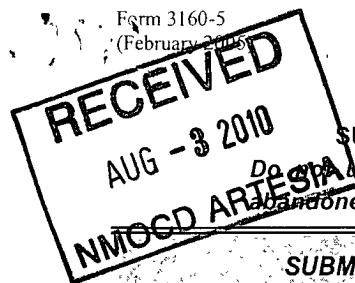


UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

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

SUDDRY 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

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

Yates Petroleum Corporation 025575

3a. Address

105 South Fourth Street, Artesia, NM 88210

3b. Phone No. (include area code)

(505) 748-1471

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

350' FNL and 200' FWL, Sec. 35-T16S-R27E - SHL

970' FNL and 330' FEL, Sec. 35-T16S-R27E - BHL

5. Lease Serial No.

NM-101584

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/o

8. Well Name and No

Gem Dandy BCG State Com. #2H

9. API Well No

37892
30-01532006

10. Field and Pool, or Exploratory Area

Crow Wildcat

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	Surface Use
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	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 recomplete 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 recompletion 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 Gem Dandy BCG State Com. #2H. Please note attached survey plat showing the location of the proposed freshwater pit.

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Armando A. Lopez

Title

Chief Land Regulatory Agent

Signature

Date

June 8, 2010

THIS SPACE FOR FEDERAL OR STATE USE

Approved by

/s/ Don Peterson

Title

FIELD MANAGER

Date

JUL 30 2010

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.

Office

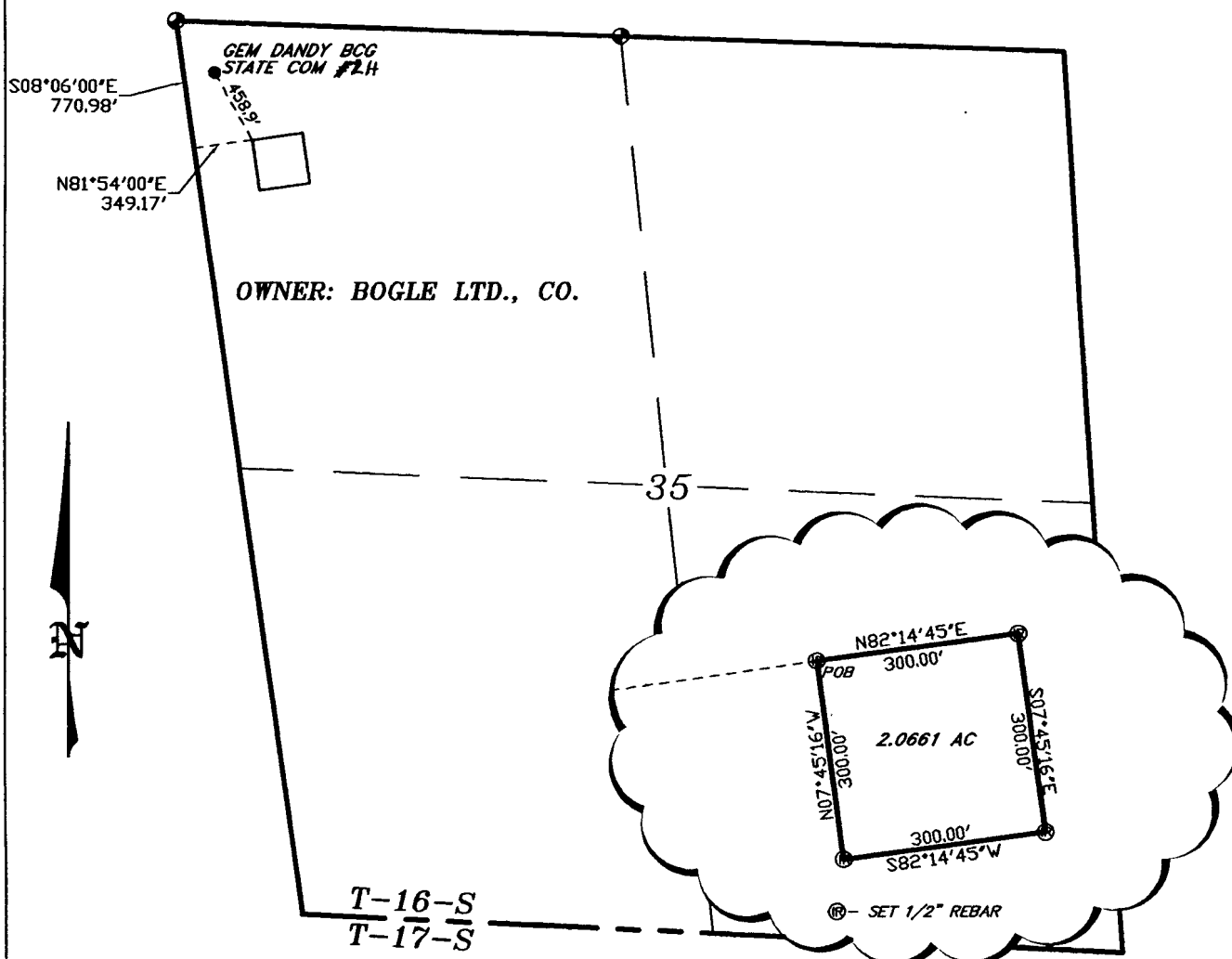
CARLSBAD FIELD OFFICE

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)

DJD

SECTION 35, TOWNSHIP 16 SOUTH, RANGE 27 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.

