

MULTI-POINT SURFACE USE AND OPERATIONS PLAN**Yates Petroleum Corporation****Knoll AOK Federal #4H**

430' FNL & 480' FEL Surface Hole Location
660' FSL and 330' FWL Bottom Hole Location
Section 3, T24S-R29E
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 wellsite is located approximately 6 miles east of Malaga, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go east of Malaga, New Mexico on Duarte Road (CR-720) for .7 of a mile to Harroun Road (CR-745). Turn left on Harroun Road and go approx. 2.9 miles to Dog Town Road (CR-788). Turn right on Dog Town Road and go approx. 1.1 miles. Turn left here on caliche road and go 1.9 miles. Turn left here at a cattleguard and go past dry hole location with tanks on it to one more cattleguard. From the cattleguard go north on lease road for approximately .4 of a mile to the River Bend Federal #1 well. Follow the lease road to the left and go up the hill for approx. .6 of a mile to the HB 3 Federal #2 Battery. Follow the lease road for approximately .8 of a mile. Turn left here on existing lease road that goes to the Knoll AOK Federal #2 well location and go approximately .5 of a mile to the southeast corner of the proposed well location.

2. PLANNED ACCESS ROAD.

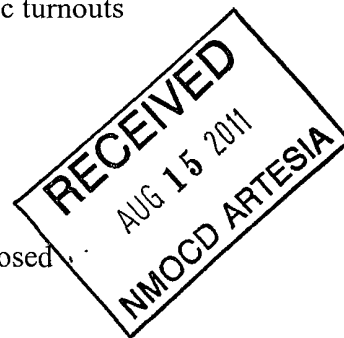
- A. There will not be any new access since the existing road to the Knoll AOK Federal #2 goes to the southeast corner of the proposed well location.
- B. The existing access road is 14 feet in width (driving surface) and will be adequately drained to control runoff and soil erosion.
- C. The existing access road is 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. 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. It is planned to take production from this well via surface flowline to the Knoll AOK Federal #1 tank battery located in the SW/4NE/4. The route of the flowline will be approximately 4500 feet +/- and will follow all existing lease road disturbance to the Knoll AOK Federal #1 tank battery site. Please note attached plat showing the route. The flowline will be 2 7/8" J-55 steel surface flowline with a working pressure of 87# psi and a volume of 500 bpd.

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, the reserve pits, the location of the drilling equipment, pulling unit orientation and access road approach. Should any temporary reserve pit be constructed, it will be 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. Exhibit C shows the relative location and dimensions of the well pad, the reserve pits, the location of the drilling equipment, pulling unit orientation and access road approach.
- 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.

11. SURFACE OWNERSHIP:

Surface is managed by the Bureau of Land Management
620 East Greene Street, Carlsbad, NM 88220

Mineral Estate Bureau of Land Management
620 East Greene Street, Carlsbad, NM 88220
Under Federal Lease # NM-85891

12. OTHER INFORMATION:

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

Yates Petroleum Corporation
Knoll "AOK" Federal #1-H

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.

