

Submit 1 Copy To Appropriate District
Office
District I
1625 N French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St Francis Dr., Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
October 13, 2009

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

WELL API NO. 30-015-35047
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. VO-6515
7. Lease Name or Unit Agreement Name Draw BJJ State
8. Well Number 1
9. OGRID Number 025575
10. Pool name or Wildcat Corral Canyon; Bone Spring, South

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 <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>	RECEIVED FEB - 9 2010 NMOCD ARTESIA
2. Name of Operator Yates Petroleum Corporation	
3. Address of Operator 105 South Fourth Street, Artesia, NM 88210	
4. Well Location Unit Letter <u>K</u> : <u>2310</u> feet from the <u>South</u> line and <u>2310</u> feet from the <u>West</u> line Section <u>36</u> Township <u>25S</u> Range <u>29E</u> NMPM <u>Eddy</u> County	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3052'GR	

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"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
DOWNHOLE COMMINGLE <input type="checkbox"/>			
OTHER: <input type="checkbox"/>		OTHER: Plugback, squeeze existing Delaware, Peforate and stimulate Bone Spring <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 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

12/29/09 - Unseat pump. POOH with tubing. NU BOP. Set 5-1/2" CIBP at 8010' with 35' cement on top. Set cement retainer at 6800'.
12/30/09 - Sting into retainer at 6800'. Loaded casing with 50.5 bbls. Pumped 19 bbls load. Squeezed Delaware 6836'-7038' with 50 sx and 100 sx Class "C" Neat. Walking squeeze to 1000 psi, good. Reverse circulated 10 sx. POOH with stinger. Set cement retainer at 5570'.
1/3/10 - Sting into retainer at 5570'. Squeezed Delaware 5602'-5740' with 50 sx and 100 sx Class "C" Neat. Walking squeeze to 1000 psi, good. Reverse circulated 5 sx. POOH with stinger.
1/4/10 - RIH and tagged at 5570'. Drilled out cement retainer and 7' cement. Reversed clean.
1/5/10 - Drilled out hard cement from 5577'-5651'. Fell out cement at 5748'. Tested to 500 psi, in 5 min pressure dropped 140 psi. RIH and tagged at 6800'.
1/6/10 - Drilled out cement retainer at 6800'. No cement until 6824'. Drilled out cement to 7043', fell through. Circulated clean. Tested to 500 psi, good.

CONTINUED ON NEXT PAGE:

Spud Date:	<input type="text"/>	Rig Release Date:	<input type="text"/>
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I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Tina Huerta TITLE Regulatory Compliance Supervisor DATE February 4, 2010

Type or print name Tina Huerta E-mail address: tinah@yatespetroleum.com PHONE: 575-748-4168

For State Use Only

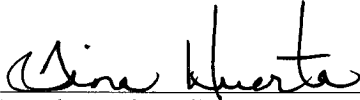
APPROVED BY: David May TITLE Field Supervisor DATE 2-16-10
Conditions of Approval (if any): Provide sundry of thg. detail

Yates Petroleum Corporation
Draw BJL State #1
Section 36-T25S-R29E
Eddy County, New Mexico
Page 2

Form C-103 continued:

1/7/10 – Pressure tested casing to 500 psi, in 5 min pressure dropped 10 psi.
1/8/10 – Perforated Bone Spring 7928'-7932' (15), 7892'-7896' (15), 7854'-7858' (15), 7826'-7839' (15), 7794'-7798' (15) and 7744'-7748' (15).
Tested casing to 500 psi, in 15 min pressure dropped to 440 psi. Acidized w/2000g 7-1/2% MSA acid. Dropped 120 balls and balled out with 100 on.
1/12/10 – Frac Bone Spring with 25# CMHPG liner gel system, 12,009# 100 mesh sand, 25,208# 40/70 Jordan-Unimin, 16,708# 20/40 Jordan-Unimin.
1/17/10 – Set 5-1/2" Weatherford flow thru plug at 7675'. Perforated Bone Spring 7602'-7606' (15), 7552'-7556' (15), 7526'-7530' (15), 7506'-7510' (15), 7402'-7406' (15), 7330'-7334' (15) and 7272'-7274' (9).
1/18/10 – Acidized Bone spring with 2888g 7-1/2% MSA acid. Frac using slickwater and 25# liner gel, 12,000# 100 mesh, 26,056# 40/70 Jordan-Unimin, 18,473# 20/40 Jordan-Unimin sand.
1/25/10 – RIH and tagged at 7672'. Drilled out 3' sand and flow thru plug. Reversed clean. RIH and tagged at 7970'. 2-7/8" tubing at 7841'.

WELL IS NOW PRODUCING FROM BONE SPRING ONLY EFFECTIVE 2/1/10


Regulatory Compliance Supervisor
February 4, 2010