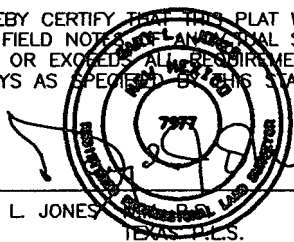


LEGAL DESCRIPTION

A TRACT OF LAND LOCATED IN SECTION 35, TOWNSHIP 16 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS.

BEGINNING AT A POINT WHICH LIES S.08°06'00\"E., 770.98 FEET AND N.81°54'00\"E., 349.17 FEET FROM THE NORTHWEST CORNER OF SAID SECTION 35; THENCE N.82°14'45\"E., 300.00 FEET; THENCE S.07°45'16\"E., 300.00 FEET; THENCE S.82°14'45\"W., 300.00 FEET; THENCE N.07°45'16\"W., 300.00 FEET TO THE POINT OF BEGINNING. SAID TRACT OF LAND CONTAINING 2.0661 ACRES, MORE OR LESS.

I HEREBY CERTIFY THAT THIS PLAT WAS PREPARED FROM FIELD NOTES OF A MECHANICAL 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

1000 0 1000 2000 FEET

YATES PETROLEUM CORP.

REF: GEM DANDY BCG STATE COM #1H FRAC TANK

A TRACT OF LAND LOCATED IN
SECTION 35, 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: 22921

