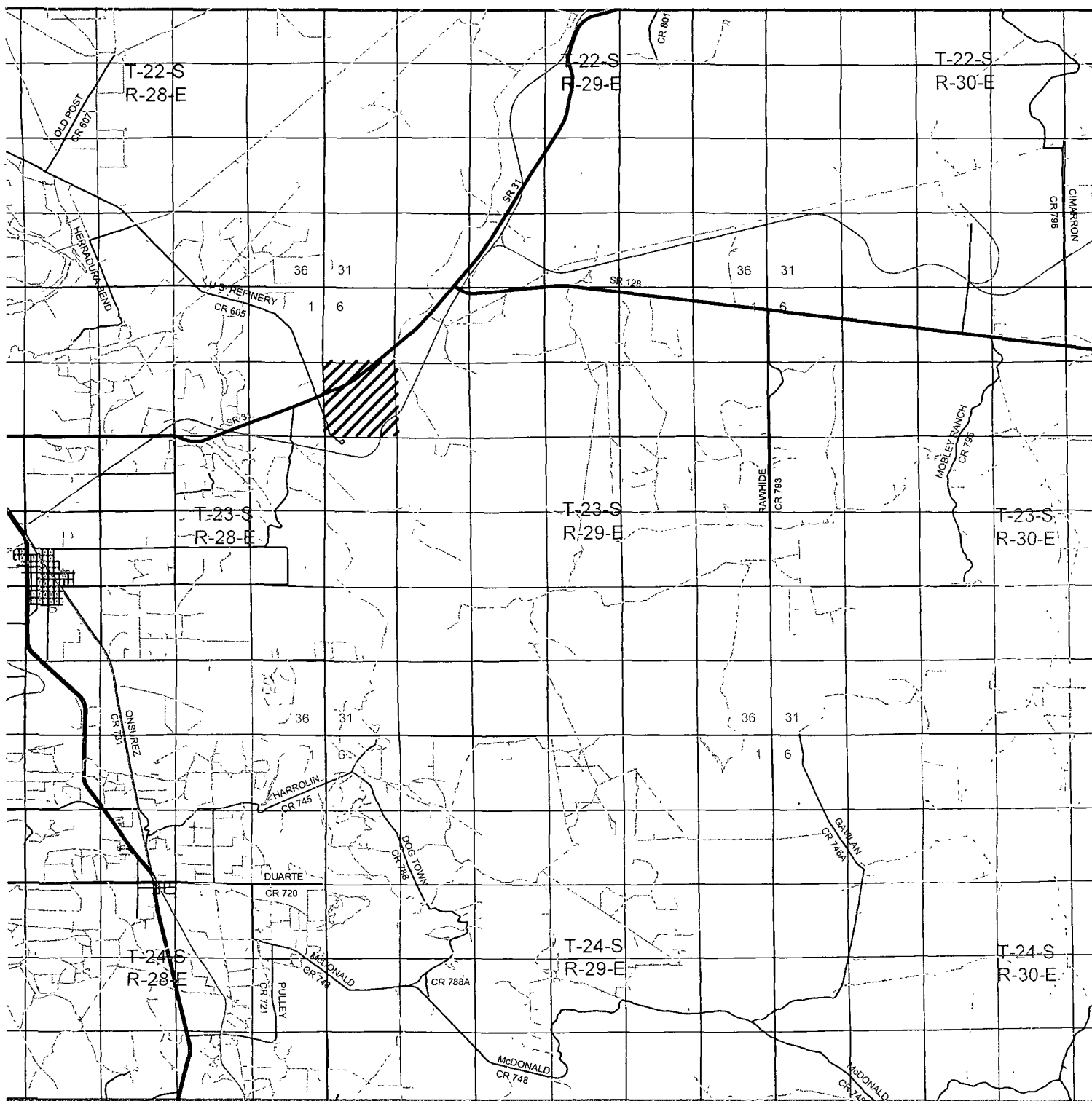
REF. CULEBRA "BLV" FEDERAL COM #2H / WELL PAD TOPO

THE CULEBRA "BLV" FEDERAL COM #2H LOCATED 1650'
 FROM THE NORTH LINE AND 330' FROM THE WEST LINE OF
 SECTION 7, TOWNSHIP 23 SOUTH, RANGE 29 EAST,
 N M P M., EDDY COUNTY, NEW MEXICO.

