

Submit 1 Copy To Appropriate District Office

State of New Mexico

Form C-103

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

HOBBS OCEAN

Energy, Minerals and Natural Resources

JUN 11 2013

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

RECEIVED

Revised August 1, 2011

WELL API NO. 30-025-40576
5. Indicate Type of Lease STATE [X] FEE [ ]
6. State Oil & Gas Lease No. VO-3524/VO-8239
7. Lease Name or Unit Agreement Name September Grass BSG State Com
8. Well Number 1H
9. OGRID Number 025575
10. Pool name or Wildcat Berry; Bone Spring, North
4. Well Location Unit Letter J : 2480 feet from the South line and 1955 feet from the East line
Unit Letter G : 2310 feet from the North line and 1980 feet from the East line
Surf-Section 5 Township 21S Range 34E NMPM Lea County
BHL-Section 8 Township 21S Range 34E NMPM Lea County
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3714'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: Surface casing [X]

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.

5/21/13 - Resumed drilling at 11:30 PM. Notified E. L. Gonzales NMOCD-Hobbs via email.
5/23/13 - TD 17-1/2" hole to 1876' at 2:15 AM. Set 13-3/8" 54.5# J-55 ST&C casing at 1876'. Cemented with 800 sx Class "C" + 2% PF001 + 4% PF020 + 0.125#/sx PF029 + 0.25#/sx PF046 (yld 1.98, wt 12.9). Tailed in with 200 sx Class "C" + 1% PF001 (yld 1.33, wt 14.8). Circulated 142 sx to pit. Tested casing to 1200 psi for 30 min, good. WOC 24 hr 45 min. Reduced hole to 12-1/4" and resumed drilling.

Spud Date: 3/29/13

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 June 6, 2013

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 JUN 18 2013

Conditions of Approval (if any):

JUN 18 2013