CERTIFICATION
YATES PETROLEUM CORPORATION
Knoll AOK Federal #4H

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 30th day of March 2011

Signature 

Name Cy Cowan

Position Title Land Regulatory Agent

Address 105 South Fourth Street, Artesia, New Mexico 88210

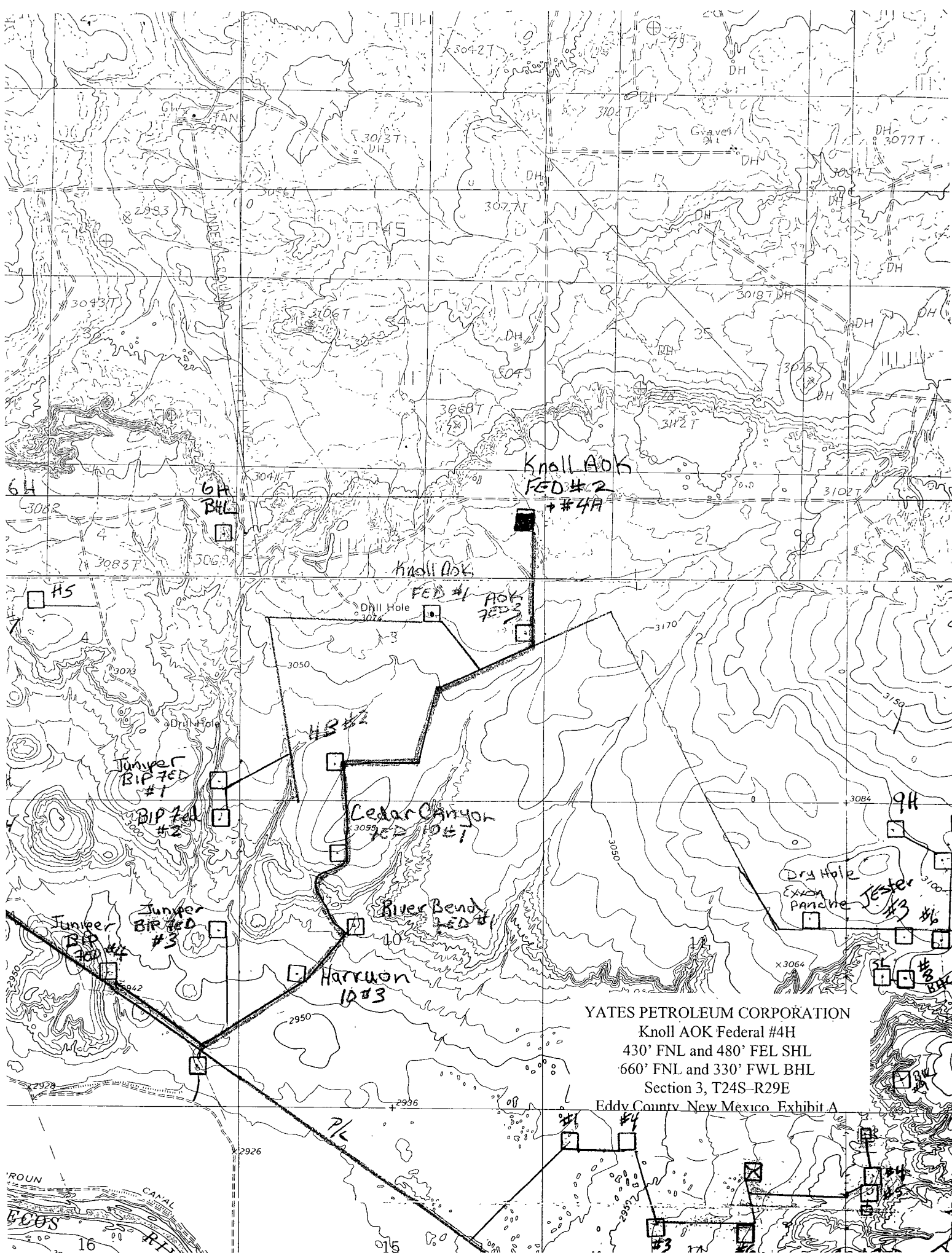
Telephone (505) 748-4372

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

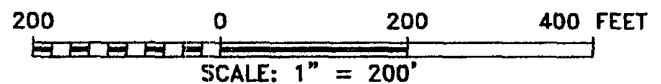
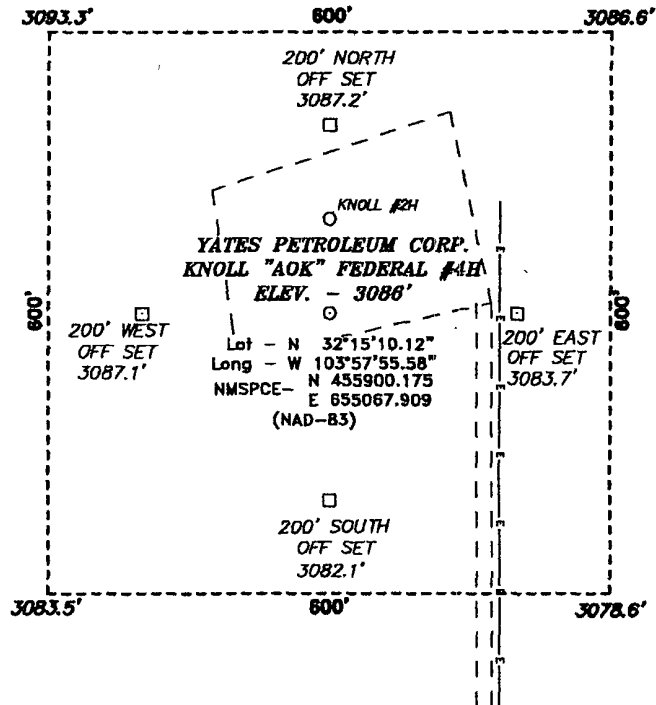
Address (if different from above) Same as above.