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

W O Number 24069	Drawn By J SMALL
Date 01-19-2011	Disk JMS 24069

Survey Date 02-04-2011	Sheet 1 of 1 Sheets
------------------------	---------------------



CULEBRA "BVL" FEDERAL COM #2H
 Located 1650' FNL and 330' FWL
 Section 7, Township 23 South, Range 29 East,
 N.M.P.M., Eddy County, New Mexico.

basin
surveys
 focused on excellence

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

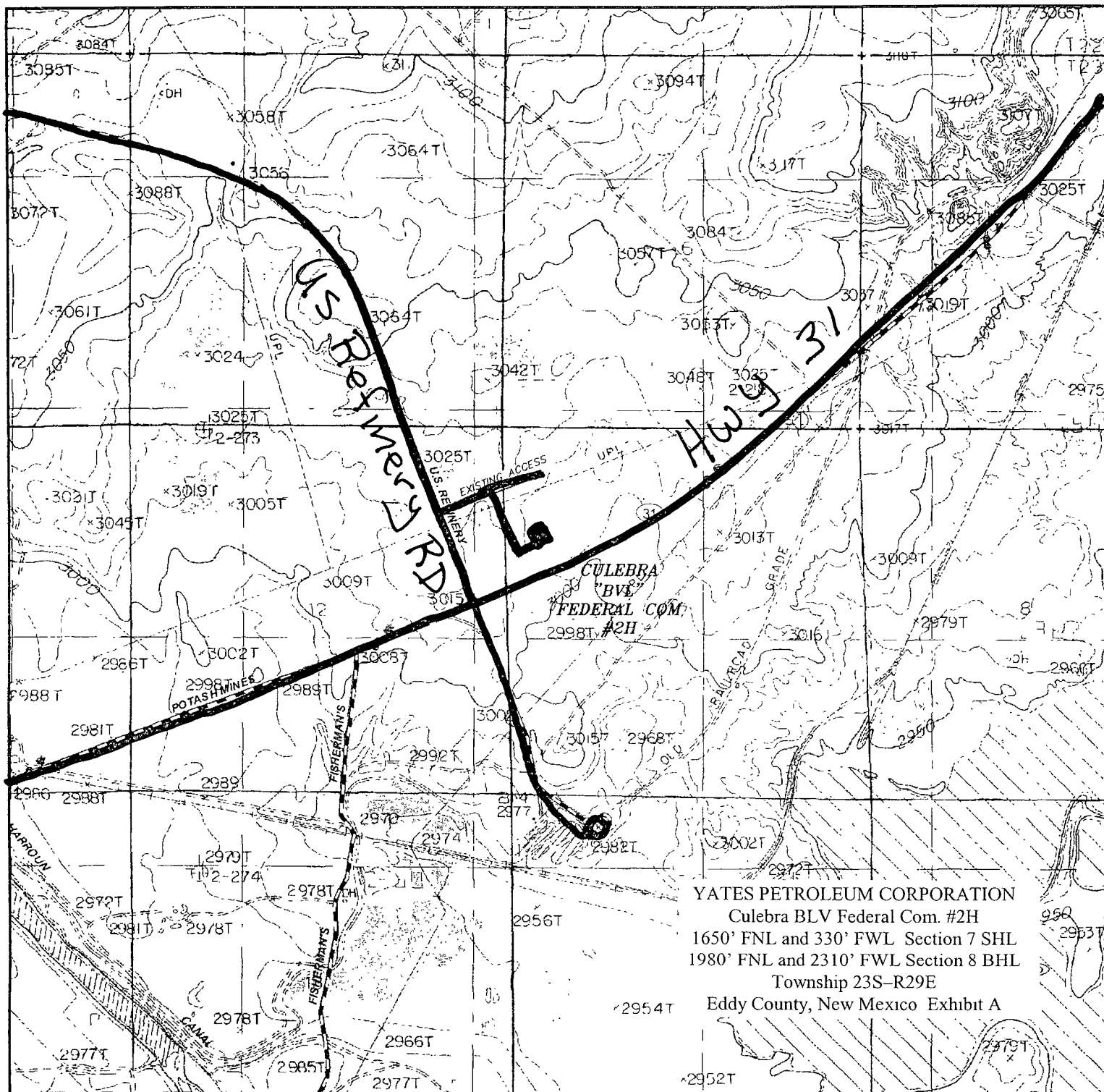
W.O. Number: JMS 24069

Survey Date: 02-04-2011

Scale: 1" = 2 Miles

Date: 01-19-2011

YATES
PETROLEUM
CORP.



