

YATES PETROLEUM CORPORATION
Surface Use Plan of Operations
Bombay BSB Federal Com #1H
2310' FNL and 430' FEL, Surface Hole
2310' FSL and 430' FEL, Bottom Hole

AUG 09 2012

RECEIVED

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 42 miles, southeast of Artesia, New Mexico and the access route to the location is indicated in red and green on Exhibit attached.

DIRECTIONS:

Go east of Loving, NM on Highway 128 for approximately 27 miles to the intersection of 128 and Buck Jackson Road. Turn right on Buck Jackson Road and go approximately 0.5 miles. Turn right (south) and go approximately 3 miles turn right (east) with road and continue for approximately 1.4 miles. Turn right (south) 5657', then turn right (east) for 4210', the road will enter the location on the southwest corner.

2. PLANNED ACCESS ROAD:

- A. The proposed new access will be approximately 9866' feet in length from the point of origin to the southeast corner of the drilling pad.
- B. The new road will be 30 feet in width with 16 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 if needed. Traffic turnouts will be built every 1000' or as line of sight determines.
- 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 attached shows existing wells within a one-mile radius of the proposed well site.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

- A. We are planning to place the production on this location.
- B. 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. Power should not be required if the well is productive of gas.
- C. Should a Pipeline Right-Of-Way be required it will be filed under a separate application and/or by 3rd party if applicable.

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 attached.

6. SOURCE OF CONSTRUCTION MATERIALS:

- A. Dirt contractor will locate nearest pit and obtain any permits and materials needed for construction.

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7. METHODS OF HANDLING WASTE DISPOSAL:

- A. Drill cuttings will be collected in tanks until hauled to an approved disposal system.
- B. A 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 attached – Exhibit E.
- C. Drilling fluids will be removed after drilling and completions are finalized.
- 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 attached shows the relative location and dimensions of the well pad, the closed loop design plan, the location of the drilling equipment, orientation and access road approach (Approximately 2.8 acres)
- 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 is attached – Exhibit E.
- 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. 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: Federal

Minerals: USA-Federal-NM-108968 and New Mexico-State-VB-1178
Administered by: Bureau of Land Management
Carlsbad Field Office
620 E. Greene Street
Carlsbad, NM 88220-6292

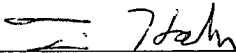
12. OTHER INFORMATION:

- 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
Bombay BSB Federal Com #1H

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 April 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

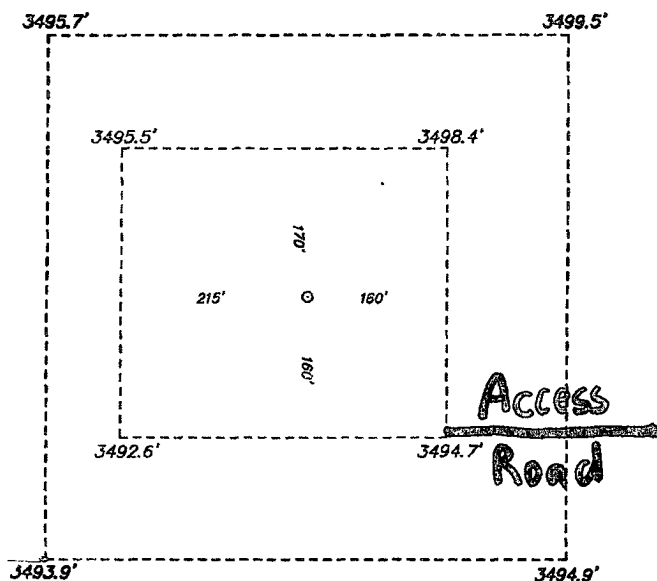
Telephone (if different from above) (575) 748-4221

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



YATES PETROLEUM CORP.
BOMBAY "BSB" FEDERAL COM #1
ELEV. - 3496'

Lat - N 32°10'29.48"
Long - W 103°41'22.29"
NMSPEC - N 427943.291
E 740531.725
(NAD-83)



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

YATES PETROLEUM CORP.

REF: BOMBAY "BSB" FEDERAL COM #1H

THE BOMBAY "BSB" FED COM #1H LOCATED 2310'
FROM THE NORTH LINE AND 430' FROM THE EAST LINE OF
SECTION 32, TOWNSHIP 24 SOUTH, RANGE 32 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO.

