

UNITED STATES  
DEPARTMENT OF THE INTERIOR **OCD-ARTESIA**  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No. 1004-0137  
Expires March 31, 2007

**SUNDRY NOTICES AND REPORTS ON WELLS**

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

**SUBMIT IN TRIPLICATE – Other instructions on page 2.**

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NM-81952
2. Name of Operator Yates Petroleum Corporation 025575		6. If Indian, Allottee or Tribe Name
3a. Address 105 South Fourth Street, Artesia, NM 88210	3b. Phone No. (include area code) (505) 748-1471	7. If Unit or CA/Agreement, Name and/o
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 330' FSL and 1980' FWL, Sec. 7-22S-31E		8. Well Name and No. Llama ALL Federal #10H
		9. API Well No. 3001537190
		10. Field and Pool, or Exploratory Area Lovington Ridge Delaware
		11. County or Parish, State Eddy County, New Mexico

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

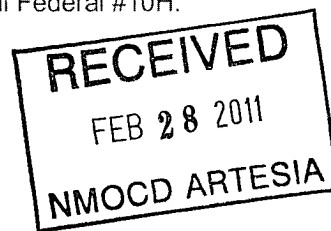
TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize <input type="checkbox"/> Deepen <input type="checkbox"/> Production (Start/Resume) <input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing <input type="checkbox"/> Fracture Treat <input type="checkbox"/> Reclamation <input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair <input type="checkbox"/> New Construction <input type="checkbox"/> Recomplete <input checked="" type="checkbox"/> Other Amend
	<input type="checkbox"/> Change Plans <input type="checkbox"/> Plug and Abandon <input type="checkbox"/> Temporarily Abandon <input type="checkbox"/> Surface Use
	<input type="checkbox"/> Convert to Injection <input type="checkbox"/> Plug Back <input type="checkbox"/> Water Disposal <input type="checkbox"/> Plan.

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

Yates Petroleum Corporation wishes to amend the Surface Use Plan for the captioned to include the construction of a 300'x325'x12' freshwater reservoir to be used for fracing operations for the Llama All Federal #10H. Please note attached survey plat showing the location of the proposed freshwater pit.

