ATS-13-687

Form 3160-3
(March 2012)

OCD Hobbs
HOBBS OCD
SEP 12 2014
RECEIVED

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No. NM-110836 SHL- NSM 15317

6. If Indian, Allotee or Tribe Name

1a. Type of work: ☑ DRILL ☐ REENTER

7. If Unit or CA Agreement, Name and No.

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

8. Lease Name and Well No. (313697) Valiant BTV Federal Com. #1H

2. Name of Operator Yates Petroleum Corporation (25575)

9. API Well No. 30-025- 42811

3a. Address 105 S. Fourth St. Artesia, NM 88210

3b. Phone No. (include area code) 575-748-4120

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

4. Location of Well (Report location clearly and in accordance with any State requirements.*)

At surface 2590' FSL & 2200' FEL

At proposed prod. zone 330' FSL & 2200' FEL

11. Sec., T. R. M. or Blk. and Survey or Area
SHL Sec 24, T25S-R32E
BHL Sec 25, T25S-R32E

14. Distance in miles and direction from nearest town or post office*
40 miles west of Jal, NM

12. County or Parish Lea

13. State NM

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 50'

16. No. of acres in lease 2320.84 NM 110836 1160.84 - NM 15317

17. Spacing Unit dedicated to this well
200 acres, SW2SE4 Sec 24, W2E2 Sec 25

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 100'

19. Proposed Depth
Pilot hole 11200', TD 18308'
TVD in H 11060'

20. BLM/BIA Bond No. on file
NMB000434
NMB000920

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
3458'

22. Approximate date work will start*
08/31/2013

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 — Name (Printed/Typed) Travis Hahn — Date 06/11/2013

Title: Land Regulatory Agent

Approved by (Signature) Steve Caffey — Name (Printed/Typed) — Date SEP - 5 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 ☑
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
Valiant BTV 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 12 day of June 2013

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

Well-Site Evaluation Field Form

APD Tracking #:

Operator Name: Yates **Well Name** Valiant RH

SHL: Section 24, T. 25 S. R. 32 E. Footage 2590 F S L & 2200 F E L

Well Type: ☒ Horizontal ☐ Vertical ☒ Oil ☐ Gas ☐ Other **NOS/APD Received?** ☐ NOS ☐ APD

Surface Management Agency (SMA): ☒ BLM ☐ FEE ☐ STATE ☐ Other

SMA Contacted? ☐ Yes ☐ No

Operator Representative/ Contact Name: Travis Hahn **Phone**

BLM Onsite Representatives tbb **Date** 6-27-13

Description & Topography: (cut & fill, etc.) level

Soils: (reseeding stips, etc.) sandy

Cave Area: 0

Hydrogeology: (playas, floodplain, drainages, erosive soils, plant indicators, etc.) mesquite, yucca

Wildlife: (habitat, LPC, SDL, etc.) LPC habitat

Range Improvements: (fences, etc.) ____

Well Infrastructure

V-Door Direction: S

Topsoil: W

Pad Size: ____

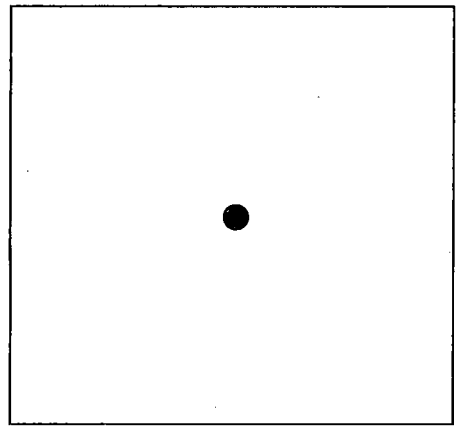
Road Route: SE corner

Prod. Facility Placement: ____

Interim Rec: SW

Other: ____

Evaluation: (Moved?) oh



YATES PETROLEUM CORPORATION
Valiant BTV Federal Com #1H
2590' FSL & 2200' FEL, Surface Hole, Section 24 –T25S-R32E
330' FSL & 2200' FEL, Bottom Hole, Section 25 –T25S-R32E
Lea County, New Mexico

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

Rustler	810'	Brushy Canyon	7760' Oil
Salado	1130'	Bone Springs	9000' Oil
Castile	3680'	Upper Avalon	9070' Oil
Base of Salt	4620'	Lower Avalon	9420'
Delaware	4840'	Bone Spring SD/1	10020' Oil
Bell Canyon	4870' Oil	Bone Spring SD/2	10580' Oil
Cherry Canyon	5900' Oil	Target SBSG	10980'
		Base SBSG	11030'

2. The estimated depths at which anticipated water, oil or gas formations are expected to be encountered:

Water: Approx. 100' - 350'
Oil or Gas: Oil Zones: 4870', 5900', 7760', 9000', 9070', 10020', 10580'

3. Pressure Control Equipment: 3000 PSI BOPE with a 13.625" opening will be installed on the 13.375 casing and a 5000 PSI BOPE will be installed on the 9.625" casing. Pressure tests to 3000 PSI and held for 30 minutes will be conducted before drilling out from under all casing strings, which are set and cemented in place. BOP Preventers and equipment will be tested to the pressure approved in the APD. Test will be conducted by an Independent Tester, utilizing a test plug in the well head. Test will be held for 10" on each segment of the system tested. Any leaks will be repaired at the time of test. Annular preventer will be tested to 50% of rated working pressure. Accumulator system will be inspected for correct pre charge pressures, and proper functionality, prior to connection to the BOP system. 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:

