

RESUBMITTAL

NM OIL CONSERVATION
ARTESIA DISTRICT

MAY 26 2015

ATS-13-1078

Form 3160-3
(March 2012)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED
Artesia

HIGH CAVEKARST

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.
NM-44532
6. If Indian, Allottee or Tribe Name
N/A
7. If Unit or CA Agreement, Name and No.
N/A
8. Lease Name and Well No.
Sosa Federal #3H

1a. Type of work: DRILL REENTER
1b. Type of Well: Oil Well Gas Well Other Single Zone Multiple Zone

2. Name of Operator YATES PETROLEUM CORPORATION

9. API Well No.
30-015-43141

3a. Address 105 South Fourth Street
Artesia, New Mexico 88210
3b. Phone No. (include area code)
575-748-4372

10. Field and Pool, or Exploratory
Brushy Draw Delaware

4. Location of Well (Report location clearly and in accordance with any State requirements.)*
At surface 330' FNL & 330' FWL, Unit Ltr D Sec. 15-T26S-R29E
At proposed prod. zone 330' FNL & 330' FEL, Unit Ltr A, Sec. 15-T26S-R29E, BHL

11. Sec., T. R. M. or Blk. and Survey or Area
Section 15-T26S-R29E

14. Distance in miles and direction from nearest town or post office*
Well is approximately 35 miles southeast of Carlsbad, NM

12. County or Parish
Eddy County
13. State
NM

15. Distance from proposed* 330'
location to nearest
property or lease line, ft.
(Also to nearest drig. unit line, if any)

17. Spacing Unit dedicated to this well
N2N2, Sec. 15-T26S-R29E
160

18. Distance from proposed location*
to nearest well, drilling, completed, Applied for, on this lease, ft.
Approx. 1100'

20. BLM/BIA Bond No. on file
Nationwide Bond #NM-B000434
NMB000920

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
2932' GL

22. Approximate date work will start*
08/28/2013
23. Estimated duration
60 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must be attached to this form:

- 1. Well plat certified by a registered surveyor.
- 2. A Drilling Plan.
- 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office).
- 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- 5. Operator certification
- 6. Such other site specific information and/or plans as may be required by the BLM.

25. Signature  Name (Printed/Typed) Cy Cowan Date 8/8/13
Title Land Regulatory Agent

Approved by (Signature)  Name (Printed/Typed) Steve Caffey Date MAY 19 2015
Title FIELD MANAGER Office CARLSBAD FIELD OFFICE

Application approval 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.
Conditions of approval, if any, are attached. APPROVAL FOR TWO YEARS

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.

(Continued on page 2)

*(Instructions on page 2)

Carlsbad Controlled Water Basin


5/27/15

Approval Subject to General Requirements
& Special Stipulations Attached

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

API CANCELS AND SUPERSEDES 30-015-37210

CERTIFICATION
YATES PETROLEUM CORPORATION
SOSA FEDERAL #3H

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 5th day of August 2013

Signature 

Name Cy Cowan

Position Title Land Regulatory Agent

Address 105 South Fourth Street, Artesia, New Mexico 88210

Telephone (575) 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) (575) 748-4221

E-mail (optional) cy@yatespetroleum.com

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462.

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT **WC - G-0Y 5262908A:BS**

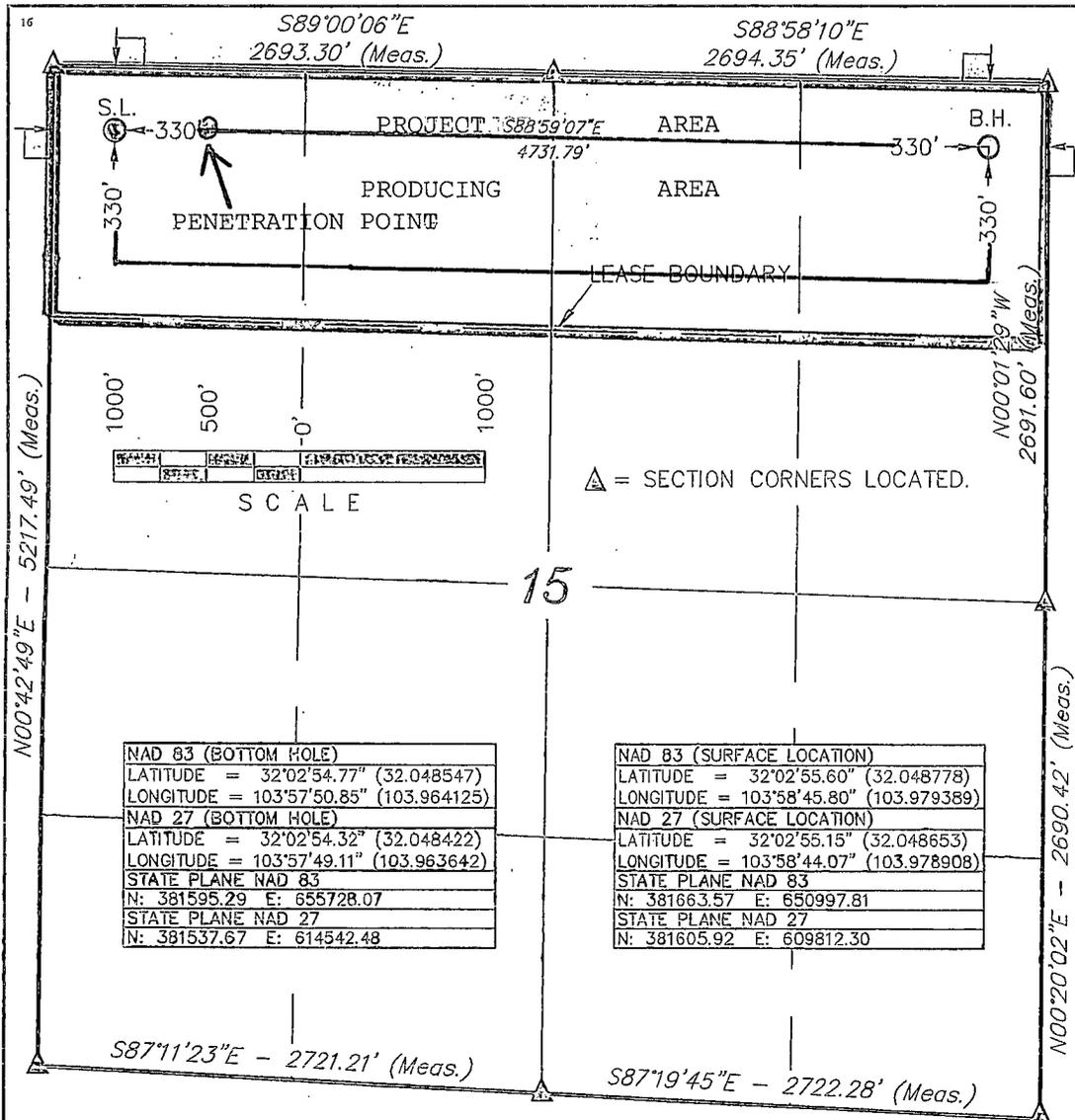
ARI Number 30-015-43141		Pool Code 97801	Pool Name Brushy Draw Delaware
Property Code 12760	Property Name SOSA FEDERAL		Well Number 3H
OGRID No. 025575	Operator Name YATES PETROLEUM CORPORATION		Elevation 2927'

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	15	26 S	29 E		330	NORTH	330	WEST	EDDY

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	15	26 S	29 E		330	NORTH	330	EAST	EDDY

12 Dedicated Acres 160	13 Joint or Infill	14 Consolidation Code	15 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.



17 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.

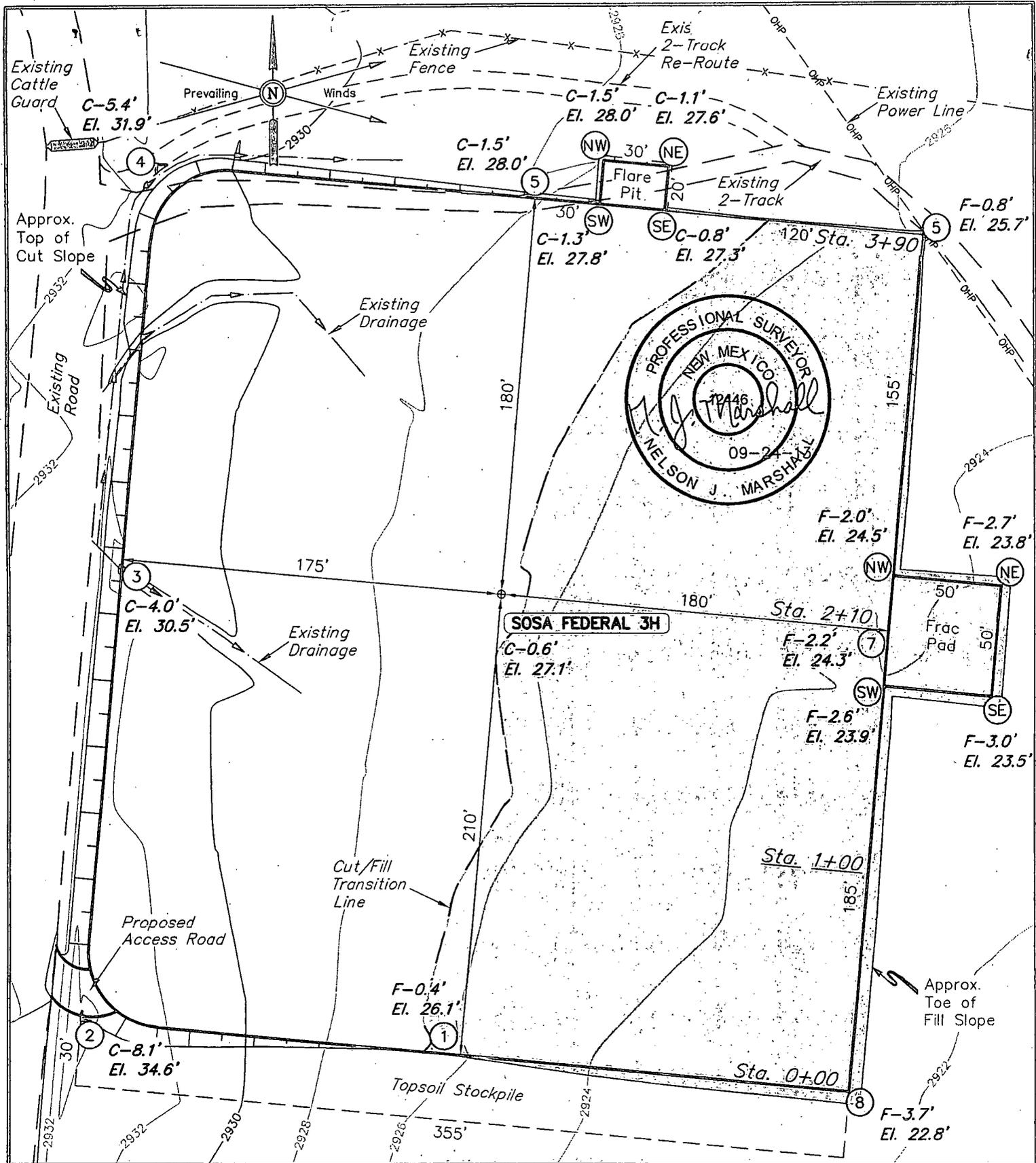
Signature: *Cy Cowan* Date: **6/26/14**
Printed Name: **Cy Cowan**
E-mail Address:

18 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.

Date of Survey: **September 5, 2013**
Signature and Seal of Professional Surveyor:



Certificate Number:



ELEV. UNGRADED GROUND AT LOC. STAKE = 2927.1' FINISHED GRADE ELEV. AT LOC. STAKE = 2926.5'

NOTES:

- Round corners at 35' radius or as needed.
- Construct diversion ditches as needed.
- Underground utilities shown on this sheet are for visualization purposes only, actual locations to be determined prior to construction.



YATES PETROLEUM CORPORATION

SOSA FEDERAL 3H
SECTION 15, T26S, R29E, N.M.P.M.
330' FNL 330' FEL

DRAWN BY: B.D.H.

SCALE: 1" = 60'

DATE: 09-16-13

REVISED:



Corporate Office * 85 South 200 East
Vernal, UT 84078 * (435) 789-1017

LOCATION LAYOUT

FIGURE #1

Section Line

N00°42'49"E - 5217.49' (Meas.)

Section Line

S89°00'06"E - 2693.30' (Meas.)

Existing Cattle Guard

Existing Fence

Existing 2-Track

Existing Power Line

Well

BEGINNING OF PROPOSED ROAD RIGHT-OF-WAY STA. 0+00 (At Existing Road)

END OF PROPOSED ROAD RIGHT-OF-WAY STA. 0+16.16 (At Edge of Proposed Well Pad)

Existing Road

BLM

LINE TABLE

LINE	DIRECTION	LENGTH
L1	S60°25'17"E	16.16'

RIGHT-OF-WAY LENGTHS

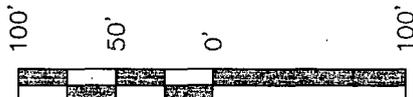
PROPERTY OWNER	FEET	ACRES	RODS
BLM	16.16	0.007	0.98

NW 1/4
Sec. 15



Center Line of Right-of-Way

TYPICAL RIGHT-OF-WAY DETAIL
No Scale



SCALE

▲ = SECTION CORNERS LOCATED.

ROAD RIGHT-OF-WAY DESCRIPTION

A 20' WIDE RIGHT-OF-WAY 10' ON EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE.

BEGINNING AT A POINT IN THE NW 1/4 NW 1/4 OF SECTION 15, T26S, R29E, N.M.P.M.; WHICH BEARS S13°18'32"E 519.93' FROM THE NORTHWEST CORNER OF SAID SECTION 15,

BEGINNING OF ROAD STA. 0+00 BEARS S13°18'32"E 519.93' FROM THE NORTHWEST CORNER OF SECTION 15, T26S, R29E, N.M.P.M.

END OF ROAD STA. 0+16.16 BEARS S14°35'11"E 531.06' FROM THE NORTHWEST CORNER OF SECTION 15, T26S, R29E, N.M.P.M.

SECTION 2, TOWNSHIP 26 SOUTH, RANGE 29 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.

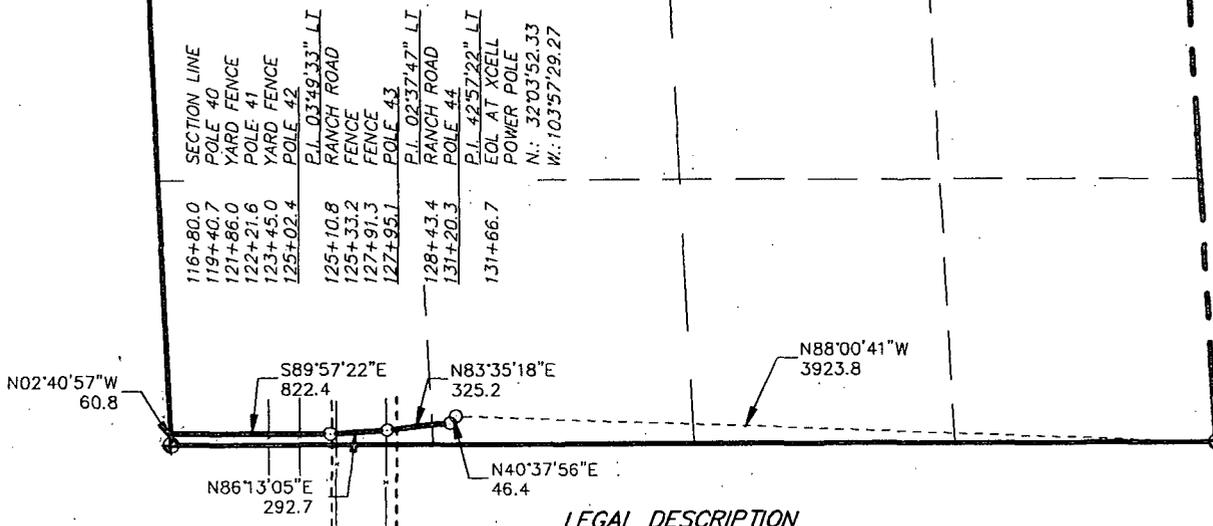
T-25-S
T-26-S

NEW MEXICO.

OWNER: STATE OF NEW MEXICO
LESSEE: BYRON PASCHAL

R-29-E
R-30-E

2



LEGAL DESCRIPTION

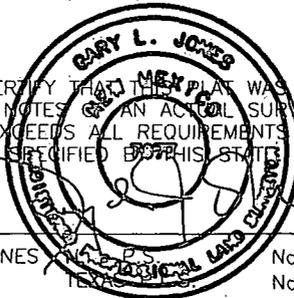
A STRIP OF LAND 30.0 FEET WIDE, LOCATED IN SECTION 2, TOWNSHIP 26 SOUTH, RANGE 29 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO AND BEING 15.0 FEET LEFT AND RIGHT OF THE FOLLOWING DESCRIBED CENTERLINE SURVEY,

BEGINNING AT A POINT WHICH LIES N.02°40'57\"W., 60.8 FEET FROM THE SOUTHWEST CORNER OF SAID SECTION 2; THENCE S.89°57'22\"E., 822.4 FEET; THENCE N.86°13'05\"E., 292.7 FEET; THENCE N.83°35'18\"E., 325.2 FEET; THENCE N.40°37'18\"E., 46.4 FEET TO THE THE END OF THIS LINE WHICH LIES N.88°00'41\"W., 3923.8 FEET FROM THE SOUTHEAST CORNER OF SAID SECTION 2. SAID STRIP OF LAND BEING 1486.7 FEET OR 90.10 RODS IN LENGTH AND CONTAINING 1.02 ACRES, MORE OR LESS, AND BEING ALLOCATED BY FORTIES AS FOLLOWS:

SW/4 SW/4 = 81.6 RODS = 0.93 ACRES

SE/4 SW/4 = 8.50 RODS = 0.09 ACRES

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

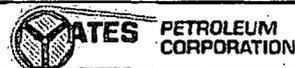
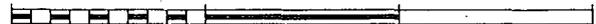


GARY L. JONES, P.S. No. 7977
Professional Land Surveyor No. 5074

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

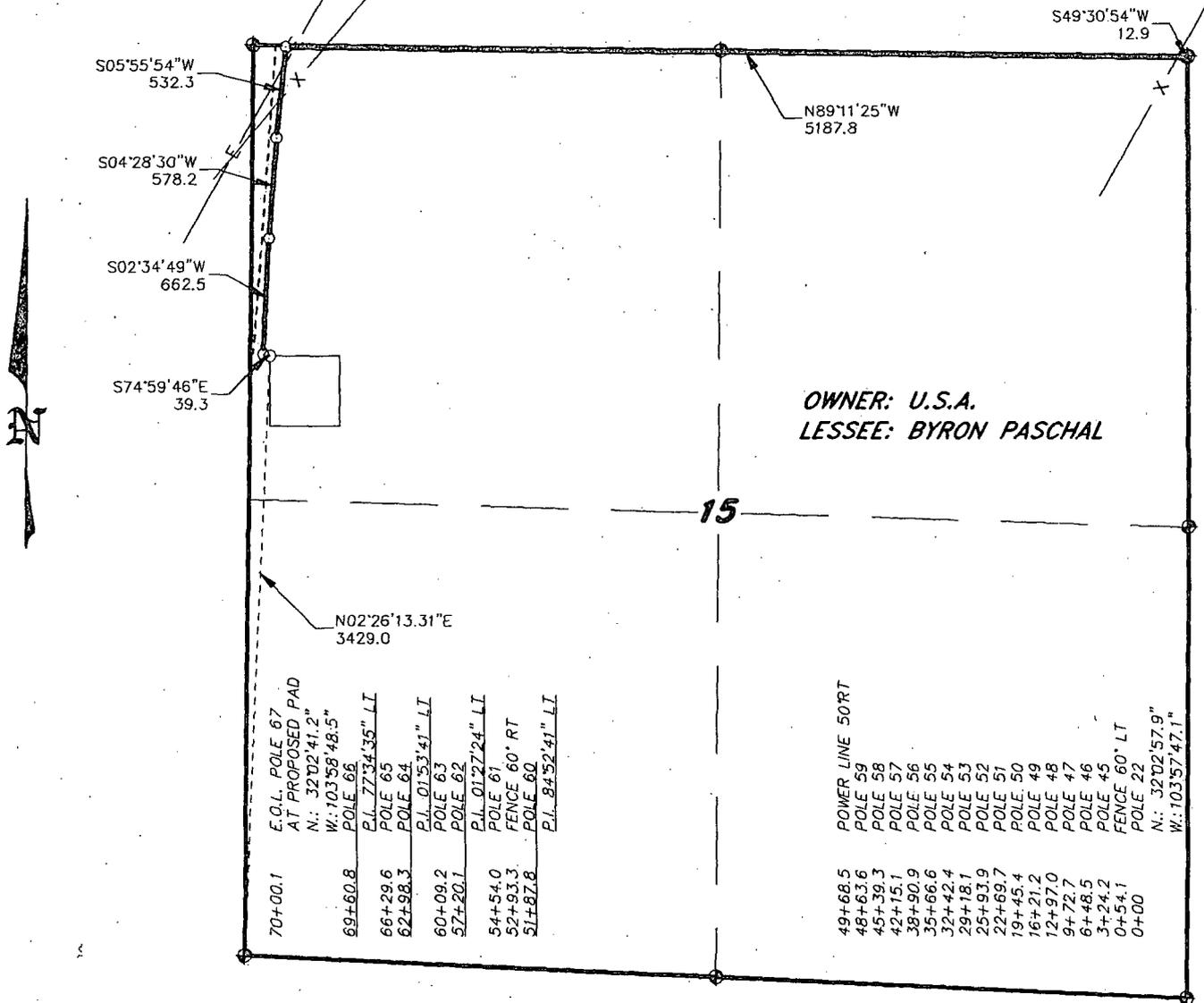
1000 0 1000 2000 FEET



REF.: PROPOSED ELECTRIC LINE TO SOSA 1H,2H,&3H

A PIPELINE LOCATED ON STATE LAND IN
SECTION 2, TOWNSHIP 26 SOUTH, RANGE 29 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO.

