

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

RECEIVED AUG 30 2010 NMOCD ARTESIA		WELL API NO. 30-015-37126	
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.)		5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>	
1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>		6. State Oil & Gas Lease No. V-3346	
2. Name of Operator Yates Petroleum Corporation		7. Lease Name or Unit Agreement Name Loving AIB State	
3. Address of Operator 105 South Fourth Street, Artesia, NM 88210		8. Well Number 7	
4. Well Location Unit Letter <u>P</u> : <u>510</u> feet from the <u>South</u> line and <u>660</u> feet from the <u>East</u> line Section <u>16</u> Township <u>23S</u> Range <u>28E</u> NMPM <u>Eddy</u> County		9. OGRID Number 025575	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3031' GR		10. Pool name or Wildcat South Culebra Bluff-Bone Spring	

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 ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER: ☐

OTHER: Spud, surface, intermediate and production casing ☒

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.

8/9/10 – Spudded well at 3:30 PM. Set 80' of 20" conductor and cemented to surface with redi-mix.

8/13/10 – Resumed drilling at 10:00 PM.

8/14/10 – TD 17-1/2" hole to 308' at 5:30 AM. Set 13-3/8" 48# J-55 ST&C casing at 308'. Cemented with 350 sx Class "C" + 0.125#/sx D130 + 0.5% S1 (yld 1.34, wt 14.8). Circulated 176 sx to pit. Tested casing to 600 psi for 30 min, good. WOC 22 hrs. Reduced hole to 11" and resumed drilling.

8/17/10 – TD 11" hole to 2490' at 4:15 AM. Set 8-5/8" 24#, 32# J-55 ST&C casing at 2490'. Cemented with 600 sx 35:65:6 Poz "C" + 0.125#/sx D134 + 6% D20 + 5% D44 + 0.2% D46 (yld 2.06, wt 12.6). Tailed in with 200 sx Class "C" + 0.2% D13 (yld 1.33, wt 14.8). Circulated 192 sx to pit. Tested casing to 1500 psi for 30 min, Ok. WOC 21 hrs 15 min. Reduced hole to 7-7/8" and resumed drilling.

8/22/10 – Reached TD 7-7/8" hole to 7609' at 3:15 PM. Set 5-1/2" 15.5#, 17# J-55 LT&C casing at 7609'. Float collar at 7565'.

Cemented stage 1 with 625 sx PVL + 0.3% D112 + 0.2% D46 + 0.35% D800 (yld 1.40, wt 13). Cemented stage 2 with 260 sx 35:65:6 Poz "C" + 0.2% D13 + 0.125#/sx D130 + 6% D20 + 2#/sx D42 + 5% D44 + 0.2% D46 (yld 2.07, wt 12.6). Tailed in with 100 sx Class "C" + 0.2% D13 (yld 1.33, wt 14.8). Calc. TOC at 1990'.

Spud Date: 8/9/10

Rig Release Date: 8/25/10

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 August 25, 2010

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

For State Use Only

APPROVED BY: David Gray TITLE Compliance Officer DATE 8-30-10
Conditions of Approval (if any): OK