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UNITED STATES

DEPARTMENT OF THE INTERIOR

OCD-HOBBS

FORM APPROVED
OMB No 1004-0135
Expires November 30, 2000

NOV 10 2009

BUREAU OF LAND MANAGEMENT

HOBBSOCD

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

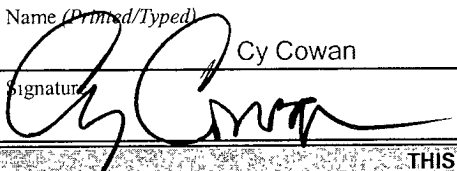
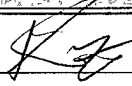
SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No NM-121957
2. Name of Operator Yates Petroleum Corporation		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) 330' FSL and 330' FWL Section 9, T21S-R32E		8. Well Name and No. Capella BOP Federal #1
		9. API Well No. 30-025-39528
		10. Field and Pool, or Exploratory Area Undesignated Delaware
		11. LEA Eddy County, New Mexico

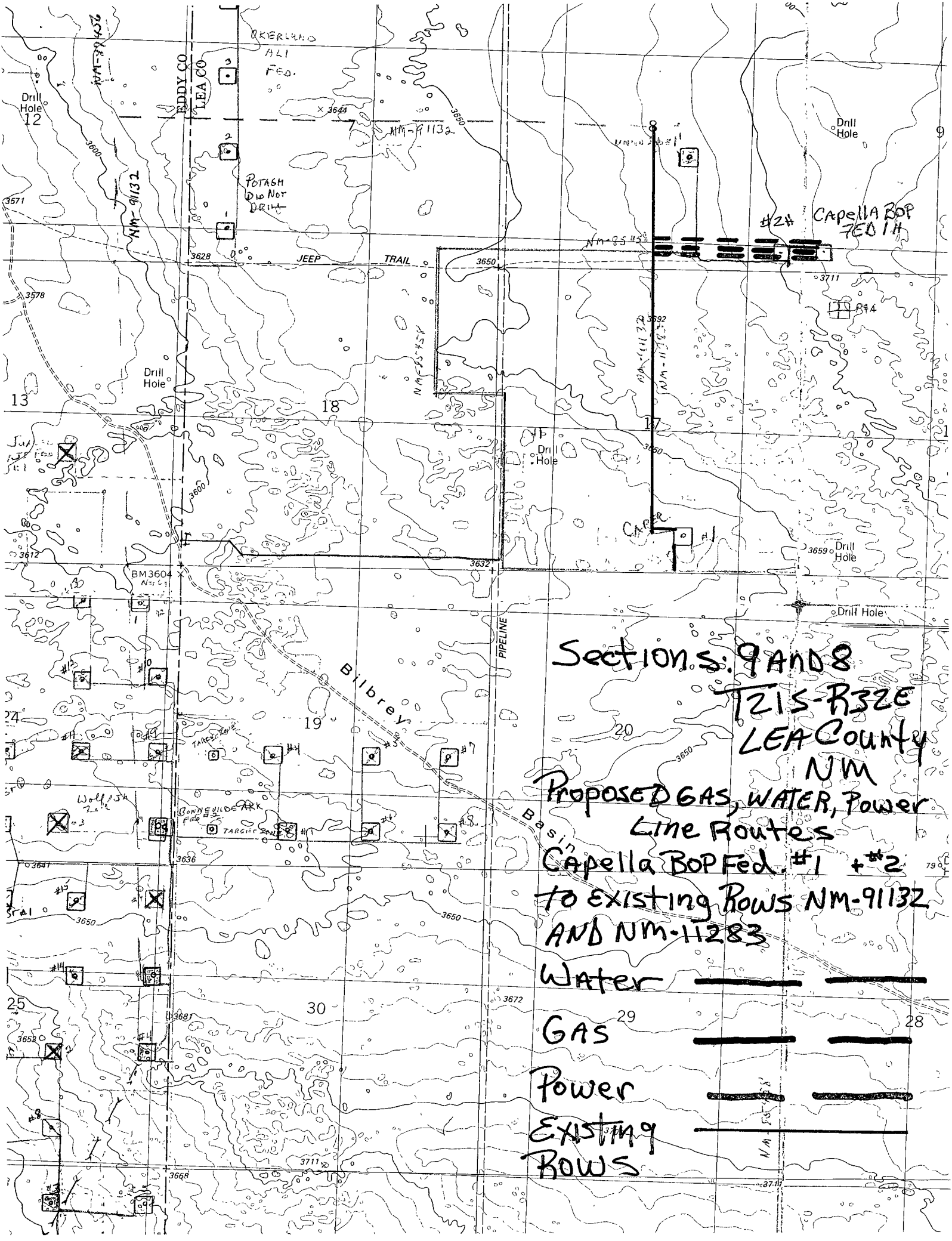
TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize <input type="checkbox"/> Deepen <input type="checkbox"/> Production (Start/Resume) <input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> 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 Amend
	<input type="checkbox"/> Change Plans <input type="checkbox"/> Plug and Abandon <input type="checkbox"/> Temporarily Abandon <input type="checkbox"/> Surface Use
	<input type="checkbox"/> Convert to Injection <input type="checkbox"/> Plug Back <input type="checkbox"/> Water Disposal <input type="checkbox"/> Plan.

