

UNITED STATES
BUREAU OF LAND MANAGEMENT
SUNDRY NOTICES AND REPORTS ON WELLS

FORM APPROVED
BLM No 1004-0137
Expires March 31, 2007

RECEIVED

FEB 04 2009

HOBBSDOCD

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1 Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No <u>NM-105886 (SHL)</u> <u>V-8072 (State BHL)</u>
2 Name of Operator Yates Petroleum Corporation 025575		6 If Indian, Allottee or Tribe Name
3a Address 105 South Fourth Street, Artesia, NM 88210	3b. Phone No (include area code) (505) 748-1471	7. If Unit or CA/Agreement, Name and/o
4. Location of Well (Footage, Sec, T, R, M, or Survey Description) 990' FNL and 200' FEL Surface Hole Location <u>NM-105886</u> 370' FNL and 330' FSL Bottom Hole Location <u>State V-8072</u> Section 11, T15S-R31E		8 Well Name and No Ninja BMN State Com #1
		9 API Well No <u>3D-005-29083</u>
		10 Field and Pool, or Exploratory Area Wildcat Wolfcamp
		11 County or Parish, State Chaves County, New Mexico

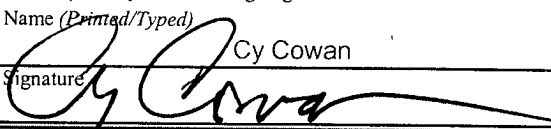
12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize <input type="checkbox"/> Deepen <input type="checkbox"/> Production (Start/Resume) <input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing <input type="checkbox"/> Fracture Treat <input type="checkbox"/> Reclamation <input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair <input type="checkbox"/> New Construction <input type="checkbox"/> Recomplete <input checked="" type="checkbox"/> Other <u>APD</u>
	<input type="checkbox"/> Change Plans <input type="checkbox"/> Plug and Abandon <input type="checkbox"/> Temporarily Abandon <input type="checkbox"/> resource
	<input type="checkbox"/> Convert to Injection <input type="checkbox"/> Plug Back <input type="checkbox"/> Water Disposal <input type="checkbox"/> conflicts.

13. Describe Proposed or Completed Operation Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Per your letter dated 11/3/08 attached are corrections to resource conflicts requested.

Thank you.

14. I hereby certify that the foregoing is true and correct	
Name (Printed/Typed) Cy Cowan	Title Regulatory Agent / Land Department
Signature 	Date January 8, 2009
THIS SPACE FOR FEDERAL OR STATE USE	
Approved by <u>/s/ Jerry Dutchover</u>	Acting Title Land Field Manager Lands And Minerals
Date <u>FEB 02 2009</u>	
Conditions of approval, if any, are attached. Approval of this notice 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.	
Office <u>ROSWELL FIELD OFFICE</u> <u>Ka</u>	
Title 18 U.S.C. Section 1001, 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.	

(Instructions on reverse)

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

Yates Petroleum Corporation

Ninja BMN Federal #1H

990' FNL and 200' FWL, Section 11, T15S-R31E (Surface Hole Location)

370' FNL and 330' FWL, Section 11-T15S-R31E (Bottom Hole Location)

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 12 miles north of Maljamar, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

From Maljamar, NM go 1 mile east on Highway 82 to the intersection of Highway 82 and State Road 249. Turn left on State Road 249 and go approximately 12 miles to Wanda Road. Please note 249 turns into State Road 172. Turn right on Wanda Road and cross cattleguard. Immediately after crossing the cattleguard turn left on lease going north and then east for approximately 1.8 miles. The new road will start here going south for approximately .1 of a mile to the northwest corner of the proposed well location.