A. 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.

1. THE PROPOSED CASING AND CEMENTING PROGRAM:

A. Casing Program: (All New)

See COA

Hole Size	Casing Size	Wt./Ft	Grade	Coupling	Interval	Length
17 1/2"	13 3/8"	48#	H-40/J-55 Hybrid	ST&C	0'-~~835'~~ 910'	835'
12 1/4"	9 5/8"	40#	J-55	LT&C	0'-80'	80'
12 1/4"	9 5/8"	36#	J-55	LT&C	80'-3100'	3020'
12 1/4"	9 5/8"	40#	J-55	LT&C	3100'-4100' ~~4840~~	1000'
12 1/4"	9 5/8"	40#	HCK-55	LT&C	4100'-~~5000'~~	900'
8 3/4"	5 1/2"	17#	P-110	Buttress Thread	0'-18308'	18308'

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

B. CEMENTING PROGRAM:
Surface Casing: Lead with 545 sacks of Class H, 10% expanding agent and 2% CaCl2 (WT.14.20 YLD 1.62). Tail with 200 sacks Class C + 2% CaCl2 (WT 14.80, YLD 1.34). Casing designed with 100% excess. TOC-Surface

Intermediate Casing: Lead with 1425 sacks of PozC 35:65:6 (WT 12.50 YLD 2.00). Tail with 200 sacks of Class C + 2% CaCl2 (WT. 14.80 YLD 1.34). Casing designed with 100% excess. TOC-Surface

Production Casing: Cement to be done in three stages with a DV/Stage Packer tool from 9950'-10450' and 7250'-7750' with cement volumes will be adjusted proportionately if DV tool is moved.

Stage 1 from 10450'-18308': Cement with 1900 sacks of Pecos Valley Lite (WT. 13.00 YLD 1.41), 30%CaCO, 3.2% Expansion additive, 2% Antifoam, .8% Retarder, 15 Fluid loss. Casing is designed with 35% excess. TOC-10450'.

Stage 2 from 7500'-10450': Lead with 360 sacks of PozC 35:65:6 (WT 12.50 YLD 2.00). Tail with 200 sacks of Pecos Valley Lite (WT 13.00, YLD 1.41), 30%CaCO, 3.2% Expansion additive, 2% Antifoam, .8% Retarder, 15 Fluid loss. Casing is designed with 35% excess. TOC-7500'.

See COA

Stage 3 from 4500'-7500': Lead with 370 sacks of PozC 35:65:6 (WT 12.50 YLD 2.00). Tail with 200 sacks of Pecos Valley Lite (WT 13.00, YLD 1.41), 30%CaCO, 3.2% Expansion additive, 2% Antifoam, .8% Retarder, 15 Fluid loss. Casing is designed with 35% excess. TOC-~~4500'~~.

See COA

Pilot hole will be drilled vertically to 11200'. Pilot hole will then be plugged with a 200' plug using Class H (YLD 0.94 WT 17.5) 100 sacks with 10% excess, and the additives being; Fresh Water 3.352 gal/sk, Dispersant 0.030 gal/sk, Retarder 0.070 gal/sk, Antifoam 0.020 gal/sk. A 600' kick off plug will then be placed from 10800' to 10200', plug will be Class H (YLD 0.94 WT 17.5) 360 sacks with 35% excess and the additives being; Fresh Water 3.352 gal/sk, Dispersant 0.030 gal/sk, Retarder 0.070 gal/sk, Antifoam 0.020 gal/sk. Well will be kicked off at approximately 10502' and directionally drilled at 12 degrees per 100' with an 8.75" hole to 11247' MD (10980' TVD). Hole will then be reduced to 8.5" and drilled to 18308' MD (11060' TVD) where 5.5" casing will be set and cemented. Penetration point of producing zone will be encountered at 2118' FSL & 2197' FEL, Section 24-25S-32E. Deepest TVD in the pilot hole is 11200' and in the lateral 11060'.

5. Mud Program and Auxiliary Equipment:

See COA

Interval	Type	Weight	Viscosity	Fluid Loss
0-~~835'~~ 910 4840	Fresh Water	8.6-9.2	28-32	N/C
~~835'-5000'~~	Brine Water	10.0-10.20	28-30	N/C
5000'-11200'	Cut Brine	8.8-9.0	30-34	N/C
~~10502'~~-18308'	Cut Brine	8.8-9.0	30-34	N/C

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. Mud will be checked hourly by rig personnel. Mud level monitoring: 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 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.

6. Evaluation Program:

Samples: 30' Samples to 5000', then 10' Samples from 5000' to TD.
Logging: Platform Express – curve
CNL/LDT/NGT: Intermediate casing to TD
CNL/GR: Surface to TD
DLL-MSFL: Intermediate casing to TD
CMR: Intermediate casing to TD
Horizontal-MWD-GR: 10000' MD to TD
Mudlogging: 2000' to TD

7. Abnormal Conditions, Bottom hole pressure and potential hazards:

Anticipated BHP:

From:	0	TO:	835'	Anticipated Max. BHP:	399	PSI
From:	835'	TO:	5000'	Anticipated Max. BHP:	2652	PSI
From:	5000'	TO:	11200'	Anticipated Max. BHP:	5358	PSI

No abnormal pressures or temperatures are anticipated.
H2S is not anticipated

8. ANTICIPATED STARTING DATE:

Plans are to drill this well as soon as possible after receiving approval. It should take approximately 65 days to drill the well with completion taking another 30 days.

