

30-005-29173

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
YATES PETROLEUM CORPORATION

Scooter "BPS" Federal #2H
2290' FNL and 200' FEL, Section 28-15S-31E, Surface Hole Location
1680' FNL & 330' FWL, Section 28-15S-31E, 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 9.5 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, New Mexico go east on HWY 82 to 249. Turn left and go approximately 8.2 miles. At this point there will be an old cattleguard on the west side of the HWY. Turn left here cross cattleguard and follow road to the west for approximately 1.1 miles from here follow the lease road north for approximately 0.1 of a mile to Getty's Bunker Hill State #1 dry hole location. The new road will start here going north from the northeast corner of the dry hole for approximately 0.4 of a mile to the southwest corner of the proposed well location.

PLANNED ACCESS ROAD:

- A. The proposed new access will be approximately 2099.5' in length from the point of origin to the southwest corner of the drilling pad.
- B. The new road will be 14 feet in width (driving surface) within a 30' wide right of way and will be adequately drained to control runoff and soil erosion. The first 1.1 miles of existing access road are on state of New Mexico Lands. Yates has submitted a right of way application with the Commissioner of Public Lands.
- C. The new road will be bladed with drainage on both sides. One or two 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 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, closed loop system 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. 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

11. SURFACE OWNERSHIP:

Fee

Surface Owner: Mr. Shannon Kizer, PO Box 26, Pep, NM 88126

The private surface owner has been contacted. The operator and the surface owner have entered in to a mutually acceptable agreement that sets forth the rights and obligations of the parties with respect to the surface activities conducted by the operator.

Minerals USA Federal-NM-105888

Administered by: Bureau of Land Management
Roswell Field Office
2909 West Second Street
Roswell, NM 88201
(575) 627-0276

12. OTHER INFORMATION:

The primary use of the surface is for grazing.

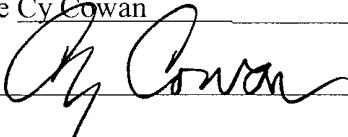
- A. Refer to the archaeological report for a description of the topography, flora, fauna, soil characteristics, dwellings, and historical and cultural sites.

CERTIFICATION
YATES PETROLEUM CORPORATION
Scooter BPS Federal #2H

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; that I have 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 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 1st day of December, 20 10.

Printed Name Cy Cowan

Signature 

Position Title Land Regulatory Agent

Address 105 South Fourth Street, Artesia, NM 88210

Telephone 575-748-4372

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

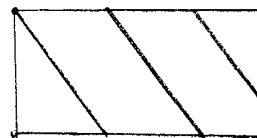
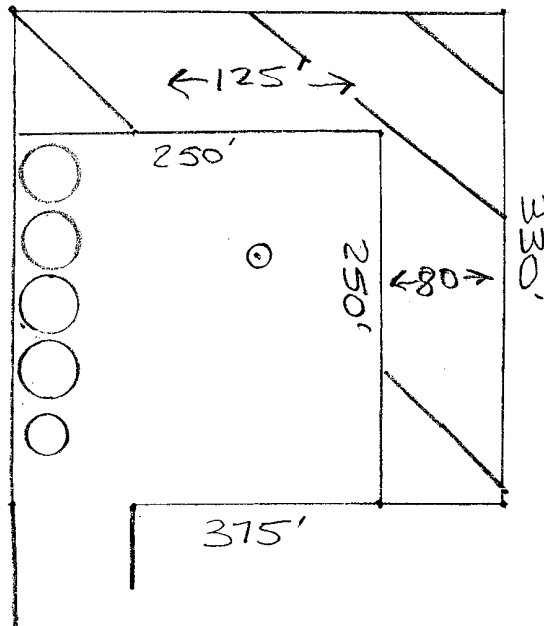
YATES PETROLEUM CORPORATION
Scooter BPS Federal #2H
2290' FNL & 200' FEL, Surface Hole
1680' FNL & 330' FWL, Bottom Hole
Section 28-T15S-R31E
Chaves County, New Mexico

Plans for Interim and Final Surface Reclamation.

