

30-015-39421

YATES PETROLEUM CORPORATION  
 Surface Use Plan of Operations  
 Focus BDB Federal #1-H  
 560' FNL and 330' FWL, Surface Hole  
 660' FNL and 330' FEL, Bottom Hole

**RECEIVED**  
 SEP 20 2011  
**NMOCD ARTESIA**

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 41 miles, east of Artesia, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

**DIRECTIONS:**

Go east of Artesia, NM on Highway 82 for approximately 14 miles to the intersection of 82 and 360 (Bluestem Road). Turn right on Bluestem and go approximately 20 miles to Curry Comb Road. Turn right on Curry Comb Road and go approximately 4.4 miles. At this point there will be a lease road on the left and a St. Marys sign. Go left on lease road for 0.5 of a mile. Go right here for 0.1 of a mile. Turn left here crossing a cattle guard and go south here for 0.7 of a mile. The road will "T" here. Turn left on existing lease road and go 0.6 of a mile. Turn left here and go 0.3 of a mile crossing a cattle guard and continue going toward a Mewbourne well site for about 0.1 of a mile. The new road will start here going east for approximately 300 feet to the southwest corner of the proposed well pad.

2. **PLANNED ACCESS ROAD:**

- A. The proposed new access will be approximately 300 feet in length from the point of origin to the southwest corner of the drilling pad.
- B. The new road will be ~~60 feet wide~~ 16 feet in width (driving surface) and will be adequately drained to control runoff and soil erosion.
- C. The new road will be bladed with drainage on both sides if needed. No traffic turnouts will be needed.
- D. The route of the road is visible.
- E. Existing roads will be maintained in the same or better condition.

3. **LOCATION OF EXISTING WELL:**

- A. There is drilling activity within a one-mile radius of the well site.
- B. Exhibit D shows existing wells within a one-mile radius of the proposed well site.

4. **LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:**

- A. We are planning to take the production to the Nucleus BGN Federal Com. #1H. ~~we will build a 2000 barrel storage tank at this location.~~
- B. If the well is productive oil, a gas or diesel self-contained unit will be used to provide the necessary power until an electric line can be built, if needed. Power should not be required if the well is productive of gas.
- C. Should a Pipeline Right-Of-Way be required it will be filed under a separate application and/or by 3<sup>rd</sup> party if applicable.

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.

QJF  
 03-23-11

6. SOURCE OF CONSTRUCTION MATERIALS:

- A. 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: NONE

9. WELLSITE LAYOUT:

- A. Exhibit C 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 (Approximately 4.5 acres)  
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.  
B. If the proposed well is plugged and abandoned, all rehabilitation and/or vegetation requirements of the Bureau of Land Management will be complied with and will be accomplished as expeditiously as possible.

11. SURFACE OWNERSHIP: Federal

85909  
Minerals: USA-Federal-NM-82902  
Administered by: Bureau of Land Management  
Carlsbad Field Office  
620 E. Greene Street  
Carlsbad, NM 88220-6292

12. OTHER INFORMATION:

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

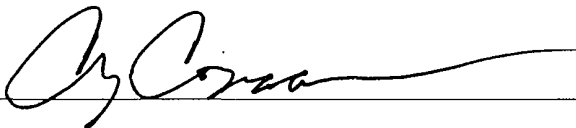
### Plans for Interim and Final Surface Reclamation.

1. Well location will be contoured to resemble the original topography as closely as possible. Surface reclamation measures will be taken to avoid new erosion on the well location and the area surrounding the well location. These measures will be overseen by Yates' personnel following a structured plan for the reclamation of each individual site.
2. Major drainage systems will be avoided as determined at the onsite with the BLM. Minor drainages may be rerouted around the well site within the 600' x 600' cleared area to avoid moving the well location.
3. Segregation of topsoil or like soils will be placed in low lift rows rather than in a stockpile just off the caliche well pad. Placement of these lift rows will be determined at the BLM onsite or at the time of construction by Yates Personnel.
4. Yates will use prudent oil field practices when constructing well locations and related facilities. Yates personnel will determine the size of the well location needed for safe working conditions for personnel during all aspects on the drilling and production process.
5. Back fill requirements for above ground reserve pits will be met by using cut, fill, and contouring of available top soil and like soils from the pit area. Should additional material be needed it will be brought in from a BLM approved source.
6. All topsoil will be spread over the area reclaimed during interim reclamation using a front end loader. For final reclamation enough topsoil will be evenly distributed between the interim reclaimed area and the final reclaimed area. This method of soil stabilization should help maintain the productivity and viability of the topsoil.
7. Soil treatments will be determined at the time of final reclamation by Yates' Environmental Specialist or other designated personnel to meet BLM final reclamation goals.
8. Reseeding of disturbed areas will be accordance with the seed mixtures attached to the approved APD as Conditions of Approval. Planting and soil preparation will be done during the rainy season between June 1st and September 1st.
9. Yates' personnel will control weeds during the productive period through final abandonment of the well. Yates may also use the option to hire a third party to be in charge of weed control or participate in the Chaves Soil and Water District program to pool monies for weed control.
10. Well pads, roads and related facilities with caliche or other surfacing material will be picked up or turned over at the time of final abandonment. These materials may be used on other projects in the area if possible or placed back in the caliche pit or other designated site. Buried pipelines will be left in place after being bled down and purged. Above surface support equipment will be removed or cut down below plow depth and removed. Pipeline right-of-ways will be reseeded according to BLM Best Management Practices.
11. After the well has been drilled and completed Yates' Production Department Personnel will meet with BLM Personnel on each individual well location to discuss the specifics of downsizing the well pad at that time. This information will not be available at the time the Application for Permit to Drill is submitted to the Bureau of Land Management office.