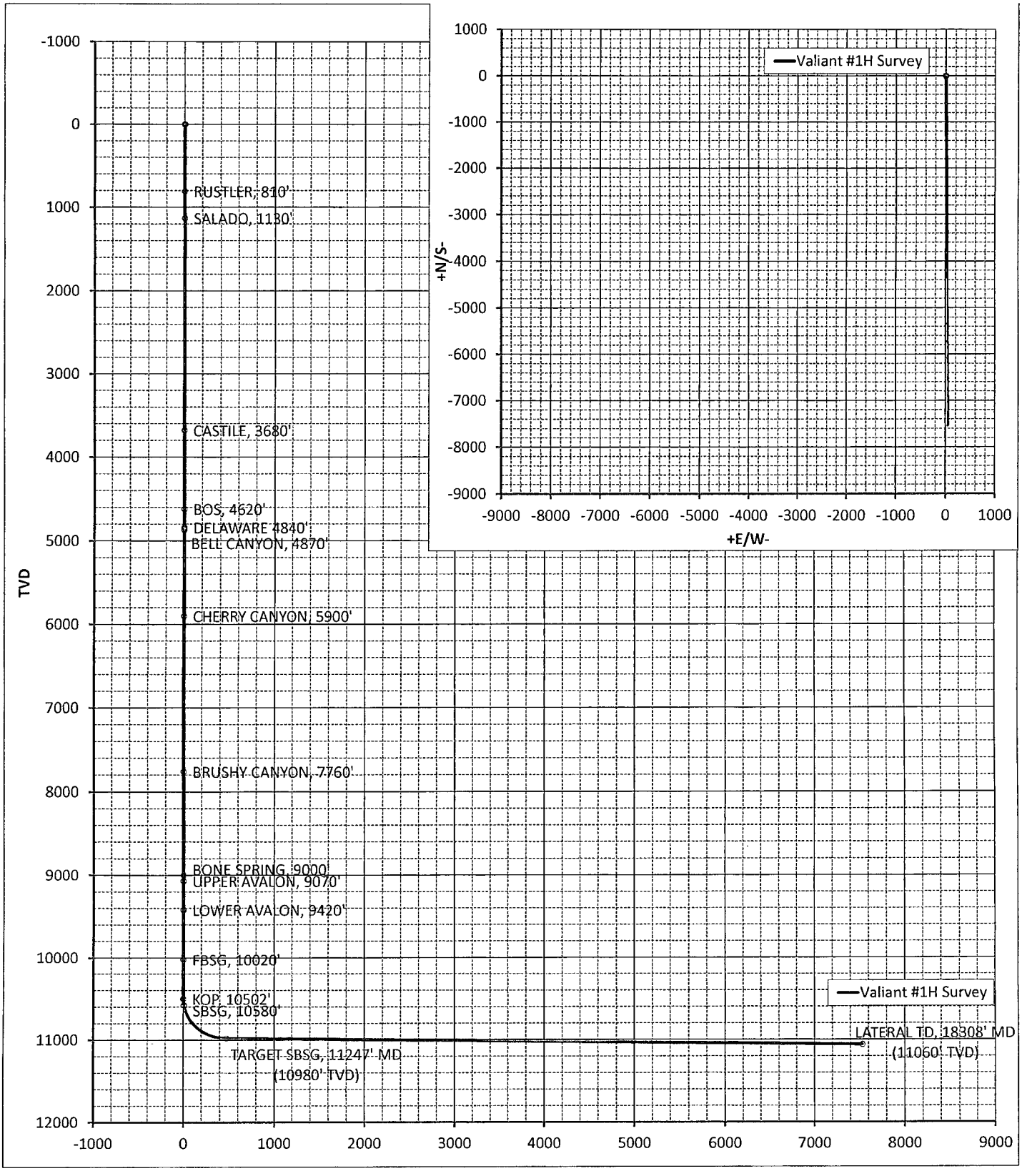
Operator Co.

Your Co.

Survey/Planning Report

Operator	Yates Petroleum Corp.	Northing		Date	9-May-13
Dir. Co.	Yates Petroleum Corp.	Easting		System	2 - St. Plane
Well Name	Valiant #1H Survey	Elevation		Datum	1983 - NAD83
Location	Sec. 24, 25S-32E	Latitude		Zone	4302 - Utah Central
Rig		Longitude		Scale Fac.	
Job		Units	Feet	Converg.	

