

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

Yates Petroleum Corporation

Domino AOJ Federal Com. #10H

2080' FSL & 330' FWL Surface Hole Location

1980' FSL and 330' FWL Bottom Hole Location

Section. 8, T-19S-R31-E

Eddy County, New Mexico

30-015-38385

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

DIRECTIONS:

Go east of Loco Hills on Highway 82 approx. 6 miles to County Road (222) Sugart Road. Turn south and go approx. 10 miles cattle guard on right. Turn west crossing cattle guard and follow the existing lease road for approximately 1.3 miles to the Domino AOJ Federal #2 dry hole location. From the northwest corner of the Domino #2 location continue going west for approximately .4 of a mile to the Domino AOJ Federal #9H location. The new road starts here going west for approximately 200 feet then the road goes north for approx. .2 of a mile to the southwest corner of the proposed well location.

2. PLANNED ACCESS ROAD.

- A. The proposed new access will go west of approximately 200 feet then the road goes north for approximately 0.2 of a mile to the southwest corner of the drilling pad. The road will lie in a west then northwest 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.

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 the drilling pad. 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.

C. One (1) 2 7/8" steel welded surface flowline. Working pressure 90# psi. This flowline will be constructed next to the access road. The proposed flowline will begin at the southwest corner of #10H well location and go south on the east side of the access road for 100.0 feet then it will go in a southeasterly direction for 1301.0' at this point the flowline will turn east and go 170'2" to the southwest corner of the Domino AOJ Federal #9H. On location lines will be built and will take the production to the tank battery on the Domino AOJ Federal #9 tank battery. Please note attached plat. The flowline will be a surface 2 7/8" welded steel flowline with a working pressure of 80 psi and a volume of 1000 bpd.

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.

