

Submit 1 Copy To Appropriate District
Office
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

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
Revised August 1, 2011

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

WELL API NO. 30-015-31607
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. V-3850
7. Lease Name or Unit Agreement Name Lucy ALC State
8. Well Number 1
9. OGRID Number 025575
10. Pool name or Wildcat Lost Tank; Delaware, West

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 JUN 06 2012 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>P</u> : <u>330</u> feet from the <u>South</u> line and <u>330</u> feet from the <u>East</u> line Section <u>34</u> Township <u>21S</u> Range <u>31E</u> NMPM Chaves County	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3505' 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 checked="" 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: <input 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.

Yates Petroleum Corporation plans to perform a workover as follows:

1. MIRU WSU and NU BOP. RU all safety equipment as needed. POOH with all production equipment.
2. TIH with packer to 6800' and test back side.
3. If it holds, TOH and TIH with RBP and packer. Straddle each set of perforation interval working from the bottom and up (6854'-6888', 7604'-7616' and 7904'-7920') and swab test. Set the RBP 50' below bottom perf and packer 50' above top perf of each perf interval. Identify the major water source.
4. We will add perfs below and above current base zone, so we plan to squeeze bottom set of perfs.
5. Set cement retainer at +/-7850'. Squeeze perfs with 75 sx Neat cement + 75 sx cement with 0.4% FL. Stage squeeze to +/-1500 psi. High pressure not required.
6. Straddle and squeeze the perfs identified as the main water zone unless it was the bottom zone and already squeezed. TIH with RBP to +/-50' below bottom perf and spot sand on top. Set cement retainer at +/-50' above top perf. Squeeze perfs with 75 sx Neat cement + 75 sx cement with 0.4% FL. Stage squeeze to +/-1500 psi. High pressure not required.

CONTINUED ON NEXT PAGE:

Spud Date:

Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Tina Huerta TITLE Regulatory Reporting Supervisor DATE June 1, 2012

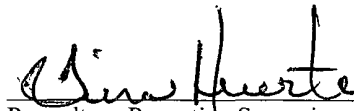
Type or print name Tina Huerta E-mail address: tinah@yatespetroleum.com PHONE: 575-748-4168
For State Use Only

APPROVED BY: T. C. Shepard TITLE Geologist DATE 6/6/2012
Conditions of Approval (if any):

Form C-103 continued:

7. WOC for a minimum of 24 hrs.
8. Drill out cement retainers, test and make sure the squeeze job went well.
9. Perforate additional Delaware 8082'-8094' (13).
10. Acidized with 1500g 7-1/2% NEFE acid. Overdisplace 5 bbls. Pump the acid at 3-4 BPM. Flush to bottom perf with 3% KCL water.
11. Swab test and evaluate for frac.
12. If decide to frac, TIH with tubing and packer to +/-7935' (see attached frac).
13. Shut the well in for a minimum of 4 hrs or overnight if the frac was late in the afternoon to allow gel to break.
14. Flow the well back if it will flow.
15. POOH with tubing and packer. Set a composite plug at 7850'. Set a packer at 7550'.
16. Perforate additional Delaware 7768'-7776' (9), 7802'-7822' (21).
17. Acidized with 2500g 7-1/2% NEFE acid. Overdisplace 5 bbls. Pump the acid at 3-4 BPM. Flush to bottom perf with 3% KCL water.
18. Swab test and evaluate frac.
19. If decide to frac, TIH with tubing and packer to +/-7625' (see attached frac).
20. Shut the well in for a minimum of 4 hrs or overnight if the frac was late in the afternoon to allow gel to break.
21. Flow well back if it will flow. POOH with tubing and packer. TIH with tubing and bit to clean out sand, drill composite plug at +/- 7850' and clean out sand to PBTD.
22. TIH with production string and turn well over to production.

Wellbore schematics and frac information attached.