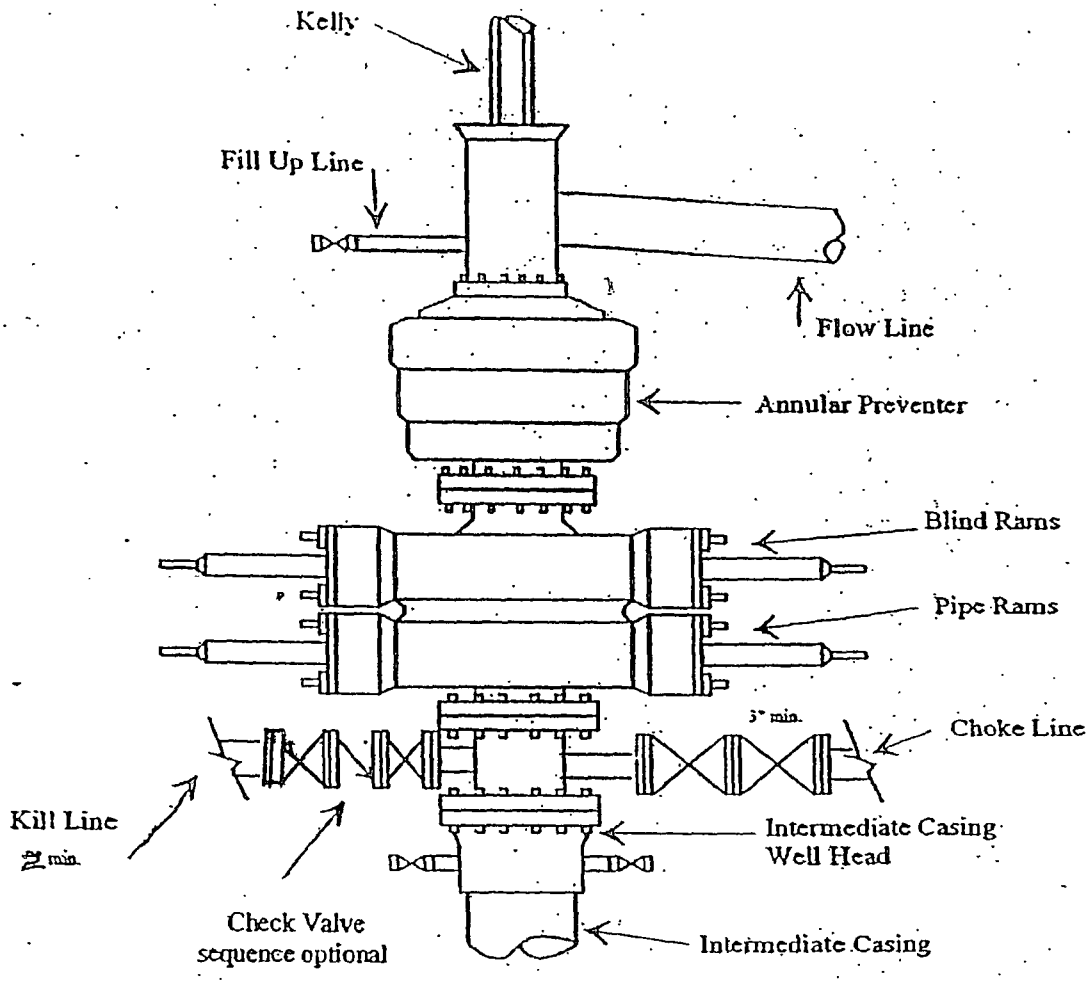
MD	INC	AZI	TVD	+N/S	+E/W	VS@179.64°	BR	TR	DLS
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
810.00	0.00	0.00	810.00	0.00	0.00	0.00	0.00	0.00	0.00
810: RUSTLER, 810'									
1130.00	0.00	0.00	1130.00	0.00	0.00	0.00	0.00	0.00	0.00
1130: SALADO, 1130'									
3680.00	0.00	0.00	3680.00	0.00	0.00	0.00	0.00	0.00	0.00
3680: CASTILE, 3680'									
4620.00	0.00	0.00	4620.00	0.00	0.00	0.00	0.00	0.00	0.00
4620: BOS, 4620'									
4840.00	0.00	0.00	4840.00	0.00	0.00	0.00	0.00	0.00	0.00
4840: DELAWARE 4840'									
4870.00	0.00	0.00	4870.00	0.00	0.00	0.00	0.00	0.00	0.00
4870: BELL CANYON, 4870'									
5900.00	0.00	0.00	5900.00	0.01	0.00	-0.01	0.00	0.00	0.00
5900: CHERRY CANYON, 5900'									
7760.00	0.00	0.00	7760.00	0.01	0.00	-0.01	0.00	0.00	0.00
7760: BRUSHY CANYON, 7760'									
9000.00	0.00	0.00	9000.00	0.01	0.00	-0.01	0.00	0.00	0.00
9000: BONE SPRING, 9000'									
9070.00	0.00	0.00	9070.00	0.01	0.00	-0.01	0.00	0.00	0.00
9070: UPPER AVALON, 9070'									
9420.00	0.00	0.00	9420.00	0.01	0.00	-0.01	0.00	0.00	0.00
9420: LOWER AVALON, 9420'									
10020.00	0.00	0.00	10020.00	0.01	0.00	-0.01	0.00	0.00	0.00
10020: FBSG, 10020'									
10502.46	0.00	179.64	10502.46	0.01	0.00	-0.01	0.00	37.23	0.00
10502.46: KOP, 10502'									
10580.35	9.35	179.64	10580.01	-6.33	0.04	6.33	12.00	0.00	12.00
10580.35: SBSG, 10580'									
10600.00	11.70	179.64	10599.32	-9.92	0.06	9.92	12.00	0.00	12.00
10700.00	23.70	179.64	10694.41	-40.27	0.25	40.27	12.00	0.00	12.00
10800.00	35.70	179.64	10781.11	-89.73	0.56	89.73	12.00	0.00	12.00
10900.00	47.70	179.64	10855.64	-156.14	0.97	156.14	12.00	0.00	12.00
11000.00	59.70	179.64	10914.72	-236.59	1.47	236.59	12.00	0.00	12.00
11100.00	71.70	179.64	10955.79	-327.56	2.04	327.57	12.00	0.00	12.00
11200.00	83.70	179.64	10977.05	-425.09	2.65	425.10	12.00	0.00	12.00
11247.04	89.35	179.64	10979.90	-472.03	2.94	472.04	12.00	0.00	12.00
11247.04: TARGET SBSG, 11247' MD (10980' TVD)									
18308.20	89.35	179.64	11060.01	-7532.59	46.94	7532.74	0.00	0.00	0.00
18308.2: LATERAL TD, 18308' MD (11060' TVD)									


