

30-015-39544

**MULTI-POINT SURFACE USE AND OPERATIONS PLAN**

**Yates Petroleum Corporation**  
Domino AOJ Federal Com. #13H  
330' FSL & 330' FEL Surface Hole Location  
660' FSL and 330' FWL Bottom Hole Location  
Section. 9, T-19S-R31-E  
Eddy County, New Mexico

**RECEIVED**

OCT 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 16 miles southeast of Loco Hills, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

**DIRECTIONS:**

From Artesia go east on Highway 82 for approximately 24 miles to Loco Hills. From Loco Hills continue going east Highway 82 for approximately 6 miles to County Road (222) Sugart Road. Turn south on Sugart Road and go approx. 10 miles there will be a cattle guard on right. Turn right here and cross cattle guard and immediately turn left on existing lease road and go approximately .4 of a mile. The new access road will start here going west for approximately .1 of a mile to the southeast corner of the proposed well location.

**2. PLANNED ACCESS ROAD.**

- A. The proposed new access will go west of approximately .1 of a mile to the southeast corner of the drilling pad. The road will lie in an east to west direction.
- 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 one side. Traffic turnouts may be built.
- D. The route of the road is visible.
- E. Existing roads will be maintained in the same or better condition.
- F. An application for an off lease road right of way will be submitted for this access road.

**3. LOCATION OF EXISTING WELL**

- A. There is drilling activity within a one-mile radius of the wellsite.
- B. Exhibit D 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. In the event that the well is productive, the necessary production facilities will be installed on this well location. 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.

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 closest pit and obtain any permits and materials needed for construction of the well location.

7. METHODS OF HANDLING WASTE DISPOSAL:

- A. This well will be drilled with a closed loop system
- B. The closed loop system will be constructed, maintained, and closed in compliance with the State of New Mexico, Energy and Natural Resources Department, Oil Conservation Division – the "Pit Rule" 19.15.17 NMAC.
- C. Drilling fluids will be removed after drilling and completions are completed.
- D. Water produced during operations will be collected in tanks until hauled to an approved disposal system, or separate disposal application will be submitted.
- E. Oil produced during operations will be stored in tanks until sold.
- F. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- G. All trash, junk, and other waste materials will be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not approved.

8. ANCILLARY FACILITIES: None

9. WELLSITE LAYOUT:

- A. Exhibit C shows the relative location and dimensions of the well pad, location of the drilling equipment, pulling unit orientation and access road approach. 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.
- B. 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 wellsite 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 non-productive, 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.

11. SURFACE OWNERSHIP:

Surface Estate Bureau of Land Management  
620 East Greene Street, Carlsbad, NM 88220.

Mineral Estate: Bureau of Land Management  
620 East Greene Street, Carlsbad, NM 88220

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.

13. OPERATOR'S REPRESENTATIVE

Through A.P.D. Approval:  
Clifton R. May,  
Land Regulatory Agent  
Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, New Mexico 88210  
Phone (505) 748-1471

Through Drilling Operations,  
Tim Bussell,  
Operations Manager  
Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, New Mexico 88210  
Phone (505) 748-1471

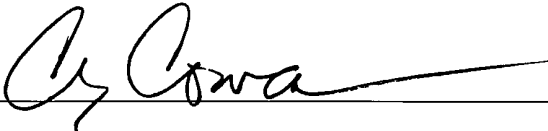
## Plans for Interim and Final Surface Reclamation.