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 24069

Survey Date 02-04-2011

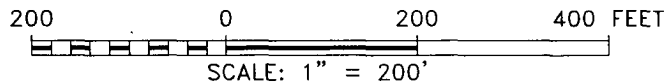
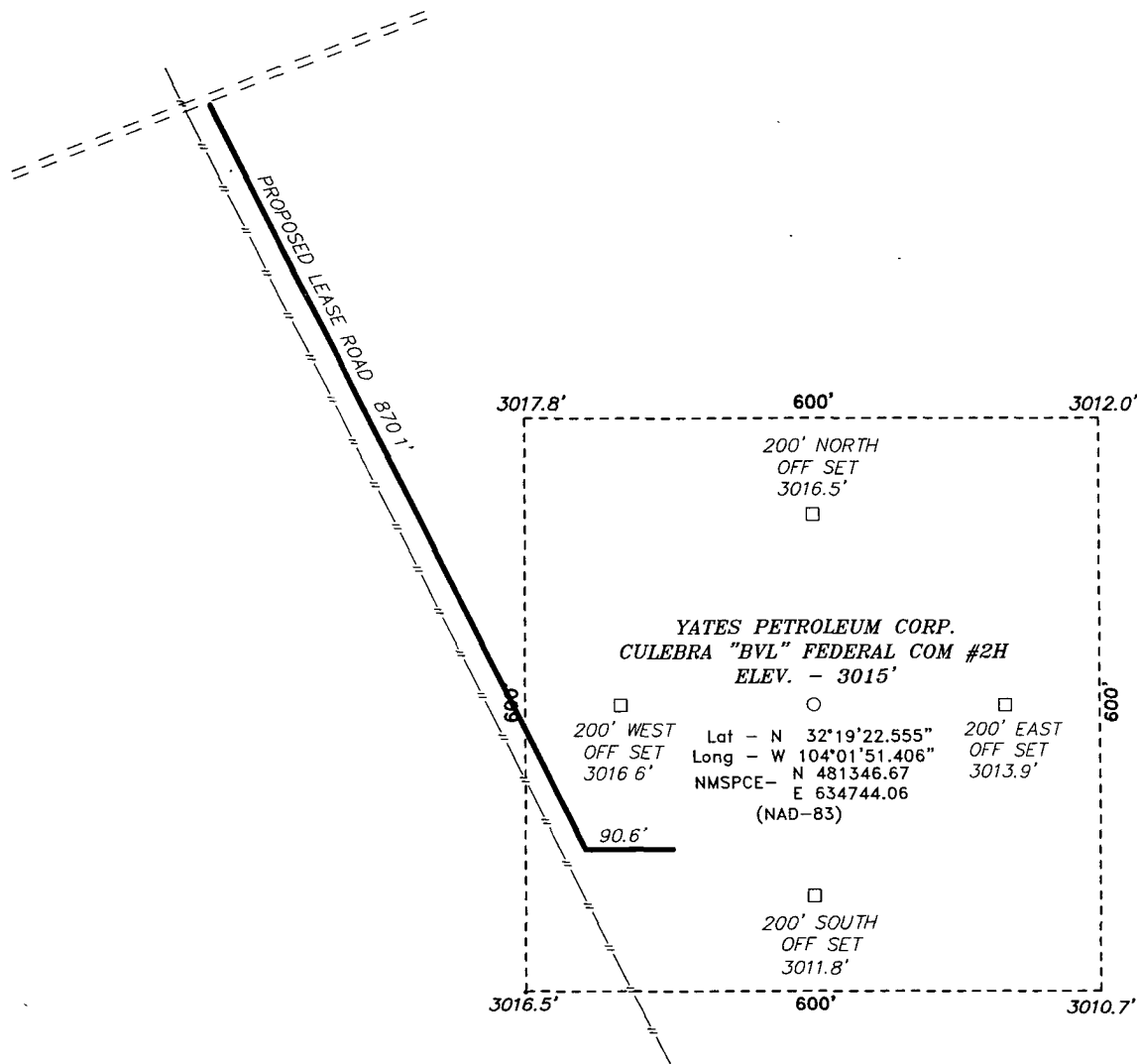
Scale: 1" = 2000'

Date: 01-19-2011



YATES
PETROLEUM
CORP.