1. Well location will be contoured to resemble the original topography as closely as possible. Surface reclamation measures will be taken to avoid new erosion on the well location and the area surrounding the well location. These measures will be overseen by Yates' 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 soils will be placed in low lift rows rather than in a stockpile just off the caliche well pad. Placement of these lift rows will be determined at the BLM onsite or at the time of construction by Yates Personnel.
4. Yates will use prudent oil field practices when constructing well locations and related facilities. Yates personnel will determine the size of the well location needed for safe working conditions for personnel during all aspects on the drilling and production process.
5. Back fill requirements for above ground reserve pits will be met by using cut, fill, and contouring of available top soil and like soils from the pit area. Should additional material be needed it will be brought in from a BLM approved source.
6. All topsoil will be spread over the area reclaimed during interim reclamation using a front end loader. For final reclamation enough topsoil will be evenly distributed between the interim reclaimed area and the final reclaimed area. This method of soil stabilization should help maintain the productivity and viability of the topsoil.
7. Soil treatments will be determined at the time of final reclamation by Yates' Environmental Specialist or other designated personnel to meet BLM final reclamation goals.
8. Reseeding of disturbed areas will be accordance with the seed mixtures attached to the approved APD as Conditions of Approval. Planting and soil preparation will be done during the rainy season between June 1st and September 1st.
9. Yates' personnel will control weeds during the productive period through final abandonment of the well. Yates may also use the option to hire a third party to be in charge of weed control or participate in the Chaves Soil and Water District program to pool monies for weed control.
10. Well pads, roads and related facilities with caliche or other surfacing material will be picked up or turned over at the time of final abandonment. These materials may 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 purged. 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.

Production Facility Layout/
Interim Reclamation Diagram

Scooter BPS Federal #2H
2290' FNL & 200' FEL, Surface Hole
1680' FNL & 330' FWL, Bottom Hole
Section 28, T15S-R31E
Chaves County, New Mexico
Exhibit



Redistributed
Top Soil

Not To Scale
Exhibit may be
different After
Final Reclamation

16 ABERDEEN RD 15

Gravel Pit

Well

14

Drill Hole

BM

Scooter BPS Federal #2H
2290' FNL & 200' FEL, Surface Hole
1680' FNL & 330' FWL, Bottom Hole
Section 28, T15S-R31E
Chaves County, New Mexico
Exhibit "A"

21

22

STATE
21

STATE
22

Scooter BPS
FED #1 H

Scooter BPS
FED #2 H

STATE
27

ALICE RD

KIZER

STATE

FEE
33

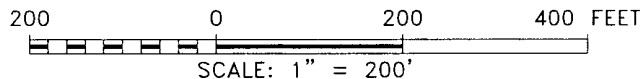
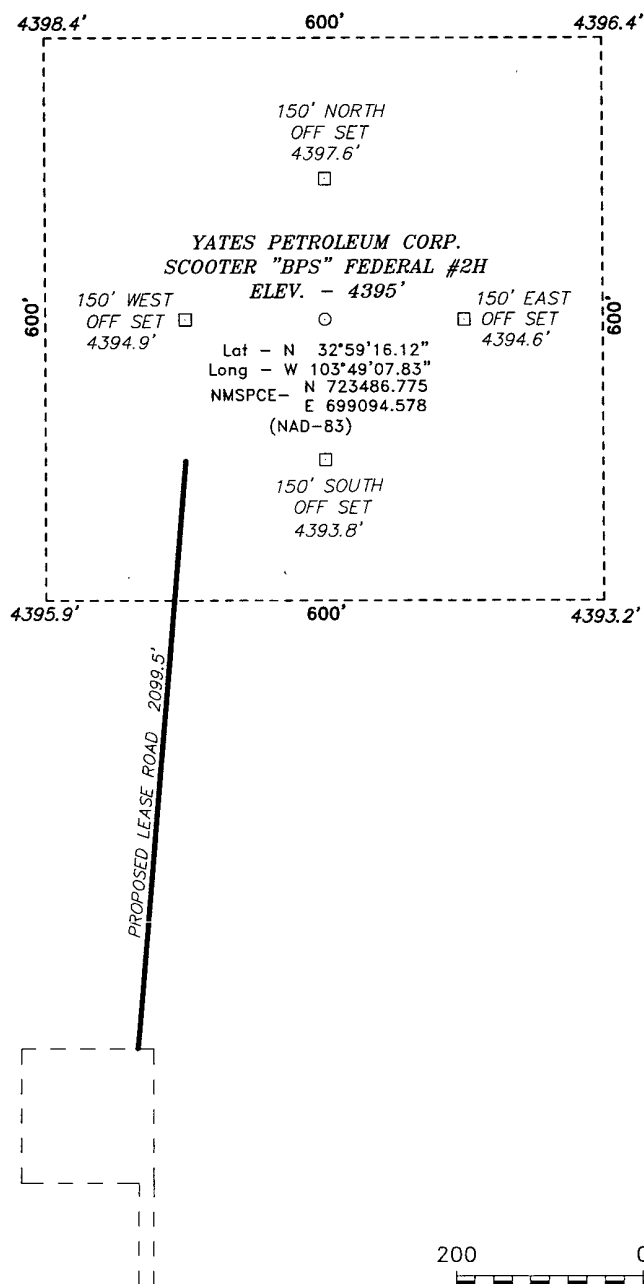
FEE
34

CHAVES CO

ALICE RD

R31E
R32E

SECTION 28, TOWNSHIP 15 SOUTH, RANGE 31 EAST, N.M.P.M.,
CHAVES COUNTY, NEW MEXICO.