Valiant #1H Survey
+N/S-
+E/W-
TVD
RUSTLER, 810'
SALADO, 1130'
CASTILE, 3680'
BOS, 4620'
DELAWARE 4840'
BELL CANYON, 4870'
CHERRY CANYON, 5900'
BRUSHY CANYON, 7760'
BONE SPRING, 9000'
UPPER AVALON, 9070'
LOWER AVALON, 9420'
FBSG, 10020'
KOP, 10502'
SBSG, 10580'
TARGET SBSG, 11247' MD
(10980' TVD)
LATERAL TD, 18308' MD
(11060' TVD)
Valiant #1H Survey

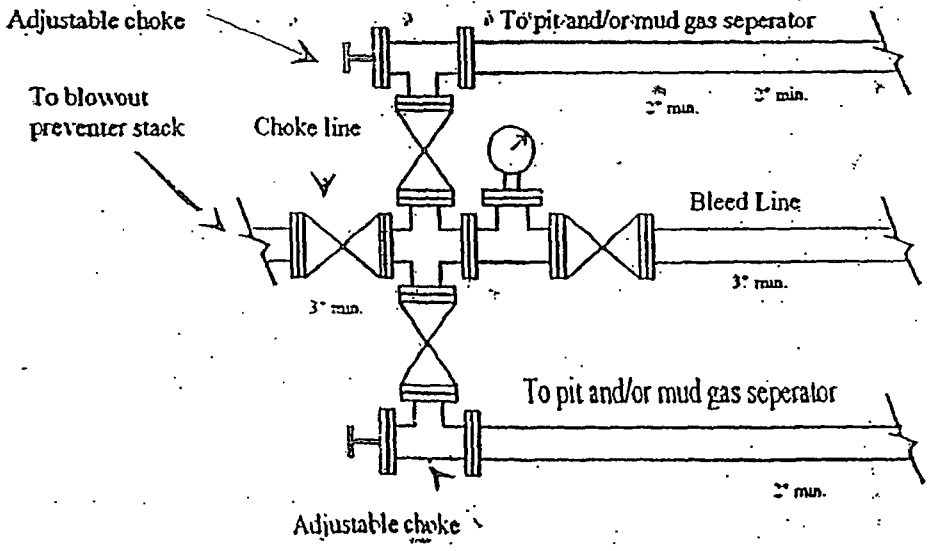
Yates Petroleum Corporation

BOP-3

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

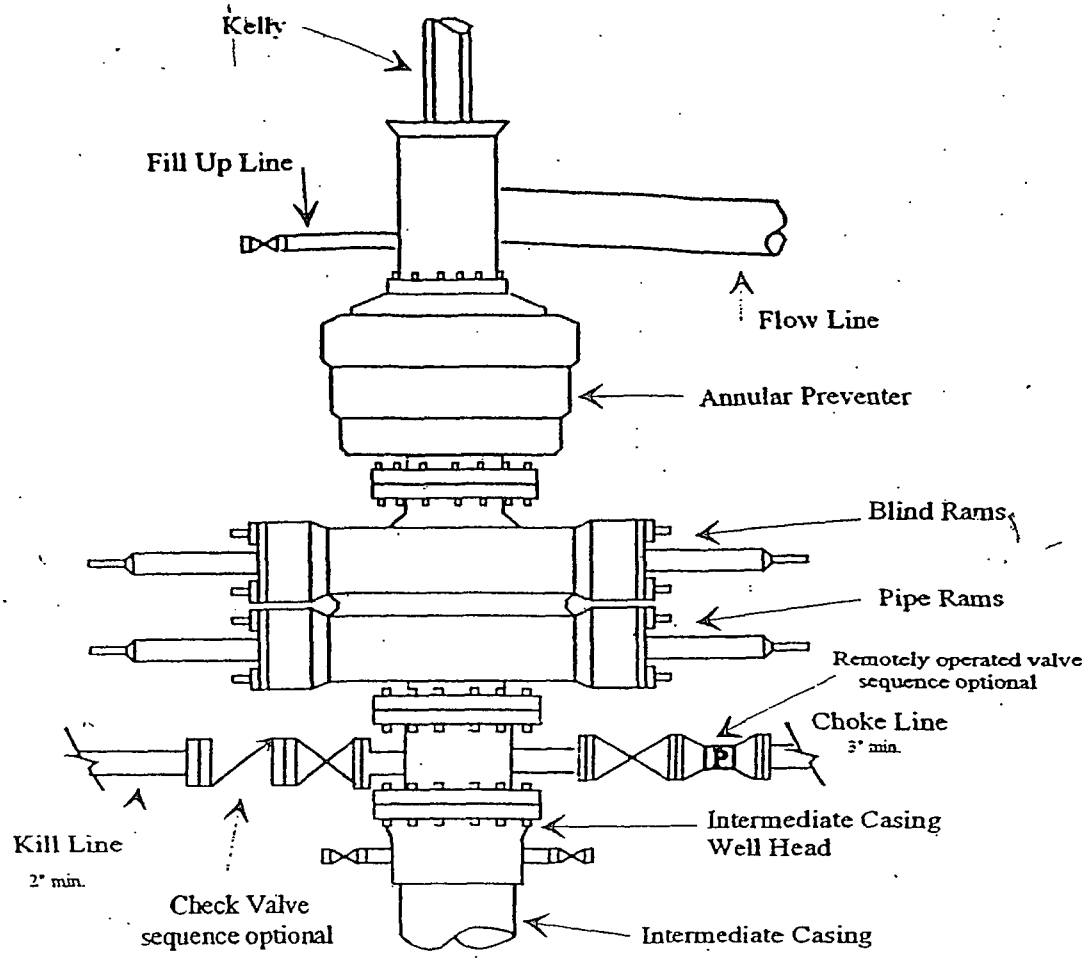


Typical 3,000 psi choke manifold assembly with at least these minimun features

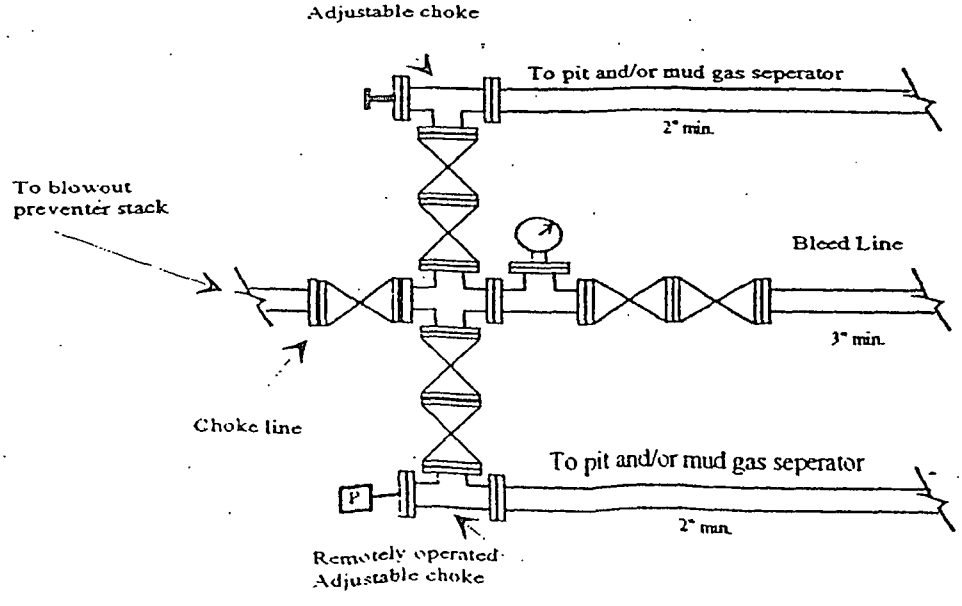


Yates Petroleum Corporation

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