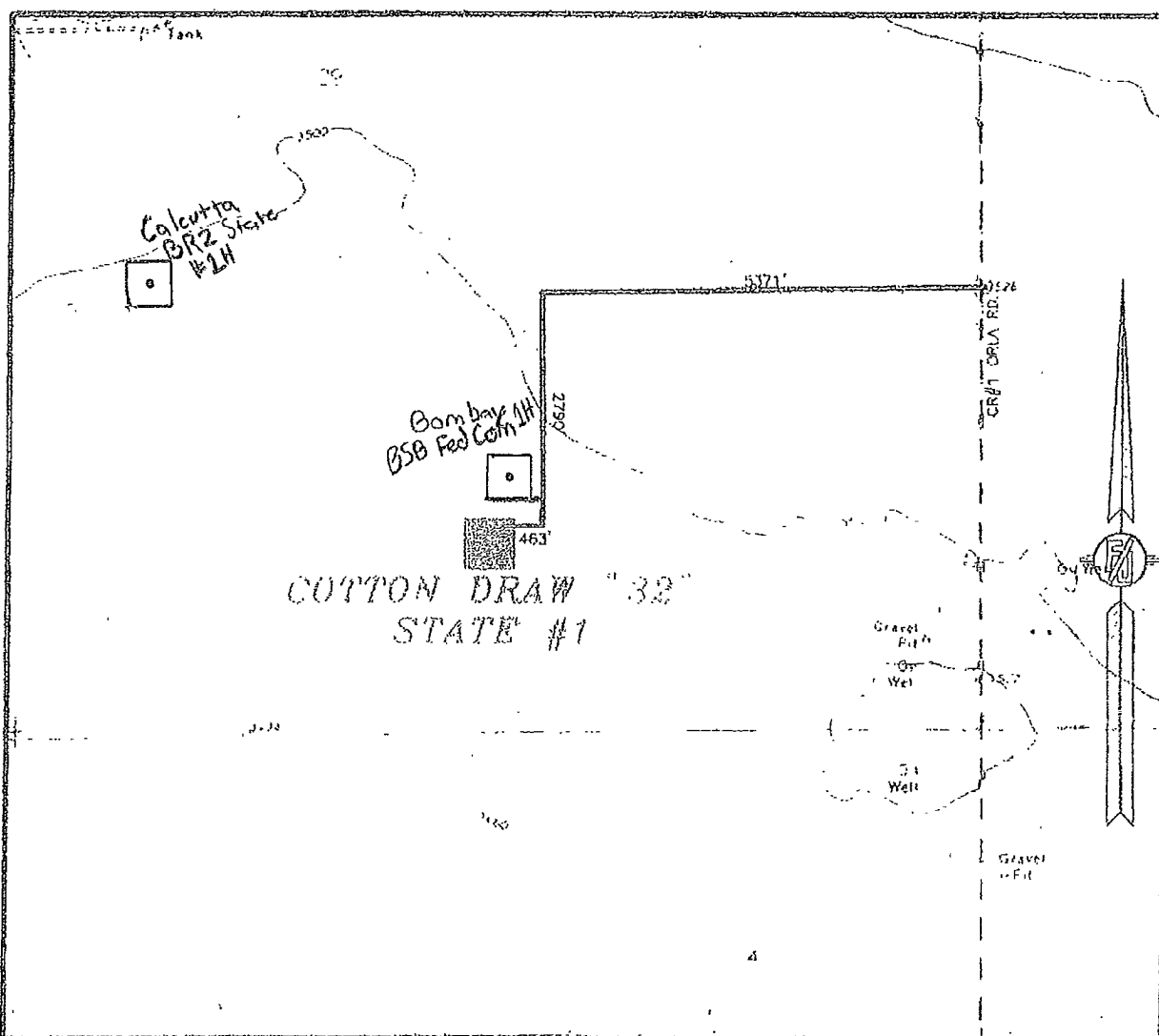
BASIN SURVEYS P.O. BOX 1786-HOBBS, NEW MEXICO

