

MULTI-POINT SURFACE USE AND OPERATIONS PLAN  
YATES PETROLEUM CORPORATION  
Golly BRG Federal #1H  
550' FSL & 1000' FEL, Surface Hole Location  
Section 34, T16S-R27E  
940' FSL & 330' FWL, Bottom Hole Location  
Section 35-T16S-R27E  
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 well site is located approximately 8 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 285 for about 8 miles to the power station at Southern Union Road. Turn left on Southern Union Road and go about 2.8 miles. Follow the road to the right for about 1.1 miles to a white compressor site. Turn left here and follow lease road for approximately 0.1 of a mile. The road will make a "Y" at this point. Follow left road to the north for about 2.1 miles. There will be a white tank on the right side of the road and a cattleguard. Turn left here on existing lease and go approximately .7 of a mile. Turn right on lease road and go approx. 0.4 of a mile being just past the access road to the Bleu Pearl BAF State Com #1 well access road. The new access road will start here going to the right for approx 300 feet to the southeast corner of the proposed well site.

2. PLANNED ACCESS ROAD:

- A. The proposed new access will be approximately 300 feet or less in length from the point of origin to the southeast corner of the drilling pad.
- B. The new road will be 14 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. 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. There aren't any production facilities on this lease. Production facilities may be constructed on this well location.
- B. In the event that the well is productive, the necessary production facilities will be installed on the drilling pad. If the well is productive of oil or gas a diesel self-contained unit will be used to provide the necessary power until an electric line can be built, if needed.

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:

The dirt contractor will be responsible for finding a source of material for construction of road and pad and will obtain any permits that may be required.

7. METHODS OF HANDLING WASTE DISPOSAL:

- A. A closed loop system will be used to drill this well and reserve pits will not be used.
- 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.
- C. Drilling fluids will be removed after drilling and completions are completed.
- D. Water produced during operations will be collected in tanks until hauled to an approved disposal system, or separate disposal application will be submitted.
- E. Oil produced during operations will be stored in tanks until sold.
- F. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- G. All trash, junk, and other waste materials will be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not approved.

8. ANCILLARY FACILITIES: NONE

9. WELLSITE LAYOUT:

- A. Exhibit B shows the relative location and dimensions of the well pad, closed loop mud system, location of the drilling equipment, rig orientation and access road approach. The proposed well location will be approximately 375' x 330'. All of the location will be constructed within the 600' x. 600' staked area.
- B. The closed loop system will be constructed, maintained and closed in compliance with the State of New Mexico, Energy and Natural Resources Department, Oil Conservation Division—the “Pit Rule” 19.15.17 NMAC.
- C. A 600' x 600' area has been staked and flagged.

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. Unguarded pits, if any, containing fluids will be fenced until they have dried and been leveled.
- C. 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. All pits will be filled level after they have evaporated and dried. Pit reclamation will meet 19.15.17 requirements.

11. SURFACE OWNERSHIP:

State of New Mexico  
Commissioner of Public Lands  
P.O. Box 1148  
Santa Fe, NM 87504

MINERAL OWNERSHIP:

State of New Mexico Lease: VA-1750  
Federal Mineral Lease: NM-93131

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.

CERTIFICATION  
YATES PETROLEUM CORPORATION  
Golly BRG 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 17th day of June 2011