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  
Domino AOJ Federal #13H

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 15th day of August 2011

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

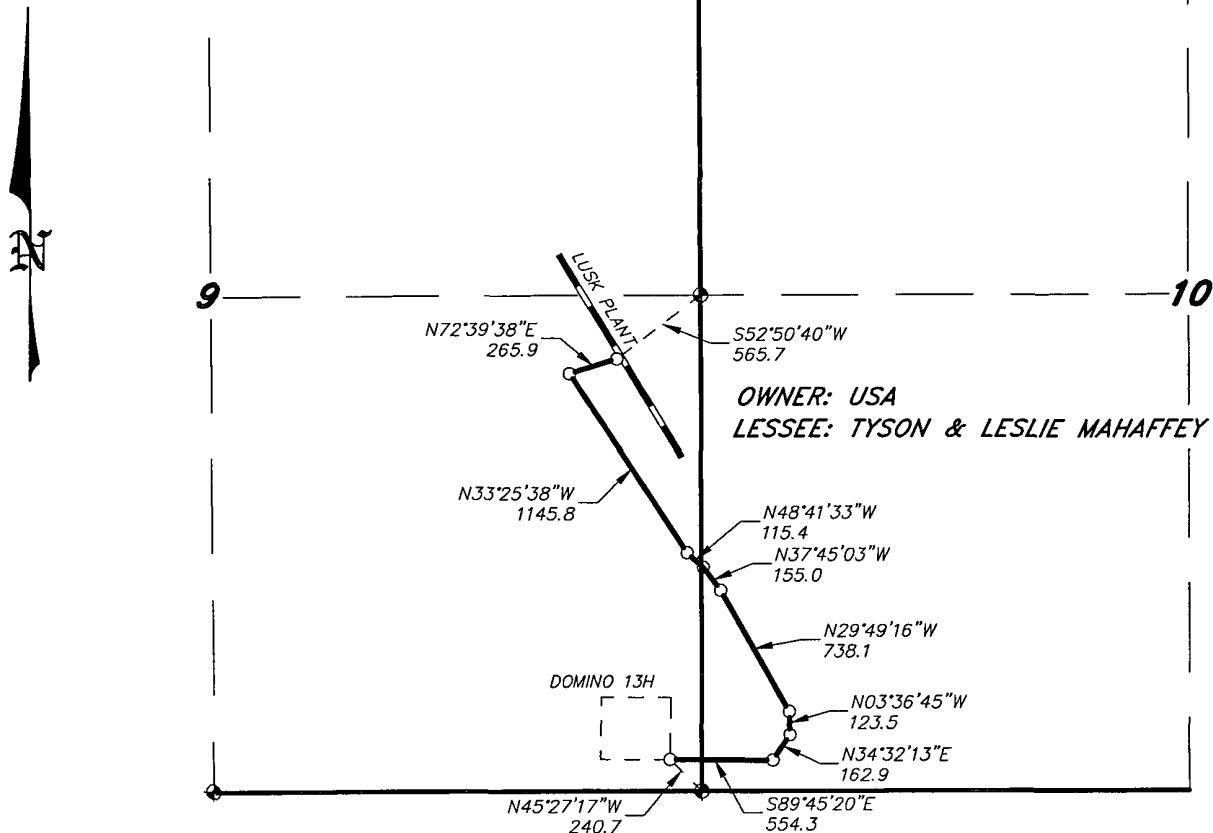
Address (if different from above) Same as above.

Telephone (if different from above) (575) 748-4221

E-mail (optional) cy@yatespetroleum.com

Received 8-30-11

SECTIONS 9&10, TOWNSHIP 19 SOUTH, RANGE 31 EAST, N.M.P.M.,  
EDDY COUNTY, NEW MEXICO.

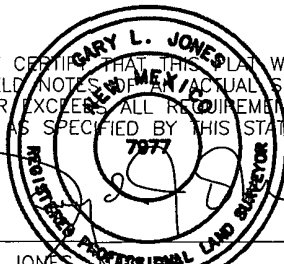


LEGAL DESCRIPTION

A STRIP OF LAND 30.0 FEET WIDE, LOCATED IN SECTIONS 9&10, TOWNSHIP 19 SOUTH, RANGE 31 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 = 1686.1 FEET = 102.19 RODS = 0.32 MILES = 1.16 ACRES  
SECTION 10 = 1574.8 FEET = 95.44 RODS = 0.30 MILES = 1.09 ACRES  
TOTAL = 3260.9 FEET = 197.63 RODS = 0.62 MILES = 2.25 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  
TEXAS P.L.S. No. 5074

