

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
YATES PETROLEUM CORPORATION
Allen B Federal SWD
1980' FNL & 1980' FEL
Section 28-T24S-R32E
Lea County, New Mexico

HOBBS OCD

AUG 09 2012

RECEIVED

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 38 miles west and north of Jal, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS: From Jal, NM head west on State highway 128 towards Loving continue west for approximately 30 miles. At the intersection of highway 128 and Orla Road turn left and continue on Orla Road for approximately 1.7 miles. Turn right here onto a lease road (reclaimed), and continue west for approximately 0.3 of a mile.

2. PLANNED ACCESS ROAD:

- A. There will be no new proposed work for access.
- B. The road will be 14 feet in width (driving surface) and will be adequately drained to control runoff and soil erosion.
- C. The road will be bladed with drainage on both sides. Traffic turnouts will be every 1000'.
- 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 no 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 are located in the area at the present time.
- B. In the event that the well can be used, the necessary disposal facilities will be installed on the existing pad. If the well is able to be used a diesel self-contained unit will be used to provide the necessary power until an electric line can be built, if needed.

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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. A closed loop system will be used to drill this well and reserve pits will not be used.
- 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. Form C-144.
- 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. No oil will be produced during drilling operations.
- 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 B shows the relative location and dimensions of the well pad, the closed loop mud system, location of the drilling equipment, pulling unit orientation and access road approach. The proposed well location will be approximately 200' x 200'. All of the location will be constructed within the 600' x. 600' staked area.
- 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 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. All pits will be filled level after they have evaporated and dried. Pit reclamation will meet 19.15.17 requirements.

11. SURFACE OWNERSHIP:
Federal Lands under the supervision of the Carlsbad BLM.
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
Allen B Federal SWD

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 26 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

Federal Lease No. _____ All distances must be from the outer boundaries of the Section.

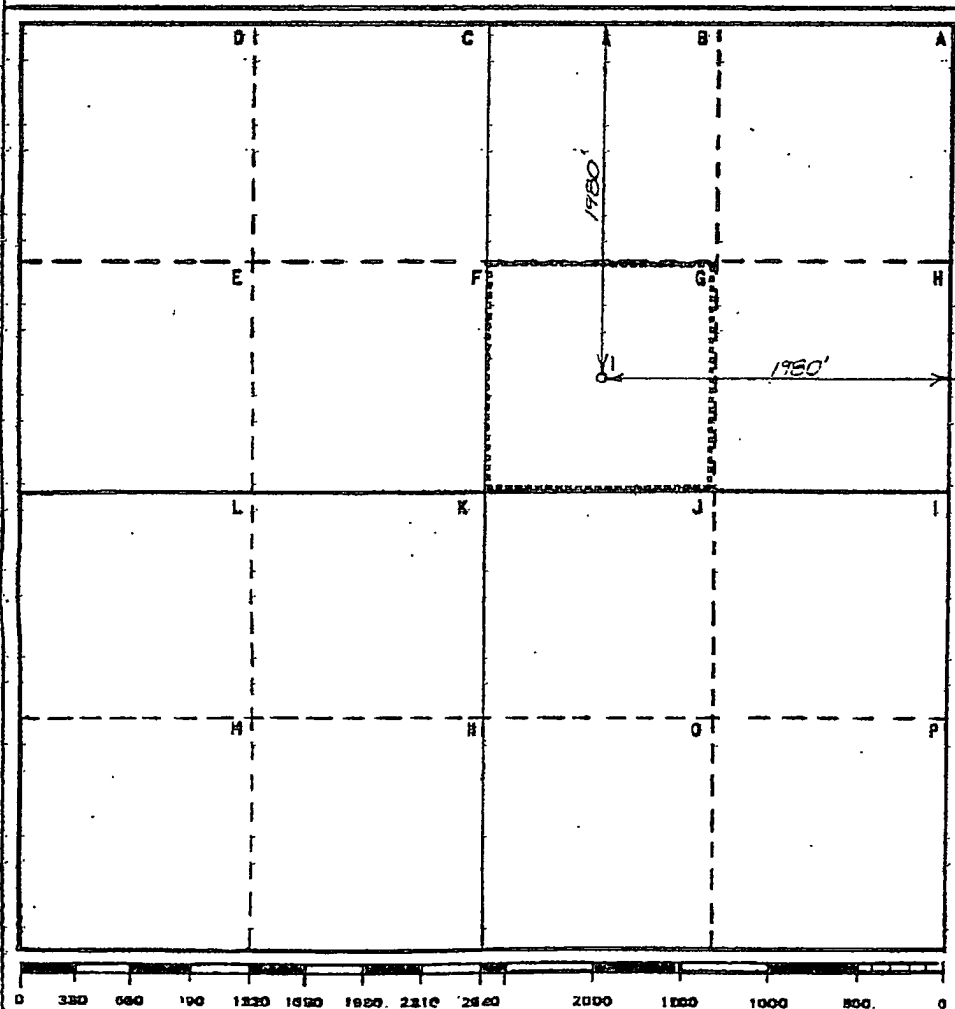
Operator Exxon Corporation		Lease Allen Federal "B" Fed.		Well No. 1
Unit Letter G	Section 28	Township 24 S	Range 32 E	County Lea
Actual Footage Location of Wells:				
1980 feet from the North line and		1980 feet from the East line		
Ground Level Elev: 3540'	Producing Formation Bone Spring	Pool Wildcat	Dedicated Acreage: 40	Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name
Melba Knippling
Position
UNIT HEAD