CERTIFICATION  
YATES PETROLEUM CORPORATION  
Focus BDB Federal #1H

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 23<sup>rd</sup> day of March 2011

Signature 

Name Cy Cowan

Position Title Land Regulatory Agent

Address 105 South Fourth Street, Artesia, New Mexico 88210

Telephone (505) 748-4372

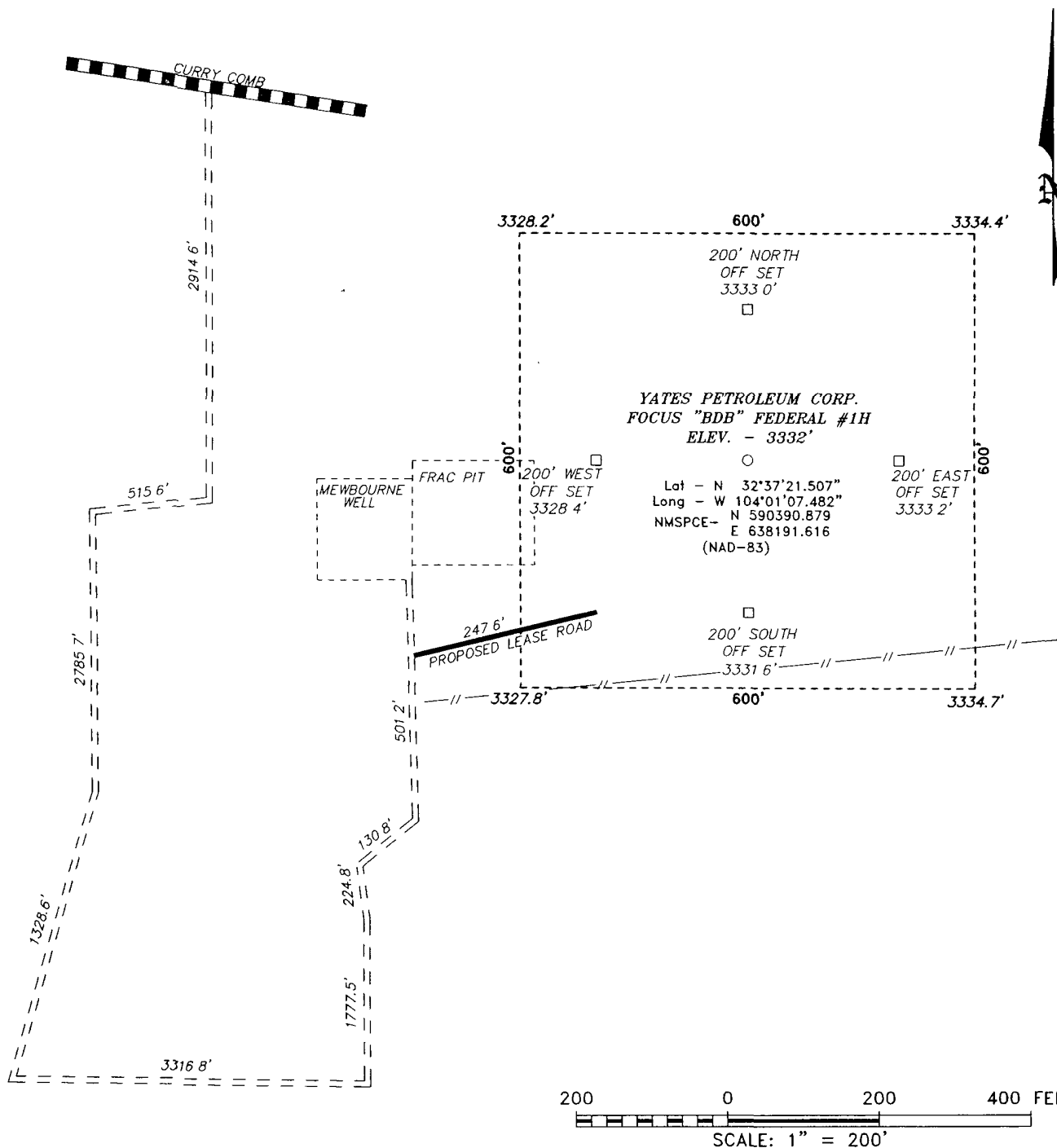
Field Representative (if not above signatory) Tim Bussell, Drilling Supervisor

Address (if different from above) Same as above.