13. Describe Proposed or Completed Operations (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 recomplate 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 shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once Testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Yates Petroleum Corporation wishes to amend the surface use plan for the captioned to include one (1) of each of the following: One buried 8" SDR-11 poly saltwater flowline. Working pressure of 100# psi and a volume of 1000 bbl per day. One buried 8" SDR-11 poly natural gas flowline. Working pressure of 100# psi and a volume of 1000 mcfpd. And one 480 volt three phase raptor proof overhead powerline. All three of these lines well connect with existing facilities west of the location approximatley .6 of a mile west of the Capella BOP Federal #1 location. Please note attached plats.

14. I hereby certify that the foregoing is true and correct	
Name (Printed/Typed) Cy Cowan	Title Land Regulatory Agent
Signature 	Date October 13, 2009
THIS SPACE FOR FEDERAL OR STATE USE	
Approved by /s/ Don Peterson	Title 
Date NOV - 5 2009	
Office CARLSBAD FIELD OFFICE	
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.	

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

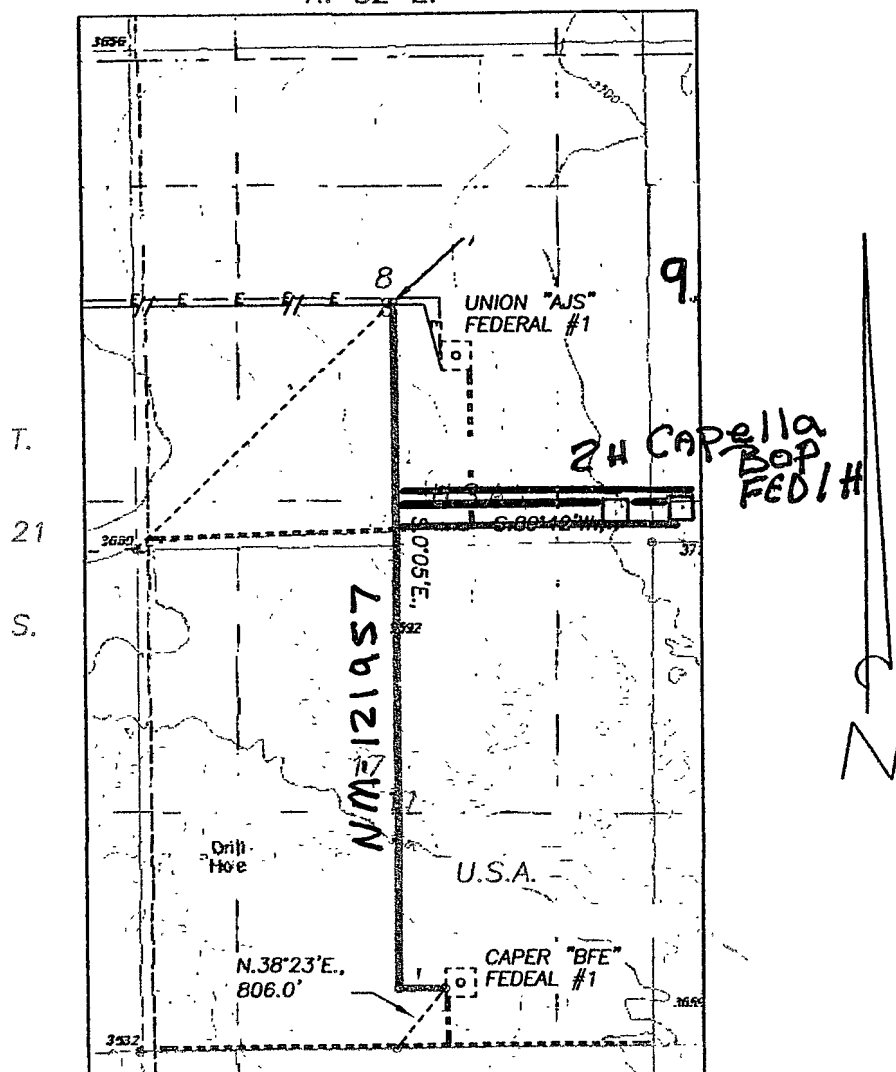


Section 5: 9 AND 8
T21S-R32E
LEA County
NM

Proposed GAS, WATER, Power
Line Routes
Capella BOP Fed. #1 + #2
to existing ROWS NM-91132
AND NM-11283