SECTION 15, TOWNSHIP 26 SOUTH, RANGE 29 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



A STRIP OF LAND 30.0 FEET WIDE, LOCATED IN SECTION 15, TOWNSHIP 26 SOUTH, RANGE 29 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO AND BEING 15.0 FEET LEFT AND RIGHT OF THE ABOVE PLATTED CENTERLINE SURVEY.

SECTION 15 = 7000.1 FEET = 424.25 RODS = 1.33 MILES = 4.82 ACRES



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

GARY L. JONES No. 7977
No. 5074

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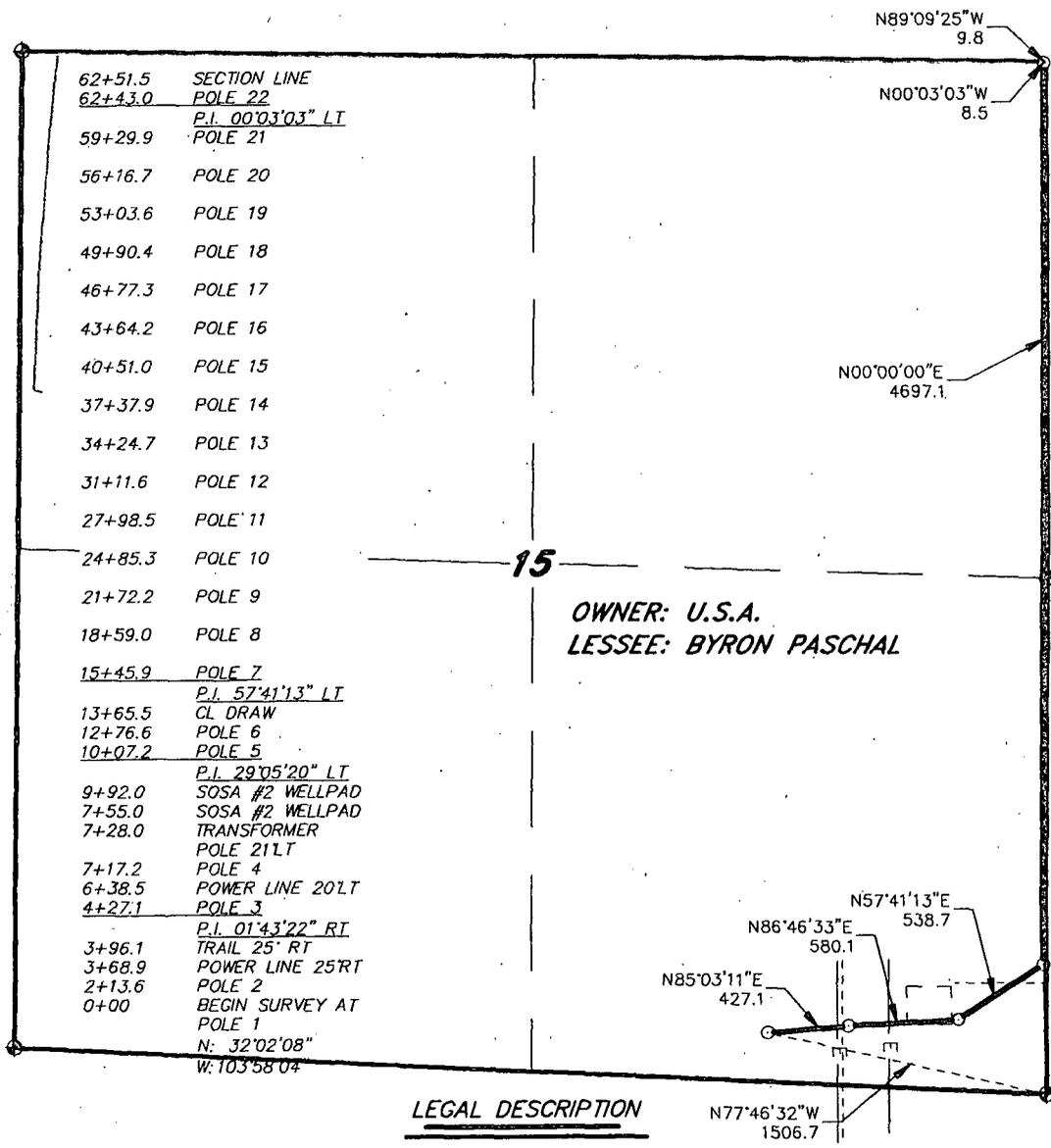
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Hobbs, New Mexico 88241 basinsurveys.com



REF: PROPOSED POWERLINE SOSA #4

A POWERLINE LOCATED ON USA LAND IN
SECTION 15, TOWNSHIP 26 SOUTH, RANGE 29 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO.

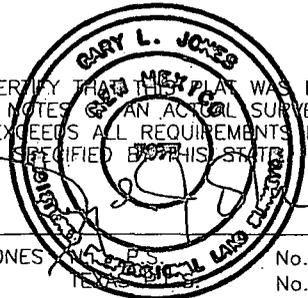
SECTION 15, TOWNSHIP 26 SOUTH, RANGE 29 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



A STRIP OF LAND 30.0 FEET WIDE, LOCATED IN SECTION 15, TOWNSHIP 26 SOUTH, RANGE 29 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO AND BEING 15.0 FEET LEFT AND RIGHT OF THE ABOVE PLATTED CENTERLINE SURVEY.

SECTION 15 = 6251.5 FEET = 378.88 RODS = 1.18 MILES = 4.30 ACRES

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

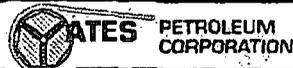


GARY L. JONES No. 7977
No. 5074



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in the oilfield Hobbs, New Mexico 88241 basinsurveys.com

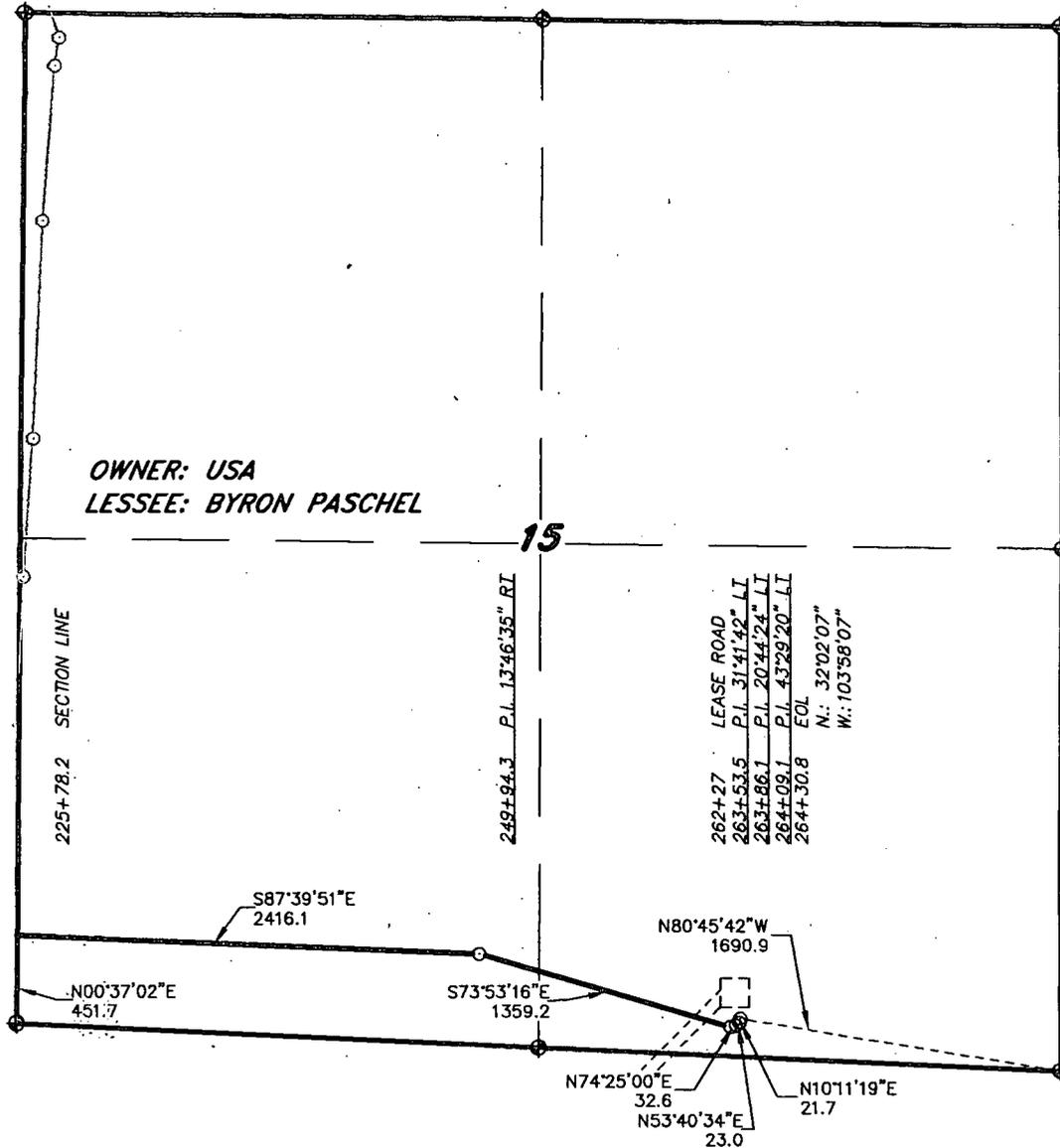
1000 0 1000 2000 FEET



REF: PROPOSED ELECTRIC LINE TO SOSA 1H,2H,&3H

AN ELECTRIC LINE LOCATED ON USA LAND IN
SECTION 15, TOWNSHIP 26 SOUTH, RANGE 29 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO.

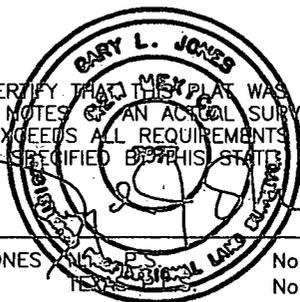
SECTION 15, TOWNSHIP 26 SOUTH, RANGE 29 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



LEGAL DESCRIPTION

A STRIP OF LAND 30.0 FEET WIDE, LOCATED IN SECTION 15, TOWNSHIP 26 SOUTH, RANGE 29 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO AND BEING 15.0 FEET LEFT AND RIGHT OF THE ABOVE PLATTED CENTERLINE SURVEY.

SECTION 15 = 3852.6 FEET = 233.49 RODS = 0.73 MILES = 2.65 ACRES



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



GARY L. JONES No. 7977
No. 5074

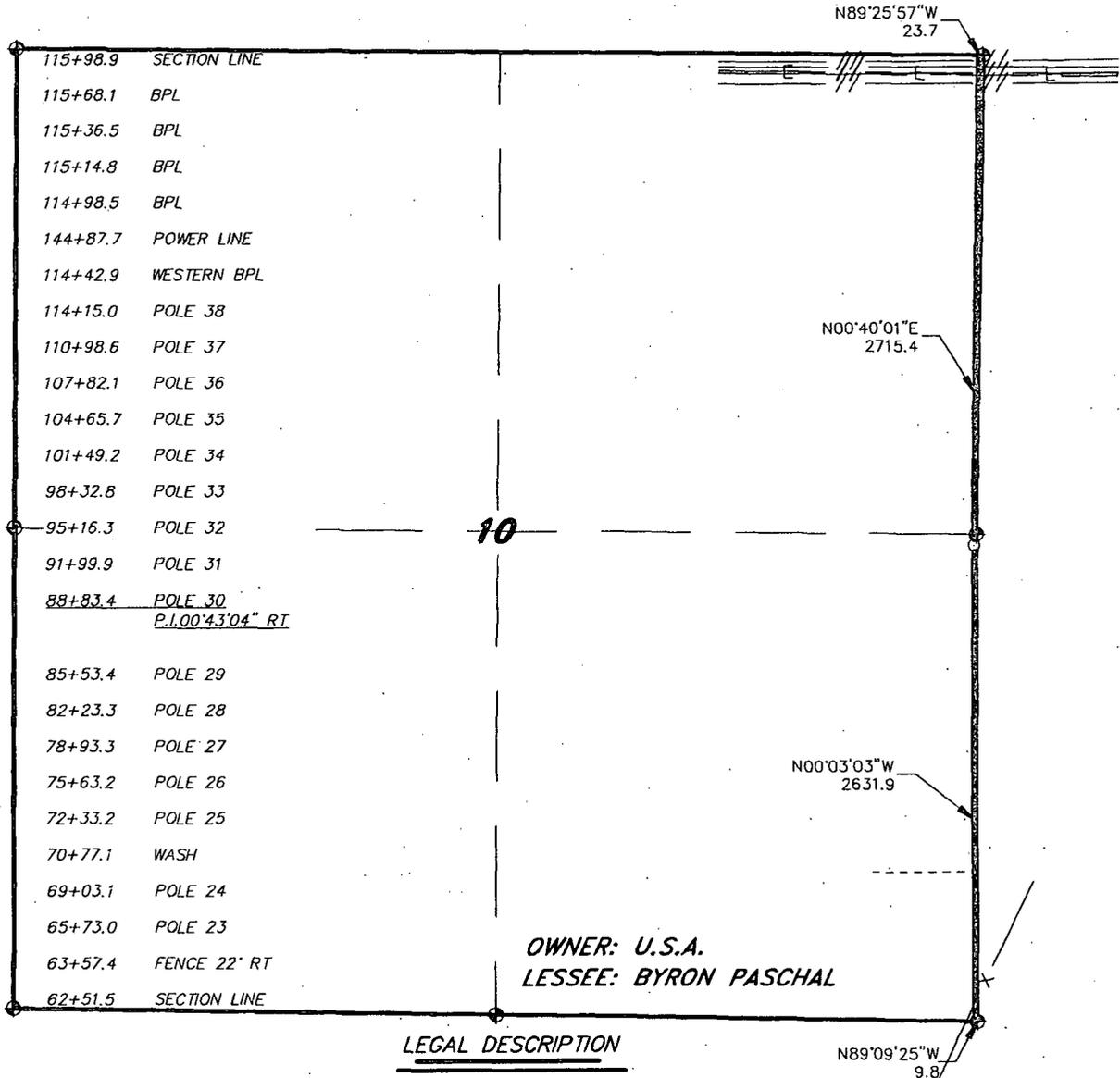
P.O. Box 1786 (575) 393-7316 - Office
1120 N. West County Rd. (575) 392-2206 - Fax
Hobbs, New Mexico 88241 basinsurveys.com



REF: PROPOSED FLOW LINE TO SOSA FEDERAL 1H-4H

A PIPELINE LOCATED ON USA LAND IN
SECTION 15, TOWNSHIP 26 SOUTH, RANGE 29 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO.

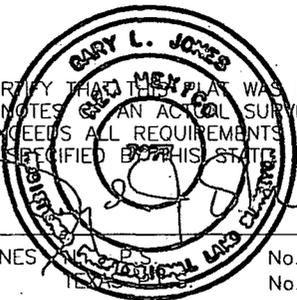
SECTION 10, TOWNSHIP 26 SOUTH, RANGE 29 EAST, N.M.P.M.,
EDDY COUNTY,
NEW MEXICO.



A STRIP OF LAND 30.0 FEET WIDE, LOCATED IN SECTION 10, TOWNSHIP 26 SOUTH, RANGE 29 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO AND BEING 15.0 FEET LEFT AND RIGHT OF THE ABOVE PLATTED CENTERLINE SURVEY.

SECTION 10 = 5347.4 FEET = 324.08 RODS = 1.01 MILES = 3.68 ACRES

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

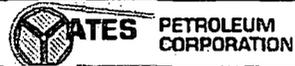


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1000 0 1000 2000 FEET

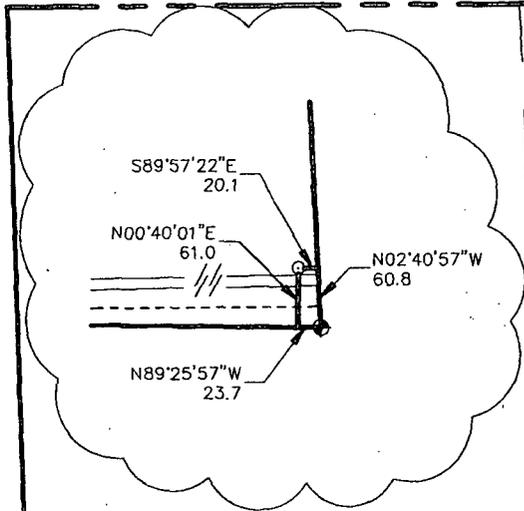


REF: PROPOSED ELECTRIC LINE TO SOSA 1H,2H,&3H

AN ELECTRIC LINE LOCATED ON USA LAND IN
SECTION 10, TOWNSHIP 26 SOUTH, RANGE 29 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO.

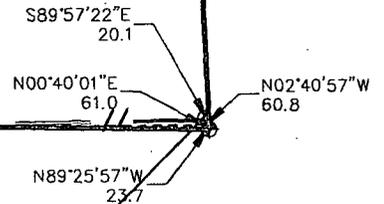
SECTION 3, TOWNSHIP 26 SOUTH, RANGE 29 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.

T-25-S
T-26-S



OWNER: U.S.A.
LESSEE: WAYLAND PERRY.