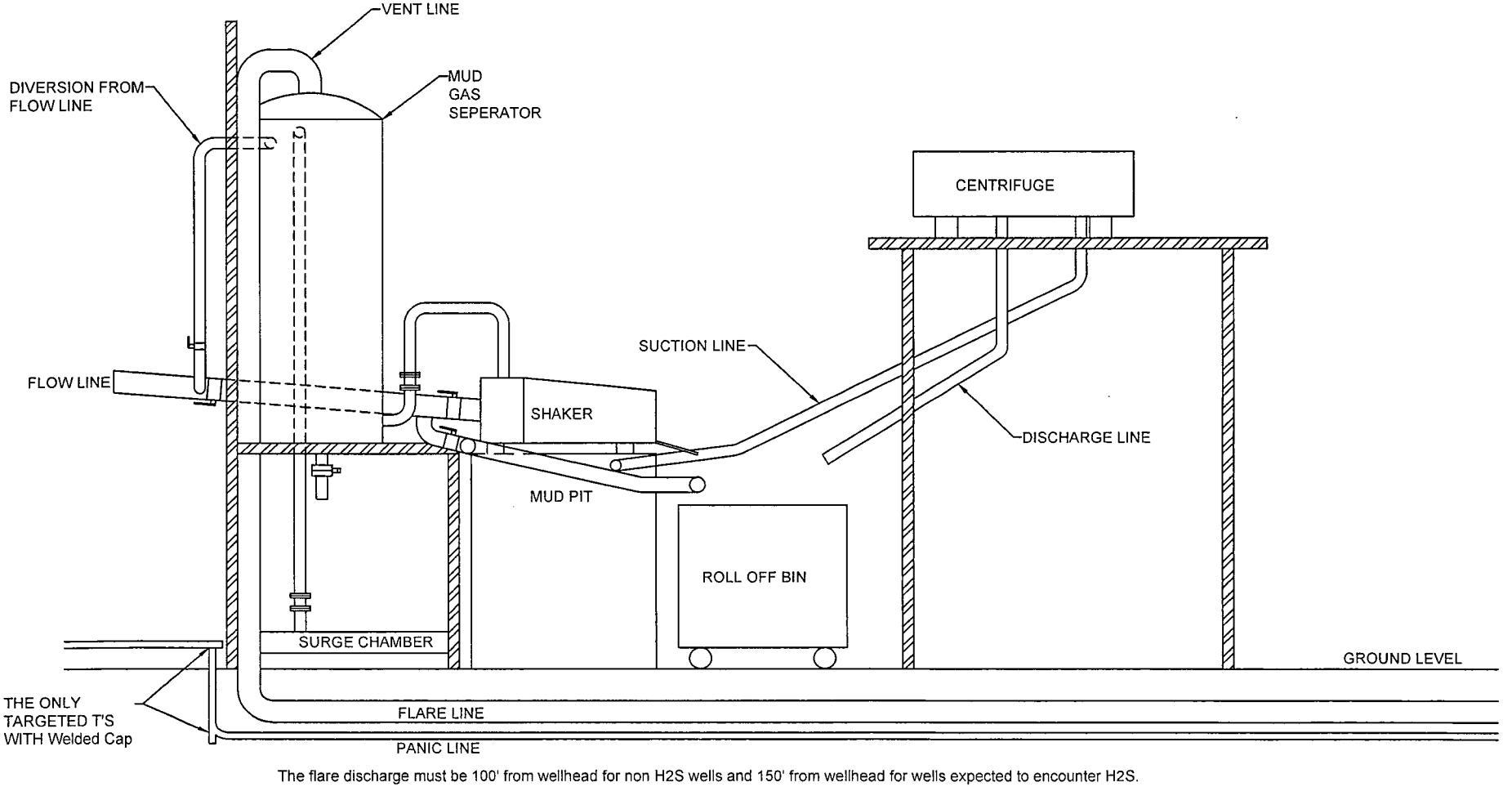


Typical 5,000 psi choke manifold assembly with at least these minimun features



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

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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.

1.

Operator: Yates Petroleum Corporation OGRID #: 025575

Address: 105 South 4th St. Artesia, NM 88210

Facility or well name: Valiant BTV Federal Com #1H

API Number: _____ OCD Permit Number: _____

U/L or Qtr/Qtr J Section 24 Township 25S Range 32E County: Lea

Center of Proposed Design: Latitude N 32.1158944 Longitude W 103.627011 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: Travis Hahn Date: 6/11/2013