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 Com. #10H

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 4th day of NOVEMBER, 2010

Signature Clifton May

Name Clifton R. May

Position Title Land Regulatory Agent

Address 105 South Fourth Street, Artesia, New Mexico 88210

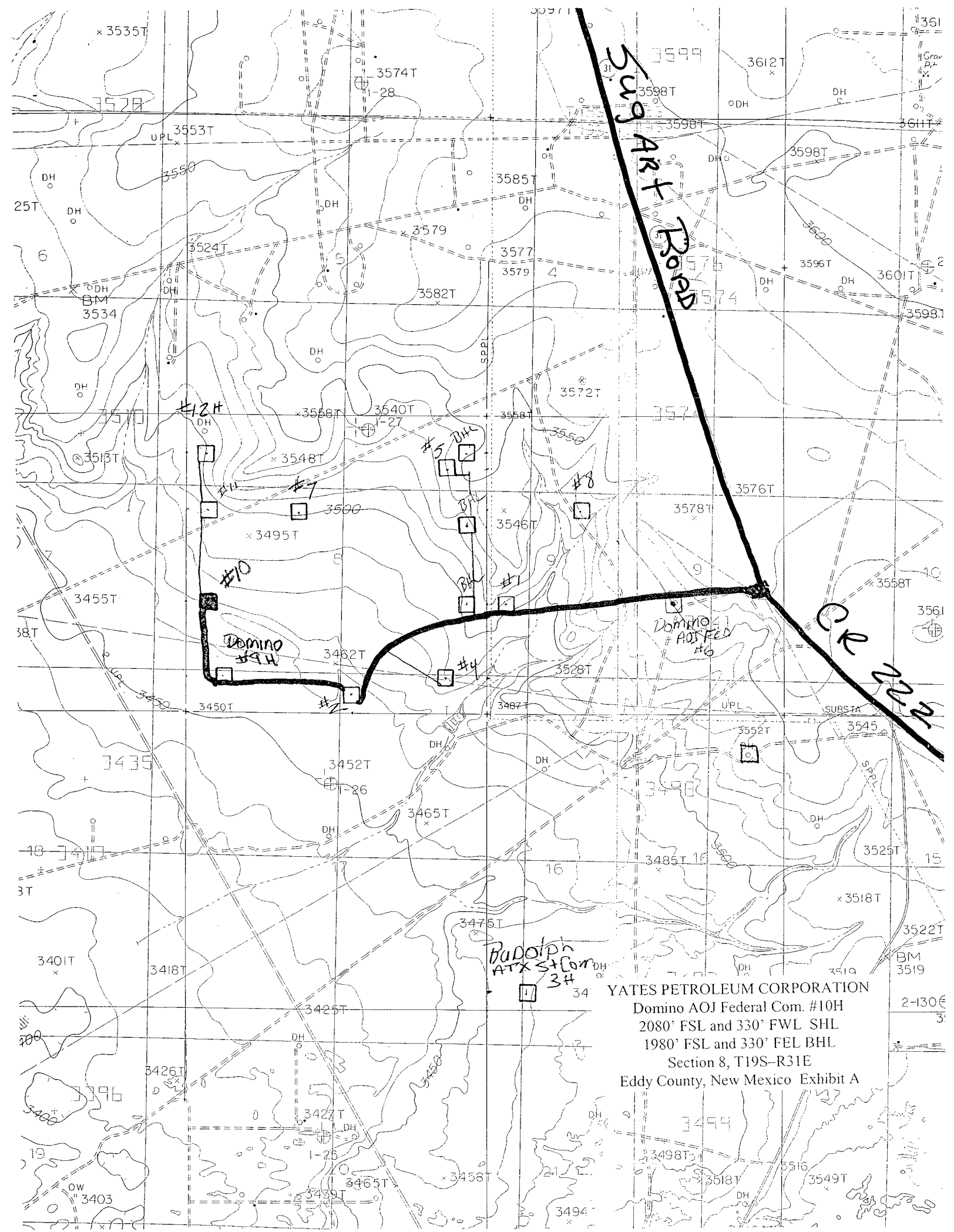
Telephone (505) 748-1471

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) _____



3481.8' 600' 3485.5'

200' NORTH
OFF SET
3482.3'

□

YATES PETROLEUM CORP.
DOMINO "AOJ" FEDERAL COM #10H
ELEV. - 3478'

□

200' WEST
OFF SET
3476.5'

Lat - N 32°40'24.20"
Long - W 103°53'56.49"
NMSPCE - N 608982.958
E 674975.329
(NAD-83)

200' EAST
OFF SET
3479.7'

600' 600'

3470.8' 600' 3469.5'

100.0'

200' SOUTH
OFF SET
3470.5'