Regulatory Reporting Supervisor

June 1, 2012

WELL NAME: Lucy "ALC" State #1 FIELD: Lost Tank

LOCATION: Unit P, 330' FSL & 330' FEL Sec 34-21S-31E Eddy County NM

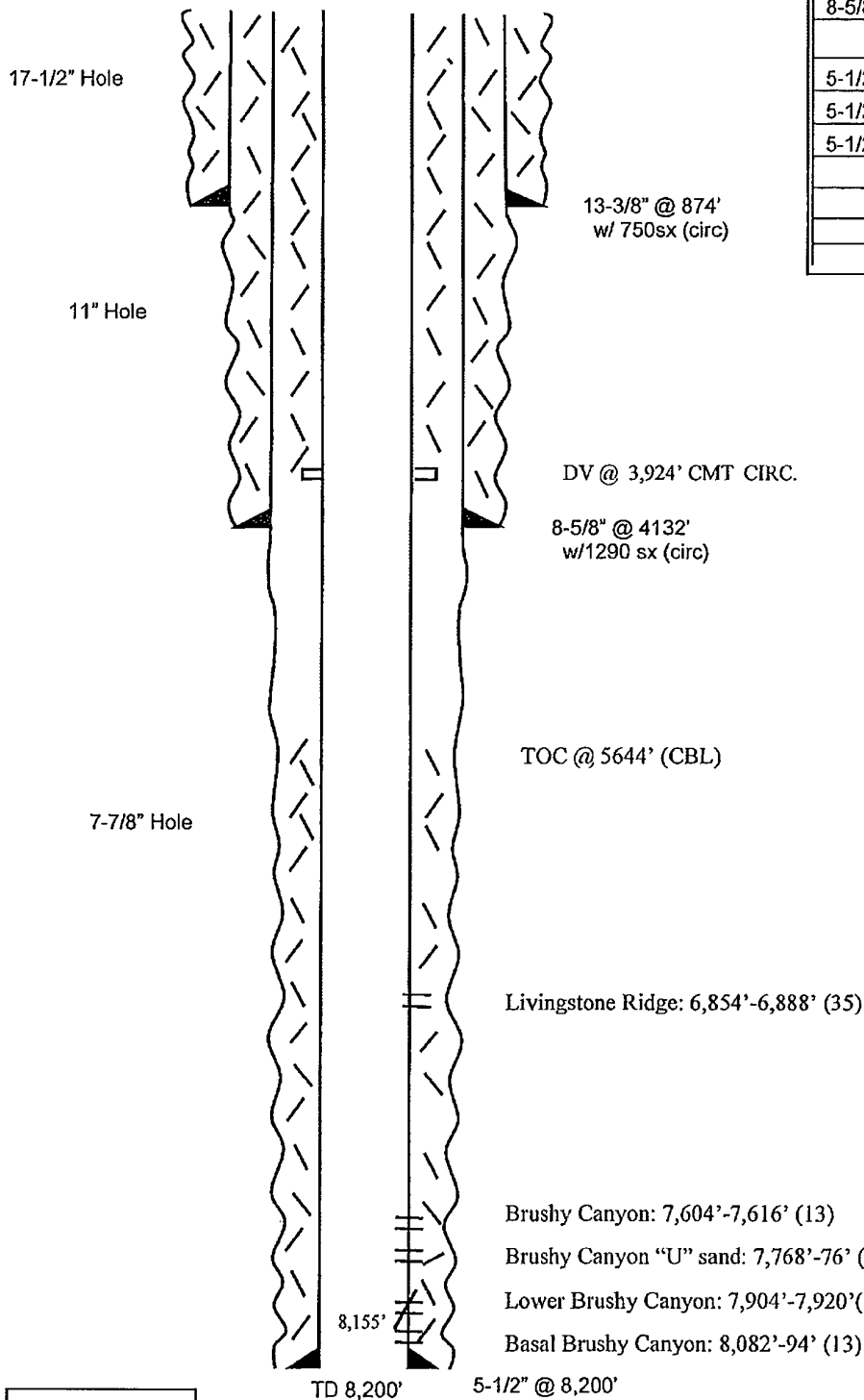
GL: 3505' ZERO: KB:

SPUD DATE: 3/22/01 COMPLETION DATE: 5/4/01

COMMENTS: API # 30-015-31607

CASING PROGRAM

13-3/8" 48# H40 ST&C	874'
8-5/8" 32# J55 ST&C	4010'
5-1/2" 17# J55 LT&C	1,532'
5-1/2" 15.5 J55 LT&C	6,429'
5-1/2" 17# J55 LT&C	239'
	8200'



