

30-006-29203

HOBBS OCD

APR 11 2013

RECEIVED

MULTI-POINT SURFACE USE AND OPERATIONS PLAN  
 YATES PETROLEUM CORPORATION  
 McKamey "BHM" Federal #2H  
 1800' FNL & 330' FWL, Surface Hole Location  
 2200' FNL & 330' FEL, Bottom Hole Location  
 Section 26-T15S-R30E  
 Chaves County, New Mexico

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 14 miles North of Loco Hill, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS: go east of Artesia, New Mexico on HWY 82 for approximately 23 mile to Loco Hills, NM. Turn left on County Road 217 (Hagerman Cutoff) and go approx. 10.5 miles to the double pole powerline that runs east and west and a lease road going east. Turn right here and go east on lease road for approx. 1.5 miles to a "T" in the road. Turn right and continue for approx. 1 of a mile. Turn left here and go approx. 2.5 miles to a "T" in the road. Turn left and continue for approx. .6 of a mile and then turn right here following the existing lease road and go east for approx. .8 of a mile. Turn left here on an access road going north for approximately .1 of a mile to Mack Energy's Mickey Federal Com. #1 well location. The new access road will start going east from the northeast corner of the Mickey Federal Com. #1 well location going east for 443 feet then it turns south and go 330 feet then it goes to the left for 15 feet to the southwest corner of the McKamey BHM Federal 2H well location.

PLANNED ACCESS ROAD:

- A. The proposed new access will be approximately 778 feet in length from the point of origin to the southwest corner of the drilling pad.
- B. The new road will be 14 feet in width (driving surface) within a 30' wide right of way and will be adequately drained to control runoff and soil erosion.
- C. The new road will be bladed with drainage on both sides. One or two traffic turnouts may be needed.
- D. The route of the road is visible.
- E. Existing roads will be maintained in the same or better condition. Yates Petroleum Corporation has existing road right-of-ways from the Hagerman Cutoff to the well location being NM-114088 and State of New Mexico RW-29522.

3. LOCATION OF EXISTING WELLS:

- 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 aren't any production facilities on this lease at the present time.
- B. In the event that the well is productive production from this well will be stored in a tank battery that will be constructed on the well location. Natural gas if any will be sent via pipeline to a tie in point which is not know at this time. The flowline will be permitted under a right-or-way submitted by Yates Petroleum Corporation or a third party.

APR 17 2013

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, closed loop system, the location of the drilling equipment, pulling unit orientation and access road approach.
- 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. 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:

The surface is Managed by the Bureau of Land Management Roswell Field Office  
2909 West Second Street  
Roswell, New Mexico 88201  
(575) 627-0272

MINERAL OWNERSHIP:

Minerals USA Federal-NM-106692

Administered by: Bureau of Land Management  
Roswell Field Office  
2909 West Second Street  
Roswell, NM 88201  
(575) 627-0276

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  
McKamey BHM Federal #2H

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 22<sup>nd</sup> day of April 2011

