

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
 May 27, 2004

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

WELL API NO. 30-015-33061
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. VA-1884
7. Lease Name or Unit Agreement Name Cigar BCM State Com
8. Well Number 2
9. OGRID Number 025575
10. Pool name or Wildcat Black River; Morrow/Loving; Atoka Southeast

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 S. 4th Street, Artesia, NM 88210

4. Well Location
 Unit Letter P : 660 feet from the South line and 660 feet from the East line
 Section 36 Township 23S Range 27E NMPM Eddy County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
 3110'GR

Pit or Below-grade Tank Application or Closure

Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____

Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____

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

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
OTHER: <input type="checkbox"/>		OTHER: Squeeze holes in casing, Add a zone, commingle <input checked="" type="checkbox"/>	

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.

2/15/06 – MIRU. Unable to release packer at 12,350'. Perforated 2 holes in first jt of tubing above packer at 10,335'. Packer would not release.
 2/16/06 – Cut tubing at 12,300'. Pipe would not come loose. Cut tubing at 12,195'. TOOH with tubing.
 2/24/06 – Packer released.
 2/28/06 – Tested casing from 2918' to 3311'. 5-1/2" casing held 1500 psi from 3277' to surface, would not hold pressure from 3277' down. Hole in casing at 3277' to 3287'.
 3/1/06 – Set a 5-1/2" 17# CIBP at 12,400'. Pressure test 5-1/2" casing from 3311' to 12,400'. Test casing to 1300 psi.
 3/2/06 – Test 5-1/2" casing from 12,353'-5855' to 1500 psi, held good.
 3/3/06 – Test casing from 4947' to 12,365' to 1500 psi, held good.
 3/4/06 – Test 5-1/2" casing for holes from 4947' to surface. Located hole in casing at 3248'-3311'. Pumped into hole at 1500 psi. Located hole in casing at 4900'-4947'. Pumped into hole at 1000 psi. Casing held 1500 psi from surface to 12,365' other than where holes are indicated.

CONTINUED ON NEXT PAGE:

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines , a general permit or an (attached) alternative OCD-approved plan .

SIGNATURE Tina Huerta TITLE Regulatory Compliance Supervisor DATE July 14, 2006
 Type or print name Tina Huerta E-mail address: tinah@ypcnm.com Telephone No. 505-748-1471

FOR STATE USE ONLY **FOR RECORDS ONLY**
 APPROVED BY: _____ TITLE _____ DATE JUL 18 2006
 Conditions of Approval (if any): _____

Yates Petroleum Corporation
Cigar BCM State Com #2
Section 36-T23S-R27E
Eddy County, New Mexico

Form C-103 continued:

3/6/06 – Set cement retainer at 4816’.
3/7/06 – Squeezed holes in casing 4900’-4947’ with 200 sx Class “C” Neat cement. Stage cement until squeezed off. Squeeze at 1200 psi with no leak off. Pumped 175 sx into formation. Sting out of retainer at 4816’. Circulated 4 bbls cement to pit. Pulled up to 3353’ with tubing and stinger. Spotted 25 sx Class “C” cement with additives from 3353’-3103’. Squeezed holes in casing 3248’-3311’ to 1500 psi with slight leak off. Pumped 12 sx cement into formation.
3/9/06 – Tagged cement at 2650’. Tested casing to 1500 psi. Tagged cement at 3256’. Tested casing to 1500 psi.
3/10/06 – Tagged cement at 4806’. Drilled cement to 4816’. Drilled cement retainer from 4816’-4819’. Drilled cement to 4849’.
3/13/06 – Drilled cement to 4966’. Tested casing to 1500 psi. NOTE: Holes in 5-1/2” casing – 3248’-3311’ and 4900’-4947’.
3/14/06 – Tested casing to 1500 psi from 3311’-7900’ for 30 min, held good. Pressure test casing from surface to 3248’ to 1500 psi, held 15 min, held good. Pumped into hole in casing 3248’-3311’.
3/15/06 – TIH with 5-1/2” cement retainer and 2-7/8” tubing. Set retainer at 3147’. Pumped into hole in casing 3248’-3311’ to 1400 psi.
3/17/06 – Squeezed hole in casing 3248’-3311’ with 200 sx Class “C” Neat. Pumped 177 sx into formation. Sting out of retainer. Circulated hole clean.
3/21/06 – Drilled cement from 3142’-3147’. Drilled retainer from 3147’-3150’. Drilled cement from 3150’-3195’.
3/22/06 – Drilled cement from 3195’-3300’. Fell out of cement. Test casing from surface to 4129’ to 1500 psi.
3/23/06 – Drilled CIBP from 12,400’-12,406’ pushing CIBP down hole. Circulated hole clean.
3/24/06 – Drilled CIBP and scale from 12,406’-12,576’. Circulated hole clean.
5/3/06 – Set a CIBP at 12,380’.
5/5/06 – Perforate at 11,870’. Perforate at 11,830’.
5/8/06 – Perforate 4 squeeze holes at 11,780’.
5/9/06 – Perforate Morrow 12,036’-12,048’ (72), 12,076’-12,086’ (61), 12,150’-12,164’ (85) and 12,288’-12,298’ (61). Acidize with 2500g 7-1/2% MSA and 1000 scf/bbl N2.
5/23/06 – Frac Morrow with 40# CMHPG gelled 7% KCL water, 60% CO2 + 50,000# Versaprop 20/40 sand.
5/31/06 – Set composite bridge plug at 11,986’. Perforate Atoka 11,502’-11,508’ (13), 11,704’-11,726’ (45) and 11,888’-11,896’ (17). Acidize Atoka 11,888’-11,896’ with 1000g 15% MSA acid. Acidize Atoka 11,704’-11,726’ with 1000g 15% MSA acid. Acidize Atoka 11,570’-11,600’ with 2000g 15% MSA acid. Acidize Atoka 11,502’-11,508’ with 1000g 7-1/2% MSA acid.
6/15/06 – Pushed composite plug down to 12,320’.
6/19/06 – Perforate Atoka 11,966’-11,972’ (37). Acidize with 1000g 7-1/2% MSA.
6/26/06 – Perforate Wolfcamp 10,466’-10,480’ and 10,502’-10,514’ for a total of 54 holes. Acidize Wolfcamp with 2500g 15% MSA. Set packer at 11,402’.

WELL IS COMMINGLED MORROW AND ATOKA EFFECTIVE 7/2006

DHC-3340

<i>Black River; Morrow</i>	<i>Oil-64%</i>	<i>Gas-64%</i>
<i>Loving; Atoka, Southeast</i>	<i>Oil-36%</i>	<i>Gas-36%</i>