

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 OGD

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

JUL 27 2012

<p align="center">SUNDRY NOTICES AND REPORTS ON WELLS</p> <p>(DO NOT USE THIS FORM FOR NOTICES 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. 30-025-36818</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. VO-5605</p>
<p>3. Address of Operator 105 South Fourth Street, Artesia, NM 88210</p>		<p>7. Lease Name or Unit Agreement Name Clint BFC State</p>
<p>4. Well Location Unit Letter <u>I</u> : <u>1980</u> feet from the <u>South</u> line and <u>990</u> feet from the <u>East</u> line Section <u>4</u> Township <u>10S</u> Range <u>34E</u> NMPM <u>Lea</u> County</p>		<p>8. Well Number 1</p>
<p>11. Elevation (Show whether DR, RKB, RT, GR, etc.) 4230'GR</p>		<p>9. OGRID Number 025575</p>
		<p>10. Pool name or Wildcat Vada; Upper Penn</p>

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

<p>NOTICE OF INTENTION TO:</p> <p>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"/></p> <p>OTHER: <input type="checkbox"/></p>	<p>SUBSEQUENT REPORT OF:</p> <p>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"/></p> <p>OTHER: Plugback and recomplete <input checked="" type="checkbox"/></p>
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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.

6/3/12 - MIRU. Well had 1800 psi, bled down in 45 min. Pumped 50 bbls down casing. Did not load. Pumped 35 bbls down tubing. Tubing loaded and pressured up to 700 psi. NU BOP. Released packer.

6/4/12 - Had 800 psi on tubing. Bled down in 45 min. Had to pump 100 bbls fresh water down tubing. TIH to 11,532' and leave tubing swinging.

6/5/12 - Tagged up at 11,526'. Took 180 bbls to break circulation. Circulated hole with KCL. Tagged up on composite plug at 11,861'. Drilled out and pushed down to 12,149'. Circulated hole clean.

6/6/12 - Made 4.6" GR run down to 12,120'. Set a 5-1/2" CIBP at 12,100', made 2 dump bail runs of cement on top. Set 2nd CIBP at 11,875'.

6/7/12 - Made cement runs on top of CIBP at 11,875'. Set 3rd CIBP at 11,530', made 2 runs cement on top of CIBP. Loaded hole with 80 bbls. Pressured tested to 500 psi, held good for 10 min. Perforated Penn 9816'-9824' (16).

CONTINUED ON NEXT PAGE:

Spud Date: 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 July 24, 2012

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

For State Use Only

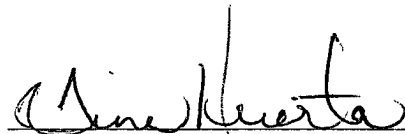
APPROVED BY: [Signature] TITLE PETROLEUM ENGINEER DATE JUL 30 2012
 Conditions of Approval (if any): PA X-4 Ranch Atoka (GAS) JUL 30 2012

Form C-103 continued:

6/10/12 – Spotted 2 bbls 15% HCL at 9834'. PUH to 9738', reversed out 5 bbls. Applied 1000 psi to casing. Could not break down perfs. Pressured up to 7500 psi, bled off 3000 psi in 15 min. Spotted 10 bbls 15% HCL acid at 9834'. PUH to 9738', reversed out 10 bbls and set packer. Pressured up to 7500 psi.

6/12/12 – Released packer. TIH with tubing and packer to 9738'. Reversed out 50 bbls. Tubing clear to packer. Set packer and tested casing to 500 psi. Lost 500 psi in 5 min.

6/13/12 – Opened up well, had no pressure. Released packer. Set 5-1/2" x 2-7/8" AS1-X packer with 2.25" F profile at 9738'. Took 50 bbls to load casing. Circulated 100 bbls 3% KCL. Tested casing to 500 psi, held good for 10 min.



Regulatory Reporting Supervisor
July 24, 2012