Signature Monti Sanders for Cy Cowan

Name Cy Cowan

Position Title Land Regulatory Agent

Address 105 South Fourth Street, Artesia, New Mexico 88210

Telephone (505) 748-4372

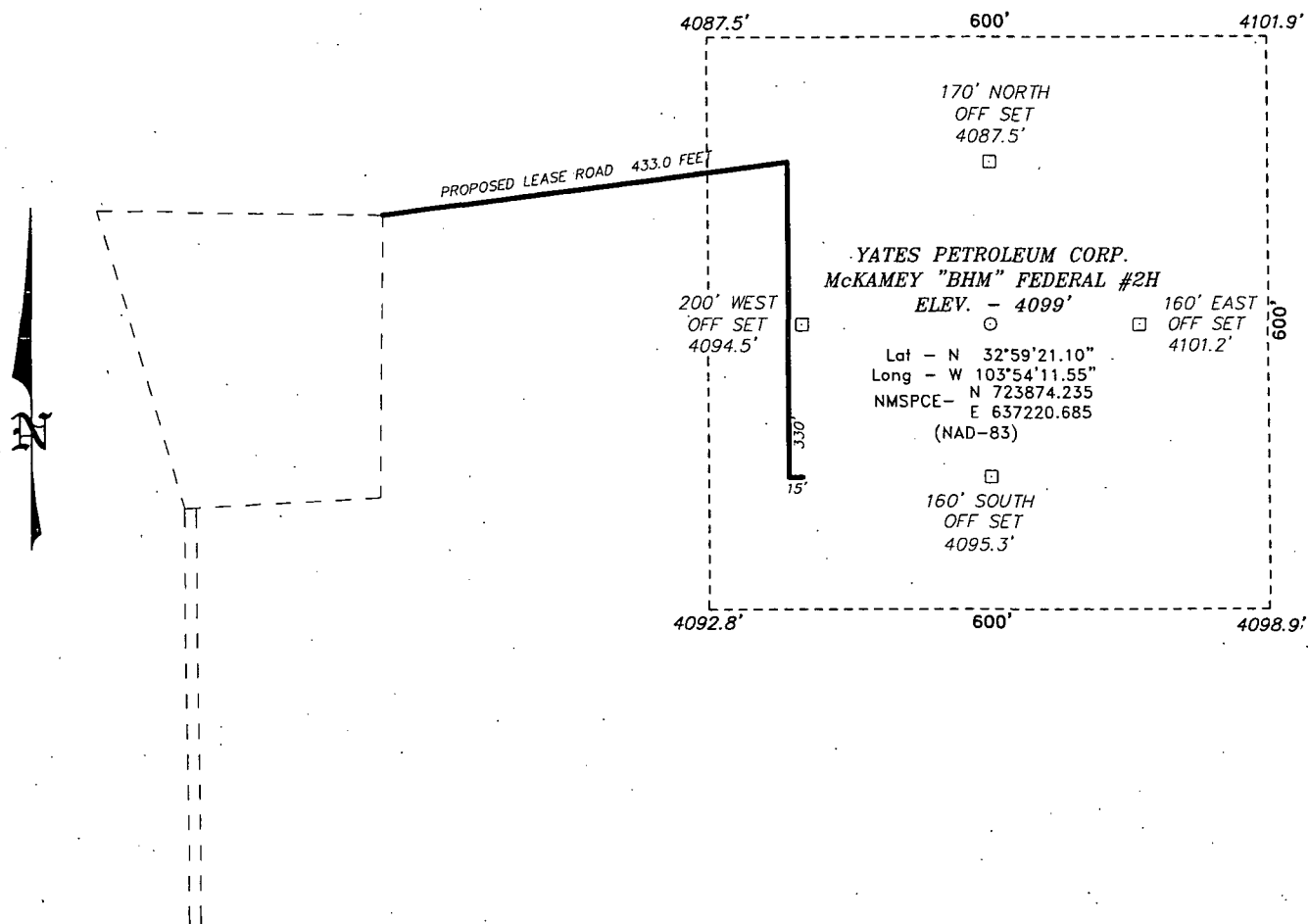
Field Representative (if not above signatory) Tim Bussell, Drilling Supervisor

Address (if different from above) Same as above.

Telephone (if different from above) (505) 748-4221

E-mail (optional) \_\_\_\_\_

SECTION 26, TOWNSHIP 15 SOUTH, RANGE 32 EAST, N.M.P.M.,  
