

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Artesia

FORM APPROVED
OMB No. 1004-0137
Expires: October 31, 2014

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

5. Lease Serial No.

NM-27276

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE – Other instructions on page 2.

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

YATES PETROLEUM CORPORATION

3a. Address

105 South Fourth Street, Artesia, New Mexico 88210

3b. Phone No. (include area code)

575-748-4372

7. If Unit of CA/Agreement, Name and/or No.

8. Well Name and No.

Benson Deep BDX Federal #2H

9. API Well No.

30-015-419660

10. Field and Pool or Exploratory Area

Leo Bone Spring South

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
380' FSL and 580' FWL Surface Hole Location Section 33-18S-R30E

11. County or Parish, State

Eddy County, New Mexico

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION

☒ Notice of Intent

☐ Subsequent Report

☐ Final Abandonment Notice

TYPE OF ACTION

☐ Acidize

☐ Alter Casing

☐ Casing Repair

☐ Change Plans

☐ Convert to Injection

☐ Deepen

☐ Fracture Treat

☐ New Construction

☐ Plug and Abandon

☐ Plug Back

☐ Production (Start/Resume)

☐ Reclamation

☐ Recomplete

☐ Temporarily Abandon

☐ Water Disposal

☐ Water Shut-Off

☐ Well Integrity

☒ Other Amend Surface

Use Plan

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleting horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleting in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

Yates Petroleum Corporation wishes to amend the Surface Use Plan for the captioned to include one (1) 4" Steel buried gasline. This gasline will have a Working Pressure of 250 psi and a volume of 1500 MCF per day. The proposed gasline will start at the Benson BDX Federal #2H well location and follow CR-251 Northeast to a tie in point on existing Agave gasline.

Please note attached plats.

Thank you.

APL2

NM OIL CONSERVATION

ARTESIA DISTRICT

JAN 22 2015

RECEIVED

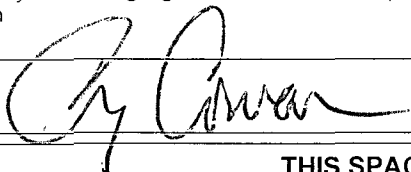
RD 2/1/15
copied for record
NMOC

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)

Cy Cowan

Title Land Regulatory Agent

Signature



Date 07/25/2014

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Steve Caffey

FIELD MANAGER

Title

Date

NOV 20 2014

Conditions of approval, if any, are attached. Approval of this Notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