Signature



Name Cy Cowan

Position Title Land Regulatory Agent

Address 105 South Fourth Street, Artesia, New Mexico 88210

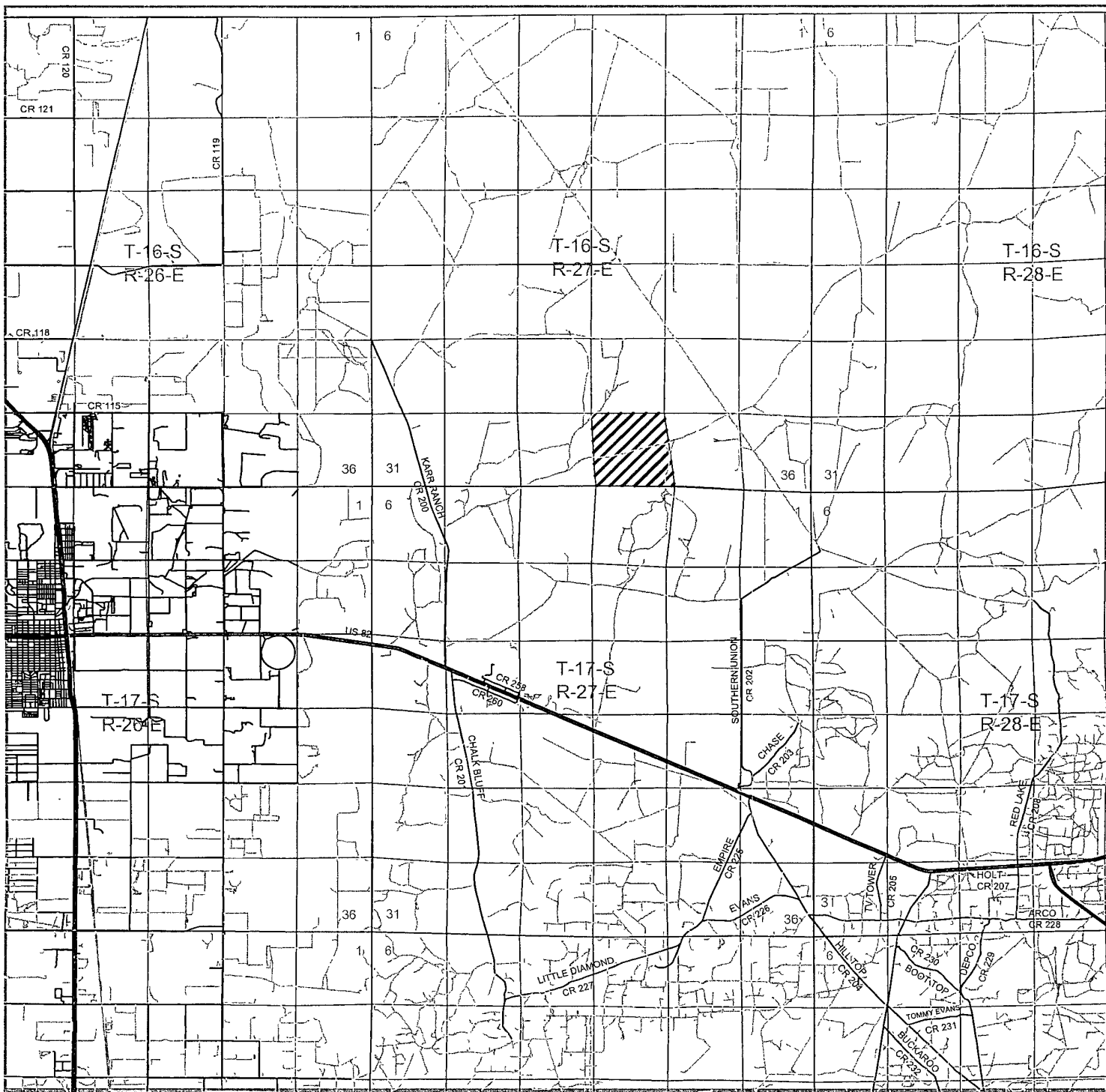
Telephone (505) 748-4372

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

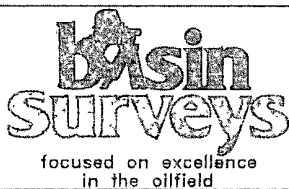
Address (if different from above) Same as above.