Accepted for record - NMOCD

DES 3-1-11



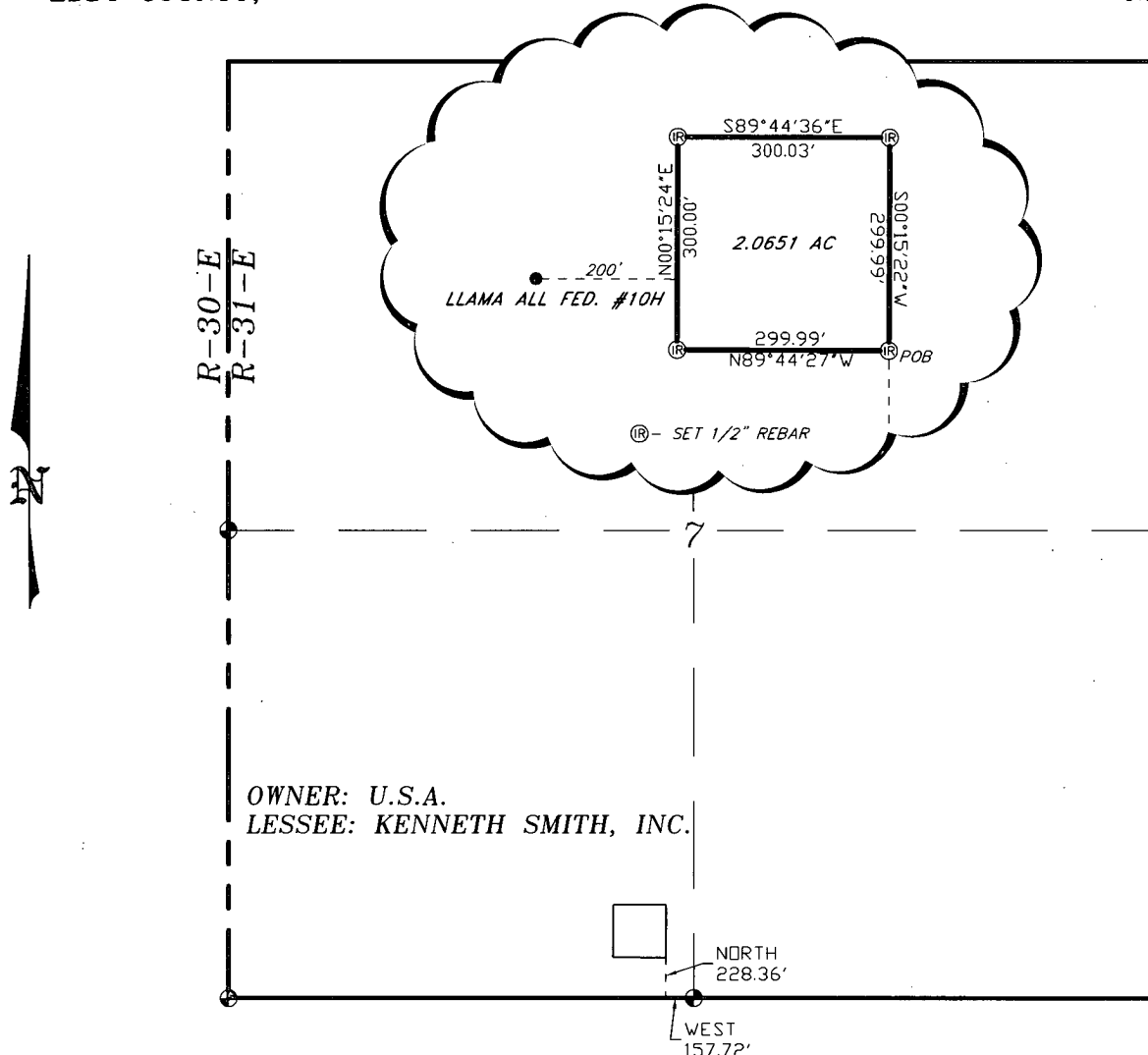
14. I hereby certify that the foregoing is true and correct	
Name (Printed/Typed) Armando A. Lopez	Title Chief Land Regulatory Agent
Signature <i>Armando A. Lopez</i>	Date August 18, 2010
<b>THIS SPACE FOR FEDERAL OR STATE USE</b>	
Approved by Is/ Don Peterson	Title FIELD MANAGER
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.	Date CARLSBAD FIELD OFFICE

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

(Instructions on reverse)



SECTION 7, TOWNSHIP 22 SOUTH, RANGE 31 EAST, N.M.P.M.,  
EDDY COUNTY, NEW MEXICO.



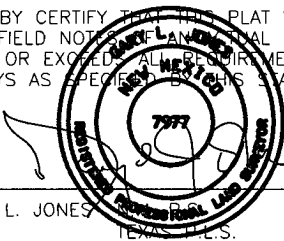
OWNER: U.S.A.  
LESSEE: KENNETH SMITH, INC.

LEGAL DESCRIPTION

A TRACT OF LAND LOCATED IN SECTION 7, TOWNSHIP 22 SOUTH, RANGE 31 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS.

BEGINNING AT A POINT WHICH LIES WEST, 157.72 FEET AND NORTH, 228.36 FEET FROM THE SOUTH QUARTER CORNER OF SAID SECTION 7; THENCE N.89°44'27\"W., 299.99 FEET; THENCE N.00°15'24\"E., 300.00 FEET; THENCE S.89°44'36\"E., 300.03 FEET; THENCE S.00°15'22\"W., 299.99 FEET TO THE POINT OF BEGINNING. SAID TRACT OF LAND CONTAINING 2.0651 ACRES, MORE OR LESS.

