SECRETARY'S POTASH

OCD-ARTESIA

AT3-12-294

Form 3160-3
(August 2007)

FORM APPROVED
OMB No. 1004-0137
Expires July 31, 2010

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.
NM - 103602

6. If Indian, Allotee or Tribe Name

TCS 1/8/2013

1a. Type of work: ☑ DRILL ☐ REENTER

7. If Unit or CA Agreement, Name and No.

1b. Type of Well: ☑ Oil Well ☐ Gas Well ☐ Other ☑ Single Zone ☐ Multiple Zone

8. Lease Name and Well No.
Sober BEZ Federal #2H <35726>

2. Name of Operator Yates Petroleum Corporation 25575

9. API Well No.
30-015- 40943

3a. Address 105 S. Fourth, Artesia, NM 88210

3b. Phone No. *(include area code)*
575-748-4120

10. Field and Pool or Exploratory
~~2nd Bone Springs Sand~~ WC-015 G-05 S202935P; B.S. <97995>

4. Location of Well *(Report location clearly and in accordance with any State requirements.*)*
At surface 200' FSL & 660' FEL, Sec. 35, T-20S & R-29E
At proposed prod. zone 2310' FSL & 660' FEL, BHL, Sec. 26, T-20S & R-29E

11. Sec., T. R. M. or Blk. and Survey or Area
SHL Sec. 35, T-20S & R-29E
BHL Sec. 26, T-20S & R-29E

14. Distance in miles and direction from nearest town or post office*
12 East of Carlsbad

12. County or Parish
Eddy

13. State
NM

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 200' FSL

16. No. of acres in lease
1680

17. Spacing Unit dedicated to this well
240 acres, E2/E2 Sec. 35, T-20S & R-29E
E2/SE4 Sec. 26, T-20S & R-29E

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1400'

19. Proposed Depth
8487' TVD
15494' MD

20. BLM/BIA Bond No. on file
Nationwide Bond #NMB000434

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
3373'

22. Approximate date work will start*

23. Estimated duration
45 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 — Travis Hahn — Name *(Printed/Typed)* Travis Hahn — Date 03/27/2012

Title
Land Regulatory Agent

Approved by *(Signature)* /S/ Aden L. Seidlitz - acting Sec — Name *(Printed/Typed)* — Date DEC 27 2013

Title STATE DIRECTOR — Office NM STATE 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)

Capitan Controlled Water Basin

RECEIVED
JAN 07 2013
NMOCD ARTESIA

Approval Subject to General Requirements & Special Stipulations Attached

SEE ATTACHED FOR CONDITIONS OF APPROVAL

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., 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, New Mexico 87505

Form C-102
Revised July 16, 2010

Submit one copy to appropriate District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
30-015-40943	97995	WC-015 G-05 S202935P; BS ~~2nd Bone Springs Sand~~/Wildcat

Property Code	Property Name	Well Number
35126	SOBER BEZ FEDERAL	2H

OGRID No.	Operator Name	Elevation
025575	YATES PETROLEUM CORP.	3373'

Surface Location

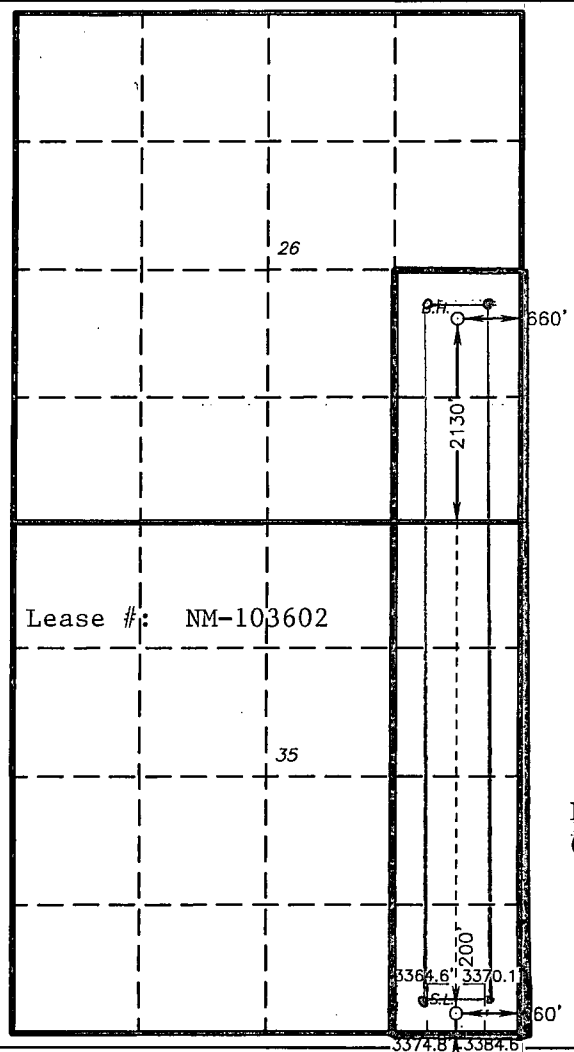
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	35	20 S	29 E		200	SOUTH	660	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	26	20 S	29 E		2130	SOUTH	660	EAST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
240			

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



PROPOSED BOTTOM HOLE LOCATION
Lat - N 32°32'34.75"
Long - W 104°02'21.45"
NMSPCE- N 561393.896
E 631945.403
(NAD-83)

Project Area

Production Zone

Penetration Point
681'FSL & 661' FEL

SURFACE LOCATION
Lat - N 32°31'23.38"
Long - W 104°02'21.49"
NMSPCE- N 554181.954
E 631962.514
(NAD-83)

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 — Date: 3/26/12

Travis Hahn
Printed Name

thahn@yatespetroleum.com
Email Address

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 supervison, and that the same is true and correct to the best of my belief.

