

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

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

WELL API NO. 30-015-10340
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. Federal NM-342
7. Lease Name or Unit Agreement Name Monsanto Foster SWD
8. Well Number 1
9. OGRID Number 025575
10. Pool name or Wildcat SWD; Devonian

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 SWD

2. Name of Operator
Yates Petroleum Corporation

3. Address of Operator
105 South Fourth Street, Artesia, NM 88210

4. Well Location
Unit Letter D : 660 feet from the North line and 660 feet from the West line
Section 5 Township 20S Range 25E NMPM Eddy County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3531'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 ☐

OTHER: ☐

SUBSEQUENT REPORT OF:

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

OTHER: Fix leak in 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.

12/20/11 – MIRU. Pumped 130 bbls 10# brine down tubing. Well went on vacuum. TP 0 psi, annulus pressure 800 psi. Flowed down to 300 psi and monitor, did not decrease or increase. Leave 300 psi overnight. This morning pressure on annulus was 500 psi. Pressure on tubing 0 psi, possible hole in casing.

12/21/11 – Flowed annulus down and monitor for flow. Flowed down in 30 min, slight gas flow continuously.

12/26/11 – 3-1/2" tubing no pressure. 5-1/2" casing 800 psi. Bled casing down. Pumped 10 bbls down casing. Went on vacuum. NU BOP. Released packer.

12/29/11 – Set RBP at 10,124' and packer at 10,120'. 2 bbls to load. Tested tools to 1500 psi, good. Tested 5-1/2" casing to 1000 psi, dropped 200 psi in 1 min. Isolate bad casing from 9172'-9368', everything else good to 1000 psi. Set RBP at 10,124' and packer at 9172'. Pumped down tubing to 1000 psi, pressure dropped 550 psi in 5 min.

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Spud Date:

Rig Release Date:

RECEIVED
FEB 09 2012
NMOCD ARTESIA

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 February 7, 2012

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. Supervisor DATE 02/20/2012
Conditions of Approval (if any):

Form C-103 continued:

1/2/12 – Released packer. Released RBP and set at 9410' and packer at 9204'. Pumped into hole or holes in casing at 1 BPM at 1500 psi. Pumped 20 bbls fluid into formation. Reset packer at 9270'. Annulus would not hold pressure. Reset packer at 9255'. Tested annulus to 1000 psi, held good. 5-1/2" 15.5# to 20# casing from 9255' to surface will hold 1000 psi. Reset packer at 9270'. Pumped down tubing. Tested 5-1/2" casing from 9270'-9410'. Pumped in at the rate of 1 BPM at 1000 psi. Did not circulate up annulus. 2 or more holes in casing from 9255'-9368'. Released packer at 9270'. Spotted 2 sx sand on RBP at 9410'. TOOHO with tubing and packer.

1/3/12 – Set 5-1/2" 20# alpha cement retainer at 9204'. Pumped 60 bbls fluid through retainer. Sting out of retainer. Circulated a total of 215 bbls fresh water to displace tubing and casing. Sting into retainer. Pressured up on annulus to 500 psi. Established a pump rate of 1.5 BPM at 1630 psi. Pumped 50 sx Class "H" with .5% C-15 and .25% R-38 at 14.8 ppg to 15.7 ppg. Tailed in with 50 sx Class "H" with .25% R-38 at 15.8 ppg. Total 22 bbls slurry. Pumped 15 bbls slurry into formation and stage with 7 bbls in tubing. Pumped in at 1.5 BPM at 1700 psi. Shut down 5 min. Pressure dropped from 1700 psi to 1200 psi. Pressure increased from 1200 psi to 1500 psi. Shut down 15 min. Pumped 2 bbls. Pressure increased from 1500 psi to 2000 psi. Shut down for 20 min. Pumped 2 bbls. Pressure increased from 1700 psi to 1950 psi and held steady at 1950 psi. Sting out of retainer. Reverse 2 bbls cement to tank. WOC.