After

Fm tops:	
Rustler	591'
TOS	894'
BOS	3946'
Bell Canyon	4240'
Cherry Canyon	5372'
Livingstone Ridge	6825'
Brushy Canyon	6984'
Bone Spring	8145'

Not to Scale
MMFH

8,082'-94' (13)
13 holes total
1 JSPF 60 deg. Phasing

10. TIH w tubing and packer, spot, break and acidize with 1500 gals 7.5% NEFE acid. Over displace 5 bbls. Pump the acid at 3-4 BPM. Flush to bottom perf. with 3% KCL water.
11. Swab test. Evaluate for frac.
12. If deciding to frac, TIH w 2 7/8" tbg, set packer @ +/-7,935 MIRU frac crew to frac 8,082'-94' through 2 7/8" frac string at 15 bpm;

Treating Schedule					

		lbs Proppant			
Stage	gal	Prop Conc	-----		
Number		lb/gal	Stage	Cumulative	Proppant Type
1	7500.	0.00	0.	0.	pad
2	12500.	2 - 6	50000.	50000.	20/40 RCS
3	+/-8080.	0.0	0.	0.	3% KCL Water flush

Estimated Surface Treating Pressure @ 15 BPM = 5409 psi.

Fluid Specifications: A 20# Borate Crosslinked Guar gel, with a sand surfactant package, 1 gpt migrating clay control additive. **Design breakers for 50% retained viscosity for 2 hours with a complete break in 4 hours.** Use encapsulated enzyme breaker and liquid enzyme breaker to achieve a 4-hour break. The liquid breaker must be pumped into the downhole side of the blender so that when the tub is bypassed breaker will still be going into the system. When the sand starts to fall off go to bypass and flush down to top perf. **For resin coated sand use 10 gpt activator.**

13. RD frac equipment. Shut the well in for a minimum of 4 hrs, or over night if the frac was late in the afternoon to allow the gel to break.
14. Flow the well back if it will flow.
15. POOH w tbg and packer. TIH w composite plug and set @ 7,850'. POOH. TIH w packer and set @ 7,550'
16. RU WL and lubricator and perforate the Brushy Canyon "U" sand with 1 spf 60° using the deepest penetrating charges available with a +/- .42" diameter hole, as follows:

7,768'-76' (9), 7,802'-22' (21)
30 holes total
1 JSPF 60 deg. Phasing

17. TIH w tubing and packer, spot, break and acidize with 2500 gals 7.5% NEFE acid. Over displace 5 bbls. Pump the acid at 3-4 BPM. Flush to bottom perf. with 3% KCL water.
18. Swab test and evaluate for frac.
19. If deciding to frac, TIH w 2 7/8" tbg, set packer @ +/-7,625. MIRU frac crew to frac 7,768'-7,824' through 2 7/8" frac string at 15 bpm;

Treating Schedule

Stage Number	gal	Prop Conc lb/gal	lbs Proppant		Proppant Type
			Stage	Cumulative	
1	5000.	0.00	0.	0.	pad
2	12500.	2 - 6	50000.	50000.	20/40 RCS
3	+/-7604.	0.0	0.	0.	3% KCL Water flush

Estimated Surface Treating Pressure @ 15 BPM = 5,114 psi.

Fluid Specifications: A 20# Borate Crosslinked Guar gel, with a sand surfactant package, 1 gpt migrating clay control additive. **Design breakers for 50% retained viscosity for 2 hours with a complete break in 4 hours.** Use encapsulated enzyme breaker and liquid enzyme breaker to achieve a 4-hour break. The liquid breaker must be pumped into the downhole side of the blender so that when the tub is bypassed breaker will still be going into the system. When the sand starts to fall off go to bypass and flush down to top perf. **For resin coated sand use 10 gpt activator**

20. RD frac equipment. Shut the well in for a minimum of 4 hrs, or over night if the frac was late in the afternoon to allow the gel to break.
21. Flow the well back if it will flow. POOH w tbg and packer. TIH with tubing and bit to clean out sand, drill composite plug @ +/-7,850' and clean out sand to PBTD. POOH.
22. TIH w production string as per Production Departments's specification and TWOTP to run pump.