CHAVES COUNTY, NEW MEXICO.



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

**YATES PETROLEUM CORP.**

REF: McKAMEY "BHM" FEDERAL #2H / WELL PAD TOPO

THE McKAMEY "BHM" FEDERAL #2H LOCATED 1800'  
FROM THE NORTH LINE AND 330' FROM THE WEST LINE OF  
SECTION 26, TOWNSHIP 15 SOUTH, RANGE 30 EAST,  
N.M.P.M., CHAVES COUNTY, NEW MEXICO.

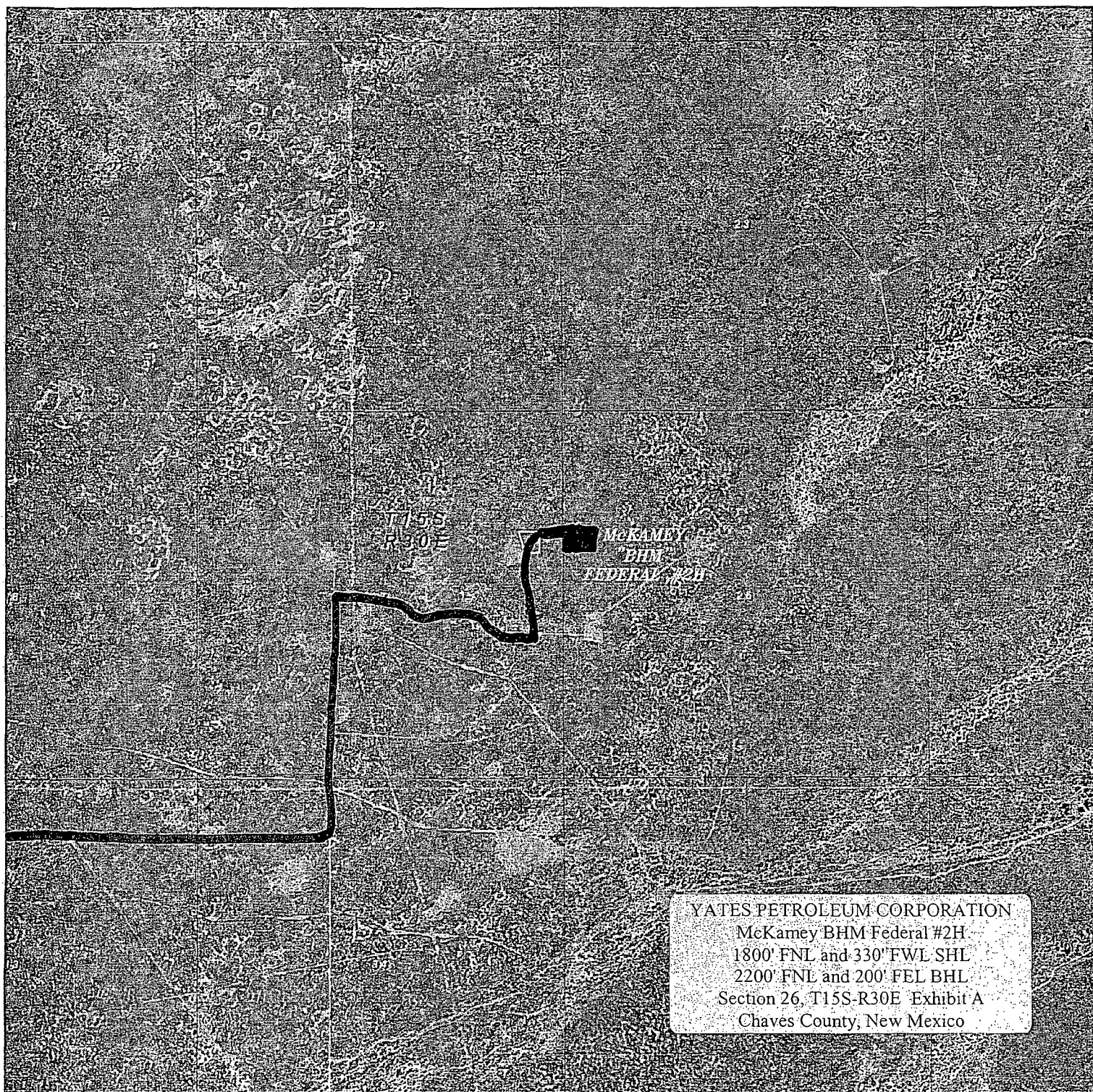
**BASIN SURVEYS** P.O. BOX 1786-HOBBS, NEW MEXICO