1/5/12 – Tagged at 9202'. Drilled cement from 9202'-9204'. Drilled cement retainer from 9204'-9208'. NOTE: drilling pieces of casing while drilling retainer. Drilled cement from 9208'-9210'. Circulated well clean.

1/6/12 – Drilled cement to 9218'. Tested casing to 800 psi, held good. Drilled cement to 9284'. Tested casing to 800 psi, held good. Drilled cement to 9308'. Fell out of cement at 9308'. Circulated down to 9318'. Tested casing to 800 psi. Pressure dropped from 800 psi to 670 psi in 5 min. Tested casing to 900 psi. Pressure dropped from 900 psi to 760 psi in 5 min. Circulated down to 9383'. Did not tag any cement. Pulled up to 9180' and pressured up to 1000 psi.

1/8/12 – Lost 900 psi on annulus in 42 hrs. Pressured up to 800 psi on tubing and 600 psi on annulus. Monitor pressure for 15 min. Pressured after 15 min – 750 on tubing and 580 psi on annulus. Pressure tested again. Pressured up to 620 psi on tubing and 560 psi on annulus. Monitor pressure for 30 min. Pressure after 30 min – 610 psi on tubing and 550 psi on annulus. Wellhead completely isolated. Pressured up again to 790 psi on tubing and 790 psi on annulus. Monitor pressure for 30 min. Pressure after 30 min – 750 psi in tubing and 770 psi on annulus. Start out of hole with tubing. Circulated tubing clean. TOOHO with tubing, drill collars and bit.

1/9/12 – Set packer at 9171'. Pressured up on annulus to 9903 psi, TP 0 psi, before pressuring up on annulus. After pressuring up to 990 psi on annulus pressure dropped to 600 psi in 20 min. TP increased to 120 psi. Reset packer at 9236'. Pressure tested annulus to 990 psi for 30 min. Pressure dropped from 990 psi to 980 psi in 30 min. Bleed pressure down to 500 psi on annulus. Pressure up to 1000 psi on tubing. Pressure increased on annulus and dropped on tubing. Packer not holding. Bleed pressure down. Pressure up on annulus to 1000 psi, monitor for 30 min, tubing standing full. Pressured dropped from 1000 psi to 950 psi in 30 min. Pull up hole with packer to a depth of 6012'. Attempt to test down tubing and down annulus, would not hold pressure. TOOHO with tubing and packer.

1/10/12 – Set packer at 9171'. Pressure tested annulus to 1000 psi for 30 min, held good at 1000 psi. Tested tubing to 1000 psi for 30 min. TP dropped from 1000 psi to 850 psi in 30 min. Released packer. Set packer at 9236'. Tested annulus to 1000 psi for 30 min, held good at 1000 psi. Released packer. Reset packer at 9301'. Tested annulus to 1000 psi for 30 min, annulus dropped from 1000 psi to 950 psi in 30 min. Tested tubing and dropped 50 psi in 30 min. Released packer. Reset packer at 9269'. Tested annulus to 1000 psi for 30 min, held good. Released packer. Reset packer at 9334'. Casing standing full. Released packer. Reset packer at 9367'. Pressured up to 1000 psi, TP dropped from 1000 psi to 850 psi in 15 min. Released packer. Tagged sand above RBP at 9388'. Reset packer at 9377'. Pressured up to 1000 psi on tubing, leaking off. Pressured up 1000 psi on annulus. After 15 min TP dropped from 1000 psi to 850 psi. After 15 min annulus pressure was still 1000 psi. Holding steady with no leakoff. NOTE: After running packer across leak in casing may have sealed leak off. Reset packer at 9269'. Pressured up on tubing to 1500 psi, pressure dropped from 1500 psi to 750 psi in 30 min. Annulus still standing full of fluid. Final analysis – leak in casing from 9269' to sand above RBP at 9388'. Released packer.

