

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

Energy, Minerals and Natural Resources

Revised August 1, 2011

HOBBS OCD

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.  
Santa Fe, NM 87505

RECEIVED

<p><b>SUNDRY NOTICES AND REPORTS ON WELLS</b> (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. 30-025-40408</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 &amp; Gas Lease No. VB-1186/VB-1194</p>
<p>3. Address of Operator 105 South Fourth Street, Artesia, NM 88210</p>		<p>7. Lease Name or Unit Agreement Name Undaunted BSD State Com</p>
<p>4. Well Location Unit Letter B : 175 feet from the South line and 2490 feet from the East line Unit Letter O : 330 feet from the North line and 2200 feet from the East line Section 2 Township 25S Range 32E NMPM Lea County</p>		<p>8. Well Number 1H</p>
<p>11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3515'GR</p>		<p>9. OGRID Number 025575</p>
<p>10. Pool name or Wildcat Wildcat; Bone Spring, Upper Shale</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: Surface and intermediate 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.

12/10/12 - Spudded 26" hole at 1:30 PM. Drilled to 105'. Notified E.L. Gonzales NMOCD-Hobbs of operations. Set 80' of 20" conductor and cemented with 78 sx redi-mix to surface.  
12/25/12 - Resumed drilling at 11:30 AM.  
12/26/12 - TD 17-1/2" hole to 498'. Set 13-3/8" 48# J-55 ST&C casing at 497'. Cemented with 530 sx Class "C" + 2% CaCl2 + 0.7% loss circ matrix (yld 1.34, wt 14.8). Circulated 172 sx to pit. Tested casing to 1200 psi for 30 min, good. WOC 33 hrs 40 min. Reduced hole to 12-1/4" and resumed drilling.  
12/30/12 - TD 12-1/4" hole to 4838'.  
12/30/12 - Set 9-5/8" 36#, 40# HCK-55 J-55 LT&C casing at 4833'. Cemented stage 1 with 200 sx 35:65 Poz "C" + 0.7% lost circ matrix + 0.2% PF13 + 6% PF20 + 0.125#/sx PF29 + 3#/sx PF42 + 5% PF44 + 0.25#/sx PF46 (yld 2.06, wt 12.6). Tailed in with 200 sx Class "C" + 0.3% PF13 (yld 1.30, wt 14.8). Circulated 190 sx to pit. Cemented stage 2 with 800 sx 35:65 Poz "C" + 0.7% lost circ matrix + 0.2% PF13 + 6% PF20 + 0.125#/sx PF29 + 3#/sx PF42 + 5% PF44 + 0.25#/sx PF46 (yld 2.06, wt 12.6). Tailed in with 200 sx Class "C" (yld 1.30, wt 14.8). Ran temperature survey. Perforated casing at 3250' with 4 - .42" diameter shots. Attempted to circulate through perms with no success. Perforated casing at 1900' with 4 - .42" diameter shots. Cemented stage 3 with 850 sx 35:65 Poz "C" + 5% PF44 + 0.2% PF13 + 6% PF20 + 0.25#/sx PF46 (yld 2.06, wt 12.6). Tailed in with 200 sx Class "C" (yld 1.34, wt 14.8). Stopped displacement with 50' cement in casing. Circulated 436 sx to half round. Cement at 30'. Redi-mixed casing to surface. Tested casing to 1200 psi for 30 min, good. WOC 98 hrs 10 min. Reduced hole to 8-3/4" and resumed drilling.

Spud Date:

6/28/12

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 January 10, 2013

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

For State Use Only

APPROVED BY [Signature] TITLE Dist MGR DATE 1-15-2013

Conditions of Approval (if any):