

MULTI-POINT SURFACE USE AND OPERATIONS PLAN  
YATES PETROLEUM CORPORATION  
Grateful "BOD" Federal Com. #1H  
786' FNL & 545' FEL, Surface Hole Location  
660' FNL & 330' FWL, Bottom Hole location  
Section 13-T18S-R29E  
Eddy County, New Mexico

30-015-38990

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 well site is located approximately 6 miles south of Loco Hills, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS: From Loco Hills at the junction of Highway 82 and County Road 217. Go southwest on 217 for approximately 3 miles. Turn left on County Road 216, General American Road and go south for approximately 1.9 miles. Turn left on existing lease road and go east approximately 0.1 of a mile. At this point turn right and go south approximately 0.2 of a mile. Turn right here and follow existing lease road going west for approximately 0.3 of a mile. Turn left here on old two track lease road. Go south on this lease road for approximately 0.3 of a mile and turn left to dry hole location. The new access road will start here going east for approximately 0.1 of a mile to the southwest corner of the proposed well location.

2. PLANNED ACCESS ROAD:

- A. The proposed access will and existing old lease road that will be upgraded for approximately 0.8 of a mile in length from the point of origin to the north<sup>East</sup>west corner of the drilling pad.
- 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 both sides. No traffic turnouts will be needed.
- 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:

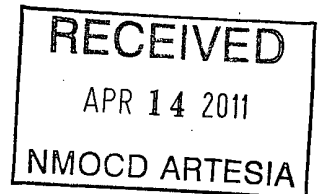
- A. There is drilling activity within a one-mile radius of the well site.
- B. Exhibit D shows existing wells within a one-mile radius of the proposed well site

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

- A. There are no 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 until an electric line can be built, if needed.

5. LOCATION AND TYPE OF WATER SUPPLY:

- A. It is planned to drill the proposed well with a brine 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:

The dirt contractor will be responsible for finding a source of material for construction of road and pad and will obtain any permits that may be required.

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, the reserve pits, the location of the drilling equipment, pulling unit orientation and access road approach. Note: Pits to north.
- 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. 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 well site in as aesthetically pleasing a condition as possible.
- B. Unguarded pits, if any, containing fluids will be fenced until they have dried and have been leveled.
- C. If the proposed well is plugged and abandoned, all rehabilitation and/or vegetation requirements of the Bureau of Land Management will be complied with and will be accomplished as expeditiously as possible

11. SURFACE OWNERSHIP:

Surface Owner: Grazees is Steve B. Haines, 575-748-2270.

Mineral Owner: Federal minerals supervised by the BLM Carlsbad Field Office.

12. OTHER INFORMATION:

- A. The primary use of the surface is for grazing.
- B. Refer to the archaeological report for a description of the topography, flora, fauna, soil characteristics, dwellings, and historical and cultural sites.

CERTIFICATION  
YATES PETROLEUM CORPORATION

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; that I have 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 the company I represent, is 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 3rd day of November, 2010.