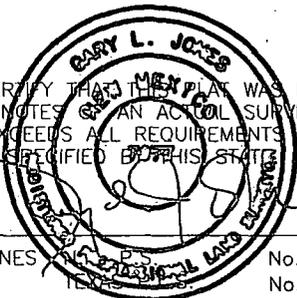
116+80.0 SECTION LINE
116+59.9 POLE 39
P.I. 89°22'37" RT
116+51.8 BPL
116+40.5 BPL
116+18.7 LEASE ROAD
115+98.9 SECTION LINE



LEGAL DESCRIPTION

A STRIP OF LAND 30.0 FEET WIDE, LOCATED IN SECTION 3, TOWNSHIP 26 SOUTH, RANGE 29 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO AND BEING 15.0 FEET LEFT AND RIGHT OF THE ABOVE PLATTED CENTERLINE SURVEY.

SECTION 3 = 81.1 FEET = 4.92 RODS = 0.01 MILES = 0.06 ACRES



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

GARY L. JONES, P.S. No. 7977
No. 5074

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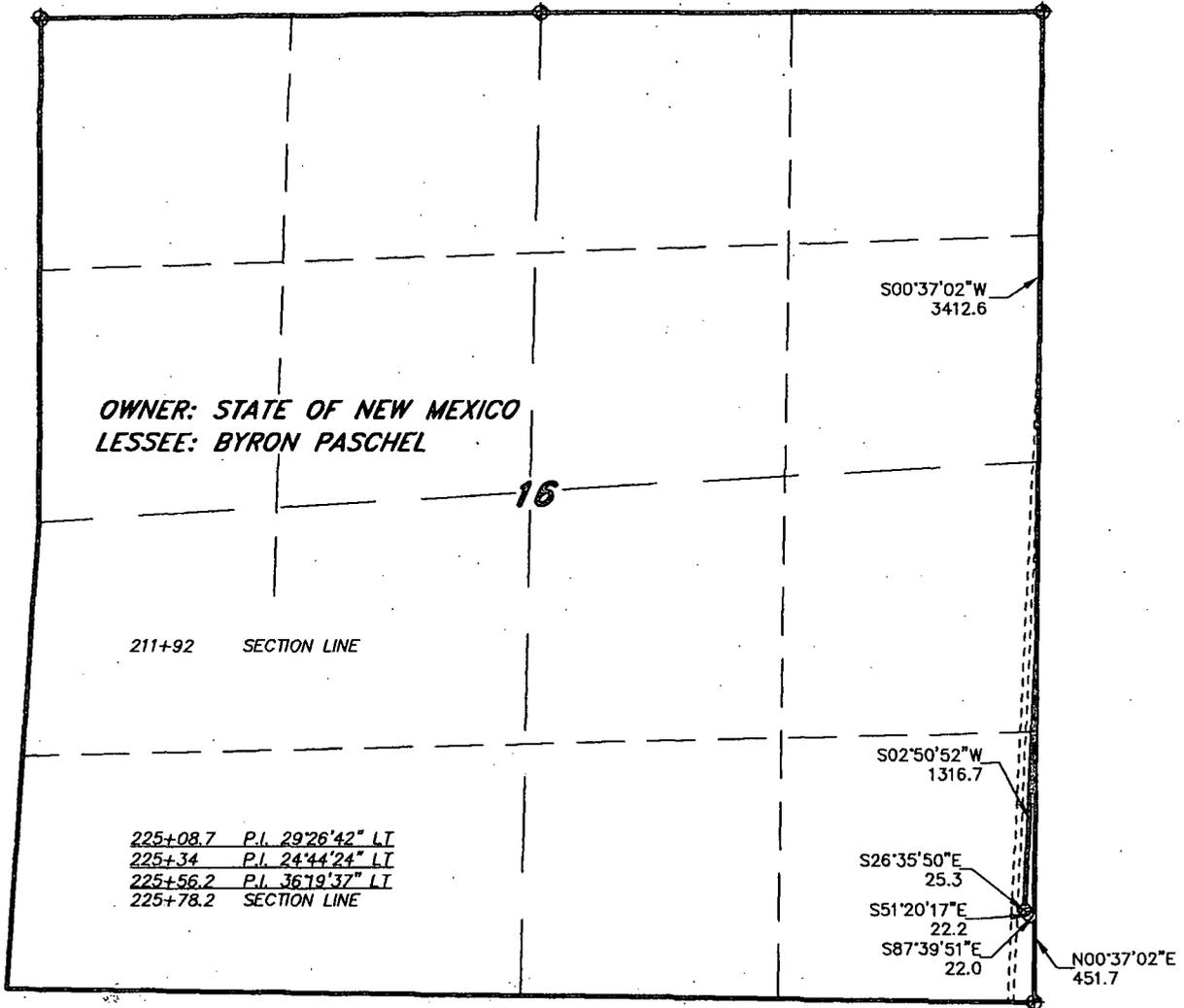
1000 0 1000 2000 FEET



REF: PROPOSED ELECTRIC LINE TO SOSA 1H,2H,&3H

AN ELECTRIC LINE LOCATED ON USA LAND IN
SECTION 13, TOWNSHIP 21 SOUTH, RANGE 33 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO.

SECTION 16, TOWNSHIP 26 SOUTH, RANGE 29 EAST, N.M.P.M.,
 EDDY COUNTY, NEW MEXICO.

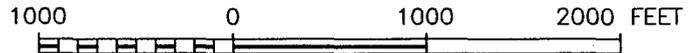


LEGAL DESCRIPTION

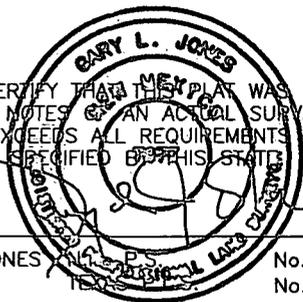
A STRIP OF LAND 30.0 FEET WIDE, LOCATED IN SECTION 16, TOWNSHIP 26 SOUTH, RANGE 29 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO AND BEING 15.0 FEET LEFT AND RIGHT OF THE FOLLOWING DESCRIBED CENTERLINE SURVEY. BEGINNING AT A POINT WHICH LIES S.00°37'02\"/>

NE/4 SE/4 = 23.11 RODS = 0.26 ACRES

SE/4 SE/4 = 60.90 RODS = 0.69 ACRES



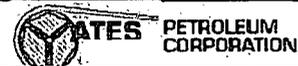
I HEREBY CERTIFY THAT THIS PLAN WAS PREPARED FROM FIELD NOTES OF AN ACTUAL SURVEY AND MEETS OR EXCEEDS ALL REQUIREMENTS FOR LAND SURVEYS AS SPECIFIED BY THIS STATE.



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GARY L. JONES, Surveyor, No. 7977
 No. 5074

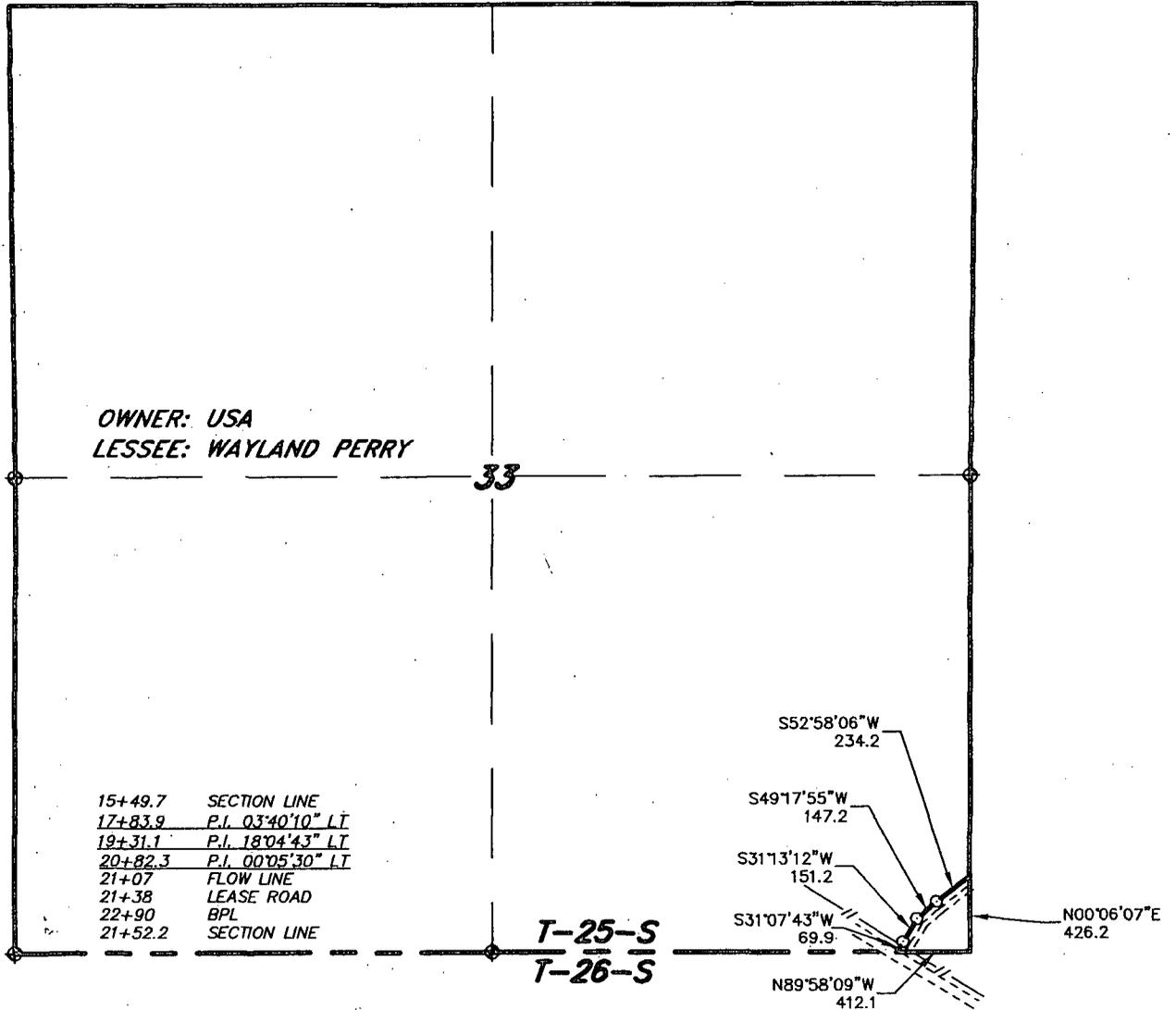
P.O. Box 1786 (575) 393-7316 - Office
 1120 N. West County Rd. (575) 392-2206 - Fax
 Hobbs, New Mexico 88241 basin-surveys.com



REF: PROPOSED FLOW LINE TO SOSA FEDERAL 1H-4H

A PIPELINE LOCATED ON STATE LAND IN
 SECTION 16, TOWNSHIP 26 SOUTH, RANGE 29 EAST,
 N.M.P.M., EDDY COUNTY, NEW MEXICO.

SECTION 33, TOWNSHIP 25 SOUTH, RANGE 29 EAST, N.M.P.M.,
 EDDY COUNTY, NEW MEXICO.



OWNER: USA
 LESSEE: WAYLAND PERRY

15+49.7 SECTION LINE
 17+83.9 P.I. 03°40'10" LT
 19+31.1 P.I. 18°04'43" LT
 20+82.3 P.I. 00°05'30" LT
 21+07 FLOW LINE
 21+38 LEASE ROAD
 22+90 BPL
 21+52.2 SECTION LINE

S52°58'06"W 234.2
 S49°17'55"W 147.2
 S31°13'12"W 151.2
 S31°07'43"W 69.9
 N89°58'09"W 412.1
 N00°06'07"E 426.2

T-25-S
 T-26-S

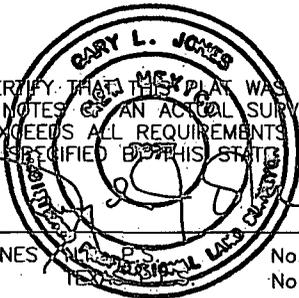
LEGAL DESCRIPTION

A STRIP OF LAND 30.0 FEET WIDE, LOCATED IN SECTION 33, TOWNSHIP 25 SOUTH, RANGE 29 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 = 602.5 FEET = 36.51 RODS = 0.11 MILES = 0.41 ACRES



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



GARY L. JONES, Surveyor, No. 7977
 No. 5074

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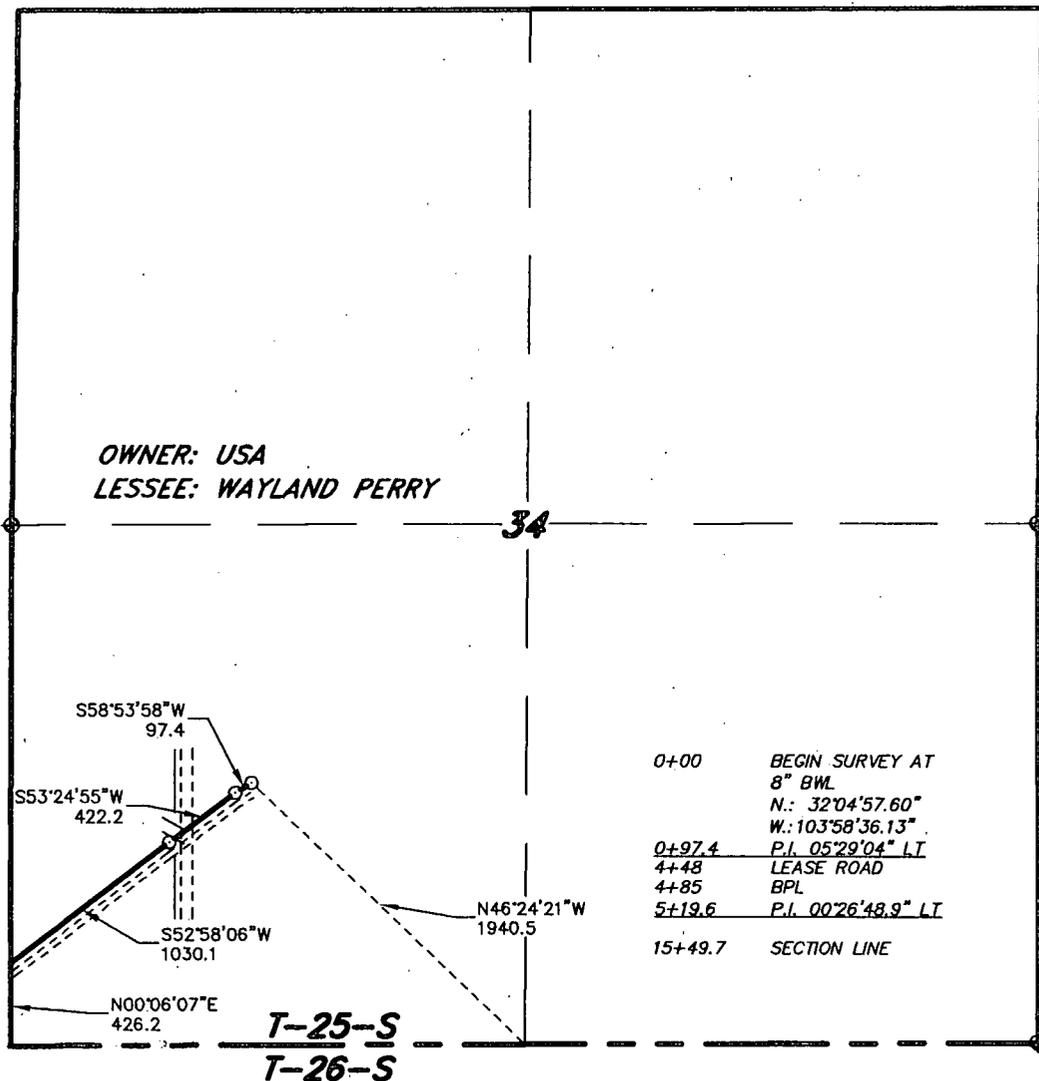
P.O. Box 1786 (575) 393-7316 - Office
 1120 N. West County Rd. (575) 392-2206 - Fax
 Hobbs, New Mexico 88241 basinsurveys.com



REF: PROPOSED FLOW LINE TO SOSA FEDERAL 1H-4H

A PIPELINE LOCATED ON USA LAND IN
 SECTION 33, TOWNSHIP 25 SOUTH, RANGE 29 EAST,
 N.M.P.M., EDDY COUNTY, NEW MEXICO.

SECTION 34, TOWNSHIP 25 SOUTH, RANGE 29 EAST, N.M.P.M.,
 EDDY COUNTY, NEW MEXICO.



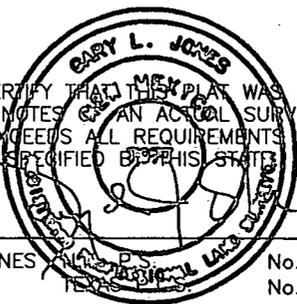
0+00 BEGIN SURVEY AT
 8" BWL
 N.: 32°04'57.60"
 W.: 103°58'36.13"
 0+97.4 P.L. 05°29'04" LT
 4+48 LEASE ROAD
 4+85 BPL
 5+19.6 P.L. 00°26'48.9" LT
 15+49.7 SECTION LINE

LEGAL DESCRIPTION

A STRIP OF LAND 30.0 FEET WIDE, LOCATED IN SECTION 34, TOWNSHIP 25 SOUTH, RANGE 29 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO AND BEING 15.0 FEET LEFT AND RIGHT OF THE ABOVE PLATTED CENTERLINE SURVEY.

SECTION 34 = 1549.7 FEET = 93.92 RODS = 0.29 MILES = 1.07 ACRES

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



GARY L. JONES, Surveyor, No. 7977, No. 5074



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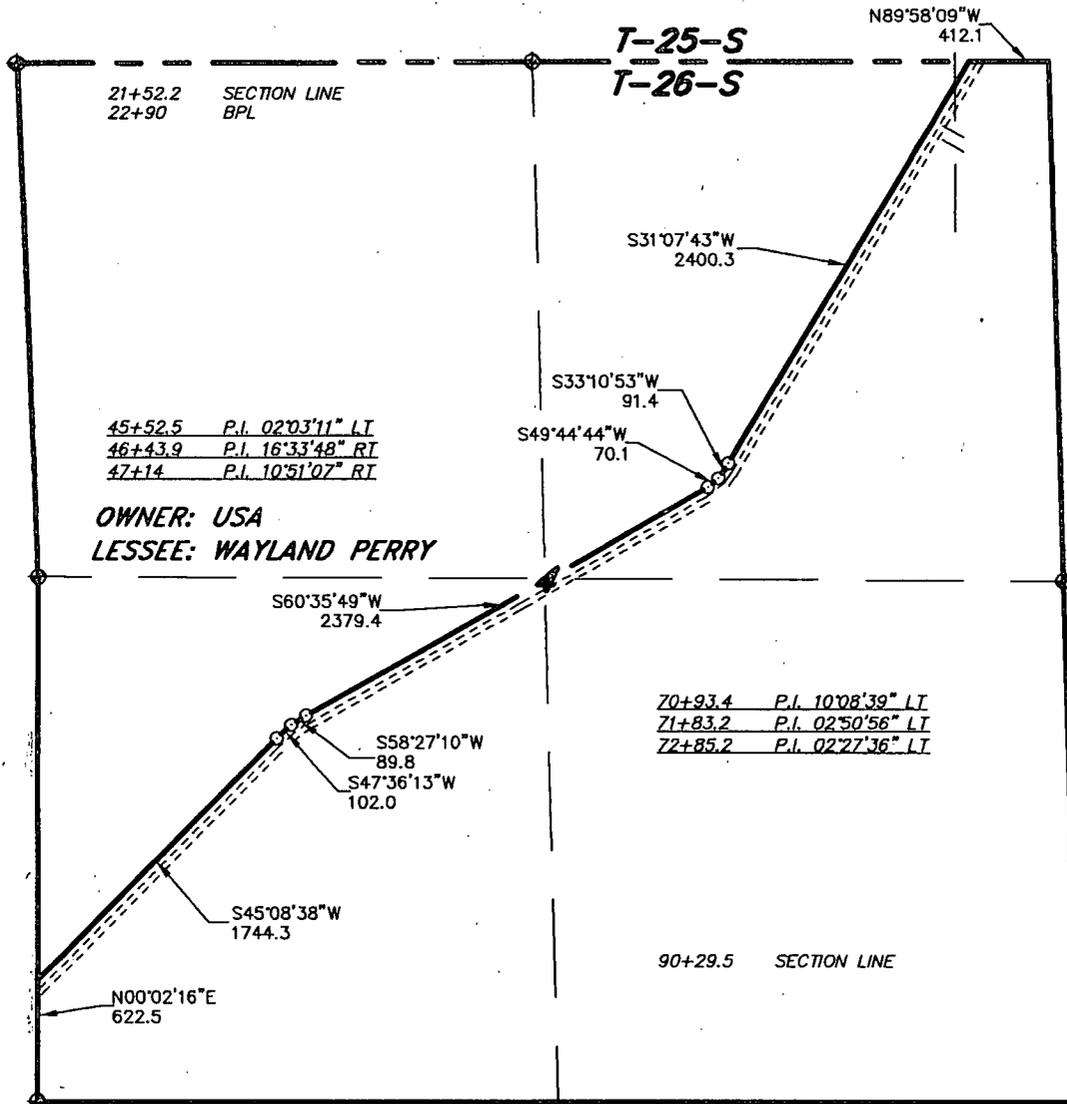
1000 0 1000 2000 FEET



REF: PROPOSED FLOW LINE TO SOSA FEDERAL 1H-4H

A PIPELINE LOCATED ON USA LAND IN
 SECTION 34, TOWNSHIP 25 SOUTH, RANGE 29 EAST,
 N.M.P.M., EDDY COUNTY, NEW MEXICO.

