

30-025-39768

Yates Petroleum Corporation

105 S. Fourth Street
Artesia, NM 88210

Hydrogen Sulfide (H₂S) Contingency Plan

For

RECEIVED

JUN 09 2010

HOBBSOCD

Renegade BPG Federal #1H

660' FNL & 330' FWL
Section 18, T-26S, R-35E
Lea County, NM

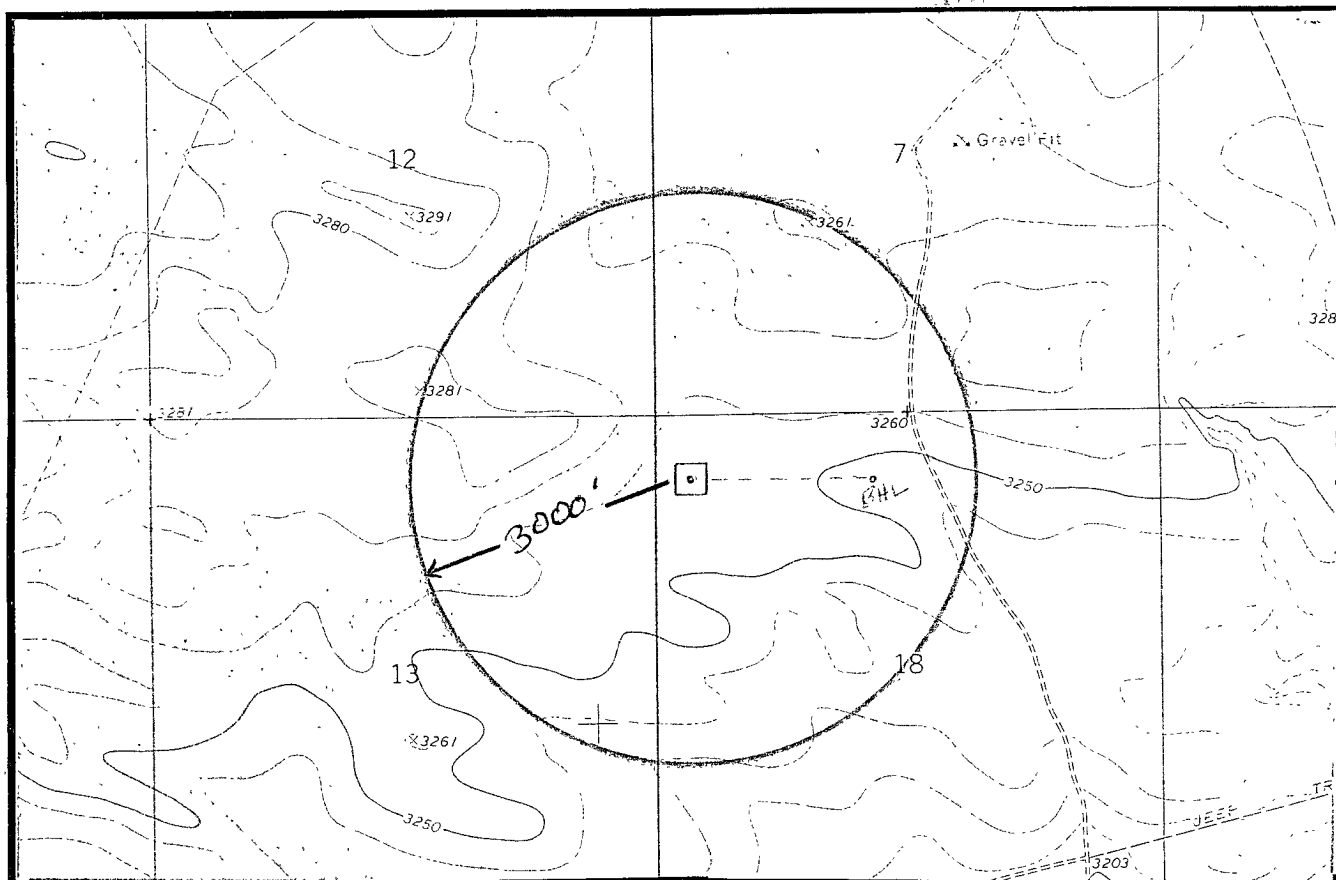
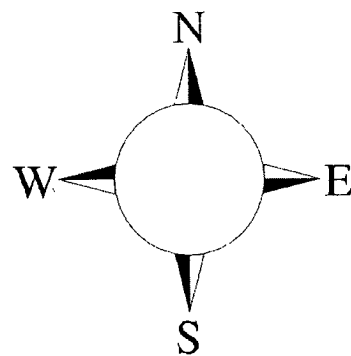
Bureau of Land Management
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APR 22 2010

Carlsbad Field Office
Carlsbad, N.M.

