

Office

Energy, Minerals and Natural Resources

October 13, 2009

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Ave., Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

87505

RECEIVED

AUG 30 2010

NMOCD ARTESIA

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

WELL API NO.

30-015-37549

5. Indicate Type of Lease

STATE ☒ FEE ☐

6. State Oil & Gas Lease No.

VB-0693

7. Lease Name or Unit Agreement Name

B. Graham BPU State

8. Well Number

1H

9. OGRID Number

025575

10. Pool name or Wildcat

Wildcat; Bone Spring

SUNDRY NOTICES AND REPORTS ON WELLS

(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.)

1. Type of Well: Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

Yates Petroleum Corporation

3. Address of Operator

105 South Fourth Street, Artesia, NM 88210

4. Well Location

Unit Letter M : 380 feet from the South line and 200 feet from the West line
Unit Letter P : 380 feet from the South line and 330 feet from the East line

Section 1 Township 26S Range 28E NMPM Eddy County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)

2941'GR

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 ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐COMMENCE DRILLING OPNS. ☐ P AND A ☐CASING/CEMENT JOB ☐OTHER: ☐OTHER: Production 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.

7/26/10 - Continued to drill directionally.. KOP at 6390'.

7/31/10 - TD 8-3/4" hole to 7313' at 4:15 AM. Reduced hole to 7-7/8" and resumed drilling.

8/8/10 - Reached TD 7-7/8" hole to 11,375' at 4:15 PM. Set 5-1/2" 17# P-110, L-80 LT&C casing at 11,375'. Float collar at 11,328'.

Cemented stage 1 with 820 sx PVL + 0.5% D079 + 0.2% D112 + 30% D151 + 2% D174 + 0.8% D800 + 0.2% D46 (yld 1.83, wt 13).

Circulated 153 sx to pit. Cemented stage 2 with 700 sx 35:65:6 Poz "C" + 6% D020 + 2#/sx D042 + 0.2% D046 + 0.125#/sx D130 + 5%

D44 (yld 2.08, wt 12.6). No cement to surface.

Spud Date:

6/30/10

Rig Release Date:

8/11/10

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

SIGNATURE Tina Huerta TITLE Regulatory Compliance Supervisor DATE August 25, 2010Type or print name Tina Huerta E-mail address: tinah@yatespetroleum.com PHONE: 575-748-4168

For State Use Only

APPROVED BY: Donald Gray TITLE Field Supervisor DATE 9-24-10

Conditions of Approval (if any):

OK