Printed Name Clifton May

Signature Clifton May

Position Title Land Regulatory Agent

Address 105 South Fourth Street, Artesia, NM 88210

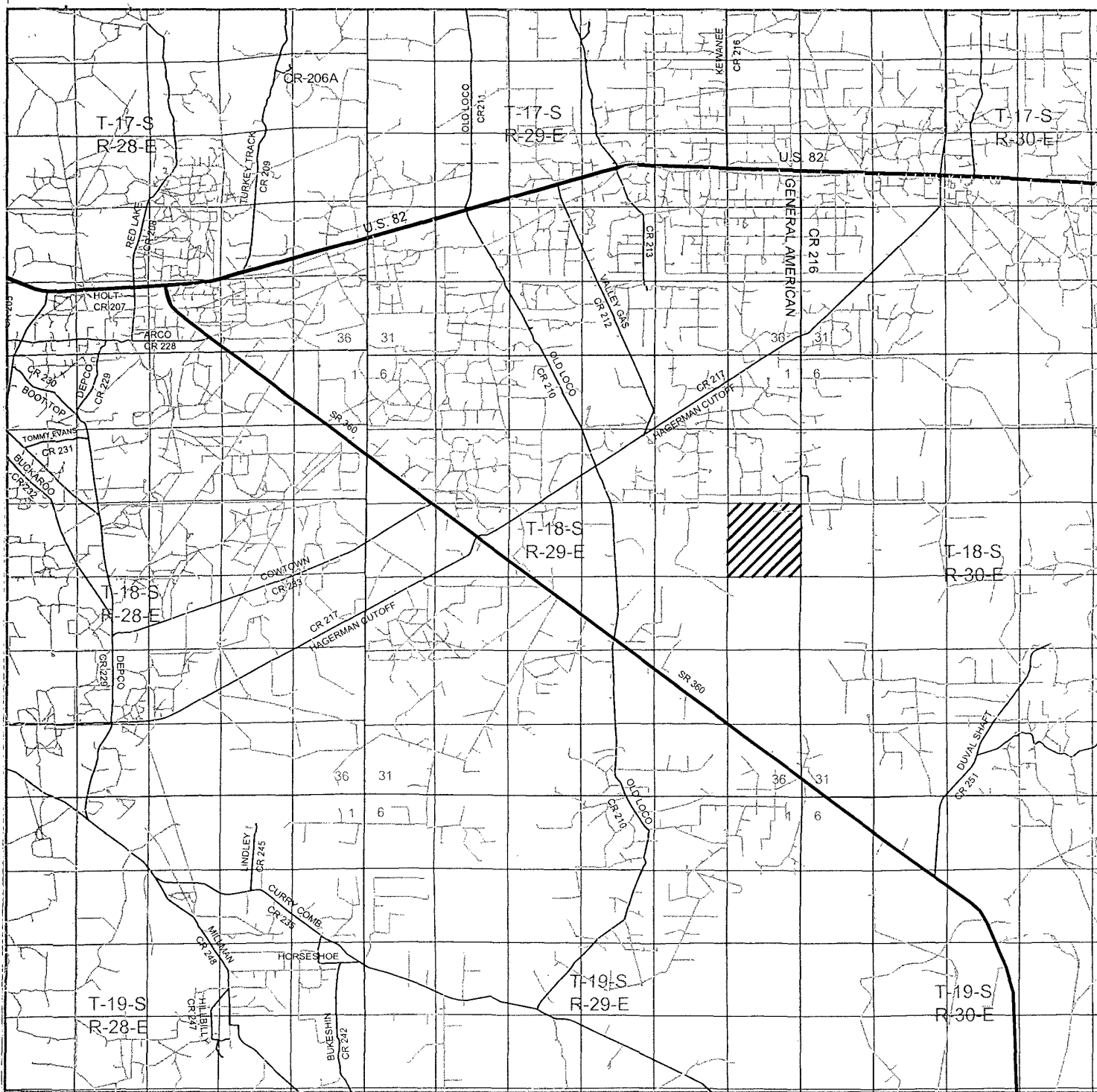
Telephone 575-748-4347

E-mail (optional) cliff@ypcnm.com

Field Representative (if not above signatory) Tim Bussell

Address (if different from above) Same

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



GRATEFUL "BOD" FEDERAL COM #1H

Located 786' FNL and 545' FEL

Section 13, Township 18 South, Range 29 East,  
N.M.P.M., Eddy County, New Mexico.



focused on excellence  
in the oilfield

P.O. Box 1786  
1120 N. West County Rd.  
Hobbs, New Mexico 88241  
(575) 393-7316 - Office  
(575) 392-2206 - Fax  
basinsurveys.com

