

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
YATES PETROLEUM CORPORATION
Jefe BSJ Federal Com #1H
1980' FNL & 1980' FEL
Section 28-T24S-R32E
Lea County, New Mexico

HOBBS OCD

AUG 14 2012

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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 Artesia, NM go east on US-82 for 14 miles to Bluestem Road, NM-360. Go south on NM-360 for 25 miles to US-62/180. Turn east on US-62/180 for 2.3 miles to Potash Mines Road, NM-31 turn south and continue for 17 miles to Jal Highway, NM-128. Turn east and continue for 21 miles to Orla Road, Co Rd 1/J-1. Turn south and continue for 10 miles to Pipeline Road, turn west here and continue west for 2 miles, turn right onto a lease road and continue north for 1 mile. Turn east here onto a lease road for 3257.81', turn north here and continue for 792.67' the road will enter the location on the southwest corner.

2. PLANNED ACCESS ROAD:

- A. The existing road will be rebuild to allow access and the new road will be constructed 792.67' in lenght.
- 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. 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 State of New Mexico will be complied with and will be accomplished as expeditiously as possible.

11. SURFACE OWNERSHIP:
State Lands

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
Jefe BSJ 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 20 day of April 2012

Signature 

Name Travis Hahn

Position Title Land Regulatory Agent

Address 105 South Fourth Street, Artesia, New Mexico 88210

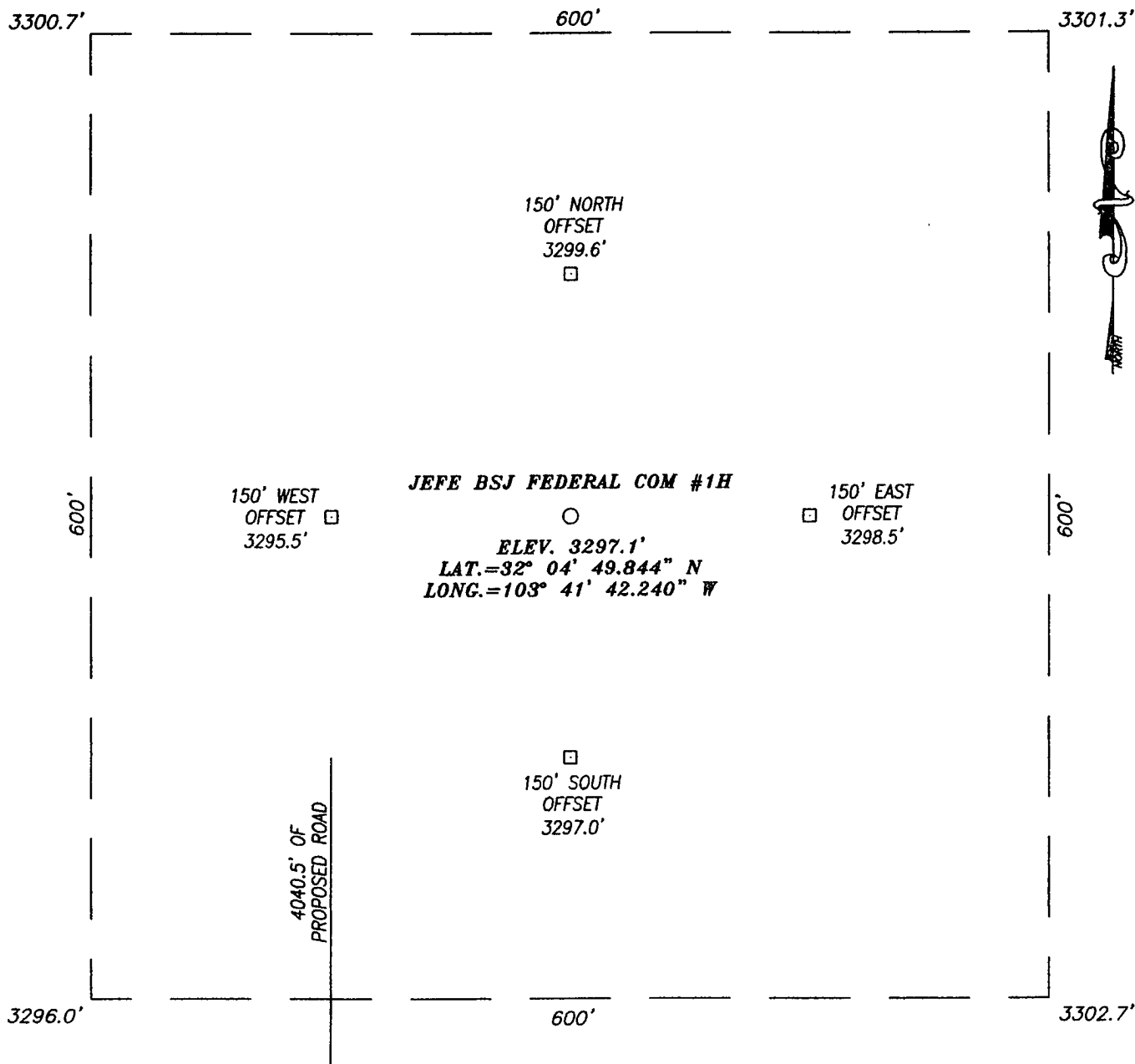
Telephone (575) 748-4120

Field Representative (if not above signatory) Tim Bussell, Drilling Supervisor

Address (if different from above) Same as above

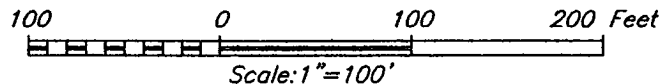
Telephone (if different from above) (575) 748-4221

SECTION 32, TOWNSHIP 25 SOUTH, RANGE 32 EAST, N.M.P.M.,
LEA COUNTY NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF COUNTY ROAD 1 AND PIPELINE ROAD GO WEST ON PIPELINE ROAD APPROX. 1.8 MILES. TURN RIGHT (NORTH) ON A CALICHE ROAD AND GO APPROX. 0.9 MILES TO A TWO TRACK ROAD ON THE RIGHT (EAST). FOLLOW ALONG TWO TRACK APPROX. 0.6 MILES TO A PROPOSED STAKED ROAD ON THE LEFT (NORTH). WELL LOCATION IS 0.15 MILES NORTH ALONG STAKE ROAD.