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

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



GOLLY "BRG" FEDERAL COM #1H  
 Located 550' FSL and 1000' FEL  
 Section 34, Township 16 South, Range 27 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  
 basinsurveys.com

W.O. Number: JMS 23839

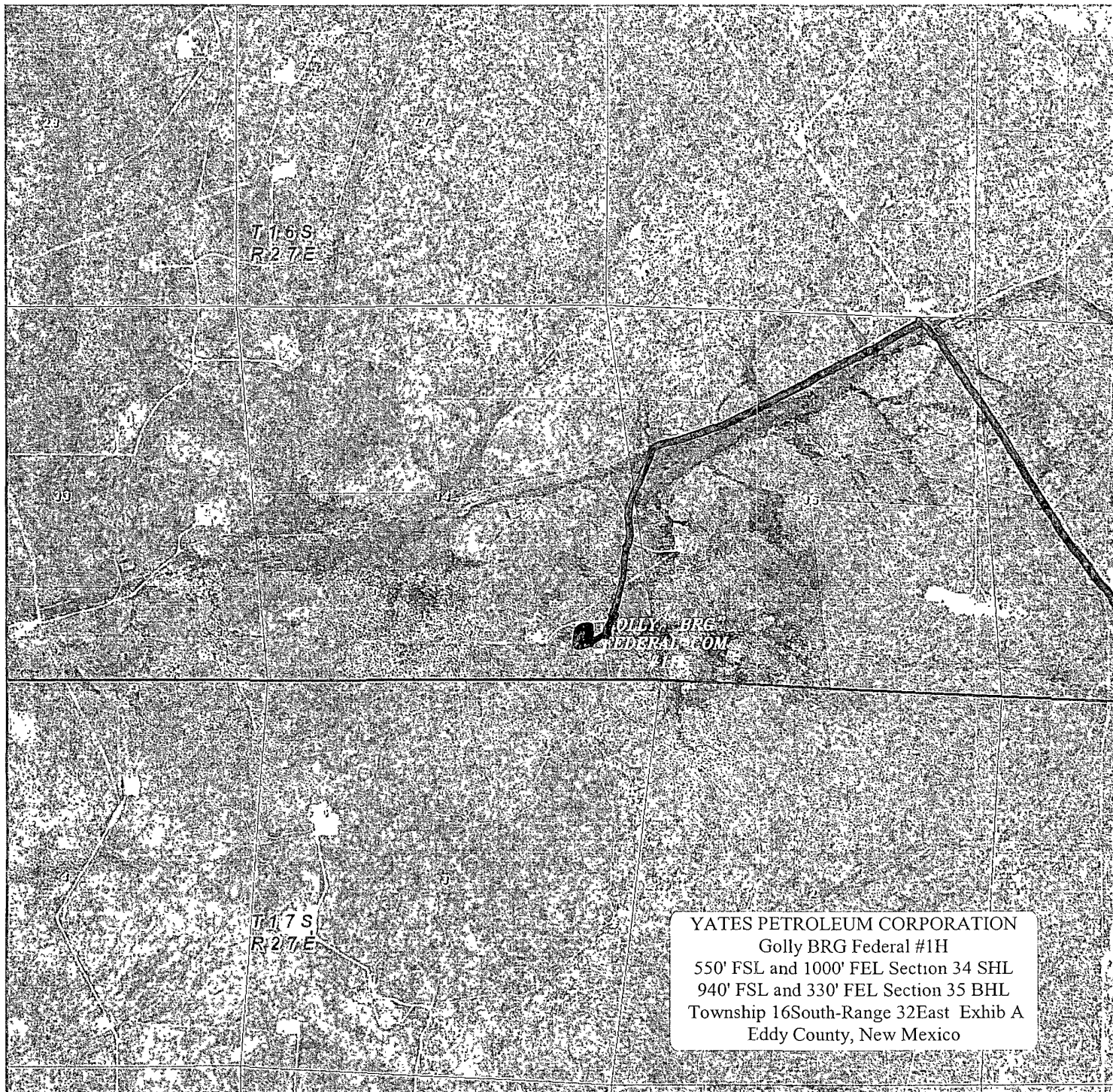
Survey Date 03-19-2011

Scale: 1" = 2 Miles

Date: 03-22-2011



YATES  
 PETROLEUM  
 CORP.



