Form 3160-3
(March 2012)

UNORTHODOX LOCATION

OCD Hobbs

HOBBS OCD

SEP 12 2014

RECEIVED

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No. 1004-0137
Expires October 31, 2014

5. Lease Serial No.
NM-110836, NM-108970

6. If Indian, Allotee or Tribe Name
N/A

1a. Type of work: ☑ DRILL ☐ REENTER

7. If Unit or CA Agreement, Name and No.
N/A

1b. Type of Well: ☑ Oil Well ☐ Gas Well ☐ Other ☑ Single Zone ☐ Multiple Zone

8. Lease Name and Well No. (39956)
Fearless "BSF" Federal Com. #2H

2. Name of Operator YATES PETROLEUM CORPORATION (25575)

9. API Well No.
30-025- 42110

3a. Address 105 South Fourth Street
Artesia, NM 88210

3b. Phone No. *(include area code)*
575-748-4347

10. Field and Pool, or Exploratory (97903)
WC-025 G-08 S253235G;LWR BS
KB

4. Location of Well *(Report location clearly and in accordance with any State requirements.*)*
At surface Ut. Ltr. A, 200' FNL & 440' FEL, Section 26, T25S-R32E, NENE
At proposed prod. zone Ut. Ltr. P, 330' FSL & 440' FEL, Section 26, T25S-R32E, SESE

11. Sec., T. R. M. or Blk. and Survey or Area
Section 26, T25S-R32E

14. Distance in miles and direction from nearest town or post office*
approximately 30 miles east of Carlsbad, New Mexico

12. County or Parish
Lea County

13. State
NM

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 200'

16. No. of acres in lease
NM-108970-480 ac.
NM-110836-1160ac.

17. Spacing Unit dedicated to this well
E2E2, Sec. 26,T25S-R32E

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. Approx. 2000'

19. Proposed Depth
10985' TVD 15430'MD

20. BLM/BIA Bond No. on file
Nationwide Bond #NM-B000434
Individual Bond NMB000920

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
3413 GL

22. Approximate date work will start*
09/27/2012

23. Estimated duration
60 Days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification
6. Such other site specific information and/or plans as may be required by the BLM.

25. Signature Cy Cowan — Name *(Printed/Typed)* Cy Cowan — Date 6/14/13

Title
Land Regulatory Agent

Approved by *(Signature)* Steve Caffey — Name *(Printed/Typed)* — Date SEP - 3 2014

Title
FIELD MANAGER

Office CARLSBAD FIELD OFFICE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

APPROVAL FOR TWO YEARS

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on page 2)

Carlsbad Controlled Water Basin

KZ 09/15/14

E-PERMITTING - - New Well dm
Comp_____ P&A_____ TA_____
CSNG_____ Loc Chng_____
ReComp_____ Add New Well_____
Cancl Well_____ Create Pool_____

Approval Subject to General Requirements & Special Stipulations Attached

SEE ATTACHED FOR CONDITIONS OF APPROVAL

SEP 16 2014

CERTIFICATION
YATES PETROLEUM CORPORATION
Fearless BSF Federal Com #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; 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 14th day of June, 20 13.

Printed Name Cy Cowan

Signature Clifton May FOR Cy COWAN

Position Title Land Regulatory Agent

Address 105 South Fourth Street, Artesia, NM 88210

Telephone 575-748-4372

E-mail (optional) cy@ypcnm.com

Field Representative (if not above signatory) Tim Bussell

Address (if different from above) Same

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

YATES PETROLEUM CORPORATION
Fearless "BSF" Federal Com. #2H
200' FNL and 440' FEL, Section 26-25S-32E, Surface Hole Location
330' FSL and 440' FEL, Section 26-25S-32E, Bottom Hole Location
Lea County, New Mexico

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1. The estimated tops of geologic markers are as follows:

FORMATION	VERTICAL DEPTH	FORMATION	VERTICAL DEPTH	MD DEPTH
Rustler	730'	Brushy Canyon	7670' Oil	
Salado	1080'	Bone Spring	8920' Oil	
Castile	3600'	Upper Avalon	8990' Oil	
Base of Salt	4530'	Lower Avalon	9350' Oil	
Delaware	4760'	Bone Spring 1/SD/	9940' Oil	
Bell Canyon	4790' Oil	Kick Off	10407'	
Cherry Canyon	5800' Oil	Bone Springs 2/SD/	10505' Oil	10345'
		Target SBSG	10885' Oil	11146'
		TD Lateral	10985'	15430'

2. The estimated depths at which anticipated water, oil or gas formations are expected to be encountered.
   Water: 160'
   Oil or Gas: Zones: See above

3. Pressure Control Equipment: A 3000 PSI BOP system with a minimum opening of 13 5/8" will be nipped up on the 13 3/8" casing and a 5000 PSI BOP system with a minimum opening of 11" on the 9 5/8" casing. Blind rams and pipe rams will be tested to the rated pressure of the BOP. Test will be conducted by an Independent Tester, utilizing a test plug in the well head. Test will be held for 10 minutes on each segment of the system tested. Any Leaks will be repaired at the time of the test. Annular preventer will be tested to 50% of rated working pressure. Pressure tests will be conducted before drilling out from under all casing strings which are set and cemented in place. Blowout Preventer controls will be installed prior to drilling the surface plug and will remain in use until the well is completed or abandoned. Preventers will be inspected and operated at least daily to ensure good mechanical working order, and this inspection recorded on the daily drilling report. See Exhibit.

4. Auxiliary Equipment: Kelly cock, pit level indicators, flow sensor equipment, and a sub with full opening valve to fit the drill pipe and collars will be available on the rig floor in the open position at all times for use when Kelly is not in use.