Company **Exxon Corporation**
Box 1600 Midland, Texas
Date
5-13-65

I hereby certify that the well location shown on this plat was plotted from field notes of actual survey made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

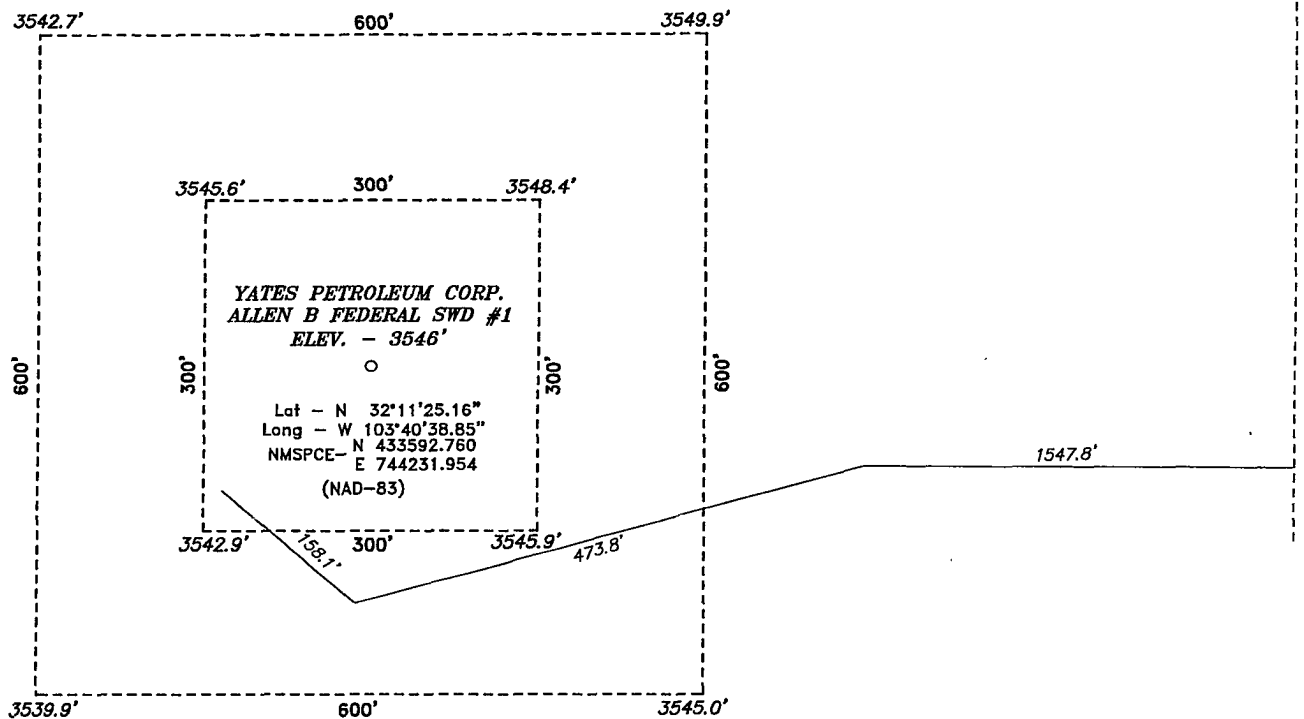
Date Surveyed
5-4-65
Registered Professional Engineer and/or Land Surveyor

W. J. Schubert
Certificate No.
6157

16 Miles NE of JAL, New Mexico

C.E. Sec. File No. **WA-BC76**

SECTION 28, TOWNSHIP 24 SOUTH, RANGE 32 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.