W.O. Number: 26282 Drawn By: J. GOAD

Date: 3-14-2012 Disk: JG 26282WELL

Survey Date: 3-6-2012 Sheet 1 of 1 Sheets

SECTION 32, TOWNSHIP 24 SOUTH, RANGE 32 EAST, N.M.P.M.
LEA COUNTY, STATE OF NEW MEXICO
LOCATION VERIFICATION MAP



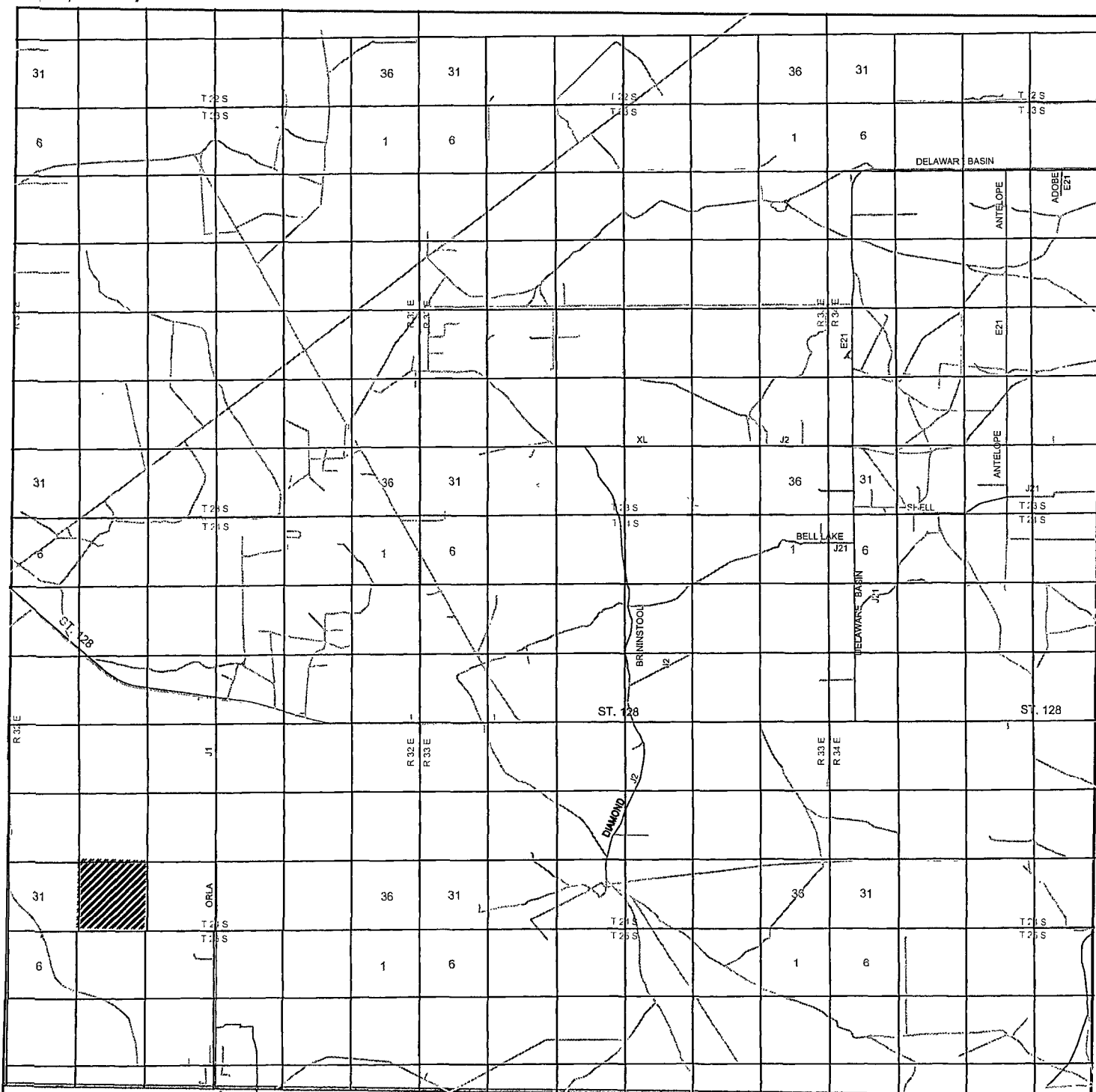
USGS QUAD MAP:
PADUCA BREAKS NW

NOT TO SCALE

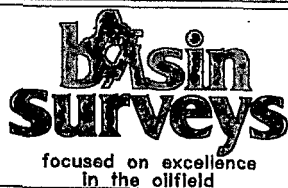
FEBRUARY 13, 2012

SURVEY NO. 867

MADRON SURVEYING, INC. 461 SOUTH CARLISB. CARLSBAD, NEW MEXICO
(575) 259-3343



BOMBAY "BSB" FEDERAL COM #1H
 Located 2310' FNL and 430' FEL
 Section 32, 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 26282

