

Submit 1 Copy To Appropriate District Office  
District I - (575) 393-6161  
1625 N. French Dr., Hobbs, NM 88240  
District II - (575) 748-1283  
811 S. First St., Artesia, NM 88210  
District III - (505) 334-6178  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV - (505) 476-3460  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources  
**RECEIVED**  
MAY 16 2014  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-103  
Revised July 18, 2013

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b> (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)		WELL API NO. 30-015-39749
1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>		5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator Yates Petroleum Corporation		6. State Oil & Gas Lease No. V-3459
3. Address of Operator 105 South Fourth Street, Artesia, NM 88210		7. Lease Name or Unit Agreement Name Southland Royalty APM State
4. Well Location Unit Letter <u>P</u> : <u>200</u> feet from the <u>South</u> line and <u>510</u> feet from the <u>East</u> line Unit Letter <u>A</u> : <u>330</u> feet from the <u>North</u> line and <u>660</u> feet from the <u>East</u> line Section <u>24</u> Township <u>19S</u> Range <u>29E</u> NMPM <u>Eddy</u> County		8. Well Number 2H
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3,356' GR		9. OGRID Number 025575
		10. Pool name or Wildcat Pierce Crossing; Bone Spring, East

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐  
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐  
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐  
DOWNHOLE COMMINGLE ☐  
CLOSED-LOOP SYSTEM ☐  
OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐  
COMMENCE DRILLING OPNS. ☐ P AND A ☐  
CASING/CEMENT JOB ☐  
OTHER: Surface, intermediate casing ☒

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

3/14/14 - Set 169' of 20" conductor and cemented to surface with redi-mix.

4/24/14 - Notified Randy Dade with NMOCD-Artesia at 4:30 am and discussed spudding, casing and cement job. TD 17-1/2" hole to 375'. Set 13-3/8" 48# J-55 ST&C casing at 375'. Cemented with 319 sacks 50/50 Poz "C" + 3#/sx D042 + 0.2% D046 + 0.125#/sx D130 + 94#/sx D903 (yld 1.34, wt 14.8). Cement did not circulate. Ran temperature survey, indications are that TOC is at 160'. Notified NMOCD representative.

4/25/14 - Tagged TOC at 181'. Pumped 30 sacks Class "C" Neat. WOC 3.5 hours. Pumped 30 sacks Class "C" Neat. WOC 3.5 hours. Pumped 138 sacks Class "C" Neat. Circulated 15 sacks to the surface.

4/26/14 - Tested casing to 600 psi, ok. WOC 39 hours 30 mins. Reduced hole to 12-1/4" and resumed drilling.

**CONTINUED ON NEXT PAGE:**

Spud Date:

2/11/14

Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

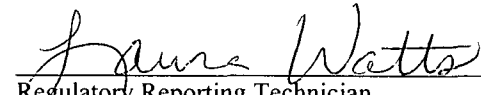
SIGNATURE Laura Watts TITLE Regulatory Reporting Technician DATE May 15, 2014

Type or print name Laura Watts E-mail address: laura@yatespetroleum.com PHONE: 575-748-4272  
**For State Use Only**

APPROVED BY: [Signature] TITLE Dist. Rep. DATE 5/2/14  
Conditions of Approval (if any):

**Form C-103 continued:**

4/30/14 – 5/8/14 - TD 12-1/4" hole to 3,738'. Set 9-5/8" 36# and 40# J-55 LT&C casing at 3,670'. Inflatable packer placed at 2035'. Ran free point and determined that casing was stuck at 2600' and free at 2575'. Pressured up to 1032 psi and open stage tool. Cemented from packer to surface with 690 sacks 50/50 Poz "C" + 0.125#/sx D112 + 4.5% D020 + 5% D044 + 0.2% D046 + 0.1% D065 + 5#/sx D130 (yld 1.97, wt 12.8). Tailed in with 400 sacks 35:65:6 Poz "C" + 5#/sx D042 + 5% D044 + 0.2% D046 + 0.2% D065 + 0.125#/sx D130 (yld 1.36, wt 14.2). Dropped plug and displaced with 152.3 bbls mud. Cement did not circulate. Wait on cement to cure. Ran temperature survey, indicated TOC at 1120'. Perforated casing at 1080'. Make up plug container and break circulation to ensure perfs are clean. Pump dye marker-fluid caliper = pumped 750 bbls to bring dye marker to surface. Pumped 3440 sx Class "C" Neat cement. When we had cement to surface, washed up on top of plug and displaced the wiper plug with 75.5 bbls brine water placing the wiper plug at 980' and circulating 90 bbls to pit and disposed of. Shut down pressure of 285 psi was closed in on the plug container manifold and held while WOC for next 12 hours. Full returns throughout the entire job. Left message on NMOCD after hours answering machine about cementing and testing times. Measure in hole and tagged cement at 908'. Circulated air from drill string to surface. Tested casing to 1200 psi for 30 mins at 908'. Drilled cement to 1218'. Measure in hole from 1218' to and tag packer stage tool at 1967'. Circulate air out of string to surface. Tested casing from surface to packer stage tool at 1967'. Drill out packer stage tool from 1967' to 1975'. Measure in hole from 1975' to 3334'. Tested casing from 3633' up to surface to 1200 psi for 30 min. Washed and reamed to 3738' and tag hard bottom. Drilled 95' of new 8-3/4" hole down to 3833'. Pumped 200 sx Class "C" cement in hole. WOC to cure. Tagged cement at 3242'. Drilled 100' of cement. Cement soft and will wash without drilling, at this point we had 70' cement remaining inside casing. Circulated bottoms up and WOC for 8 hrs. Resumed drilling cement.

  
Regulatory Reporting Technician  
May 15, 2014