I HEREBY CERTIFY THAT THIS PLAT WAS PREPARED FROM FIELD NOTES OF A REAL 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: 22811

Drawn By: K. GOAD

Date: 06-01-2010

Disk: KJG - 22811TRACT.DWG

Survey Date: 05-28-2010

Sheet 1 of 1 Sheets

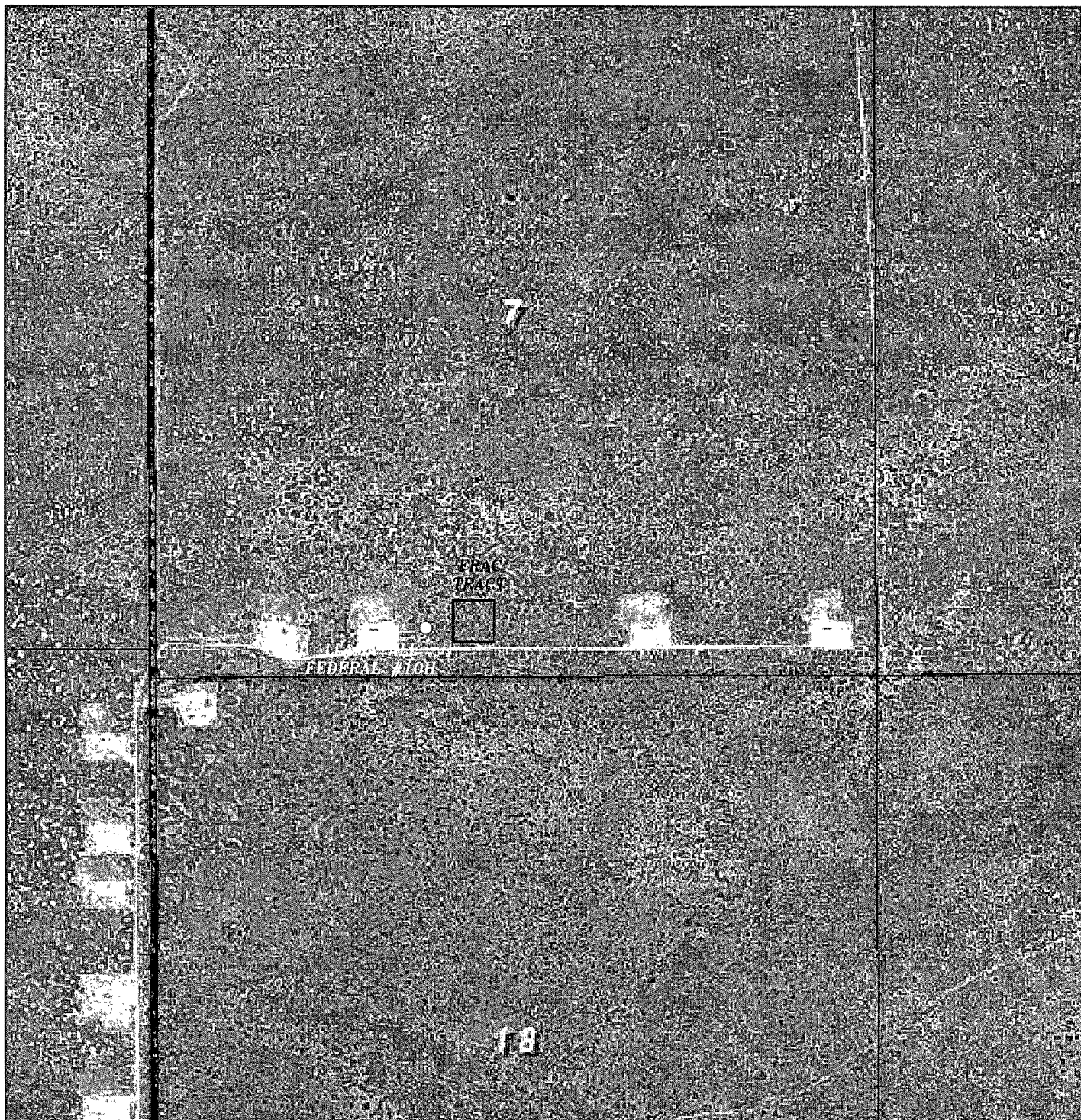
1000 0 1000 2000 FEET



**YATES PETROLEUM CORP.**

REF: LLAMA ALL FEDERAL #10H FRAC TANK

A TRACT OF LAND LOCATED IN  
SECTION 7, TOWNSHIP 22 SOUTH, RANGE 31 EAST,  
N.M.P.M., EDDY COUNTY, NEW MEXICO.