YATES PETROLEUM CORP.

REF: SCOOTER "BPS" FEDERAL #2H / WELL PAD TOPO

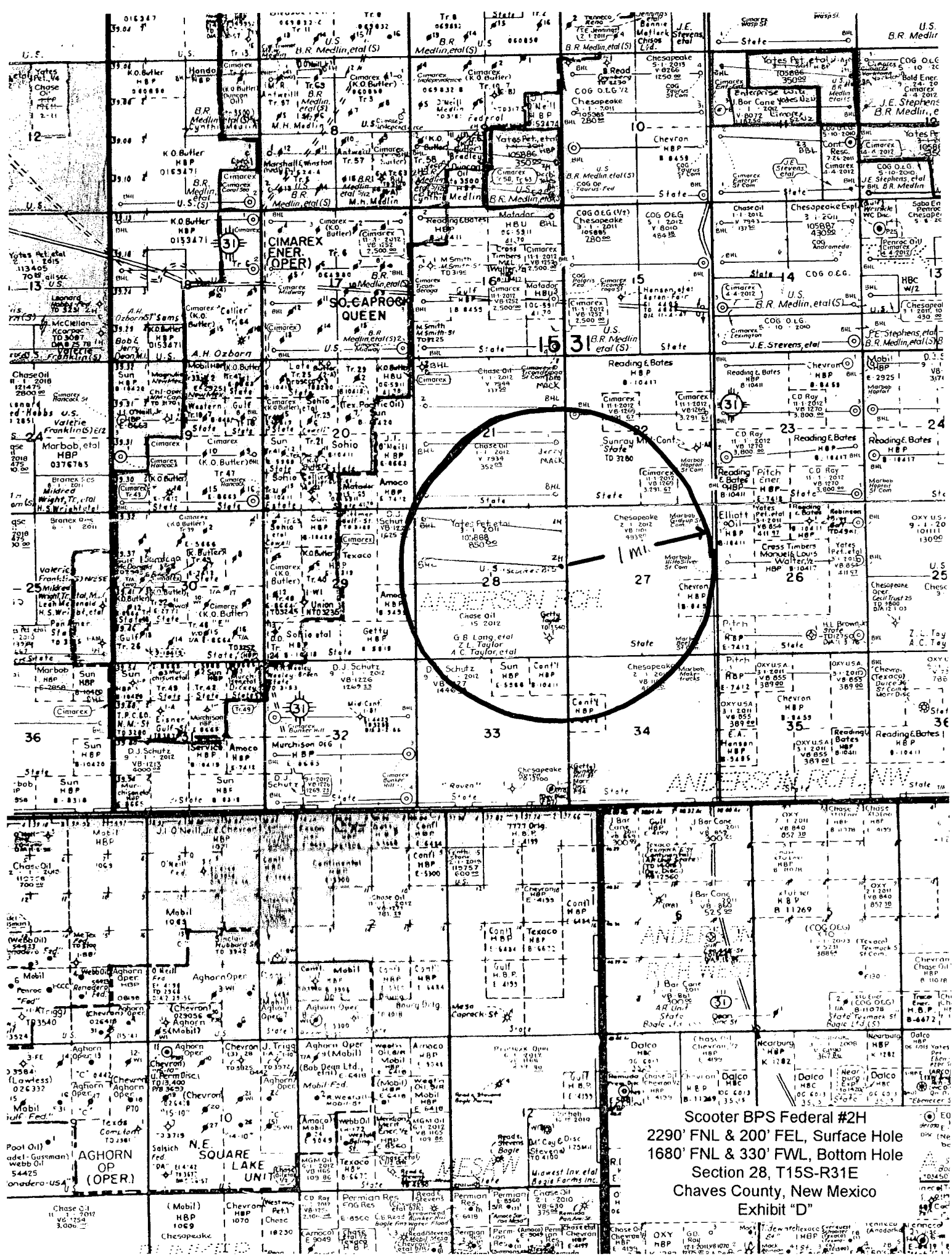
THE SCOOTER "BPS" FEDERAL #2H LOCATED 2290'
FROM THE NORTH LINE AND 200' FROM THE EAST LINE OF
SECTION 28, TOWNSHIP 15 SOUTH, RANGE 31 EAST,
N.M.P.M., CHAVES COUNTY, NEW MEXICO.

