

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

NM OIL CONSERVATION

ARTESIA DISTRICT

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

JAN 28 2015

RECEIVED

WELL API NO. 30-015-42624
5. Indicate Type of Lease STATE [X] FEE []
6. State Oil & Gas Lease No. VB-1766
7. Lease Name or Unit Agreement Name Spunky BUK State Com
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 [X] 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 D : 200 feet from the North line and 660 feet from the West line
Unit Letter M : 230 feet from the South line and 660 feet from the West line
Section 2 Township 26S Range 26E NMPM Eddy County
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3,380' 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 []
CLOSED-LOOP SYSTEM []
OTHER: []

SUBSEQUENT REPORT OF:

- REMEDIAL WORK [] ALTERING CASING []
COMMENCE DRILLING OPNS. [] P AND A []
CASING/CEMENT JOB []
OTHER: Surface and Intermediate casing [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 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

1/12/15 - Resumed drilling with rotary tools at 8:00 pm.
1/13/15 - TD 17-1/2" hole to 394'. Set 13-3/8" 48# J-55 ST&C casing at 394'. Cemented with 316 sacks Class "C" + 0.5% D020 + 5#/sx D042 + 0.2% D046 + 0.03 gal/sx D080 + 0.13#/sx D130 (yld 1.36, wt 14.80). Circulated 76 sacks to the surface.
1/14/15 - Tested casing to 800 psi, good. WOC 25 hours. Reduced hole to 12-1/4" and resumed drilling.
1/15/15 - TD 12-1/4" hole to 2,024'. Set 9-5/8" 36# J-55 LT&C casing at 2,024'. Cemented with 467 sacks Class "C" + 2.5% D020 + 5#/sx D042 + 5% D044 + 0.2% D046 + 0.13# D130 + 94#/sx D903 (yld 2.10, wt 12.80). Tailed in with 130 sacks Class "C" + 0.5% D020 + 5#/sx D042 + 0.2% D046 + 0.13#/sx D130 + 94#/sx D903 (yld 1.36, wt 14.80). Circulated 134 sacks to the surface.
1/17/15 - Tested casing to 1200 psi, good test. WOC 25 hours. Reduced hole to 8-3/4" and resumed drilling.

Spud Date: 9/16/14

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 January 26, 2015

Type or print name Laura Watts E-mail address: laura@yatespetroleum.com PHONE: 575-748-4272

APPROVED BY: [Signature] TITLE Dist # Supervisor DATE 2/3/2015

Conditions of Approval (if any):