5. THE PROPOSED CASING AND CEMENTING PROGRAM:

See COA

A. Casing Program: (All New)

Hole Size	Casing Size	Wt./Ft.	Grade	Coupling	Interval	Length
26"	20"	94#	H-40	ST&C	0'-40'	40'
17 ½"	13 3/8"	48#	H-40/J-55Hybrid	ST&C	O'-~~755~~ 865'	~~755~~'
12 ¼"	9 5/8"	40#	J-55	LT&C	0'-80'	80'
12 ¼"	9 5/8"	36#	J-55	LT&C	80'-3200'	3120'
12 ¼"	9 5/8"	40#	J-55	LT&C	3200'-4200'	1000'
12 ¼"	9 5/8"	40#	HCK-55	LT&C	4200'-~~4850~~ 4700'	~~650~~ 500'
8 ¾"	5 ½"	17#	P-110	Buttress	0'-15430'	15430'

Well will be drilled vertically to 10407'. The well will then be kicked off at approximately 10407' and directionally drilled at 12 degrees per 100' with an 8 3/4" hole to11146' MD (10885' TVD). Hole size will reduced to an 8 1/2" hole and drilled to15430' MD (10985' TVD) where 5 1/2' will be run and cemented in two stages. A DV tool will be placed at approximately 7000'. Penetration point of producing zone will

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encountered at 667 FNL and 438' FEL in Section 26-25S 32E. Deepest TVD in the well will be in the lateral at 10985`' in the lateral.

Minimum Casing Design Factors: Burst 1.0, Tensile 1.8, Collapse 1.125

B. CEMENTING PROGRAM:

Conductor Cement: One inch cement to surface. TOC is surface.

Surface Casing: Cement with 400 sacks 35:65:6PzC (Wt. 12.50 Yld. 2.00). Tail in with 200 sacks Class C with 2% CaCl2 (Wt.14.80 Yld. 1.34). TOC is surface. Cement designed with 100% excess.

Intermediate Casing will be cemented in two stages with DV tool set at 1500'.

Intermediate Casing: Stage One 4850' to 1500'; Lead with 1200 sacks of 35:65:6PzC (Wt 12.50 Yld. 2.00). Tail in with 200 sacks Class C with 2% CaCl2 (Wt. 14.80 Yld. 1.34). TOC is 1500' . Cement designed with 100% excess.

Intermediate Casing: Stage Two 1500' to surface; Lead with 450 sacks of 35:65:6PzC (Wt. 12.50 Yld. 2.00). Tail in 200 sacks of class C with 2% CaCl2 (Wt. 14.80 Yld. 1.34). TOC is surface. Cement designed with 100% excess.

Production Casing will be cemented in two stages with DV tool set at approximately7000'.

Production Casing: 1st stage 15430 to 7000'; Lead with 600 sacks 35:65:6PzC (Wt. 12.50 Yld. 2.00). Tail in with 950 sacks PecosVlLt with D112-Fluid Loss-0.4-%, D151-Caclium Carbonate-22.5-lb/sack, D174-Extender-1.5-lb/sack, D177-Retarder-0.01-lb/sack, D800-Retarder-0.6-lb/sack and D46-Antiform Agent-0.15-lb/sack (Wt. 13.00 Yld. 1.83). TOC 7000'. Cement designed with 35% excess.

Production Casing: 2nd stage 7000' to 4350'; Lead with 315 sacks 35:65:6PzC (Wt. 12.50 Yld. 2.00). Tail in with 200 sacks Pecos VlLt with D112-Fluid Loss-0.4-%, D151-Caclium Carbonate-22.5-lb/sack, D174-Extender-1.5-lb/sack, D177-Retarder-0.01-lb/sack, D800-Retarder-0.6-lb/sack and D46-Antiform Agent-0.15-lb/sack (Wt. 13.00 Yld. 1.41). TOC ~~4350'~~. Cement designed with 35% excess. See COA

Well will be drilled vertically to 10407'. The well will then be kicked off at approximately 10407' and directionally drilled at 12 degrees per 100' with an 8 3/4" hole to11146' MD (10885' TVD). Hole size will reduced to an 8 1/2" hole and drilled to15430' MD (10985' TVD) where 5 1/2' will be run and cemented in two stages. A DV tool will be placed at approximately 7000'. Penetration point of producing zone will encountered at 667 FNL and 438' FEL in Section 26-25S 32E. Deepest TVD in the well will be in the lateral at 10985`' in the lateral.

6. MUD PROGRAM AND AUXILIARY EQUIPMENT:

See COA

INTERVAL	TYPE	WEIGHT	VISCOSITY	FLUID LOSS
0-~~758'~~ 865'	Fresh Water	8.60-9.20	28-32	N/C
~~755'-4850'~~ 470'	Brine Water	10.00-10.20	28-30	N/C
~~4850'~~-11146'	Cut Brine	8.80-9.20	30-32	N/C
11146'-15430'	Cut Brine	8.80-9.20	30-32	N/C

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BAS

Sufficient mud material(s) to maintain mud properties, control lost circulation and contain a blow out will be available at the well site during drilling operations. The slow pump speed will be recorded on the daily drilling report after mudding up. A mud test will be performed every 24 hours after mudding up to determine, as applicable: density, viscosity, gel strength, filtration, and pH. After surface casing is set an electronic PVT system will be installed as our primary mud level monitoring system. A secondary system will also be implemented as to insure the PVT system is functioning properly. The secondary system will be comprised of the derrick hand visually checking the fluid level in the pits periodically using a nut on the end of a rope hanging just above the fluid level in the pit.