Water
Gas
Power
Existing
ROWS

R. 32 E.



Sections: 9 AND 8

TZIS-R32C

LEA County

NW

Proposed Gas, Water, Power Line Routes

Capella BOP Fed. #1H + #2H⁶⁶
to existing Rows NM-91132
AND NM-11283

Water

GAS

Power

EXISTING
ROWS

BLM LEASE NUMBER: NM-121957
COMPANY NAME: Yates Petroleum Corporation
WELL NO. & NAME: Capella BOP Federal 1

BURIED PIPELINE STIPULATIONS

A copy of the APD and attachments, including stipulations, survey plat and/or map, will be on location during construction. BLM personnel may request to you a copy of your permit during construction to ensure compliance with all stipulations.

Holder agrees to comply with the following stipulations to the satisfaction of the Authorized Officer:

1. The Holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this grant.
2. The Holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976 as amended, 15 USC 2601 et seq. (1982) with regards to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized under this right-of-way grant. (See 40 CFR Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation, and Liability Act, section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the authorized officer concurrent with the filing of the reports to the involved Federal agency or State government.
3. The holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, et seq. or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, et seq.) on the Right-of-Way (unless the release or threatened release is wholly unrelated to the Right-of-Way holder's activity on the Right-of-Way), or resulting from the activity of the Right-of-Way holder on the Right-of-Way. This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.
4. If, during any phase of the construction, operation, maintenance, or termination of the pipeline, any oil or other pollutant should be discharged from the pipeline system, impacting Federal lands, the control and total removal, disposal, and cleaning up of such oil or other pollutant, wherever found, shall be the responsibility of holder, regardless of fault. Upon failure of holder to control, dispose of, or clean up such discharge on or affecting Federal lands, or to repair all damages resulting therefrom, on the Federal lands, the Authorized Officer may take such measures as he deems necessary to control and clean up the discharge and restore the area, including where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of the holder. Such action by the Authorized Officer shall not relieve holder of any responsibility as provided herein.

5. All construction and maintenance activity will be confined to the authorized right-of-way (see #16 for special requirements).

6. The pipeline will be buried with a minimum cover of **36** inches between the top of the pipe and ground level.

7. Blading of all vegetation will be allowed. Blading is defined as the complete removal of brush and ground vegetation. Clearing of brush species will be allowed. Clearing defined as the removal of brush while leaving ground vegetation (grasses, weeds, etc.) intact. Clearing is best accomplished by holding the blade 4 to 6 inches above the ground surface. In areas where blading and/or clearing is allowed, maximum width of these operations will not exceed **50** feet.

8. The holder shall minimize disturbance to existing fences and other improvements on public lands. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times. The holder will contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting of the fence. No permanent gates will be allowed unless approved by the Authorized Officer.

9. Vegetation, soil, and rocks left as a result of construction or maintenance activity will be randomly scattered on this right-of-way and will not be left in row, piles, or berms, unless otherwise approved by the Authorized Officer. A berm will be left over the ditch line to allow for settling back to grade.

10. In those areas where erosion control structures are required to stabilize soil conditions, the holder will install such structures as are suitable for the specific soil conditions being encountered and which are in accordance with sound resource management practices.

11. The holder will reseed. Seeding will be done according to the attached seeding requirements, using the following seed mix.

<input type="checkbox"/> seed mixture 1	<input type="checkbox"/> seed mixture 3
<input checked="" type="checkbox"/> seed mixture 2	<input type="checkbox"/> seed mixture 4

12. All above-ground structures not subject to safety requirements shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be color which simulates "Standard Environmental Colors" – **Shale Green**, Munsell Soil Color No. 5Y 4/2.

13. The pipeline will be identified by signs at the point of origin and completion of the right-of-way and at all road crossings. At a minimum, signs will state the holder's name, BLM serial number, and the product being transported. All signs and information thereon will be posted in a permanent, conspicuous manner, and will be maintained in a legible condition for the life of the pipeline.

