

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

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

WELL API NO. 30-015-41969
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Thomas AJJ
8. Well Number 7H
9. OGRID Number 025575
10. Pool name or Wildcat Penasco Draw; SA-Yeso

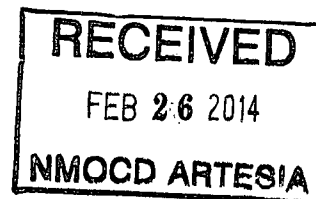
<p>SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)</p>																																		
<p>1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/></p>																																		
<p>2. Name of Operator Yates Petroleum Corporation</p>																																		
<p>3. Address of Operator 105 South Fourth Street, Artesia, NM 88210</p>																																		
<p>4. Well Location</p> <table border="0"> <tr> <td>Unit Letter</td> <td>I</td> <td>:</td> <td>1500</td> <td>feet from the</td> <td>South</td> <td>line and</td> <td>150</td> <td>feet from the</td> <td>East</td> <td>line</td> </tr> <tr> <td>Unit Letter</td> <td>L</td> <td>:</td> <td>1700</td> <td>feet from the</td> <td>South</td> <td>line and</td> <td>330</td> <td>feet from the</td> <td>West</td> <td>line</td> </tr> <tr> <td>Section</td> <td>8</td> <td></td> <td></td> <td>Township</td> <td>19S</td> <td>Range</td> <td>25E</td> <td>NMPM</td> <td>Eddy</td> <td>County</td> </tr> </table>		Unit Letter	I	:	1500	feet from the	South	line and	150	feet from the	East	line	Unit Letter	L	:	1700	feet from the	South	line and	330	feet from the	West	line	Section	8			Township	19S	Range	25E	NMPM	Eddy	County
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<p>11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3,455 GR</p>																																		

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

<p><b>NOTICE OF INTENTION TO:</b></p> <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><b>SUBSEQUENT REPORT OF:</b></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: Spud <input checked="" type="checkbox"/></p>
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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.

2/17/14 - Spudded well with rathole service at 1:30 pm. Hole size 30". Set 60' of 20" conductor and cemented with 6 sacks redi-mix to surface. Waiting on rotary tools.



Spud Date: 2/17/14

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 February 25, 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 Dr. P. Supervisor DATE 2/27/2014

Conditions of Approval (if any):