W.O. Number: 24464 Drawn By: J. SMALL

Date: 04-19-2011 Disk: JMS 24464

Survey Date: 04-17-2011

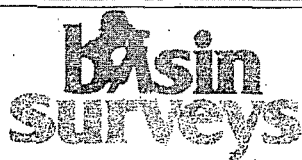
Sheet 1 of 1 Sheets



**YATES PETROLEUM CORPORATION**

McKamey BHM Federal #2H  
1800' FNL and 330' FWL SHL  
2200' FNL and 200' FEL BHL  
Section 26, T15S-R30E Exhibit A  
Chaves County, New Mexico

**McKAMEY "BHM" FEDERAL #2H**  
Located 1800' FNL and 330' FWL  
Section 26, Township 15 South, Range 30 East,  
N.M.P.M., Eddy 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

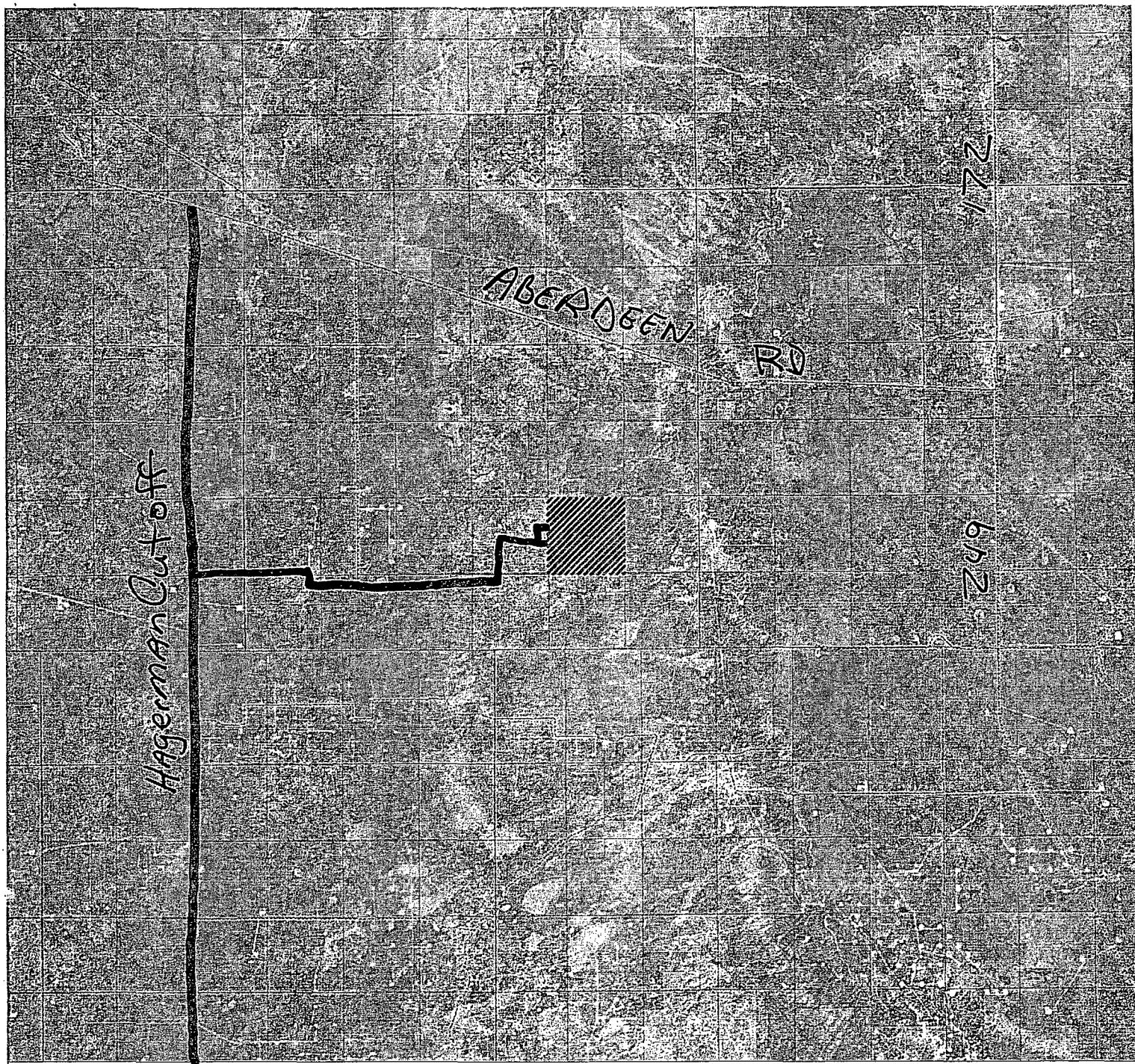
W.O. Number: JMS 24464

Scale: 1" = 2000'

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

**YATES  
PETROLEUM  
CORP.**





McKAMEY "BHM" FEDERAL #2H  
Located 1800' FNL and 330' FWL  
Section 26, Township 15 South, Range 30 East,  
N.M.P.M., Eddy County, New Mexico.