SECTION 4, TOWNSHIP 26 SOUTH, RANGE 29 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



LEGAL DESCRIPTION

A STRIP OF LAND 30.0 FEET WIDE, LOCATED IN SECTION 4, TOWNSHIP 26 SOUTH, RANGE 29 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO AND BEING 15.0 FEET LEFT AND RIGHT OF THE ABOVE PLATTED CENTERLINE SURVEY.

SECTION 4 = 6877.3 FEET = 416.81 RODS = 1.30 MILES = 4.74 ACRES

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

GARY L. JONES
Professional Land Surveyor

GARY L. JONES No. 7977
No. 5074



REF: PROPOSED FLOW LINE TO SOSA FEDERAL 1H-4H

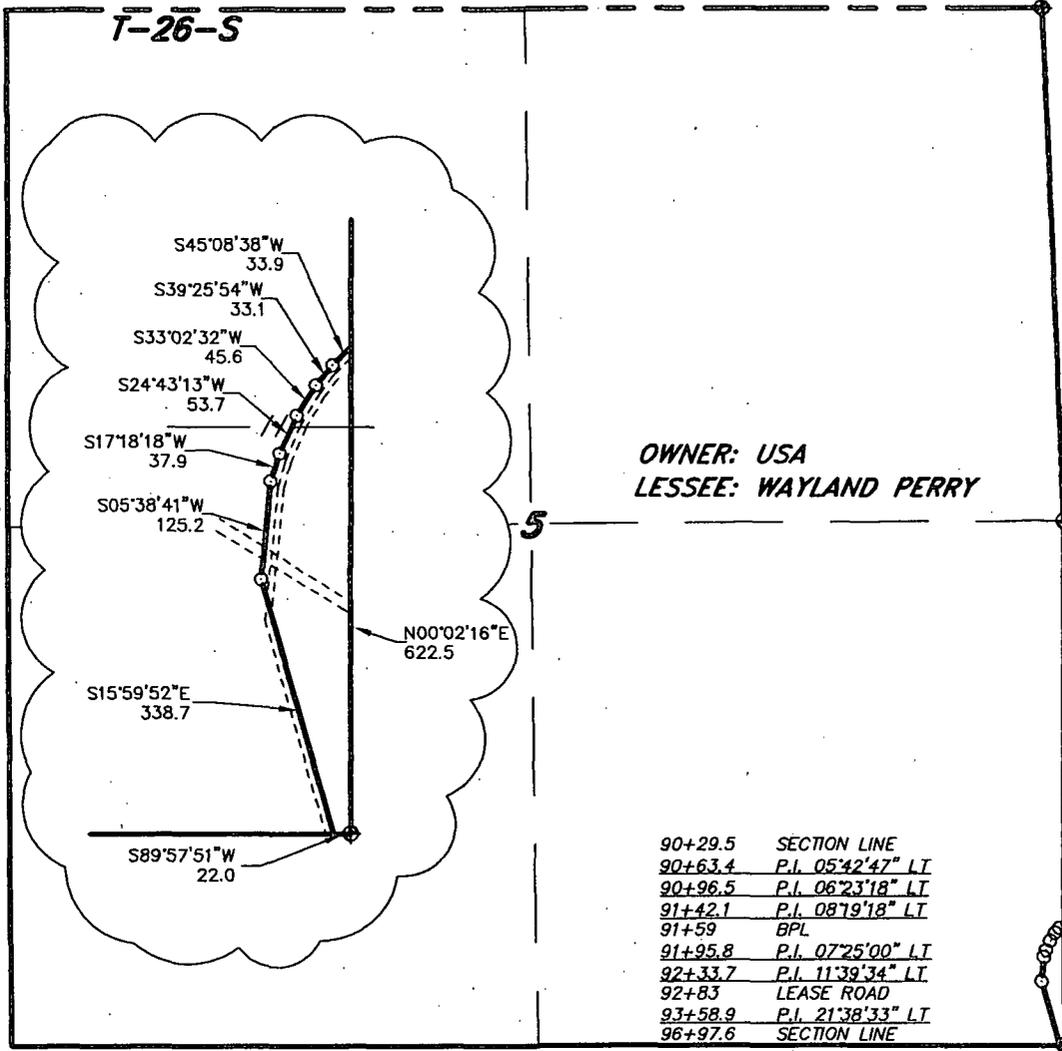
A PIPELINE LOCATED ON USA LAND IN
SECTION 4, TOWNSHIP 26 SOUTH, RANGE 29 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO.

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SECTION 5, TOWNSHIP 26 SOUTH, RANGE 29 EAST, N.M.P.M.,
 EDDY COUNTY, NEW MEXICO.

T-25-S
 T-26-S



OWNER: USA
 LESSEE: WAYLAND PERRY

90+29.5	SECTION LINE
90+63.4	P.I. 05°42'47" LT
90+96.5	P.I. 06°23'18" LT
91+42.1	P.I. 08°19'18" LT
91+59	BPL
91+95.8	P.I. 07°25'00" LT
92+33.7	P.I. 11°39'34" LT
92+83	LEASE ROAD
93+58.9	P.I. 21°38'33" LT
96+97.6	SECTION LINE

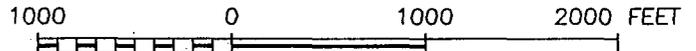
LEGAL DESCRIPTION

A STRIP OF LAND 30.0 FEET WIDE, LOCATED IN SECTION 5, TOWNSHIP 26 SOUTH, RANGE 29 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO AND BEING 15.0 FEET LEFT AND RIGHT OF THE ABOVE PLATTED CENTERLINE SURVEY.

SECTION 5 = 668.1 FEET = 40.49 RODS = 0.13 MILES = 0.46 ACRES

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

GARY L. JONES
 No. 7977
 No. 5074



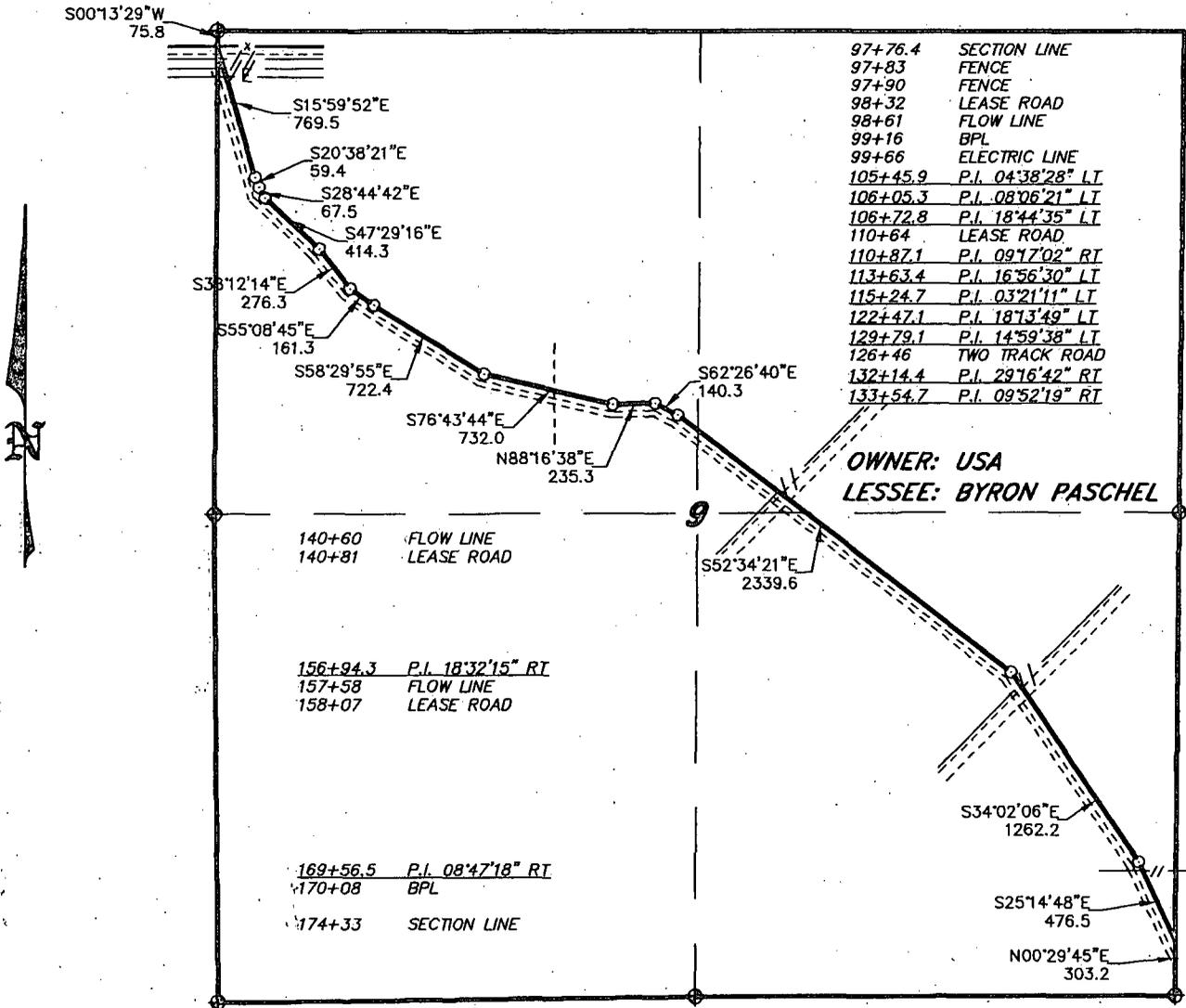
REF: PROPOSED FLOW LINE TO SOSA FEDERAL 1H-4H

A PIPELINE LOCATED ON USA LAND IN
 SECTION 5, TOWNSHIP 26 SOUTH, RANGE 29 EAST,
 N.M.P.M., EDDY COUNTY, NEW MEXICO.

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SECTION 9, TOWNSHIP 26 SOUTH, RANGE 29 EAST, N.M.P.M.,
 EDDY COUNTY, NEW MEXICO.



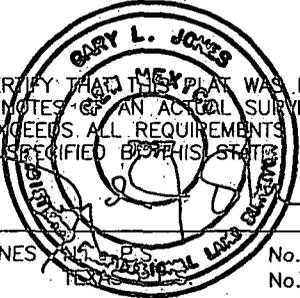
- 97+76.4 SECTION LINE
- 97+83 FENCE
- 97+90 FENCE
- 98+32 LEASE ROAD
- 98+61 FLOW LINE
- 99+16 BPL
- 99+66 ELECTRIC LINE
- 105+45.9 P.I. 04°38'28" LT
- 106+05.3 P.I. 08°06'21" LT
- 106+72.8 P.I. 18°44'35" LT
- 110+64 LEASE ROAD
- 110+87.1 P.I. 09°17'02" RT
- 113+63.4 P.I. 16°56'30" LT
- 115+24.7 P.I. 03°21'11" LT
- 122+47.1 P.I. 18°13'49" LT
- 129+79.1 P.I. 14°59'38" LT
- 126+46 TWO TRACK ROAD
- 132+14.4 P.I. 29°16'42" RT
- 133+54.7 P.I. 09°52'19" RT

OWNER: USA
 LESSEE: BYRON PASCHEL

LEGAL DESCRIPTION

A STRIP OF LAND 30.0 FEET WIDE, LOCATED IN SECTION 9, TOWNSHIP 26 SOUTH, RANGE 29 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO AND BEING 15.0 FEET LEFT AND RIGHT OF THE ABOVE PLATTED CENTERLINE SURVEY.

SECTION 9 = 7656.6 FEET = 464.04 RODS = 1.45 MILES = 5.27 ACRES



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

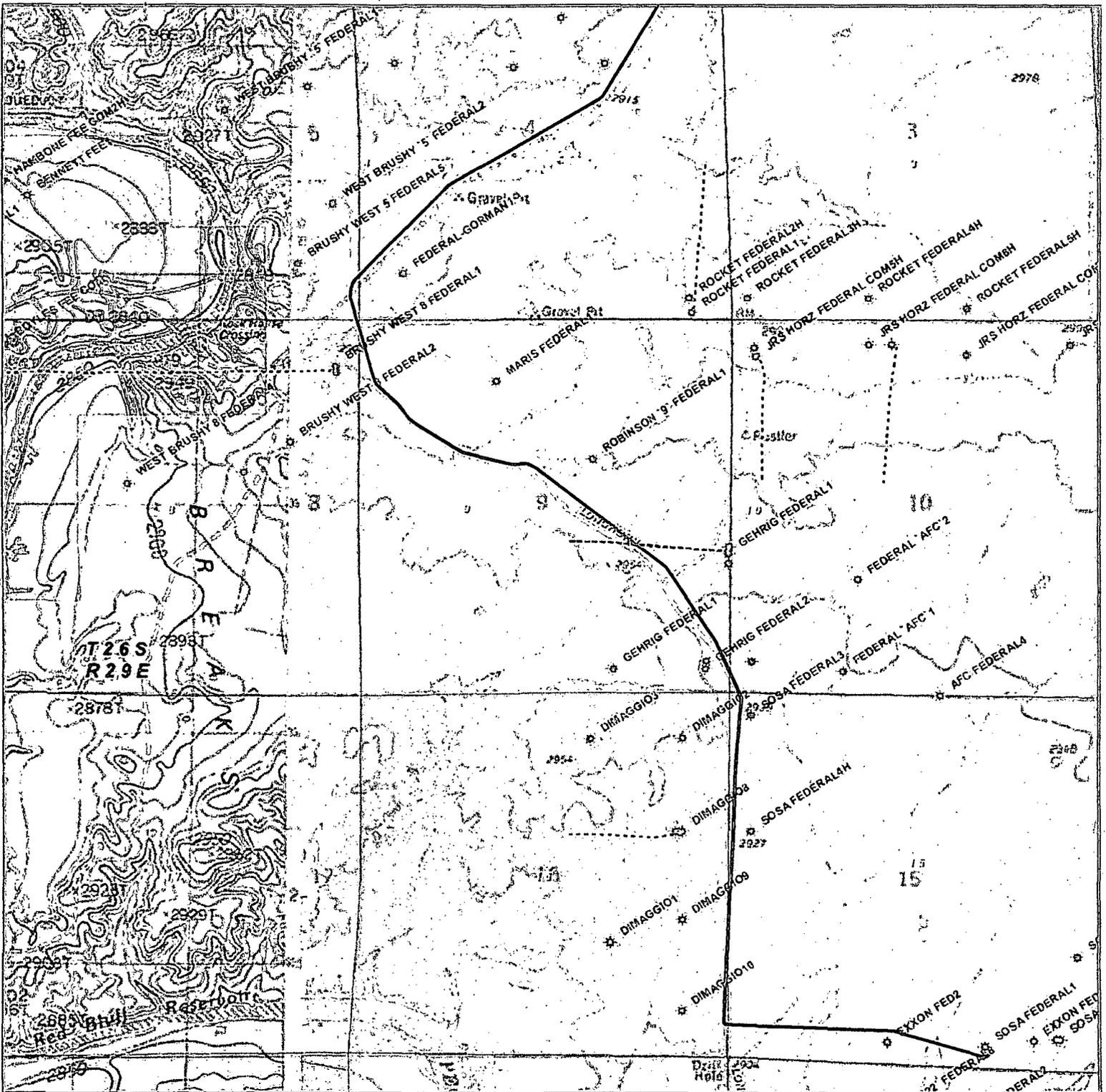


GARY L. JONES, P.S. No. 7977
 No. 5074
 P.O. Box 1786 (575) 393-7316 - Office
 1120 N. West County Rd. (575) 392-2206 - Fax
 Hobbs, New Mexico 88241 basinsurveys.com

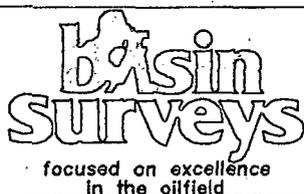


REF: PROPOSED FLOW LINE TO SOSA FEDERAL 1H-4H

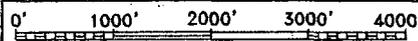
A PIPELINE LOCATED ON USA LAND IN
 SECTION 9, TOWNSHIP 26 SOUTH, RANGE 29 EAST,
 N.M.P.M., EDDY COUNTY, NEW MEXICO.



PROPOSED FLOW LINE TO SOSA FEDERAL 1H-4H
 Sections 33&34, Township 25 South, Range 33 East,
 Sections 4,5,8-10,16&15, Township 26 South, Range 34 East,
 N.M.P.M., Eddy County, New Mexico.



