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State of New Mexico
Energy Minerals and Natural Resources
Department
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-144 CLEZ
July 21, 2008

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

For closed-loop systems that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure, submit to the appropriate NMOCD District Office.

Closed-Loop System Permit or Closure Plan Application

(that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure)

Type of action: Permit Closure

Instructions: Please submit one application (Form C-144 CLEZ) per individual closed-loop system request. For any application request other than for a closed-loop system that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure, please submit a Form C-144.

Please be advised that approval of this request does not relieve the operator of liability should operations result in pollution of surface water, ground water or the environment. Nor does approval relieve the operator of its responsibility to comply with any other applicable governmental authority's rules, regulations or ordinances.

1.

Operator: Yates Petroleum Corporation OGRID #: 025575
 Address: 105 South Fourth Street, Artesia, New Mexico 88210
 Facility or well name: Mamba BQN State Com #1H
 API Number: 30-025-40039 OCD Permit Number: P1-02855
 U/L or Qtr/Qtr N Section 30 Township 24S Range 33E County: Lea
 Center of Proposed Design: Latitude N 32.182338 Longitude W 103.613421 NAD: 1927 1983
 Surface Owner: Federal State Private Tribal Trust or Indian Allotment

2.

Closed-loop System: Subsection H of 19.15.17.11 NMAC
 Operation: Drilling a new well Workover or Drilling (Applies to activities which require prior approval of a permit or notice of intent) P&A
 Above Ground Steel Tanks or Haul-off Bins

3.

Signs: Subsection C of 19.15.17.11 NMAC
 12"x 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers
 Signed in compliance with 19.15.3.103 NMAC

4.

Closed-loop Systems Permit Application Attachment Checklist: Subsection B of 19.15.17.9 NMAC
Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.
 Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC
 Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC
 Closure Plan (Please complete Box 5) - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC
 Previously Approved Design (attach copy of design) API Number: _____
 Previously Approved Operating and Maintenance Plan API Number: _____

5.

Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only: (19.15.17.13.D NMAC)
Instructions: Please indentify the facility or facilities for the disposal of liquids, drilling fluids and drill cuttings. Use attachment if more than two facilities are required.

Disposal Facility Name: <u>Gandy Marley</u>	Disposal Facility Permit Number: <u>NM-01-0019</u>
Disposal Facility Name: <u>CRI</u>	Disposal Facility Permit Number: <u>R-9166</u>
Disposal Facility Name: <u>Lea Land Farm</u>	Disposal Facility Permit Number: <u>WM-1-035</u>
Disposal Facility Name: <u>Sundance Services Inc.</u>	Disposal Facility Permit Number: <u>NM-01-0003</u>

Will any of the proposed closed-loop system operations and associated activities occur on or in areas that will not be used for future service and operations?
 Yes (If yes, please provide the information below) No

Required for impacted areas which will not be used for future service and operations:
 Soil Backfill and Cover Design Specifications - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC
 Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC
 Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC

6.

Operator Application Certification:

I hereby certify that the information submitted with this application is true, accurate and complete to the best of my knowledge and belief.

Name (Print): Monti Sanders

Title: Land Regulatory Technician

Signature: *Monti Sanders*

Date: 1/28/11

e-mail address: montis@yatespetroleum.com

Telephone: 575-748-4244

7.

OCD Approval: Permit Application (including closure plan) Closure Plan (only)

OCD Representative Signature: *[Signature]*

Approval Date: 02/04/11

Title: **Geologist**

OCD Permit Number: P1-02855

8.

Closure Report (required within 60 days of closure completion): Subsection K of 19.15.17.13 NMAC

Instructions: Operators are required to obtain an approved closure plan prior to implementing any closure activities and submitting the closure report. The closure report is required to be submitted to the division within 60 days of the completion of the closure activities. Please do not complete this section of the form until an approved closure plan has been obtained and the closure activities have been completed.

Closure Completion Date: _____

9.

Closure Report Regarding Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:

Instructions: Please indentify the facility or facilities for where the liquids, drilling fluids and drill cuttings were disposed. Use attachment if more than two facilities were utilized.

Disposal Facility Name: _____

Disposal Facility Permit Number: _____

Disposal Facility Name: _____

Disposal Facility Permit Number: _____

Were the closed-loop system operations and associated activities performed on or in areas that *will not* be used for future service and operations?

Yes (If yes, please demonstrate compliance to the items below) No

Required for impacted areas which will not be used for future service and operations:

Site Reclamation (Photo Documentation)

Soil Backfilling and Cover Installation

Re-vegetation Application Rates and Seeding Technique

10.