HARCROW SURVEYING

1107 WATSON, ARTESIA N.M. 88210
PH: (575) 513-2570
FAX: (575) 746-2808
EST. 2007



YATES PETROLEUM CORPORATION

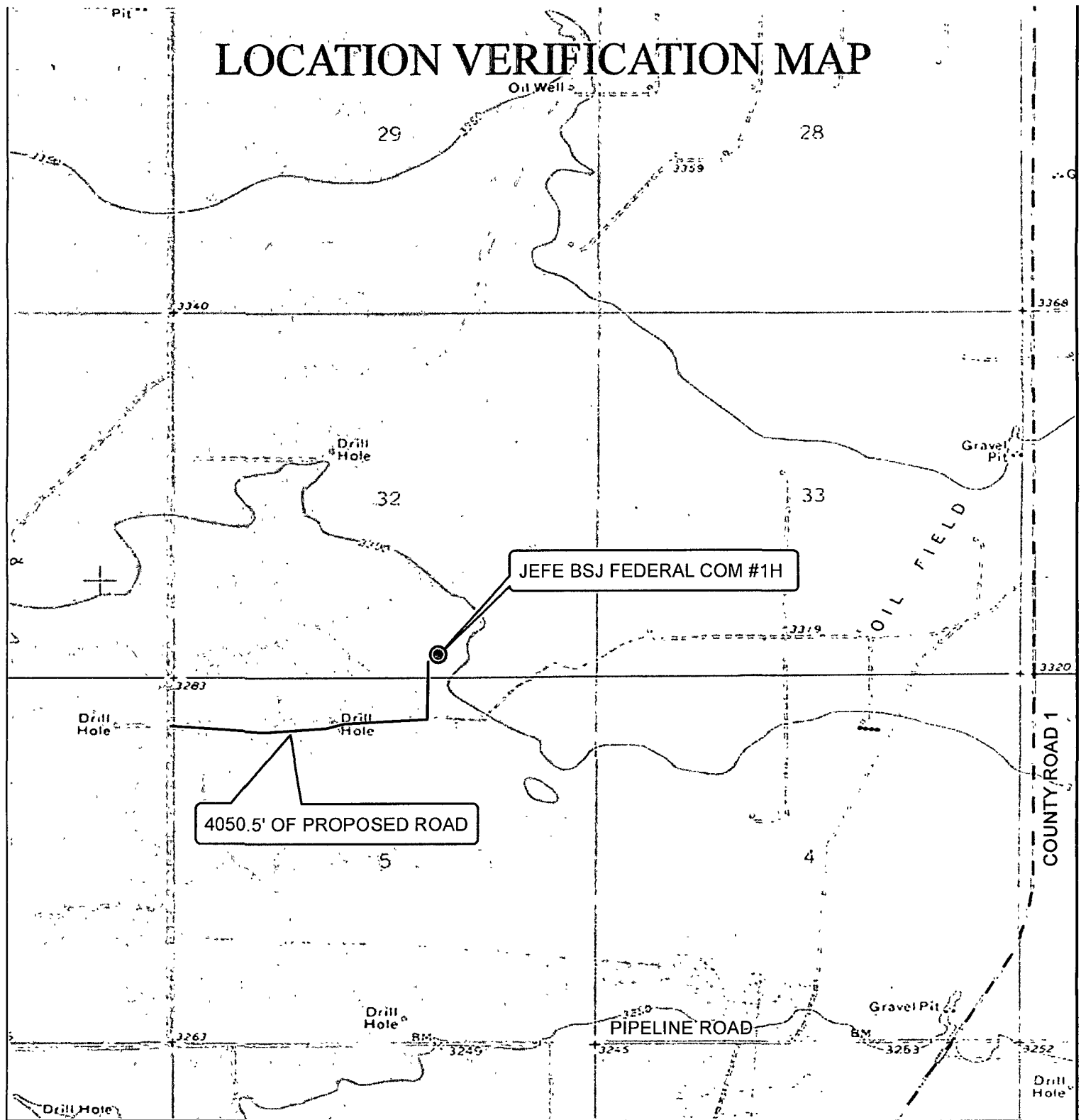
JEFE BSJ FEDERAL COM #1H WELL
LOCATED 330 FEET FROM THE SOUTH LINE
AND 1980 FEET FROM THE EAST LINE OF SECTION 32,
TOWNSHIP 25 SOUTH, RANGE 32 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO

SURVEY DATE: FEB. 18, 2012 PAGE: 1 OF 1

DRAFTING DATE: FEB. 19, 2012

APPROVED BY: CH DRAWN BY: LA FILE: 12-07

LOCATION VERIFICATION MAP



SEC 32 TWP 25 RGE 32

SURVEY N.M.P.M.

COUNTY LEA STATE NEW MEXICO

DESCRIPTION 330' FSL & 1980' FEL

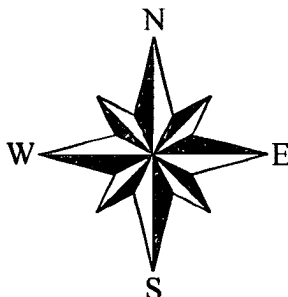
ELEVATION 3297'

