

NM OIL CONSERVATION

ARTESIA DISTRICT State of New Mexico Energy, Minerals and Natural Resources

Form C-103 Revised July 18, 2013

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

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

WELL API NO. 30-015-42893 5. Indicate Type of Lease STATE [X] FEE [ ] 6. State Oil & Gas Lease No. VB-0545 7. Lease Name or Unit Agreement Name Macanudo BTE State Com 8. Well Number 1H 9. OGRID Number 025575 10. Pool name or Wildcat Willow Lake; Bone Spring, 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 [X] Gas Well [ ] Other [ ] 2. Name of Operator Yates Petroleum Corporation 3. Address of Operator 105 South Fourth Street, Artesia, NM 88210 4. Well Location Unit Letter I : 2365 feet from the South line and 605 feet from the East line Unit Letter A : 330 feet from the North line and 660 feet from the East line Section 23 Township 24S Range 27E NMPM Eddy County Section 14 Township 24S Range 27E NMPM Eddy County 11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3,171' GR

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 [ ] CLOSED-LOOP SYSTEM [ ] OTHER [ ] SUBSEQUENT REPORT OF: REMEDIAL WORK [ ] ALTERING CASING [ ] COMMENCE DRILLING OPNS. [ ] P AND A [ ] CASING/CEMENT JOB [ ] OTHER: Production casing [X]

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.

3/10/15 - Drilled to 7,719' KOP and continued drilling directional. 3/11/15 - Drilled to 8,538' reduced hole to 8-1/2" and continued drilling. 3/15/15 - Reached TD 8-1/2" hole to 13,764'. 3/19/15 - Set 5-1/2" 17# P-110 BT&C at 16,056'. Float collar set at 16,052'. Cemented with 550 sacks LiteCrete + 0.2% D046 + 0.1% D065 + 0.3% D167 + 2% D174 + 0.05% D208 + 100# D229 + 0.3% D800 (yld 2.85, wt 9.50). Tailed in with 1740 sacks TXI Litewt + 0.2% D046 + 75# D049 + 0.1% D065 + 2% D174 + 0.04% D208 + 0.4% D238 + 0.7% D800 (yld 1.42, wt 13.00)

Spud Date: 1/29/15 Rig Release Date: 3/21/15

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

SIGNATURE Laura Watts TITLE Regulatory Reporting Technician DATE March 24, 2015 Type or print name: Laura Watts E-mail address: laura@yatespetroleum.com PHONE: 575-748-4272

For State Use Only APPROVED BY: [Signature] TITLE [Signature] DATE 3/26/2015 Conditions of Approval (if any):