2. PLANNED ACCESS ROAD:

- A. A one mile portion of the existing access road is on State of New Mexico lands. Yates has obtained right-of-way R-31314 from the Commissioner of Public Lands P.O. Box 1148, Santa Fe, NM 87504-1148 for access across these lands. The proposed new road will go in a north to south direction for approximately .1 of a mile to the northwest corner of the drilling pad.
- B. The new road will be 14' 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 one side. Traffic turnouts may be built as needed.
- 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 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 on this lease at the present time. Production facilities for this well will be placed on the location as determined by Yates' Production Department. Placement has not been determined at this time.
- B. If this well is productive of oil a gas or diesel self-contained unit will be used to provide the necessary power until an electric line can be built if it is needed. Power should not be required if the well is productive of gas.
- C. Should off location facilities be needed for power line, flow line right-of-ways, etc. they will be filed under a separate application by Yates or a third party if applicable. The route and placement will be determined at that time.

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 A.

6. SOURCE OF CONSTRUCTION MATERIALS:

The dirt contractor will acquire any materials from the closest source at the time of construction of the well pad.

7. METHODS OF HANDLING WASTE DISPOSAL:

- A. Drill cuttings will be disposed of in the reserve pits.
- B. The temporary drilling pit 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. Water produced during operations will be collected in tanks until hauled to an approved disposal system, or separate disposal application will be submitted.
- D. Oil produced during operations will be stored in tanks until sold.
- E. If the well is productive of 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.
- F. 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 reserve pits, and the location of the drilling equipment, rig orientation and access road approach. The proposed well location will be 425' x 425' which will contain the temporary drilling pit as allowed by the State of New Mexico.
- B. The temporary drilling pit 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.
- 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 non-productive, all rehabilitation and/or vegetation requirements of the Bureau of Land Management will be complied with and will be accomplished as expeditiously as possible. All pits will be filled level within 90 days after abandonment.

11. SURFACE OWNERSHIP:

Split Estate—Private Surface Surface owners are Billy R. Medlin and Donna K. Medlin, his wife, as joint tenants. Mailing address is P.O. Box 50 Maljamar, NM 88264. We are currently in the process of finalizing a surface use agreement your office will be notified when the agreement is obtained.

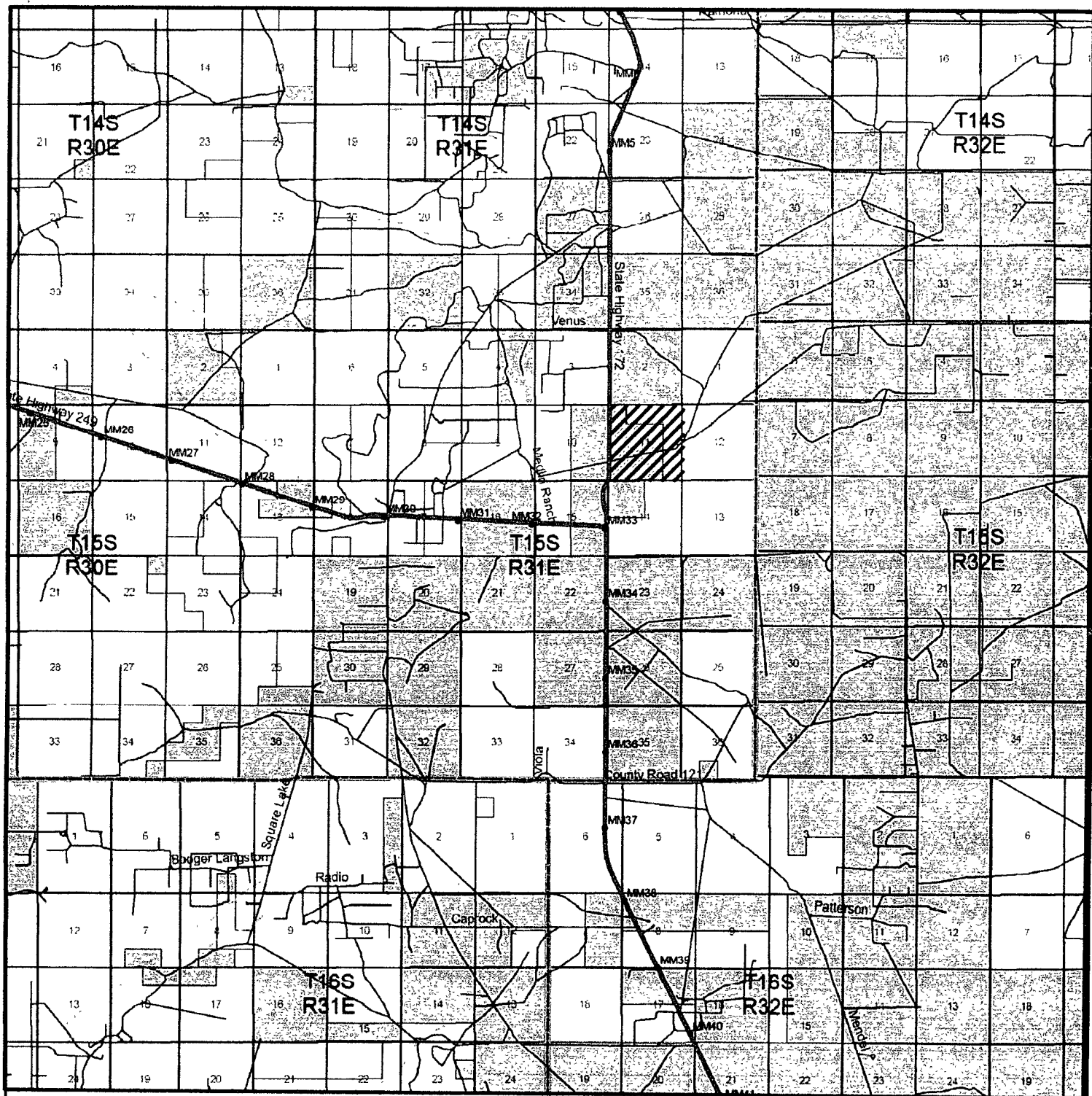
Mineral estate administered by the Bureau of Land Management, Roswell Field Office.
2909 West Second Street, Roswell, NM 88201.