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

E-mail (optional) _____



**SECTION 3, TOWNSHIP 24 SOUTH, RANGE 29 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.**



YATES PETROLEUM CORP.

REF: KNOLL "AOK" FEDERAL #4H / WELL PAD TOPO

THE KNOLL "AOK" FEDERAL #4H LOCATED 430'
FROM THE NORTH LINE AND 480' FROM THE EAST LINE OF
SECTION 3, TOWNSHIP 24 SOUTH, RANGE 29 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO.

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

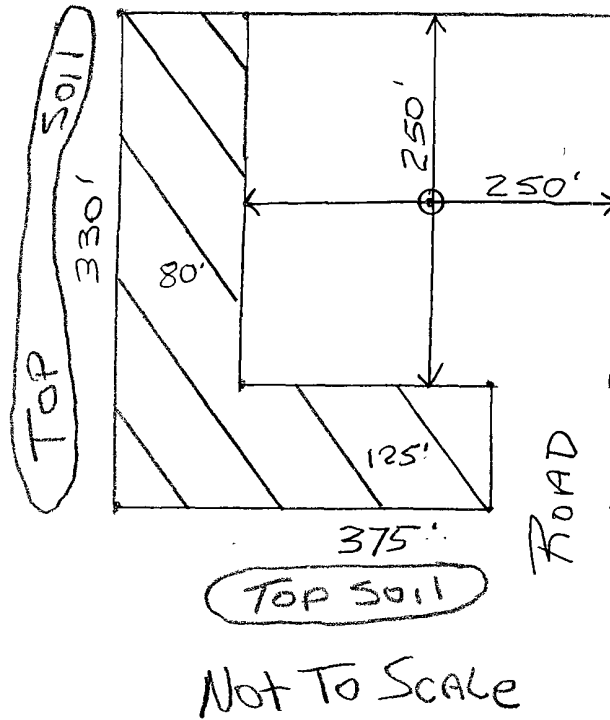
W.O. Number: 24192 Drawn By: J. SMALL

Date: 02-24-2011 Disk: JMS 24192

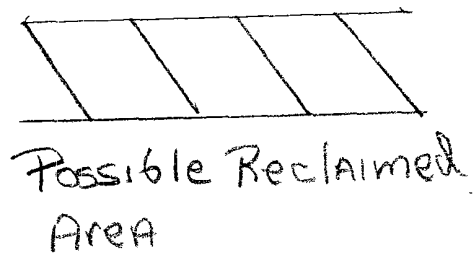
Survey Date: 02-22-2011 Sheet 1 of 1 Sheets

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YATES PETROLEUM CORPORATION
Focus BDB Federal #1H
RECLAMATION PLAT
FOR LOCATION