200 0 200 400 FEET
SCALE: 1" = 200'

YATES PETROLEUM CORP.

REF: ALLEN B FEDERAL SWD #1 / WELL PAD TOPO

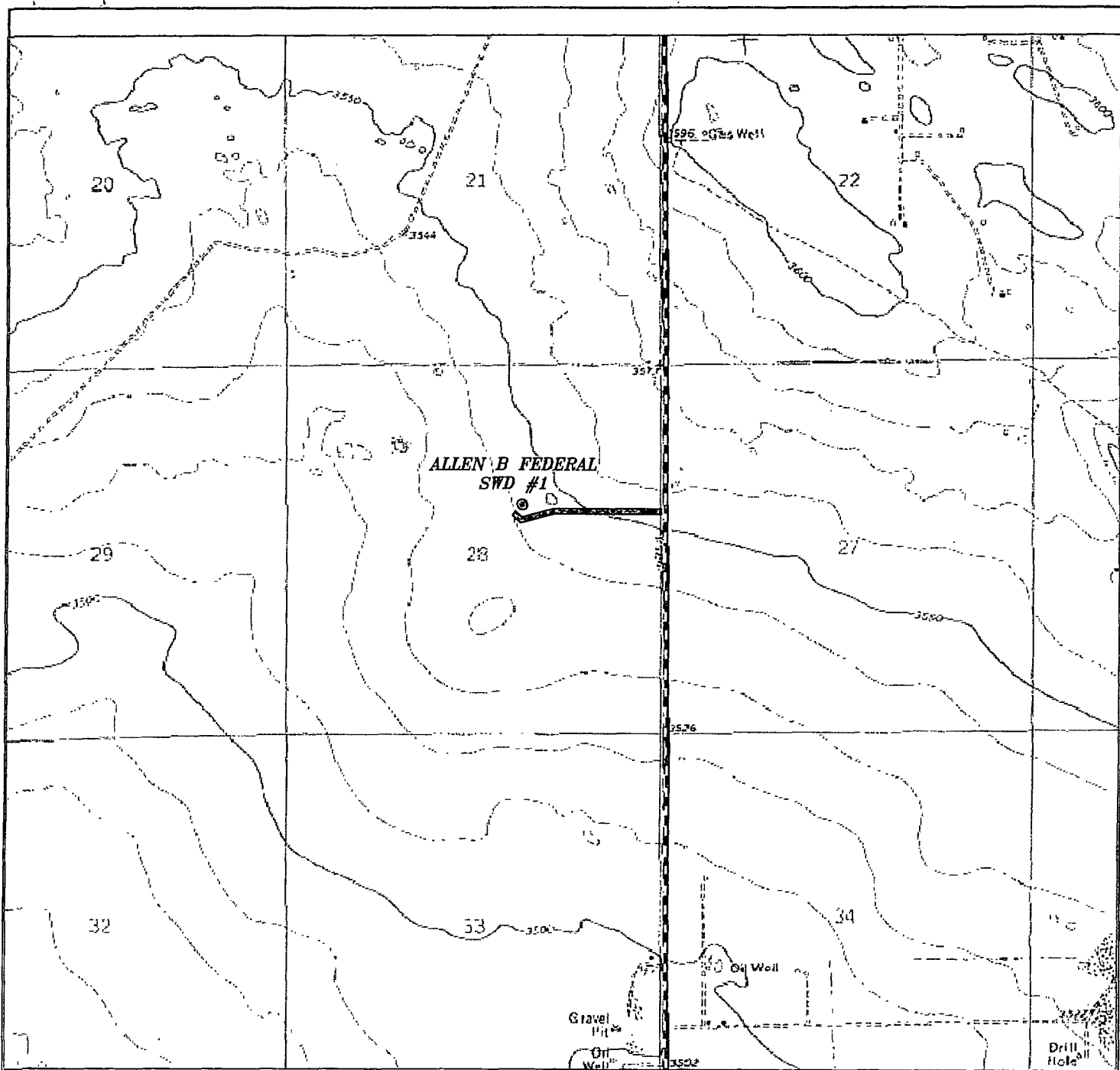
THE ALLEN B FEDERAL SWD #1 LOCATED 1980'
FROM THE NORTH LINE AND 1980' FROM THE EAST LINE OF
SECTION 28, TOWNSHIP 24 SOUTH, RANGE 32 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO.

