Submit 1 Copy To Appropriate District Office
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

State of New Mexico
Energy, Minerals and Natural Resources

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

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Form C-103
October 13, 2009

WELL API NO. 30-025-36004	
5. Indicate Type of Lease STATE ☒ FEE ☐	
6. State Oil & Gas Lease No. V-2443	
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.)	7. Lease Name or Unit Agreement Name Lotus SWD
1. Type of Well: Oil Well ☐ Gas Well ☐ Other SWD	8. Well Number 1
2. Name of Operator Yates Petroleum Corporation	9. OGRID Number 025575
3. Address of Operator 105 South Fourth Street, Artesia, NM 88210	10. Pool name or Wildcat SWD; Delaware
4. Well Location Unit Letter A : 660 feet from the North line and 660 feet from the East line Section 32 Township 22S Range 32E NMPM Lea County	
11. Elevation *(Show whether DR, RKB, RT, GR, etc.)* 3556'GR	

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

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK ☐	PLUG AND ABANDON ☐	REMEDIAL WORK ☐	ALTERING CASING ☐
TEMPORARILY ABANDON ☐	CHANGE PLANS ☐	COMMENCE DRILLING OPNS. ☐	P AND A ☐
PULL OR ALTER CASING ☐	MULTIPLE COMPL ☐	CASING/CEMENT JOB ☐	
DOWNHOLE COMMINGLE ☐			
OTHER: ☐		OTHER: MIT ☒	

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.

10/22-24/10 – Casing had 240 psi. Blew down pressure. Well continued to flow back. Pressured casing to 500 psi. Lost 200 psi in 2 min.
10/26/10 – NU BOP. Unset packer and POH.
10/27/10 – Isolated hole down to 5336'. Pressured up to 2500 psi. Loss of 750 psi in 2 min.
10/29-31/10 – Spotted 25 sx cement at 5388'. Pressured up casing to 2000 psi. Bled off to 1600 psi. Pumped 1.5 bbls in – leaked. Left 1600 psi on casing.
11/1/10 – Tagged cement at 5242'. Cleaned out some stringers down to 5350'. Cement was real hard. Cleaned out down to 5414'. Circulated clean. Tested casing to 500 psi for 15 min. Lost 100 psi in 1 min, lost 50 psi in 14 min. Slow leak.
11/2/10 – Re-tested casing to 500 psi. Lost 70 psi in 30 min. Drilled out to 5418'. Fell out of cement. Circulated clean. Spotted 400g 15% HCL at 5370'.

CONTINUED ON NEXT PAGE:

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 Tina Huerta TITLE Regulatory Compliance Supervisor DATE January 20, 2011

Type or print name Tina Huerta E-mail address: tinah@yatespetroleum.com PHONE: 575-748-4168

For State Use Only

APPROVED BY: TITLE STAFF MGR DATE 1-24-2011
Conditions of Approval (if any):

Form C-103 continued:

11/3/10 – Set cement retainer at 5245'. Spotted 50 sx Class "C" Neat cement. Sting into retainer and trap 1500 psi on backside. Put 6 bbls cement in hole at 6/10 BPM at 4000 psi. Stage half bbls of cement in psi. Walked up to 2500 psi and break back to 0 psi. Stage cement in for 3 hrs. Pressure up to 1000 psi and held. Sting out of retainer. Reverse out 3 sx to pit. Put 47 sx in below retainer.
11/4/10 – Tagged up on retainer.
11/5-7/10 – Drilled out retainer and 10' of cement. Fell through and tagged cement at 5285'. Drilled out cement down to 5490', fell thru. Circulated hole clean. Tested casing twice to 460 psi. Lost 20 psi in 30 min both times.
11/8/10 – Re-tested casing to 500 psi. Lost 220 psi in 30 min. Ran CBL with 500 psi, bond log looked identical to old CBL.
11/10/10 – Tested down to RBP at 5806' to 500 psi, held good. Pulled packer up to 5267' and set. Tested above annulus to 500 psi, held good. Worked packer down to 5504'. Narrowed leak down to 10' (5494'-5504'). Lost 240 psi in 30 min on annulus. Pulled packer up to 5300'. Well pressured up and bled off 700 psi in a min, then would leak off slower, 200 psi in 1 min. Tried rates at 2000 psi, 2500 psi and 3000 psi. All had same results.
11/11/10 – Perforated 4 squeeze holes at 5480'. Had instant flowback out LUB. Est. injection rate into squeeze holes, 2 bpm at 1050 psi. TIH with retainer to 5267' and pumped through. Sting out and back in. Tested annulus to 500 psi, held good.
11/12-14/10 – Injection rate through retainer 2 BPM at 1000 psi. Mixed and pumped 100 sx Class "C" Neat cement. Would not hold pressure. Pumped cement away. Overdisplaced 10 bbls. Pumped 100 sx Class "C" Neat. Squeezed to 2200 psi. Total 155 sx in formation.
11/15/10 – Tagged retainer at 5267'. Drilled out retainer and cement down to 5344'. Cement not real hard. Tested casing to 500 psi. Lost 200 psi in 10 min.
11/16/10 – Drilled out cement down to 5492', fell out of cement. Circulated clean to 500 psi, lost 200 psi in 15 min.
11/17/10 – Ran CBL from 6600' up to 5000'. Showed good cement from 5500' up to 5390'. Tested down from 5390', held good. Tested down to tubing at 5365', held good. Tested down tubing from 5300' down to RBP, held good. Backside lost 200 psi in 5 min. Worked packer up to 5041'.
11/18/10 – Tested casing for leaks from 4874'-5300'. Tested annulus and tubing in these intervals. Annulus tested good at 4874', 4911' and 4927'. Tubing and annulus tested bad at 4943', 4976', 5234', 5267' and 5277'. Tubing tested good at 5300' and 5283'. Tested casing to 550 psi each test. When packer set at 5234' and tested to 500 psi with tubing open, fluid circulated out of tubing at a slow rate. When packer set a 4943' and tested to 500 psi with tubing open, fluid circulated out of tubing at a slow rate. 2 or more holes in casing.
11/19-21/10 – Found 3 holes from 5276'-5308', 5100'-5147' and 4920'-4952'. Casing tested good from 4920' up to surface.
12/6/10 – ND BOP. POOH with tubing.
12/7/10 – Perforated 4 squeeze holes at 5380'. Set a cement retainer at 5340'. Squeezed perfs 5380' with 71 sx Class "C" cement to 2000 psi, good. Sting out of retainer. Reversed circulated 4.2 sx cement.
12/8/10 – RIH with 2 squeeze guns and perforate at 5210' and 4910'. Set cement retainer at 5177'. Pumped 112 sx Class "C" cement. Displaced within ½ bbls of retainer. Pressured casing to 100 psi.
12/9/10 – RIH with 2 squeeze guns and tagged cement top at 4910'. Perforated at 4870' (4) and 4440' (4). Set cement retainer at 4822'. Pumped 150 sx Class "C" cement. Displaced with ½ bbl of retainer. Pressured casing to 1000 psi.
12/13/10 – Tagged cement at 4612'. Drilled cement stringers to solid cement at 4640'. Tested casing to 500 psi for 15 min, good. Drilled cement to retainer at 4822'. Drilled out retainer. Circulated clean.
12/14/10 – Drilled out remainder of cement retainer. Fell out of cement at 4879'. Circulated clean. Tested casing to 500 psi, good. Circulated clean.
12/15/10 – Drilled cement from 5074' to retainer at 5177'. Circulated clean. Tested casing to 500 psi for 15 min, good. Drilled out retainer and cement to 5185'. Circulated clean.
12/16/10 – Drilled out cement from 5185' to retainer at 5340'. Circulated clean. Tested casing to 500 psi for 15 min, good. Drilled out retainer and cement to 5345'.

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January 20, 2011

Form C-103 continued:

12/17/10 – Drilled out cement from 5345' to 5395'. Fell out of cement and circulated clean. Tested casing to 500 psi in 17 min, leaked 300 psi. RIH to RBP at 5781'.
12/20/10 – Tested good from 5310' to RBP at 5800'. Tested good from 4825' up to surface.
12/21/10 – Found bad spots in casing from 5277'-5310' pressure tested to 2000 psi, in 10 min last 1500 psi. Found 2nd bad spot from 4889'-4954' pressure tested to 2000 psi, in 10 min last 1800 psi. Released tools and pulled to 4440'.
12/22-27/10 – Ran GR/CCL/bond log from 5700' to 4300' with 500 psi.
12/27/10 – Perforated squeeze holes at 5300'. Set cement retainer at 5207'. Pumped 50 sx Class "C" cement. Squeezed perfs to 2100 psi with 34.5 sx. Reverse circulated 14.7 sx of cement.
12/28/10 – Perforated squeeze holes at 4930'. Set cement retainer at 4855'. Pumped 100 sx Class "C" cement. Squeezed well to 2500 psi with 83.4 sx cement into formation. Reverse circulate 8.4 sx.
1/3/11 – Tagged cement at 4850'. Drilled out cement to retainer at 4860'. Drilled out retainer and cement to 4900'. Circulated clean.
1/4/11 – Drilled out cement to 4946'. Fall out stringers of cement at 4968'. Circulated clean. Tested casing to 500 psi for 15 min, good. Tagged cement at 5200'. Drilled cement to retainer at 5207'. Drilled out to 5209'. Circulated clean.
1/5/11 – Drilled out retainer at 5209' and cement. Fall out of cement at 5300'. Circulated clean. Tested casing to 500 psi for 30 min, good. Washed down to RBP at 5800' and circulated clean.
1/7/11 – Tested casing to 500 psi for 30 min, good. Released RBP. RIH with 5-1/2" ASI nickel plated nickel plate seat nipple and 2-7/8" plastic coated tubing at 6661'.
1/10/11 – Tested to 500 psi for 30 min, good.
1/11/11 – Tested casing to 500 psi for 30 min, good for NMOCD. Original MIT attached.