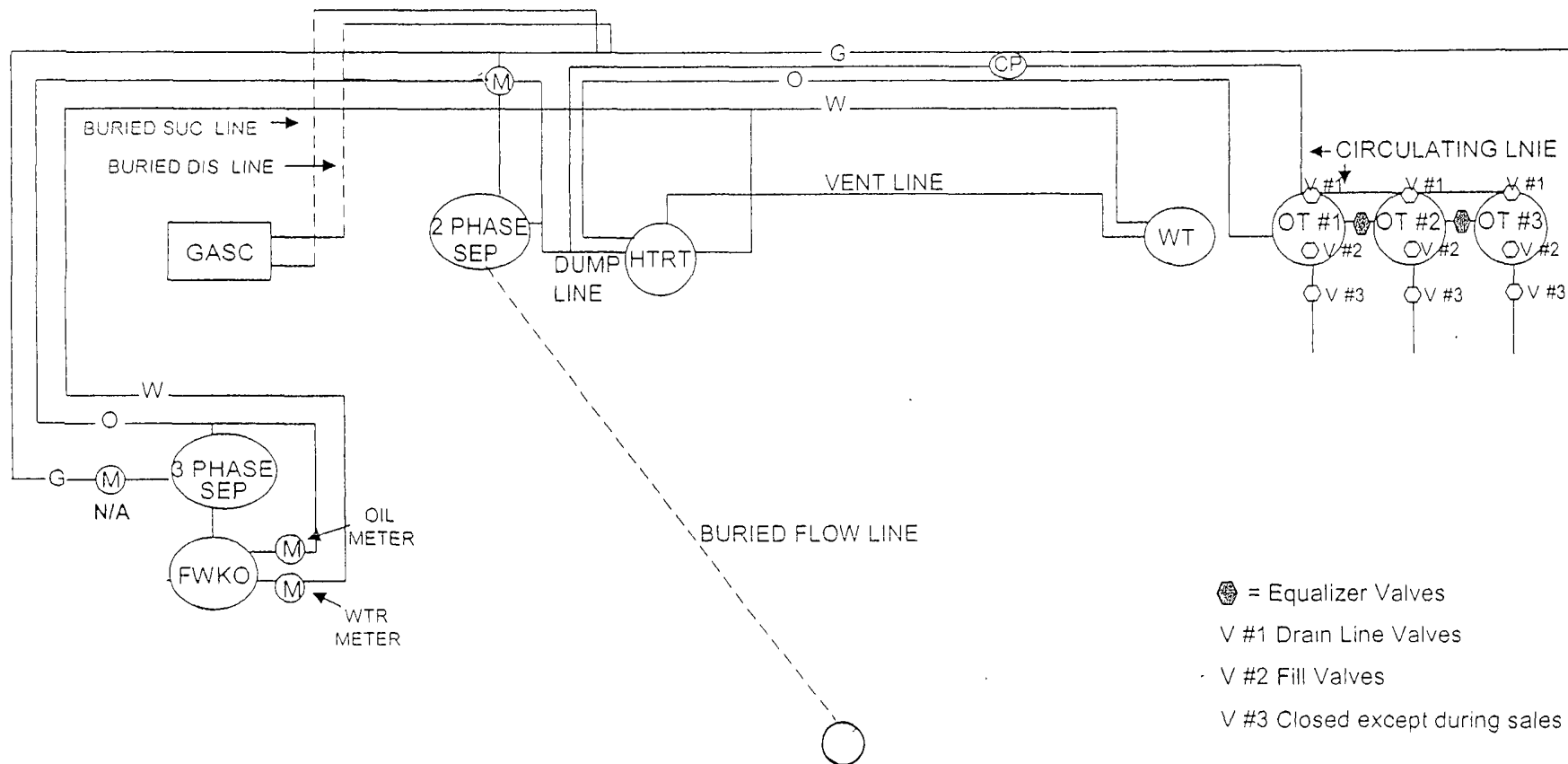
Please Note:
Final Reclamation
may Look Different
from this PLAT