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

E-mail (optional) \_\_\_\_\_

SECTION 31, TOWNSHIP 19 SOUTH, RANGE 30 EAST, N.M.P.M.,  
EDDY COUNTY, NEW MEXICO.



200 0 200 400 FEET  
SCALE: 1" = 200'

**YATES PETROLEUM CORP.**

REF FOCUS "BDB" FEDERAL #1H / WELL PAD TOPO

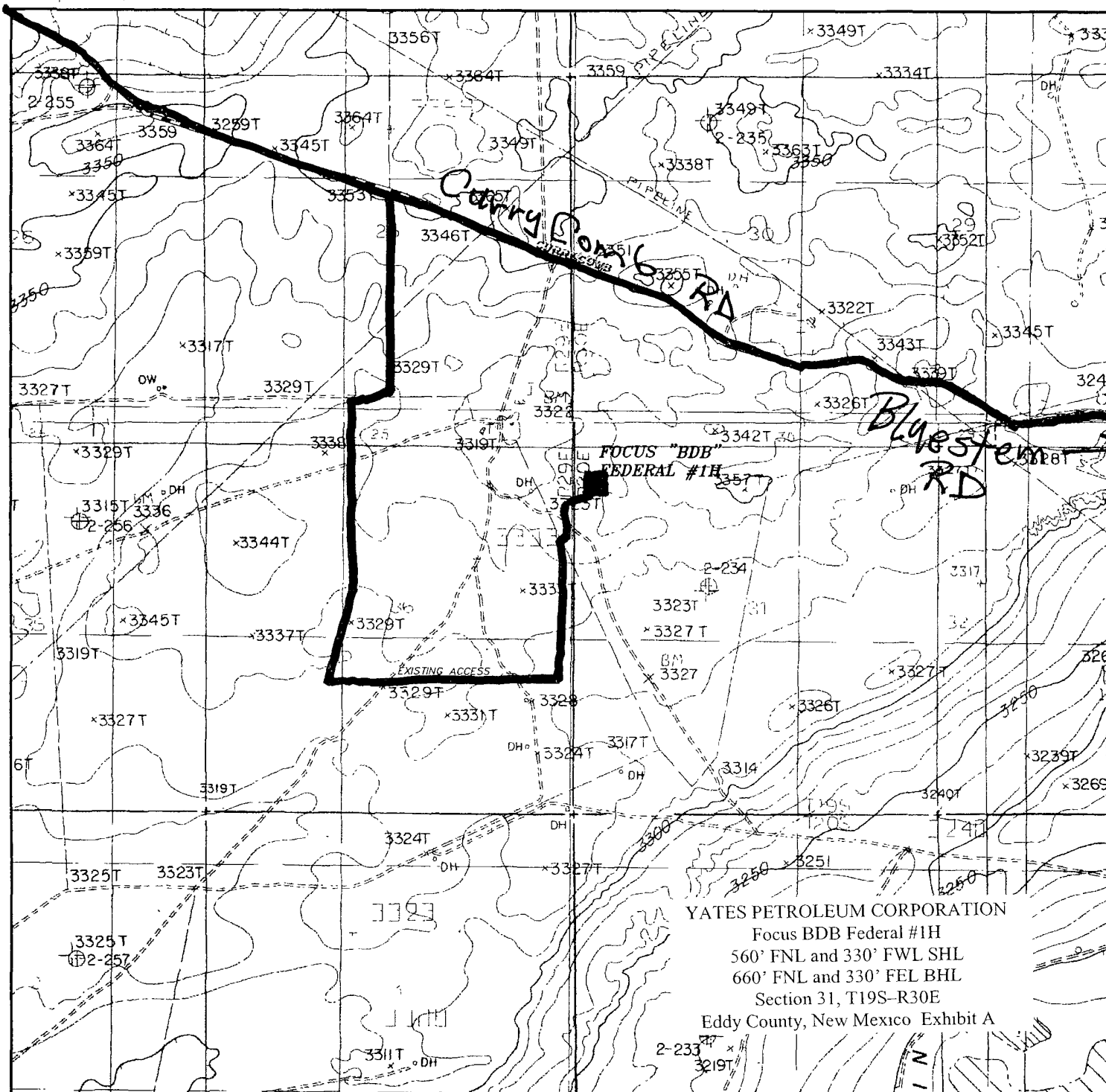
THE FOCUS "BDB" FEDERAL #1H LOCATED 560'  
FROM THE NORTH LINE AND 330' FROM THE WEST LINE OF  
SECTION 31, TOWNSHIP 19 SOUTH, RANGE 30 EAST,  
N.M.P.M., EDDY COUNTY, NEW MEXICO.

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

W.O. Number: 23549 Drawn By: B. NIXON

Date: 11-11-2010 Disk: BJN 23549

Survey Date: 11-09-2010 Sheet 1 of 1 Sheets



YATES PETROLEUM CORPORATION  
 Focus BDB Federal #1H  
 560' FNL and 330' FWL SHL  
 660' FNL and 330' FEL BHL  
 Section 31, T19S-R30E  
 Eddy County, New Mexico Exhibit A

**FOCUS "BDB" FEDERAL #1H**  
 Located 560' FNL and 330' FWL  
 Section 31, Township 19 South, Range 30 East,  
 N.M.P.M., Eddy County, New Mexico.