FEBRUARY 15, 2012
Date Surveyed

Signature & Seal of Professional Surveyor

GARY L. JONES NEW MEXICO 7977 REGISTERED PROFESSIONAL LAND SURVEYOR

W.O. Number: 26002

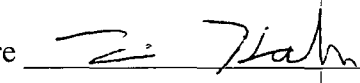
Certificate No. Gary L. Jones 7977

BASIN SURVEYS 26002

CERTIFICATION
YATES PETROLEUM CORPORATION
Sober BEZ Federal #2H

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 the 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 15 day of March 2012

Signature 

Name Travis Hahn

Position Title Land Regulatory Agent

Address 105 South Fourth Street, Artesia, New Mexico 88210

Telephone (575) 748-4120

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

YATES PETROLEUM CORPORATION
Sober BEZ Federal #2H
200' FSL & 660' FEL, Surface Hole
2310' FSL & 660' FEL, Bottom Hole
Section 35 –T20S-R29E
Eddy County, New Mexico

1. The estimated tops of geologic markers are as follows:

Rustler	375'	Brushy Canyon	4840' Oil
Top of Salt	715'	Bone Spring Lime	6445'
Base of Salt	1315'	Avalon Sand	6610' Oil
Tansill	1395'	Middle Avalon	6730' Oil
Yates	1475' Oil	Lower Avalon	7110' Oil
Capitan Reef	1635' Water	Bone Springs 1/SD	7610' Oil
Delaware	3075'	Bone Springs 2/SD	8279' Oil
Cherry Canyon	3725'	Target Zone SBSG	8763'
		TD (Lateral Hole)	15494' MD

2. The estimated depths at which anticipated water, oil or gas formations are expected to be encountered:

Water: Approx: 0' - 375' & 1635' – 3075'
Oil or Gas: See above--All Potential Zones

3. Pressure Control Equipment: Yates Petroleum Corporation hereby request a variance to allow us to place a 2000 PSI annular system with a 17.5" opening will be installed on the 20" casing, then will be pressured up to 1000 PSI and held for 30 minutes for a test. A 3000 PSI BOP with a 13 5/8" opening will be installed on the 13 3/8" casing and also on the 9 5/8" casing. Pressure tests to 3000 PSI and held for 30 minutes will be conducted before drilling out from under all casing strings, which are set and cemented in place. 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 Exhibit B.

4. Auxiliary Equipment:

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.

1. THE PROPOSED CASING AND CEMENTING PROGRAM:

A. Casing Program: (All New)

	Hole Size	Casing Size	Wt./Ft	Grade	Coupling	Interval	Length
See COA	26"	20"	94#	J-55	Buttress Thread	0-~~400'~~ 490	~~400'~~
	17 1/2"	13 3/8"	48#	H-40	ST&C	0'-1585'	1585'
	12 1/4"	9 5/8"	36#	J-55/K-55	LT&C	0'-3025'	3025'
	8 3/4"	5 1/2"	17#	P-110	LT&C	0'-8010'	8010'
	8 1/2"	5 1/2"	17#	P-110	Buttress Thread	0'-15494'	15494'

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

B. CEMENTING PROGRAM:

Surface casing: Lead in with 452 sacks of Class PozC 35:65:6 (YLD 2.00 WT 12.50); tail in with 200 sacks of Class C + 2% CaCl2 (YLD 1.34 WT 14.80). Designed with 100% excess, TOC-Surface.

Intermediate Casing 1: Lead with 834 sacks of Class PozC 35:65:6 (YLD 2.00 WT 12.50); tail in with 200 sacks of Class C + 2% CaCl2 (YLD 1.34 WT. 14.80). Designed with 100% excess, TOC-Surface.

Intermediate Casing 2: Lead with 814 sacks of Class PozC 35:65:6 (YLD 2.00 WT 12.50); tail in with 200 sacks of Class C + 2% CaCl2 (YLD 1.34 WT 14.80). Designed with 100% excess, TOC-Surface.

Production Casing: ~~Cement to be done with~~ Packers and Ports system in the lateral.
2nd DV tool 4600
Stage 2 from 1500'-4800'; Lead cement with 425 sacks of Class PozC 35:65:6 (YLD 2.00 WT. 12.50); tail in with 200 sacks of Class C + 2% CaCl2 (YLD 1.34 WT 14.80). Designed with 35% excess, TOC-~~2500'~~ per operator 1500'
1st DV tool 6735
Stage 1 from 4800'-8735'; Lead with 546 sacks Class PozC 35:65:6 (YLD 2.00 WT 12.50); tail in with 178 sacks of Pecos Valley Lite (YLD 1.41 WT. 13.00). 30% CaCO, 3.2% Expansion additive, 2% Antifoam, .8% Retarder, 15 Fluid loss. TOC- 4800' Designed with 35% excess.

Well will be drilled vertically depth to 8010' and drilled directionally at 12 degrees per 100' with a 8 ¾" hole to 8763' MD (8487' TVD). Hole will then be reduced to 8 ½" and drilled to 15494' MD (8440' TVD) where 5 ½" casing will be set and cemented. Packer's Plus packer port system will be utilized in the lateral. Penetration point of producing zone will be encountered at 681' FSL & 661' FEL, Section 35-20S-29E. Deepest TVD is 8487' in the lateral.

5. Mud Program and Auxiliary Equipment:

Interval	Type	Weight	Viscosity	Fluid Loss
~~0-400'~~ 990	Fresh Water	8.6-9.2	32-34	N/C
~~400'-1425'~~ 1585	Brine Water	10.0-10.2	28-29	N/C
1425'-3025'	Fresh Water	8.6-8.8	28-29	N/C
3025'-8763'	Cut Brine	8.8-9.2	32-34	<10-15
8763'-15494'	Cut Brine (lateral)	8.8-9.2	28-32	

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:
Samples: 30' samples to 3000'. 10' samples 3000' to TD.
Logging: Platform HRLA CMR to 30 degree deviation.
Coring: As warranted.
DST's: As warranted.
Mudlogging: Surface casing to TD

7. Abnormal Conditions, Bottom hole pressure and potential hazards:
Anticipated BHP:

From:	0	To: 400'	Anticipated Max. BHP:	191	PSI
From:	400'	To: 1425'	Anticipated Max. BHP:	756	PSI
From:	1425'	To: 3025'	Anticipated Max. BHP:	1447	PSI
From:	3025'	To: 8487'	Anticipated Max. BHP:	4060	PSI

No abnormal pressures or temperatures are anticipated.
Lost Circulation Zones Anticipated: Possiable in Capitan Reef
H2S may be encountered.