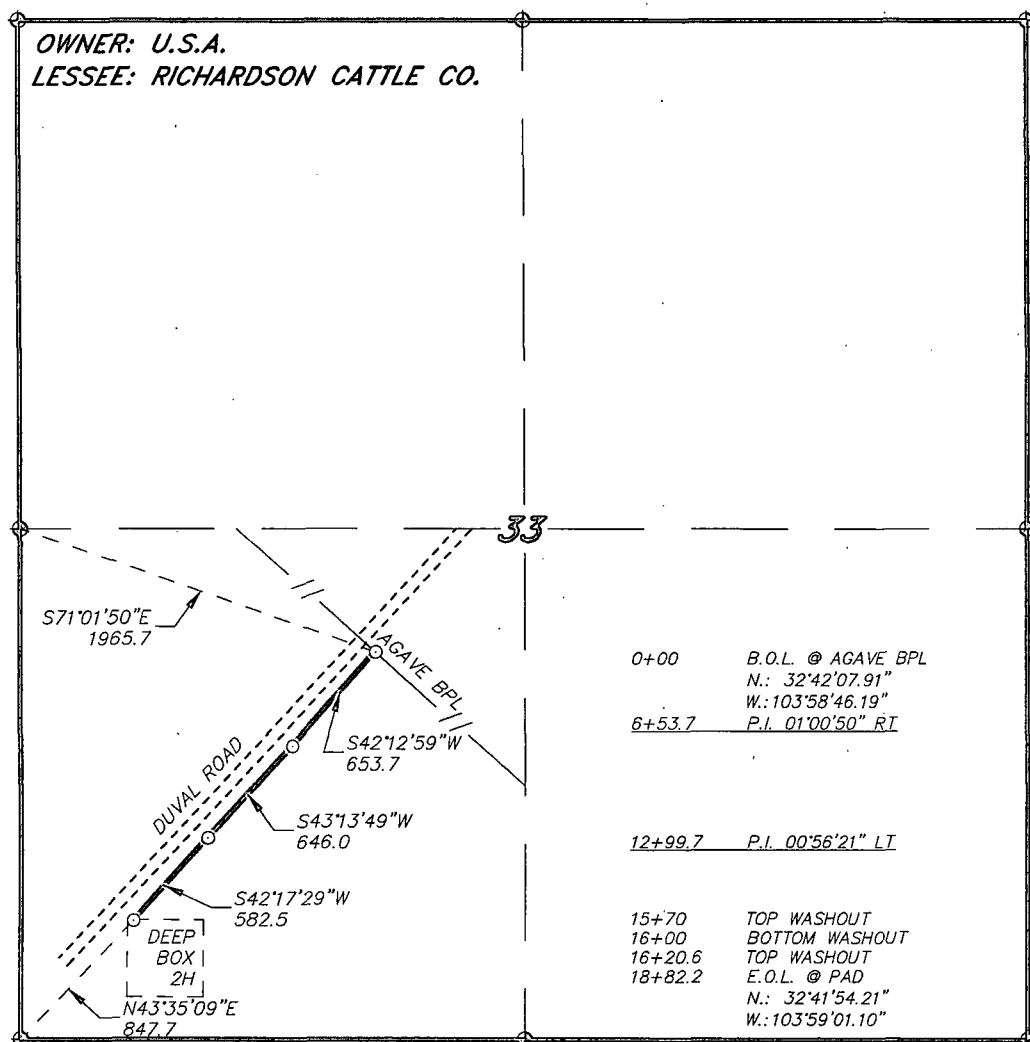
Office **CARLSBAD FIELD OFFICE**

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

SECTION 33, TOWNSHIP 18 SOUTH, RANGE 30 EAST. N.M.P.M.,
 EDDY COUNTY, NEW MEXICO.

OWNER: U.S.A.
 LESSEE: RICHARDSON CATTLE CO.



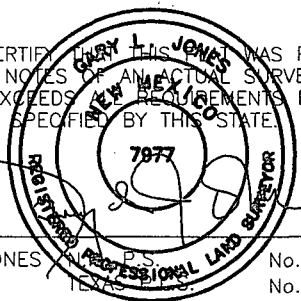
0+00 B.O.L. @ AGAVE BPL
 N.: 32°42'07.91"
 W.: 103°58'46.19"
 6+53.7 P.I. 01°00'50" RT
 12+99.7 P.I. 00°56'21" LT
 15+70 TOP WASHOUT
 16+00 BOTTOM WASHOUT
 16+20.6 TOP WASHOUT
 18+82.2 E.O.L. @ PAD
 N.: 32°41'54.21"
 W.: 103°59'01.10"

LEGAL DESCRIPTION

A STRIP OF LAND 30.0 FEET WIDE, LOCATED IN SECTION 33, TOWNSHIP 18 SOUTH, RANGE 30 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO AND BEING 15.0 FEET LEFT AND RIGHT OF THE ABOVE PLATTED CENTERLINE SURVEY.

SECTION 33 = 1882.2 FEET = 114.07 RODS = 0.36 MILES = 1.30 ACRES

I HEREBY CERTIFY THAT THIS SURVEY WAS PREPARED FROM FIELD NOTES OF AN ACTUAL SURVEY AND MEETS OR EXCEEDS THE REQUIREMENTS FOR LAND SURVEYS AS SPECIFIED BY THIS STATE.



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

1000 0 1000 2000 FEET



ATES PETROLEUM CORPORATION

REF: PROPOSED GAS PIPELINE TO BENSON DEEP BDX FEDERAL 2H

A PIPELINE CROSSING USA LAND IN
 SECTION 33, TOWNSHIP 18 SOUTH, RANGE 30 EAST.
 N.M.P.M., EDDY COUNTY, NEW MEXICO.

EXHIBIT NO. 1

Bureau of Land Management, Carlsbad Field Office
620 E. Greene Street Carlsbad, NM 88220

Date of Issue:

11/4/2014

Cultural and Archaeological Resources

BLM Report No.