7. EVALUATION PROGRAM:

Samples: 30' samples to 4850'. 10' samples 4850' to TD
Logging: Sch.Platform Express – curve
CNL/LDT/NGT: TD to intermediate casing;
CNL/GR: TD to surface:
DLL/MSFL: TD to surface casing;
CMR: TD to intermediate casing;
Horizontal: MWD-GR: Horizontal
Coring: None anticipated
DST's: None Anticipated
Mudlogging: Yes. From 2000' to TD.

8. ABNORMAL CONDITIONS, BOTTOM HOLE PRESSURE, AND POTENTIAL HAZARDS:
Maximum Anticipated BHP:

0'-755'	360 PSI
755'-4850'	2575 PSI
4850'-10985' TVD	5255 PSI

Abnormal Pressures Anticipated: None

Lost Circulation Zones Anticipated: None.

See COA H2S Zones Anticipated: None Anticipated

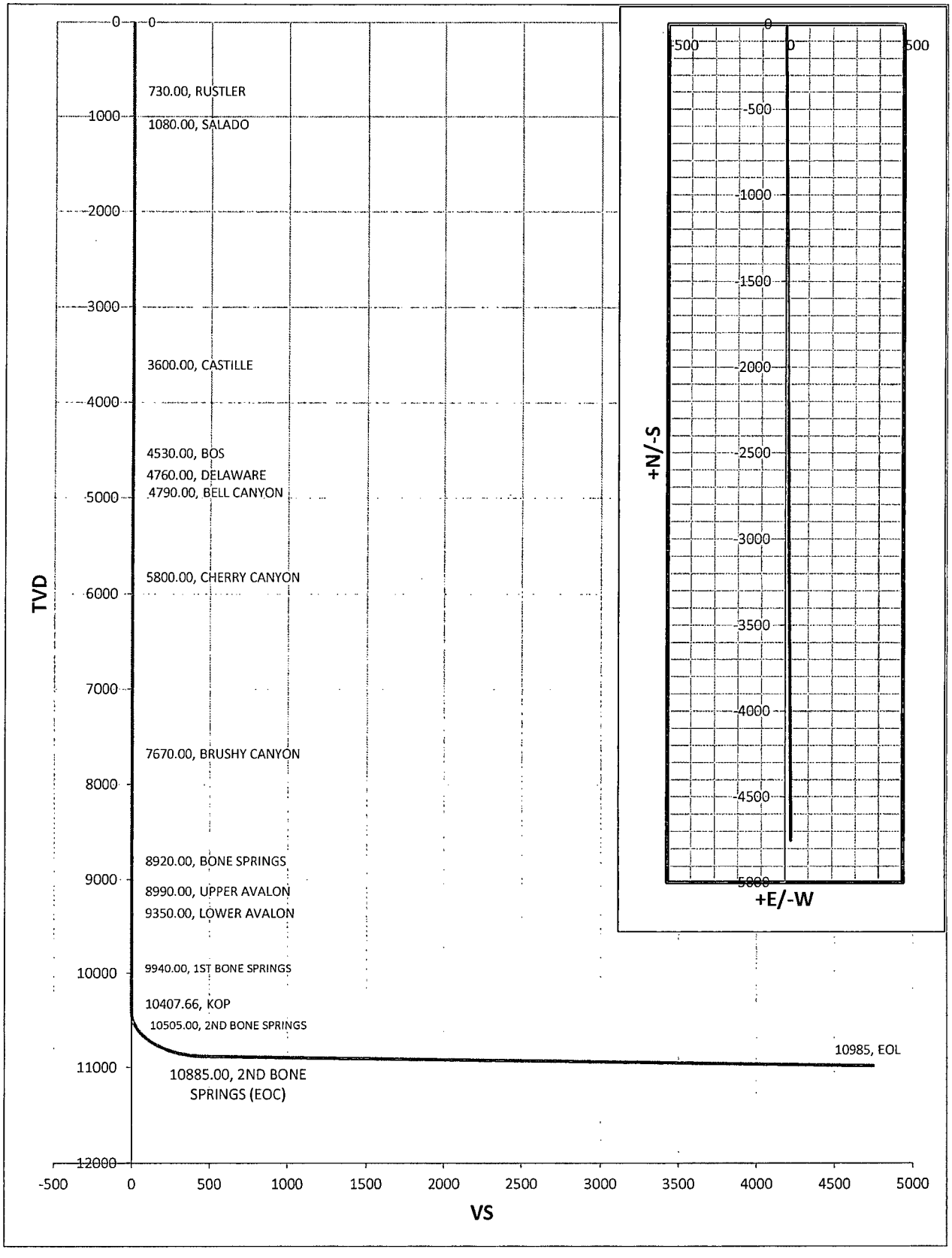
Maximum Bottom Hole temperature is 170 F

9. ANTICIPATED STARTING DATE:
Plans are to drill this well as soon as possible after receiving approval. It should take approximately 60 days to drill the well with completion taking another 30 days.

Well Name: Fearless BSF Federal Com. #2H		**Tgt N/-S:**	-4750.27		
		Tgt E/-W:	24.54	**EOC TVD/MD:**	10885.00 / 11146.52
Surface Location: Section 26 , Township 25S Range 32E		**VS Az:**	179.70		
Bottom Hole Location: Section 26 , Township 25S Range 32E				**EOL TVD/MD:**	10985.00 / 15430.53