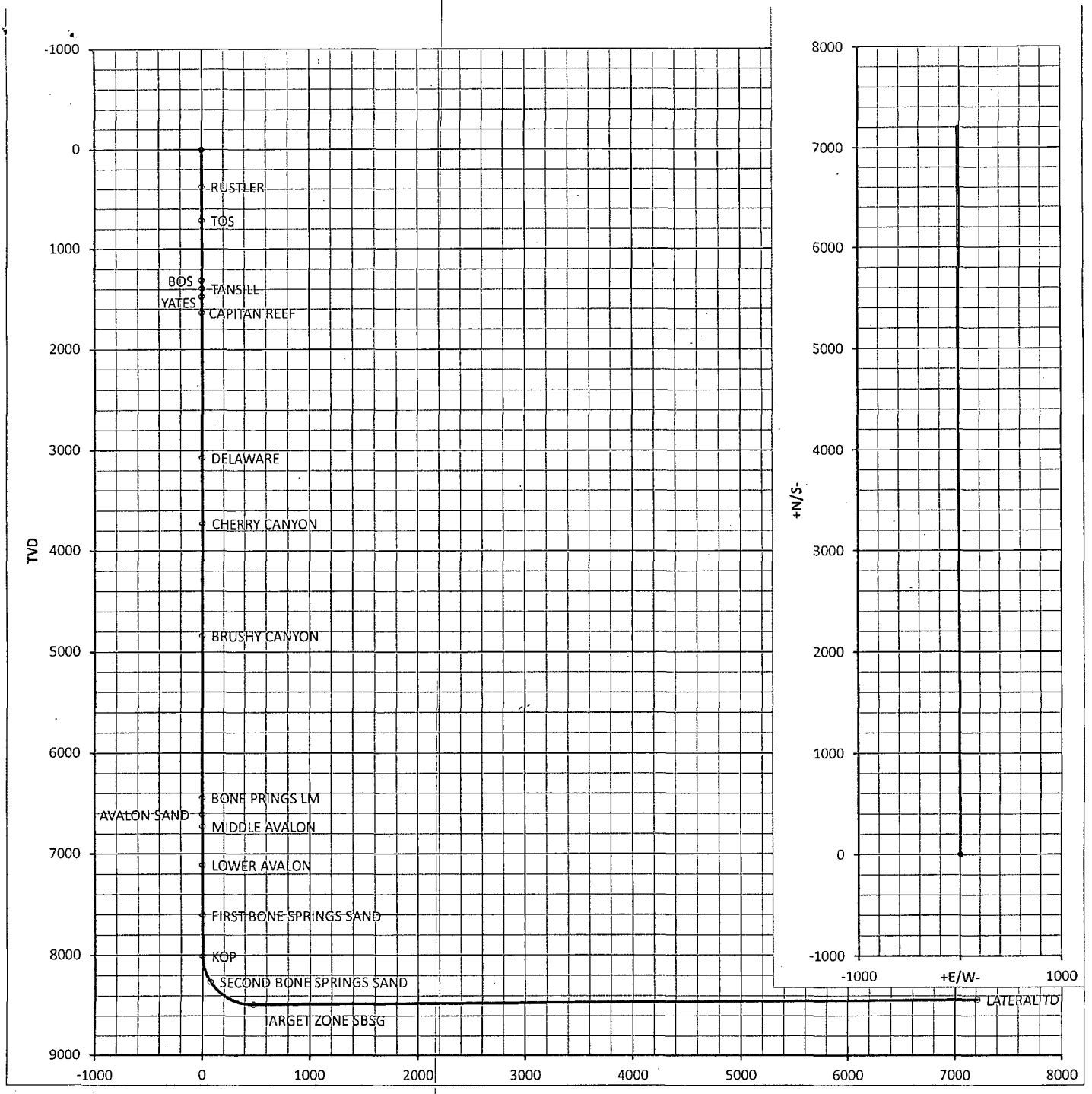
8. ANTICIPATED STARTING DATE:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 65 days to drill the well with completion taking another 30 days.

Co:	Yates Petroleum Corporation	**Units:**	Feet, °, °/100ft	**VS Az:**	359.86 **Method:** Minimum Curvature
Drillers:	0	**Elevation:**		**Map System:**	NAD83, St. Plane, Wyoming West
Well Name:	Sober BEZ Federal Com #2H	**Northing:**		**Latitude:**	
Location:	Sec. 35, 20S-29E	**Easting:**		**Longitude:**	

Yates Petroleum Corporation: Sober BEZ Fed Com #2H

No.	MD	CL	Inc	Azi	TVD	VS	+N/S-	+E/W-	BR	WR	DLS	Comments
0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00				
1	375.00	375.00	0.00	360.00	375.00	0.00	0.00	0.00	0.00	0.00	0.00	RUSTLER
2	715.00	340.00	0.00	360.00	715.00	0.00	0.00	0.00	0.00	0.00	0.00	TOS
3	1315.00	600.00	0.00	360.00	1315.00	0.00	0.00	0.00	0.00	0.00	0.00	BOS
4	1395.00	80.00	0.00	360.00	1395.00	0.00	0.00	0.00	0.00	0.00	0.00	TANSILL
5	1475.00	80.00	0.00	360.00	1475.00	0.00	0.00	0.00	0.00	0.00	0.00	YATES
6	1635.00	160.00	0.00	360.00	1635.00	0.00	0.00	0.00	0.00	0.00	0.00	CAPITAN REEF
7	3075.00	1440.00	0.00	360.00	3075.00	0.00	0.00	0.00	0.00	0.00	0.00	DELAWARE
8	3725.00	650.00	0.00	360.00	3725.00	0.00	0.00	0.00	0.00	0.00	0.00	CHERRY CANYON
9	4840.00	1115.00	0.00	360.00	4840.00	0.00	0.00	0.00	0.00	0.00	0.00	BRUSHY CANYON
10	6445.00	1605.00	0.00	360.00	6445.00	0.01	0.01	0.00	0.00	0.00	0.00	BONE PRINGS LM
11	6610.00	165.00	0.00	360.00	6610.00	0.01	0.01	0.00	0.00	0.00	0.00	AVALON SAND
12	6730.00	120.00	0.00	360.00	6730.00	0.01	0.01	0.00	0.00	0.00	0.00	MIDDLE AVALON
13	7110.00	380.00	0.00	360.00	7110.00	0.01	0.01	0.00	0.00	0.00	0.00	LOWER AVALON
14	7610.00	500.00	0.00	360.00	7610.00	0.01	0.01	0.00	0.00	0.00	0.00	FIRST BONE SPRINGS S
15	8009.54	399.54	0.00	359.86	8009.54	0.01	0.01	0.00	0.00	0.00	0.00	KOP
16	8100.00	90.46	10.86	359.86	8099.46	8.55	8.55	-0.02	12.00	0.00	12.00	
17	8200.00	100.00	22.86	359.86	8194.99	37.49	37.49	-0.09	12.00	0.00	12.00	
18	8279.09	79.09	32.35	359.86	8264.99	74.09	74.09	-0.18	12.00	0.00	12.00	SECOND BONE SPRING
19	8300.00	20.91	34.86	359.86	8282.41	85.67	85.67	-0.20	12.00	0.00	12.00	
20	8400.00	100.00	46.86	359.86	8357.91	150.97	150.97	-0.36	12.00	0.00	12.00	
21	8500.00	100.00	58.86	359.86	8418.18	230.53	230.53	-0.55	12.00	0.00	12.00	
22	8600.00	100.00	70.86	359.86	8460.59	320.89	320.89	-0.76	12.00	0.00	12.00	
23	8700.00	100.00	82.86	359.86	8483.29	418.09	418.09	-0.99	12.00	0.00	12.00	
24	8762.87	62.87	90.40	359.86	8486.99	480.81	480.80	-1.14	12.00	0.00	12.00	TARGET ZONE SBSG
25	15494.20	6731.33	90.40	359.86	8439.99	7211.97	7211.95	-17.10	0.00	0.00	0.00	LATERAL TD