SECTION 7, TOWNSHIP 23 SOUTH, RANGE 29 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



YATES PETROLEUM CORP.

REF: CULEBRA "BVL" FEDERAL COM #2H / WELL PAD TOPO

THE CULEBRA "BVL" FEDERAL COM #2H LOCATED 1650'
FROM THE NORTH LINE AND 330' FROM THE WEST LINE OF
SECTION 7, TOWNSHIP 23 SOUTH, RANGE 29 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO.

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

W.O. Number. 24069 Drawn By. J SMALL

Date: 01-19-2011 Disk: JMS 24069

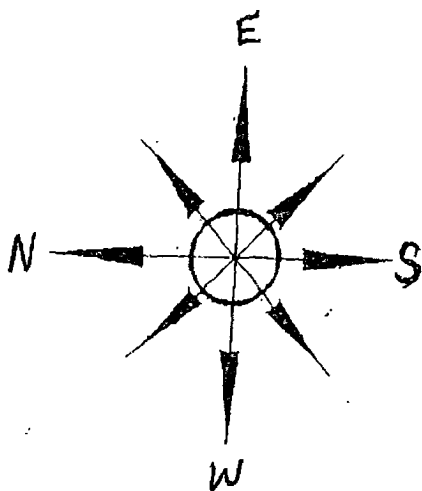
Survey Date: 02-04-2011

Sheet 1 of 1 Sheets

P.R.BASS (OPER.)

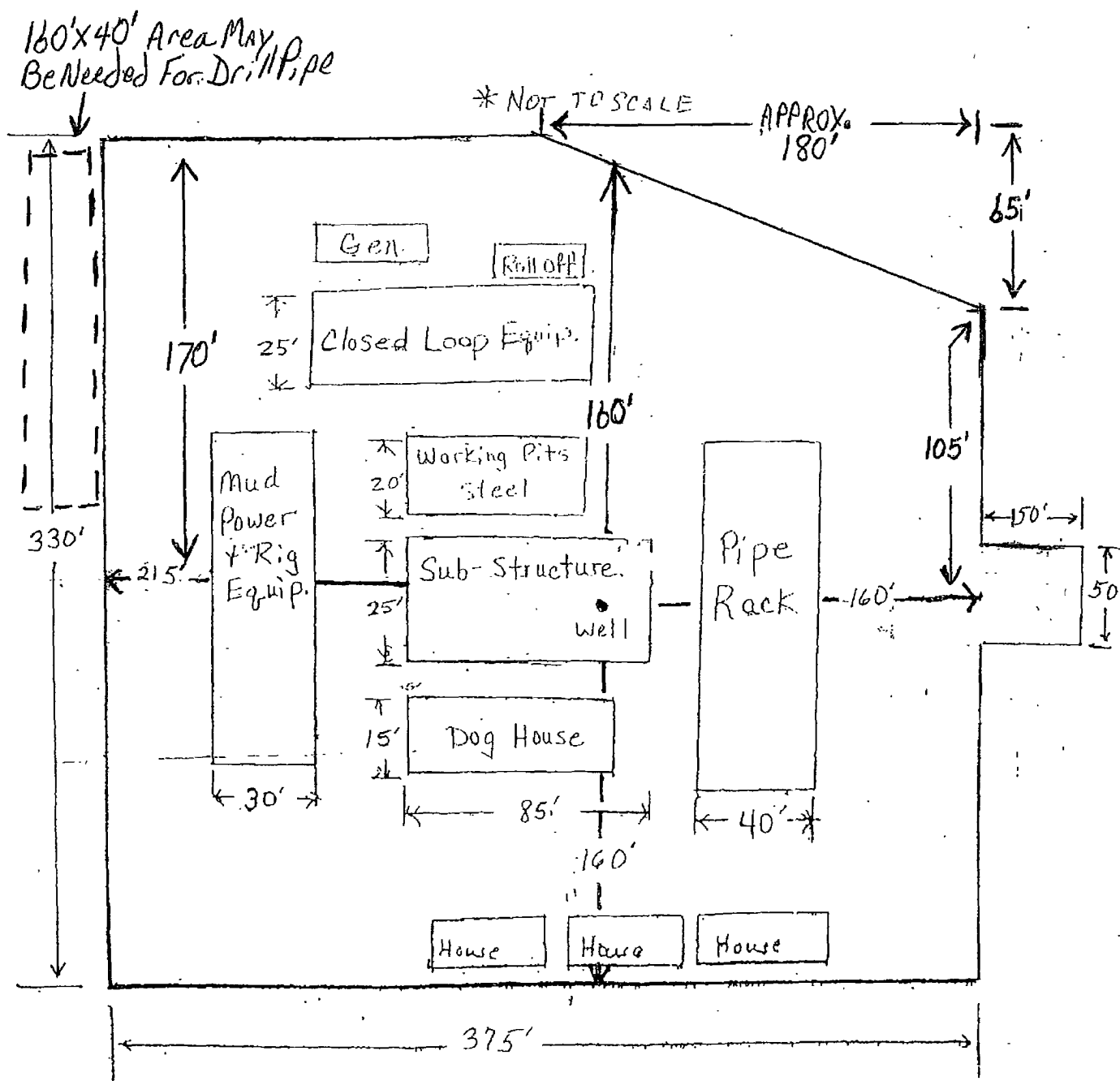
YATES PETROLEUM CORPORATION
C-11-100 PLV Federal Com. #2H (OPER)