**basin**  
**surveys**

focused on excellence  
 in the oilfield

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

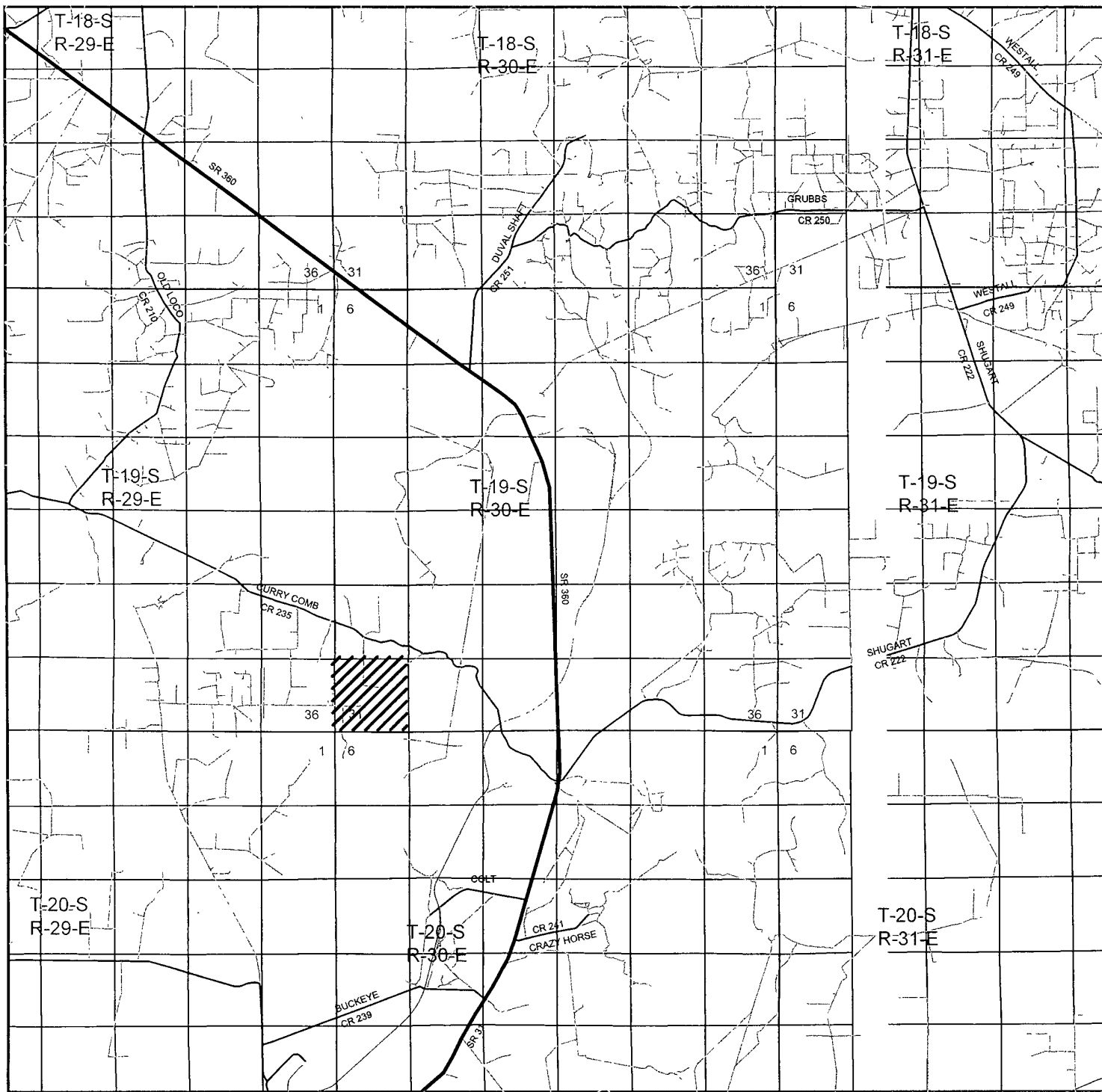
W.O. Number: BJN 23549

Survey Date: 11-09-2010

Scale: 1" = 2000'

Date: 11-11-2010

**YATES**  
**PETROLEUM**  
**CORP.**



FOCUS "BDB" FEDERAL #1H  
 Located 560' FNL and 330' FWL  
 Section 31, Township 19 South, Range 30 East,  
 N.M.P.M., Eddy County, New Mexico.

