

District I - (575) 393-6161

District II - (575) 748-1283

District III - (505) 334-6178

District IV - (505) 476-3460

1000 Rio Brazos Rd., Aztec, NM 87410

1220 S. St. Francis Dr., Santa Fe, NM 87505

HOBBS OGD

APR 17 2014

RECEIVED

CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

WELL API NO. 30-025-41745

5. Indicate Type of Lease STATE [X] FEE []

6. State Oil & Gas Lease No. VB-1637

7. Lease Name or Unit Agreement Name Toucan BUY State [X]

8. Well Number 1H [X]

9. OGRID Number 025575 [X]

10. Pool name or Wildcat San Simon; Bone Spring, Northeast

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 [X] Gas Well [] Other []

2. Name of Operator Yates Petroleum Corporation [X]

3. Address of Operator 105 South Fourth Street, Artesia, NM 88210

4. Well Location Unit Letter D : 200 feet from the North line and 660 feet from the West line. Unit Letter M : 330 feet from the South line and 660 feet from the West line. Section 27 Township 21S Range 35E NMPM Lea County

11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3,585' 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 []
CLOSED-LOOP SYSTEM []
OTHER: []

SUBSEQUENT REPORT OF:

- REMEDIATION WORK [] ALTERING CASING []
COMMENCE DRILLING OPNS. [] P AND A []
CASING/CEMENT JOB []
OTHER 5' new hole [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.

4/15/14 - Made 4' new hole. TD 8'. Hole size 6". Notified Maxey Brown with NMOCD-Hobbs of operations via e-mail.

Spud Date: 3/27/14

Rig Release Date:

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

SIGNATURE [Signature] TITLE Regulatory Reporting Technician DATE April 16, 2014

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

For State Use Only

APPROVED BY: [Signature] TITLE DATE

Conditions of Approval (if any): MSB 4/21/2014

APR 21 2014