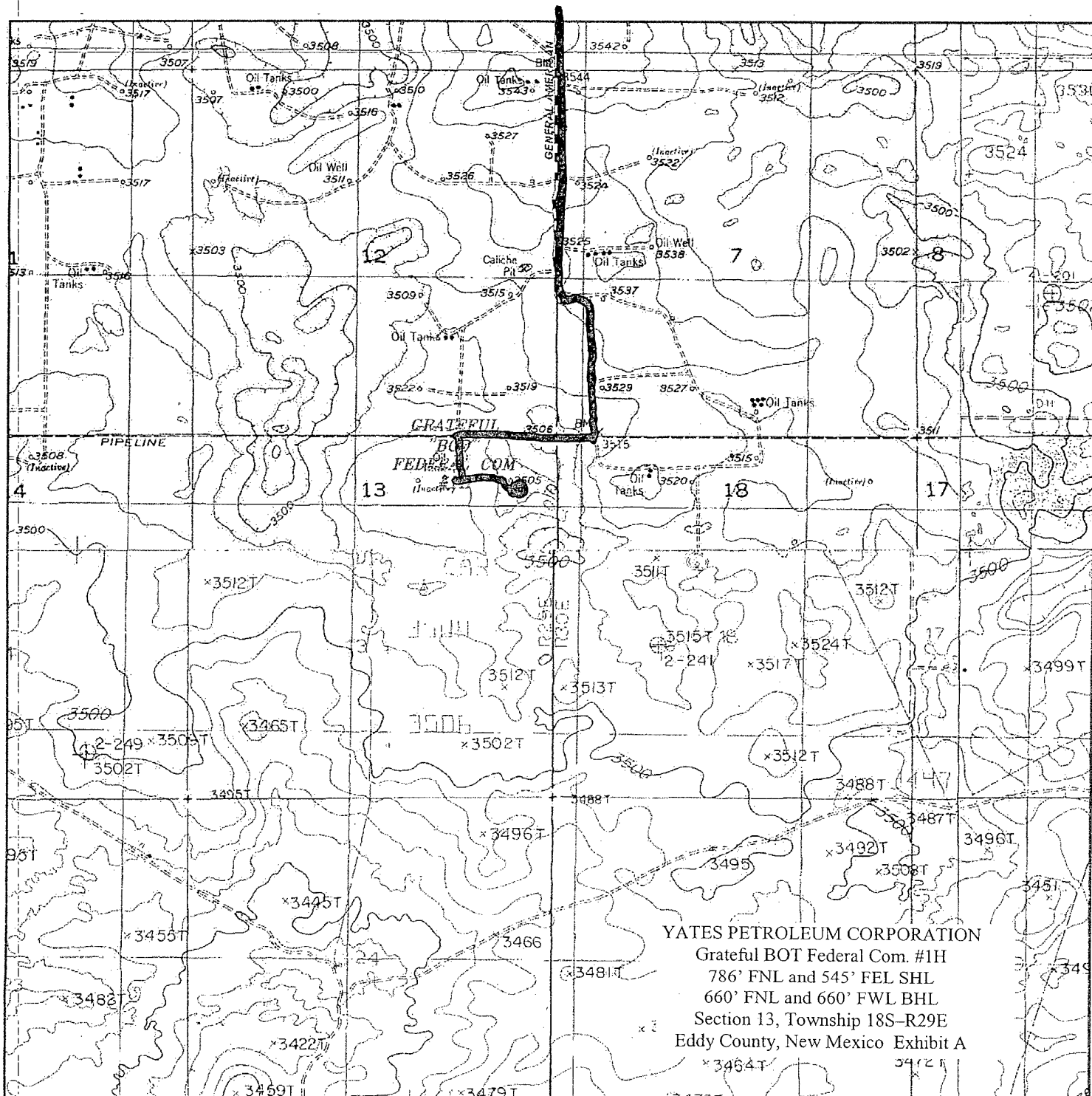
W.O. Number: JMS 24160

Survey Date: 02-15-2011

Scale: 1" = 2 Miles

Date: 02-24-2011

YATES  
PETROLEUM  
CORP.



GRATEFUL "BOD" FEDERAL COM #1H  
 Located 786' FNL and 545' FEL  
 Section 13, Township 18 South, Range 29 East,  
 N.M.P.M., Eddy County, New Mexico.



