

RECEIVED

JUN 15 2012

Submit 1 Copy To Appropriate District Office
 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

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 Revised August 1, 2011

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

WELL API NO. 30-015-39673
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. VB-1077
7. Lease Name or Unit Agreement Name Steelers BRS State
8. Well Number 1H
9. OGRID Number 025575
10. Pool name or Wildcat Penlon; Bone Spring, East

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 <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>
2. Name of Operator Yates Petroleum Corporation
3. Address of Operator 105 South Fourth Street, Artesia, NM 88210

4. Well Location
Unit Letter <u>P</u> : <u>660</u> feet from the <u>South</u> line and <u>200</u> feet from the <u>East</u> line
Unit Letter <u>M</u> : <u>660</u> feet from the <u>South</u> line and <u>330</u> feet from the <u>West</u> line
Section <u>24</u> Township <u>20S</u> Range <u>27E</u> NMPM Eddy County

11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3341'GR

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

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>
DOWNHOLE COMMINGLE <input type="checkbox"/>	

SUBSEQUENT REPORT OF:

REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
CASING/CEMENT JOB <input type="checkbox"/>	

OTHER: <input type="checkbox"/>	OTHER: Intermediate casing <input checked="" type="checkbox"/>
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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.

5/31/12 - TD 12-1/4" hole to 4790' at 5:30 PM.

6/1/12 - Set 9-5/8" 36#, 40# HCK-55 J-55 LT&C casing at 4788'. Cemented stage 1 with 325 sx 35:65:6 Poz "C" + 0.2% D046 + 0.3% D112 + 0.125#/sx D130 + 0.25% D013 + 7% D022 + 3#/sx D042 + 5% D044 (yld 2.10, wt 12.6). Tailed in with 160 sx 50/50 Poz "C" + 0.125#/sx D130 + 3#/sx D042 + 5% D044 + 0.2% D046 + 0.2% D065 (yld 1.36, wt 14.2). Circulated 23 sx to pit. Cemented stage 2 with 295 sx 35:65:6 Poz "C" + 0.3% D112 + 0.125#/sx D130 + 0.25% D013 + 7% D020 + 3#/sx D042 + 5% D044 + 0.2% D046 (yld 2.10, wt 12.6). Tailed in with 100 sx 50/50 Poz "C" + 0.125#/sx D130 + 3#/sx D042 + 5% D044 + 0.2% D046 + 0.2% D065 (yld 1.36, wt 14.2). Cemented stage 3 with 165 sx 35:65:6 Poz "C" + 0.3% D112 + 0.125#/sx D130 + 0.25% D013 + 7% D020 + 3#/sx D042 + 5% D044 + 0.2% D046 (yld 2.10, wt 12.6). Tailed in with 100 sx 35:65 6 Poz "H" + 0.125#/sx D130 + 3#/sx D042 + 5% D044 + 0.2% D046 + 0.2% D065 (yld 1.36, wt 14.2). Circulated 125 sx to pit. Tested casing to 1500 psi for 30 min with no appreciable bleedoff. Tagged packer stage collar at 974' and drilled out. Tagged DV tool at 2470' and drilled out. Tested casing to 1500 psi for 30 min with no appreciable leakoff (start 1570, end 1510). WOC 28 hrs 15 min. Reduced hole to 8-3/4" and resumed drilling.

Spud Date: 12/29/11

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 June 13, 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 Dr. [Signature] DATE 6/26/12

Conditions of Approval (if any):