Eddy County, New Mexico Exhibit D



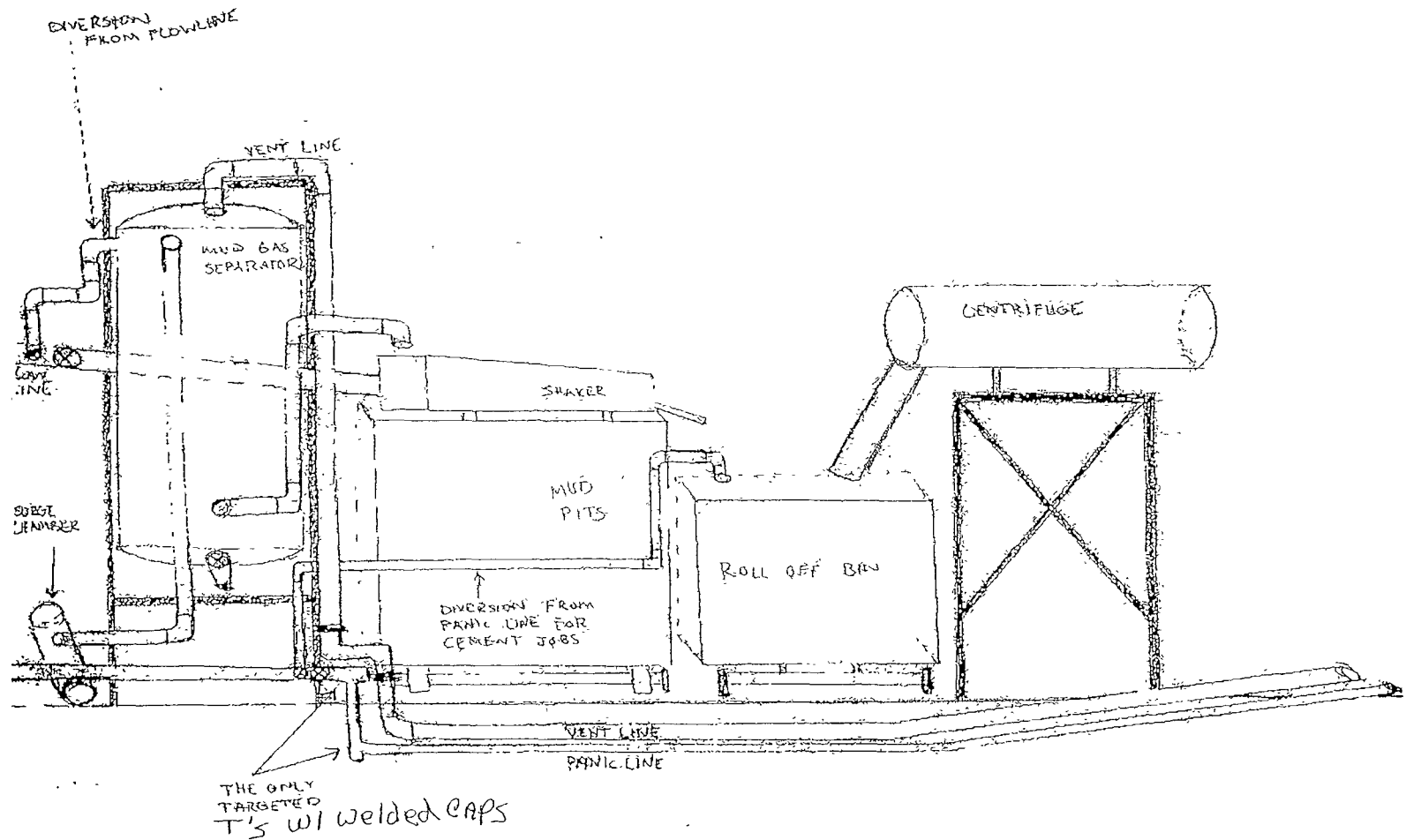
Yates Petroleum Corporation
Location Layout for Permian Basin