YATES PETROLEUM CORPORATION  
Golly BRG Federal #1H  
550' FSL and 1000' FEL Section 34 SHL  
940' FSL and 330' FEL Section 35 BHL  
Township 16South-Range 32East Exhibit A  
Eddy County, New Mexico

GOLLY "BRG" FEDERAL COM #1H  
Located 550' FSL and 1000' FEL  
Section 34, Township 16 South, Range 27 East.  
N.M.P.M., Eddy County, New Mexico.

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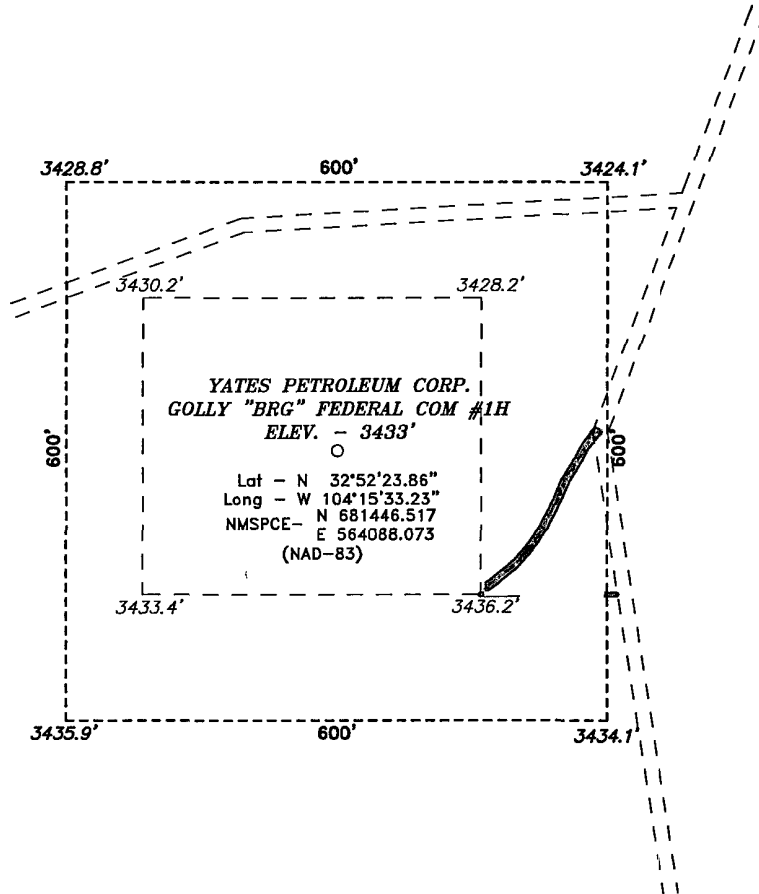
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Scale: 1" = 2000'

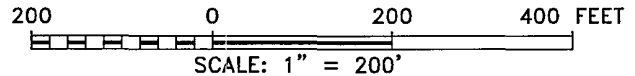
YELLOW TINT - USA LAND  
BLUE TINT - STATE LAND  
NATURAL COLOR - FEE LAND

YATES  
PETROLEUM  
CORP.

SECTION 34, TOWNSHIP 16 SOUTH, RANGE 27 EAST, N.M.P.M.,  
EDDY COUNTY, NEW MEXICO.



YATES PETROLEUM CORPORATION  
Golly BRG Federal #1H  
550' FSL and 1000' FEL Section 34 SHL  
940' FSL and 330' FEL Section 35 BHL  
Township 16South-Range 32East Exh1b B  
Eddy County, New Mexico



**YATES PETROLEUM CORP.**

REF: GOLLY "BRG" FEDERAL COM #1H / WELL PAD TOPO

THE GOLLY "BRG" FEDERAL COM #1H LOCATED 550'  
FROM THE SOUTH LINE AND 1000' FROM THE EAST LINE OF  
SECTION 34, TOWNSHIP 16 SOUTH, RANGE 27 EAST,  
N.M.P.M., EDDY COUNTY, NEW MEXICO.