□

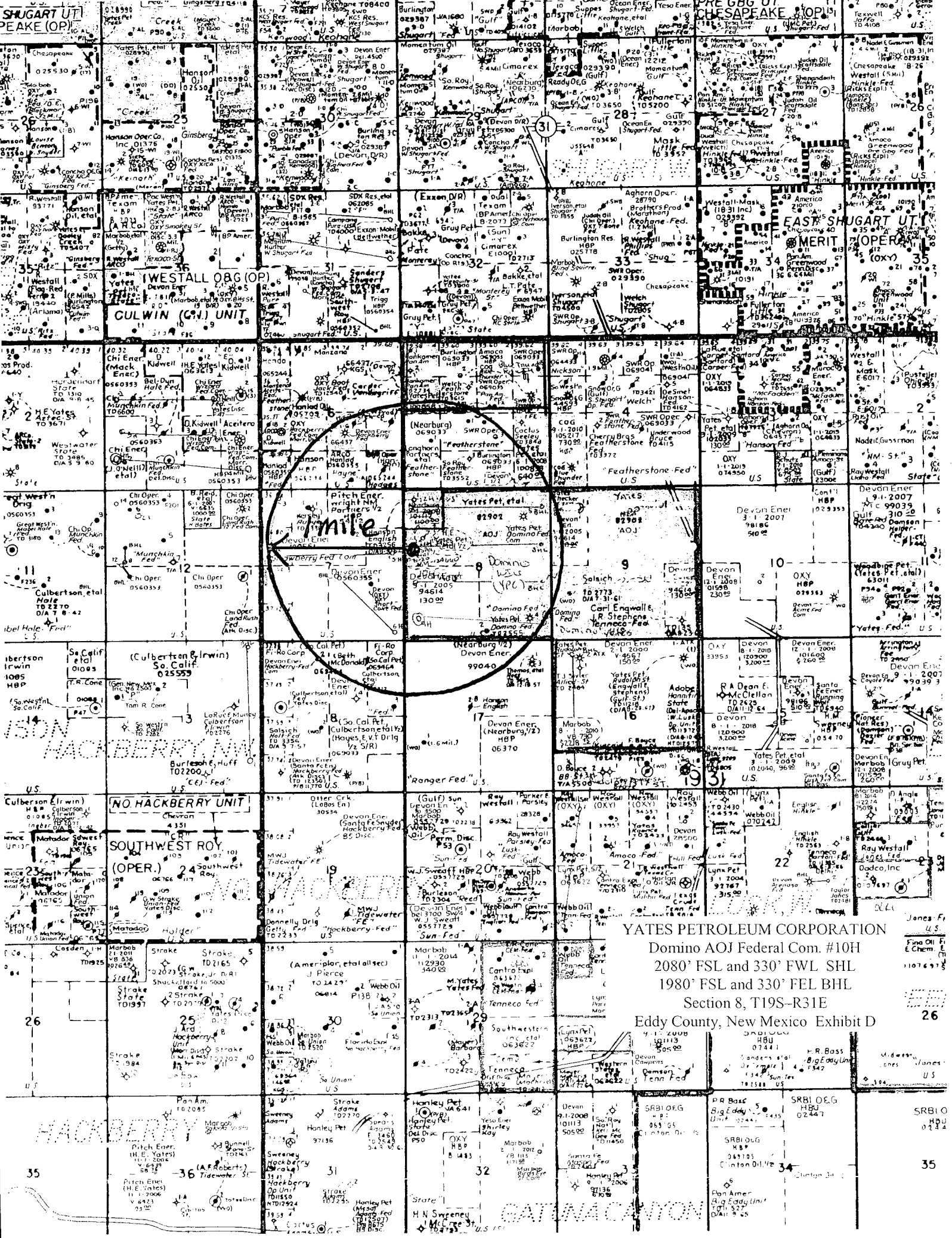
PROPOSED ~~CASE~~ Flowline 1301.0

DOMINO #9

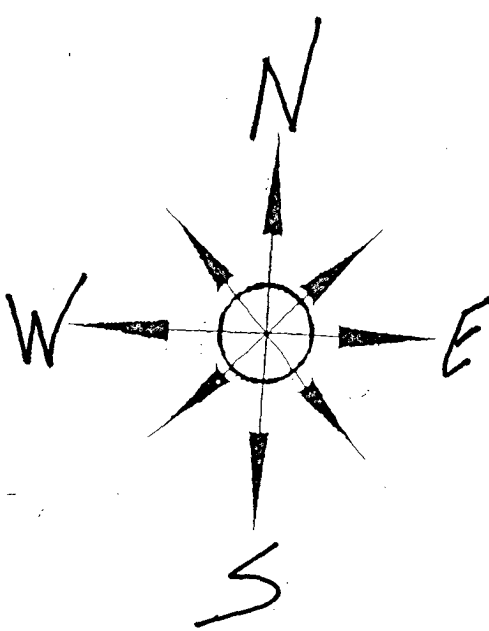


THE DOMINO "AOJ" FEDERAL COM #10H LOCATED 2080'
FROM THE SOUTH LINE AND 330' FROM THE WEST LINE OF
SECTION 8, TOWNSHIP 19 SOUTH, RANGE 31 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO.

Survey Date: 11-02-2010	Sheet 1 of 1 Sheets
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YATES PETROLEUM CORPORATION
Domino AOJ Federal Com. #10H
2080' FSL and 330' FWL SHL
1980' FSL and 330' FEL BHL
Section 8, T19S-R31E
Eddy County, New Mexico Exhibit D