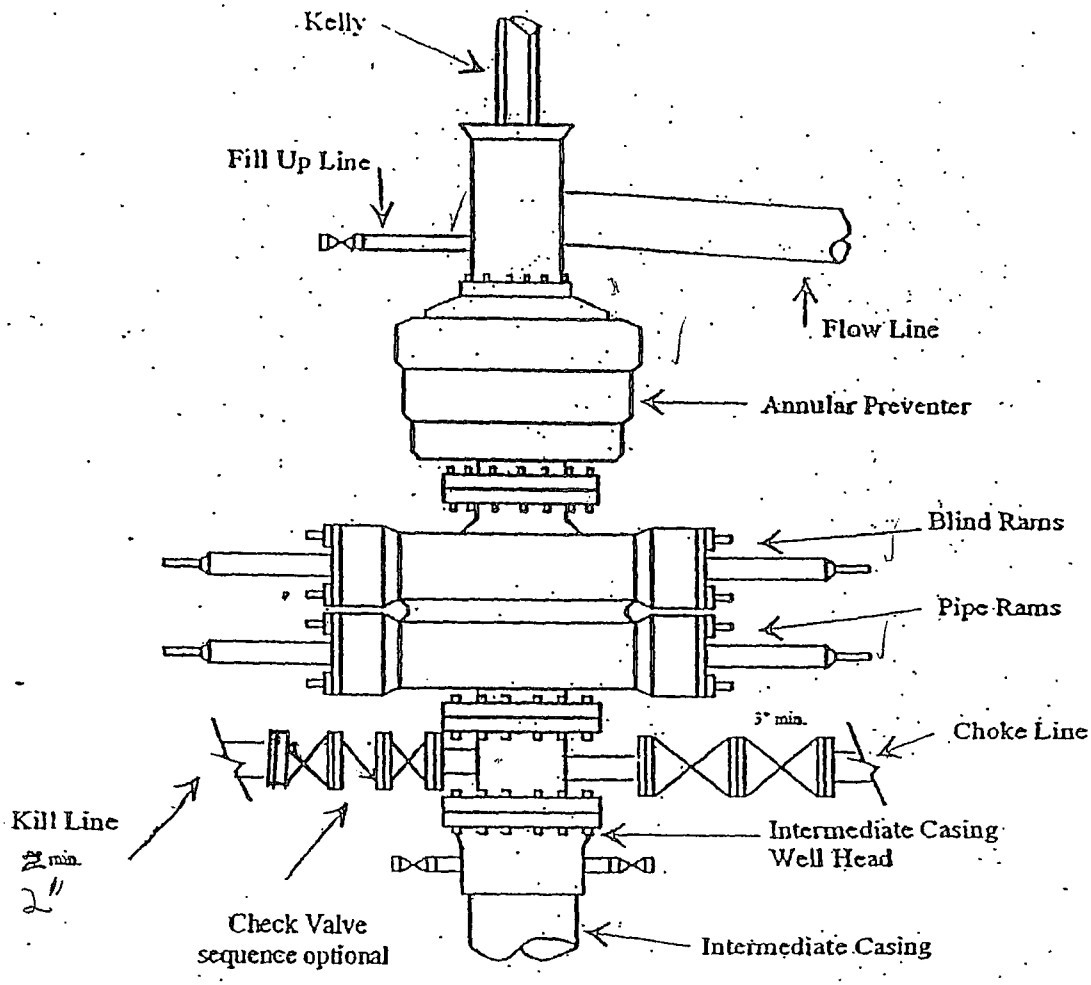
MD	Inc.	Azi.	TVD	+N/-S	+E/-W	VS	DLS	Comments
0	0	0	0	0	0	0	0	
730.00	0.00	0.00	730.00	0.00	0.00	0.0	0	RUSTLER
1080.00	0.00	0.00	1080.00	0.00	0.00	0.0	0	SALADO
3600.00	0.00	0.00	3600.00	0.00	0.00	0.0	0	CASTILLE
4530.00	0.00	0.00	4530.00	0.00	0.00	0.0	0	BOS
4760.00	0.00	0.00	4760.00	0.00	0.00	0.0	0	DELAWARE
4790.00	0.00	0.00	4790.00	0.00	0.00	0.0	0	BELL CANYON
5800.00	0.00	0.00	5800.00	0.00	0.00	0.0	0	CHERRY CANYON
7670.00	0.00	0.00	7670.00	0.00	0.00	0.0	0	BRUSHY CANYON
8920.00	0.00	0.00	8920.00	0.00	0.00	0.0	0	BONE SPRINGS
8990.00	0.00	0.00	8990.00	0.00	0.00	0.0	0	UPPER AVALON
9350.00	0.00	0.00	9350.00	0.00	0.00	0.0	0	LOWER AVALON
9940.00	0.00	0.00	9940.00	0.00	0.00	0.0	0	1ST BONE SPRINGS
10407.66	0.00	0.00	10407.66	0.00	0.00	0.00	0	KOP
10425.00	2.08	179.70	10425.00	-0.31	0.00	0.3	12	
10450.00	5.08	179.70	10449.94	-1.88	0.01	1.9	12	
10475.00	8.08	179.70	10474.78	-4.74	0.02	4.7	12	
10500.00	11.08	179.70	10499.43	-8.90	0.05	8.9	12	
10505.69	11.76	179.70	10505.00	-10.03	0.05	10.0	12	2ND BONE SPRINGS
10525.00	14.08	179.70	10523.82	-14.35	0.07	14.3	12	
10550.00	17.08	179.70	10547.90	-21.06	0.11	21.1	12	
10575.00	20.08	179.70	10571.60	-29.02	0.15	29.0	12	
10600.00	23.08	179.70	10594.84	-38.22	0.20	38.2	12	
10625.00	26.08	179.70	10617.57	-48.62	0.25	48.6	12	
10650.00	29.08	179.70	10639.73	-60.19	0.31	60.2	12	
10675.00	32.08	179.70	10661.25	-72.91	0.38	72.9	12	
10700.00	35.08	179.70	10682.07	-86.73	0.45	86.7	12	
10725.00	38.08	179.70	10702.15	-101.63	0.53	101.6	12	
10750.00	41.08	179.70	10721.41	-117.56	0.61	117.6	12	
10775.00	44.08	179.70	10739.82	-134.47	0.69	134.5	12	
10800.00	47.08	179.70	10757.31	-152.32	0.79	152.3	12	
10825.00	50.08	179.70	10773.85	-171.07	0.88	171.1	12	
10850.00	53.08	179.70	10789.39	-190.65	0.98	190.7	12	
10875.00	56.08	179.70	10803.87	-211.02	1.09	211.0	12	
10900.00	59.08	179.70	10817.27	-232.13	1.20	232.1	12	
10925.00	62.08	179.70	10829.55	-253.90	1.31	253.9	12	
10950.00	65.08	179.70	10840.67	-276.29	1.43	276.3	12	
10975.00	68.08	179.70	10850.61	-299.22	1.55	299.2	12	
11000.00	71.08	179.70	10859.33	-322.65	1.67	322.7	12	
11025.00	74.08	179.70	10866.81	-346.50	1.79	346.5	12	
11050.00	77.08	179.70	10873.04	-370.71	1.92	370.7	12	
11075.00	80.08	179.70	10877.99	-395.21	2.04	395.2	12	
11100.00	83.08	179.70	10881.65	-419.94	2.17	419.9	12	
11125.00	86.08	179.70	10884.01	-444.82	2.30	444.8	12	
11146.52	88.66	179.70	10885.00	-466.32	2.41	466.3	12	2ND BONE SPRINGS TARGET(EOC)
15430.53	88.66	179.70	10985.00	-4750.27	24.54	4750.33	0	EOL