**basin**  
**surveys**  
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 124464

Survey Date: 04-17-2011

Scale: 1" = 2 Miles

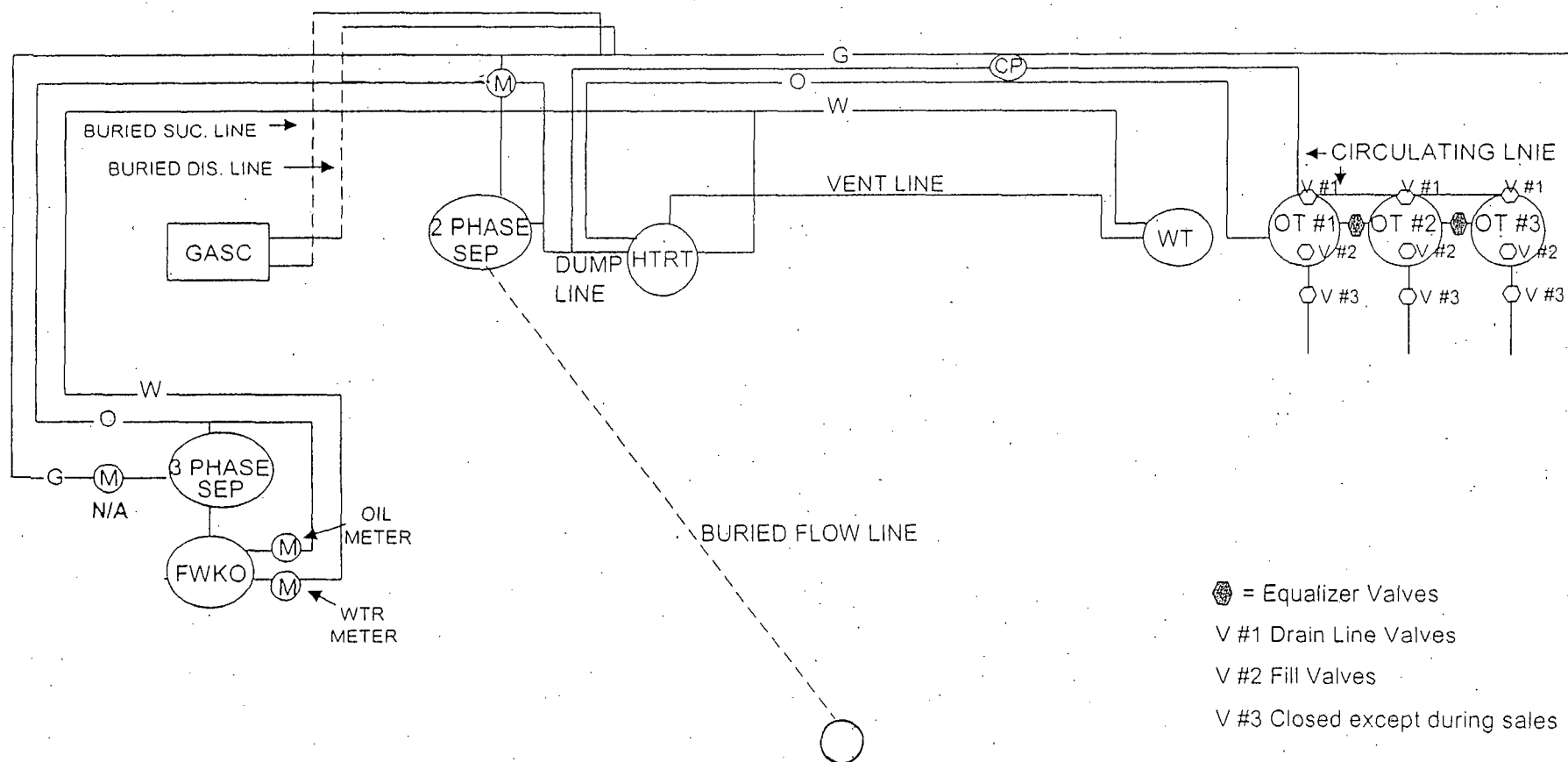
Date: 04-19-2011

**YATES**  
**PETROLEUM**  
**CORP.**



105 South 4<sup>th</sup> Street \* Artesia, NM 88210  
(575)-748-1471

-Danny Matthews  
June, 2010



= Equalizer Valves  
 V #1 Drain Line Valves  
 V #2 Fill Valves  
 V #3 Closed except during sales