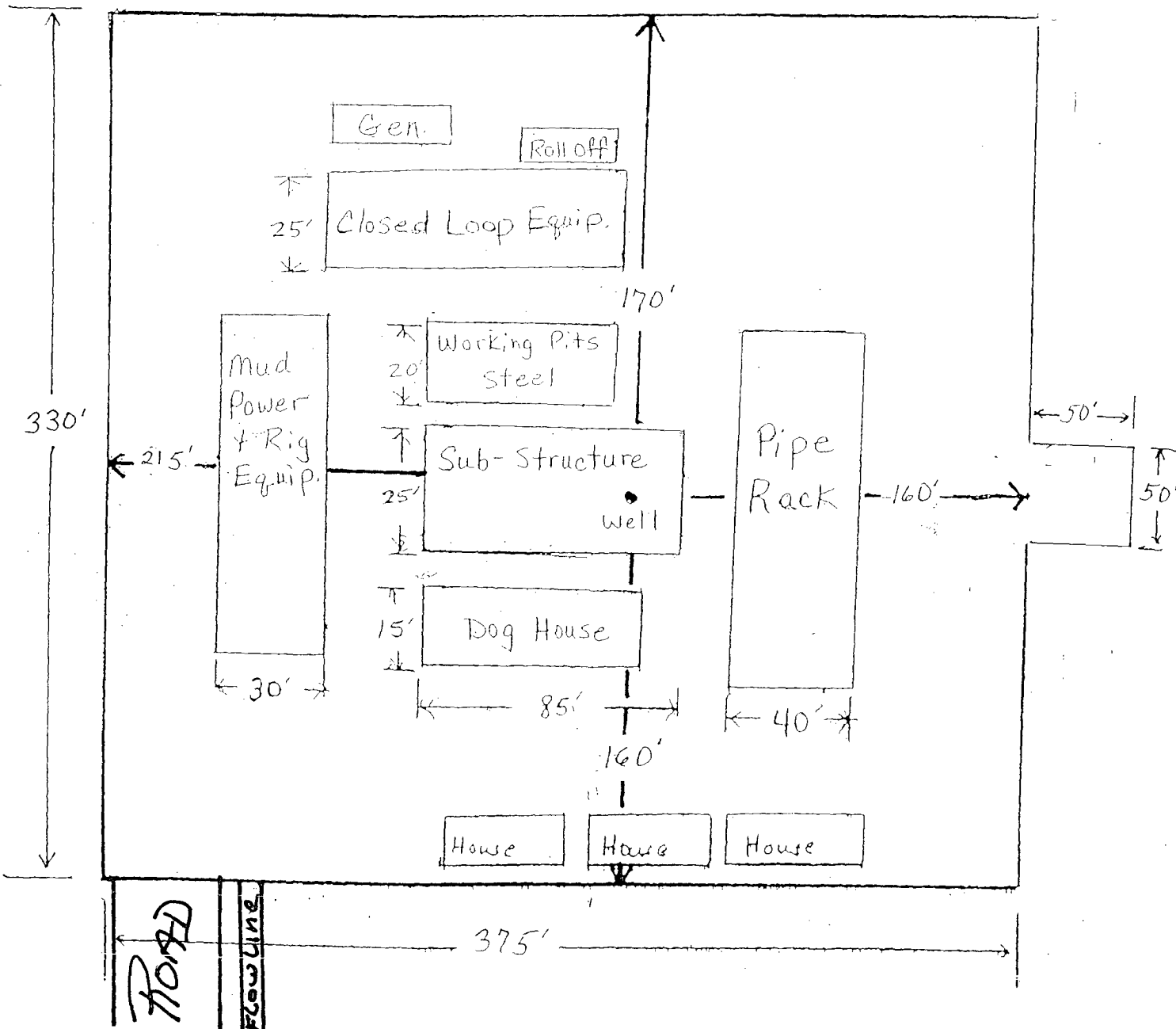
YATES PETROLEUM CORPORATION
Domino AOJ Federal Com. #10H
2080' FSL and 330' FWL SHL
1980' FSL and 330' FEL BHL
Section 8, T19S-R31E
Eddy County, New Mexico Exhibit B