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

W.O. Number: 24899 Drawn By: J. M. SMALL

Date: 08-26-2011 Disk: 24899

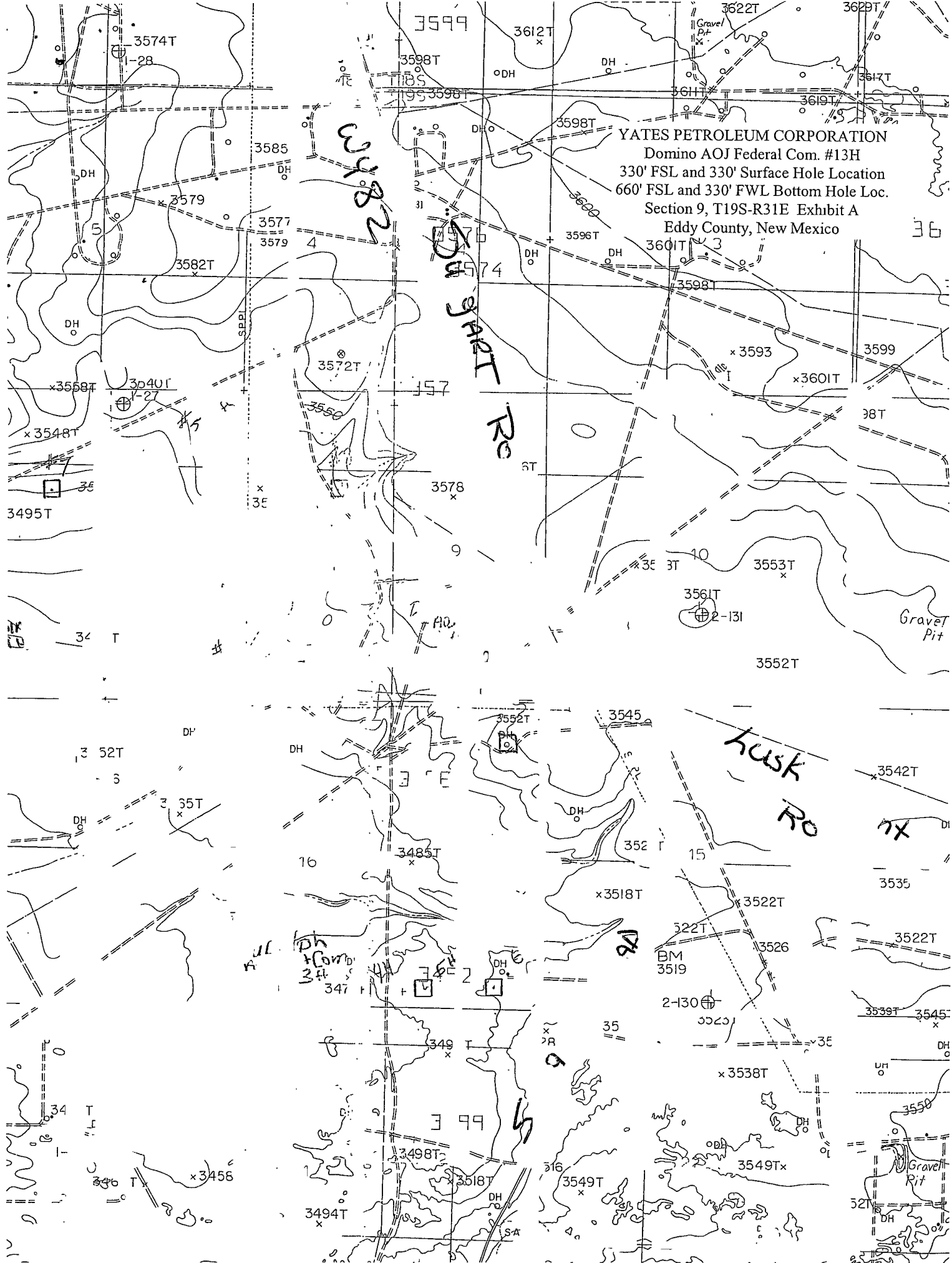
1000 0 1000 2000 FEET

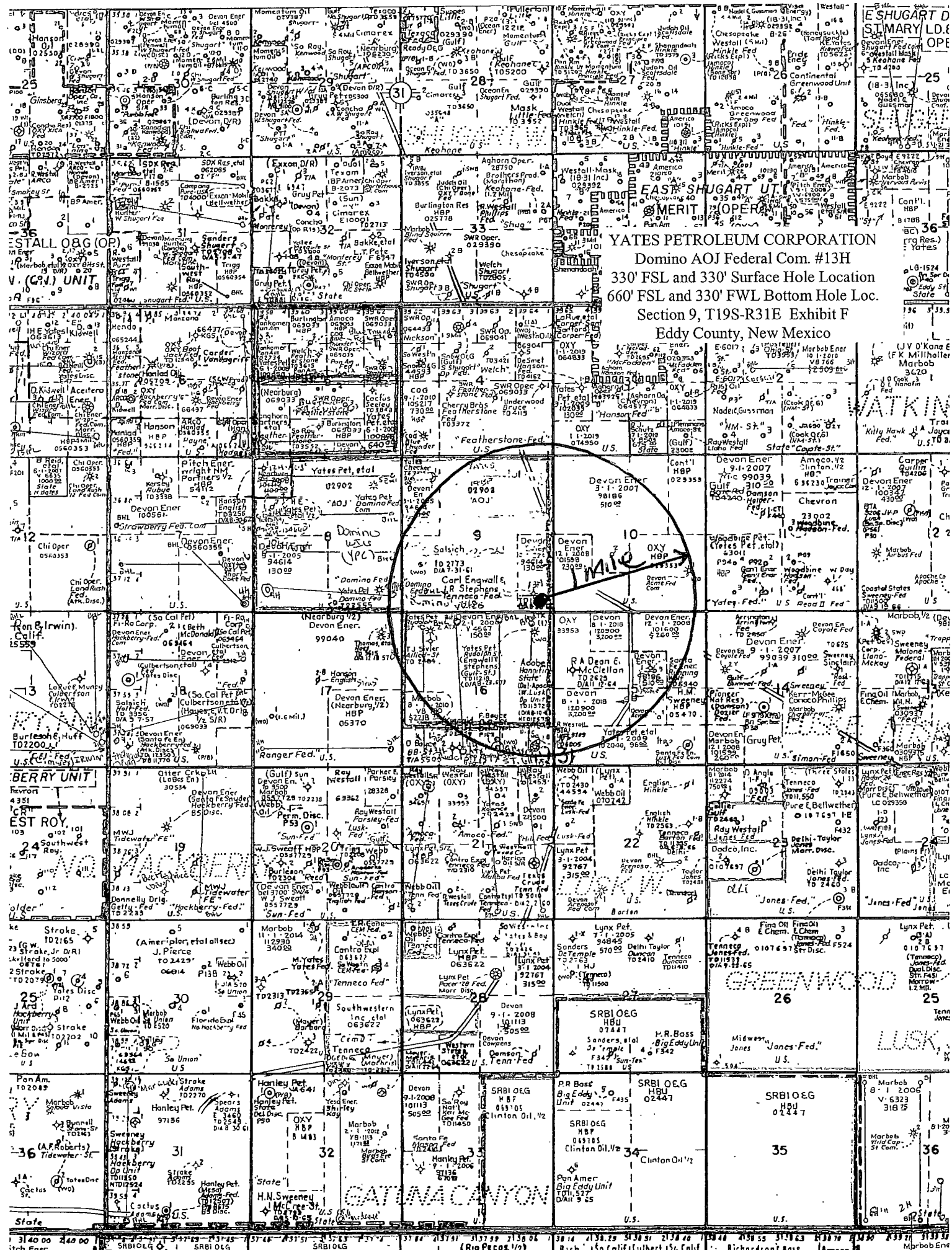
**YATES PETROLEUM CORP.**

REF: PROPOSED LEASE ROAD TO THE DOMINO "AOJ" FEDERAL COM #13

A LEASE ROAD CROSSING USA LAND IN  
SECTIONS 9&10, TOWNSHIP 19 SOUTH, RANGE 31 EAST,  
N.M.P.M., EDDY COUNTY, NEW MEXICO.

