

HOBBS OGD

NOV 16 2012

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

RECEIVED

WELL API NO.

30-025-40489

5. Indicate Type of Lease

STATE ☒ FEE ☐

6. State Oil & Gas Lease No.

VB-1169

7. Lease Name or Unit Agreement Name

Hemlock BSH State

8. Well Number

1H

9. OGRID Number

025575

10. Pool name or Wildcat

Triple X; Bone Spring

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.)

1. Type of Well: Oil Well ☒ Gas Well ☐ Other ☐

2. Name of Operator

Yates Petroleum Corporation

3. Address of Operator

105 South Fourth Street, Artesia, NM 88210

4. Well Location

Unit Letter C : 330 feet from the North line and 1980 feet from the West line

Unit Letter N : 355 feet from the South line and 1982 feet from the West line

Section 32 Township 23S Range 33E NMPM Lea County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)

3667' GR

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: 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.

9/27/12 - NU BOP. Tagged DV tool at 7474', drilled out. Circulated hole clean. Tested casing to 2500 psi for 15 min, held good.

9/30/12 - Pickled and displaced hole with 3% KCL and corrosion inhibitor.

10/1/12 - Tagged float collar at 15,442'. Tested casing to 3300 psi, good. Pumped 500g Xylene and 1200g 15% acid. Displaced hole with 380 bbls 3% KCL with corrosion inhibitor and Oxygen Scavengers. RIH with CBL/VDL/CC log from 11,305'-2500' with 1500 psi pressure.

10/2/12-11/1/12 - Perforated Bone Spring 11,515'-15,430' (360). Acidized with 50,736g 7-1/2% HCL acid, frac with 2,998,650# Atlas CRC-C 30/50 sand.

11/2/12 - Circulated hole clean down past bottom perf at 15,430'. Well is flowing up casing, no tubing in the hole.

Current wellbore schematic attached

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 November 15, 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 DEC 20 2012

Conditions of Approval (if any):

DEC 20 2012