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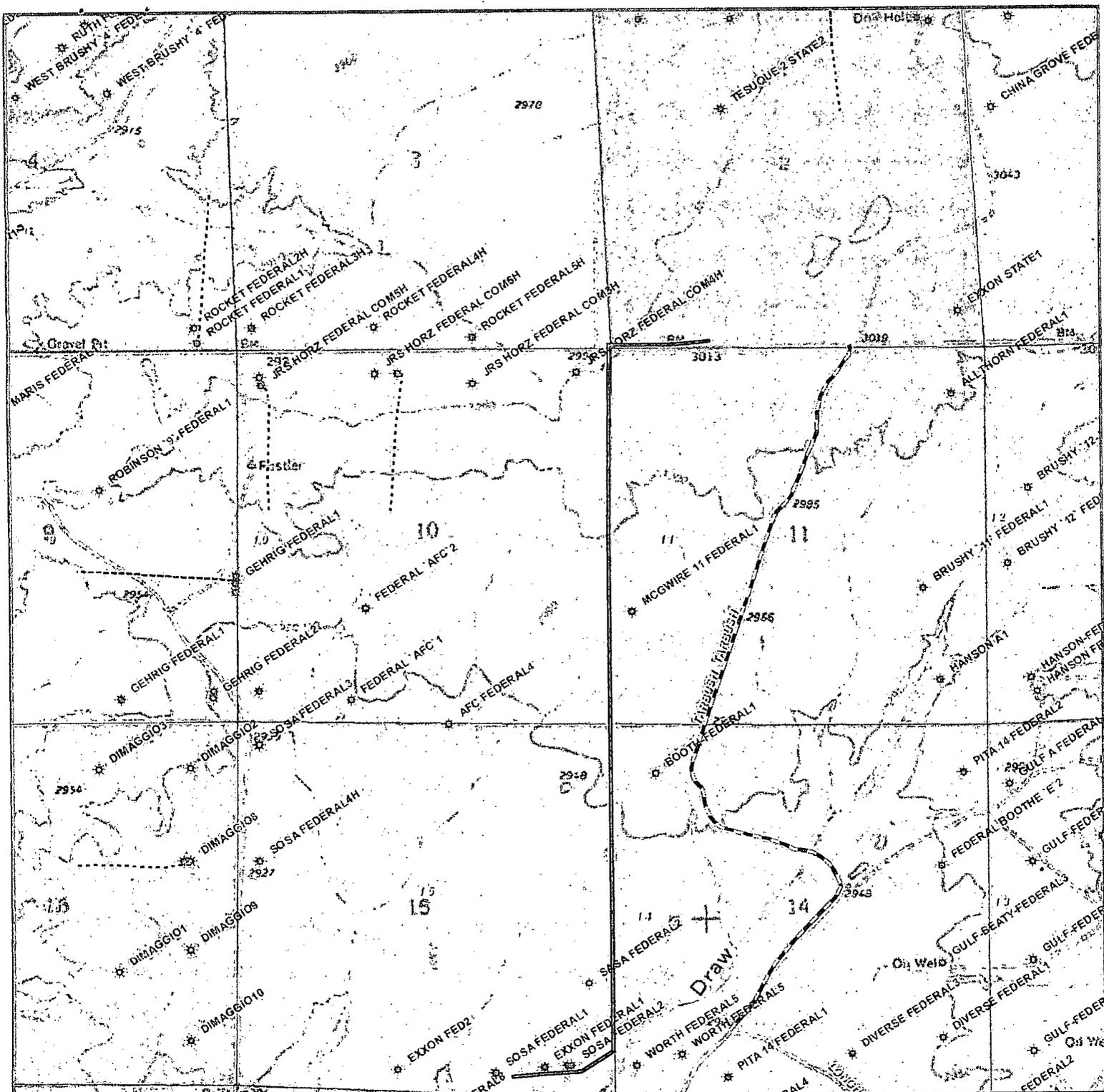
SCALE: 1" = 2000'

W.O. Number: KAN 29604

Survey Date: 01-07-2014

YELLOW TINT - USA LAND
 BLUE TINT - USA LAND
 NATURAL COLOR - USA LAND





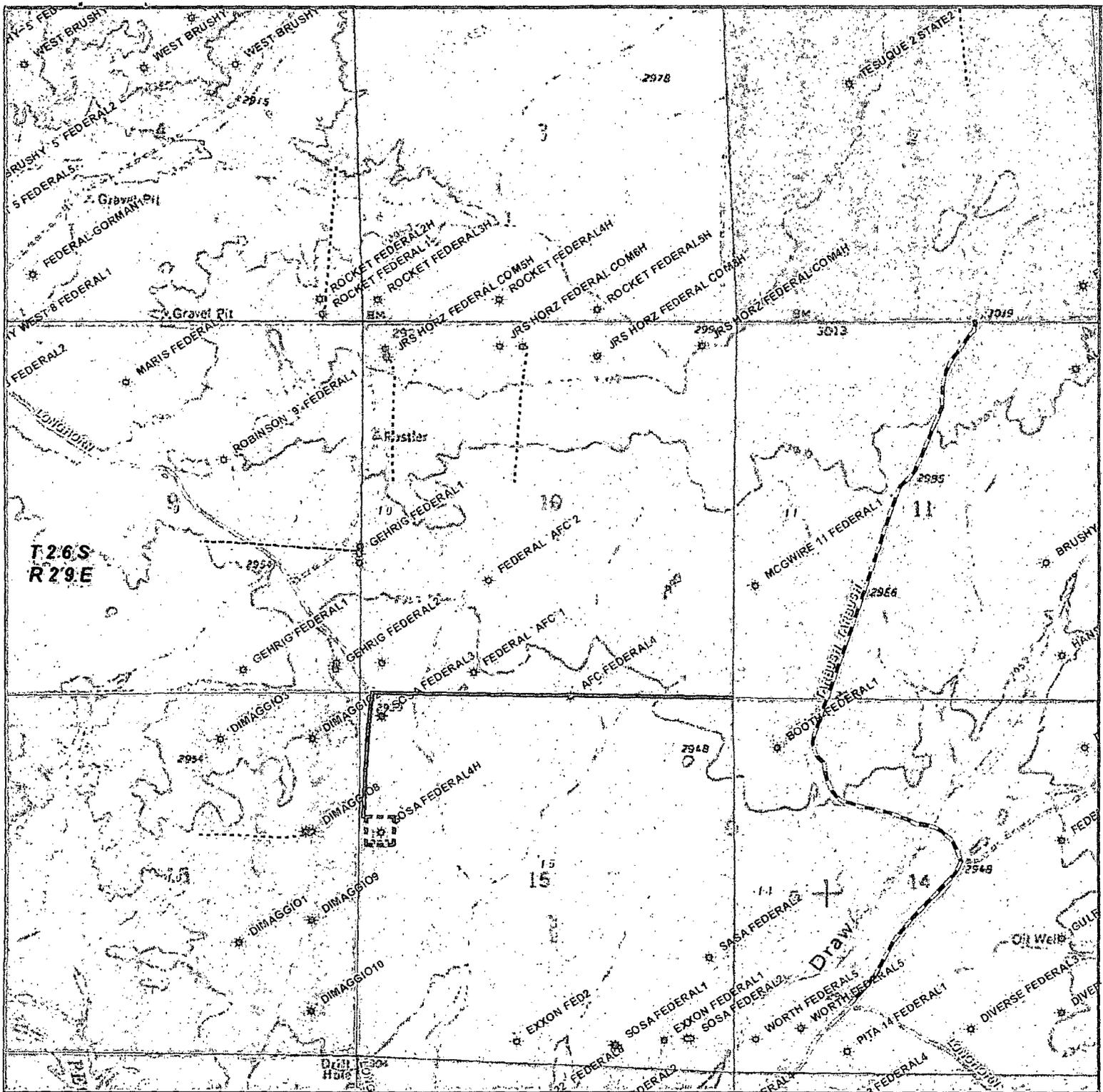
PROPOSED ELECTRIC LINE TO SOSA 1H,2H,&3H
 Sections 15,10,3,2, Township 26 South, Range 29 East,
 N.M.P.M., Eddy County, New Mexico.



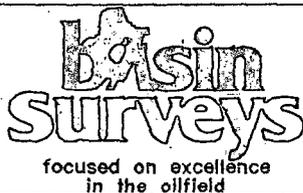
P.O. Box 1786
 1120 N. West County Rd.
 Hobbs, New Mexico 88241
 (575) 393-7316 - Office
 (575) 392-2206 - Fax
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0'	1000'	2000'	3000'	4000'
SCALE: 1" = 2000'				
W.O. Number: KAN 29603				
Survey Date: 10-31-2013				
YELLOW TINT - USA LAND				
BLUE TINT - STATE LAND				
NATURAL COLOR - USA LAND				





PROPOSED POWERLINE TO SOSA#4
 Section 15, Township 26 South, Range 29 East,
 N.M.P.M., Eddy County, New Mexico.



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0' 1000' 2000' 3000' 4000'

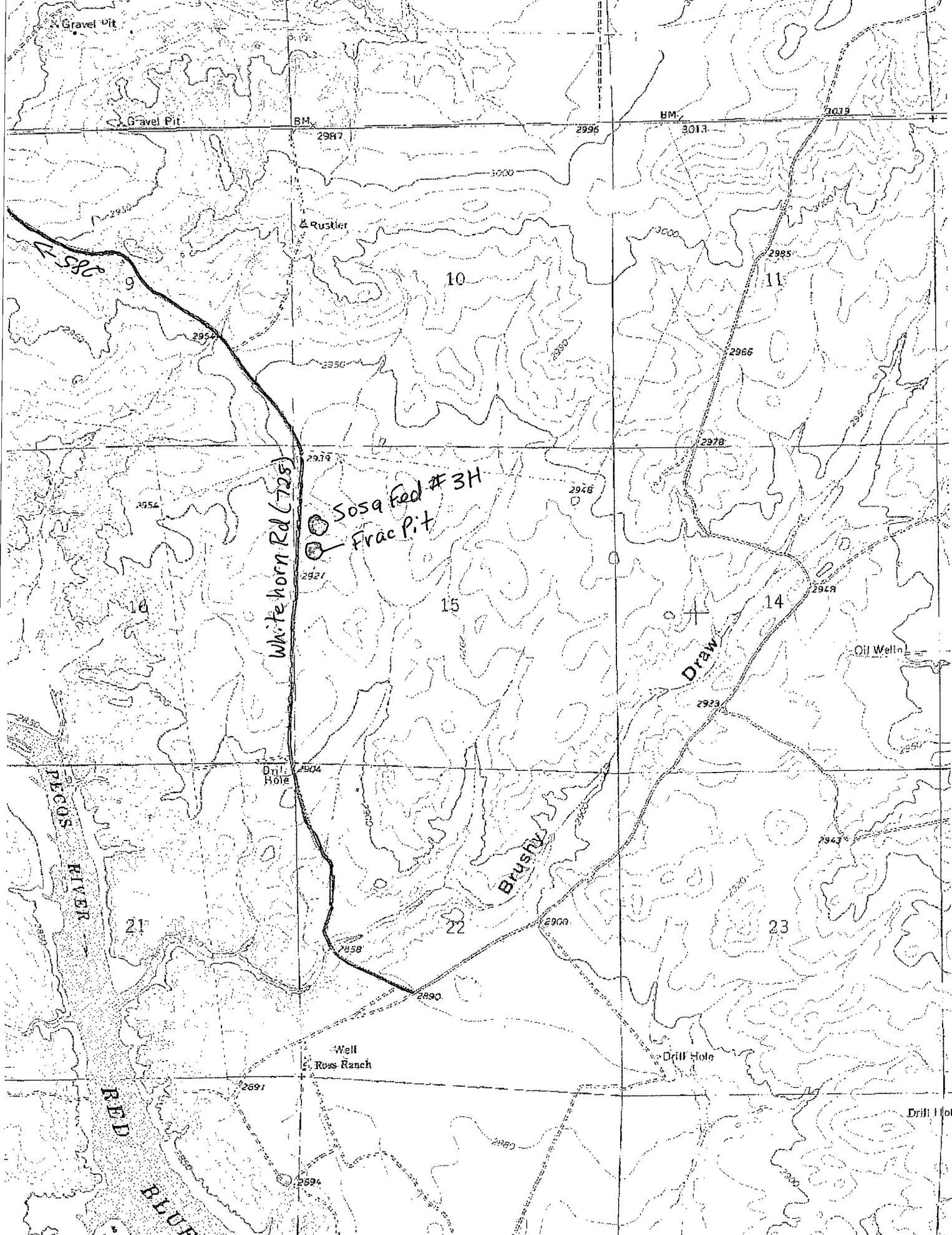
SCALE: 1" = 2000'

W.O. Number: KAN 29603

Survey Date: 10-31-2013

YELLOW TINT - USA LAND
 BLUE TINT - STATE LAND
 NATURAL COLOR - USA LAND



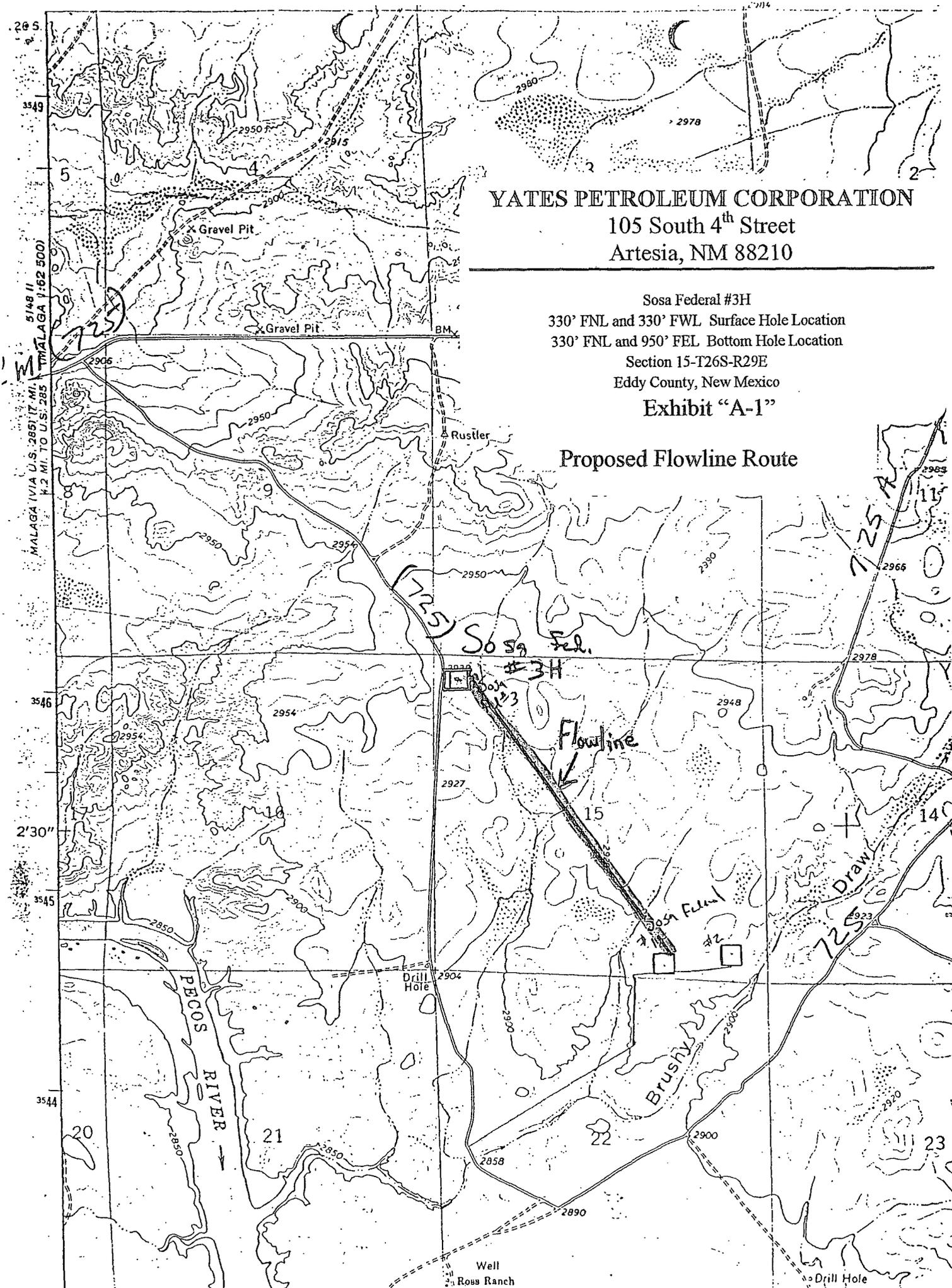


Ross Ranch; NM, TX; Scale: 1" = 0.379Mi 61QMt 2,000Ft, 1 Mi = 2,640", 1 cm = 240Mt

YATES PETROLEUM CORPORATION
105 South 4th Street
Artesia, NM 88210

Sosa Federal #3H
330' FNL and 330' FWL Surface Hole Location
330' FNL and 950' FEL Bottom Hole Location
Section 15-T26S-R29E
Eddy County, New Mexico
Exhibit "A-1"

Proposed Flowline Route



MALAGA VIA U.S. 285 17 MI.
5148 II 5148 I
MALAGA 4:52 500
H.2 MI. TO U.S. 285

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Well Rous Ranch
Drill Hole
Drill Hole

YATES PETROLEUM CORPORATION

Sosa Federal #3H

330' FNL & 330' FWL, Section 15-T26S-R29E, Surface Hole

330' FNL & 330' FWL, Section 15-T26S-R29E, TD Pilot Hole

330' FNL & 950' FEL, Section 15-T26S-R29E, Bottom Hole

Eddy County, New Mexico

1. THE ESTIMATED TOPS OF GEOLOGIC MARKERS ARE AS FOLLOW: Depths are TVD.

Rustler	330'	Cherry Canyon	3850'--Oil	
Top of Salt	710'	Kickoff point	4628'	
Base of Salt	2945'	Brushy Canyon	5120'--Oil	
Bell Canyon	2970'--Oil	TD	5400'	

2. THE ESTIMATED DEPTHS AT WHICH ANTICIPATED WATER, OIL OR GAS FORMATIONS ARE EXPECTED TO

Water: Approx 85'

Oil or Gas: See above--All Potential Zones

3. PRESURECONTROL EQUIPMENT: * See COA

A BOP with a minimum opening of 13 5/8" will be installed on the 9 5/8" casing and rated for 2000 PSI and will be consistent with API RP 53. Blind rams and pipe rams will be tested to 2000 psi. Test will be conducted by an independent Tester, utilizing a test plug in the well head. Test will be held for 10 minutes on each segment of the system tested. Any leaks will be repaired at the time of the test. Annular preventer will be tested to 50% of rated working pressure. Blowout Preventer controls will be installed prior to drilling the surface plug and will remain in use until the well is completed or abandoned. Preventers will be inspected and operated at least daily to ensure good mechanical working order, and this inspection recorded on the daily drilling report.

See COA

See Exhibit B.

A Auxiliary Equipment:

Kelly cock, pit level indicators, flow sensor equipment and a sub with full opening valve to fit the drill pipe and collars will be available on the rig floor in the open position at all times for use when Kelly is not in use.

4. THE PROPOSED CASING AND CEMENTING PROGRAM:

A. Casing Program: (All New)

See COA

CASING	HOLE SIZE	CASING SIZE	WT./FT.	GRADE	COUPLING	INTERVAL	LENGTH
Surface	14 3/4"	9 5/8"	36#	J-55	ST&C	0'-500'	500'
Pilot Hole	7 7/8"	Open Hole	N/A	N/A	N/A	0'-5400'	5400'
Production	7 7/8"	5 1/2"	17#	HCP-110	LT&C	0'-8901'	8901'

See COA contingency

Minimum Casing Design Factors: Burst 1.0, Tensile 1.8, Collapse 1.125

~~CEMENTING PROGRAM:~~

~~Surface casing. Lead with 525 sacks Class C with CaCl₂ (Wt. 14.80 Yld. 1.32). Cement designed with 100% excess. FOC-Surface.~~

~~Production Casing will be cemented in two stages with a DV tool at approximately 5000'.~~

~~Production Casing from 8901' to 5000': Stage One-cement with 975 sacks Pecos Valley Lite Cement designed with 35% excess. with D112, Fluid Loss 0.4%; D151, Calcium Carbonate 22.5 lb/sack; D174, Extender 1.5 lb/sack; D177, Retarder 0.01 lb/sack; D800, Retarder 0.6 lb/sack; D46, Antifoam Agent (Wt. 13.90 Yld. 1.41). TOC 5000'. DV-tool-at-5000'.~~

B. CEMENTING PROGRAM: * See COA

Surface Casing: 0-750' 350 sx 'C' (WT 14.8 YLD 1.32) + 2% CaCL2.