Survey Date: 07-18-2011 Sheet 1 of 1 Sheets

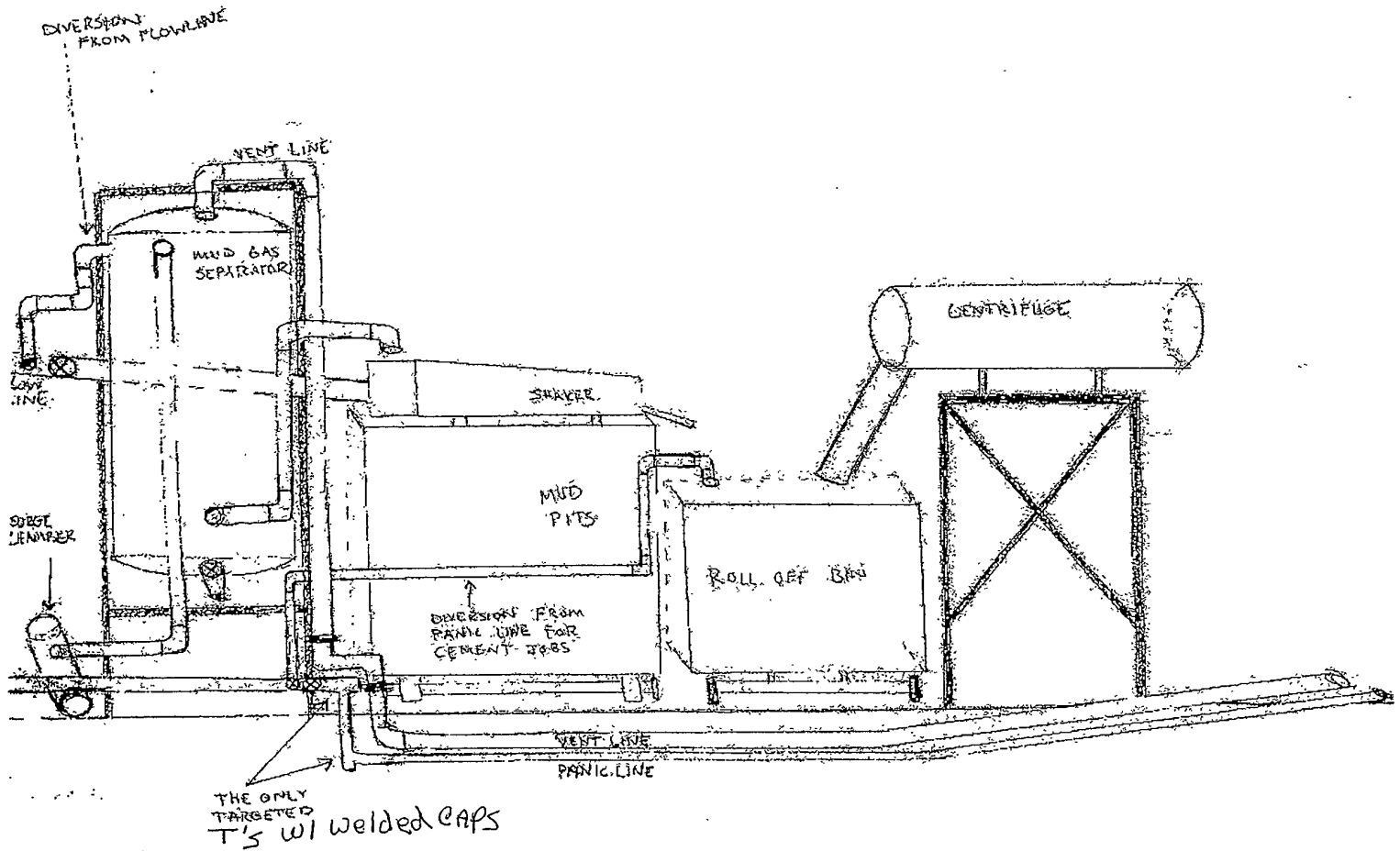






YATES PETROLEUM CORPORATION  
Piping from Choke Manifold  
to the Closed-Loop Drilling Mud System

YATES PETROLEUM CORPORATION  
Domino AOJ Federal Com. #13H  
330' FSL and 330' Surface Hole Location  
660' FSL and 330' FWL Bottom Hole Loc.  
Section 9, T19S-R31E Exhibit D  
Eddy County, New Mexico