Yates Petroleum Corporation

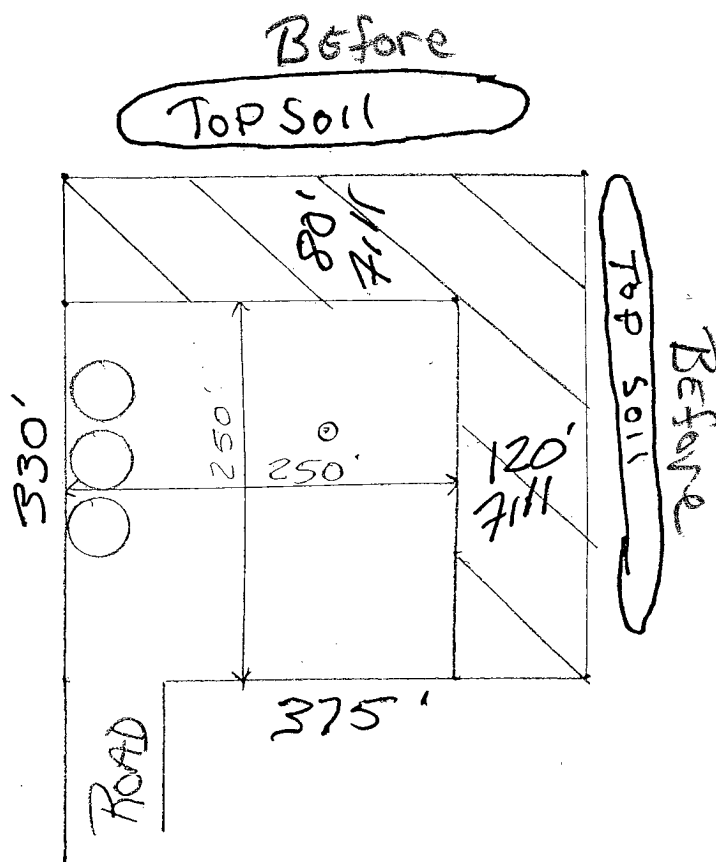
Location Layout for Permian Basin

Closed Loop Design Plan

* NOT TO SCALE



~~Possible~~ Reclamation Exhibit

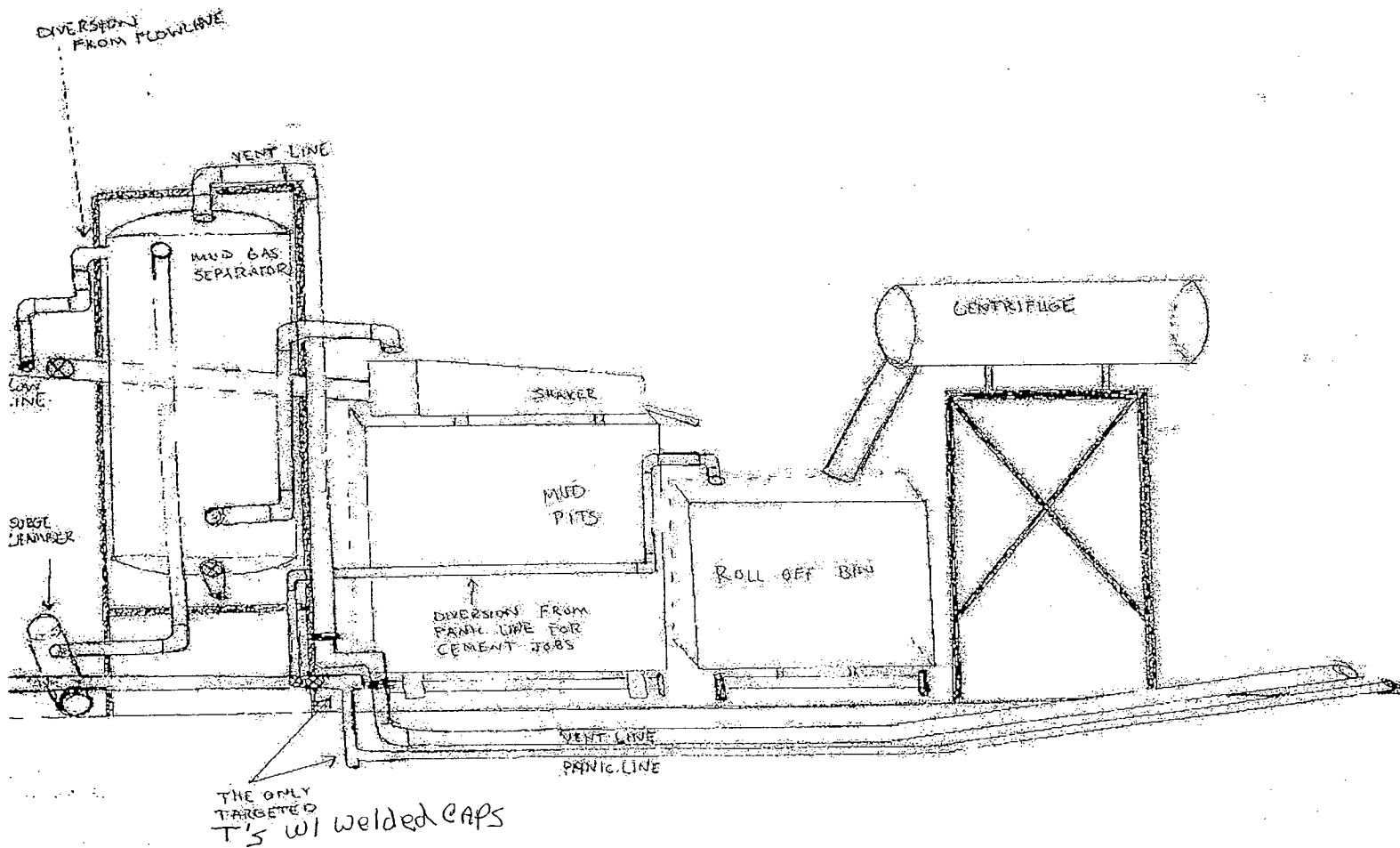


Not To Scale
Actual Reclamation
may be different
than this drawing
at final.