See COA

Production Casing: 0-8938' TOC-~~2950~~^{Surface} 500 sx 'C' Lite 'H' (WT 12.5 YLD 2.05). Tail in with 1350 sx Magne+ (WT 13.0 YLD 1.05)

5. MUD PROGRAM AND AUXILIARY EQUIPMENT:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-750'	Fresh Water/Gel	8.4-9.2	28-29	N/C
750'-5400'	Brine	9.9-10.0	28-32	<15cc
4720'-8938'	Brine	9.9-10.0	28-29	N/C

Sufficient mud material(s) to maintain mud properties, control lost circulation and contain a blow out will be available at the well site during drilling operations. Mud will be checked hourly by rig personnel.

6. EVALUATION PROGRAM: * See COA

Samples: 30' samples to 3000'. 10' samples from 2900' to TD.

Logging: Platform Hals/CMR.

Coring: None.

DST's: As warranted.

7. ABNORMAL CONDITIONS, BOTTOM HOLE PRESSURE, AND POTENTIAL HAZARDS:
Anticipated BHP:

From: 0	TO: 750'	Anticipated Max.	BHP: 360	PSI
From: 750'	TO: 5400'	Anticipated Max.	BHP: 2810	PSI

No abnormal pressures or temperatures are anticipated.

Lost Circulation Zones Anticipated: None

H2S Zones Anticipated: None Anticipated

Maximum Bottom Hole Temperature: 128F.

8. ANTICIPATED STARTING DATE:

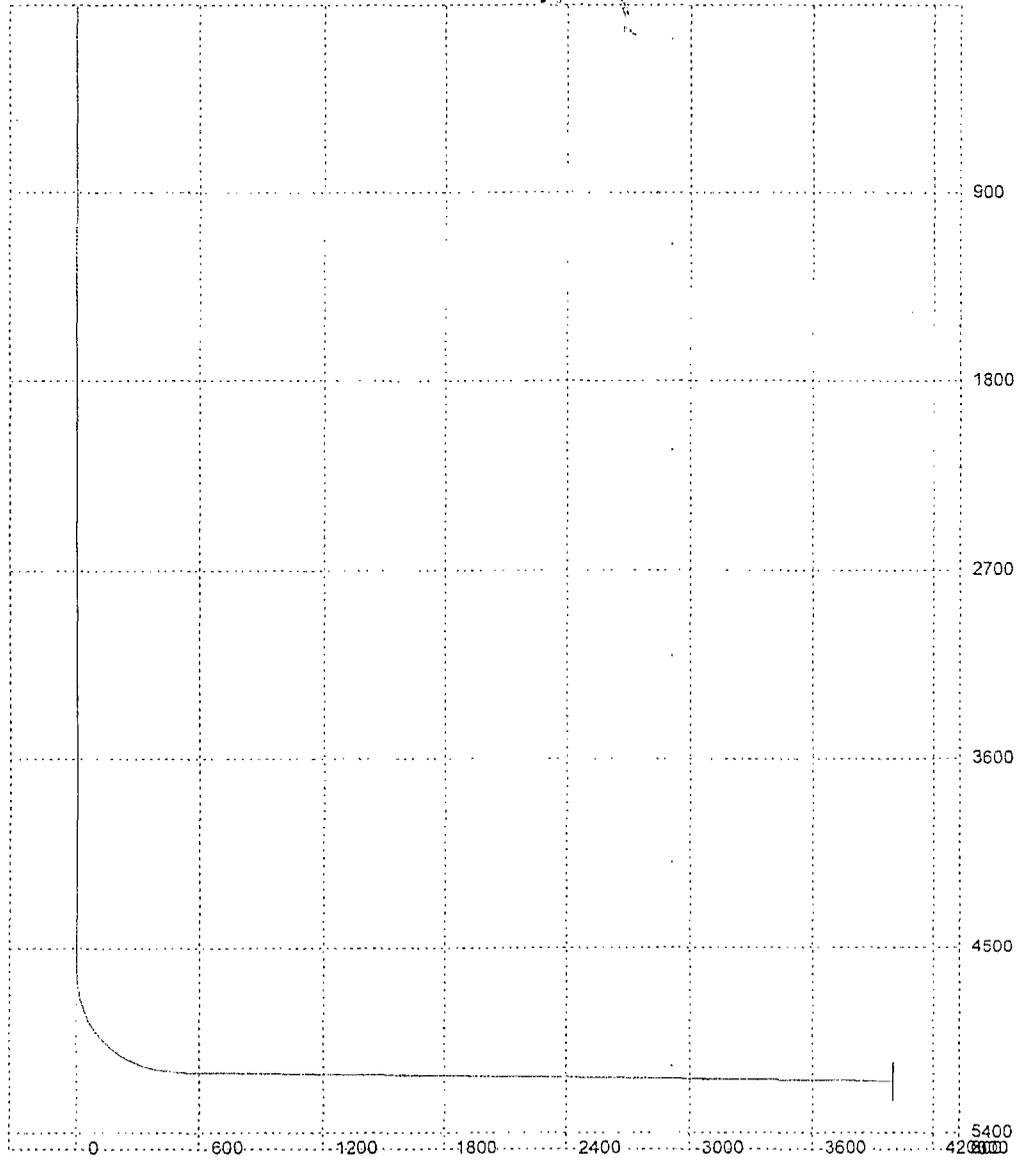
Plans are to re-enter this well as soon as possible after receiving approval. It should take approximately 30 days to re-enter the well with completion taking another 15 days.

M.D.	Inclination	Azimuth	T.V.D.	N+/S-	E+/W-	D.L.S.	ToolFace	T.F. Ref [HS/GN]	
0	0	0	0	0	0	0			
330			330						RUSTLER
710	0	0	710	0	0	0			TOP OF SALT
2945	0	0	2945	0	0	0			BASE OF SALT
2970	0	0	2970	0	0	0			BELL CANYON
3850	0	0	3850	0	0	0			CHERRY CANYON
4628	0	0	4628	0	0	12	90	GN	KOP
4650	2.64	90	4649.99	0	0.51	12	0	HS	
4675	5.64	90	4674.92	0	2.31	12	0	HS	
4700	8.64	90	4699.73	0	5.42	12	0	HS	
4725	11.64	90	4724.33	0	9.82	12	0	HS	
4750	14.64	90	4748.68	0	15.5	12	0	HS	
4775	17.64	90	4772.69	0	22.45	12	0	HS	
4800	20.64	90	4796.3	0	30.65	12	0	HS	
4825	23.64	90	4819.46	0	40.07	12	0	HS	
4850	26.64	90	4842.09	0	50.69	12	0	HS	
4875	29.64	90	4864.13	0	62.48	12	0	HS	
4900	32.64	90	4885.53	0	75.4	12	0	HS	
4925	35.64	90	4906.21	0	89.43	12	0	HS	
4950	38.64	90	4926.14	0	104.52	12	0	HS	
4975	41.64	90	4945.25	0	120.64	12	0	HS	
5000	44.64	90	4963.49	0	137.73	12	0	HS	
5025	47.64	90	4980.81	0	155.76	12	0	HS	
5050	50.64	90	4997.17	0	174.66	12	0	HS	
5075	53.64	90	5012.51	0	194.4	12	0	HS	
5100	56.64	90	5026.79	0	214.91	12	0	HS	
5125	59.64	90	5039.99	0	236.14	12	0	HS	
5150	62.64	90	5052.05	0	258.03	12	0	HS	
5175	65.64	90	5062.96	0	280.53	12	0	HS	
5200	68.64	90	5072.67	0	303.56	12	0	HS	
5225	71.64	90	5081.16	0	327.07	12	0	HS	
5250	74.64	90	5088.41	0	350.99	12	0	HS	
5275	77.64	90	5094.4	0	375.26	12	0	HS	
5300	80.64	90	5099.11	0	399.81	12	0	HS	
5325	83.64	90	5102.53	0	424.57	12	0	HS	
5350	86.64	90	5104.64	0	449.48	12	0	HS	
5371.97	89.28	90	5105.43	0	471.43	0			TARGET SAND
8900.82	89.28	90	5150	0	4000	0			LATERAL TD

Pilot hole drilled to 5400'. Well will be plugged back with 180' plug on bottom then a 400'-500' kick off plug with KOP at approx. 4628'. Well will be kicked off and directionally drilled at 12 degrees per 100' with a 7 7/8" hole to 8,901' MD (5,150' TVD), where 5 1/2" casing will be set and cemented. Penetration point of producing zone will be encountered at 330' FNL and 801' FWL Section 15-26S-29E. Deepest TVD in the well is 5400' in the pilot hole. Deepest TVD in the lateral is 5150'

3D³ Directional Drilling Planner - 3D View

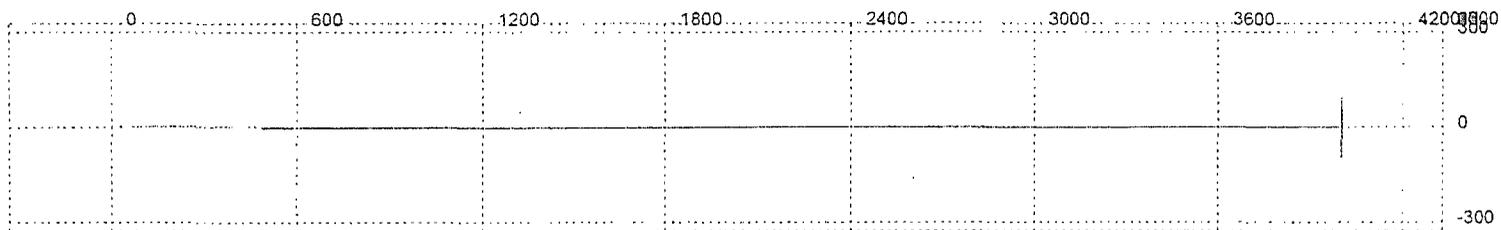
Company: Yates Petroleum Corporation
Well: Sosa Federal #3H

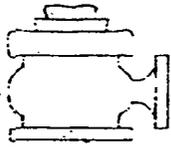


3D^s Directional Drilling Planner - 3D View

Company: Yates Petroleum Corporation

Well: Sosa Federal #3H

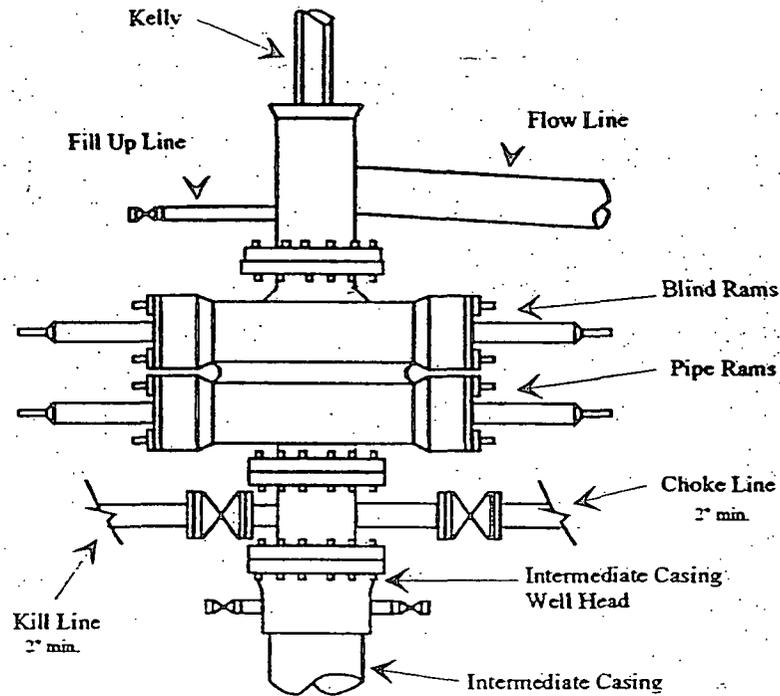




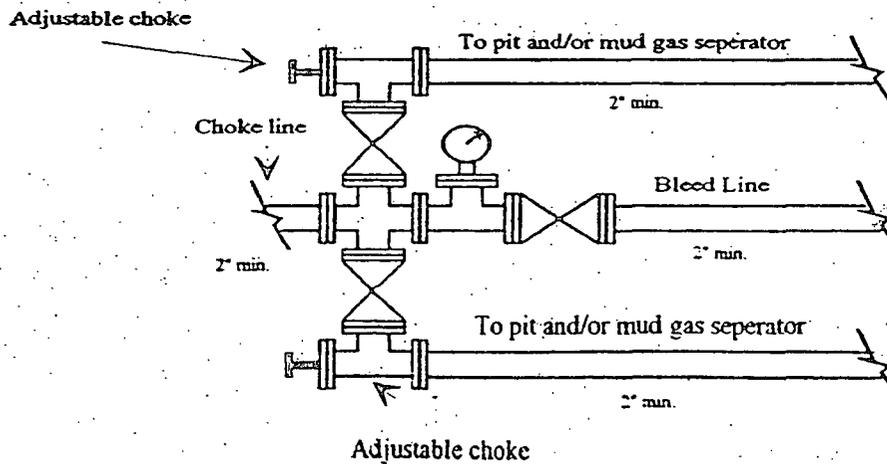
Yates Petroleum Corporation

BOP-2

Typical 2,000 psi Pressure System Schematic Double Ram Preventer Stack

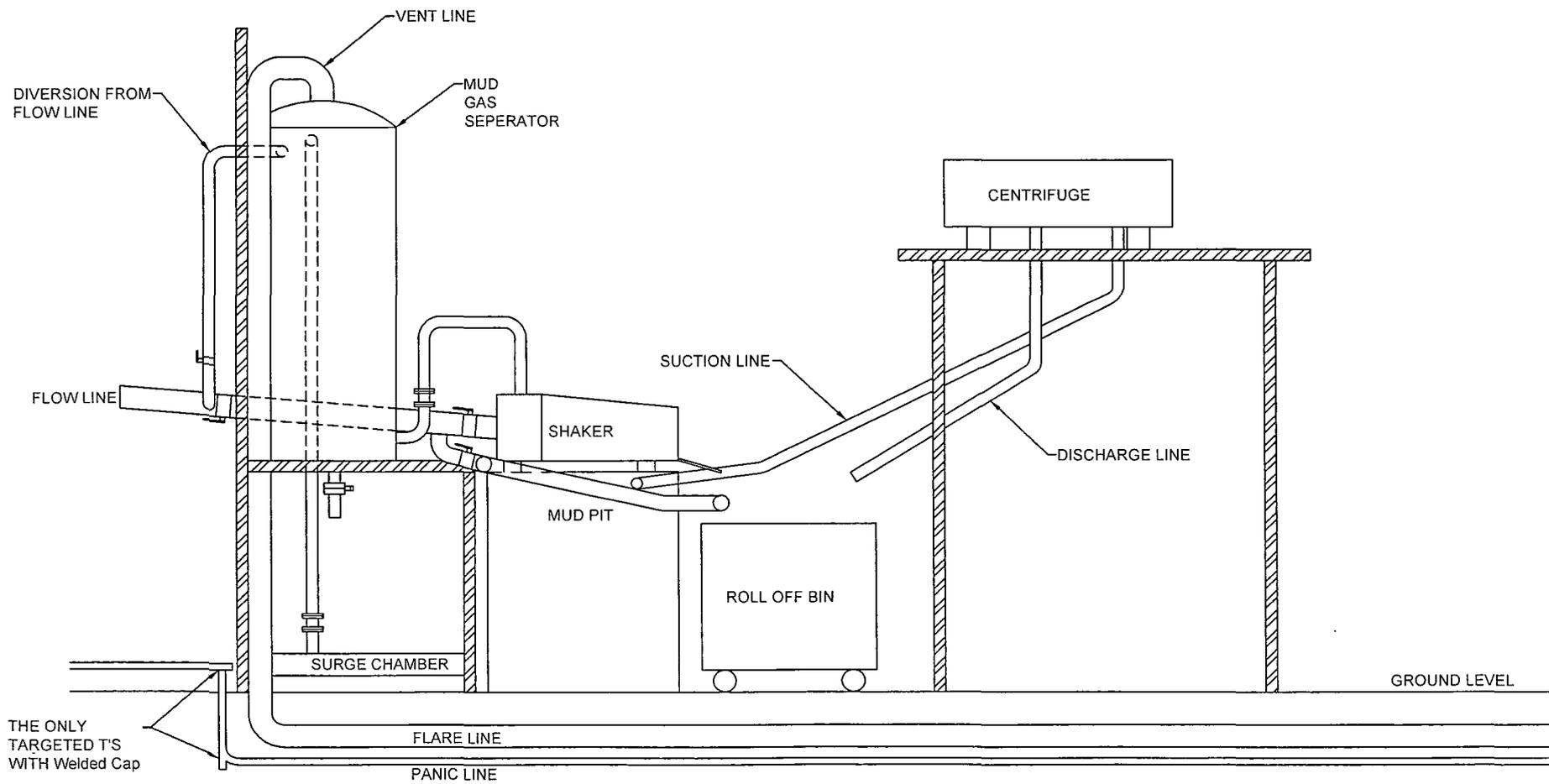


Typical 2,000 psi choke manifold assembly with at least these minimum features



YATES PETROLEUM CORPORATION

Piping from Choke Manifold to the Closed Loop Drilling Mud System



The flare discharge must be 100' from wellhead for non H2S wells and 150' from wellhead for wells expected to encounter H2S.

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

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
Revised August 1, 2011

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, NM 88210
Facility or well name: Sosa Federal #3H
API Number: _____ OCD Permit Number: _____
U/L or Qtr/Qtr D Section 15 Township 26S Range 29E County: Eddy
Center of Proposed Design: Latitude N32.04878 Longitude W103.97939 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 19.15.16.8 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 identify 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: Gandy Marley Disposal Facility Permit Number: NM-01-0019
Disposal Facility Name: CRI Disposal Facility Permit Number: R-9166
Disposal Facility Name: Lea Land Farm Disposal Facility Permit Number: WM-1-035
Disposal Facility Name: Sundance Services Inc. Disposal Facility Permit Number: NM-01-0003
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): Lori Flores

Title: Land Regulatory Technician

Signature: Lori Flores

Date: 8/5/2013

e-mail address: lorif@yatespetroleum.com

Telephone: 575-748-4448

7.

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

OCD Representative Signature: _____ Approval Date: _____

Title: _____ OCD Permit Number: _____

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.