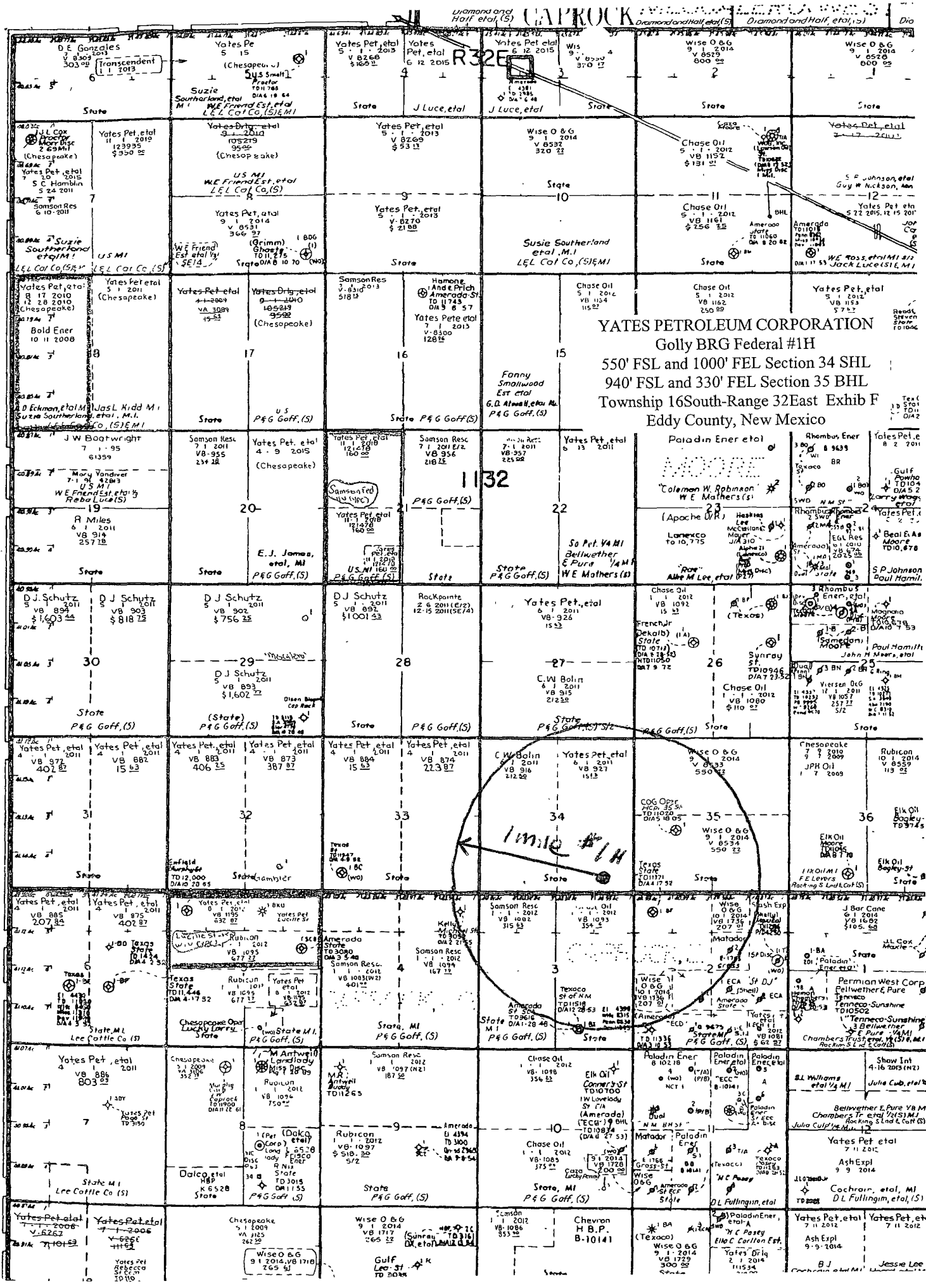
**BASIN SURVEYS** P.O. BOX 1786-HOBBS, NEW MEXICO