Possible
Reclaimed
Area
Replaced with
Topsoil.

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

YATES PETROLEUM CORPORATION
Domino AOJ Federal Com. #10H
2080' FSL and 330' FWL SHL
1980' FSL and 330' FEL BHL
Section 8, T19S-R31E
Eddy County, New Mexico Exhibit E

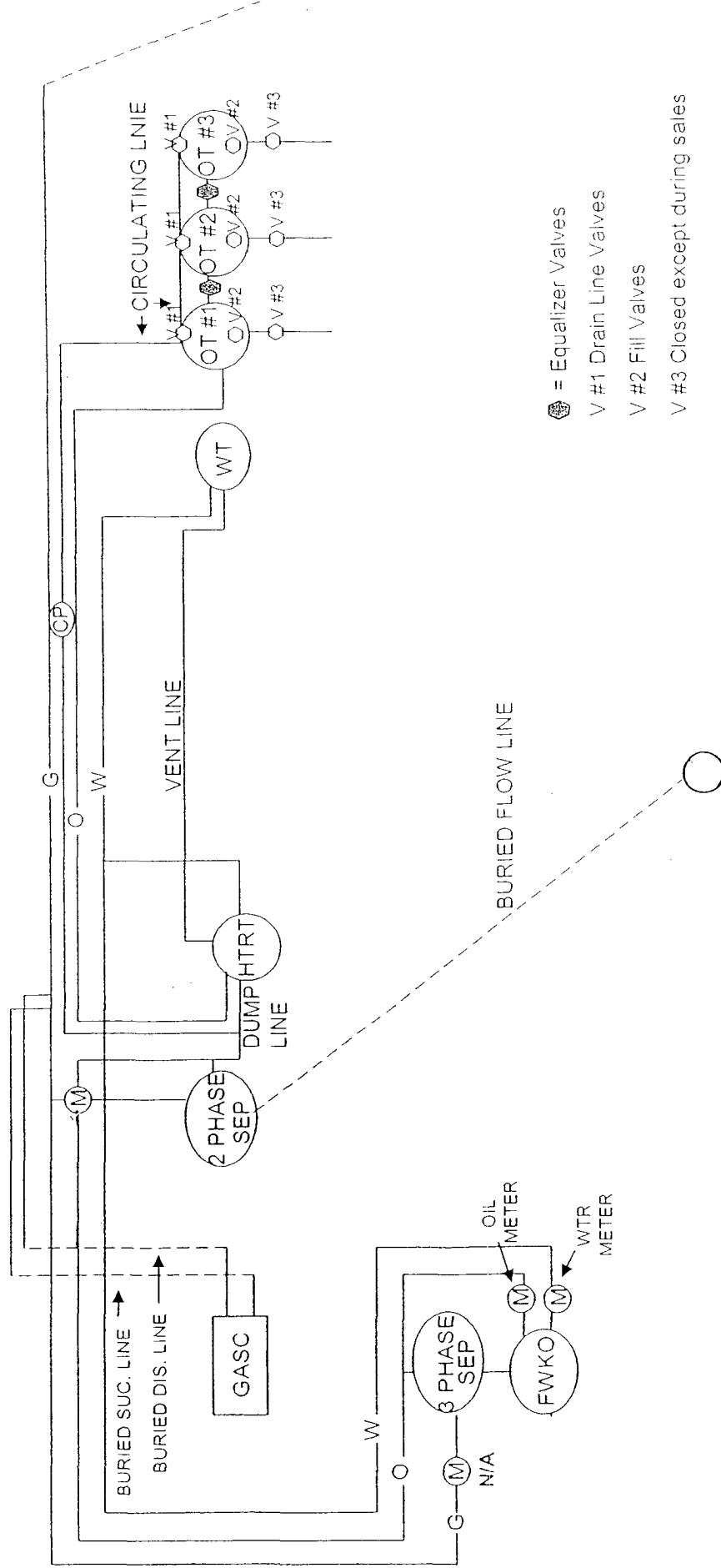




105 South 4th Street * Artesia, NM 88210
(575)-748-1471

-Danny Matthews
June, 2010

YATES PETROLEUM CORPORATION
Domino AOJ Federal Com. #10H
2080' FSL and 330' FWL SHL
1980' FSL and 330' FEL BHL
Section 8, T19S-R31E
Eddy County, New Mexico Exhibit F



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