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





# Yates Petroleum Corporation

BOP-3

## Typical 3,000 psi Pressure System Schematic Annular with Double Ram Preventer Stack

YATES PETROLEUM CORPORATION

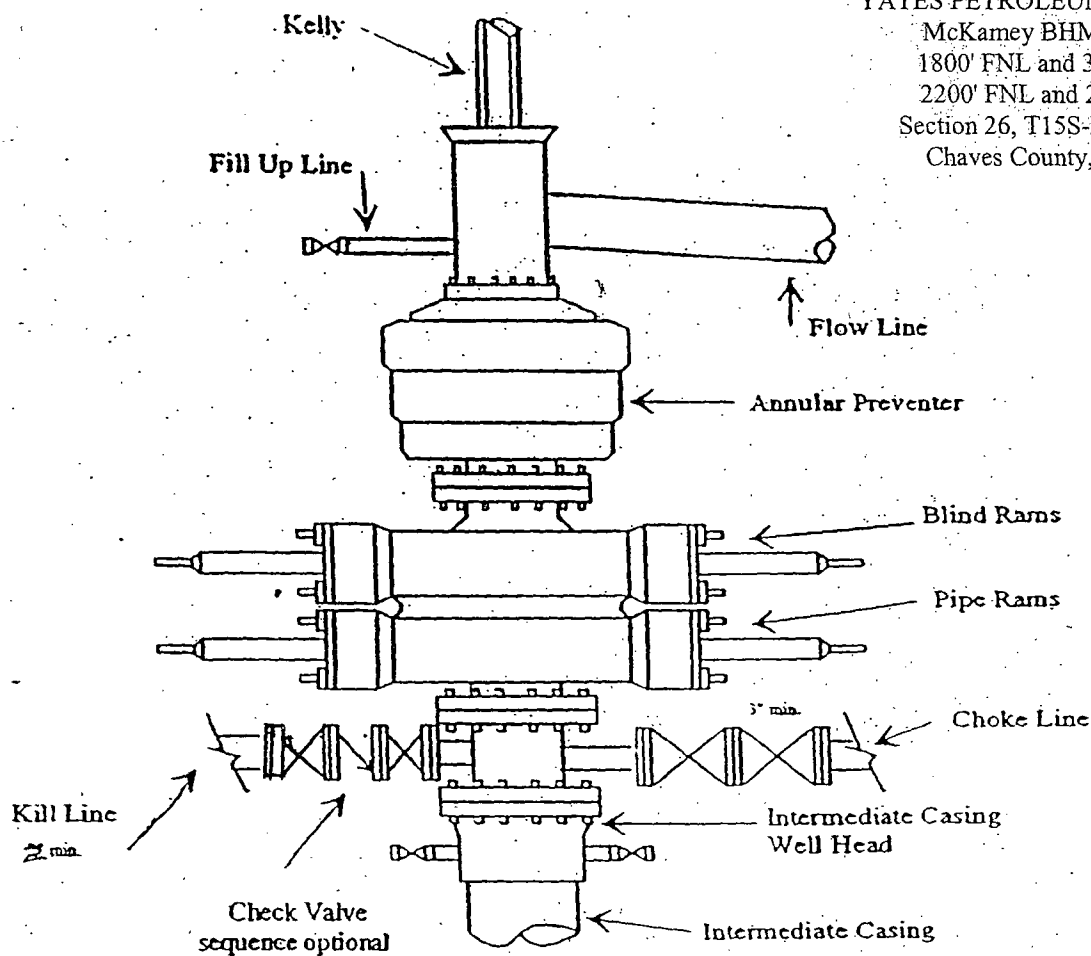
McKamey BHM Federal #2H

1800' FNL and 330' FWL SHL

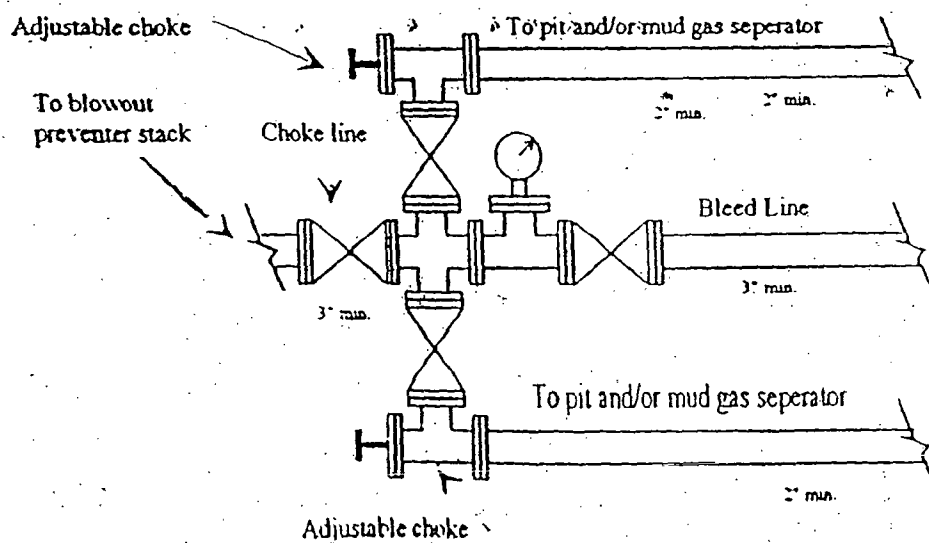
2200' FNL and 200' FEL BHL

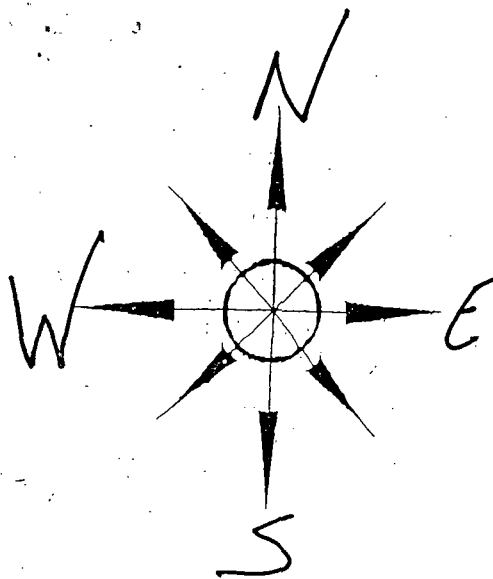