Operator Closure Certification:

I hereby certify that the information and attachments submitted with this closure report is true, accurate and complete to the best of my knowledge and belief. I also certify that the closure complies with all applicable closure requirements and conditions specified in the approved closure plan.

Name (Print): _____

Title: _____

Signature: _____

Date: _____

e-mail address: _____

Telephone: _____

Yates Petroleum Corporation Closed Loop System

Equipment Design Plan

Closed Loop System will consist of:

1 – double panel shale shaker

1 – (minimum) Centrifuge, certain wells and flow rates may require 2 centrifuges

On certain wells, the Centrifuge will be replaced by a Clackco Settling Tank System

1 – minimum centrifugal pump to transfer fluids

2- 500 bbl. FW Tanks

1 – 500 bbl. BW Tank

1 – half round frac tank – 250 bbl. capacity as necessary to catch cement / excess mud returns generated during a cement job.

1 Set of rail cars / catch bins

Certain wells will use an ASC Auger Tank

Operation Plan

All equipment will be inspected at least hourly by rig personnel and daily by contractors' personnel.

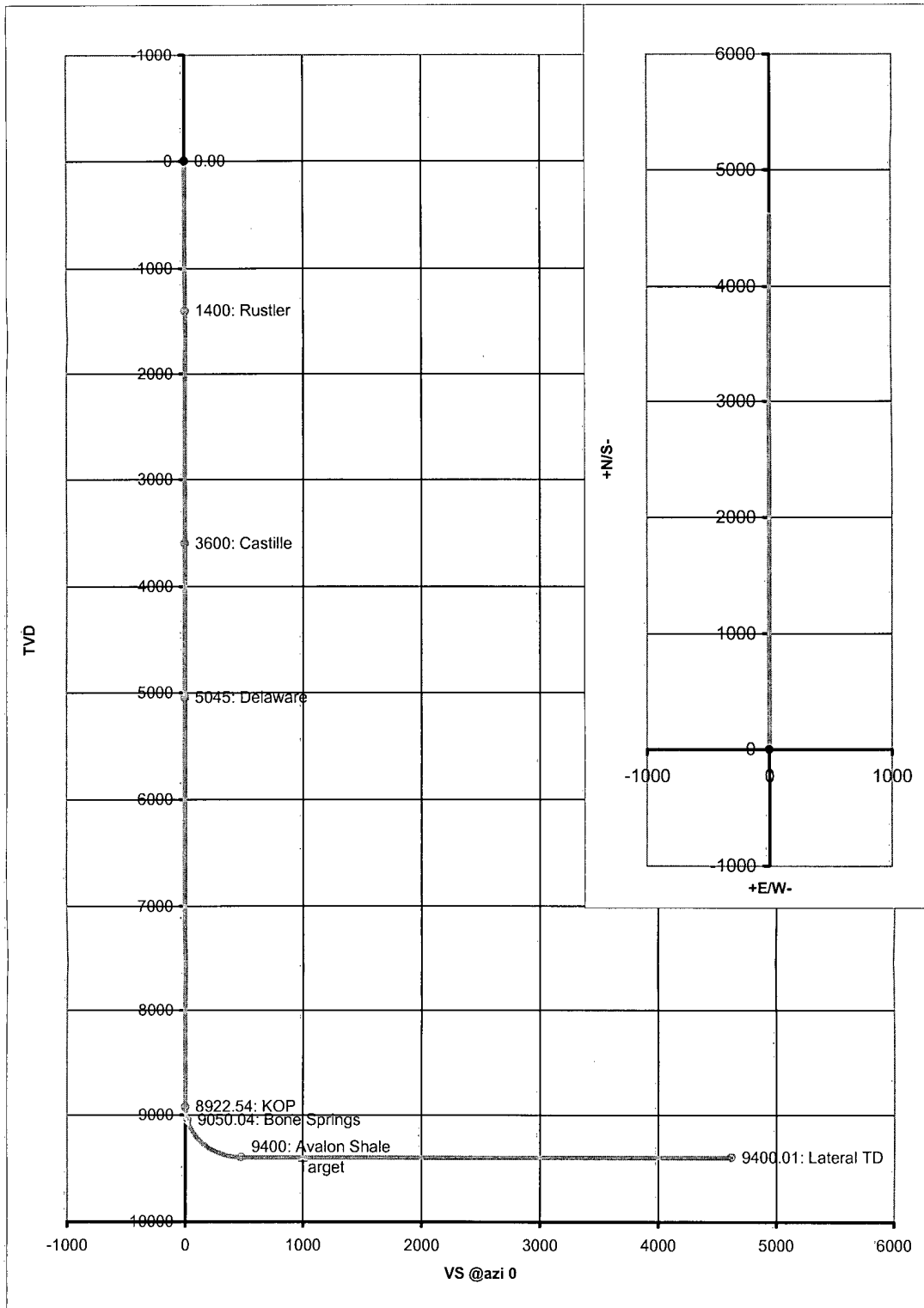
Any spills / leaks will be reported to YPC, NMOCD, and cleaned up without delay.