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

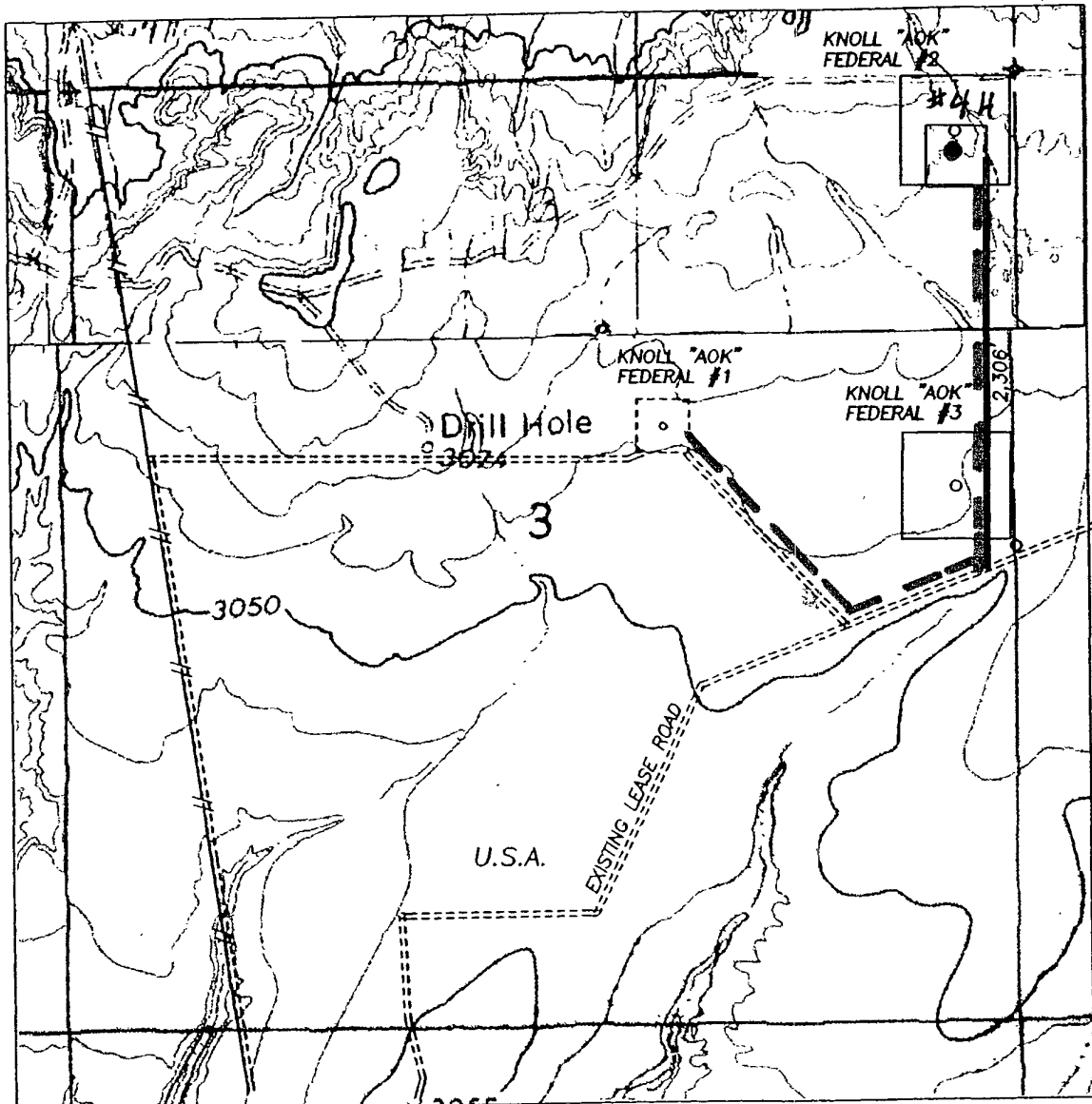
-Danny Matthews
June, 2010



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

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

SECTION 3, TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM, EDDY COUNTY, NEW MEXICO.



— — — — — Proposed Flowline Route

— — — — — Existing Lease Roads

1000' 0 1000' 2000'
Scale 1" = 1000'

THE PREPARATION OF THIS PLAT AND THE PERFORMANCE OF THE SURVEY UPON WHICH IT IS BASED WERE DONE UNDER MY DIRECTION AND THE PLAT ACCURATELY DEPICTS THE RESULTS OF SAID SURVEY AND MEET THE REQUIREMENTS OF THE STANDARDS FOR LAND SURVEYS IN NEW MEXICO AS ADOPTED BY THE NEW MEXICO STATE BOARD OF REGISTRATION FOR PROFESSIONAL ENGINEERS AND LAND SURVEYORS.

HERSCHEL L. JONES R.L.S. No. 3640

GENERAL SURVEYING COMPANY P.O. BOX 1928
LOVINGTON, NEW MEXICO 88260

YATES PETROLEUM CORP.

Flowline

LEASE ROAD TO ACCESS THE YATES KNOLL "AOK" FEDERAL #4H WELL, LOCATED IN SECTION 3, TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM, EDDY COUNTY, NEW MEXICO.

Survey Date: 4/10/2006

Sheet 1 of 1 Sheets

Drawn By: Ed Blevins

W.O. Number

Date: 4/12/06

Scale 1" = 1000' KNOLL 28&3