

Submit 1 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 87410  
 District IV - (505) 476-3460  
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
 Energy, Minerals and Natural Resources  
 CONSERVATION DIVISION  
 1220 South St. Francis Dr.  
 Santa Fe, NM 87505

Form C-103  
 Revised July 18, 2013

HOBBS OGD  
 JUN 23 2014  
 RECEIVED

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.)		WELL API NO. 30-025-39716
1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>		5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator Yates Petroleum Corporation		6. State Oil & Gas Lease No. VB-0651
3. Address of Operator 105 South Fourth Street, Artesia, NM 88210		7. Lease Name or Unit Agreement Name Red Raider BKS State
4. Well Location Unit Letter <u>B</u> : <u>330</u> feet from the <u>North</u> line and <u>2180</u> feet from the <u>East</u> line Unit Letter <u>O</u> : <u>4947</u> feet from the <u>North</u> line and <u>2131</u> feet from the <u>East</u> line Section <u>25</u> Township <u>24S</u> Range <u>33E</u> NMPM Lea County		8. Well Number 2H
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3,566' GR		9. OGRID Number 025575
10. Pool name or Wildcat Red Hills; Bone Spring, North		

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

<b>NOTICE OF INTENTION TO:</b> 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"/> CLOSED-LOOP SYSTEM <input type="checkbox"/> OTHER: Repair possible casing leak <input checked="" type="checkbox"/>		<b>SUBSEQUENT REPORT OF:</b> 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"/> OTHER: <input type="checkbox"/>	
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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.

Yates Petroleum Corporation plans to investigate an increase in water production, possible casing leak as follows:

1. NU BOP. TOH with production equipment. Set RBP at 8,950'. Set packer and test RBP to 2000 psi. Release packer and test backside to 2000 psi for 30 mins (record test on 3000 psi, 1 hour chart). If casing tests good TOH with RBP and tools. TIH with production equipment, hang the well on and return to production.
2. If casing does not test good, begin testing every 20 stands until leak is isolated. Isolate the leak to within one joint, if possible. Try to establish a pump rate into the leak, limiting max pressure to 2000 psi. Release RBP and TOH with tools.
3. Set composite plug 30' below leak and retainer 30' above casing leak. Establish rate into casing leak. Squeeze at least 30 sx Class "H" cement into casing leak.
4. Sting out of retainer; reverse tubing clean, POOH and WOC. TIH with 4-3/4" bit and drill collars. Drill out cement and pressure test casing to 2000 psi. Drill out composite plug and circulate clean. TIH to circulate sand off of RBP and TOH with bit. Release RBP and POOH.
5. TIH with production equipment, hang the well on and return to production.

Spud Date:  Rig Release Date:

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 June 20, 2014

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

APPROVED BY: Mary Brown TITLE Dist. Supervisor DATE 6/23/2014  
 Conditions of Approval (if any)

JUN 23 2014