

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

<p><b>SUNDRY NOTICES AND REPORTS ON WELLS</b> (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.)</p>		<p>WELL API NO. 30-025-40408</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 &amp; Gas Lease No. VB-1186/VB-1194</p>
<p>3. Address of Operator 105 South Fourth Street, Artesia, NM 88210</p>		<p>7. Lease Name or Unit Agreement Name Undaunted BSD State Com</p>
<p>4. Well Location Unit Letter <u>B D</u> : <u>175</u> feet from the <u>South</u> line and <u>2400</u> feet from the <u>East</u> line Unit Letter <u>Ø</u> : <u>330</u> feet from the <u>North</u> line and <u>2200</u> feet from the <u>East</u> line Section <u>2</u> Township <u>25S</u> Range <u>32E</u> NMPM Lea County</p>		<p>8. Well Number 1H</p>
<p>11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3515'GR</p>		<p>9. OGRID Number 025575</p>
<p>10. Pool name or Wildcat Wildcat; Bone Spring, Upper Shale</p>		

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

<p><b>NOTICE OF INTENTION TO:</b></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><b>SUBSEQUENT REPORT OF:</b></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: <input type="checkbox"/></p>		<p>OTHER: Production casing <input checked="" type="checkbox"/></p>	

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.

1/14/13 - TD 8-3/4" pilot hole to 11,100' at 9:30 AM.  
 1/17/13 - Whipstock set at 10,423'. Set cement plug with 377 sx Class "H" cement. Circulated off cement at 10,228'. Circulated 95 sx to half round. Tagged cement at 10,231'. Drilled cement to 10,415'. Worked through to 10,418'. Continued to drill directionally.  
 1/19/13 - Drilled to 11,021' and reduced hole to 8-1/2" and continued drilling.  
 1/24/13 - Reached TD 8-1/2" hole to 15,464'. Set 5-1/2" 17# P-110 LT&C casing at 15,464'. DV/stage tool at 7508' and 10,373'. External casing packer at 7510'. Float collar at 15,416'. Cemented stage 1 with 871 sx PVL + 0.55% PF013 + 0.25#/sx PF046 + 30% PF151 + 0.2% PF153 + 5% PF174 + 0.7% PF606 + 0.2% PF800 (yld 1.87, wt 13). Cemented stage 2 with 450 sx 35:65 Poz "H" + 0.3% PF013 + 6% PF020 + 0.125#/sx PF029 + 3#/sx PF042 + 5% PF044 + 0.25#/sx PF046 + 0.2% PF153 (yld 2.05, wt 12.6). Tailed in with 100 sx Class "H" + 0.4% PF013 (yld 1.18, wt 15.6). Circulated 245 sx. Cemented stage 3 with 625 sx 35:65 Poz "H" + 0.3% PF013 + 6% PF020 + 0.125#/sx PF029 + 3#/sx PF042 + 5% PF044 + 0.25#/sx PF046 + 0.2% PF153 (yld 2.05, wt 12.6). Tailed in with 100 sx Class "H" + 0.4% PF013 (yld 1.18, wt 15.6).

Spud Date:

6/28/12

Rig Release Date:

1/27/13

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 February 11, 2013

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

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APPROVED BY: [Signature] TITLE Petroleum Engineer DATE FEB 15 2013

Conditions of Approval (if any):

FEB 18 2013