

RECEIVED

AUG 18 2008

HOBBS OCD

OIL CONSERVATION DIVISION

220 South St. Francis Dr.

Santa Fe, NM 87505

WELL API NO.

30-005-21037

5. Indicate Type of Lease

STATE ☒ FEE ☐

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name

Cactus Queen Unit

8. Well Number

#1

9. OGRID Number

025513

10. Pool name or Wildcat

SE Chaves Queen Gas Area Assoc

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 ☐ Gas Well ☐ Other WIW

2. Name of Operator

Yates Drilling Company

3. Address of Operator

105 S. 4th Street, Artesia, NM 88210

4. Well Location

Unit Letter K : 1650 feet from the South line and 2310 feet from the West lineSection 27 Township 12S Range 31E NMPM Chaves County

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

Pit or Below-grade Tank Application ☐ or Closure ☐

Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____

Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____

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 ☐OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDON ☐CASING/CEMENT JOB ☐OTHER: Repair hole in casing ☒

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 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Well failed MIT. RIH and tested casing, hole found in casing at 689'.

7/18/2008 thru 8/4/2008.

Current well conditions:

Hole in casing at 689'. Retrievable plug set at 786' with 10' sand on top of plug. Squeezed well with 300 sxs Class "C" with retainer set at 530' with final squeeze pressure of 1,500 psi.

Drilled out retainer, unable to retrieve RBP due to excessive fill in hole.

Squeezed hole with 500 sxs Class "C" cement with tail of 230 sxs Class "H" cement at 2300 psi. Paul ^{LAUTE} Cates, NMOCD, gave permission to temporarily move off of well to allow cement time to set. Plan to move back on well in 2-3 weeks.

Total spent on well to date for this procedure \$124,968.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☒ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Karen J. Leishman TITLE Operations Tech DATE 8/15/08Type or print name Karen Leishman E-mail address: karenl@ypcnm.com Telephone No. 505-748-8663

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APPROVED BY: Chris Williams

OC DISTRICT SUPERVISOR/GENERAL MANAGER

TITLE

DATE

Conditions of Approval (if any):

AUG 19 2008