12. OTHER INFORMATION:

- A. Topography: Refer to the existing archaeological report for a description of the topography, flora, fauna, soil characteristics, and dwellings, historical and cultural sites.
- B. The primary surface use is for grazing.

(Exhibits Attached)

Exhibit A	Topographic Map and Road Plat
Exhibit B	Location Layout
Exhibit C	BOP Schematic
Exhibit D	One Mile Radius



NINJA "BMN" STATE COM #1H
 Located at 990' FNL AND 200' FEL
 Section 11, Township 15 South, Range 31 East,
 N.M.P.M., Chaves County, New Mexico.

basin
surveys
 focused on excellence
 in the oilfield

P.O. Box 1786
 1120 N. West County Rd.
 Hobbs, New Mexico 88241
 (505) 393-7316 - Office
 (505) 392-3074 - Fax
 basin-surveys.com

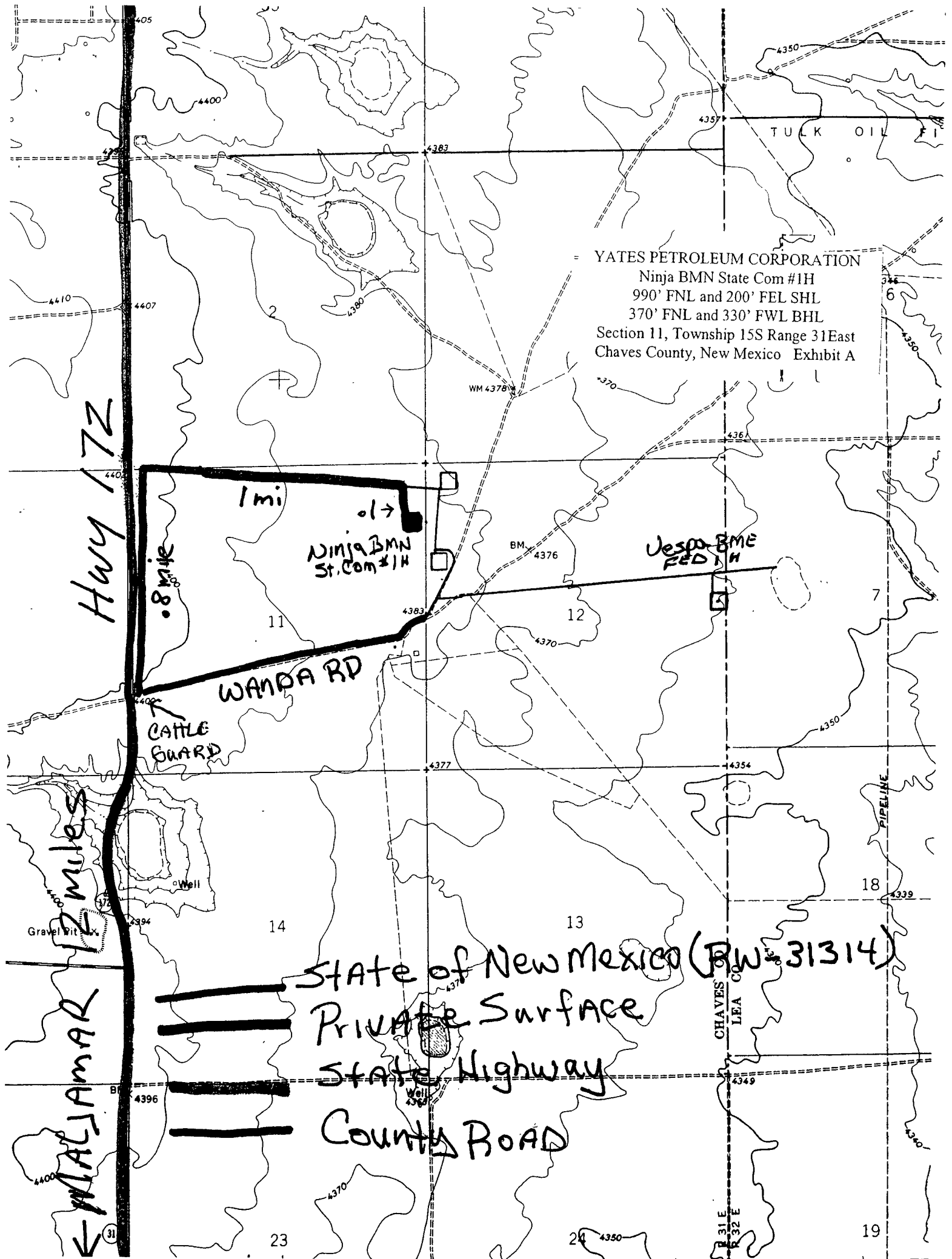
W.O. Number: JMS 19824

Survey Date: 07-08-2008

Scale: 1" = 2 MILES

Date: 07-09-2008

YATES
 PETROLEUM
 CORP.



YATES PETROLEUM CORPORATION
Ninja BMN State Com #1H
990' FNL and 200' FEL SHL
370' FNL and 330' FWL BHL
Section 11, Township 15S Range 31East
Chaves County, New Mexico Exhibit A