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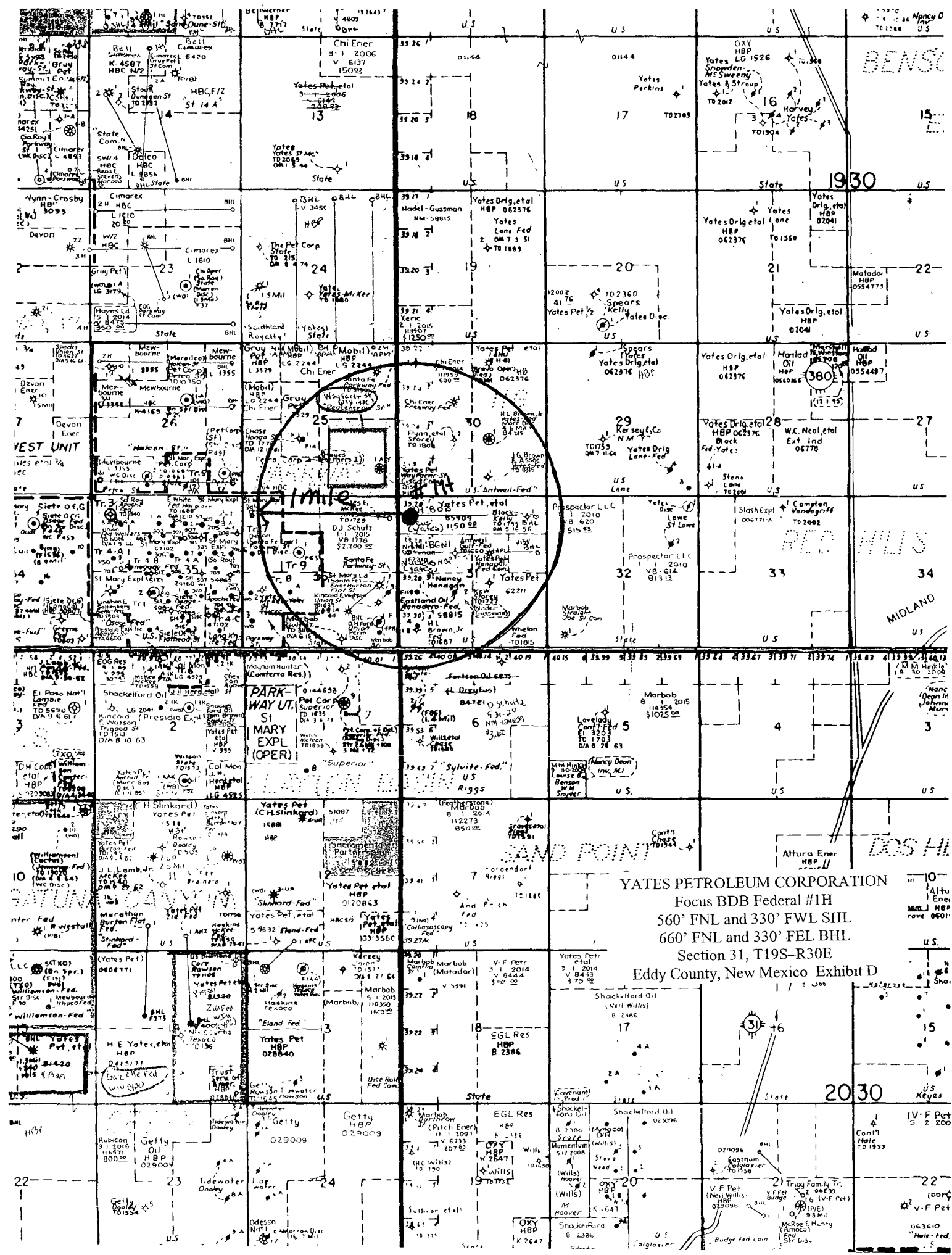
W.O. Number: BJN 23549