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

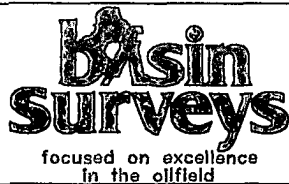
W.O. Number: 26399 Drawn By: J. GOAD

Date: 3-19-2012 Disk: JG - 26399WELL

Survey Date: 3-16-2012 Sheet 1 of 1 Sheets



ALLEN B FEDERAL SWD #1
 Located 1980' FNL and 1980' FEL
 Section 28, Township 24 South, Range 32 East,
 N.M.P.M., Lea 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

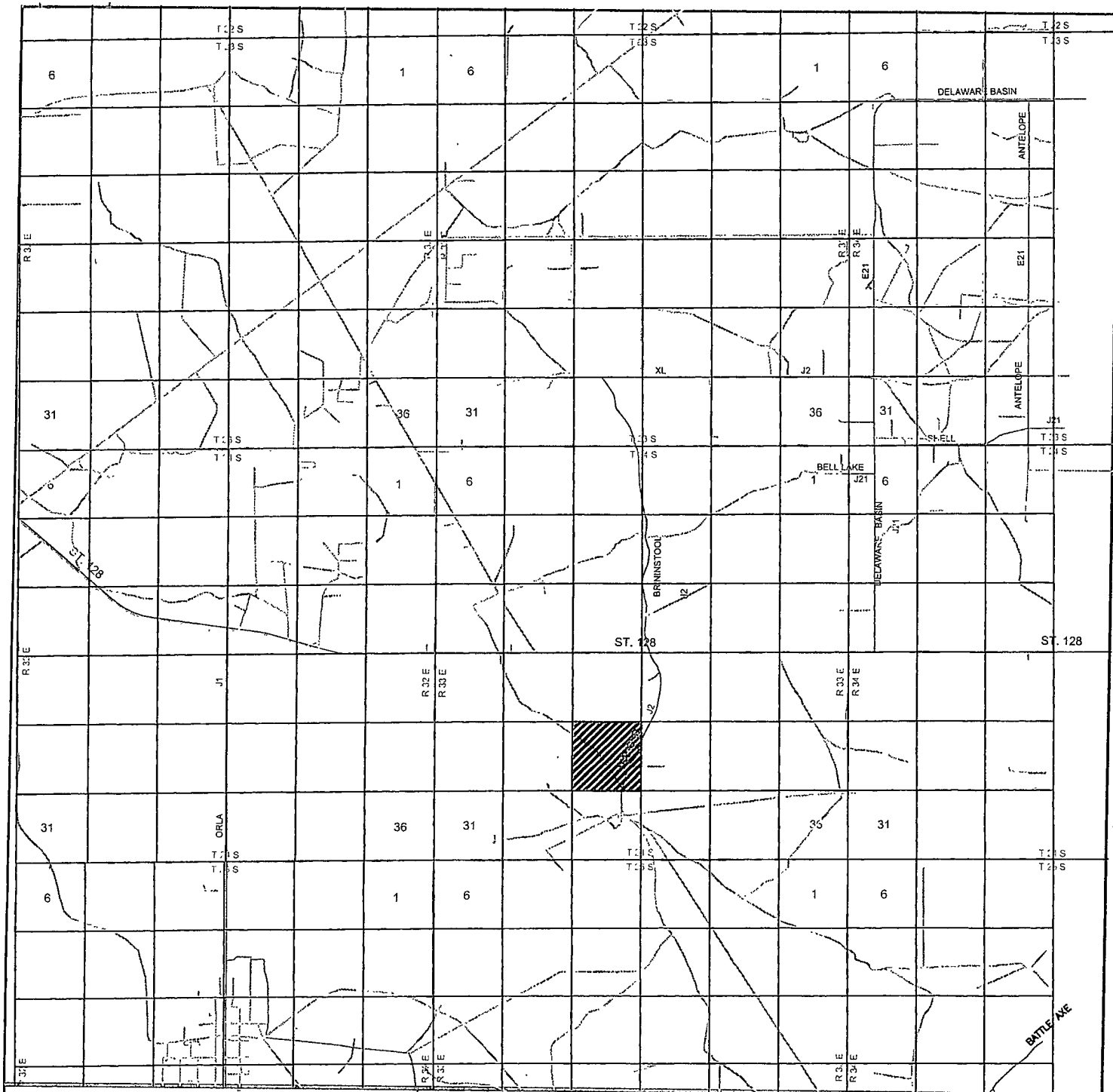
W.O. Number: JG 26399

Survey Date: 3-16-2012

Scale: 1" = 2000'