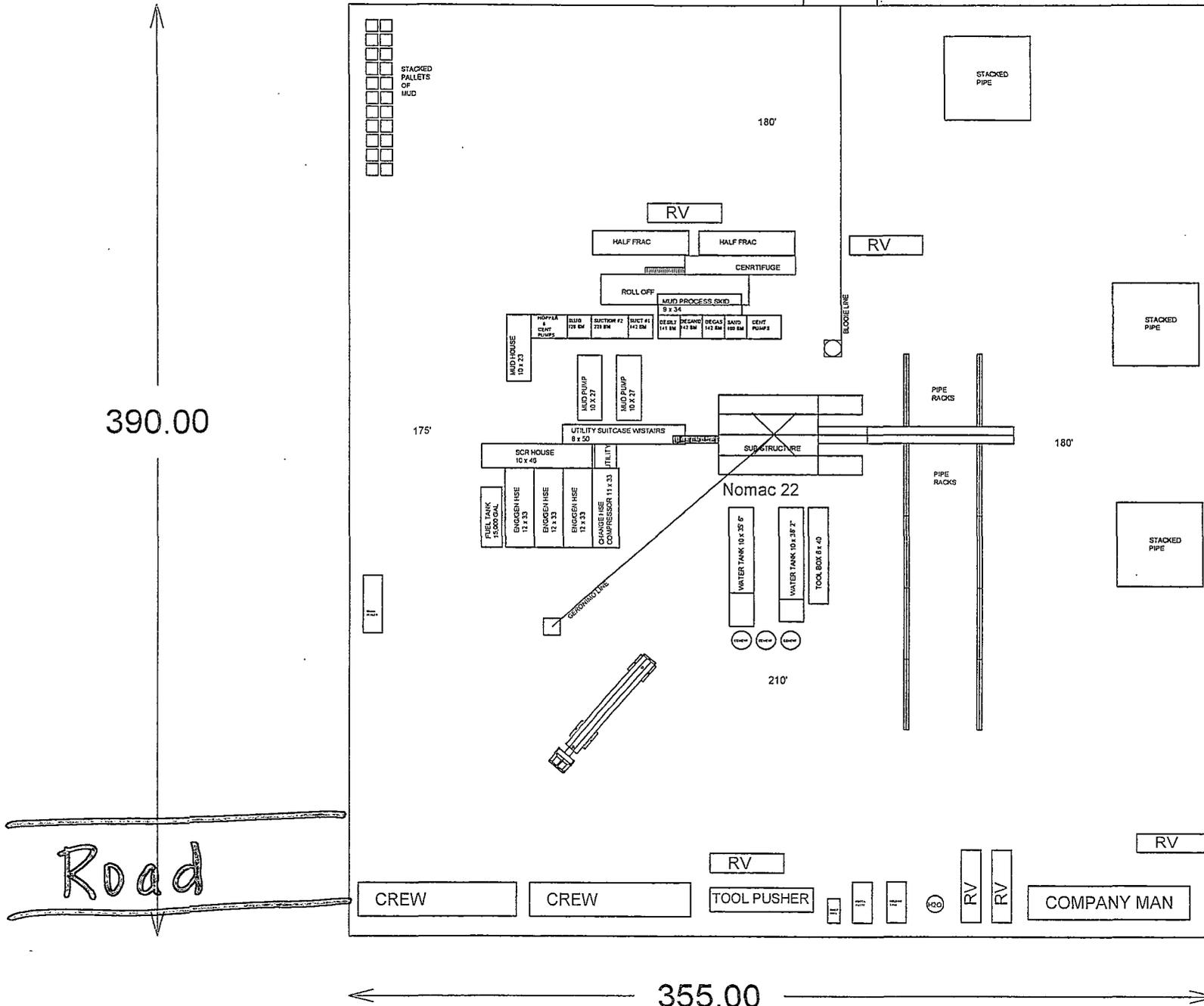
Closure Plan

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

YATES PETROLEUM CORPORATION

Nomac 22

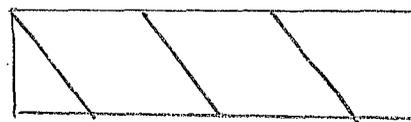
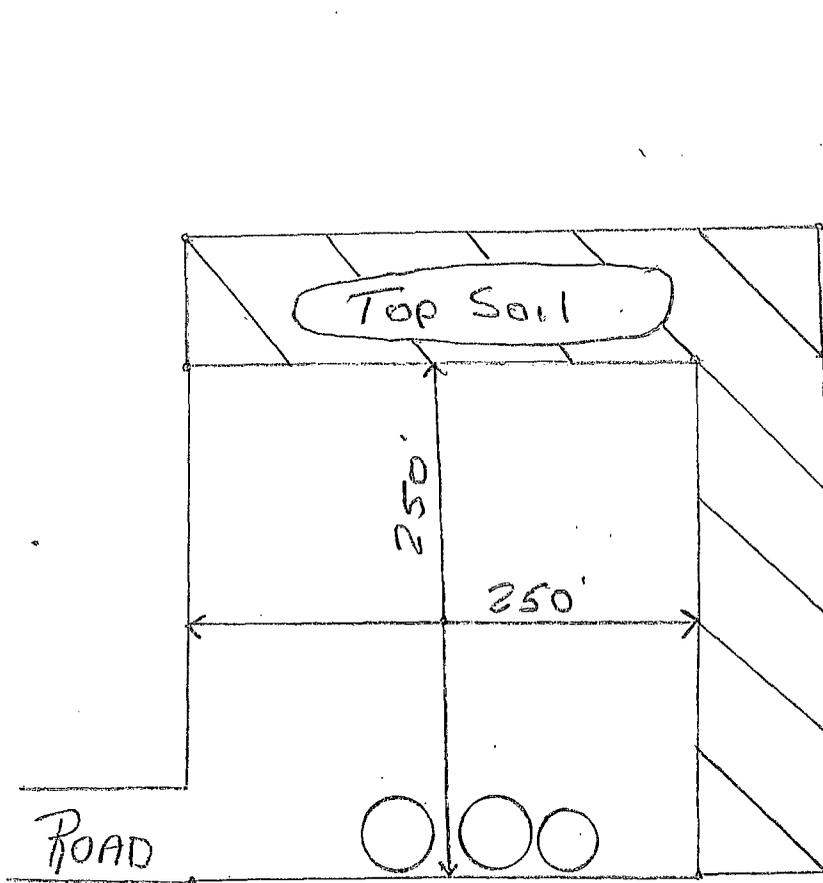
06-24-13



PAD LAYOUT
Scale: 1 inch = 60 feet

Reclamation MAP

Sosa Federal
#3H



Possible
Reclaimed
AREA

H₂S

Emergency Procedures

In the case of a release of gas containing H₂S, the first responder(s) must isolate the area and prevent entry by other persons into the 100 ppm ROE. Additionally the first responder(s) must evacuate any public places encompassed by the 100 ppm ROE. First responder(s) must take care not to injure themselves during this operation. Company and/or local officials must be contacted to aid in this operation. Evacuation of the public should be beyond the 100 ppm ROE.

All responders must have training in the detection of H₂S, measures for protection against the gas, equipment used for protection and emergency response. Additionally, responders must be equipped with H₂S monitors and air packs in order to control the release. Use the "buddy system" to ensure no injuries during the response.

Ignition of Gas Source

Should control of the well be considered lost and ignition considered, take care to protect against exposure to Sulfur Dioxide (SO₂). Intentional ignition must be coordinated with the NMOCD and local officials. Additionally the NM State Police may become involved. NM State Police shall be the Incident Command on scene of any major release. Take care to protect downwind whenever there is an ignition of the gas

Characteristics of H₂S and SO₂

Common Name	Chemical Formula	Specific Gravity	Threshold Limit	Hazardous Limit	Lethal Concentration
Hydrogen Sulfide	H ₂ S	1.189 Air = 1	10 ppm	100 ppm/hr	600 ppm
Sulfur Dioxide	SO ₂	2.21 Air = 1	2 ppm	N/A	1000 ppm

Contacting Authorities

YPC personnel must liaison with local and state agencies to ensure a proper response to a major release. Additionally, the OCD must be notified of the release as soon as possible but no later than 4 hours. Agencies will ask for information such as type and volume of release, wind direction, location of release, etc. Be prepared with all information available. The following call list of essential and potential responders has been prepared for use during a release. YPC Company response must be in coordination with the State of New Mexico's 'Hazardous Materials Emergency Response Plan' (HMER)

Yates Petroleum Corporation Phone Numbers

YPC Office	(575) 748-1471
Wade Bennett/Prod Superintendent	(575) 748-4236
LeeRoy Richards/Assistant Prod Superintendent	(575) 748-4228
Mike Larkin/Drilling	(575) 748-4222
Paul Hanes/Prod. Foreman/Roswell	(575) 624-2805
Tim Bussell/Drilling Superintendent	(575) 748-4221
Artesia Answering Service	(575) 748-4302
(During non-office hours)	

Agency Call List

Eddy County (575)

Artesia

State Police	746-2703
City Police.....	746-2703
Sheriff's Office	746-9888
Ambulance.....	911
Fire Department.....	746-2701
LEPC (Local Emergency Planning Committee)	746-2122
NMOCD.....	748-1283

Carlsbad

State Police	885-3137
City Police.....	885-2111
Sheriff's Office.....	887-7551
Ambulance.....	911
Fire Department.....	885-2111
LEPC (Local Emergency Planning Committee).....	887-3798
US Bureau of Land Management	887-6544
New Mexico Emergency Response Commission (Santa Fe)	(505)476-9600
24 HR	(505) 827-9126
New Mexico State Emergency Operations Center.....	(505) 476-9635
National Emergency Response Center (Washington, DC)(800) 424-8802

Other

Boots & Coots IWC	1-800-256-9688 or (281) 931-8884
Cudd Pressure Control.....	(915) 699-0139 or (915) 563-3356
Halliburton	(575) 746-2757
B. J. Services.....	(575) 746-3569

Flight For Life -4000 24th St, Lubbock, TX	(806) 743-9911
Aerocarè -Rr 3 Box 49f, Lubbock, TX	(806) 747-8923
Med Flight Air Amb 2301 Yale Blvd SE #D3, Albuquerque, NM	(505) 842-4433
S B Air Med Svc 2505 Clark Carr Loop SE, Albuquerque, NM	(505) 842-4949

Yates Petroleum Corporation

Hydrogen Sulfide Drilling Operation Plan

I. HYDROGEN SULFIDE TRAINING

All personnel, whether regularly assigned, contracted, or employed on an unscheduled basis, will receive training from a qualified instructor in the following areas prior to commencing drilling operations on this well:

1. The hazards and characteristics of hydrogen sulfide (H₂S).
2. The proper use and maintenance of personal protective equipment and life support systems.
3. The proper use of H₂S detectors, alarms, warning systems, briefing areas, evacuation procedures, and prevailing winds.
4. The proper techniques for first aid and rescue procedures.

In addition, supervisory personnel will be trained in the following areas:

1. The effects of H₂S on metal components. If high tensile tubular are to be used, personnel will be trained in their special maintenance requirements.
2. Corrective action and shut-in procedures when drilling or reworking a well and blowout prevention and well control procedures.
3. The contents and requirements of the H₂S Drilling Operations Plan and H₂S Contingency Plan.

There will be an initial training session just prior to encountering a known or probable H₂S zone (within 3 days or 500 feet) and weekly H₂S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H₂S Drilling Operation Plan and the H₂S Contingency Plan. **The location of this well does not require a Public Protection Plan.**

II. H2S SAFETY EQUIPMENT AND SYSTEMS

NOTE: All H2S safety equipment and systems will be installed, tested, and operational when drilling reaches a depth of 500 feet above, or three days prior to penetrating the first zone containing or reasonably expected to contain H2S.

1. Well Control Equipment:

- A. Flare line
- B. Choke manifold will have a remotely operated adjustable choke system.
- C. Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit
- D. Auxiliary equipment may include if applicable: annular preventer & rotating head.

2. Protective equipment for essential personnel:

- A. Mark II Survive Air (or equivalent) 30-minute units located in the doghouse and at briefing areas, as indicated on well site diagram.

3. H2S detection and monitoring equipment:

- A. 3 portable H2S monitors positioned at: Shale Shaker, Bell Nipple, and Rig Floor. These units have warning lights and audible sirens when H2S levels of 10 PPM are reached.

4. Visual warning systems:

- A. Wind direction indicators as shown on well site diagram (attached).
- B. Caution/Danger signs (attached) shall be posted on roads providing direct access to location. Signs will be painted with high visibility yellow with black lettering of a sufficient size to be readable at a reasonable distance from the immediate location. Bilingual signs will be used, when appropriate. See example attached.

5. Mud program:

- A. The mud program has been designed to minimize the volume of H2S circulated to the surface. Proper mud weight, safe drilling practices and the use of H2S scavengers will minimize hazards when penetrating H2S bearing zones.

6. Metallurgy:

- A. All drill strings, casings, tubing, wellhead, blowout preventer, drilling spool, kill lines, choke manifold and lines, and valves shall be suitable for H2S service.
- B. All elastomers used for packing and seals shall be H2S trim.

7. Communication:

- A. Cellular communications in company vehicles.
- B. Land line (telephone) communication at the Office.

8. Well testing:

- A. There will be no drill stem testing.

EXHIBIT

DANGER

POISONS GAS

HYDROGEN SULFIDE

 **NORMAL OPERATIONS**
(GREEN)

 **CAUTION POTENTIAL DANGER**
(YELLOW)

 **DANGER POISONS GAS ENCOUNTERED**
(RED) **AUTHORIZED PERSONAL ONLY.**

LOCATION SECURED.

1-575-746-1096

1-877-879-8899

EDDY COUNTY EMERGENCY NUMBERS

ARTESIA FIRE DEPT. 575-746-5050
ARTESIA POLICE DEPT. 575-746-5000
EDDY CO. SHERIFF DEPT. 575-746-9888

LEA COUNTY EMERGENCY NUMBERS

HOBBS FIRE DEPT. 575-397-9308
HOBBS POLICE DEPT. 575-397-9285
LEA CO. SHERIFF DEPT. 575-396-1196

**MULTI-POINT SURFACE USE AND OPERATIONS PLAN
YATES PETROLEUM CORPORATION
Sosa Federal #3H**

330' FNL and 330' FWL Surface Hole Location
330' FNL and 950' FEL Bottom Hole Location
Section 15, T26S-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 35 miles southeast of Carlsbad, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Go south of Carlsbad on Highway 285 for approximately 28.5 miles to Whitehorn Road (CR-725). Turn east on Whitehorn Road and go approximately 5.6 miles. The proposed well location is on the left side of the county road. No new road will be needed to access the location.

2. PLANNED ACCESS ROAD:

- A. No new access road will be needed.
- B. 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 wellsite.
- B. Exhibit shows existing wells within a one-mile radius of the proposed wellsite.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

- A. There are production facilities on this lease at the present time.
- B. There will not be a tank battery located on this well pad. In the event that the well is productive, production from the well will be sent visa flowline to the Sosa Federal #1 Battery. 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.
- C. One 3" SDR-11 poly buried flow line with a working pressure of 100# psi will be constructed following the lease road to the Sosa Federal #1 location in the SE/SE/4 of Section 15, T26S-R29E. See attached plats.

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. Drill cuttings will be collected in tanks until hauled to an approved disposal system.
- B. A 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. Form C-144 attached – Exhibit E.
- C. Drilling fluids will be removed after drilling and completions are finalized.
- 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:

A buried flow line will be constructed and will follow the same route as the powerline to the Sosa Federal #1 location in the SE/SE/4 of Section 15, T26S-R29E. This project was included with our Sosa Federal #3 APD approved 7/6/06. See attached exhibit.

9. WELLSITE LAYOUT:

- A. The Exhibit shows the relative location and dimensions of the well pad, the closed loop design plan, the location of the drilling equipment, 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. Form C-144 is attached – Exhibit E.
- 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. The location will be reduced to a 250' x 250' after completion operations have been conducted. At this point the surfacing material will be removed, topsoil will be redistributed and the area will be reseeded. The area will be contoured as closely as possible to its original shape. Please note attached Reclamation Plat

B. If the proposed well is plugged and abandoned, all equipment and other material 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. At this point the surfacing material will be removed, topsoil will be redistributed and the area will be reseeded. These actions will be completed and accomplished as expeditiously as possible.

11. SURFACE OWNERSHIP: Federal Surface, Administered by Bureau of Land Management, Carlsbad, New Mexico.

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.

PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:	Yates Petroleum Corp
LEASE NO.:	NM44532
WELL NAME & NO.:	3H Sosa Federal
SURFACE HOLE FOOTAGE:	330' FNL & 330' FWL
BOTTOM HOLE FOOTAGE:	330' FNL & 950' FEL
LOCATION:	Section 15, T. 26 S., R 29 E., NMPM
COUNTY:	Eddy County, New Mexico

TABLE OF CONTENTS

Standard Conditions of Approval (COA) apply to this APD. If any deviations to these standards exist or special COAs are required, the section with the deviation or requirement will be checked below.

- General Provisions**
- Permit Expiration**
- Archaeology, Paleontology, and Historical Sites**
- Noxious Weeds**
- Special Requirements**
- Construction**
 - Notification
 - Topsoil
 - Closed Loop System
 - Federal Mineral Material Pits
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- Road Section Diagram**
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 - Casing/Cement Requirements
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- Production (Post Drilling)**
 - Well Structures & Facilities
- Interim Reclamation**
- Final Abandonment & Reclamation**

I. GENERAL PROVISIONS

The approval of the Application For Permit To Drill (APD) is in compliance with all applicable laws and regulations: 43 Code of Federal Regulations 3160, the lease terms, Onshore Oil and Gas Orders, Notices To Lessees, New Mexico Oil Conservation Division (NMOCD) Rules, National Historical Preservation Act As Amended, and instructions and orders of the Authorized Officer. Any request for a variance shall be submitted to the Authorized Officer on Form 3160-5, Sundry Notices and Report on Wells.

II. PERMIT EXPIRATION

If the permit terminates prior to drilling and drilling cannot be commenced within 60 days after expiration, an operator is required to submit Form 3160-5, Sundry Notices and Reports on Wells, requesting surface reclamation requirements for any surface disturbance. However, if the operator will be able to initiate drilling within 60 days after the expiration of the permit, the operator must have set the conductor pipe in order to allow for an extension of 60 days beyond the expiration date of the APD. (Filing of a Sundry Notice is required for this 60 day extension.)

III. ARCHAEOLOGICAL, PALEONTOLOGY & HISTORICAL SITES

Any cultural and/or paleontological resource discovered by the operator or by any person working on the operator's behalf shall immediately report such findings to the Authorized Officer. The operator is fully accountable for the actions of their contractors and subcontractors. The operator 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 shall be made by the Authorized Officer to determine the appropriate actions that shall be required to prevent the loss of significant cultural or scientific values of the discovery. The operator shall be held responsible for the cost of the proper mitigation measures that the Authorized Officer assesses after consultation with the operator on the evaluation and decisions of the discovery. Any unauthorized collection or disturbance of cultural or paleontological resources may result in a shutdown order by the Authorized Officer.

IV. NOXIOUS WEEDS

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 the roads, pads, associated 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.

VI. CONSTRUCTION

A. NOTIFICATION

The BLM shall administer compliance and monitor construction of the access road and well pad. Notify the Carlsbad Field Office at (575) 234-5909 at least 3 working days prior to commencing construction of the access road and/or well pad.

When construction operations are being conducted on this well, the operator shall have the approved APD and Conditions of Approval (COA) on the well site and they shall be made available upon request by the Authorized Officer.

B. TOPSOIL

The operator shall strip the top portion of the soil (root zone) from the entire well pad area and stockpile the topsoil along the edge of the well pad as depicted in the APD. The root zone is typically six (6) inches in depth. All the stockpiled topsoil will be redistributed over the interim reclamation areas. Topsoil shall not be used for berming the pad or facilities. For final reclamation, the topsoil shall be spread over the entire pad area for seeding preparation.

Other subsoil (below six inches) stockpiles must be completely segregated from the topsoil stockpile. Large rocks or subsoil clods (not evident in the surrounding terrain) must be buried within the approved area for interim and final reclamation.

C. CLOSED LOOP SYSTEM

Tanks are required for drilling operations: No Pits.

The operator shall properly dispose of drilling contents at an authorized disposal site.

D. FEDERAL MINERAL MATERIALS PIT

Payment shall be made to the BLM prior to removal of any federal mineral materials. Call the Carlsbad Field Office at (575) 234-5972.

E. WELL PAD SURFACING

Surfacing of the well pad is not required.

If the operator elects to surface the well pad, the surfacing material may be required to be removed at the time of reclamation.

The well pad shall be constructed in a manner which creates the smallest possible surface disturbance, consistent with safety and operational needs.

F. EXCLOSURE FENCING (CELLARS & PITS)

Exclosure Fencing

The operator will install and maintain exclosure fencing for all open well cellars to prevent access to public, livestock, and large forms of wildlife before and after drilling operations until the pit is free of fluids and the operator initiates backfilling. (For examples of exclosure fencing design, refer to BLM's Oil and Gas Gold Book, Exclosure Fence Illustrations, Figure 1, Page 18.)

G. ON LEASE ACCESS ROADS

Road Width

The access road shall have a driving surface that creates the smallest possible surface disturbance and does not exceed fourteen (14) feet in width. The maximum width of surface disturbance, when constructing the access road, shall not exceed twenty-five (25) feet.

