<u>District I</u> State of New Mexico Form C-103 1625 N. French Dr., Hobbs, NM 88240 Permit 36496 Energy, Minerals and Natural Resources Phone:(505) 393-6161 Fax:(505) 393-0720 WELL API NUMBER Oil Conservation Division 1301 W. Grand Ave., Artesia, NM 88210 30-015-34865 Phone:(505) 748-1283 Fax:(505) 748-9720 1220 S. St Francis Dr. Santa Fe, NM 87505 Indicate Type of Lease 1000 Rio Brazos Rd., Aztec, NM 87410 Phone:(505) 334-6178 Fax:(505) 334-6170 1220 S. St Francis Dr., Santa Fe, NM 87505 State Oil & Gas Lease No. Phone:(505) 476-3470 Fax:(505) 476-3462 SUNDRY NOTICES AND REPORTS ON WELLS 7. Lease Name or Unit Agreement Name (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO POKER BIX A DIFFRENT RESERVIOR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH 8. Well Number PROPOSALS.) 001 Type of Well: () 9. OGRID Number 2. Name of Operator VATES PETROLELIM CORPORATION 25575 3. Address of Operator 10. Pool name or Wildcat. 105 S 4TH ST, ARTESIA, NM 88210 4. Well Location 330 N 330 W Unit Letter feet from the line and feet from the line 24S 31E NMPM Eddy Section Township Range County Elevation (Show whether DR, KB, BT, GR, etc.) 3562 GR Pit or Below-grade Tank Application or Closure _ Depth to Groundwater_ Distance from nearest fresh water well_ Distance from nearest surface water_ Pit Type Below-Grade Tank: Volume_ bbls; Construction Material Pit Liner Thickness: mil Check Appropriate Box to Indicate Nature of Notice, Report or Other Data SUBSEQUENT REPORT OF: NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK | PLUG AND ABANDON | REMEDIAL WORK ALTER CASING TEMPORARILY ABANDON | CHANGE OF PLANS PLUG AND ABANDON | COMMENCE DRILLING OPNS. | PULL OR ALTER CASING CASING/CEMENT JOB Other Other: Drilling/Cement X 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. 7/31/06 Set 8-5/8" 24#, 32# J-55 HCK-110 casing at 4472". Cemented with 1200 sx 35:65:6 Poz "C" + 0.125#/sx D130 + 6% D20 + 5#/sx D24 + 1% S1 (yld 1.99, wt 12.6). Tailed in with 200 sx "C" + 1% S1 (yld 1.32, wt 14.8). Cement circulated to surface. Tested casing to 1500 psi for 30 min. WOC 26 hrs 45 min. Reduced hole to 7-7/8" and resumed drilling. 8/6/06 Reached TD 8508' 8/8/06 Set 5-1/2" 15.5#, 17# J-55 casing at 8508'. Float collar at 8462'. Cemented with 600 sx PVL with additives (yld 1.41, wt 13) and 300 sx Litecrete with additives (yld 2.78, wt 9.9). Tailed in with 100 sx 7/17/2006 Spudded well. Casing and Cement Program Fluid Hole Csg Weight Est Dpth Pres Pres Open Yield Class Date String Grade Sacks Size Size Ib/ft TOC Set Dpth Held Drop Hole 07/25/06 17.5 13.375 48 0 732 780 Surf 07/31/06 8.625 24 0 4472 1400 11 8508 08/08/06 Prod 7.875 5.5 15.5 0 1000 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 DATE 8/17/2006

E-mail address shirleyp@ypcnm.com

TITLE Geologist

Telephone No. 505-748-4356

DATE 8/17/2006 1:05:07 PM

Type or print name Shirley Pruitt

Bryan Arrant

For State Use Only: APPROVED BY: **Drilling Comments**

OGRID: [25575] YATES PETROLEUM CORPORATION

Permit Number: 36496
Permit Type: Drilling

Created By	Comment	Comment Date
TINAH	Submitted by Tina Huerta, Regulatory Compliance Supervisor	8/17/2006