Survey Date: 11-09-2010

Scale: 1" = 2 Miles

Date: 11-11-2010

**YATES**  
**PETROLEUM**  
**CORP.**

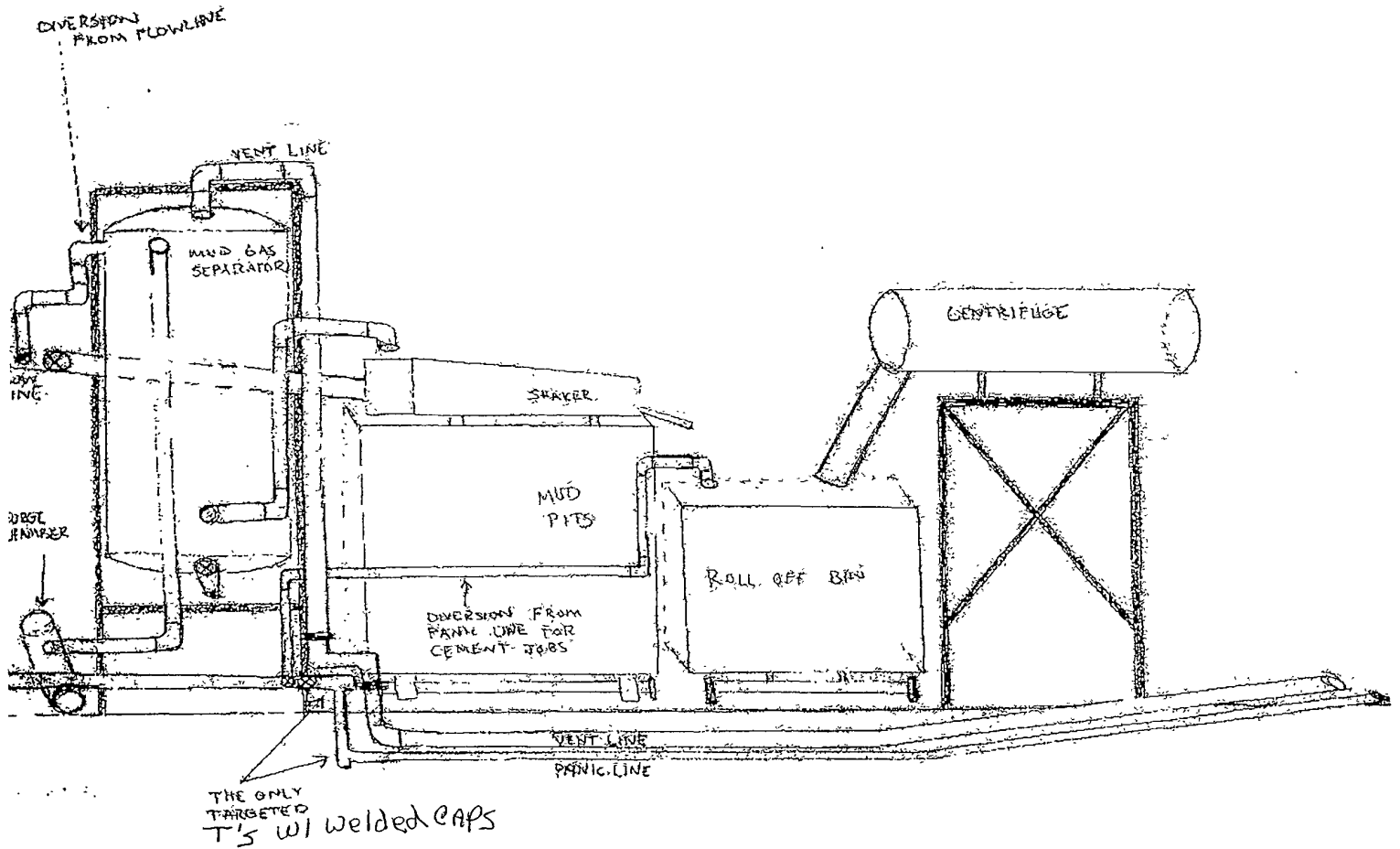


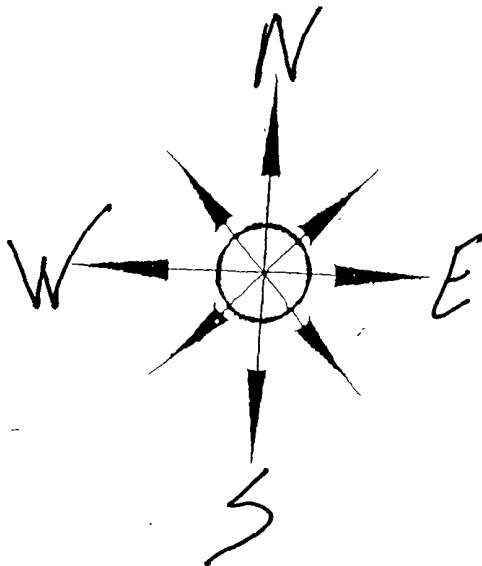
YATES PETROLEUM CORPORATION  
Focus BDB Federal #1H  
560' FNL and 330' FWL SHL  
660' FNL and 330' FEL BHL  
Section 31, T19S-R30E  
Eddy County, New Mexico Exhibit D



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

YATES PETROLEUM CORPORATION  
Focus BDB Federal #1H  
560' FNL and 330' FWL SHL  
660' FNL and 330' FEL BHL  
Section 31, T19S-R30E  
Eddy County, New Mexico Exhibit E