Section 26, T15S-R30E Exhibit C

Chaves County, New Mexico



## Typical 3,000 psi choke manifold assembly with at least these minimum features





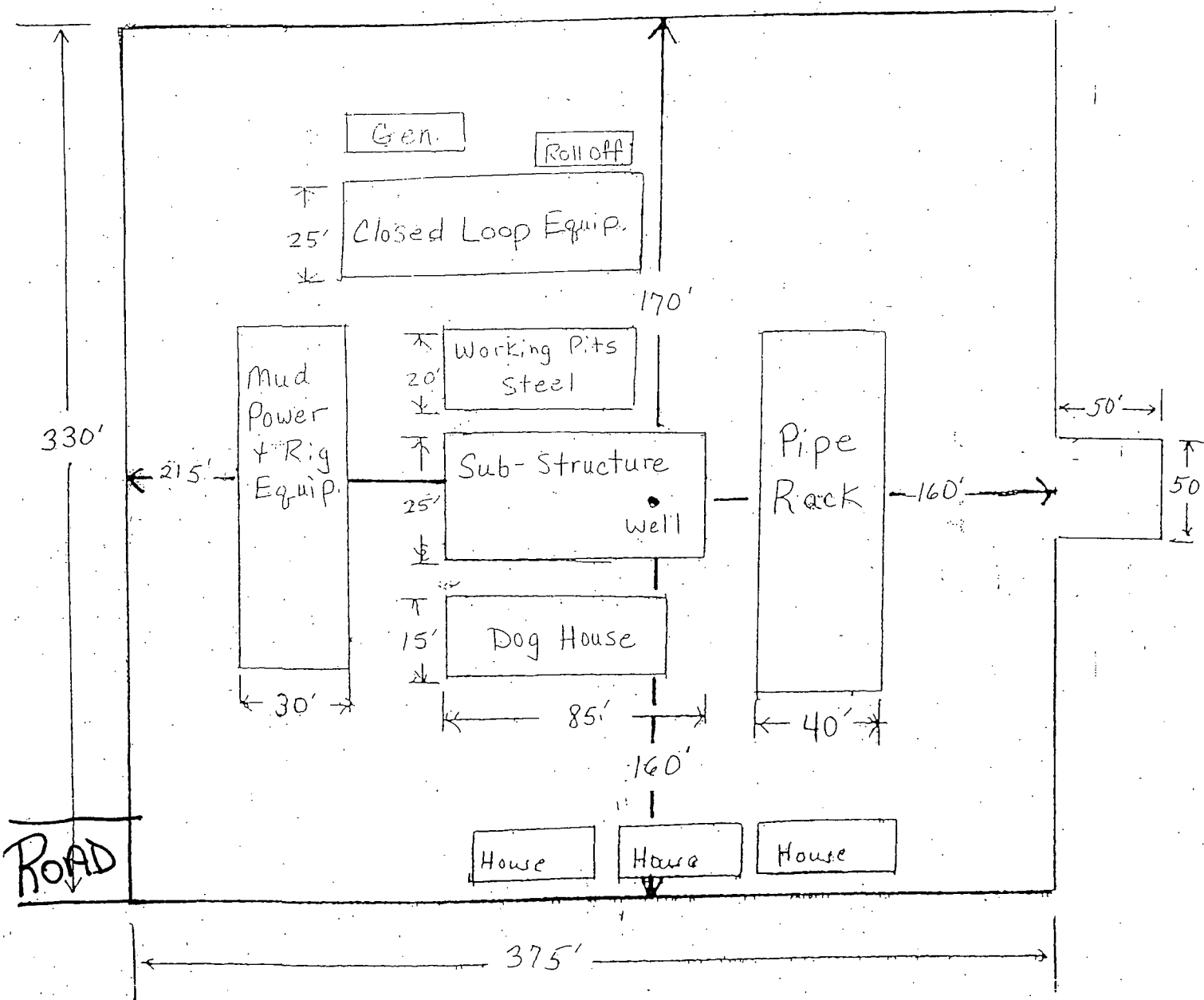
# Yates Petroleum Corporation

Location Layout for Permian Basin

YATES PETROLEUM CORPORATION  
McKamey BHM Federal #2H  
1800' FNL and 330' FWL SHL  
2200' FNL and 200' FEL BHL  
Section 26, T15S-R30E Exhibit B  
Chaves County, New Mexico