Renegade BPG Federal #1H Location

This is an open drilling site. H₂S monitoring equipment and emergency response equipment will be used within 500' of zones known to contain H₂S, including warning signs, wind indicators and H₂S monitor.



Assumed 100 ppm ROE = 3000'

100 ppm H₂S concentration shall trigger activation of this plan.

Emergency Procedures

In the case of a release of gas containing H₂S, the first responder(s) must isolate the area and prevent entry by other persons into the 100 ppm ROE. Additionally the first responder(s) must evacuate any public places encompassed by the 100 ppm ROE. First responder(s) must take care not to injure themselves during this operation. Company and/or local officials must be contacted to aid in this operation. Evacuation of the public should be beyond the 100 ppm ROE.

All responders must have training in the detection of H₂S, measures for protection against the gas, equipment used for protection and emergency response. Additionally, responders must be equipped with H₂S monitors and air packs in order to control the release. Use the “buddy system” to ensure no injuries during the response.

Ignition of Gas Source

Should control of the well be considered lost and ignition considered, take care to protect against exposure to Sulfur Dioxide (SO₂). Intentional ignition must be coordinated with the NMOCD and local officials. Additionally the NM State Police may become involved. NM State Police shall be the Incident Command on scene of any major release. Take care to protect downwind whenever there is an ignition of the gas

Characteristics of H₂S and SO₂

Common Name	Chemical Formula	Specific Gravity	Threshold Limit	Hazardous Limit	Lethal Concentration
Hydrogen Sulfide	H ₂ S	1.189 Air = 1	10 ppm	100 ppm/hr	600 ppm
Sulfur Dioxide	SO ₂	2.21 Air = 1	2 ppm	N/A	1000 ppm

Contacting Authorities

YPC personnel must liaison with local and state agencies to ensure a proper response to a major release. Additionally, the OCD must be notified of the release as soon as possible but no later than 4 hours. Agencies will ask for information such as type and volume of release, wind direction, location of release, etc. Be prepared with all information available. The following call list of essential and potential responders has been prepared for use during a release. YPC Company response must be in coordination with the State of New Mexico’s ‘Hazardous Materials Emergency Response Plan’ (HMER)

Yates Petroleum Corporation Phone Numbers

YPC Office	(575) 748-1471
Paul Ragsdale/Operations Manager	(575) 748-4520
Wade Bennett/Prod Superintendent	(575) 748-4236
LeeRoy Richards/Assistant Prod Superintendent	(575) 748-4228
Mike Larkin/Drilling	(575) 748-4222
Paul Hanes/Prod. Foreman/Roswell	(575) 624-2805
Tim Bussell/Drilling Superintendent	(575) 748-4221
Artesia Answering Service	(575) 748-4302
(During non-office hours)	

Agency Call List

Lea County (575)

Jal

State Police	827-7130 Eunice
City Police.....	395-2501
Sheriff's Office	395-2121
Ambulance	911
Fire Department	395-2221
NMOCD.....	393-6161 Hobbs

Hobbs

State Police	392-5588
City Police.....	397-9265
Sheriff's Office.....	397-9262
Ambulance	911
Fire Department	397-9308
LEPC (Local Emergency Planning Committee).....	887-3798

US Bureau of Land Management.....	887-6544 Carlsbad
New Mexico Emergency Response Commission (Santa Fe)	(505) 476-9600
24 HR	(505) 827-9126
New Mexico State Emergency Operations Center.....	(505) 476-9635
National Emergency Response Center (Washington, DC)	...(800) 424-8802

Other

Boots & Coots IWC	1-800-256-9688 or (281) 931-8884
Cudd Pressure Control.....	(915) 699-0139 or (915) 563-3356
Halliburton	(575) 746-2757
B. J. Services.....	(575) 746-3569

Flight For Life -4000 24th St, Lubbock, TX	(806) 743-9911
Aerocare -Rr 3 Box 49f, Lubbock, TX	(806) 747-8923
Med Flight Air Amb 2301 Yale Blvd SE #D3, Albuq, NM	(505) 842-4433
S B Air Med Svc 2505 Clark Carr Loop SE, Albuq, NM	(505) 842-4949