# Yates Petroleum Corporation

Location Layout for Permian Basin

YATES PETROLEUM CORPORATION

Focus BDB Federal #1H

560' FNL and 330' FWL SHL

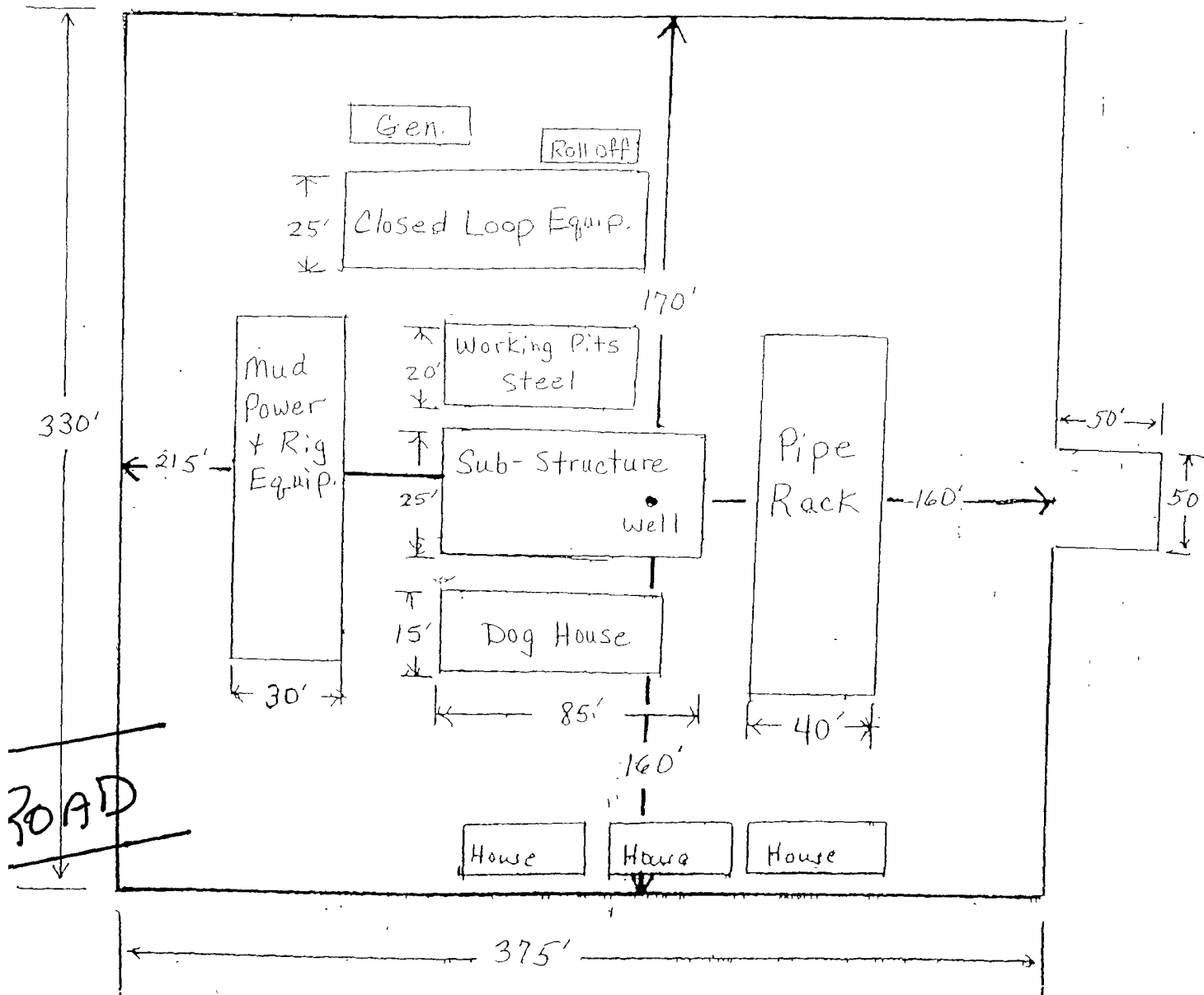
660' FNL and 330' FEL BHL

Section 31, T19S-R30E

Eddy County, New Mexico Exhibit B

Closed Loop Design Plan

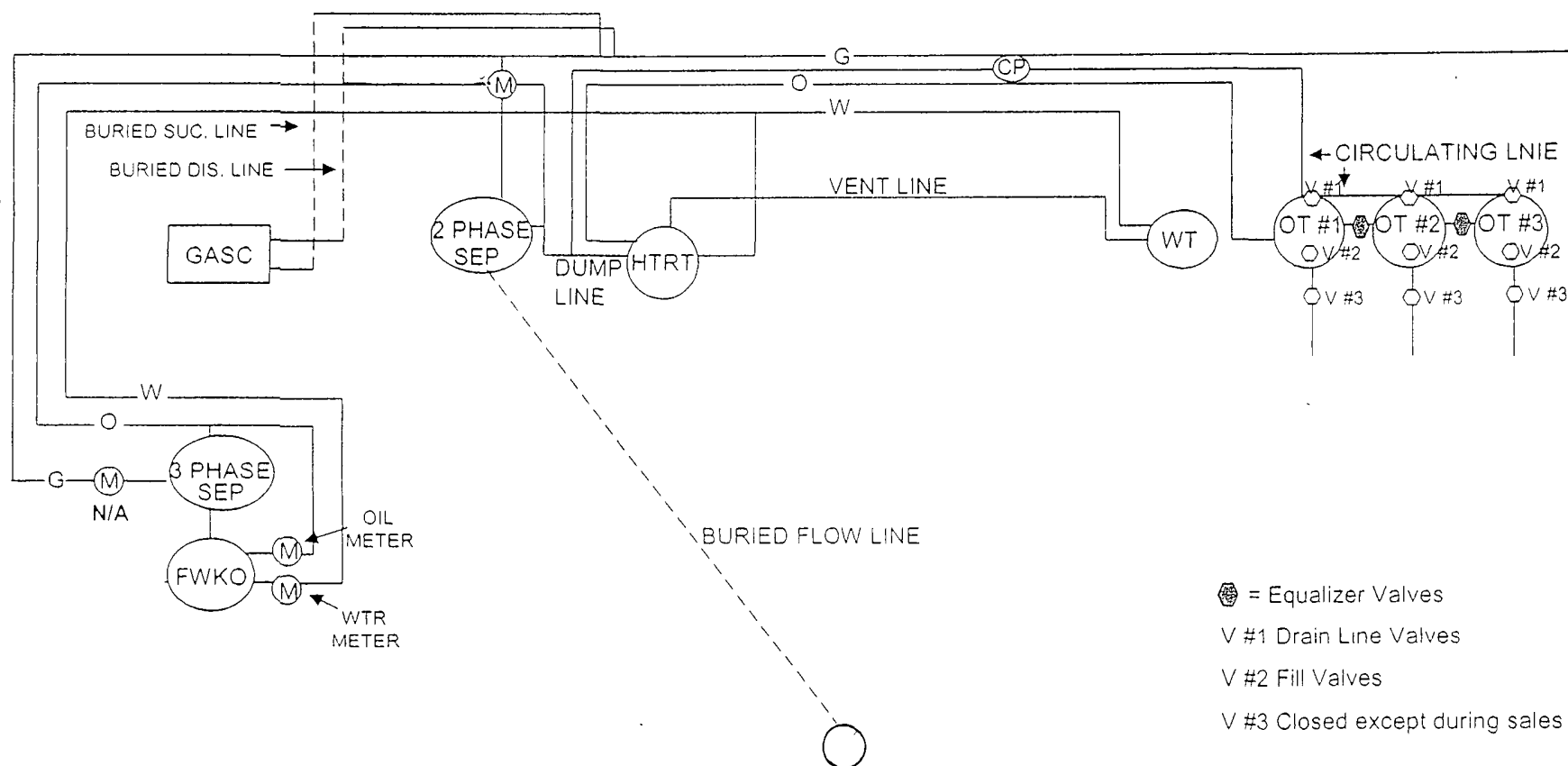
