

Submit 3 Copies To Appropriate District
Office
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

Form C-103
June 16, 2008

fm

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

WELL API NO. 30-015-36499
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. VB-827
7. Lease Name or Unit Agreement Name Perdomo BMP State Com
8. Well Number 1 H
9. OGRID Number 025575
10. Pool name or Wildcat Wildcat Morrow

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 ☒ 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 L : 1650 feet from the South line and 660 feet from the West line Surface Hole
Unit Letter I : 1650 feet from the South line and 330 feet from the East line Bottom Hole
Section 24 Township 24S Range 27E NMPM Eddy County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3149' GR

RECEIVED
JAN 07 2010
NMOCD ARTESIA

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 ☐

OTHER: ☐

SUBSEQUENT REPORT OF:

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

OTHER: ☐

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 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Yates Petroleum Corporation respectfully request to change Perdomo BMP State #1 to a horizontal drilled well with the new name being the Perdomo BMP State Com #1H.

Please see attached comments.

C-102 attached.

C-144 Previously approved. 0208220

Casing Design Plan attached.

Drilling Plan attached.

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

SIGNATURE Clifton May TITLE Land Regulatory Agent DATE 1/6/2010

Type or print name Clifton May E-mail address: cliff@yatespetroleum.com PHONE: 575-748-4347

For State Use Only

APPROVED BY: Jaquie R TITLE Geologist DATE 1/11/2010
Conditions of Approval (if any):

Perdomo BMO State Com #1H

1650' FSL and 660' FWL
1650' FSL and 330' FEL
Section 24, T24S-R27E
Eddy County, New Mexico

Comments:

MUD PROGRAM: 0-400' Fresh Water; 400'-2500' Brine Water; 2500'-8600' Cut Brine; 6423'-10985' Cut Brine (lateral).

BOPE PROGRAM: 3000 psi system nipped up on 13 3/8" and 9 5/8" casing.

MAXIMUM ANTICIPATED BHP: 0-800' 383 psi; 800'-2500' 1300 psi; 2500'-8600' 4248 psi. Depths are TVD

Pilot hole drilled vertically to 8600'. Well will be plugged back with 400'-500' kick off plug at approximately 6423' and directionally drilled at 12 degrees per 100' with a 8 3/4" hole to 7173' MD (6900' TVD). If hole conditions dictate, 7" casing will be set. A 6 1/8" hole will then be drilled at 10985' MD (6900' TVD) where 4 1/2" casing will be set and cemented. If 7" is not set, then hole size will be reduced to 7 7/8" and drilled to 10985' MD (6900' TVD) where 5 1/2" casing will be set and cemented. Penetration point of producing zone will be encountered at 1650' FSL and 1138' FWL, 24-24S-27E. Deepest TVD in the well is 8600' in the pilot hole. Deepest TVD in the lateral will be 6900'.

H2S is not anticipated for this well.

CASING PROGRAM:

Surface	0-800	13 3/8"	48#	H-40	ST&C
Intermediate	0-2500	9 5/8"	36#	J-55	ST&C
Production	0-7300	5 1/2"	17#	HCP-110	LT&C
	7300-10985	5 1/2 "	17#	L-80	LT&C

CEMENT PROGRAM:

Surface: Cement w/825 sx Class C (yld 1.34 wt 14.8) TOC = Surface
Intermediate: Lead w/675 sx C Lite (yld 2.0 wt 12.5) tail w/200 sx Class C (yld 1.34 wt 14.8) TOC = Surface
Production: Lead w/825 sx Lite Crete (yld 2.66 wt 9.9) tail w/1250 sx Pecos Valley Lite (yld 1.41 wt 13) TOC = 2000'