

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

October 13, 2009

<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>WELL API NO. 30-015-37555</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 & Gas Lease No. VO-7290</p>
<p>3. Address of Operator 105 South Fourth Street, Artesia, NM 88210</p>		<p>7. Lease Name or Unit Agreement Name Cheroot BPF State Com</p>
<p>4. Well Location Unit Letter <u>P</u> : <u>660</u> feet from the <u>South</u> line and <u>330</u> feet from the <u>East</u> line Section <u>3</u> Township <u>25S</u> Range <u>27E</u> NMPM <u>Eddy</u> County</p>		<p>8. Well Number 1H</p>
<p>11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3191'GR</p>		<p>9. OGRID Number 025575</p>
		<p>10. Pool name or Wildcat Wildcat; Bone Spring</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.

5/12/11 – Drilled to 7720' KOP and continued to drill directionally.

5/15/11 – Drilled to 8528' and reduced hole to 8-1/2" and continued to drill directionally.

5/20/11 – Reached TD 8-1/2" hole to 12,604'.

5/23/11 – Set 5-1/2" 17# HCP-110 L-80 LT&C casing at 12,604'. DV tool/stage tool at 4010'. Float collar at 12,509'. Cemented stage 1 with 820 sx 35:65:6 Poz "C" + 6% D020 + 3#/sx D042 + 5% D044 + 1% D112 + 0.125#/sx D130 + 0.2% D046 (yld 2.07, wt 12.6).

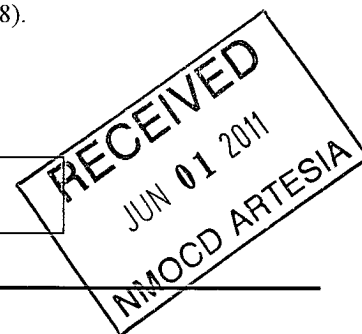
Tailed in with 730 sx PVL + 0.2% D046 + 0.5% D079 + 0.5% D112 + 30% D151 + 1.5% D174 + 0.03#/sx D177 + 0.6% D800 (yld 1.83, wt 13). Circulated 82 sx to pit. Cemented stage 2 with 340 sx 35:65:6 Poz "C" + 6% D020 + 3#/sx D042 + 5% D044 + 0.2% D046 + 1% D112 + 0.125#/sx D130 (yld 2.08, wt 12.6). Tailed in with 100 sx Class "C" + 0.2% D201 (yld 1.33, wt 14.8).

Spud Date:

2/1/10

Rig Release Date:

5/23/11



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 May 31, 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 6-8-11

Conditions of Approval (if any):