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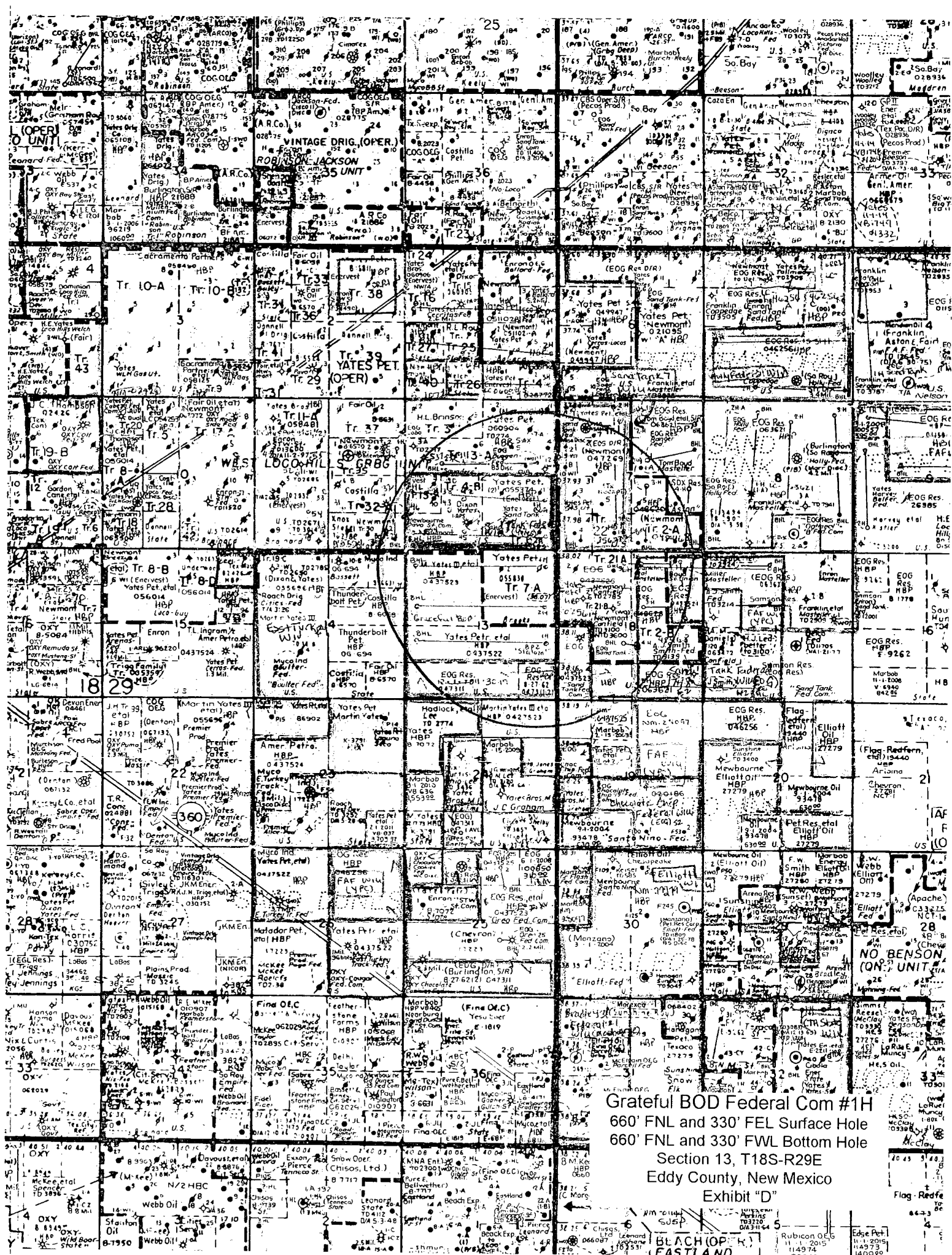
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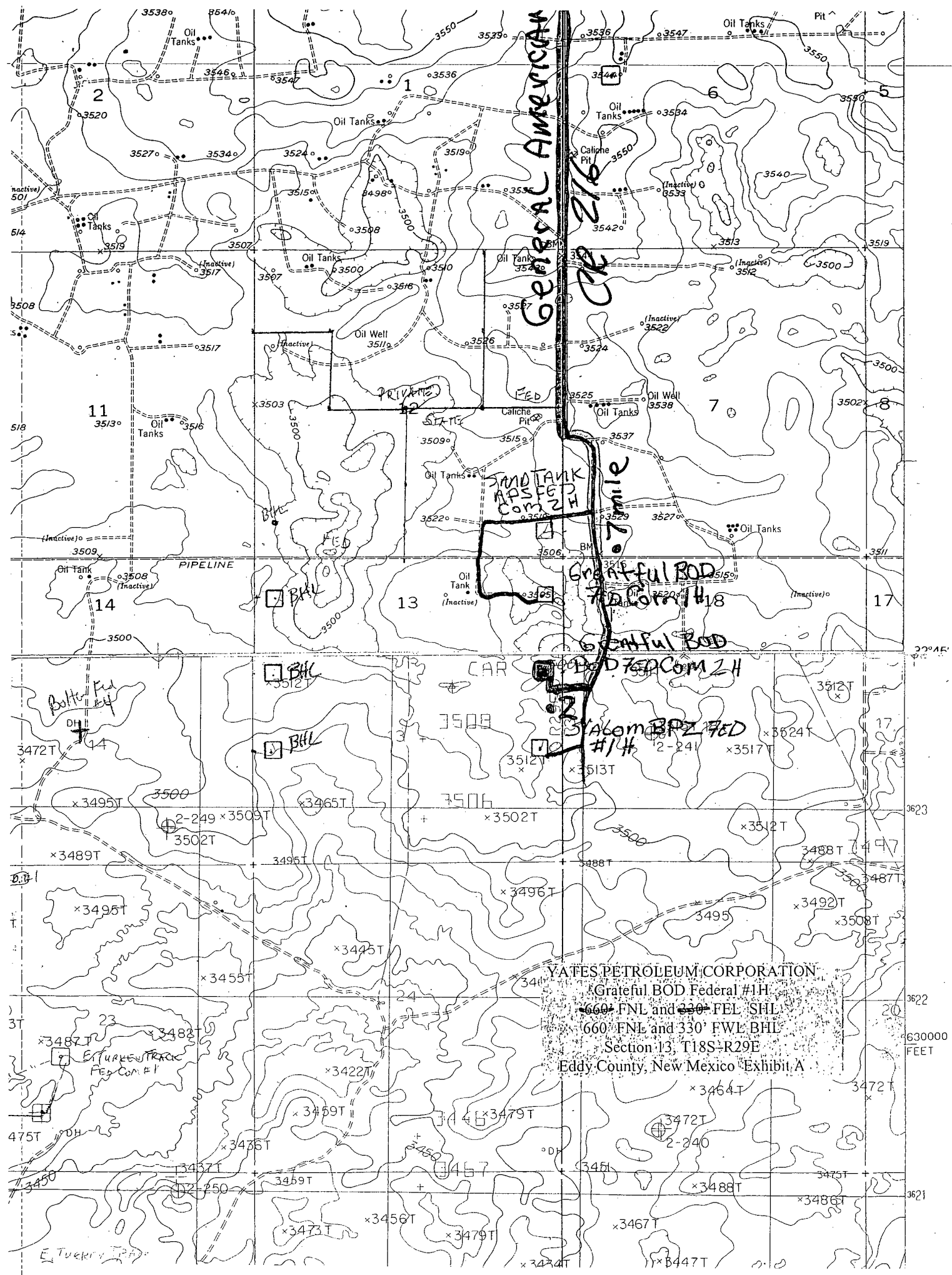
Survey Date: 02-15-2011

Scale: 1" = 2000'

