30-025- 3985(Yates Petroleum Corporation

105 S. Fourth Street Artesia, NM 88210

Hydrogen Sulfide (H₂S) Contingency Plan RECEIVED

For

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Continental APJ Federal #7 660' FSL and 660' FWL Section 28, T23S-R32E Lea County, NM NM-77063

YPC H2S Contingency Plan. Page 1

Continental APJ Federal #7 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 = 3000² 100 ppm H2S concentration shall trigger activation of this plan.

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Emergency Procedures

In the case of a release of gas containing H_2S , 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 H_2S , measures for protection against the gas, equipment used for protection and emergency response. Additionally, responders must be equipped with H_2S 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

Common Name	Chemical Formula	Specific Gravity	Threshold Limit	Hazardous Limit	Lethal Concentr- ation
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

Characteristics of H₂S and SO₂

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	
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	
Tim Bussell/Drilling Superintendent	
Artesia Answering Service	(575) 748-4302
(During non-office hours)	`

Agency Call List

Lea County (575)

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

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)	

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

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MULTI-POINT SURFACE USE AND OPERATIONS PLAN Yates Petroleum Corporation Continental APJ Federal #7 660' FSL & 660' FWL Section 28-T23S-R32E 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 35 miles northeast of Loving, New Mexico and the access route to the location is indicated in red and green on Exhibit A.

DIRECTIONS:

Take Hwy 62/180 from intersection of 285-62/180 for approx. 2.2 miles to US Refinery Rd. Take US Refinery Rd. for approx. 12.3 miles to Potash Mines Rd. Turn left and go approx. 2.3 miles to Jay Hwy. (128). Turn right and go approx. 18.3 miles to Paduca Breaks (El Paso Pipeline). Turn left and go approx. 3.6 miles. Turn left on lease road and go approx. 0.8 of a mile. Turn left (west) and go approx. 0.2 of a mile. New access starts here, go south approx. 0.75 of a mile to the SE corner of the pad.

2. PLANNED ACCESS ROAD

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- A. The proposed new access will be approximately 3960' in length from the point of origin to the southwest corner of the drilling pad. The road will go southerly direction.
- 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. No traffic turnouts will be needed.
- D. The route of the road is visible.
- E. Existing roads will be maintained in the same or better condition.

- 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 production facilities on this lease at the present time.

Continental APJ Federal #7 Page 2

- 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, 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 fresh water system. The fresh 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. A closed loop system will be used to drill this well.
 - 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. 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. Current laws and regulations pertaining to the disposal of human waste will be complied with.
 - 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 land fill. 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 location of the drilling equipment, rig orientation and access road approach.
 - 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 wellsite in as aesthetically pleasing a condition as possible.

Continental APJ Federal #7 Page 3

- B. 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 after they have evaporated and dried.
- 11. SURFACE OWNERSHIP: Federal surface, Administered by the Bureau of Land Management, Carlsbad, New Mexico.
- 12. OTHER INFORMATION:
 - A. Topography: Refer to the existing archaeological report for a description of the topography, flora, fauna, soil characteristics, dwellings, historical and cultural sites.

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B. The primary surface use is for grazing.

(Exhibits Attached)

Èxhibit A Topographic Map and Road Plat

Exhibit B BOP Schematic

Exhibit C Location Layout

- Exhibit C-1 Closed Loop System Diagram
- Exhibit D One Mile Radius

CERTIFICATION YATES PETROLEUM CORPORATION Continental APJ Federal #7

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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 <u>14th</u> day of <u>April</u> , <u>2010</u>				
Printed Name <u>Clifton May</u>				
Signature				
Position Title <u>Land Regulatory Agent</u>				
Address_105 South Fourth Street, Artesia, NM 88210				
Telephone <u>575-748-4347</u>				
E-mail (optional) <u>cy@yatespetroleum.com</u>				
Field Representative (if not above signatory) <u>Tim Bussell</u>				
Address (if different from above) Same				
Telephone (if different from above) <u>575-748-4221</u>				
E-mail (optional)				



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