

Submittal 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 87001
 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 July 18, 2013

HOBBS OGD
 JAN 21 2014

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

WELL API NO. 30-025-41058
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. VO-6582/VO-5532
7. Lease Name or Unit Agreement Name Atoka Bank BDJ State Com
8. Well Number 3H
9. OGRID Number 025575
10. Pool name or Wildcat Triple X; Bone Spring, West

SUNDRY RECEIVED 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 A : 200 feet from the North line and 660 feet from the East line
 Unit Letter P : 330 feet from the South line and 660 feet from the East line
 Section 17 Township 24S Range 33E NMPM Lea County Lea

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3,602' GR

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

<p>NOTICE OF INTENTION TO:</p> <p>PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/></p> <p>TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/></p> <p>PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/></p> <p>DOWNHOLE COMMINGLE <input type="checkbox"/></p> <p>CLOSED-LOOP SYSTEM <input type="checkbox"/></p> <p>OTHER: <input type="checkbox"/></p>	<p>SUBSEQUENT REPORT OF:</p> <p>REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/></p> <p>COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/></p> <p>CASING/CEMENT JOB <input type="checkbox"/></p> <p>OTHER: Spud, Surface, intermediate, production csg <input checked="" type="checkbox"/></p>
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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.

12/3/13 - Spudded well with backhoe service at 10:30 am. Hole size 26". Set 80' of 20" conductor and cemented with 6 sacks redi-mix to surface. Notified Maxey Bown with NMOCD-Hobbs. Waiting on rotary tools.

12/23/13 - Resumed drilling with rotary tools at 2:15 pm.

12/24/13 - TD 17-1/2" hole to 1,303'. Set 13-3/8" 48# J-55 ST&C casing at 1,303'. Cemented with 460 sacks Class "C" + 2.0#/sx B288 + 2.0#/sx B289 + 5.0% D020 + 5.0#/sx D042 + 5.0% D044 + 0.2% D046 + 0.3% D112 + 0.12#/sx D130 (yld 2.23, wt 12.8). Tailed in with 300 sacks Class "C" + 5.0#/sx D042 + 0.2% D046 + 0.13% D130 (yld 1.41, wt 14.8). Circulated 184 sacks to pit. WOC. Notified NMOCD-Hobbs of casing and cementing operations via voice mail.

12/27/13 - Tested casing to 673 psi for 30 mins, good. WOC 50 hours. Reduced hole to 12-1/4" and resumed drilling.

12/30/13 - TD 12-1/4" hole to 5,217'. Set 9-5/8" 36#, 40# J-55 HCK-55 LT&C casing at 5,217'. Cemented with 925 sacks 35:65:6 Poz "C" + 2.0#/sx B288 + 2.0#/sx B289 + 3.0% D020 + 5.0#/sx D042 + 5.0% D044 + 0.2% D046 + 0.3% D112

CONTINUED ON NEXT PAGE:

Spud Date: 12/3/13 Rig Release Date: 1/16/14

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Laura Watts TITLE: Regulatory Reporting Technician DATE January 17, 2014

Type or print name Laura Watts E-mail address: laura@yatespetroleum.com PHONE: 575-748-4272

APPROVED BY: [Signature] TITLE: Petroleum Engineer DATE JAN 22 2014

Conditions of Approval (if any): JAN 22 2014

Form C-103 continued:

0.125#/sx D130 (yld 2.02, wt 12.8). Tailed in with 400 sacks 50/50 Poz "C" + 3.0#/sx D042 + 5.0% D044 + 0.2% D065 + 0.125#/sx D130 + 0.02 gal/sx D177 + 0.2% D046 (yld 1.36, wt 14.2). Circulated 139 sacks to surface. WOC 24 hours 30 mins. Tested casing to 1553 psi for 30 mins, good. Reduced hole to 8-3/4" and resumed drilling.

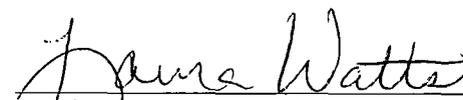
1/7/14 - Drilled to 10,736' KOP and resumed drilling directional.

1/9/14 - Drilled to 11,374' reduced hole to 8-1/2" and resumed drilling..

1/13/14 - Reached TD 8-1/2" hole to 15,726'.

1/14/14 - Set 5-1/2" 17# P-110 and HCP-110 BT&C casing at 15,687'. Diversion/stage tool at 7978' and float collar at 15,639'.

Cemented stage 1 with 1385 sacks PVL + 0.2% D046 + 75.0 lb/sx D049 + 0.5% D112 + 30.0% D151 + 1.5% D174 + 0.1% D208 + 0.9% D800 (yld 1.82, wt 13.00). Cemented stage 2 with 100 sacks 50/50 Poz "C" + 42.0 lb/sx D035 + 5.0% D044 + 0.2% D046 + 0.05% D208 + 47.0 lb/sx D903 (yld 1.34, wt 14.20).



Regulatory Reporting Technician
January 17, 2014