

District I
1625 N French Dr., Hobbs, NM 88240
District II
1301 W Grand Ave., Artesia, NM 88203
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

RECEIVED
MAY 26 2010
HOBBSOCD

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

<p>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.)</p>		<p>WELL API NO. 30-025-36004 ✓</p>
<p>1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <u>SWD</u> ✓</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-2443</p>
<p>3. Address of Operator 105 South Fourth Street, Artesia, NM 88210</p>		<p>7. Lease Name or Unit Agreement Name Lotus SWD ✓</p>
<p>4. Well Location Unit Letter <u>A</u> : <u>660</u> feet from the <u>North</u> line and <u>660</u> feet from the <u>East</u> line Section <u>32</u> Township <u>22S</u> Range <u>32E</u> NMPM <u>Lea</u> County <u>✓</u></p>		<p>8. Well Number <u>1</u> ✓</p>
<p>11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3556' GR</p>		<p>9. OGRID Number 025575 ✓</p>
<p>10. Pool name or Wildcat SWD; Delaware ✓</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: ☒ Convert to SWD

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.

3/29/10 thru 5/05/10

MIRU. Rig up safety equipment as necessary. Set RBP @ 6705'. Set pkr @ 6670'. Tested annulus to 500 psi, held good for 30 min. Unset pkr & RBP. Set AS1-X nickel coated injection packer & 2-7/8" internally plastic coated tubing @ 6611'. Loaded & tested. Lost 200 psi in 15 min. Will leave shut in overnight and retest in the morning. Acidized perforations 6744-8518' w/5000 gal 7-1/2% NEFE. Re-tested packer to 500 psi. Bled air off. Held 400 psi for 40 min, tested good. NOTE: Curtis Tolle (YPC) received verbal approval to run MIT from Maxey Brown (NMOCD-Hobbs) on 5/05/10. No NMOCD representative on location. Original MIT attached. (Administrative Order SWD-1197)

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 5/18/10

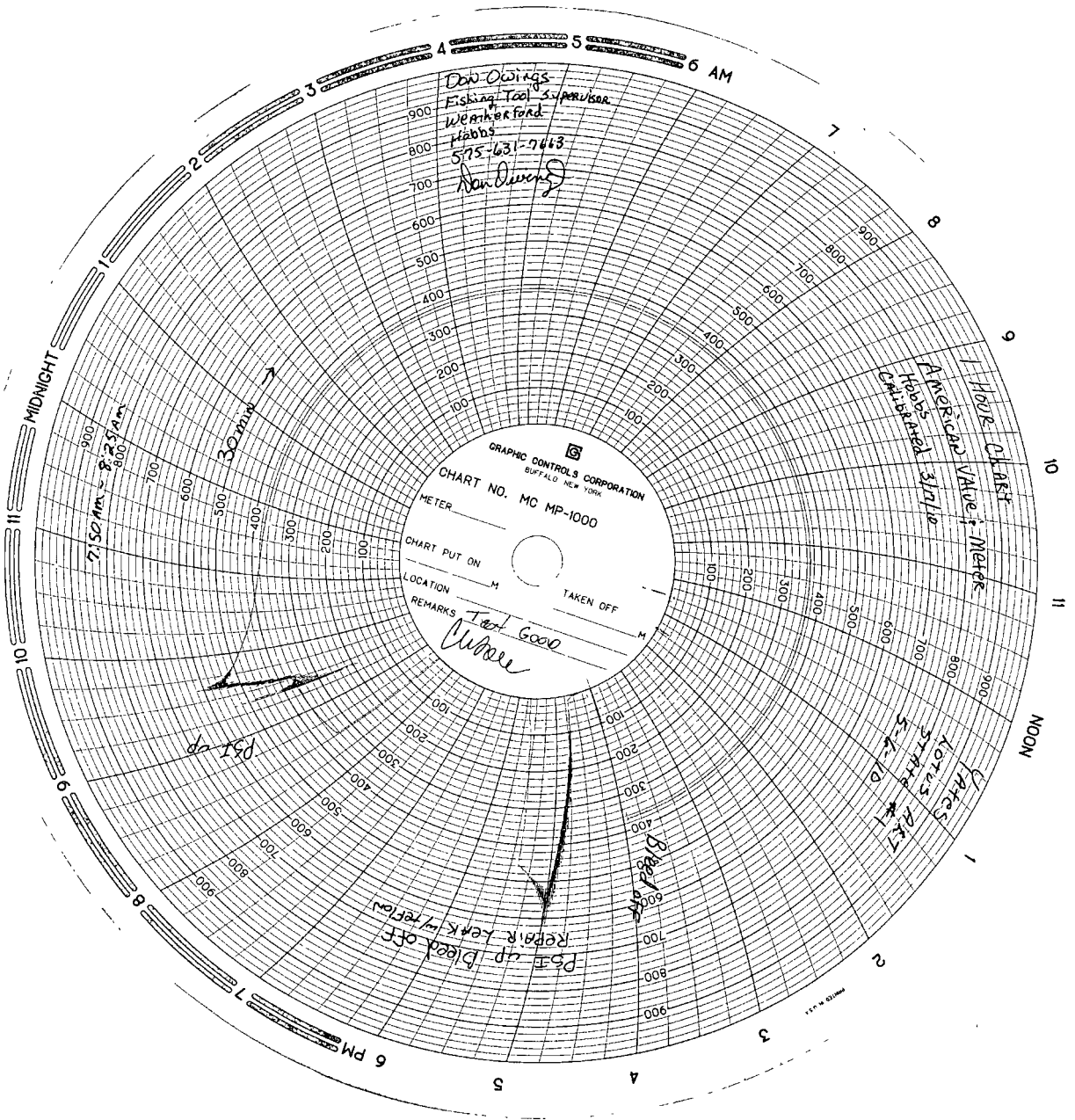
Type or print name Allison Barton E-mail address: abarton@yatespetroleum.com PHONE: (575) 748-1471

For State Use Only

APPROVED BY: [Signature] TITLE State Mgr DATE 5-27-10

Conditions of Approval (if any):

7.14



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