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
YATES PETROLEUM CORPORATION
Renegade BPG Federal #1H
660' FNL & 330' FWL, Sec. 18-26S-35E, Surface
660' FNL & 2310' FWL, Sec. 17-26S-35E, Bottom
Lea 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 70 miles east of Carlsbad, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS: From Carlsbad, New Mexico take Hobbs HWY (62/180) to State Road 31. Take 31 and go to the intersection of 31 & 128 (Jal HWY). Take 128 and go approximately 36.9 miles. Turn right here on Madera Road and go south about 0.3 of a mile to the intersection with Battle Axe Road. Turn right on Battle Axe Road and go about 13 miles to the intersection of Battle Axe Road and El Paso pipeline road. There will be a stop sign here and Dinwiddie Land sign here. Turn left on the pipeline road and go east for about 6.9 miles to a cattleguard and a fork in the road. Cross the cattleguard and continue going east for about 1.1 mile. Turn right on an old two track road and go south about a mile. The new construction will start here going west for about 0.3 of a mile to the southeast corner of the well location.

2. PLANNED ACCESS ROAD:

- A. The proposed new access will be approximately 1.4 miles in length from the point of origin to the southeast corner of the drilling pad.
- B. The new road will be 14 feet 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 both sides. Two to three 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.

3. LOCATION OF EXISTING WELL:

- A. There is no 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.
- B. In the event that the well is productive, the necessary production facilities will be installed on the drilling pad. If the well is productive 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.

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, the reserve pits, the location of the drilling equipment, pulling unit orientation and access road approach. Note: Pits to north.
- 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. Unguarded pits, if any, containing fluids will be fenced until they have dried and have been leveled.
- C. 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.
- D. See attached plans for interim and final reclamation.

Renegade BPG Federal #1H
Page Three

11. SURFACE OWNERSHIP:

Federal Lands under the supervision of the Carlsbad BLM. .

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.

Plans for Interim and Final Surface Reclamation.

1. Well location will be reshaped and contoured to resemble the original topography as closely as possible. During the surface reclamation measures will be taken to avoid new erosion on and off the location and supporting facilities caused by the reclamation. These measures will be overseen by Yates' construction personnel following a structured plan for the reclamation of each individual site.
2. Major drainage systems will be avoided as determined at the onsite with the BLM. Minor drainages may be rerouted around the well site within the 600' x 600' cleared area to avoid moving the well location.
3. Segregation of topsoil or like soil will be placed in low lift rows rather than stockpiles just off the caliche well pad. Placement of these lifts will be determined at the time of construction.
4. Yates will use prudent oil field practices when constructing well locations and related facilities. Keeping in mind the size of the needed area will determine the safety of the working personnel during all aspects on the drilling and production process.
5. Back fill requirements. Waiting on what this means.
6. All topsoil will be spread over the area reclaimed during interim reclamation using a front end loader. This will allow soils to remain viable for producing plant growth. For final reclamation enough topsoil will be removed from the interim reclaimed area to cover by spreading over the rest of the pad area.
7. Soil treatments will be determined at the time of final reclamation by Yates' Soil Specialist to meet BLM Best Management Practices for reclamation.
8. Reseeding of disturbed areas will be according to BLM Conditions of Approval attached to the approved Application For Permit to Drill. Also time of planting and soil preparation will be covered at this time.
9. Yates' personnel or a third party may be in charge of weed control after reclamation of disturbed areas. Yates' also has the option to participate in the Chaves Soil and Water District program to pool monies for weed control. The final option for weed control will be determined at the time of reclamation.
10. Well pads, road and related facilities with caliche or other surfacing material will be picked up at the time of final abandonment and will be used on other projects in the area if possible or placed back in the caliche pit or other designated site. Buried pipelines will be left in place after being bled down and flushed out. Above surface support equipment will be removed or cut down below plow depth and removed. Pipeline right-of-ways will be reseeded according to BLM Best Management Practices.

CERTIFICATION
YATES PETROLEUM CORPORATION
Renegade BPG Federal #1H
660' FNL & 330' FWL, Sec. 18-26S-35E, Surface Hole
660' FNL & 2310' FWL, Sec. 17-26S-35E Bottom Hole
Lea County, New Mexico

I hereby certify that I or the company I represent, have inspected the drill site and access route proposed herein; that the company I represent is familiar with the conditions which currently exist; that 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 6TH day of APRIL, 2010.