TVD
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RUSTLER
TOS
BOS
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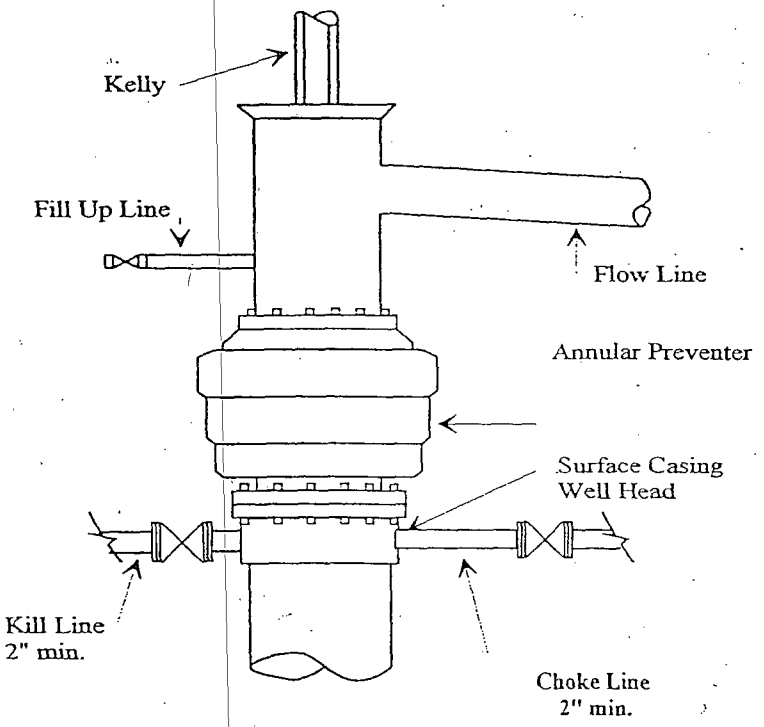
YATES
CAPITAN REEF
DELAWARE
CHERRY CANYON
BRUSHY CANYON
BONE PRINGS LM
AVALON SAND
MIDDLE AVALON
LOWER AVALON
FIRST BONE SPRINGS SAND
KOP
SECOND BONE SPRINGS SAND
TARGET ZONE SBSG
LATERAL TD
+N/S-
+E/W-