Fearless BSF Federal Com. #2H

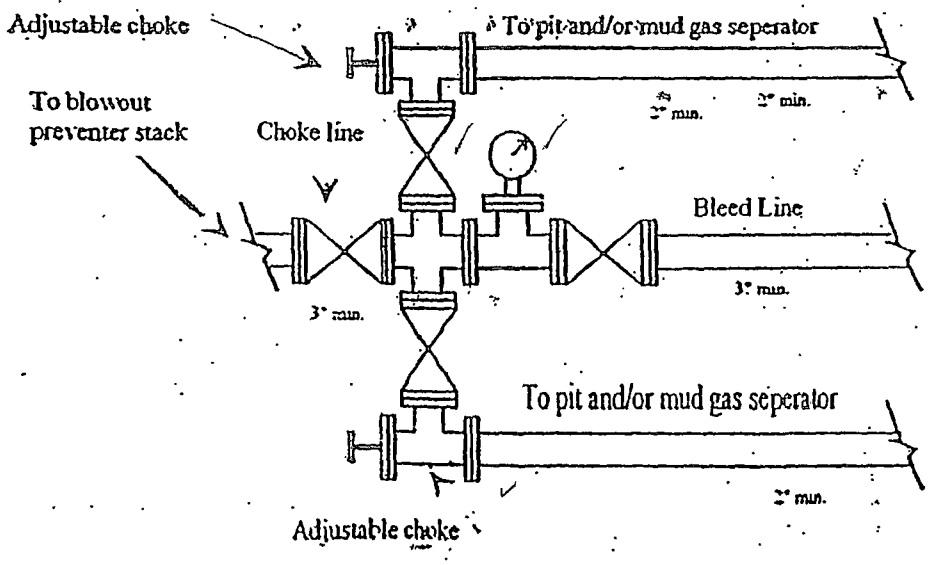


Yates Petroleum Corporation

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

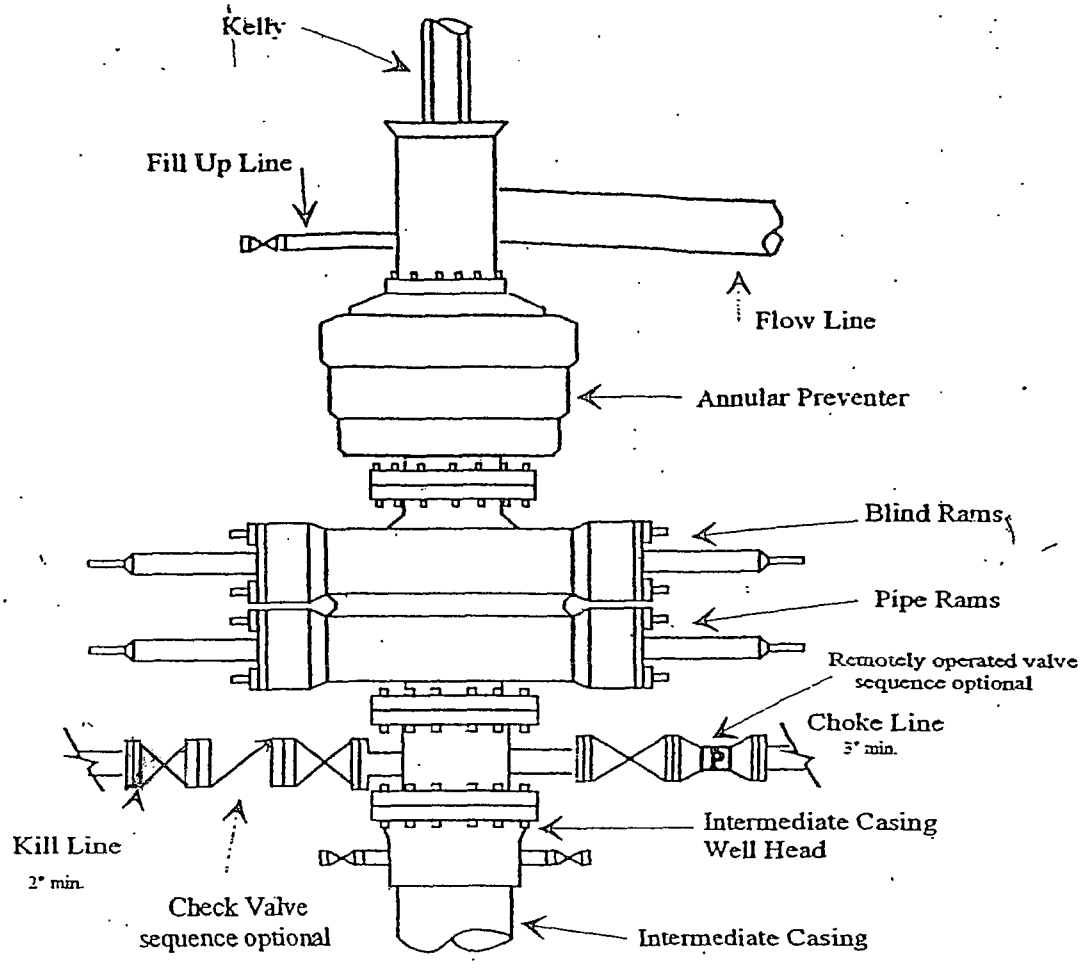


Typical 3,000 psi choke manifold assembly with at least these minimun features

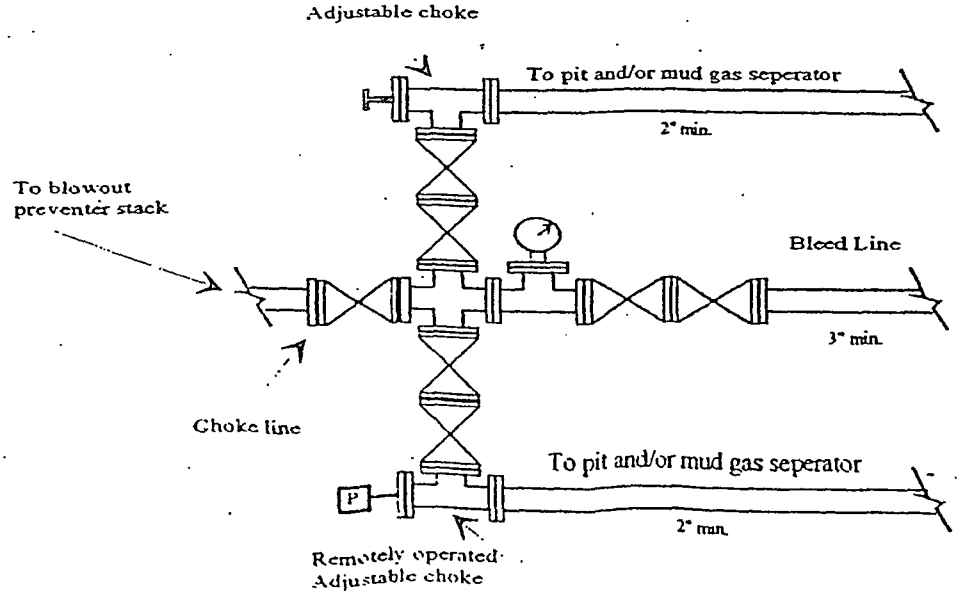


Yates Petroleum Corporation

Typical 5,000 psi Pressure System
Schematic
Annular with Double Ram Preventer Stack