Drawn By: K. GOAD

Date: 06-07-2010

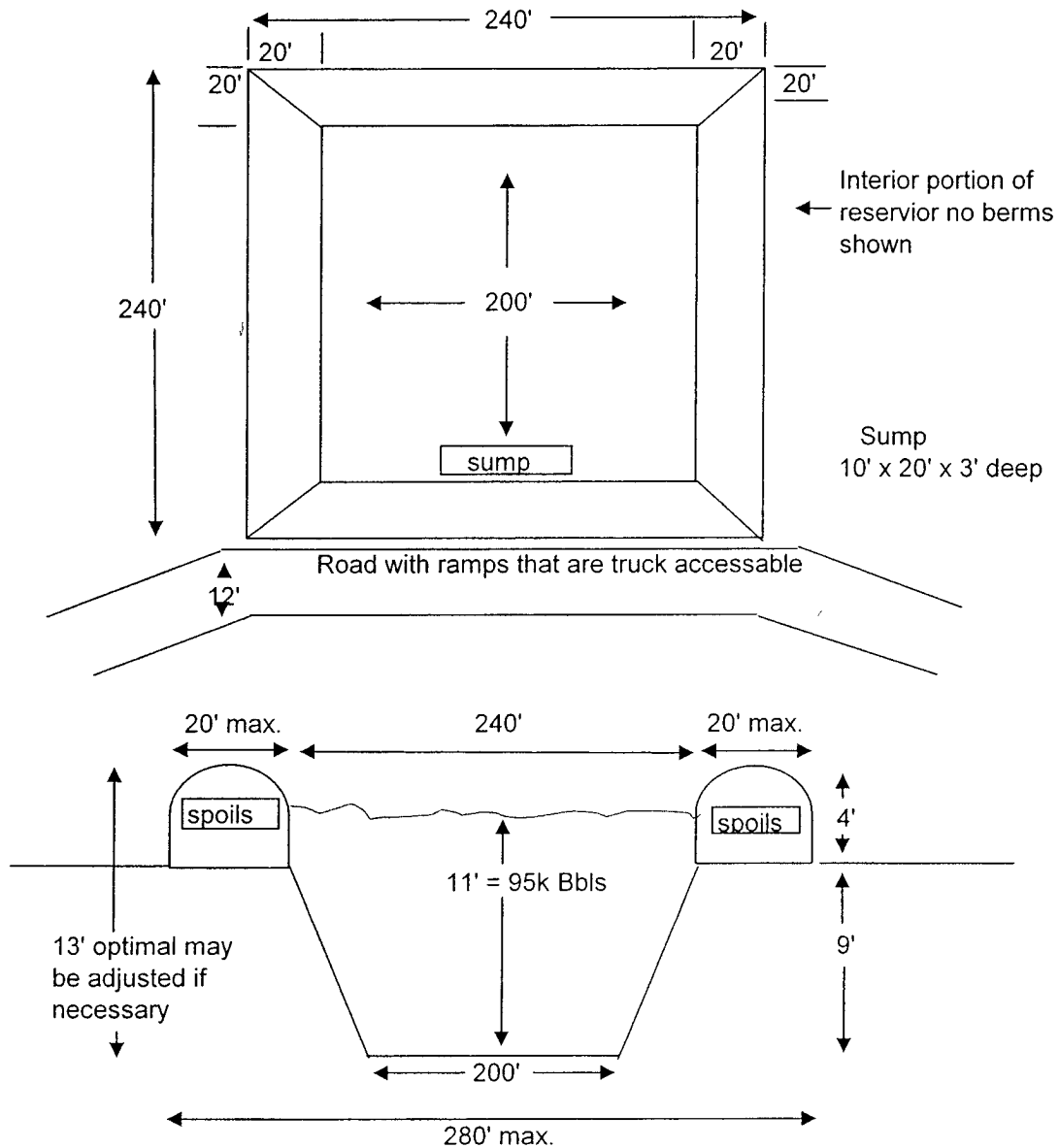
Disk: KJG - 22921TRACT.DWG

Survey Date: 06-04-2010

Sheet 1 of 1 Sheets

Fresh Water Reservoir

2/18/2010



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.

Contractor= will maintain One-Call & fax copy to me. Fax (575) 748-4229

Scott Pitts (575) 365-4716

BLM LEASE NUMBER: NM101584
COMPANY NAME: Yates Petroleum Corporation
ASSOCIATED WELL NO. & NAME GEM Dandy BCG State Com #2H

FRAC POND CONDITIONS OF APPROVAL

A copy of the Sundry Notice and attachments, including stipulations, survey plat and/or map, will be on location during construction. BLM personnel may request to see a copy of your permit during construction to ensure compliance with all stipulations.

Holder agrees to comply with the following conditions of approval to the satisfaction of the Authorized Officer:

1. The Holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this permit.
2. The Holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated.
3. Required Standard Mitigation:
 - The frac pond will only be authorized to contain freshwater and testing of water quality is required.
 - If at any time the water in the frac pond becomes polluted with salts or other contaminants, use of the frac pond will cease and desist, and all liquids will be removed from the frac pond and disposed of properly.
 - Reclamation efforts will commence immediately after the frac pond is no longer needed for the purpose of completing the wells.
 - Confine all construction and maintenance activity to the authorized area.
 - Mineral materials extracted during construction of the frac pond will be stored on-location and/or used for constructing the frac pond.
 - The frac pond will be lined.
 - The plastic lining will be removed prior to final abandonment
 - The operator shall stockpile topsoil in a low profile manner, reasonably protected from wind and water erosion
 - Topsoil shall not be used for constructing the frac pond. The topsoil will be used for final reclamation.
 - The frac pond shall be fenced on all sides.
 - Install earthen erosion-control structures as are suitable for the specific terrain and soil conditions.

- Earthwork for final reclamation must be completed within 3 months of completion of frac operations on associated wells.

Requirements for Operations and Final Reclamation:

4. If, during any phase of the construction, operation, maintenance, or termination of the frac pond, any pollutant should be released from the contaminated frac pond, the control and total removal, disposal, and cleaning up of such pollutant, wherever found, shall be the responsibility of holder, regardless of fault.
6. The holder shall minimize disturbance to existing fences and other improvements on public lands. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times. The holder will contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting of the fence. No permanent gates will be allowed unless approved by the Authorized Officer.
7. Any cultural and/or paleontological resources (historic or prehistoric site or object) discovered by the holder, or any person working on his behalf shall be immediately reported to the Authorized Officer. Holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery will be made by the Authorized Officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to proper mitigation measures will be made by the Authorized Officer after consulting with the holder.
8. The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipeline corridor, and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.
9. After all disturbed areas have been satisfactorily contoured and prepared for seeding the location needs to be revegetated with the seed mixture provided. Seeding may need to be repeated until revegetation is successful. Operators shall contact a BLM surface protection specialist **prior** to surface reclamation operations. Jim Amos, Supervisor, Environmental Protection – (575)234-5909).
10. Seeding is required: Use the following seed mix.

<input type="checkbox"/> seed mixture 1	<input checked="" type="checkbox"/> seed mixture 3
<input type="checkbox"/> seed mixture 2	<input type="checkbox"/> seed mixture 4
<input type="checkbox"/> LPC mixture	<input type="checkbox"/> Aplomado Falcon mix

11. Special Stipulations:

Cave/Karst – In the advent that any underground voids are opened up during construction activities, construction activities will be halted and the BLM will be notified immediately.

12. Upon failure of holder to control, dispose of, or clean up such discharge, or to repair all damages resulting there-from, the Authorized Officer may take such measures as he deems necessary to control and clean up the discharge and restore the area, including where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of the holder. Such action by the Authorized Officer shall not relieve holder of any responsibility as provided herein.

EA File #10-831