Closed Loop Design Plan

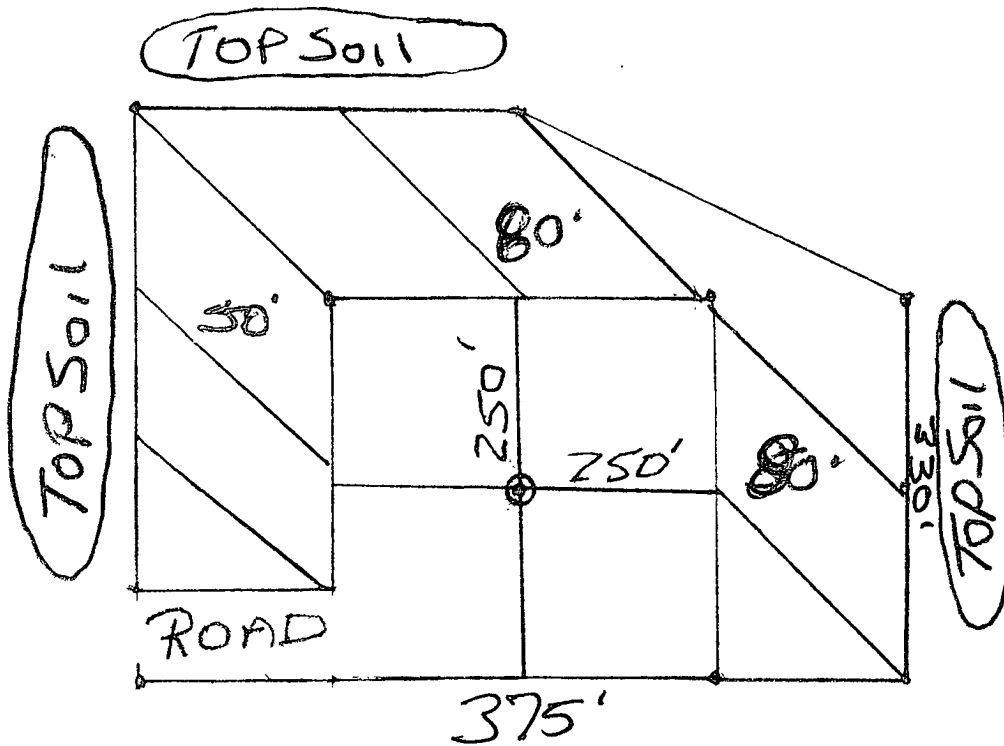
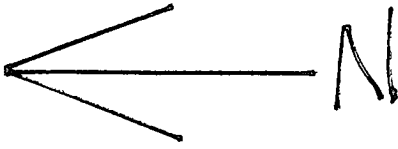


YATES PETROLEUM CORPORATION
Piping from Choke Manifold
to the Closed-Loop Drilling Mud System

YATES PETROLEUM CORPORATION
Culebra BLV Federal Com. #2H
1650' FNL and 330' FWL Section 7 SHL
1980' FNL and 2310' FWL Section 8 BHL
Township 23S-R29E
Eddy County, New Mexico Exhibit E



YATES PETROLEUM CORPORATION
Culebra BLV Federal Com. #2H
RECLAMATION PLAT
FOR LOCATION



Not To Scale

Final Reclamation
may be different
from this diagram.

3/24/11
Cy Conner
GPR