15-NM-523-0098

NOTICE OF STIPULATIONS

Historic properties in the vicinity of this project are protected by federal law. In order to ensure that they are not damaged or destroyed by construction activities, the project proponent and construction supervisors shall ensure that the following stipulations are implemented.

| | |
|--|--|
| Project Name: | A Class III Cultural Resource Survey for a Pipeline to Connect the Benson Deep BDX Federal #2H Well |
| | 1). A 3-day preconstruction call-in notification. Contact BLM Inspection and Enforcement at |
| Required | 2. Professional archaeological monitoring. Contact your BLM project archaeologist at (575) 234-5917 for assistance. |
| A. <input checked="" type="checkbox"/> | These stipulations must be given to your monitor at least 5 days prior to the start of construction. |
| B. <input checked="" type="checkbox"/> | No construction, including vegetation removal or other site prep may begin prior to the arrival of the monitor. |
| | 3. Cultural site barrier fencing. (Your monitor will assist you). |
| A. <input type="checkbox"/> | A temporary site protection barrier(s) shall be erected prior to all ground-disturbing activities. The minimum barrier(s) shall consist of upright wooden survey lath spaced no more than ten (10) feet apart and marked with blue ribbon flagging or blue paint. There shall be no construction activities or vehicular traffic past the barrier(s) at any time. |
| B. <input type="checkbox"/> | A permanent, 4-strand barbed wire fence strung on standard "T-posts" shall be erected prior to all ground-disturbing activities. No construction activities or vehicle traffic are allowed past the fence. |
| Required | 4. The archaeological monitor shall: |
| A. <input type="checkbox"/> | |
| B. <input checked="" type="checkbox"/> | Observe all ground-disturbing activities within 100 feet of cultural site LA 180406. |
| C. <input type="checkbox"/> | Ensure that the proposed |
| D. <input checked="" type="checkbox"/> | Ensure the proposed reroute for the Benson Deep BDX Federal No. 2H pipeline is adhered to. |
| E. <input checked="" type="checkbox"/> | Submit a brief monitoring report within 30 days of completion of monitoring. |
| | If subsurface cultural resources are encountered during the monitoring, all activities shall cease and a BLM-CFO archaeologist shall be notified immediately. |
| Other: | IF THE CONTRACT ARCHAEOLOGIST DOES NOT KNOW WHERE THE SITE(S) ARE LOCATED AT PLEASE COME BY THE CARLSBAD BLM AND MAPS AND OTHER DATA WILL BE PROVIDED UPON REQUEST TO THE CONTRACT ARCHAEOLOGIST |

Site Protection and Employee Education: It is the responsibility of the project proponent and his construction supervisor to inform all employees and subcontractors that cultural and archaeological sites are to be avoided by all personnel, vehicles, and equipment; and that it is illegal to collect, damage, or disturb cultural resources on Public Lands.

For assistance contact:

Bruce Boeke (575) 234-5917

BLM LEASE NUMBER: NM27276

COMPANY NAME: Yates Petroleum Corporation

ASSOCIATED WELL NAME: Benson Deep BDX Federal 2H

BURIED PIPELINE STIPULATIONS

A copy of the application (Grant, APD, or Sundry Notice) and attachments, including conditions of approval, survey plat and/or map, will be on location during construction. BLM personnel may request to you a copy of your permit during construction to ensure compliance with all stipulations.

Holder agrees to comply with the following stipulations to the satisfaction of the Authorized Officer:

1. The Holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this grant.
2. The Holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976 as amended, 15 USC 2601 et seq. (1982) with regards to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized under this right-of-way grant. (See 40 CFR Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation, and Liability Act, section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the authorized officer concurrent with the filing of the reports to the involved Federal agency or State government.
3. The holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, et seq. or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, et seq.) on the Right-of-Way (unless the release or threatened release is wholly unrelated to the Right-of-Way holder's activity on the Right-of-Way), or resulting from the activity of the Right-of-Way holder on the Right-of-Way. This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.
4. If, during any phase of the construction, operation, maintenance, or termination of the pipeline, any oil or other pollutant should be discharged from the pipeline system, impacting Federal lands, the control and total removal, disposal, and cleaning up of such oil or other pollutant, wherever found, shall be the responsibility of holder, regardless of fault. Upon failure of holder to control, dispose of, or clean up such discharge on or affecting Federal lands, or to repair all damages resulting therefrom, on the Federal lands, the Authorized Officer may take such measures as he deems necessary to control and clean up the discharge and restore the area, including where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of the holder. Such action by the Authorized Officer shall not relieve holder of any responsibility as provided herein.