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

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

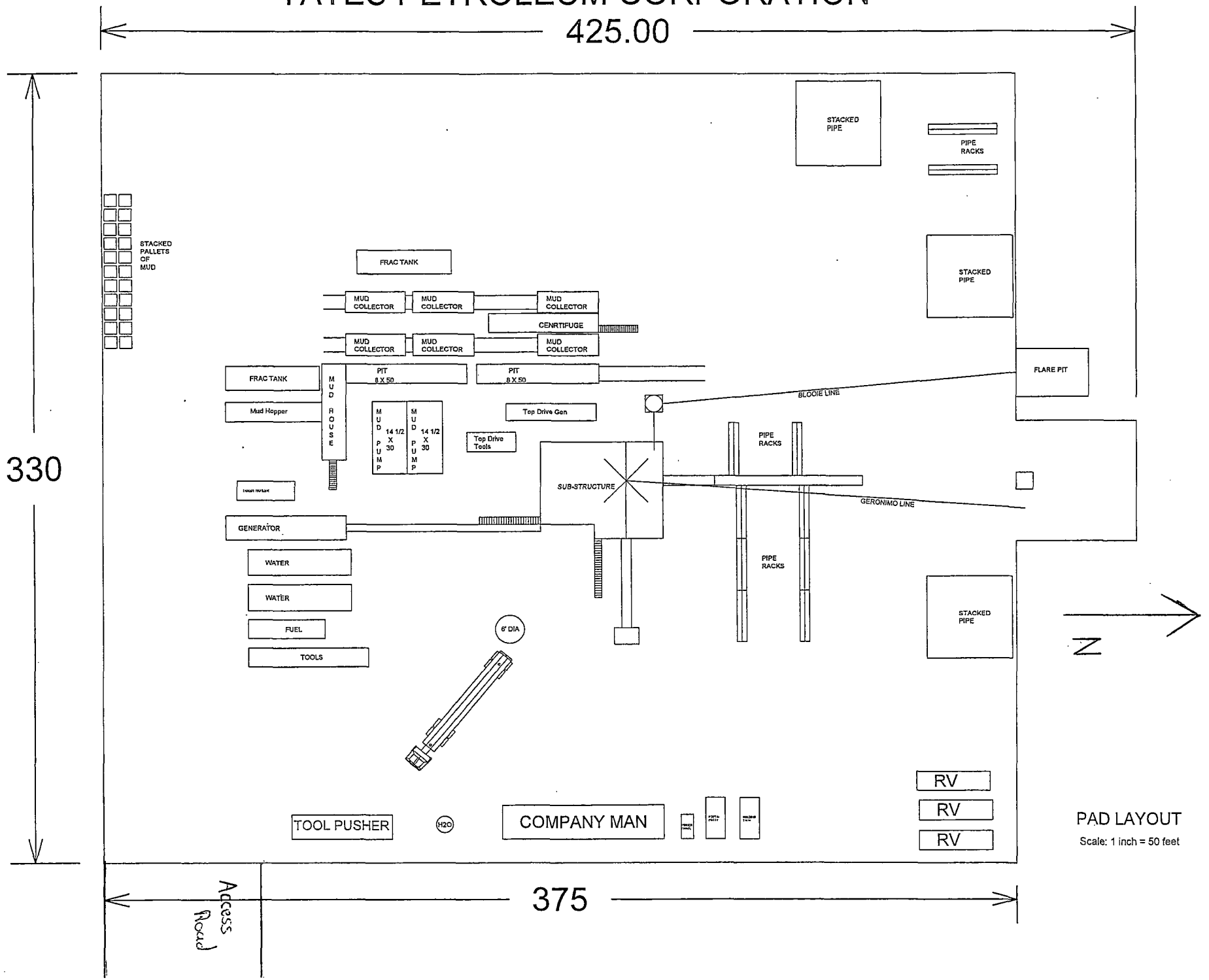
Operation Plan

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

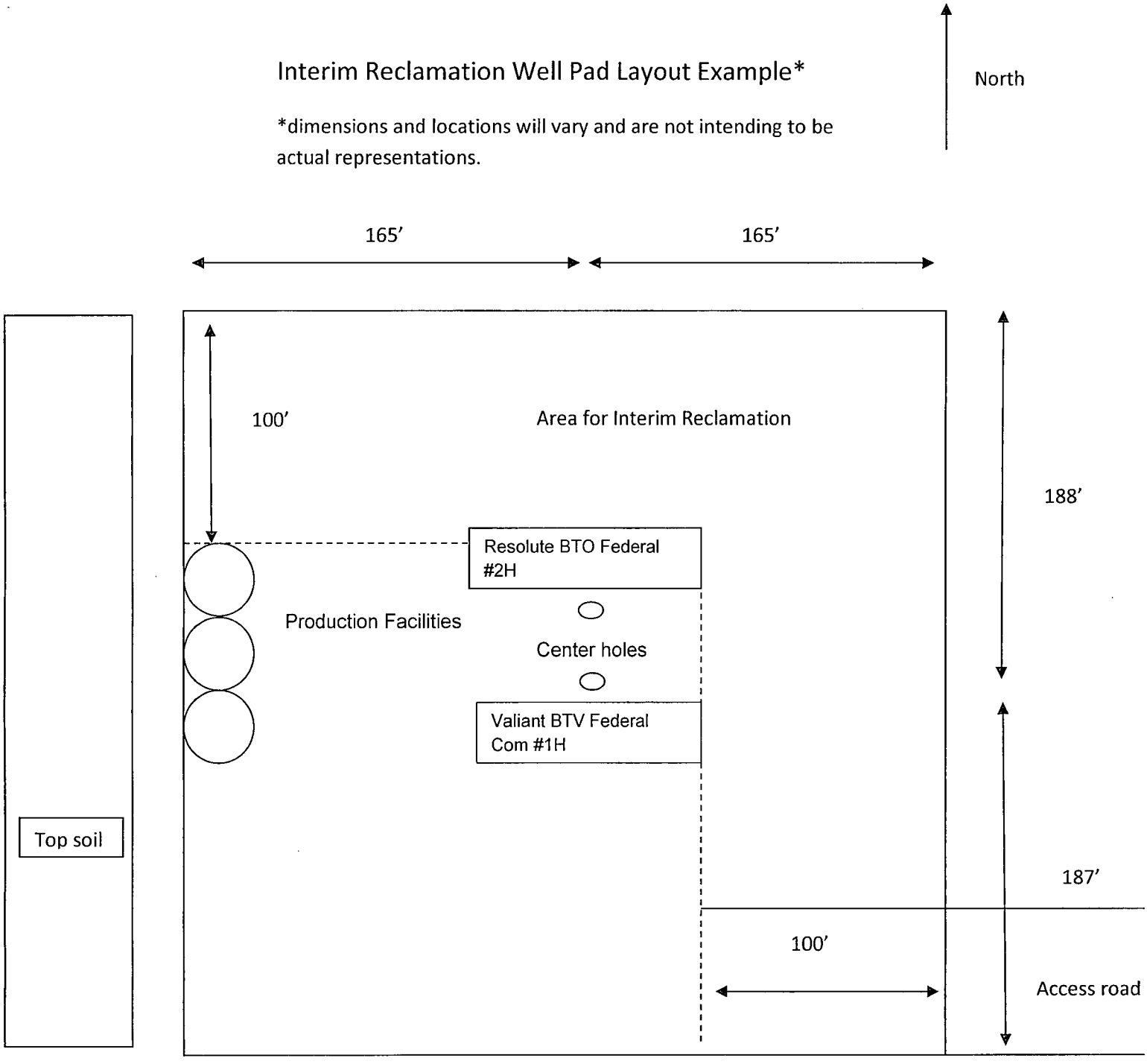


PAD LAYOUT

Scale: 1 inch = 50 feet

Interim Reclamation Well Pad Layout Example*

*dimensions and locations will vary and are not intending to be actual representations.



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