Printed Name Clifton May

Signature Clifton May

Position Title Land Regulatory Agent

Address 105 South Fourth Street, Artesia, NM 88210

Telephone 575-748-4376

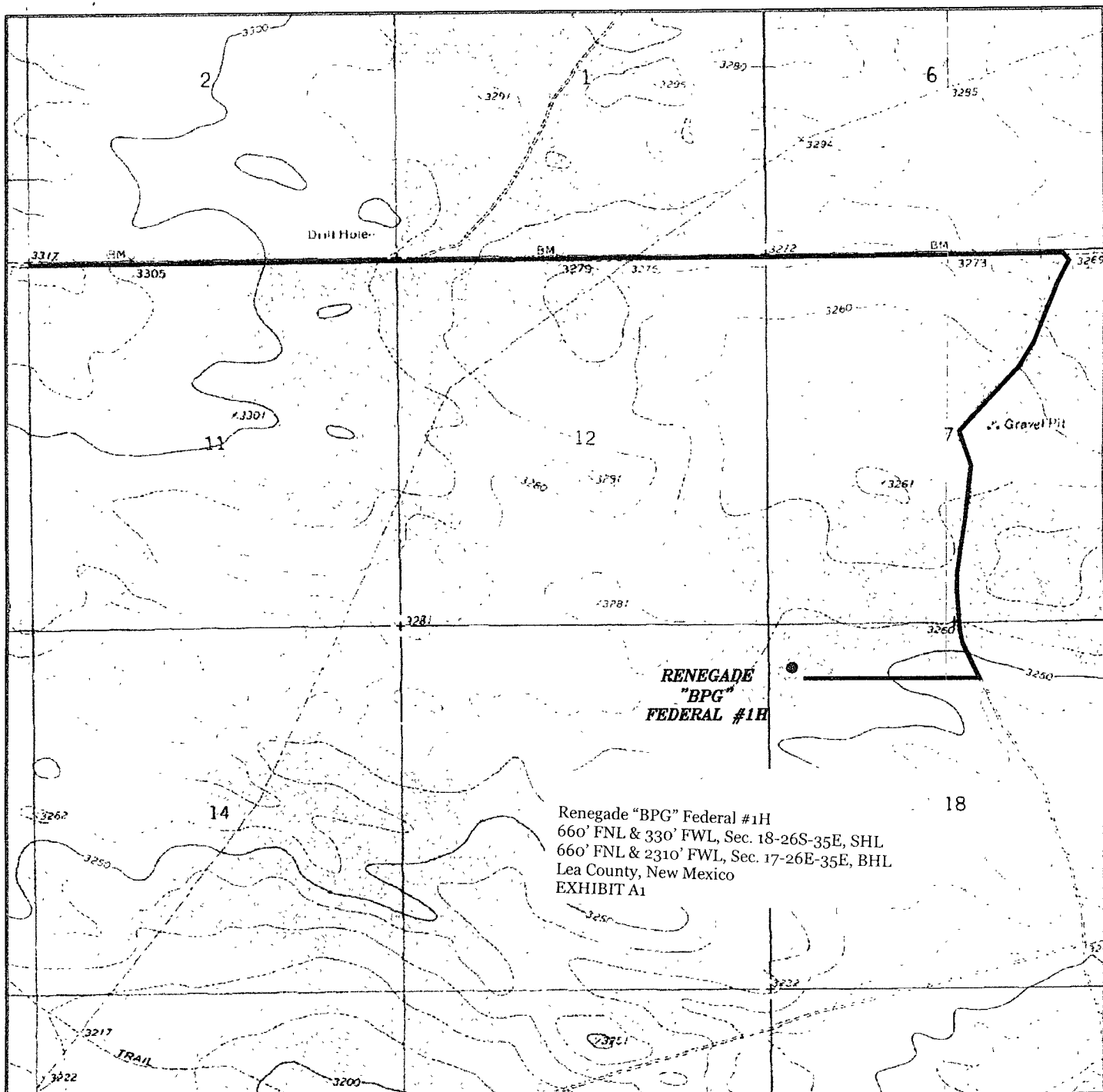
E-mail (optional) cy@yatespetroleum.com

Field Representative (if not above signatory) Tim Bussell

Address (if different from above) Same

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

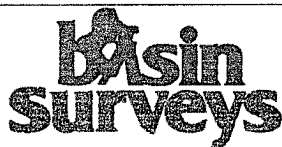
E-mail (optional) _____



RENEGADE "BPG" FEDERAL #1H

Located 660' FNL and 330' FWL

Section 18, Township 26 South, Range 35 East,
N.M.P.M., Lea 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 22533

Survey Date: 03-22-2010

Scale: 1" = 2000'

Date: 03-23-2010

YATES
PETROLEUM
CORP.