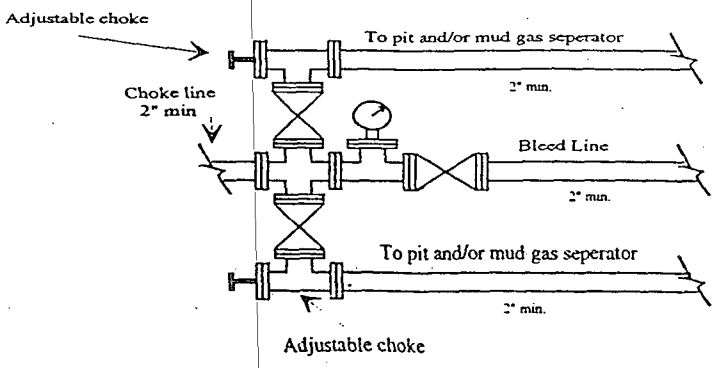
Yates Petroleum Corporation

BOP-1

Typical low Pressure System
Schematic
Annular Preventer 2,000 psi

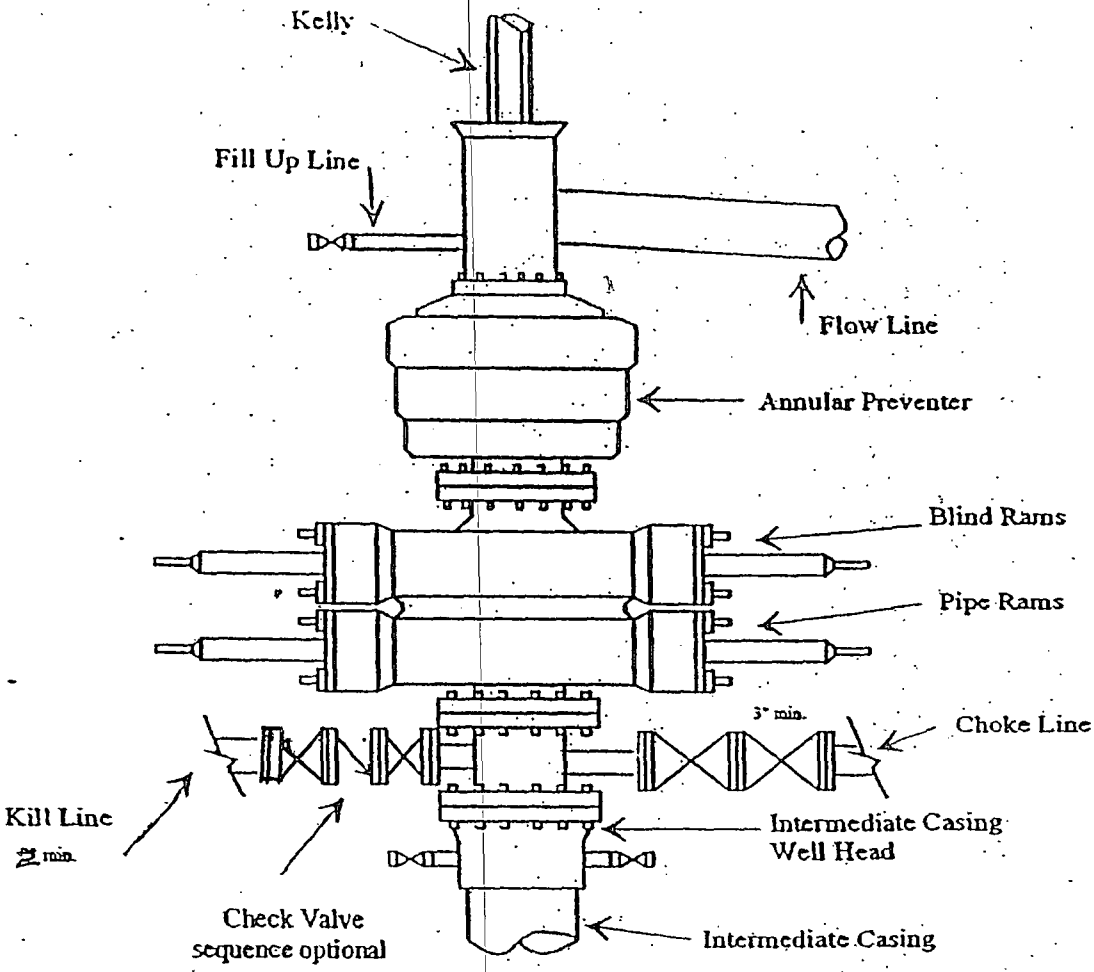


Typical 2,000 psi choke manifold assembly with at least these minimun features

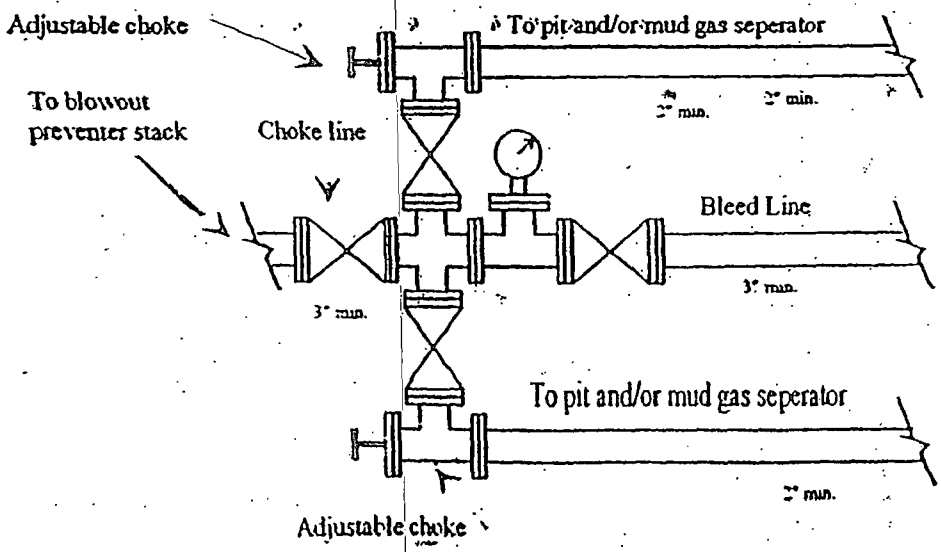


Yates Petroleum Corporation

Typical 3,000 psi Pressure System
Schematic
Annular with Double Ram Preventer Stack