14. The holder shall not use the pipeline route as a road for purposes other than routine maintenance as determined necessary by the Authorized Officer in consultation with the holder. The holder will take whatever steps are necessary to ensure that the pipeline route is not used as a roadway.

15. Any cultural and/or paleontological resources (historic or prehistoric site or object) discovered by the holder, or any person working on his behalf, on public or Federal land shall be immediately reported to the Authorized Officer. Holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery will be made by the Authorized Officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to proper mitigation measures will be made by the Authorized Officer after consulting with the holder.

16. Special Stipulations:

1. The route is identified as habitat for the lesser prairie chicken; therefore, all construction activities will be restricted to the hours of 9:00 am through 3:00 am for the period of March 1 through June 15. No construction should occur between 3:00 am and 9:00 am.
2. Centerline of trench for buried saltwater and natural gas lines will be constructed 15 feet from existing access road. Total surface disturbance for the buried pipelines will not exceed 35 feet from the edge of the access road. The majority of the construction and maintenance activities should be performed from the existing access road.

BLM Serial Number: NM-121957
Company Reference: Yates Petroleum Corporation

STANDARD STIPULATIONS FOR OVERHEAD ELECTRIC DISTRIBUTION LINES
IN THE CARLSBAD FIELD OFFICE, BLM

A copy of the grant and attachments, including stipulations and map, will be on location during construction. BLM personnel may request to view a copy of your permit during construction to ensure compliance with all stipulations.

The holder agrees to comply with the following stipulations to the satisfaction of the Authorized Officer, BLM.

1. The holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this grant.
2. The holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976, as amended (15 U.S.C. 2601, *et. seq.*) with regard to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized by this grant. (See 40 CFR, Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, *etc.*) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation and Liability Act, Section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the Authorized Officer concurrent with the filing of the reports to the involved Federal agency or State government.
3. The holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, *et. seq.* or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, *et. seq.*) on the right-of-way (unless the release or threatened release is wholly unrelated to the right-of-way holder's activity on the right-of-way). This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.
4. No blading or clearing of any vegetation will be allowed unless approved in writing by the Authorized Officer.
5. Power lines shall be constructed to standards outlined in "Suggested Practices for Raptor Protection on Power lines," Raptor Research Foundation, Inc., 1981, unless otherwise agreed to by the Authorized Officer in writing. The holder shall assume the burden and expense of proving that pole designs not shown in the above publication are "eagle safe." A raptor expert approved by the Authorized Officer shall provide such proof. The BLM

reserves the right to require modifications or additions to all power line structures placed on this right-of-way, should they be necessary to ensure the safety of large perching birds. Such modification and/or additions shall be made by the holder without liability or expense to the United States.

6. The holder shall minimize disturbance to existing fences and other improvements on public lands. The holder is required to promptly repair impacted improvements to at least their former state. The holder shall contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence will be braced on both sides of the passageway prior to cutting of the fence. No permanent gates will be allowed unless approved by the Authorized Officer.

7. The BLM serial number assigned to this right-of-way grant shall be posted in a permanent, conspicuous manner, and be maintained in a legible condition for the term of the right-of-way at all major road crossings and at all serviced facilities. Numbers will be at least two inches high and will be affixed to the pole nearest the road crossing and at the facilities served.

8. Upon cancellation, relinquishment, or expiration of this grant, the holder shall comply with those abandonment procedures as prescribed by the Authorized Officer.

9. All surface structures (poles, lines, transformers, *etc.*) shall be removed within 180 days of abandonment, relinquishment, or termination of use of the serviced facilities or within 180 days of abandonment, relinquishment, or termination of this grant, whichever comes first. This will not apply where the power line extends to serve an active, adjoining facility or facilities.

10. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on the holder's behalf, on public or Federal land shall be immediately reported to the Authorized Officer. The holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery will be made by the Authorized Officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The holder will be responsible for the cost of evaluation and the Authorized Officer will make any decision as to the proper mitigation measures after consulting with the holder.

11. The area will be kept free of the following plant species: Malta starthistle, African rue, Scotch thistle, and saltcedar.

Special stipulations:

1. The route is identified as habitat for the lesser prairie chicken; therefore, all construction activities will be restricted to the hours of 9:00 am through 3:00 am for the period of March 1 through June 15. No construction should occur between 3:00 am and 9:00 am.
2. Power line is to be constructed 20 feet from the centerline of the buried pipelines. Total surface disturbance for both the buried pipelines and power line will not exceed 50 feet from the edge of the access road.