

Submit 1 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
HOBBS OCD
OIL CONSERVATION DIVISION
SEP 07 2012
100 South St. Francis Dr.
Santa Fe, NM 87505

Form C-103
Revised August 1, 2011

RECEIVED

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 ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐
DOWNHOLE COMMINGLE ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER: ☐

OTHER: Surface and intermediate 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.

8/21/12 - Resumed drilling at 7:00 PM.

8/22/12 - TD 17-1/2" hole to 698' at 8:00 AM. Set 13-3/8" 48# J-55 ST&C casing at 657'. Cemented with 403 sx Class "C" + 0.125#/sx Cellophane Flakes + 0.25#/sx Defoamer + 4% PF020 + 2% CaCl2 (yld 1.75, wt 13.5). Tailed in with 203 sx Class "C" + 1% CaCl2 (yld 1.34, wt 14.8). Cement did not circulate. Ran temperature survey and found TOC at 240'. Ran in with 1" and tagged cement at 259'. Cemented with 25 sx Class "C" + 2% CaCl2. Tagged at 259'. Cemented with 25 sx Class "C" + 2% CaCl2. Tagged cement at 211'. Cemented with 125 sx Class "C" + 1% CaCl2. Circulated 5 sx to pit. Tested casing to 619 psi for 30 min, ending 623 psi. WOC 47 hrs 15 min. Reduced hole to 12-1/4" and resumed drilling.

8/27/12 - TD 12-1/4" hole to 5185' at 5:45 PM. Set 9-5/8" 36#, 40# HCK-55 J-55 LT&C casing at 5185'. Cemented with 1500 sx 35:65:6 Poz "C" + 0.2% PF-13 + 6% PF-20 + 0.125#/sx PF-29 + 3#/sx PF-42 + 5% PF-44 + 0.25#/sx PF-46 (yld 2.07, wt 12.6). Tailed in with 200 sx Class "C" + 0.3% PF-13 (yld 1.33, wt 14.8). Circulated 328 sx to pit. Tested casing to 1500 psi for 30 min, good. WOC 25 hrs 30 min. Reduced hole to 8-3/4" and resumed drilling.

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 September 6, 2012

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

For State Use Only

APPROVED BY: [Signature] TITLE Petroleum Engineer DATE SEP 10 2012

Conditions of Approval (if any):

SEP 10 2012