\* NOT TO SCALE





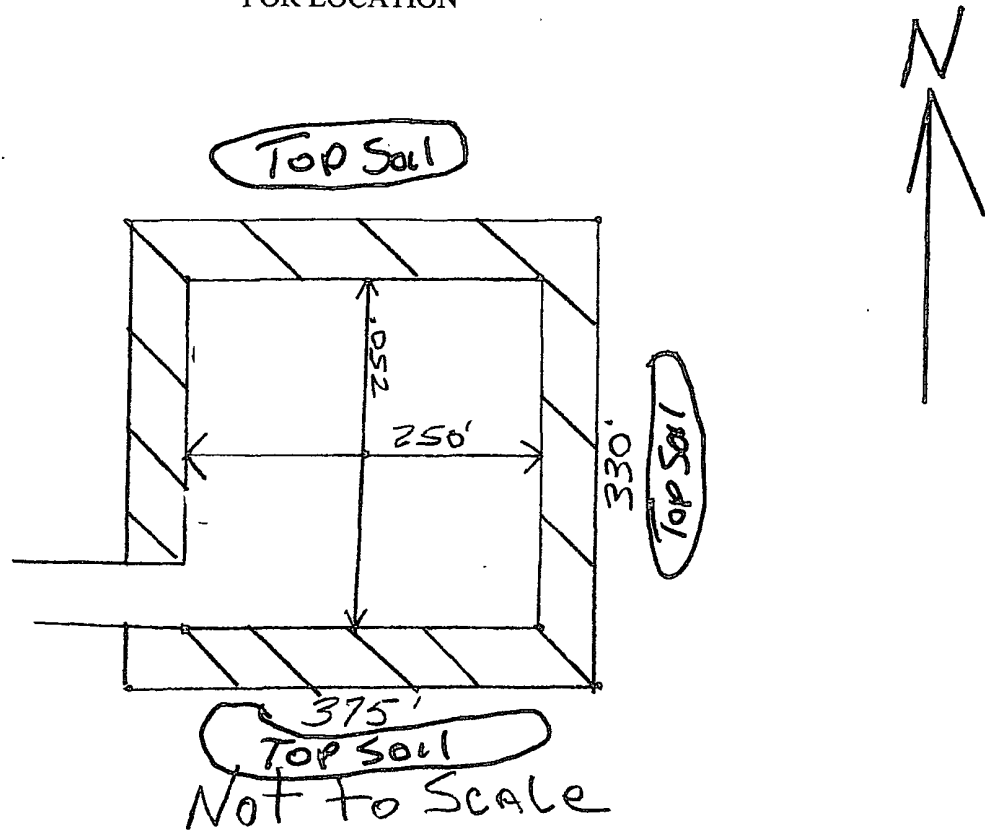
105 South 4<sup>th</sup> Street \* Artesia, NM 88210  
(575)-748-1471

-Danny Matthews  
June, 2010



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

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



Final Reclamation  
may be different  
from this Diagram