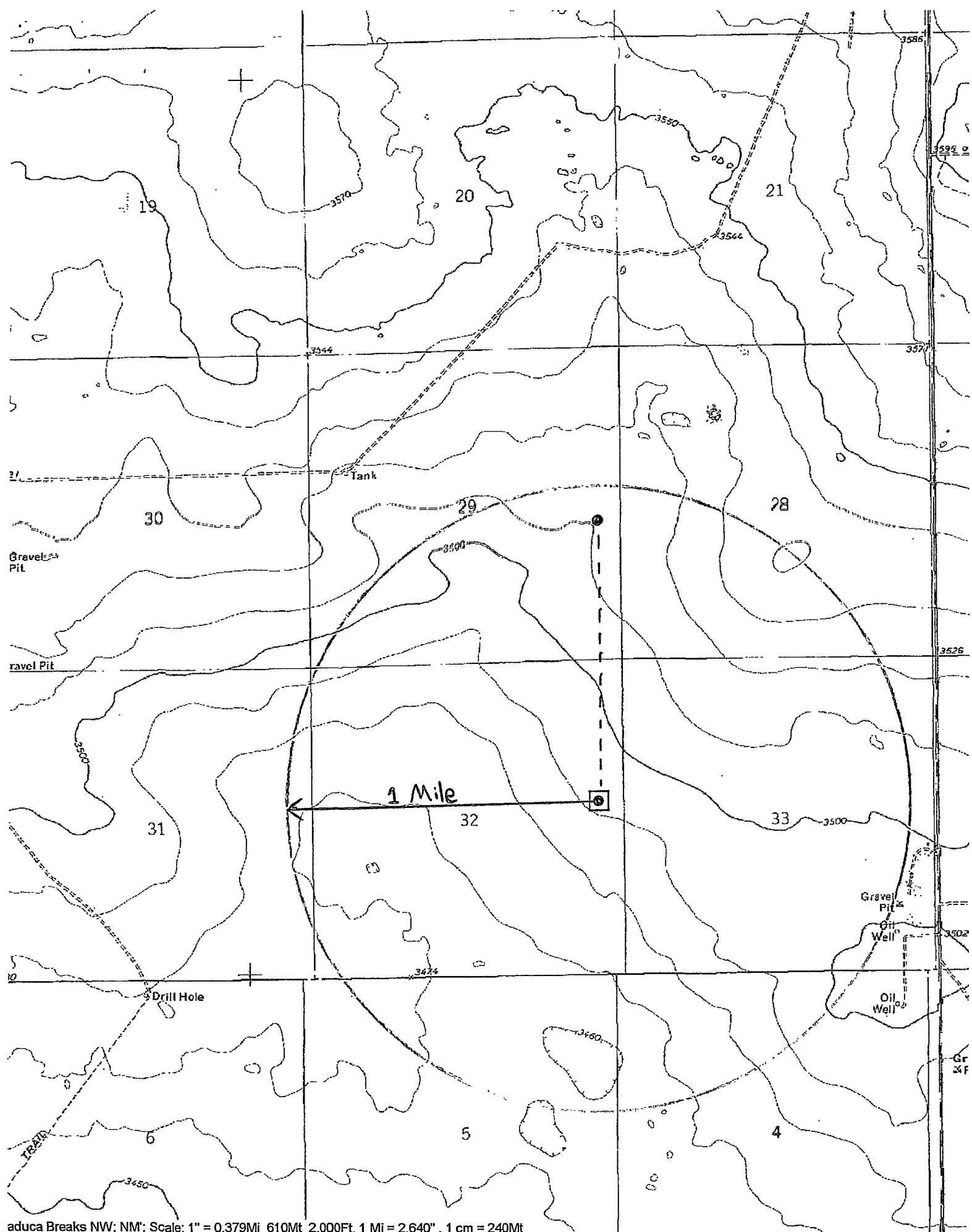
Survey Date: 3-6-2012

Scale: 1" = 2 Miles

Date: 3-14-2012



**YATES
 PETROLEUM
 CORP.**



aduca Breaks NW; NM; Scale: 1" = 0.379Mi 610Mt 2,000Ft, 1 Mi = 2.640", 1 cm = 240Mt