Surfacing

Surfacing material is not required on the new access road driving surface. If the operator elects to surface the new access road or pad, the surfacing material may be required to be removed at the time of reclamation.

Where possible, no improvements should be made on the unsurfaced access road other than to remove vegetation as necessary, road irregularities, safety issues, or to fill low areas that may sustain standing water.

The Authorized Officer reserves the right to require surfacing of any portion of the access road at any time deemed necessary. Surfacing may be required in the event the road deteriorates, erodes, road traffic increases, or it is determined to be beneficial for future field development. The surfacing depth and type of material will be determined at the time of notification.

Crowning

Crowning shall be done on the access road driving surface. The road crown shall have a grade of approximately 2% (i.e., a 1" crown on a 14' wide road). The road shall conform to Figure 1; cross section and plans for typical road construction.

Ditching

Ditching shall be required on both sides of the road.

Turnouts

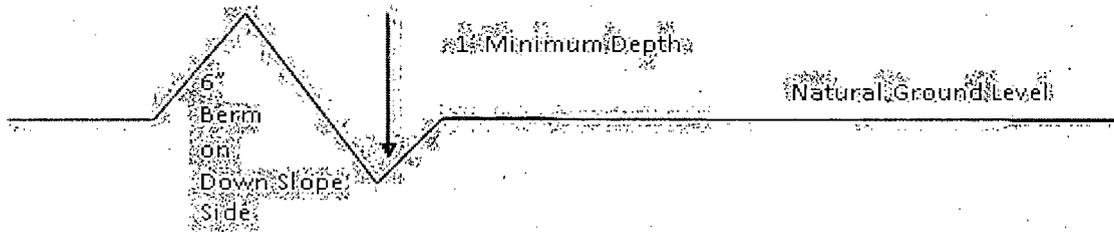
Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall conform to Figure 1; cross section and plans for typical road construction.

Drainage

Drainage control systems shall be constructed on the entire length of road (e.g. ditches, sidehill outsloping and insloping, lead-off ditches, culvert installation, and low water crossings).

A typical lead-off ditch has a minimum depth of 1 foot below and a berm of 6 inches above natural ground level. The berm shall be on the down-slope side of the lead-off ditch.

Cross Section of a Typical Lead-off Ditch



All lead-off ditches shall be graded to drain water with a 1 percent minimum to 3 percent maximum ditch slope. The spacing interval are variable for lead-off ditches and shall be determined according to the formula for spacing intervals of lead-off ditches, but may be amended depending upon existing soil types and centerline road slope (in %);

Formula for Spacing Interval of Lead-off Ditches

Example - On a 4% road slope that is 400 feet long, the water flow shall drain water into a lead-off ditch. Spacing interval shall be determined by the following formula:

$$400 \text{ foot road with } 4\% \text{ road slope: } \frac{400'}{4\%} + 100' = 200' \text{ lead-off ditch interval}$$

Culvert Installations

Appropriately sized culverts shall be installed at deep waterway channel flow crossings through the road.

Cattleguards

An appropriately sized cattleguard sufficient to carry out the project shall be installed and maintained at fence/road crossings.

Any existing cattleguards on the access road route shall be repaired or replaced if they are damaged or have deteriorated beyond practical use. The operator shall be responsible for the condition of the existing cattleguards that are in place and are utilized during lease operations.

Fence Requirement

Where entry is granted across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting.

The operator shall notify the private surface landowner or the grazing allotment holder prior to crossing any fences.

Public Access

Public access on this road shall not be restricted by the operator without specific written approval granted by the Authorized Officer.

Construction Steps

1. Salvage topsoil
2. Construct road

3. Redistribute topsoil
4. Revegetate slopes

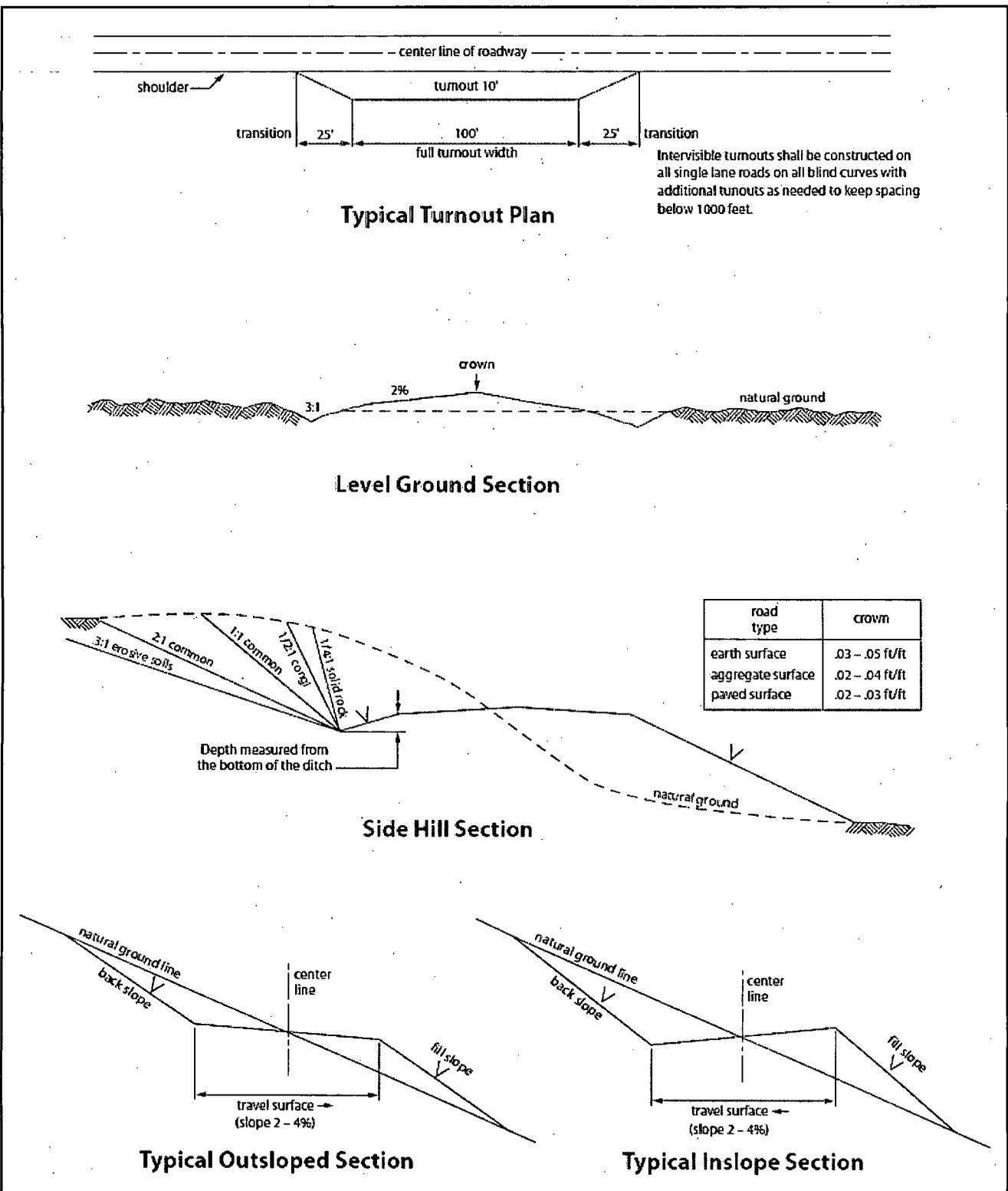


Figure 1. Cross-sections and plans for typical road sections representative of BLM resource or FS local and higher-class roads.

VII. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified in advance for a representative to witness:

- a. Spudding well (minimum of 24 hours)
- b. Setting and/or Cementing of all casing strings (minimum of 4 hours)
- c. BOPE tests (minimum of 4 hours)

Eddy County

Call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220,
(575) 361-2822

1. **Although Hydrogen Sulfide has not been reported in the area, it is always a potential hazard. It is recommended that monitoring equipment be onsite for potential Hydrogen Sulfide. If Hydrogen Sulfide is encountered, report measured amounts and formations to the BLM.**
2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval. **If the drilling rig is removed without approval – an Incident of Non-Compliance will be written and will be a “Major” violation.**
3. Floor controls are required for 3M or Greater systems. These controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works is located, this does not include the dog house or stairway area.
4. **The record of the drilling rate along with the GR/N well log run from TD to surface (horizontal well – vertical portion of hole) shall be submitted to the BLM office as well as all other logs run on the borehole 30 days from completion. If available, a digital copy of the logs is to be submitted in addition to the paper copies. The Rustler top and top and bottom of Salt are to be recorded on the Completion Report.**

B. CASING

Changes to the approved APD casing program need prior approval if the items substituted are of lesser grade or different casing size or are Non-API. The Operator can exchange the components of the proposal with that of superior strength (i.e. changing from J-55 to N-80, or from 36# to 40#). Changes to the approved cement program need prior approval if the altered cement plan has less volume or strength or if the changes are substantial (i.e. Multistage tool, ECP, etc.).

The initial wellhead installed on the well will remain on the well with spools used as needed.

Centralizers required on surface casing per Onshore Order 2.III.B.1.f.

Wait on cement (WOC) for Potash Areas:

After cementing but before commencing any tests, the casing string shall stand cemented under pressure until both of the following conditions have been met: 1) cement reaches a minimum compressive strength of 500 psi for all cement blends, 2) until cement has been in place at least 24 hours. WOC time will be recorded in the driller's log.

Wait on cement (WOC) for Water Basin:

After cementing but before commencing any tests, the casing string shall stand cemented under pressure until both of the following conditions have been met: 1) cement reaches a minimum compressive strength of 500 psi at the shoe, 2) until cement has been in place at least 8 hours. WOC time will be recorded in the driller's log. See individual casing strings for details regarding lead cement slurry requirements.

Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. Have well specific cement details onsite prior to pumping the cement for each casing string..

No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.

High Cave/Karst

Possibility of water flows in the Salado and Castile.

Possibility of lost circulation in the Rustler and Delaware.

A MINIMUM OF TWO CASING STRINGS CEMENTED TO SURFACE IS REQUIRED IN HIGH CAVE/KARST AREAS. THE CEMENT MUST BE IN A SOLID SHEATH. THEREFORE, ONE INCH OPERATIONS ARE NOT SUFFICIENT TO PROTECT CAVE KARST RESOURCES. A CASING DESIGN THAT HAS A ONE INCH JOB PERFORMED DOES NOT COUNT AS A SOLID SHEATH.

ON TWO STRING DESIGN – CONTINGENCY CASING WILL BE REQUIRED IF LOST CIRCULATION (TOTAL LOSS) OCCURS WHILE DRILLING THE SURFACE HOLE. THE SURFACE HOLE WILL HAVE TO BE REAMED AND A LARGER CASING INSTALLED AND THE BLM IS TO BE CONTACTED PRIOR TO RUNNING THE CASING. NOTE: A DEEP CONDUCTOR WILL BE TREATED AND CEMENTED AS A CONTINGENCY CASING.

ON TWO STRING DESIGN WHERE THE SURFACE CASING HAD A SUCCESSFUL CEMENT JOB; IF LOST CIRCULATION (TOTAL LOSS) OCCURS WHILE DRILLING THE PRODUCTION 7-7/8" HOLE, THE CEMENT PROGRAM FOR THE PRODUCTION 5-1/2" CASING WILL NEED TO BE MODIFIED AND THE BLM IS TO BE CONTACTED PRIOR TO RUNNING THE CASING. A DV TOOL WILL BE REQUIRED.

1. The 9-5/8 inch surface casing shall be set at approximately 400 feet (a minimum of 25 feet into the Rustler Anhydrite and above the salt) and cemented to the surface. **If salt is encountered, set casing at least 25 feet above the salt.**
 - a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with surface log readout will be used or a cement bond log shall be run to verify the top of the cement. Temperature survey will be run a minimum of six hours after pumping cement and ideally between 8-10 hours after completing the cement job.
 - b. **Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry.**
 - c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.
 - d. If cement falls back, remedial cementing will be done prior to drilling out that string.

Pilot hole plugging procedure approved as written. Pilot hole is required to have a plug at the bottom of the hole. BLM is to be contacted (575-361-2822) prior to tag of bottom plug. Tag depth to be reported on subsequent sundry with spud/casing details.

Centralizers required on horizontal leg, must be type for horizontal service and a minimum of one every other joint.

2. The minimum required fill of cement behind the 5-1/2 inch intermediate casing, is:
 - Cement to surface. If cement does not circulate see B.1.a, c-d above. **Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to cave/karst.**

4. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.

C. PRESSURE CONTROL

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.
2. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **2000 (2M)** psi.
 - a. **For surface casing only:** If the BOP/BOPE is to be tested against casing, the wait on cement (WOC) time for that casing is to be met (see WOC statement at start of casing section). Independent service company required.
3. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
 - a. In a water basin, for all casing strings utilizing slips, these are to be set as soon as the crew and rig are ready and any fallback cement remediation has been done. The casing cut-off and BOP installation can be initiated four hours after installing the slips, which will be approximately six hours after bumping the plug. For those casing strings not using slips, the minimum wait time before cut-off is eight hours after bumping the plug. BOP/BOPE testing can begin after cut-off or once cement reaches 500 psi compressive strength (including lead when specified), whichever is greater. However, if the float does not hold, cut-off cannot be initiated until cement reaches 500 psi compressive strength (including lead when specified).
 - b. The tests shall be done by an independent service company utilizing a test plug **not a cup or J-packer**. The operator also has the option of utilizing an independent tester to test without a plug (i.e. against the casing) pursuant to Onshore Order 2 with the pressure not to exceed 70% of the burst rating for the casing. Any test against the casing must meet the WOC time for water basin (18 hours) or potash (24 hours) or 500 pounds compressive strength, whichever is greater, prior to initiating the test (see casing segment as lead cement may be critical item).
 - c. The test shall be run on a 5000 psi chart for a 2-3M BOP/BOP, on a 10000 psi chart for a 5M BOP/BOPE and on a 15000 psi chart for a 10M BOP/BOPE. If a linear chart is used, it shall be a one hour chart. A circular chart shall have a maximum 2 hour clock. If a twelve hour or twenty-four hour chart is used, tester shall make a notation that it is run with a two hour clock.

- d. The results of the test shall be reported to the appropriate BLM office.
- e. All tests are required to be recorded on a calibrated test chart. **A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.**
- f. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug. This test shall be performed prior to the test at full stack pressure.

D. DRILL STEM TEST

If drill stem tests are performed, Onshore Order 2.III.D shall be followed.

E. WASTE MATERIAL AND FLUIDS

All waste (i.e. drilling fluids, trash, salts, chemicals, sewage, gray water, etc.) created as a result of drilling operations and completion operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area.

Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.

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VIII. PRODUCTION (POST DRILLING)

A. WELL STRUCTURES & FACILITIES

Placement of Production Facilities

Production facilities should be placed on the well pad to allow for maximum interim recontouring and revegetation of the well location.

Exclosure Netting (Open-top Tanks)

Immediately following active drilling or completion operations, the operator will take actions necessary to prevent wildlife and livestock access, including avian wildlife, to all open-topped tanks that contain or have the potential to contain salinity sufficient to cause harm to wildlife or livestock, hydrocarbons, or Resource Conservation and Recovery Act of 1976-exempt hazardous substances. At a minimum, the operator will net, screen, or cover open-topped tanks to exclude wildlife and livestock and prevent mortality. If the operator uses netting, the operator will cover and secure the open portion of the tank to prevent wildlife entry. The operator will net, screen, or cover the tanks until the operator removes the tanks from the location or the tanks no longer contain substances that could be harmful to wildlife or livestock. Use a maximum netting mesh size of 1 ½ inches. The netting must not be in contact with fluids and must not have holes or gaps.

Chemical and Fuel Secondary Containment and Exclosure Screening

The operator will prevent all hazardous, poisonous, flammable, and toxic substances from coming into contact with soil and water. At a minimum, the operator will install and maintain an impervious secondary containment system for any tank or barrel containing hazardous, poisonous, flammable, or toxic substances sufficient to contain the contents of the tank or barrel and any drips, leaks, and anticipated precipitation. The operator will dispose of fluids within the containment system that do not meet applicable state or U. S. Environmental Protection Agency livestock water standards in accordance with state law; the operator must not drain the fluids to the soil or ground. The operator will design, construct, and maintain all secondary containment systems to prevent wildlife and livestock exposure to harmful substances. At a minimum, the operator will install effective wildlife and livestock exclosure systems such as fencing, netting, expanded metal mesh, lids, and grate covers. Use a maximum netting mesh size of 1 ½ inches.

Open-Vent Exhaust Stack Exclosures

The operator will construct, modify, equip, and maintain all open-vent exhaust stacks on production equipment to prevent birds and bats from entering, and to discourage perching, roosting, and nesting. (*Recommended exclosure structures on open-vent exhaust stacks are in the shape of a cone.*) Production equipment includes, but may not be limited to, tanks, heater-treaters, separators, dehydrators, flare stacks, in-line units, and compressor mufflers.

Containment Structures

Proposed production facilities such as storage tanks and other vessels will have a secondary containment structure that is constructed to hold the capacity of 1.5 times the

largest tank, plus freeboard to account for precipitation, unless more stringent protective requirements are deemed necessary.

Painting Requirement

All above-ground structures including meter housing that are not subject to safety requirements shall be painted a flat non-reflective paint color, **Shale Green** from the BLM Standard Environmental Color Chart (CC-001: June 2008).

IX. INTERIM RECLAMATION

During the life of the development, all disturbed areas not needed for active support of production operations should undergo interim reclamation in order to minimize the environmental impacts of development on other resources and uses.

Within six (6) months of well completion, operators should work with BLM surface management specialists (Jim Amos: 575-234-5909) to devise the best strategies to reduce the size of the location. Interim reclamation should allow for remedial well operations, as well as safe and efficient removal of oil and gas.

During reclamation, the removal of caliche is important to increasing the success of revegetating the site. Removed caliche that is free of contaminants may be used for road repairs, fire walls or for building other roads and locations. In order to operate the well or complete workover operations, it may be necessary to drive, park and operate on restored interim vegetation within the previously disturbed area. Disturbing revegetated areas for production or workover operations will be allowed. If there is significant disturbance and loss of vegetation, the area will need to be revegetated. Communicate with the appropriate BLM office for any exceptions/exemptions if needed.

All disturbed areas after they have been satisfactorily prepared need to be reseeded with the seed mixture provided below.

Upon completion of interim reclamation, the operator shall submit a Sundry Notices and Reports on Wells, Subsequent Report of Reclamation (Form 3160-5).

X. FINAL ABANDONMENT & RECLAMATION

At final abandonment, well locations, production facilities, and access roads must undergo "final" reclamation so that the character and productivity of the land are restored.

Earthwork for final reclamation must be completed within six (6) months of well plugging. All pads, pits, facility locations and roads must be reclaimed to a satisfactory revegetated, safe, and stable condition, unless an agreement is made with the landowner or BLM to keep the road and/or pad intact.

After all disturbed areas have been satisfactorily prepared, these areas need to be revegetated with the seed mixture provided below. Seeding should be accomplished by

drilling on the contour whenever practical or by other approved methods. Seeding may need to be repeated until revegetation is successful, as determined by the BLM.

Operators shall contact a BLM surface protection specialist prior to surface abandonment operations for site specific objectives (Jim Amos: 575-234-5909).

Ground-level Abandoned Well Marker to avoid raptor perching: Upon the plugging and subsequent abandonment of the well, the well marker will be installed at ground level on a plate containing the pertinent information for the plugged well.

Seed Mixture 3, for Shallow 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:

Species	lb/acre
Plains Bristlegrass (<i>Setaria magrostachya</i>)	1.0
Green Spangletop (<i>Leptochloa dubia</i>)	2.0
Side oats Grama (<i>Bouteloua curtipendula</i>)	5.0

*Pounds of pure live seed:

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