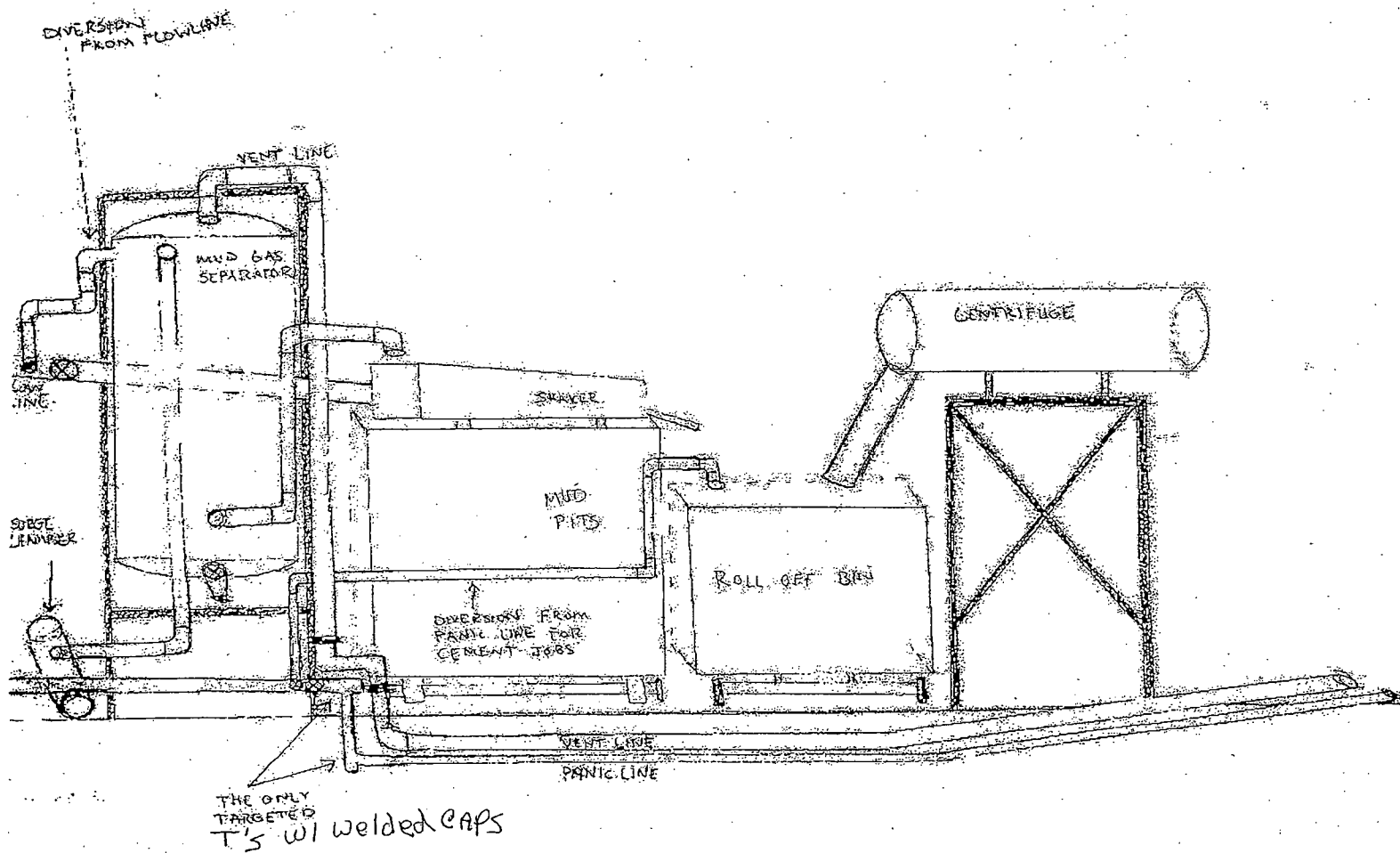
## Closed Loop Design Plan

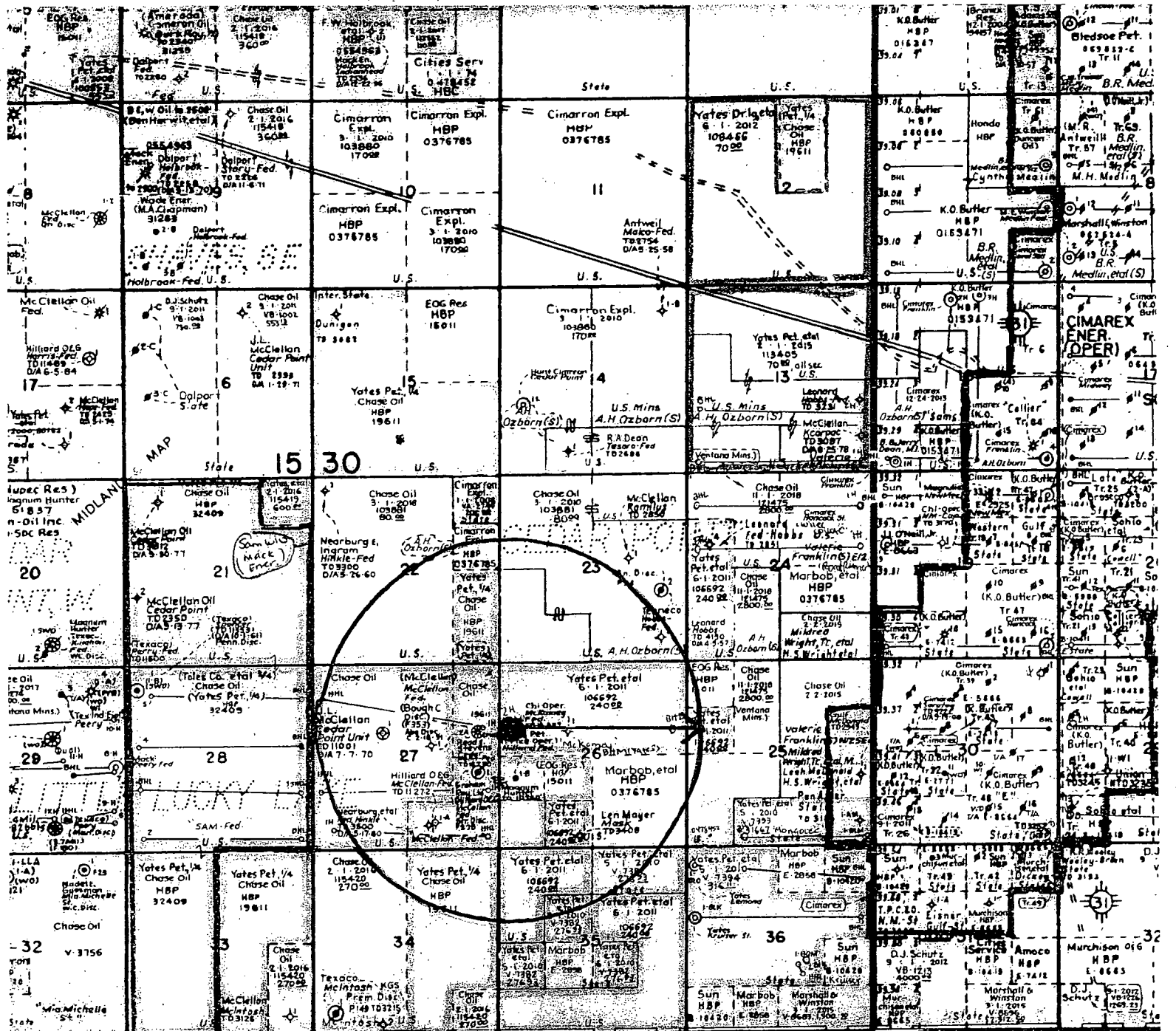
\* NOT TO SCALE



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

YATES PETROLEUM CORPORATION  
McKamey BHM Federal #2H  
1800' FNL and 330' FWL SHL  
2200' FNL and 200' FEL BHL  
Section 26, T15S-R30E Exhibit E  
Chaves County, New Mexico





YATES PETROLEUM CORPORATION  
McKamey BHM Federal #2H  
1800' FNL and 330' FWL SHL  
2200' FNL and 200' FEL BHL  
Section 26, T15S-R30E - Exhibit D  
Chaves County, New Mexico