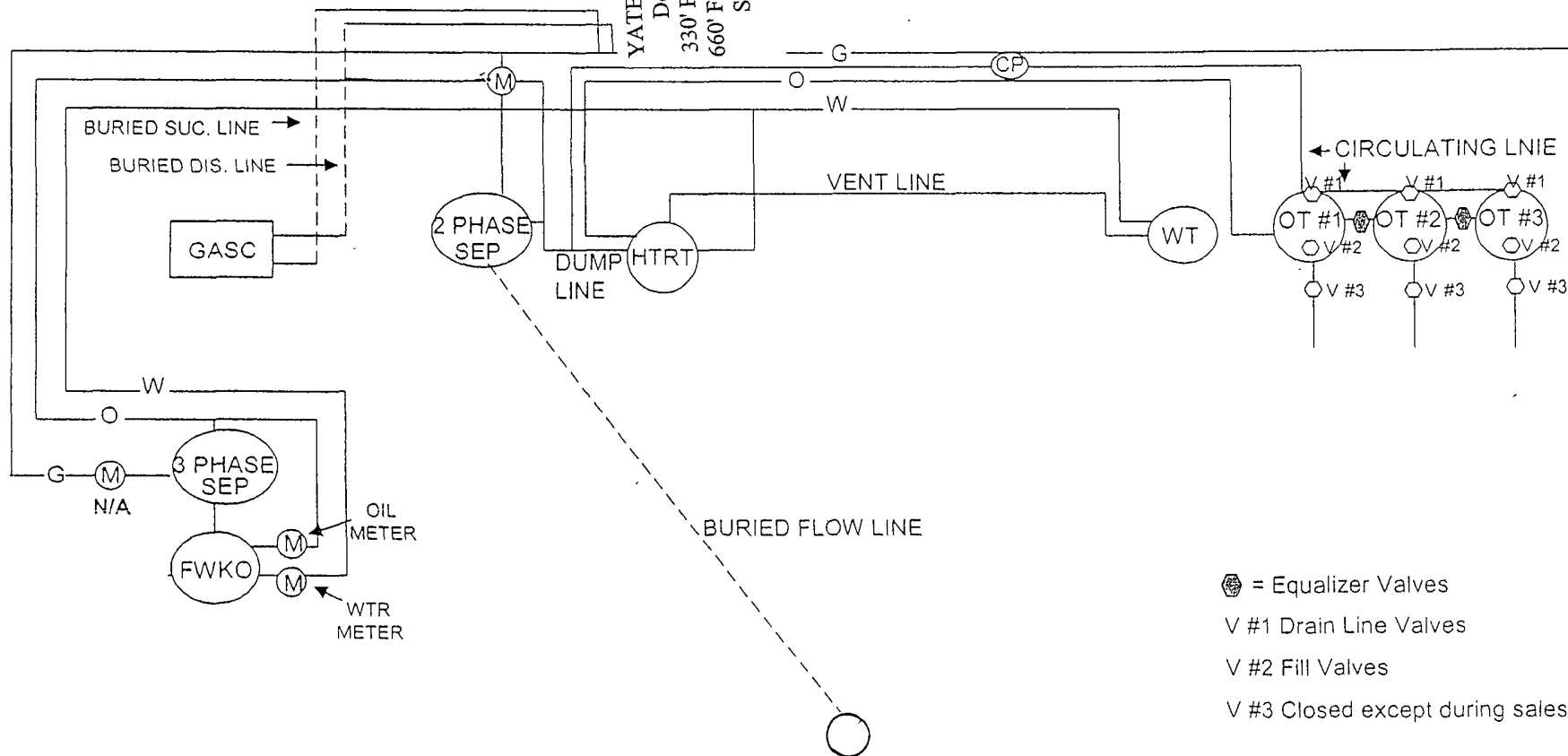




105 South 4<sup>th</sup> Street \* Artesia, NM 88210  
(575)-748-1471

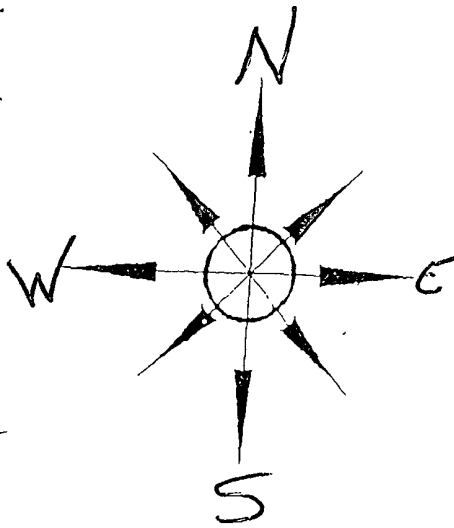
-Danny Matthews  
June, 2010

YATES PETROLEUM CORPORATION  
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Section 9, T19S-R31E Exhibit E  
Eddy County, New Mexico