BASIN SURVEYS P.O. BOX 1786 - HOBBS, NEW MEXICO

W.O. Number: 22141 Drawn By: J. SMALL

Date: 03-01-2010 Disk: 22141

Survey Date: 02-18-2010 Sheet 1 of 1 Sheets

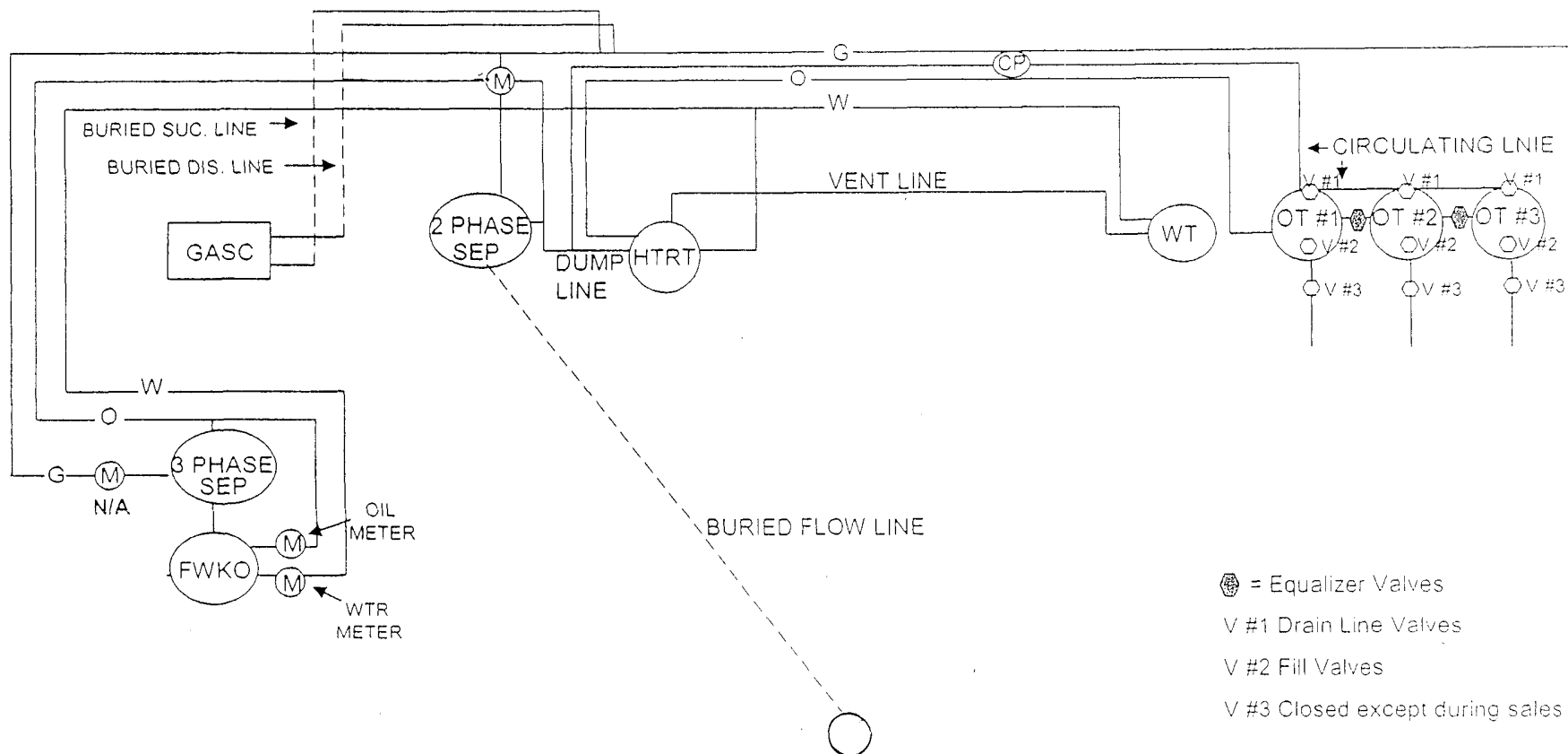




105 South 4th Street * Artesia, NM 88210
(575)-748-1471

-Danny Matthews
June, 2010

Scooter BPS Federal #2H
2290' FNL & 200' FEL, Surface Hole
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Section 28, T15S-R31E
Chaves County, New Mexico
Exhibit "E"



This diagram is subject to the Yates Petroleum Corporation August 1983 Security Plan
which is on file at 105 South 4th Street, Artesia, NM