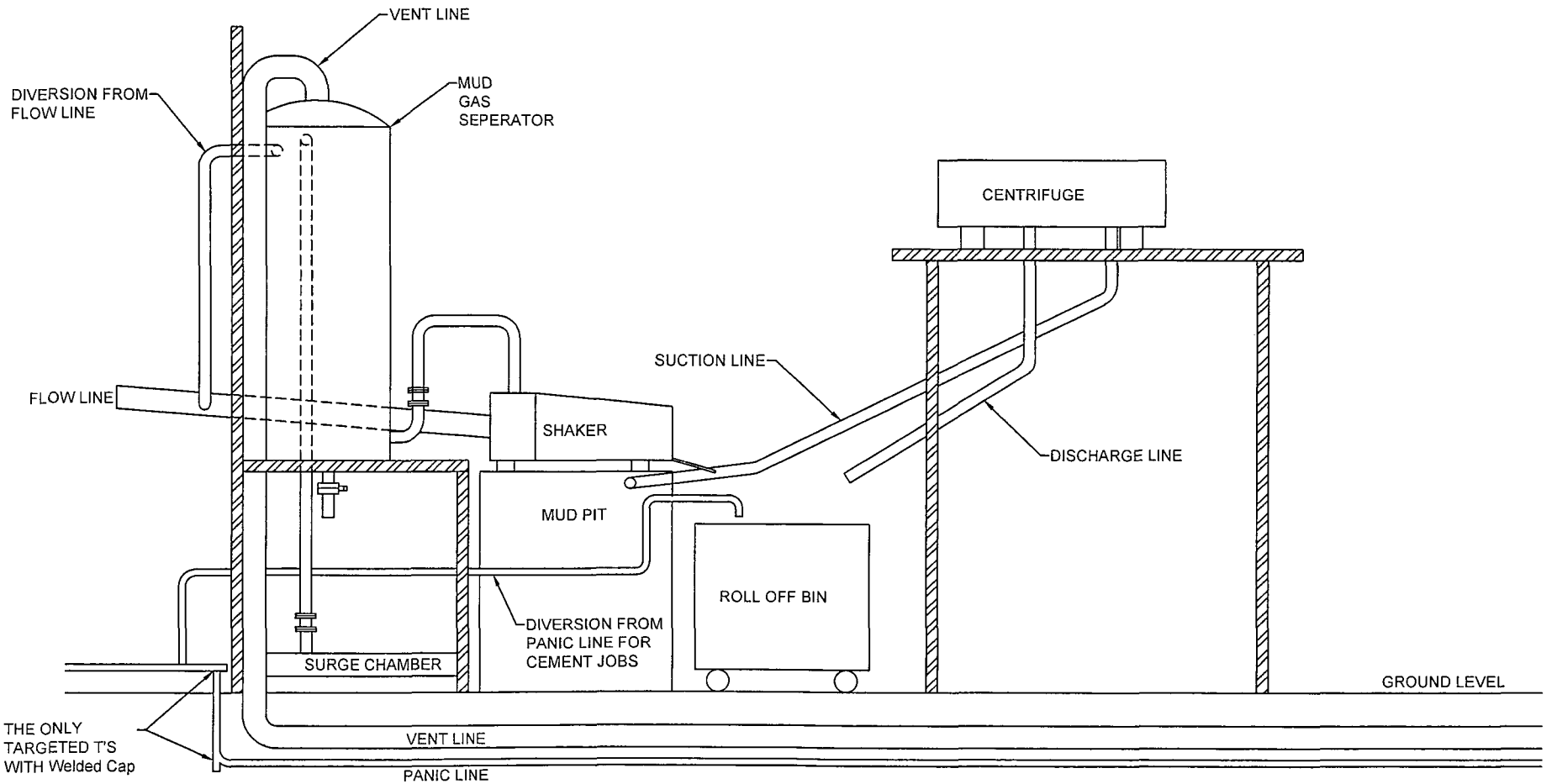


Typical 5,000 psi choke manifold assembly with at least these minimun features



YATES PETROLEUM CORPORATION

Piping from Choke Manifold
to the Closed Loop Drilling Mud System



The flare discharge must be 100' from wellhead for non H2S wells and 150' from wellhead for wells expected to encounter H2S.

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources
Department
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-144 CLEZ
Revised August 1, 2011

For closed-loop systems *that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure*, submit to the appropriate NMOCD District Office.

Closed-Loop System Permit or Closure Plan Application

(that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure)

Type of action: ☒ Permit ☐ Closure

Instructions: Please submit one application (Form C-144 CLEZ) per individual closed-loop system request. For any application request other than for a closed-loop system that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure, please submit a Form C-144.

Please be advised that approval of this request does not relieve the operator of liability should operations result in pollution of surface water, ground water or the environment. Nor does approval relieve the operator of its responsibility to comply with any other applicable governmental authority's rules, regulations or ordinances.

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1.
Operator: Yates Petroleum Corporation OGRID #: 025575
Address: 105 South 4th St. Artesia, NM 88210
Facility or well name: Fearless BSF Federal Com #2H
API Number: OCD Permit Number:
U/L or Qtr/Qtr A Section 26 Township 25S Range 32E County: Lea
Center of Proposed Design: Latitude N 32.1081972 Longitude W 103.638475 NAD: ☐1927 ☒ 1983
Surface Owner: ☒ Federal ☐ State ☐ Private ☐ Tribal Trust or Indian Allotment

2.
☒ **Closed-loop System:** Subsection H of 19.15.17.11 NMAC
Operation: ☒ Drilling a new well ☐ Workover or Drilling (Applies to activities which require prior approval of a permit or notice of intent) ☐ P&A
☐ Above Ground Steel Tanks or ☒ Haul-off Bins

3.
Signs: Subsection C of 19.15.17.11 NMAC
☐ 12"x 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers
☒ Signed in compliance with 19.15.16.8 NMAC

4.
Closed-loop Systems Permit Application Attachment Checklist: Subsection B of 19.15.17.9 NMAC
Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.
☒ Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC
☒ Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC
☒ Closure Plan (Please complete Box 5) - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC
☐ Previously Approved Design (attach copy of design) API Number:
☐ Previously Approved Operating and Maintenance Plan API Number:

5.
Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only: (19.15.17.13.D NMAC)
Instructions: Please indentify the facility or facilities for the disposal of liquids, drilling fluids and drill cuttings. Use attachment if more than two facilities are required.
Disposal Facility Name: Gandy Marley Disposal Facility Permit Number: NM – 01-0019
Disposal Facility Name: CRI Disposal Facility Permit Number: R-1966
Disposal Facility Name: Lea Land Farm Disposal Facility Permit Number: WM – 1-035
Disposal Facility Name: Sundance Services Inc. Disposal Facility Permit Number: NM – 01-0003

Will any of the proposed closed-loop system operations and associated activities occur on or in areas that *will not* be used for future service and operations?
☐ Yes (If yes, please provide the information below) ☒ No

Required for impacted areas which will not be used for future service and operations:
☐ Soil Backfill and Cover Design Specifications - - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC
☐ Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC
☐ Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC

6.
Operator Application Certification:

I hereby certify that the information submitted with this application is true, accurate and complete to the best of my knowledge and belief.

Name (Print): Travis Hahn Title: Land Regulatory Agent

Signature: Date: 6/14/2013

e-mail address: thahn@yatespetroleum.com Telephone: 575-748-4120

7.
OCD Approval: ☐ Permit Application (including closure plan) ☐ Closure Plan (only)

OCD Representative Signature: **Approval Date:**

Title: **OCD Permit Number:**

8.
Closure Report (required within 60 days of closure completion): Subsection K of 19.15.17.13 NMAC

Instructions: Operators are required to obtain an approved closure plan prior to implementing any closure activities and submitting the closure report. The closure report is required to be submitted to the division within 60 days of the completion of the closure activities. Please do not complete this section of the form until an approved closure plan has been obtained and the closure activities have been completed.

☐ **Closure Completion Date:**

9.
Closure Report Regarding Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:

Instructions: Please indentify the facility or facilities for where the liquids, drilling fluids and drill cuttings were disposed. Use attachment if more than two facilities were utilized.

