

RECEIVED

DEC 15 2008

HOBBSOCD

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

WELL API NO. 30-025-39212
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. VA-2152
7. Lease Name or Unit Agreement Name Fender State Unit
8. Well Number 4
9. OGRID Number 025575
10. Pool name or Wildcat Mescalero; Upper Penn, North

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 <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/>	11. Elevation (Show whether DR, RKB, RT, GR, etc.) 4348' GR
2. Name of Operator Yates Petroleum Corporation	
3. Address of Operator 105 South Fourth Street, Artesia, NM 88210	
4. Well Location Unit Letter <u>J</u> : <u>1980</u> feet from the <u>South</u> line and <u>1980</u> feet from the <u>East</u> line Section <u>3</u> Township <u>10S</u> Range <u>32E</u> NMPM Lea County	

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: Spud, Surface & Intermediate 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.

12/02/08 Spudded well @ 7:30 a.m. Set 40' of 16" conductor. Cemented w/Redi-Mix. Notified Sylvia Dickey w/NMOCD.

12/06/08 Resumed drilling @ 1:00 a.m. Drilled 14-3/4" hole to 420'. Set 11-3/4" 42# H-40 casing @ 420'. Cemented w/200 sx "C" + 2% CaCl2 (yld 1.34, wt 14.8). Tailed in w/200 sx "C" + 2% CaCl. Cement circulated. WOC. Tested casing to 600# for 30 min. WOC 18 hrs 45 min. Reduced hole to 11" and resumed drilling.

12/11/08 Drilled 11" hole to 3574'. Set 8-5/8" 24# & 32# J-55 casing @ 3574'. Cemented w/800 sx 35:65:6PzC + 13#/bbl cellophane flakes + 6% gel + 5% Sodium Chloride (yld 2.04, wt 12.5). Tailed in w/200 sx "C". Cement circulated. WOC. Reduced hole to 7-7/8" and resumed drilling.

Spud Date:

12/02/08

Rig Release Date:

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

SIGNATURE Allison Barton TITLE Regulatory Compliance Technician DATE 12/10/08

Type or print name Allison Barton E-mail address: abarton@yatespetroleum.com PHONE: (575) 748-4385

For State Use Only

APPROVED BY: [Signature] TITLE PETROLEUM ENGINEER DATE DEC 19 2008

Conditions of Approval (if any):