Date: 3-19-2012

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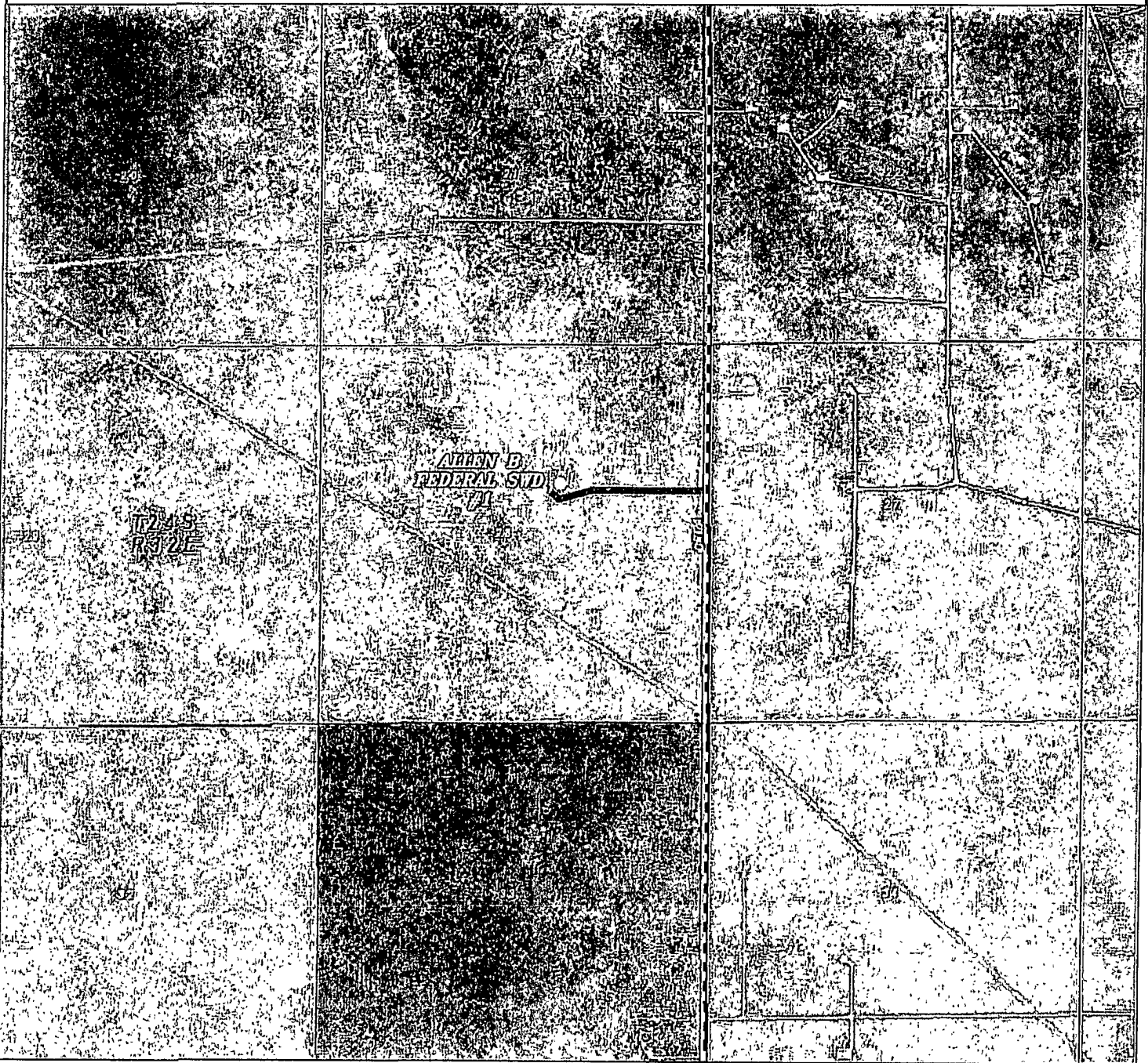
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Survey Date: 3-16-2012

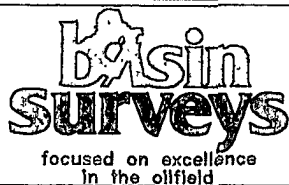
Scale: 1" = 2 Miles

Date: 3-19-2012

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Scale: 1" = 2000'

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

YATES
PETROLEUM
CORP.