W.O. Number: 23839 Drawn By: J. SMALL

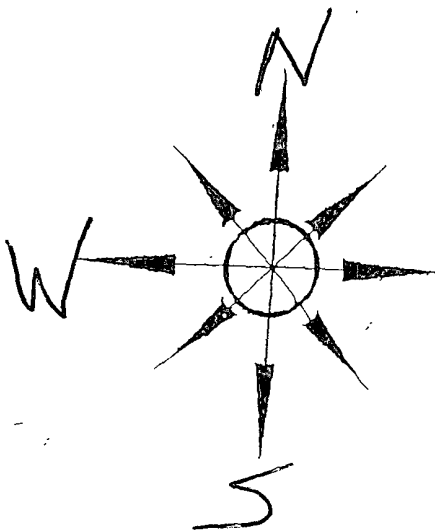
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Survey Date: 03-19-2011 Sheet 1 of 1 Sheets

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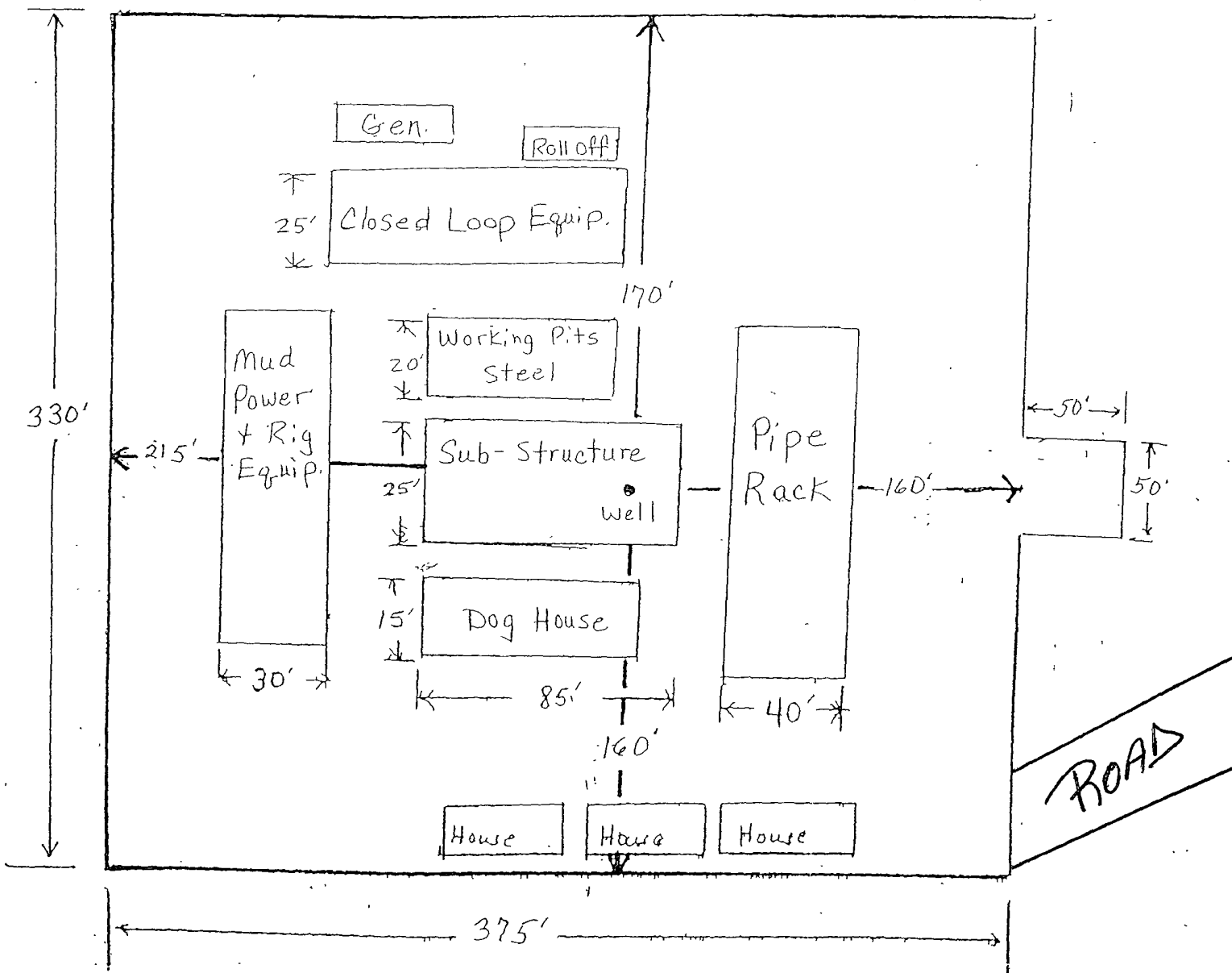
# Yates Petroleum Corporation