1/11/12 – Circulated sand off RBP. Displaced hole with brine. Released RBP at 9410'. Reset RBP at 9760'.

1/12/12 – Set AS-1 packer at 9367'. Tested annulus from 9367' to surface to 1000 psi, held good. Pressure tested down tubing from 9367'-9760'. Would not hold pressure. Reset packer at 9400'. Tested casing to from 9400' to RBP to 1000 psi, held good. Displaced brine out of hole with fresh water. Tagged RBP 30' high at 9730'.

1/13/12 – Circulated hole from 9730' to surface with brine. TOOHO with tubing and packer. Tagged RBP at 9730' and released. RBP was at 9760' before sliding up hole. Set RBP at 9796'.

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Form C-103 continued:

1/15/12 – Set packer at 9410'. Tested RBP to 1000 psi, held good. Released packer. Displaced brine with fresh water. Spotted 2 sx sand on RBP at 9796'. Spotted 25 sx Class "H" cement with 3% C-15 fluid loss at 15.6 ppg. Spotted 5 bbls slurry from 9410'-9195'. Pulled packer up to 8622'. Tailed pipe at 9011'. Reverse 65 bbls fluid. Set packer at 8622'. Pressured up to 1520 psi on tubing. Pumped 1.25 bbls fluid when pressuring up. Attempt to squeeze spotted cement from 9195' to 9410'. Pressure holding steady at 1520 psi.

1/16/12 – Released packer. Tagged cement at 9193'. Drilled cement to 9218'. Cement was still green or not set up good. Circulated hole clean.

1/17/12 – Tagged at 9218'. Drilled cement to 9351'. Tested casing to 1000 psi, lost 60 psi in 10 min. Drilled cement to 9375'. Tested casing to 1000 psi, lost 60 psi in 10 min. Drilled cement to 9413'. Fell out of cement at 9413'. Tested annulus from surface to RBP 1000 psi and lost 150 psi in 30 min. Dropped pressure down to 500 psi, tested for 30 min, held 490 psi for 30 min. Released pressure.

1/18/12 – Isolated wellhead. Pressured up to 500 psi on casing from surface to 9696'. Pressure dropped from 500 psi to 420 psi in 30 min. Flowed well down. Ran a multifinger casing inspection, Gamma Ray, CCL log.

1/19/12 – TIH with 5-1/2" 15.5# to 17# AS-1 packer and 2-7/8" tubing to a depth of 6363'. Tested annulus to 500 psi, held for 10 min. Tested tubing to 500 psi, pressure dropped from 500 psi to 450 psi in 5 min (testing down tubing, testing casing from packer to RBP at 9696'). Released packer and reset at 6625'. Tested annulus to 500 psi, held for 10 min. Released packer and reset at 9229'. Tested annulus to 500 psi, pressure dropped to 470 psi in 30 min. Tested tubing to 500 psi, pressure dropped to 400 psi in 15 min. Re-test annulus again. Pressured up to 500 psi on annulus, dropped to 475 psi in 20 min. Released packer and reset at 9395'. Tested tubing to 500 psi, held for 30 min. Released packer and reset at 9322'. Pressured up to 500 psi, dropped to 400 psi in 15 min. Released pressure. Pressured up to 1500 psi, dropped to 1050 psi in 15 min. Released pressure. Pressured up to 2000 psi, dropped to 1500 psi in 5 min. Released pressure. Pressured up to 2000 psi, dropped to 1500 psi in 5 min. Unable to get hole to open enough to pump in with rate. Shut well in with 1500 psi on tubing.

1/22/12 – Pumped 2 bbls fluid to load tubing. Released packer and TOOH with tubing. TIH with 2-7/8" tubing and SN at 9316'. ND BOP and NU wellhead. Waiting on further evaluation.


Regulatory Compliance Supervisor
February 7, 2012