

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

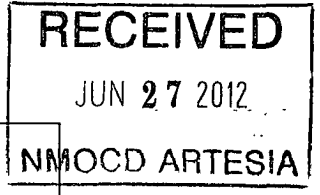
SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS) 1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>		WELL API NO. 30-015-39673
2. Name of Operator Yates Petroleum Corporation		5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
3. Address of Operator 105 South Fourth Street, Artesia, NM 88210		6. State Oil & Gas Lease No. VB-1077
4. Well Location Unit Letter <u>P</u> : <u>660</u> feet from the <u>South</u> line and <u>200</u> feet from the <u>East</u> line Unit Letter <u>M</u> : <u>660</u> feet from the <u>South</u> line and <u>330</u> feet from the <u>West</u> line Section <u>24</u> Township <u>20S</u> Range <u>27E</u> NMPM Eddy County		7. Lease Name or Unit Agreement Name Steelers BRS State
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3341'GR		8. Well Number 1H
9. OGRID Number 025575		10. Pool name or Wildcat Penlon; Bone Spring, East

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

<b>NOTICE OF INTENTION TO:</b> PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/> DOWNHOLE COMMINGLE <input type="checkbox"/> OTHER: <input type="checkbox"/>	<b>SUBSEQUENT REPORT OF:</b> REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS <input type="checkbox"/> P AND A <input type="checkbox"/> CASING/CEMENT JOB <input type="checkbox"/> OTHER: Production casing <input checked="" type="checkbox"/>
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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.

6/6/12 – Drilled to 5809' KOP and continued drilling directionally.  
 6/9/12 – Drilled to 6587' and reduced hole to 8-1/2" and continued drilling.  
 6/16/12 – Reached TD 8-1/2" hole to 10,785' at 3:30 PM.  
 6/18/12 – Set 5-1/2" 17# P-110 LT&C casing at 10,785'. DV tool/stage tool at 5579'. Float collar at 10,697'. Cemented stage 1 with 930 sx PVL + 0.5% D112 + 30% D151 + 1.5% D174 + 0.1% D208 + 0.8% D800 + 0.2% D046 (yld 1.82, wt 13). Circulated 142 sx to pit. Cemented stage 2 with 300 sx Class "C" + 0.125#/sx D130 + 0.3% D201 + 3#/sx D042 + 0.2% D046 (yld 1.35, wt 14.8). TOC 4200' calc.



Spud Date: 12/29/11

Rig Release Date: 6/19/12

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 25, 2012

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

For State Use Only

APPROVED BY: DR Dade TITLE Dist R Supervisor DATE 7/5/12  
 Conditions of Approval (if any):