5. All construction and maintenance activity will be confined to the authorized right-of-way.
6. The pipeline will be buried with a minimum cover of 36 inches between the top of the pipe and ground level.
7. The maximum allowable disturbance for construction in this right-of-way will be 30 feet:
- Blading of vegetation within the right-of-way will be allowed: maximum width of blading operations will not exceed 20 feet. The trench is included in this area. (*Blading is defined as the complete removal of brush and ground vegetation.*)
 - Clearing of brush species within the right-of-way will be allowed: maximum width of clearing operations will not exceed 30 feet. The trench and bladed area are included in this area. (*Clearing is defined as the removal of brush while leaving ground vegetation (grasses, weeds, etc.) intact. Clearing is best accomplished by holding the blade 4 to 6 inches above the ground surface.*)
 - The remaining area of the right-of-way (if any) shall only be disturbed by compressing the vegetation. (*Compressing can be caused by vehicle tires, placement of equipment, etc.*)
8. The holder shall stockpile an adequate amount of topsoil where blading is allowed. The topsoil to be stripped is approximately 6 inches in depth. The topsoil will be segregated from other spoil piles from trench construction. The topsoil will be evenly distributed over the bladed area for the preparation of seeding.
9. The holder shall minimize disturbance to existing fences and other improvements on public lands. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times. The holder will contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting of the fence. No permanent gates will be allowed unless approved by the Authorized Officer.
10. Vegetation, soil, and rocks left as a result of construction or maintenance activity will be randomly scattered on this right-of-way and will not be left in rows, piles, or berms, unless otherwise approved by the Authorized Officer. The entire right-of-way shall be recontoured to match the surrounding landscape. The backfilled soil shall be compacted and a 6 inch berm will be left over the ditch line to allow for settling back to grade.
11. In those areas where erosion control structures are required to stabilize soil conditions, the holder will install such structures as are suitable for the specific soil conditions being encountered and which are in accordance with sound resource management practices.
12. The holder will reseed all disturbed areas. Seeding will be done according to the attached seeding requirements, using the following seed mix.

- | | |
|--|--|
| <input type="checkbox"/> seed mixture 1 | <input type="checkbox"/> seed mixture 3 |
| <input type="checkbox"/> seed mixture 2 | <input type="checkbox"/> seed mixture 4 |
| <input checked="" type="checkbox"/> seed mixture 2/LPC | <input type="checkbox"/> Aplomado Falcon Mixture |

13. All above-ground structures not subject to safety requirements shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be color which simulates "Standard Environmental Colors" – **Shale Green**, Munsell Soil Color No. 5Y 4/2.

14. The pipeline will be identified by signs at the point of origin and completion of the right-of-way and at all road crossings. At a minimum, signs will state the holder's name, BLM serial number, and the product being transported. All signs and information thereon will be posted in a permanent, conspicuous manner, and will be maintained in a legible condition for the life of the pipeline.

15. The holder shall not use the pipeline route as a road for purposes other than routine maintenance as determined necessary by the Authorized Officer in consultation with the holder before maintenance begins. The holder will take whatever steps are necessary to ensure that the pipeline route is not used as a roadway. As determined necessary during the life of the pipeline, the Authorized Officer may ask the holder to construct temporary deterrence structures.

16. Any cultural and/or paleontological resources (historic or prehistoric site or object) discovered by the holder, or any person working on his behalf, on public or Federal land shall be immediately reported to the Authorized Officer. Holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery will be made by the Authorized Officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to proper mitigation measures will be made by the Authorized Officer after consulting with the holder.

17. The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes associated roads, pipeline corridor and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

18. Escape Ramps - The operator will construct and maintain pipeline/utility trenches that are not otherwise fenced, screened, or netted to prevent livestock, wildlife, and humans from becoming entrapped. At a minimum, the operator will construct and maintain escape ramps, ladders, or other methods of avian and terrestrial wildlife escape in the trenches according to the following criteria:

- a. Any trench left open for eight (8) hours or less is not required to have escape ramps; however, before the trench is backfilled, the contractor/operator shall inspect the trench for wildlife, remove all trapped wildlife, and release them at least 100 yards from the trench.
- b. For trenches left open for eight (8) hours or more, earthen escape ramps (built at no more than a 30 degree slope and spaced no more than 500 feet apart) shall be placed in the trench.

