

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

Form C-103

Revised August 1, 2011

HOBBS OGD

OCT 10 2012

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

SUNDRY NOTICES 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: 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.

9/4/12 - Drilled to 10,925' KOP and continued to drill directionally.

9/8/12 - Drilled to 11,506' and reduced hole to 8-1/2" and continued drilling.

9/15/12 - Reached TD 8-1/2" hole to 15,532' at 12:15 AM.

9/16/12 - Set 5-1/2" 17# P-110 LT&C BT&C casing at 15,530'. DV tool/stage tool at 7498'. Float collar at 15,438'. Cemented stage 1 with 1458 sx PVL + 5% PF174 + 0.55% PF013 + 0.25#/sx PF046 + 30% PF151 + 0.2% PF153 + 0.7% PF606 + 0.2% PF800 (yld 1.88, wt 13). Displaced below DV tool with 200 bbls 3% KCL water + 1% Corrosion inhibitor. Dropped bomb, opened DV tool at 1160 psi. Circulated through DV tool. Circulated 179 sx to pit.

9/17/12 - Cemented stage 2 with 575 sx 35:65 "H" + 0.2% PF013 + 6% PF020 + 0.125% PF029 + 3#/sx PF042 + 5% PF044 + 0.25% PF046 + 0.2% PF153 (yld 2.05, wt 12.6). Tailed in with 100 sx PVL + 0.2% PF013 + 1.3% PF044 + 0.25#/sx PF046 + 0.1% PF153 + 5% PF174 + 0.5% PF606 (yld 1.48, wt 13). Est TOC at 2300'.

Spud Date:

5/30/12

Rig Release Date:

9/17/12

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 October 5, 2012

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

For State Use Only

APPROVED BY: Mark Whittem TITLE Compliance Officer DATE 10-12-2012

Conditions of Approval (if any):

OCT 15 2012