

Submit 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

State of New Mexico
Energy, Minerals and Natural Resources

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

Form C-103

Revised August 1, 2011

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| <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. 30-025-40073</p> |
| <p>1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other</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-873</p> |
| <p>3. Address of Operator 105 South Fourth Street, Artesia, NM 88210</p> | | <p>7. Lease Name or Unit Agreement Name Gambler State Unit</p> |
| <p>4. Well Location Unit Letter <u>O</u> : <u>750</u> feet from the <u>South</u> line and <u>1500</u> feet from the <u>East</u> line Section <u>32</u> Township <u>11S</u> Range <u>32E</u> NMPM Lea County</p> | | <p>8. Well Number 1</p> |
| <p>11. Elevation (Show whether DR, RKB, RT, GR, etc.) 4401' GR</p> | | <p>9. OGRID Number 025575</p> |
| | | <p>10. Pool name or Wildcat Wildcat; Morrow</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: Completion Operations ☒

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.

1/30/12 - Tagged up on DV tool at 9519'. Started drilling and fell out at 9523'. Circulated hole and tested to 1500 psi, held good for 15 min. Tagged up at 10,299'. Drilled down to 10,440' and circulated hole clean.

1/31/12 - Drilled down to 11,075' and circulated hole clean.

2/1/12 - Drilled down to 11,308', tagged up on float collar and circulated hole clean.

2/2/12 - RIH with scraper down to 11,308'. PUH to 11,280' and pickled casing with 1000g 15% HCL acid. Displaced with 270 bbls 3% KCL.

2/5/12 - Tagged up at 11,310'. Ran CCL/CBL/GR log from 11,310' up to surface with 1500 psi on well. Cement was at surface. Perforated Morrow 11,236'-11,239' (9), 11,223'-11,226' (9), 11,212'-11,215' (9), 11,197'-11,199' (6), 11,187'-11,190' (9) and 11,134'-11,139' (15).

2/6/12 - Pressured casing to 1000 psi, good. Acidized with 2500g 7-1/2% Morrow acid with 100 ball sealers. Balled out with 70 ball sealers.

4/9/12 - Frac with a 40# gel frac - was designed to frac with 65Q after 1/2# on formation. Back quality down to 50 due to pressure. Pumped 52,495# 18/40 Versaprop, 120 tons CO2. AS-1 packer and 2-7/8" 6.4# L-80 tubing at 11,008'.

Wellbore schematic attached

Spud Date:

3/31/11

Rig Release Date:

1/15/12

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 April 26, 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 PETROLEUM ENGINEER

DATE

MAY 03 2012

Conditions of Approval (if any):

MAY 03 2012

WELLNAME: Gambler State Unit No 1 FIELD: _____

LOCATION: 750' ASL & 1500' FEL Sec 32-11S-32E Leo Co, NM

GL: 4401 ZERO: _____ AGL: 28.8 KB: 4419.5

SPUD DATE: _____ COMPLETION DATE: _____

COMMENTS: _____

| CASING PROGRAM | | |
|----------------|----------------------|-----------|
| SIZE | WT/LGR/CONN | DEPTH SET |
| 11 3/4" | 42# H40 | 383' |
| 8 5/8" | 32# J55 | 3658' |
| 5 1/2" | 17# J55, L80, HCP110 | 11400' |
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