19. Special Stipulations:

Lesser Prairie-Chicken

Oil and gas activities will not be allowed in lesser prairie-chicken habitat during the period from March 1st through June 15th annually. During that period, other activities that produce noise or involve human activity, such as the maintenance of oil and gas facilities, geophysical exploration other than 3-D operations, and pipeline, road, and well pad construction, will be allowed except

between 3:00 am and 9:00 am. The 3:00 am to 9:00 am restriction will not apply to normal, around-the-clock operations, such as venting, flaring, or pumping, which do not require a human presence during this period. Normal vehicle use on existing roads will not be restricted. Exhaust noise from pump jack engines must be muffled or otherwise controlled so as not to exceed 75 db measured at 30 ft. from the source of the noise.

The BLM, Carlsbad Field Office, will be informed immediately if any subsurface drainage channels, passages, or voids are intersected by trenching, and no pipe will be laid in the trench at that point until clearance has been issued by the Authorized Officer. Special restoration stipulations or realignment may be required at such intersections, if any. Leak detection systems, back-flow eliminators, and differential pressure shut-off valves may be required to minimize the impacts of leaking or ruptured pipelines. To eliminate these extreme possibilities, good record keeping is needed to quickly identify leaks for their immediate and proper treatment.

Dunes Sagebrush Lizard Trenching Monitor Stipulation

- Pre-construction contact with a BLM wildlife biologist is required before any ground disturbing activities associated with the project occurs.
- Successful completion of the BLM Trench Stipulation Workshop is required for a non-agency person to be approved as a monitor.
- Any trench left open for (8) hours or less is not required to have escape ramps; however, before the trench is backfilled, an agency approved monitor shall walk the entire length of the open trench and remove all trapped vertebrates. The bottom surface of the trench will be disturbed a minimum of 2 inches in order to arouse any buried vertebrates. All vertebrates will be released a minimum of 100 yards from the trench.
- For trenches left open for eight (8) hours or more the following requirements apply:
 - Earthen escape ramps and/or structures (built at no more than a 30 degree slope and spaced no more than 500 feet apart) shall be placed in the trench. Metal structures will not be authorized. Options will be discussed in detail at the required Trench Stipulation Workshop.
 - One approved monitor shall be required to survey up to three miles of trench between the hours of 11 AM-2 PM. A daily report (consolidate if there is more than one monitor) on the vertebrates found and removed from the trench shall be provided to the BLM (email/fax is acceptable) the following morning.
 - Prior to backfilling of the trench all structures used as escape ramps will be removed and the bottom surface of the trench will be disturbed a minimum of 2 inches in order to arouse any buried vertebrates. All vertebrates will be released a minimum of 100 yards from the trench.

- This stipulation shall apply to the entire length of the project in the DSL habitat polygon regardless of land ownership or CCA/CCAA enrollment status.

- A project closeout will be required within three business days of the completion of the project.

Seed Mixture for LPC Sand/Shinnery Sites

The holder shall seed all disturbed areas with the seed mixture listed below. The seed mixture shall be planted in the amounts specified in pounds of pure live seed (PLS)* per acre. There shall be no primary or secondary noxious weeds in the seed mixture. Seed will be tested and the viability testing of seed will be done in accordance with State law(s) and within nine (9) months prior to purchase. Commercial seed will be either certified or registered seed. The seed container will be tagged in accordance with State law(s) and available for inspection by the authorized officer.

Seed will be planted using a drill equipped with a depth regulator to ensure proper depth of planting where drilling is possible. The seed mixture will be evenly and uniformly planted over the disturbed area (smaller/heavier seeds have a tendency to drop the bottom of the drill and are planted first). The holder shall take appropriate measures to ensure this does not occur. Where drilling is not possible, seed will be broadcast and the area shall be raked or chained to cover the seed. When broadcasting the seed, the pounds per acre are to be doubled. The seeding will be repeated until a satisfactory stand is established as determined by the authorized officer. Evaluation of growth will not be made before completion of at least one full growing season after seeding.

Species to be planted in pounds of pure live seed* per acre:

| <u>Species</u> | <u>lb/acre</u> |
|---------------------|----------------|
| Plains Bristlegrass | 5lbs/A |
| Sand Bluestem | 5lbs/A |
| Little Bluestem | 3lbs/A |
| Big Bluestem | 6lbs/A |
| Plains Coreopsis | 2lbs/A |
| Sand Dropseed | 1lbs/A |

*Pounds of pure live seed:

Pounds of seed x percent purity x percent germination = pounds pure live seed