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

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



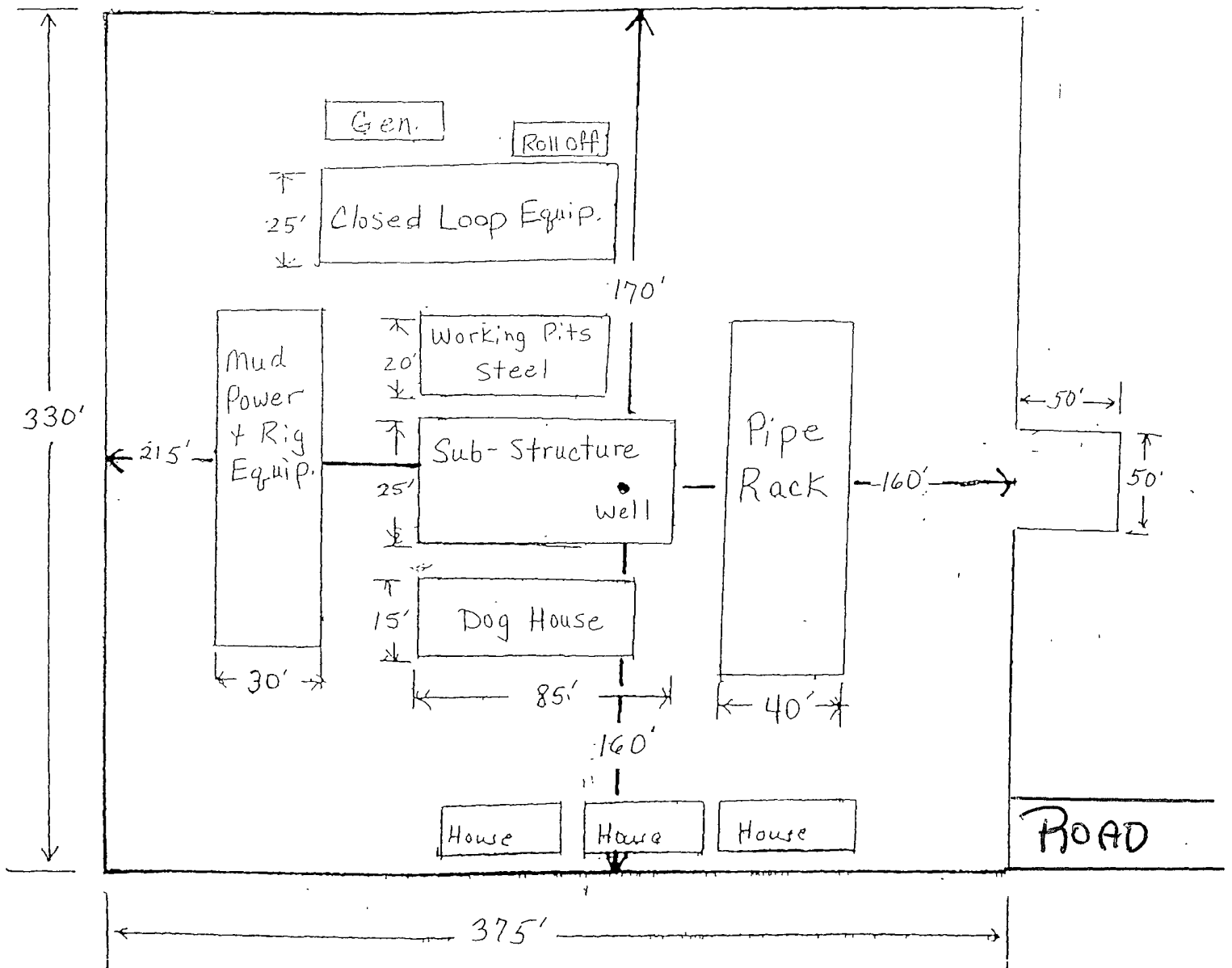
# Yates Petroleum Corporation

Location Layout for Permian Basin

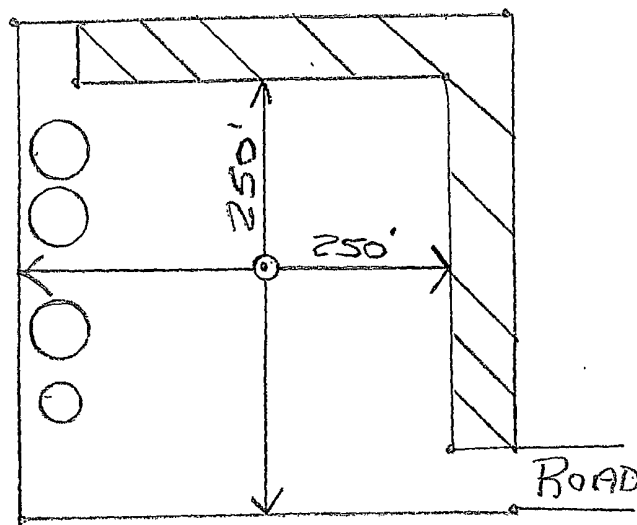
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330' FSL and 330' Surface Hole Location  
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Section 9, T19S-R31E Exhibit B  
Eddy County, New Mexico

## Closed Loop Design Plan

\* NOT TO SCALE

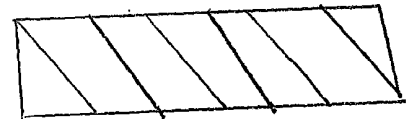


YATES PETROLEUM CORPORATION  
Domino AOJ Federal Com. #13H  
RECLAMATION PLAN



PLEASE Note:  
Location may look  
Different than this  
PLAT after FINAL  
Reclamation.

Possible  
Reclaimed Area



Tank Battery

