

Office

Energy, Minerals and Natural Resources

Revised August 1, 2011

District I - (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240District II - (575) 748-1288
811 S. First St., Artesia, NM 88210District III - (505) 334-6178
1000 Rio Brazos Rd., Artesia, NM 88210District IV - (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM 87505**RECEIVED**

DEC 29 2011

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

WELL API NO.

30-015-26185

5. Indicate Type of Lease

STATE ☒ FEE ☐

6. State Oil & Gas Lease No.

LG-1525

7. Lease Name or Unit Agreement Name

Dec 36 SW State

8. Well Number

2

9. OGRID Number

025575

10. Pool name or Wildcat

North Dagger Draw Upper Penn

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 M : 940 feet from the South line and 990 feet from the West lineSection 36 Township 19S Range 24E NMPM Eddy County

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

3619' 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 ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☒ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐OTHER: ☐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 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

9/15/11 - NU BOP. Made GR run to 7500'. Set a CIBP at 7402'.

9/19/11 - Tagged CIBP at 7410'. Loaded hole with 65 bbls. Circulated fresh water. Tested CIBP to 1000 psi, lost 150 psi in 5 min. Spotted 125 sx Class "H" cement plug. Calc TOC at 6793'. WOC. Tagged cement at 6792'. Loaded hole and tried to test casing to 3000 psi. Pumping 1.5 BPM at 2500 psi, would not test. Opened surface casing and could not circulate through.

9/20/11 - Opened up well. Set AS1-X packer at 2570'. Tubing did not test, lost 1000 psi in 5 min. Tested casing, held 1000 psi in 5 min. Set at 4355', casing tested good to 1000 psi. Set packer to 6735', tubing tested to 1000 psi for 5 min. Casing did not test, lost 1000 psi in 5 min. Set packer at 6648', tested down tubing, tested 1000 psi in 5 min, lost 100 psi. Set at 6631', tested tubing to 1000 psi, lost 600 psi in 5 min. Set packer at 5505', tested down casing, casing tested good 1000 psi in 5 min. Set packer at 5536', tested casing, lost 1000 psi in 5 min. TOH with packer.

9/21/11 - Tagged up with tools at 6640'. Set RBP at 6620', set packer at 6615', could not test, lost 600 psi in 5 min. PUH to 5590' set RBP, set packer at 5585', could not test. Dropped standing valve. Tested tubing to 1000 psi, held good for 5 min. Released tools and TOOH. Tagged up with wireline at 6632'. Logged up to surface.

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 Compliance Supervisor DATE December 27, 2011Type or print name Tina Huerta E-mail address: tinah@yatespetroleum.com PHONE: 575-748-4168**For State Use Only**APPROVED BY: [Signature] TITLE Dist. J. Supervisor DATE 01/23/2012

Conditions of Approval (if any):

Yates Petroleum Corporation
Dee 36 SW State #2
Section 36-T19S-R24E
Eddy County, New Mexico
Page 2

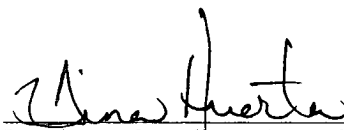
Form C-103 continued:

9/22/11 – Tagged up at 6641'. Broke circulation and started drilling. Good cement returns. Drilled down to 6802' and circulated hole clean and rigged down swivel. Start out of hole with bit.

9/23/11 – Opened up well. TIH with packer and RBP to 6790'. Leave tools swinging.

9/25/11 – Set RBP at 6778', packer at 6775'. Tested down tubing to 1000 psi, did not test. Moved packer to 6747', tested down tubing, would not test. Released packer and PUH to 5347'. Set packer, tested casing, tested good to 1000 psi for 5 min. Set packer at 6590', tested down tubing, did not test. Released RBP. Set packer at 6780', tested down tubing, did not test. Set RBP at 6590' and packer at 6337', tested down tubing, did not test. Lost 1000 psi. Set RBP at 6337' and packer at 6020', tested down tubing, did not test. Set RBP at 6020' and packer at 5828', did not test. Set packer at 5507', tested casing to 1000 psi, lost 50 psi in 5 min. Set packer at 5475', tested good to 1000 psi, no loss. Released tools.

9/26/11 – TOOH with packer and RBP. ND BOP.



Regulatory Compliance Supervisor
December 27, 2011