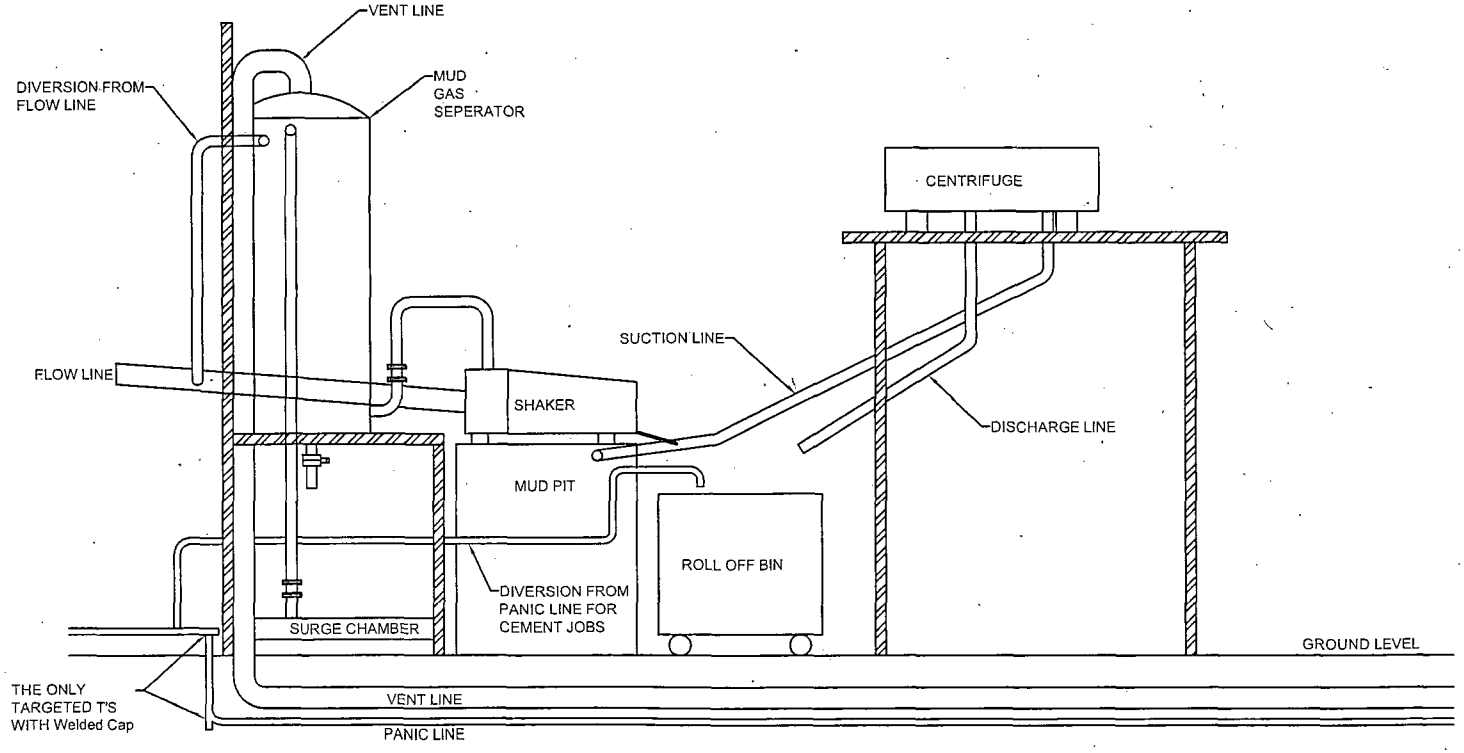


Typical 3,000 psi choke manifold assembly with at least these minimun features



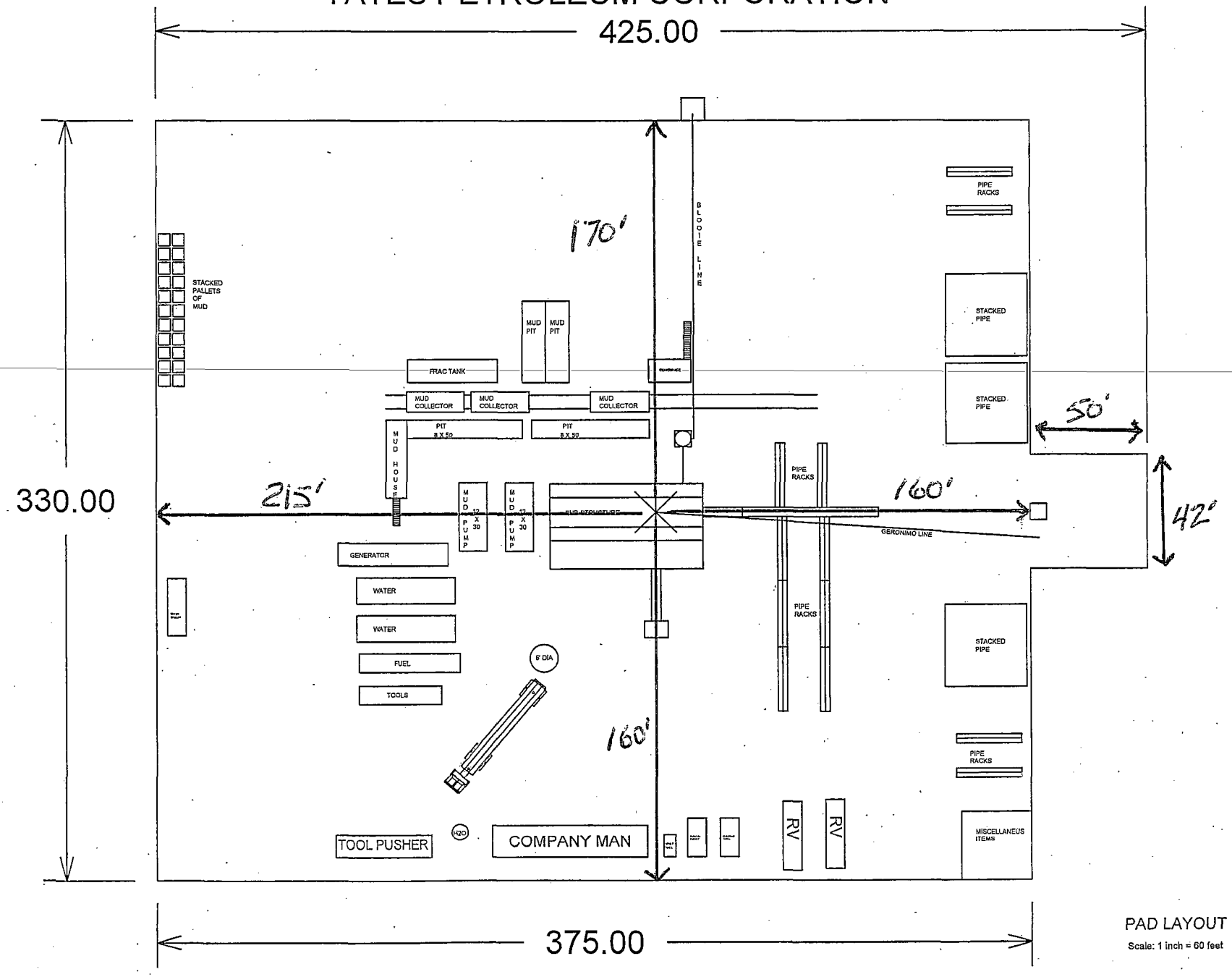
YATES PETROLEUM CORPORATION

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.