Location Layout for Permian Basin

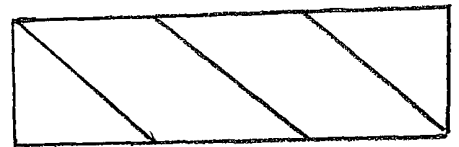
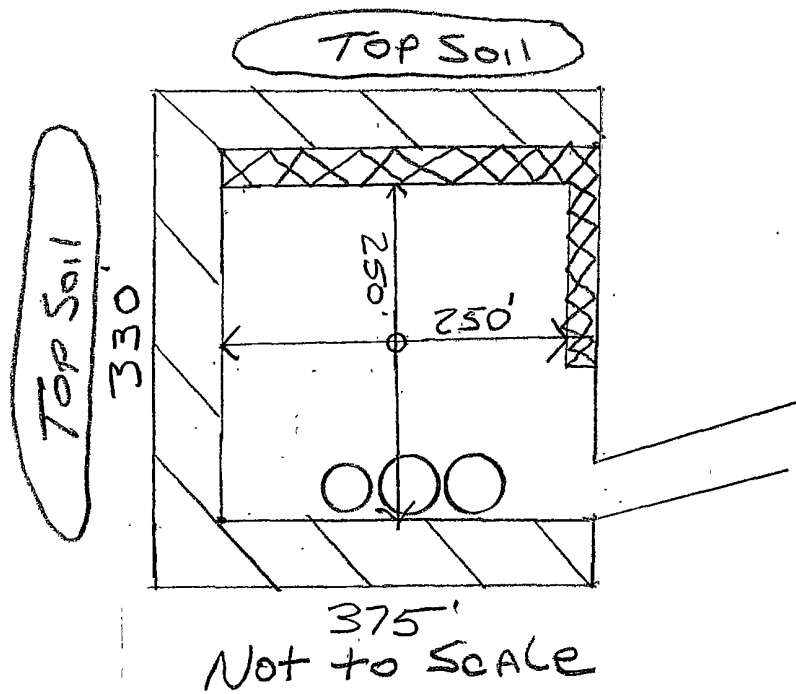
## Closed Loop Design Plan

YATES PETROLEUM CORPORATION  
Golly BRG Federal #1H  
550' FSL and 1000' FEL Section 34 SHL  
940' FSL and 330' FEL Section 35 BHL  
Township 16South-Range 32East Exhib C  
Eddy County, New Mexico

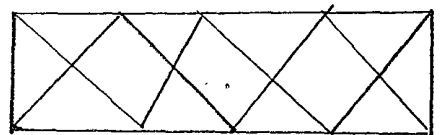
\* NOT TO SCALE



YATES PETROLEUM CORPORATION  
Golly BRG Federal #1H  
RECLAMATION PLAN



Reclaimed  
AREA.

