

District I
 1625 N. French Dr., Hobbs, NM 88240
 Phone:(505) 393-6161 Fax:(505) 393-0720

District II
 1301 W. Grand Ave., Artesia, NM 88210
 Phone:(505) 748-1283 Fax:(505) 748-9720

District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 Phone:(505) 334-6178 Fax:(505) 334-6170

District IV
 1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 Permit21312

Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

WELL API NUMBER 30-015-34352
5. Indicate Type of Lease S
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name TUCO BHE STATE COM
8. Well Number 001
9. OGRID Number 25575
10. Pool name or Wildcat

SUNDRY NOTICES AND REPORTS ON WELLS
 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVIOR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: G

2. Name of Operator
 YATES PETROLEUM CORPORATION

3. Address of Operator
 105 S 4TH ST , ARTESIA , NM 88210

4. Well Location
 Unit Letter 1 : 1100 feet from the N line and 660 feet from the E line
 Section 2 Township 21S Range 22E NMPM Eddy County

11. Elevation (Show whether DR, KB, BT, GR, etc.)
 4063 GR

Pit or Below-grade Tank Application or Closure
 Pit Type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____
 Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____

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

NOTICE OF INTENTION TO:	SUBSEQUENT REPORT OF:		
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTER CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE OF PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
Other: _____		Other: Spud	<input checked="" type="checkbox"/>

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 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

1/7/2006 Spudded well.
 1/7/06 Spudded well at 11:00 PM. Set 40' of 20" conductor and cemented to surface.
 1/10/06 Resumed drilling at 2:00 AM.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines , a general permit or an (attached) alternative OCD-approved plan .

SIGNATURE Electronically Signed TITLE Regulatory Agent DATE 1/12/2006

Type or print name Debbie Caffall E-mail address debbiec@ypcnm.com Telephone No. 505-748-4376

For State Use Only:
 APPROVED BY: Bryan Arrant TITLE Geologist DATE 1/12/2006