

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
HOBBS OCD
AUG 21 2012

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)		WELL API NO. 30-025-40489
1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>		5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator Yates Petroleum Corporation		6. State Oil & Gas Lease No. VB-1169
3. Address of Operator 105 South Fourth Street, Artesia, NM 88210		7. Lease Name or Unit Agreement Name Hemlock BSH State
4. Well Location Unit Letter C : 330 feet from the North line and 1980 feet from the West line Unit Letter N : 330 feet from the South line and 1980 feet from the West line Section 32 Township 23S Range 33E NMPM Lea County		8. Well Number 1H
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3667'GR		9. OGRID Number 025575
		10. Pool name or Wildcat Triple X; Bone Spring

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: Set conductor <input checked="" type="checkbox"/>	

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.

8/13/12 - Drilled 26" hole to a depth of 50'. Set and cemented 50' of 20" conductor at 7:45 AM. TD 50'. Left message with NMOCD-Hobbs ext 112 and notified of operations.

Spud Date: 5/30/12 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 August 20, 2012

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

For State Use Only

APPROVED BY: FOR RECORD ONLY TITLE DATE 08-22-2012

Conditions of Approval (if any):

AUG 22 2012