Date: 02-24-2011

**YATES  
 PETROLEUM  
 CORP.**





GENERAL AMERICAN

CR 216

7 mile

Grateful BOD  
FED Com 2 H

Grateful BOD  
FED Com 2 H

Grateful BOD  
FED Com 2 H

YATES PETROLEUM CORPORATION  
Grateful BOD Federal #1H  
660' FNL and 330' FEL SHL  
660' FNL and 330' FWL BHL  
Section 13, T18S-R29E  
Eddy County, New Mexico Exhibit A

37°45'

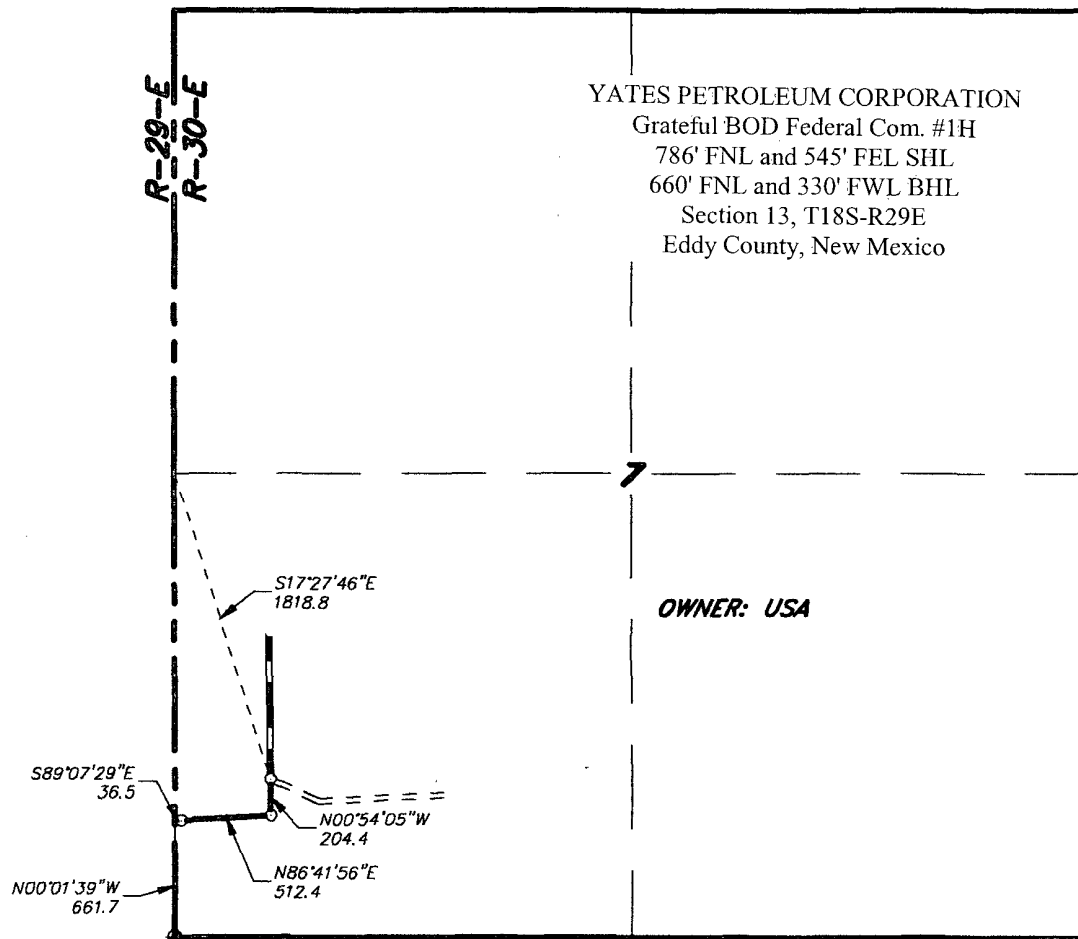
3623

3622

630000  
FEET

3621

**SECTION 7, TOWNSHIP 18 SOUTH, RANGE 30 EAST, N.M.P.M.,  
EDDY COUNTY, NEW MEXICO.**



**LEGAL DESCRIPTION**

A STRIP OF LAND 30.0 FEET WIDE, LOCATED IN SECTION 7, TOWNSHIP 18 SOUTH, RANGE 30 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO AND BEING 15.0 FEET LEFT AND RIGHT OF THE ABOVE PLATTED CENTERLINE SURVEY.

SECTION 7 = 753.3 FEET = 45.65 RODS = 0.14 MILES = 0.52 ACRES

I HEREBY CERTIFY THAT THIS MAP 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  
N.M.P.M. & R. 30 E. 18 S. 7  
TEXAS P.L.S.

No. 7977  
No. 5074

1000 0 1000 2000 FEET

**YATES PETROLEUM CORP.**

REF: PROP LEASE ROAD TO THE GRATEFUL "BOD" FEDERAL COM #2H

A LEASE ROAD CROSSING U.S.A. LAND IN  
SECTION 7, TOWNSHIP 18 SOUTH, RANGE 30 EAST,  
N.M.P.M., EDDY COUNTY, NEW MEXICO.