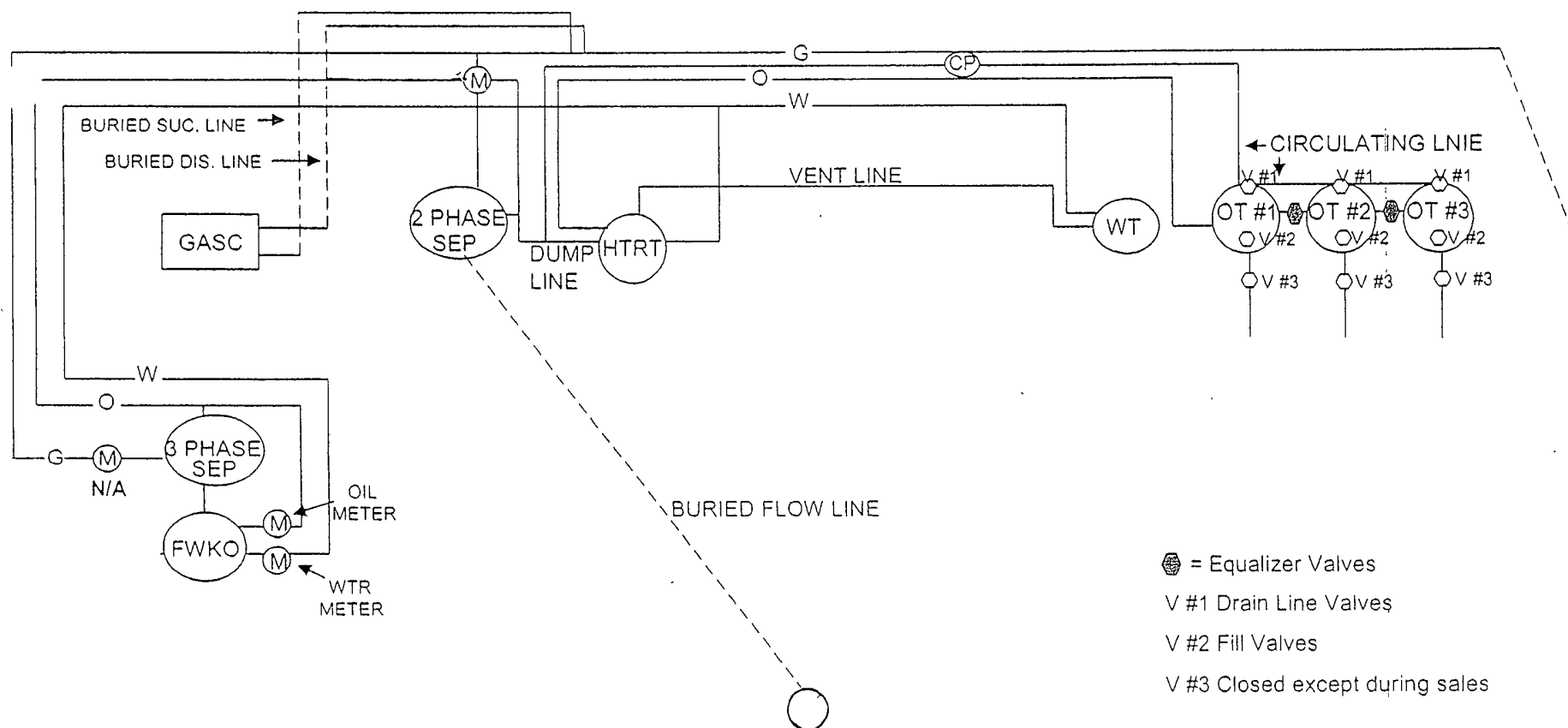


1' High Bermed  
Area.



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