

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

HOBBS OCD

Energy, Minerals and Natural Resources

APR 07 2014

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

RECEIVED

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|---|--|---|
| <p>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.)</p> | | <p>WELL API NO. 30-025-40515</p> |
| <p>1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/></p> | | <p>5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/></p> |
| <p>2. Name of Operator Yates Petroleum Corporation</p> | | <p>6. State Oil & Gas Lease No. VB-1185</p> |
| <p>3. Address of Operator 105 South Fourth Street, Artesia, NM 88210</p> | | <p>7. Lease Name or Unit Agreement Name Taipan BST State</p> |
| <p>4. Well Location Unit Letter C : 175 feet from the North line and 2200 feet from the West line Unit Letter N : 330 feet from the South line and 2200 feet from the West line Section 31 Township 24S Range 33E NMPM Lea County</p> | | <p>8. Well Number 1H</p> |
| <p>11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3540' GR</p> | | <p>9. OGRID Number 025575</p> |
| <p>10. Pool name or Wildcat Wildcat; Bone Spring</p> | | |

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

| NOTICE OF INTENTION TO: | SUBSEQUENT REPORT OF: |
|---|---|
| <p>PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/></p> <p>TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/></p> <p>PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/></p> <p>DOWNHOLE COMMINGLE <input type="checkbox"/></p> <p>CLOSED-LOOP SYSTEM <input type="checkbox"/></p> <p>OTHER: <input type="checkbox"/></p> | <p>REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/></p> <p>COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/></p> <p>CASING/CEMENT JOB <input type="checkbox"/></p> <p>OTHER: Production casing <input checked="" type="checkbox"/></p> |

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.

3/1/14 - Drilled to 10,604' KOP and continued drilling directionally.
3/3/14 - Drilled to 11,245' and reduced hole to 8-1/2" and continued drilling.
3/10/14 - Reached TD 8-1/2" hole to 15,778'.
3/13/14 - Set 5-1/2" 17# HCP-110 BT&C casing at 15,778'. DV/Stage tool at 6532' and 10,464'. Float collar at 15,729'. Cemented stage 1 with 1000 sx 50/50 Poz cement with additives (yld 1.83, wt 13). Drop opening bomb, pressured up to 2000 psi and open DV tool. Did not circulate cement. Cemented stage 2 with 600 sx 35:65:6 Poz "H" with additives (yld 2.02, wt 12.6). Tailed in with 100 sx 50/50 Poz with additives (yld 1.37, wt 14.2). No returns throughout 2nd stage.

Spud Date: 6/28/12 Rig Release Date: 3/14/14

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

SIGNATURE: Tina Huerta TITLE: Regulatory Reporting Supervisor DATE: April 3, 2014

Type or print name: Tina Huerta E-mail address: tina.huerta@yatespetroleum.com PHONE: 575-748-4272

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APPROVED BY: [Signature] TITLE: Petroleum Engineer DATE: APR 09 2014

Conditions of Approval (if any):

APR 14 2014