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

W.O. Number: 24180

Drawn By: J. M. SMALL

Date: 02-24-2011

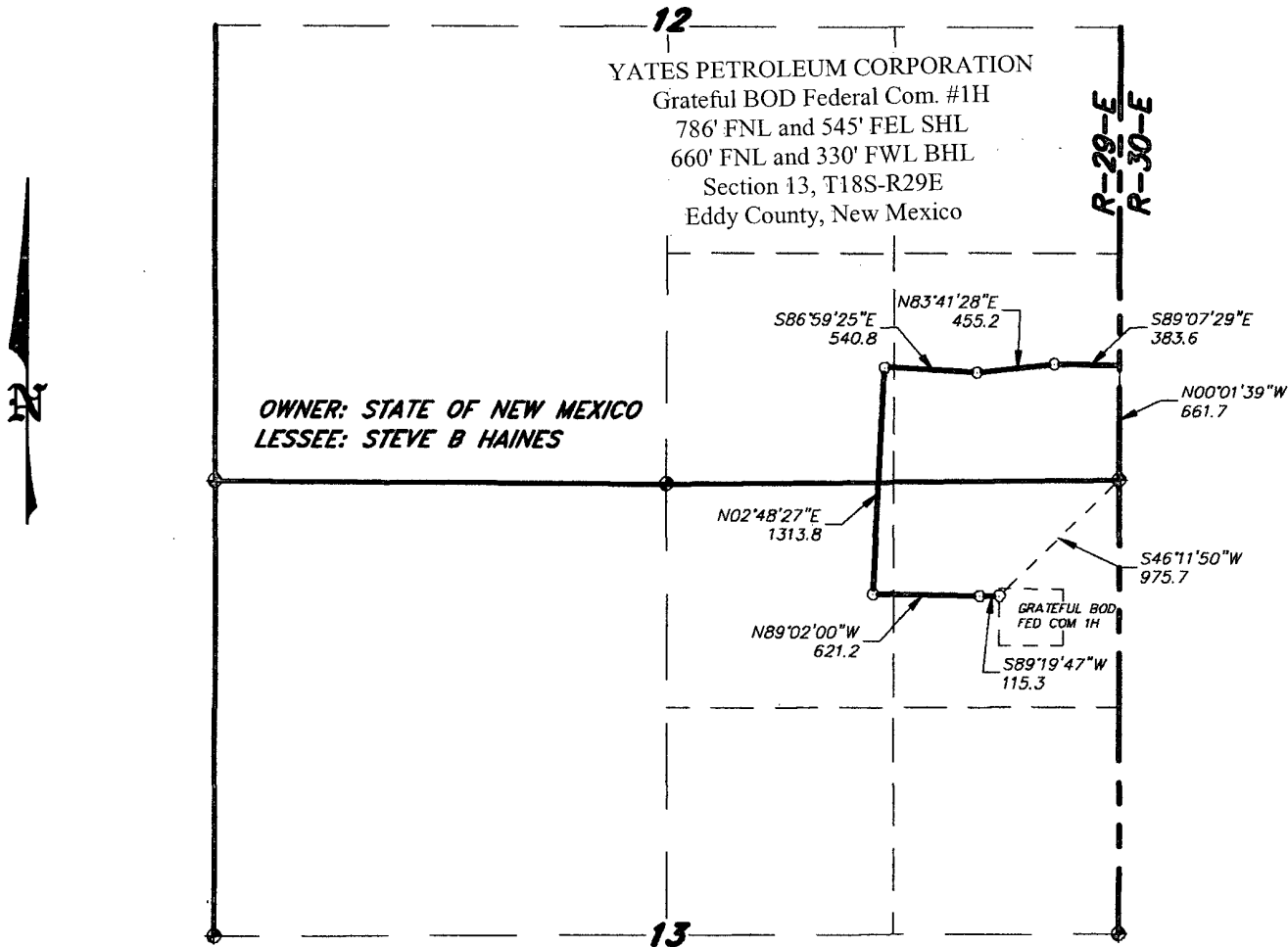
Disk: 24180

Survey Date: 02-15-2011

Sheet 2 of 2 Sheets



**SECTIONS 12&13, TOWNSHIP 18 SOUTH, RANGE 29 EAST, N.M.P.M.,  
EDDY COUNTY, NEW MEXICO.**



**LEGAL DESCRIPTION**

A STRIP OF LAND 30.0 FEET WIDE, LOCATED IN SECTIONS 12&13, TOWNSHIP 18 SOUTH, RANGE 29 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO AND BEING 15.0 FEET LEFT AND RIGHT OF THE FOLLOWING DESCRIBED CENTERLINE SURVEY. BEGINNING AT A POINT WHICH LIES S.46°11'50"W, 975.7 FEET FROM THE NORTHEAST CORNER OF SAID SECTION 13; THENCE S.89°19'47"W, 115.3 FEET; THENCE N.89°02'00"W, 621.2 FEET; THENCE N.02°48'27"E, 1313.8 FEET; THENCE S.86°59'25"E, 540.8 FEET; THENCE N.83°41'28"E, 455.2 FEET; THENCE S.89°07'29"E, 383.6 FEET TO A POINT ON THE EAST SECTION LINE WHICH LIES N.00°01'39"W, 661.7 FEET FROM THE SOUTHEAST CORNER OF SAID SECTION 12. SAID STRIP OF LAND BEING 3429.9 FEET OR 207.87 RODS IN LENGTH AND CONTAINING 2.36 ACRES, MORE OR LESS.