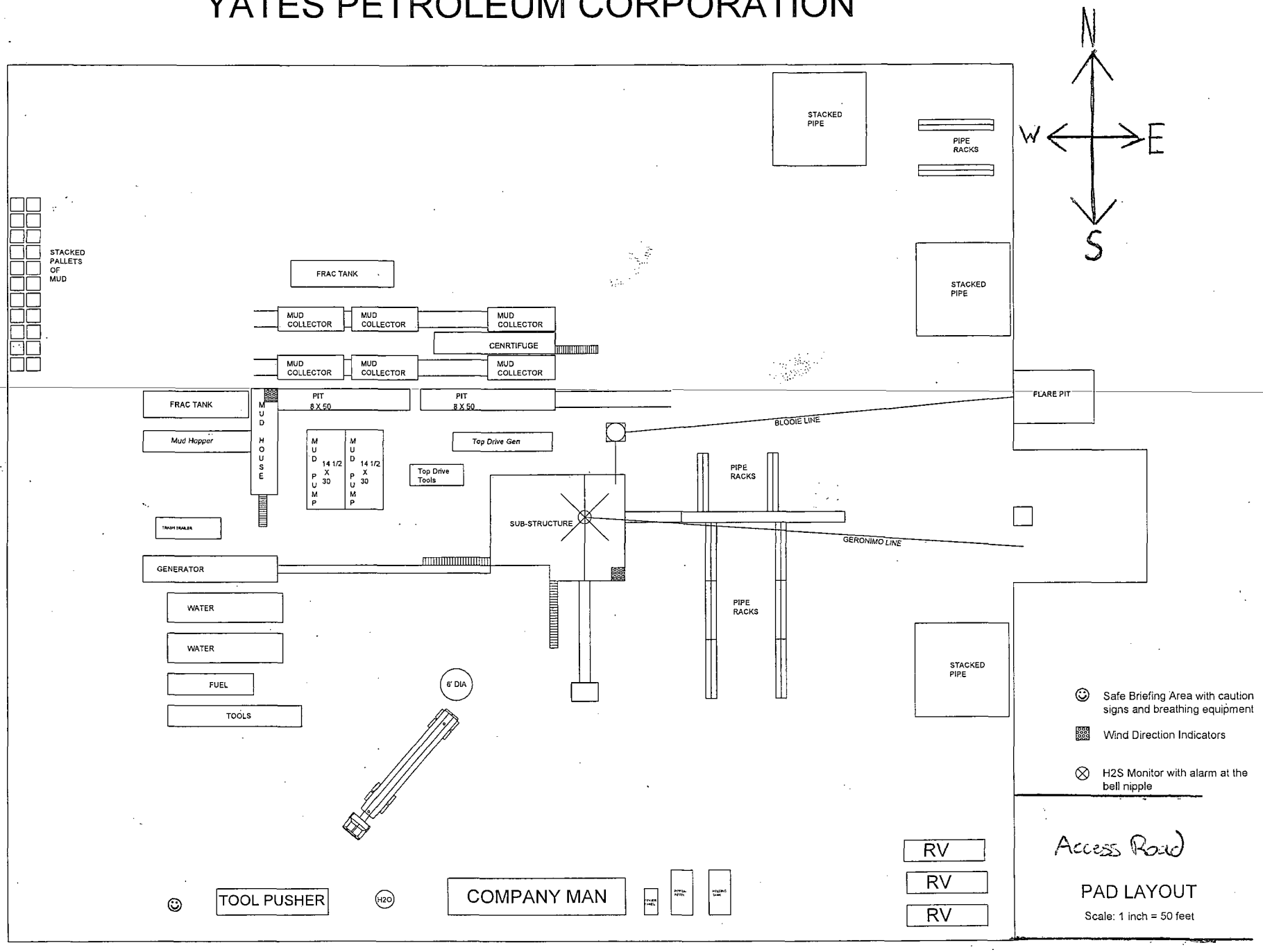
YATES PETROLEUM CORPORATION



PAD LAYOUT

Scale: 1 inch = 60 feet

YATES PETROLEUM CORPORATION



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 well 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

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

Yates Petroleum Corporation
105 S. Fourth Street
Artesia, NM 88210

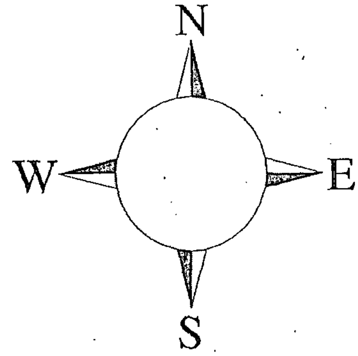
Hydrogen Sulfide (H_2S) Contingency Plan

