

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

HOBBS OCD

NOV 17 2011

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

<p>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)</p>		<p>WELL API NO. 30-025-40054</p>
<p>1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/></p>		<p>5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/></p>
<p>2. Name of Operator Yates Petroleum Corporation</p>		<p>6. State Oil & Gas Lease No. VB-1192</p>
<p>3. Address of Operator 105 South Fourth Street, Artesia, NM 88210</p>		<p>7. Lease Name or Unit Agreement Name Basilisk BQS State Com</p>
<p>4. Well Location Unit Letter N : 330 feet from the South line and 1980 feet from the West line Unit Letter C : 330 feet from the North line and 1980 feet from the West line Section 36 Township 24S Range 32E NMPM Lea County</p>		<p>8. Well Number 1H</p>
<p>11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3557'GR</p>		<p>9. OGRID Number 025575</p>
<p>10. Pool name or Wildcat Wildcat; Bone Spring</p>		

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: Production 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.

10/20/11 - KOP at 8848' and continued drilling directionally.

10/21/11 - Drilled to 9530' and reduced hole to 8-1/2" and continued to drill.

10/29/11 - Reached TD 8-1/2" hole to 13,665'.

11/1/11 - Set 5-1/2" 20# L-80 BTC & LT&C casing at 13,665'. DV tool/stage tool at 7000'. Float collar at 13,575'. Cemented stage 1 with 423 sx 35:65 Poz "H" + 5% D020 + 5% D044 + 0.2% D046 + 0.125% D130 + 0.45% D201 + 0.05% D208 + 2% D042 (yld 2.07, wt 12.6). Tailed in with 715 sx PVL + 0.2% D046 + 0.5% D112 + 22.5#/sx D151 + 1.5% D174 + 0.05% D208 + 0.8% D800 (yld 1.82, wt 13). Circulated 54 sx to pit. Cemented stage 2 with 350 sx 35:65 Poz "C" + 6% D020 + 2% D042 + 5% D044 + 0.2% D046 + 0.3% D112 + 0.125% D130 + 0.3% D201 (yld 2.08, wt 12.6). Tailed in with 180 sx Class "C" + 3% D042 + 0.2% D046 + 0.1% D065 + 0.125% D130 + 0.3% D201 (yld 1.35, wt 14.8). Circulated 1 bbl cement to pit. Cemented stage 3 with 200 sx Class "C" + 3#/sx D042 + 0.2% D046 + 0.1% D065 + 0.125#/sx D130 + 0.3% D201 (yld 1.35, wt 14.8).

Spud Date: 3/1/11

Rig Release Date: 11/2/11

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 November 16, 2011

Type or print name Tina Huerta E-mail address: tinah@yatespetroleum.com PHONE: 575-748-4168

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APPROVED BY: Mark Whittem TITLE Compliance Officer DATE 11-18-2011
Conditions of Approval (if any):