NE/4 NE/4 (SEC 13) = 37.42 RODS = 0.43 ACRES  
SW/4 SE/4 (SEC 12) = 43.48 RODS = 0.49 ACRES

NW/4 NE/4 (SEC 13) = 46.67 RODS = 0.53 ACRES  
SE/4 SE/4 (SEC 12) = 80.30 RODS = 0.91 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

1000 0 1000 2000 FEET

**YATES PETROLEUM CORP.**

REF: PROP LEASE ROAD TO THE GRATEFUL "BOD" FEDERAL COM #2H

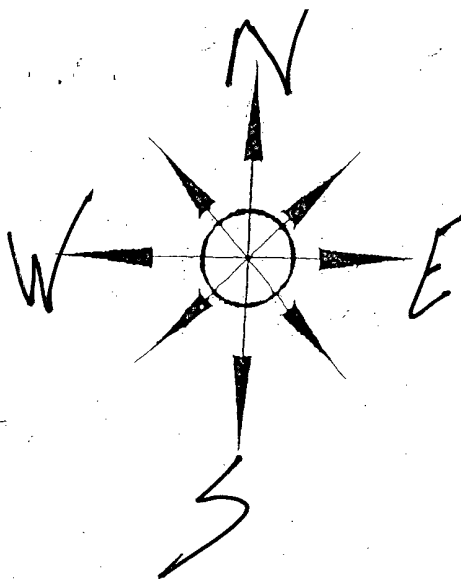
A LEASE ROAD CROSSING STATE LAND IN  
SECTIONS 12&13, TOWNSHIP 18 SOUTH, RANGE 29 EAST,  
N.M.P.M., EDDY COUNTY, NEW MEXICO.

