

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

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

<p><b>SUNDRY NOTICES AND REPORTS ON WELLS</b> (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>WELL API NO. 30-015-38401</p>
<p>1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/></p>		<p>5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/></p>
<p>2. Name of Operator Yates Petroleum Corporation</p>		<p>6. State Oil &amp; Gas Lease No. VA-1750</p>
<p>3. Address of Operator 105 South Fourth Street, Artesia, NM 88210</p>		<p>7. Lease Name or Unit Agreement Name Gem Dandy BCG State</p>
<p>4. Well Location Surface E : 1447 feet from the North line and 470 feet from the West line BHL H : 2280 feet from the North line and 330 feet from the East line Section 35 Township 16S Range 27E NMPM Eddy County</p>		<p>8. Well Number 3H</p>
<p>11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3424'GR</p>		<p>9. OGRID Number 025575</p>
<p>10. Pool name or Wildcat Empire; Wolfcamp, Northwest</p>		

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:

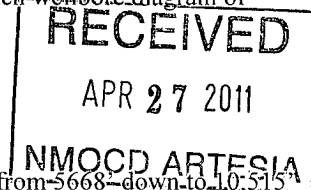
REMEDIAL WORK ☐ ALTERING CASING ☐  
COMMENCE DRILLING OPNS. ☐ P AND A ☐  
CASING/CEMENT JOB ☐

OTHER: ☐

OTHER: 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.

4/4/11 - Reached KOP at 5560' and continued to drill directionally.  
4/7/11 - Drilled to 6426' and reduced 8-3/4" hole to 8-1/2".  
4/14/11 - Reached TD 8-1/2" hole to 10,520' at 5:45 PM.  
4/16/11 - Set 5-1/2" 17#, 20# L-80 HCP-110 LT&C 8rd casing at 10,520'. Displaced hole with 2% KCL from 5668' down to 10,515' with Oxygen Scavenger, Biocide and 2% KCL inside of casing. Dropped seat ball. Cemented with 800 sx 35:65:6 Poz "C" + 6% D020 + 1% D112 + 0.125#/sx D130 + 5% D44 + 0.2% D46 + 2#/sx D42 (yld 2.08, wt 12.6). Tailed in with 100 sx Class "C" + 0.02 GPS D177 + 0.2% D13 (yld 1.33, wt 14.8). Displaced with fresh water, Oxygen Scavenger and Biocide from surface to 5668'. Circulated 35 sx to pit. Float collar at 10,518'. Rock Seal II openhole packers at 5724', 6073', 6396', 6712', 6994', 7316', 7633', 7909', 8228', 8505', 8823', 9140', 9415', 9739', 10,019', 10,339' and 10,395'. Frac ports at 6170', 6574', 6857', 7177', 7457', 7773', 8049', 8369', 8685', 8958', 9276', 9557', 9880', 10,160' and Hydraulic Opening port at 10,454'.



Spud Date: 3/20/11 Rig Release Date: 4/17/11

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 April 25, 2011

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 Field Supervisor DATE 5-3-11  
Conditions of Approval (if any):