Disposal Facility Name: Disposal Facility Permit Number:

Disposal Facility Name: Disposal Facility Permit Number:

Were the closed-loop system operations and associated activities performed on or in areas that *will not* be used for future service and operations?

☐ Yes (If yes, please demonstrate compliance to the items below) ☐ No

Required for impacted areas which will not be used for future service and operations:

☐ Site Reclamation (Photo Documentation)
☐ Soil Backfilling and Cover Installation
☐ Re-vegetation Application Rates and Seeding Technique

10.
Operator Closure Certification:

I hereby certify that the information and attachments submitted with this closure report is true, accurate and complete to the best of my knowledge and belief. I also certify that the closure complies with all applicable closure requirements and conditions specified in the approved closure plan.

Name (Print): Title:

Signature: Date:

e-mail address: Telephone:

Yates Petroleum Corporation
Closed Loop System
Fearless "BSF" Federal Com #2H

Equipment Design Plan

Closed Loop System will consist of:
1 – double panel shale shaker
1 – (minimum) Centrifuge, certain wells and flow rates may require 2 centrifuges
On certain wells, the Centrifuge will be replaced by a Clackco Settling Tank System
1 – minimum centrifugal pump to transfer fluids
2- 500 bbl. FW Tanks
1 – 500 bbl. BW Tank
1 – half round frac tank – 250 bbl. capacity as necessary to catch cement / excess mud returns generated during a cement job.
1 Set of rail cars / catch bins
Certain wells will use an ASC Auger Tank

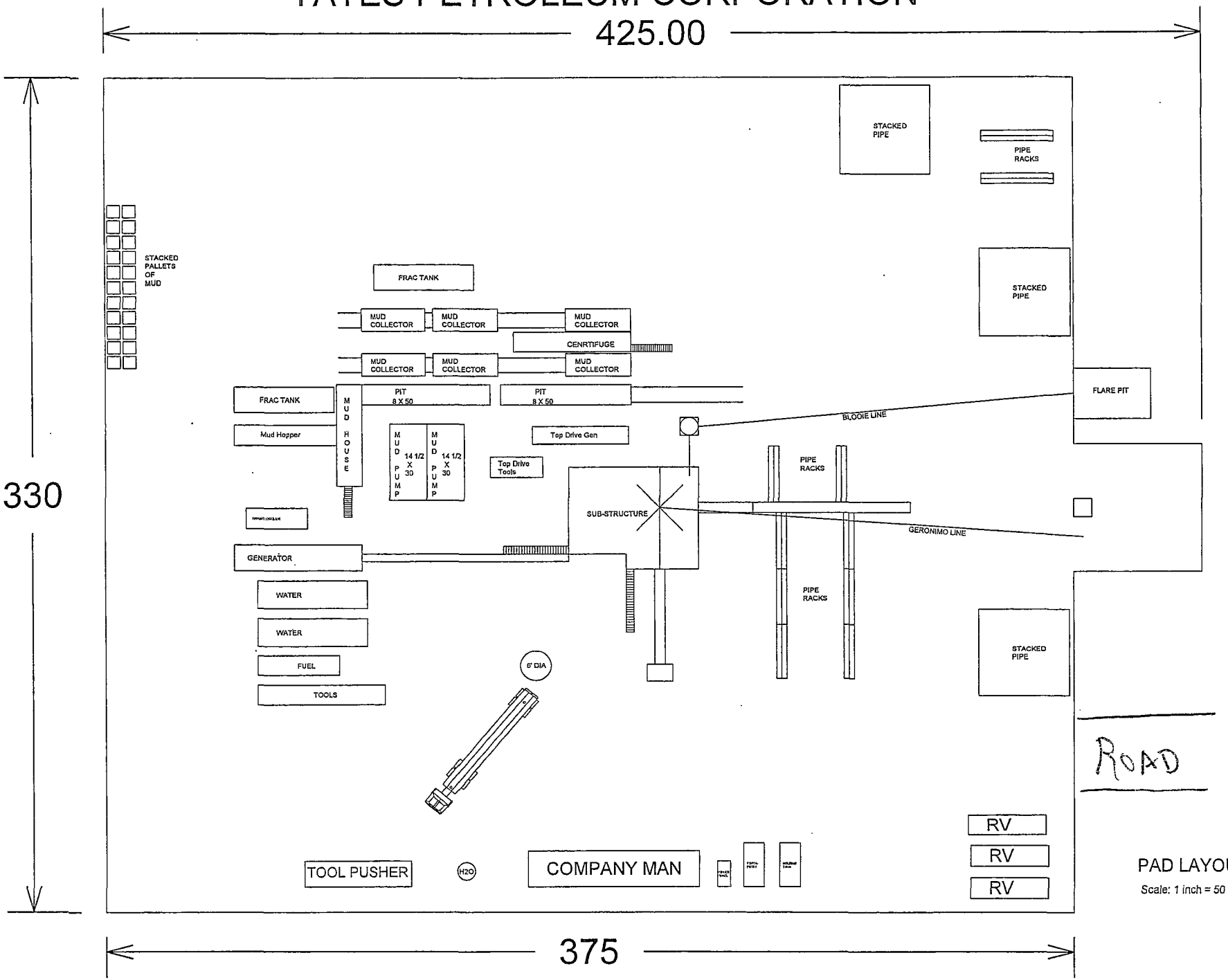
Operation Plan

All equipment will be inspected at least hourly by rig personnel and daily by contractors' personnel.
Any spills / leaks will be reported to YPC, NMOCD, and cleaned up without delay.

Closure Plan

Drilling with Closed Loop System, haul off bins will be taken to Gandy Marley, Lea Land Farm, CRI or Sundance Services Inc.

YATES PETROLEUM CORPORATION



PAD LAYOUT

Scale: 1 inch = 50 feet