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

W.O. Number: 24180 Drawn By: J. M. SMALL

Date: 02-24-2011 Disk: 24180

Survey Date: 02-15-2011 Sheet 1 of 2 Sheets



Yates Petroleum Corporation  
Location Layout for Permian Basin

# V-Door West

Closed Loop Design Plan

YATES PETROLEUM CORPORATION

Grateful BOD Federal Com. #1H

786' FNL and 545' FEL SHL

660' FNL and 330' FWL BHL

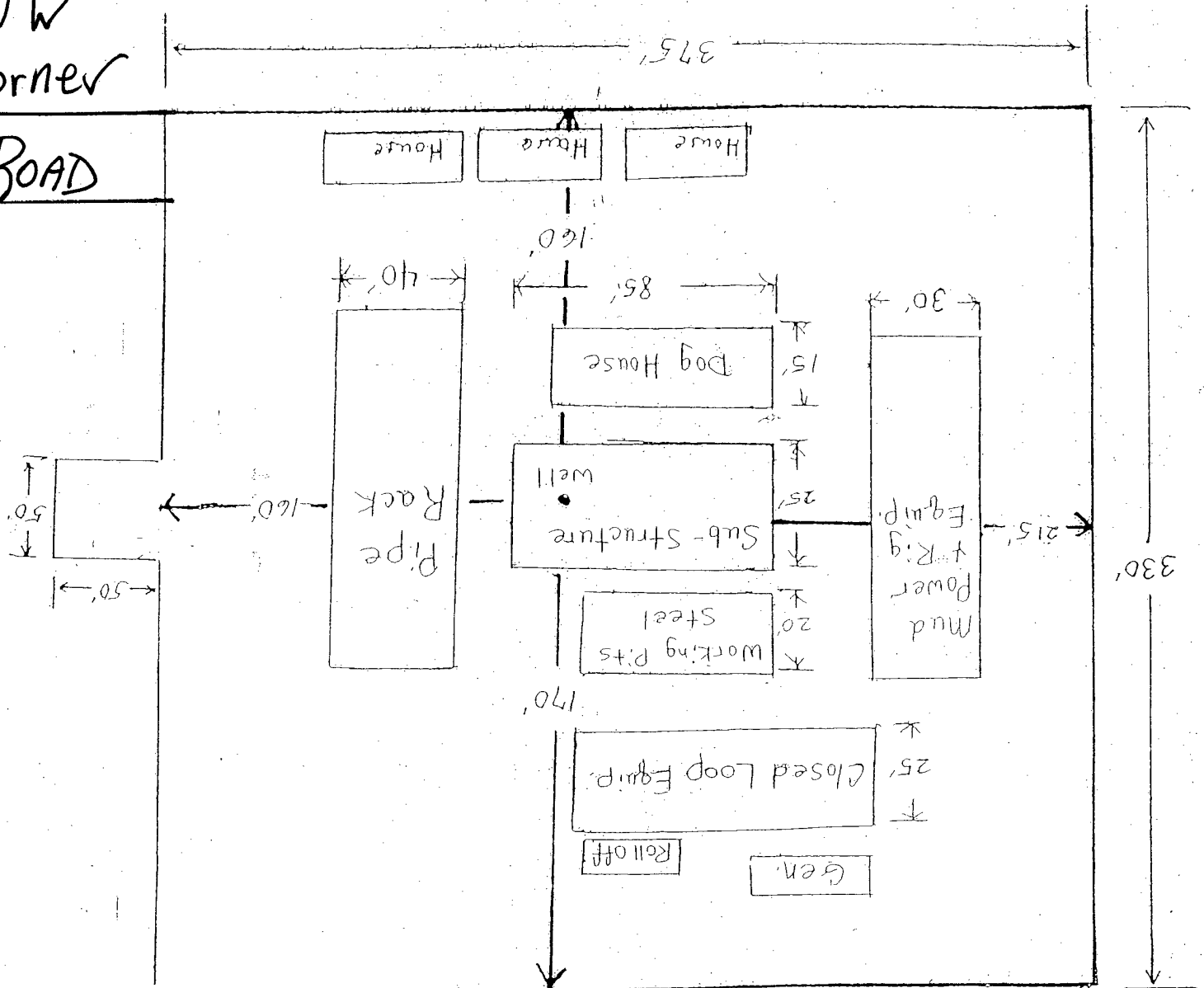
Section 13, T18S-R29E

Eddy County, New Mexico

\* NOT TO SCALE

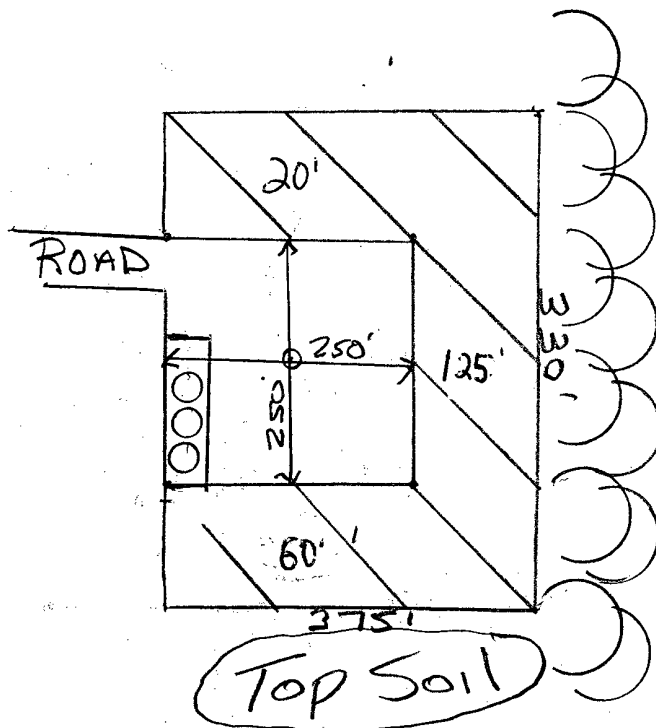
NW  
Corner

ROAD

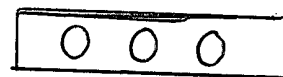
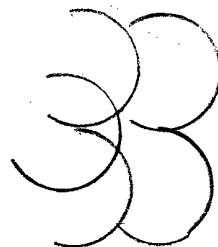
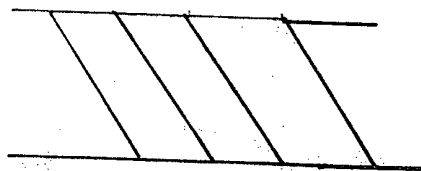




YATES PETROLEUM CORPORATION  
Grateful BOD Federal Com. #1H  
RECLAMATION PLAT  
FOR LOCATION.



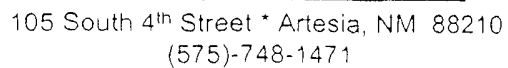
Possible Reclaimed Area



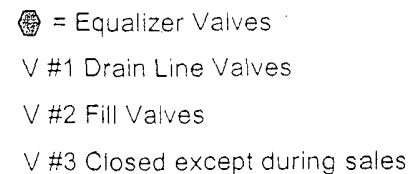
Tank battery  
located on west side

Reclaimed Areas may  
Look Different After  
Final Reclamation

Sand Dunes



-Danny Matthews  
June, 2010



YATES PETROLEUM CORPORATION  
Grateful BOT Federal Com. #1H  
786' FNL and 545' FEL SHL  
660' FNL and 660' FWL BHL  
Section 13, Township 18S-R29E  
Eddy County, New Mexico Exhibit D

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