

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

RECEIVED

SEP 18 2009

HOBBSD

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

<p align="center">SUNDRY NOTICES AND REPORTS ON WELLS</p> <p>(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.)</p>		<p>WELL API NO. 30-025-31243</p>
<p>1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/></p>		<p>5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/></p>
<p>2. Name of Operator Yates Petroleum Corporation</p>		<p>6. State Oil & Gas Lease No. V-6303</p>
<p>3. Address of Operator 105 South Fourth Street, Artesia, NM 88210</p>		<p>7. Lease Name or Unit Agreement Name Reba BNU State</p>
<p>4. Well Location Unit Letter <u>K</u> : <u>2300</u> feet from the <u>South</u> line and <u>1650</u> feet from the <u>West</u> line Section <u>32</u> Township <u>11S</u> Range <u>35E</u> NMPM <u>Lea</u> County <u></u></p>		<p>8. Well Number 5</p>
<p>11. Elevation (Show whether DR, RKB, RT, GR, etc.) 4160' GR</p>		<p>9. OGRID Number 025575</p>
		<p>10. Pool name or Wildcat Llano; Upper Penn (Oil)</p>

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 ☐

OTHER ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER Repair & set sidetrack plug due to irreparable casing split ☒

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.

8/14/09 thru 8/16/09 Nipped down tree and nipped up BOP. Tagged tight spot @ 6248'. Looks like casing is parted and laid over.
8/18/09 SD for repairs.
8/19/09 Finished POOH w/100 jts 5-1/2 casing. Picked up 7-7/8" bit & 4-1/8" drill collars. TIH to bottom of 8-5/8" casing @ 4300'. Prep to tag casing stub and break circulation.
8/20/09 Tagged @ 5050'. Ran bit to 6248'. Tagged fill. Cleaned out 12' and tagged top of casing stub. Circulated hole clean w/450 bbls.
8/21/09 TIH w/dress off mill. Tagged casing top @ 6250'. Made several attempts and kept rolling off. Shoe started cutting @ 6250'. Made 28" and quit milling. Prep to run shoe w/6" cut lip guide.

(continued on Page Two)

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 Allison Barton TITLE Regulatory Compliance Technician DATE 9/16/09

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 SEP 22 2009
Conditions of Approval (if any):

8/22/09 TIH w/7-5/8" shoe w/6" cut lip guide rough OD and ID w/mesh on cut lip guide. Tagged on some ledges @ 5860' & 6000'. Tagged casing top @ 6250'. Cut down 4'. Mill acts like it went beside casing. POOH – cut lip was bent. Prep to run flat bottom shoe w/10' bent sub.

8/23/09 RIH and work BHA through ledge @ 5860'. Made 4 attempts to stab sub inside casing. Fifth time saw bobble – went down 10' and set weight down. Started milling and first 15' were rough. Mill smoothed out and cut 29". Lost drilling weight and shoe. Bent sub was broken off inside collar on bottom threads. Prep to run wall hook on overshot and try and get casing top centered.

8/24/09 TIH w/7-3/8" wall hook, jars and drill collars. Worked through tight spot @ 5988'. Ran wall hook down to 6253' and tagged up. Did not tag @ 6250' where casing top has been. Worked wall hook. Never could hook casing. Prep to run longer wall hook with face mill in top bushing.

8/25/09 TIH w/7-3/8" x 12' wall hook with face mill. Tagged up @ 6255'. Tried to hook casing. Kept torquing up but could not pull casing over. Wall hook would not go down past 6255'. Prep to run tubing open ended.

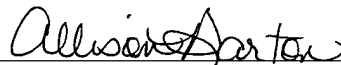
8/26/09 TIH w/tubing open ended. Tagged casing @ 6251'. Could not work tubing past 6251' or stab inside casing stub. Pulled tubing up inside 8-5/8" @ 4300'. Prep to run downhole video camera.

8/27/09 Ran tubing back to 6251'. Pumped tubing volume 3 times to clean hole. Started in hole w/camera. Ran to 1500'. Pumped clean fluid. Tubing plugged up. POOH w/camera. Unplugged tubing. Ran downhole camera to 6250'. Camera showed open hole bridged off w/formation. Got pump rate up and saw one piece of metal. Appeared to be a casing sliver that was sliced and rolled over at top. Could not see any sign of casing stub. Established injection rate @ 4 BPM; 500 psi. Pumped 35 bbls in.

8/28/09 Sam Brandon of Yates Petroleum Corporation contacted OCD representative Larry (Buddy) Hill and informed him of the condition of the well. Mr. Hill's instructions were to spot 100 sx of cement at the stub, pressure up to 500 psi and see if we could get some cement into the casing and then leave 50' of cement on top of the stub, WOC, tag and TOOH.

8/31/09 Ran tubing down to 6245'. Tubing was plugged. Unplugged tubing. Spotted 140 sx Class "C" cement plug w/1% CaCl2. Pulled 15 stands and reversed tubing clean. Pressured up to 500 psi, held for 15 min. Waited 3 hrs and TIH. Tagged plug @ 6188'. POOH and laid down tubing to 5400'. Broke circulation and spotted 400 sx Class "H" w/FL and D65. Kick off plug from 5000' to 5400'. Pulled tubing up in casing and reversed out.

9/01/09 Tagged kick off plug @ 4815'. POOH and laid down tubing. Nipped down BOP. Nipped up cap flange. Cleaned location. Rigged down and moved off.


Allison Barton
Regulatory Compliance Technician