LLAMA ALL FEDERAL #10H FRAC TANK  
Section 7, Township 22 South, Range 31 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: 22811

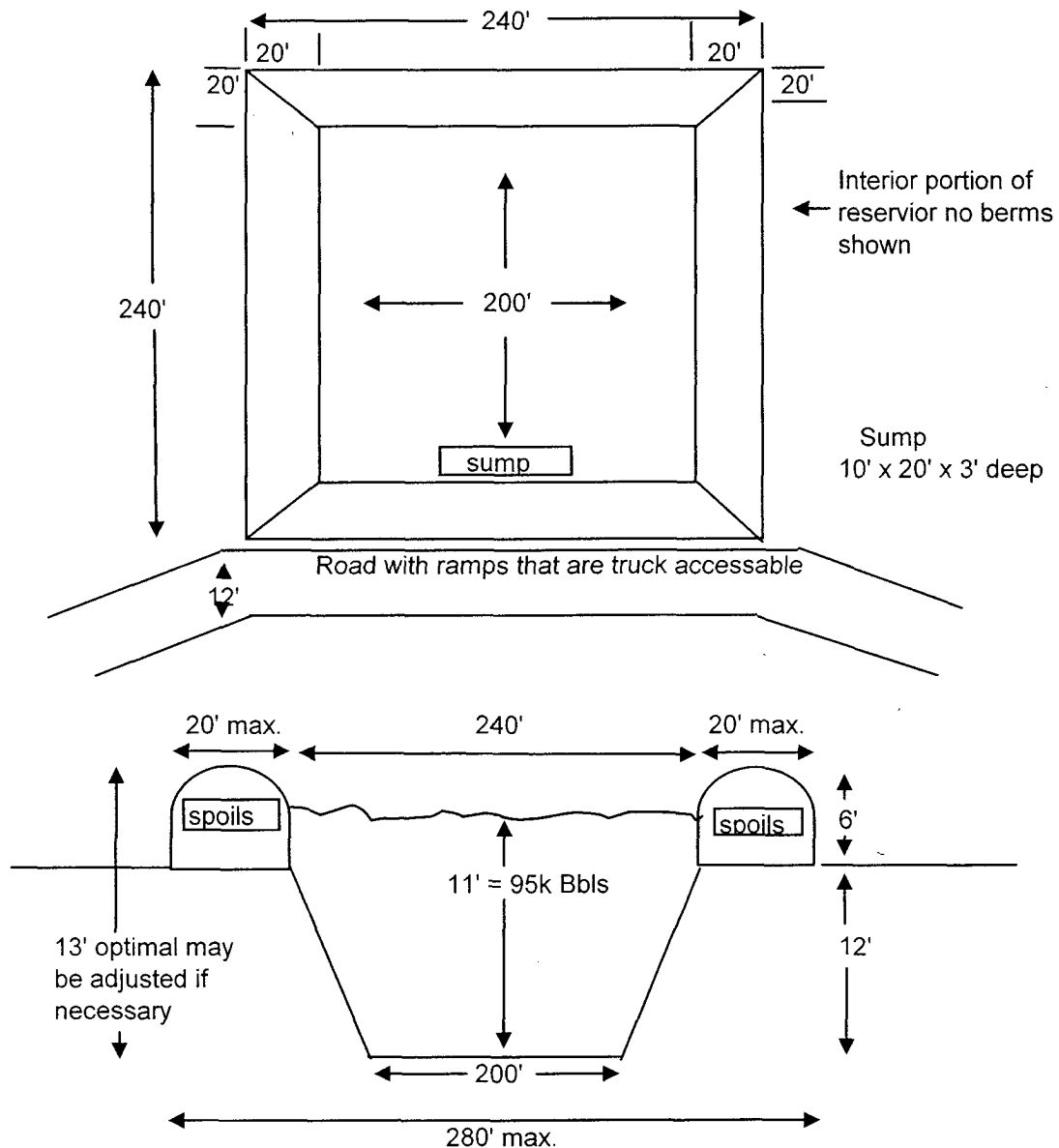
Scale: 1" = 1000'

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



YATES  
PETROLEUM  
CORP.

### Fresh Water Reservoir



Spoil piles= 3 sides will normally be narrow and the fourth side will include the road and access to the sump.

Bottom Slope= make sure the bottom always slopes to the sump.

Top Edge= Make sure top levels are shot in to ensure adequate Free Board ( 2' )

Road & Ramps = Must be capable of handling 2 loaded water trucks.