Closure Plan

Drilling with Closed Loop System, haul off bins will be taken to Gandy Marley, Lea Land Farm, CRI or Sundance Services Inc.

Co: Yates Petroleum Corporation	Units: Feet, ° 7100ft	VS Az: 0.00	Tgt TVD: 9400.00
Drillers: 0	Elevation:	Tgt Radius: 0.00	Tgt MD: 0.00
Well Name: Mamba BQN State Com. #1H	Northing:	Tgt N/S: 4620.00	Tgt Displ.: 0.00
Location: Sect. 30, 24S-33E	Easting:	Tgt E/W: 0.00	Method: Minimum Curvature

No.	MD	CL	Inc.	Azi.	TVD	VS	+N/S-	+E/W-	BR	WR	DLS	Comments
0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00				
1	1400.00	1400.00	0.00	0.00	1400.00	0.00	0.00	0.00	0.00	0.00	0.00	Rustler
2	3600.00	2200.00	0.00	0.00	3600.00	0.00	0.00	0.00	0.00	0.00	0.00	Castille
3	5045.00	1445.00	0.00	0.00	5045.00	0.00	0.00	0.00	0.00	0.00	0.00	Delaware
4	8922.54	8922.54	0.00	0.00	8922.54	0.01	0.01	0.00	0.00	0.00	0.00	KOP
5	9000.00	77.46	9.30	0.00	8999.66	6.28	6.28	0.00	12.00	0.00	12.00	
6	9051.60	51.60	15.48	0.00	9050.04	17.34	17.34	0.00	11.99	0.00	11.99	Bone Springs
7	9100.00	100.00	21.30	0.00	9095.94	32.61	32.61	0.00	12.00	0.00	12.00	
8	9200.00	100.00	33.30	0.00	9184.64	78.38	78.38	0.00	12.00	0.00	12.00	
9	9300.00	100.00	45.30	0.00	9261.89	141.60	141.60	0.00	12.00	0.00	12.00	
10	9400.00	100.00	57.30	0.00	9324.31	219.50	219.50	0.00	12.00	0.00	12.00	
11	9500.00	100.00	69.30	0.00	9369.16	308.67	308.67	0.00	12.00	0.00	12.00	
12	9600.00	100.00	81.30	0.00	9394.50	405.22	405.22	0.00	12.00	0.00	12.00	
13	9672.53	750.00	90.00	0.00	9400.00	477.47	477.47	0.00	12.00	0.00	12.00	Avalon Shale Target
14	13815.07	4142.54	90.00	0.00	9400.01	4620.01	4620.01	0.00	0.00	0.00	0.00	Lateral TD



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RECEIVED
JAN 31 2011
HOBBBS

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised July 16, 2010

Submit one copy to appropriate
District Office

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number	Pool Code	Pool Name Avalon Shale
Property Code	Property Name MAMBA "BQN" STATE COM	Well Number 1H
OGRID No. 025575	Operator Name YATES PETROLEUM CORP.	Elevation 3553'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	30	24 S	33 E		330	SOUTH	1980	WEST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	30	24 S	33 E		330	NORTH	1980	WEST	LEA

Dedicated Acres 160	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

PROPOSED BOTTOM HOLE LOCATION
 Lat - N 32°11'42.129"
 Long - W 103°36'48.265"
 NMSPCE - N 435433.87
 E 764034.94
 (NAD-83)

SURFACE LOCATION
 Lat - N 32°10'56.417"
 Long - W 103°36'48.317"
 NMSPCE - N 430814.54
 E 764061.40
 (NAD-83)

OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Monti Sanders 1/28/11
 Signature Date

Monti Sanders
 Printed Name

montis@yatespetroleum.com
 Email Address

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

GARY L. JONES
 NOVEMBER 23, 2010
 Date Surveyed

[Signature]
 Signature & Seal of Professional Surveyor

23716

Certificate No. Gary L. Jones 7977

BASIN SURVEYS 23716