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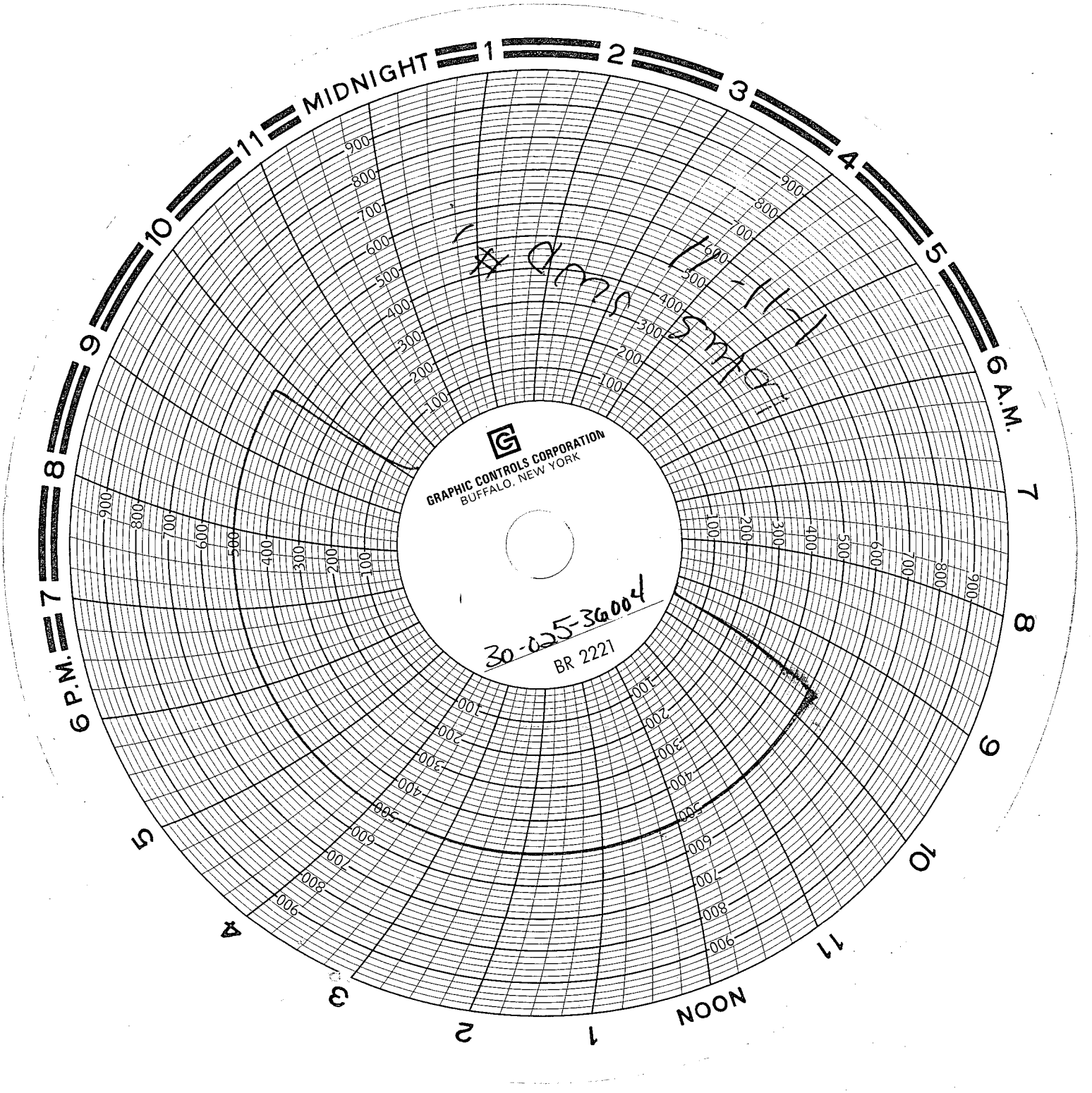
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