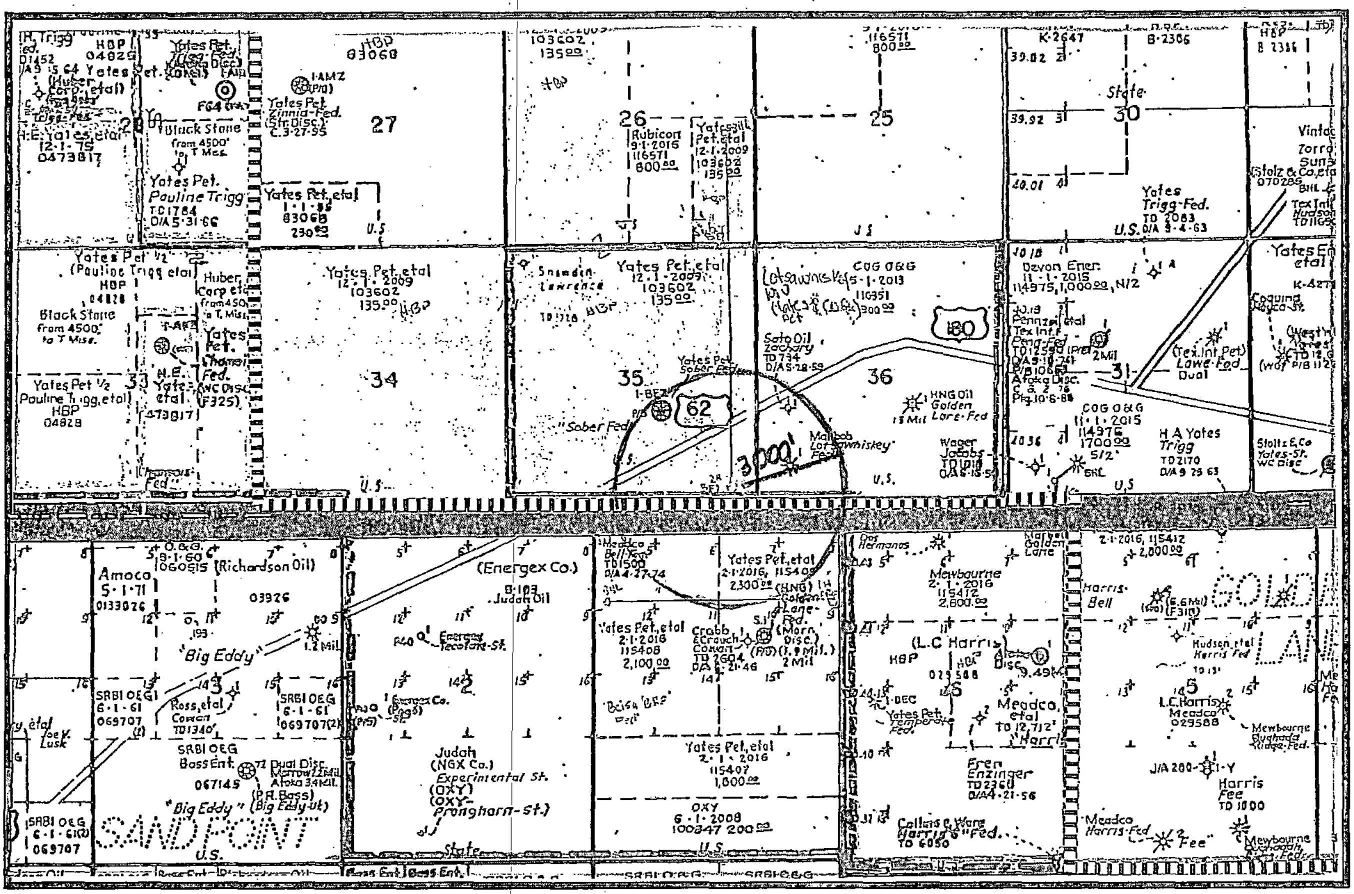
For

Sober BEZ Federal #2H
200' FSL & 660' FEL
Section 35, T20S-R29E
Eddy County NM

Sober BEZ Federal #2H

This is an open drilling site. H_2S monitoring equipment and emergency response equipment will be used within 500' of zones known to contain H_2S, including warning signs, wind indicators and H_2S monitor.





Assumed 100 ppm ROE = 3000'

100 ppm H2S concentration shall trigger activation of this plan.

Emergency Procedures

In the case of a release of gas containing H_2S, 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 H_2S, measures for protection against the gas, equipment used for protection and emergency response. Additionally, responders must be equipped with H_2S 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 (SO_2). 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 H_2S and SO_2

Common Name	Chemical Formula	Specific Gravity	Threshold Limit	Hazardous Limit	Lethal Concentr-ation
Hydrogen Sulfide	**H_2S**	**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

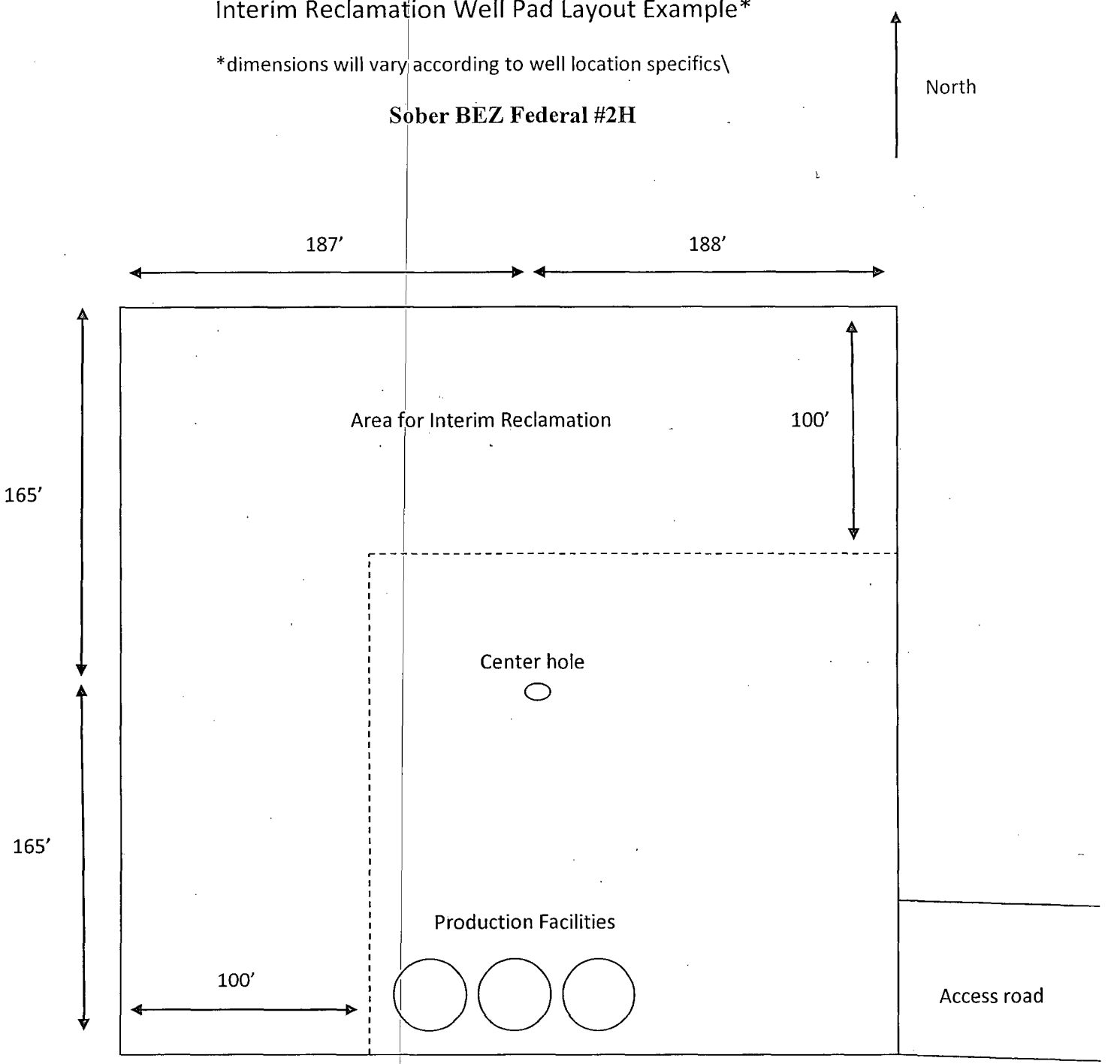
Boots & Coots IWC ..... 1-800-256-9688 or (281) 931-8884
Cudd Pressure Control ..... (915) 699-0139 or (915) 563-3356
Halliburton ..... (575) 746-2757
B. J. Services ..... (575) 746-3569

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

Interim Reclamation Well Pad Layout Example*

*dimensions will vary according to well location specifics\

Sober BEZ Federal #2H



03/15/2012

PECOS DISTRICT
CONDITIONS OF APPROVAL

OPERATOR'S NAME:	YATES PETROLEUM CORPORATION
LEASE NO.:	NM103602
WELL NAME & NO.:	2H SOBER BEZ FEDERAL
SURFACE HOLE FOOTAGE:	200' FSL & 660' FEL
BOTTOM HOLE FOOTAGE	2310' FSL & 660' FEL (Sec. 26)
LOCATION:	Section 35, T.20 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.