Ninja BMN
St. Com #1H

Jespa BME
FED 1H

WANDA RD

CATTLE
GUARD

State of New Mexico (PW-31314)
Private Surface
State Highway
County Road

Hwy 172

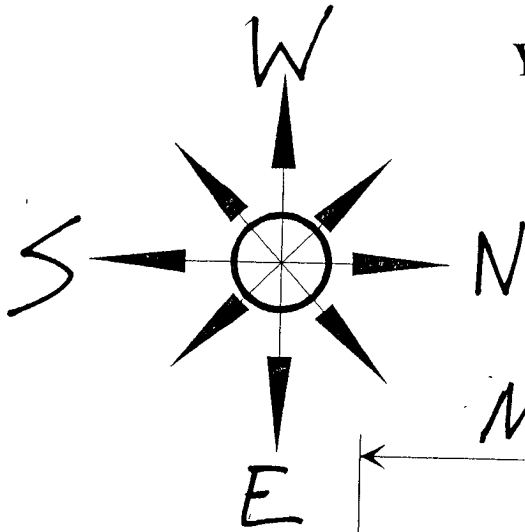
12 miles

WALAMAR

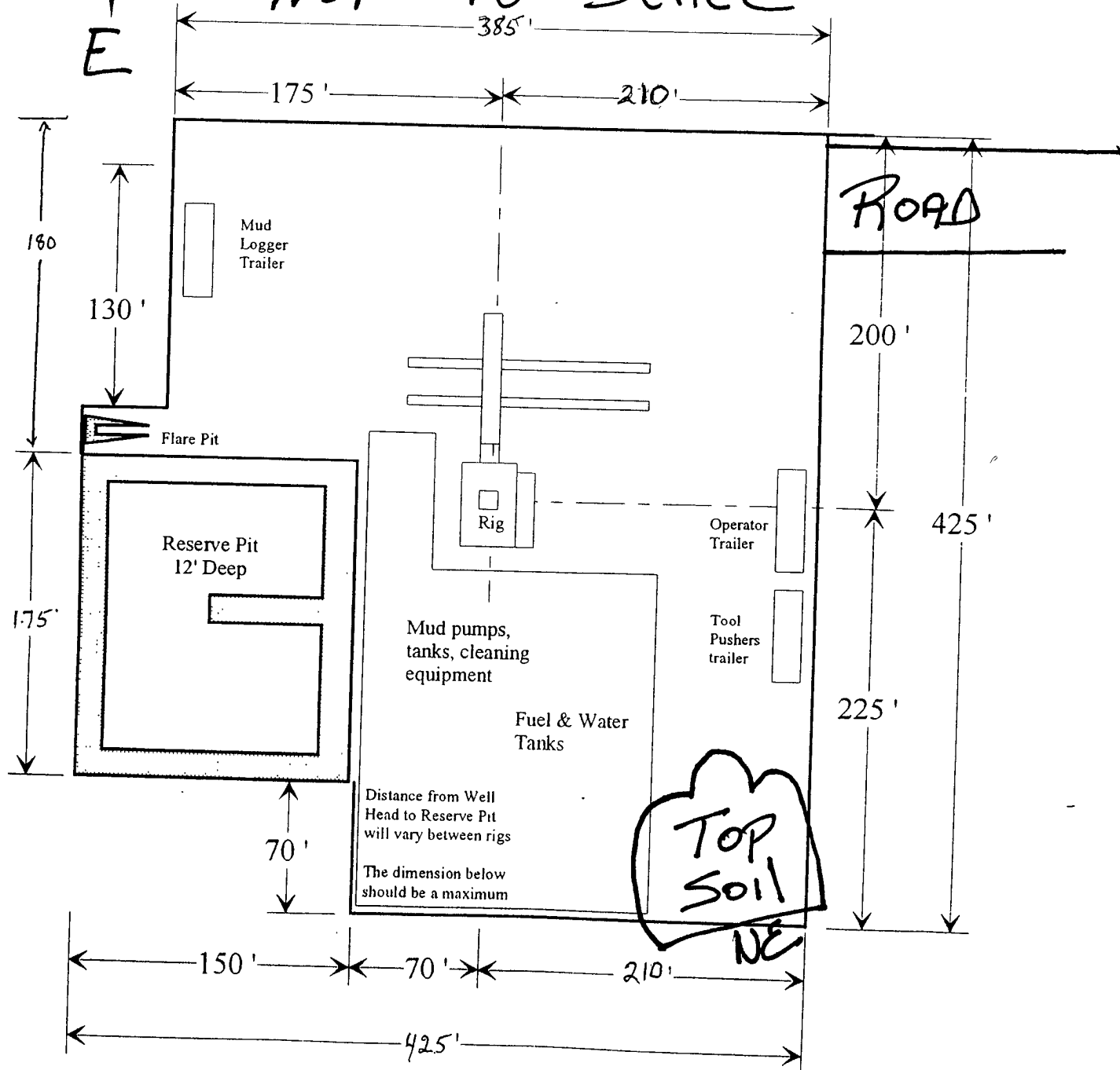
Yates Petroleum Corporation

Location Layout for Permian Basin
Horizontal Drill Site

YATES PETROLEUM CORPORATION
Ninja BMN State Com #1H
990' FNL and 200' FEL SHL
370' FNL and 330' FWL BHL
Section 11, Township 15S Range 31East
Chaves County, New Mexico Exhibit B



Not To Scale



425' x 425' should be Maximum Size.