OPERATOR YATES PETROLEUM CORPORATION

LEASE JEFE BSJ FEDERAL COM

U.S.G.S. TOPOGRAPHIC MAP

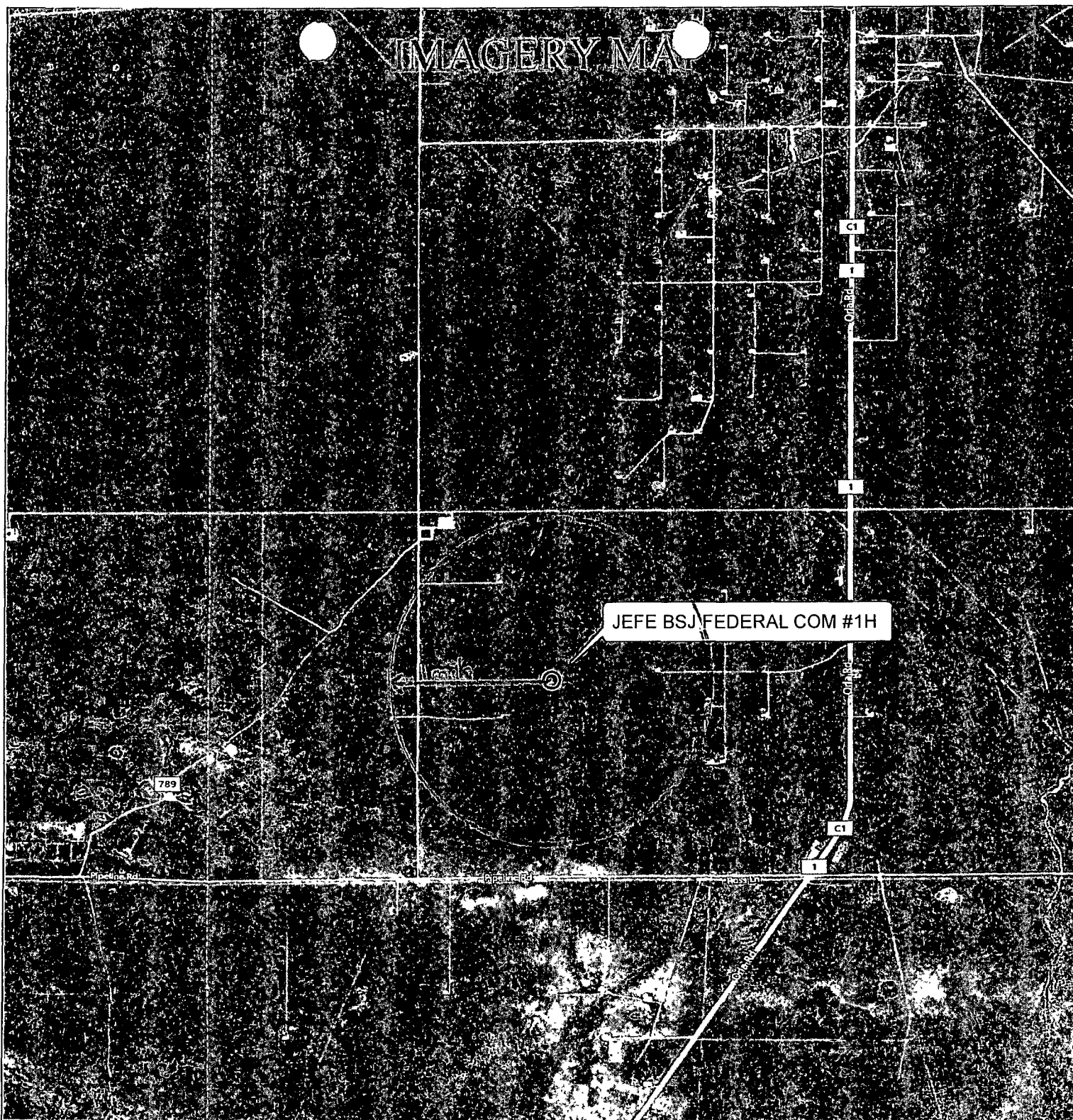
PADUCA BREAKS, N.M.



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EST. 2007



IMAGERY MAP



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SEC. 32 TWP 25 RGE 32

SURVEY N.M.P.M.

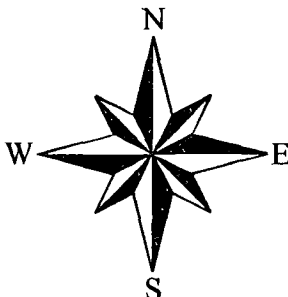
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ELEVATION 3297'

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