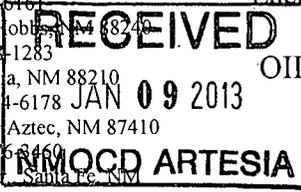


Office

Energy, Minerals and Natural Resources

Revised August 1, 2011

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. 30-015-38576
5. Indicate Type of Lease STATE [X] FEE []
6. State Oil & Gas Lease No. LG-2041
7. Lease Name or Unit Agreement Name Anthill AAK State Com
8. Well Number 3H
9. OGRID Number 025575
10. Pool name or Wildcat Parkway; Bone Spring

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 [X] 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 P : 560 feet from the South line and 330 feet from the East line
Unit Letter M : 760 feet from the South line and 330 feet from the W line
Section 2 Township 20S Range 29E NMPM Eddy County
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3297'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: Surface and intermediate casing [X]

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.

12/9/12 - Resumed drilling at 11:30 PM.
12/10/12 - TD 17-1/2" hole to 415' at 11:15 AM. Set 13-3/8" 48# J-55 ST&C casing at 409'. Cemented with 100 sx RFC + 10% D053 + 2% S001 (yld 1.62, wt 14.2). Tailed in with 460 sx Class "C" + 3#/sx D042 + 2% D046 + 0.1% D130 (yld 1.34, wt 14.8). Cement did not circulate. Ran temperature survey and found TOC at 160'. Tagged at 160'. Ran 1" with 25 sx Class "C" + 2% CaCl2. WOC. Tagged at 160'. Ran 1" with 30 sx Class "C" with 2% CaCl2. WOC. Tagged at 108'. Ran 1" with 30 sx Class "C" with 2% CaCl2. WOC. Tagged at 108'. Ran 1" with 50 sx Class "C" with 2% CaCl2. WOC. Tagged at 102'. Ran 1" with 50 sx Class "C" with 2% CaCl2. WOC. Tagged at 80'. Ran 1" with 70 sx Class "C" with 3% CaCl2. Circulated 10 sx to surface. Let cement set up prior to cut off. Tested casing to 600 psi for 30 min, good. WOC 58 hrs 50 min. Reduced hole to 12-1/4" and resumed drilling.
12/19/12 - TD 12-1/4" hole to 2700'. Set 9-5/8" 36# J-55 LT&C casing at 2696'. Cemented stage 1 with 430 sx Class "C" + 4% D020 + 5#/sx D042 + 5% D044 + 0.2% D046 (yld 1.99, wt 12). Tailed in with 180 sx Class "C" + 5#/sx D042 + 5% D044 + 0.2% D046 + 0.2% D065 (yld 1.37, wt 14.2). Circulated 432 sx to pit. Cemented stage 2 with 900 sx Class "C" + 4% D020 + 5#/sx D042 + 5% D044 + 0.2% D046 (yld 1.99, wt 12). Tailed in with 100 sx Class "C" + 5#/sx D042 + 5% D044 + 0.2% D046 + 0.2% D065 (yld 1.37, wt 14.2). Did not circulate cement. Ran temperature survey and found TOC at 300'. Tagged at 297'. Ran 1" with 106 sx Class "C" with 2% CaCl2. Circulated 30 sx to pit. Tested casing to 1200 psi, good. WOC 46 hrs. Reduced hole to 8-3/4" and resumed drilling.

Spud Date: 12/3/12 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 7, 2013
Type or print name Tina Huerta E-mail address: tinah@yatespetroleum.com PHONE: 575-748-4168
APPROVED BY: [Signature] TITLE DISTRICT SUPERVISOR DATE 1/9/13
Conditions of Approval (if any):