

District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Ave., Artesia, NM 88201  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

RECEIVED

FEB 24 2011

HOBBSOCD

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

<p><b>SUNDRY NOTICES AND REPORTS ON WELLS</b> (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. 30-025-39947 ✓</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 &amp; Gas Lease No. VB-844</p>
<p>3. Address of Operator 105 South Fourth Street, Artesia, NM 88210</p>		<p>7. Lease Name or Unit Agreement Name Quijote BQJ State Com ✓</p>
<p>4. Well Location Surface <u>O</u> : <u>480</u> feet from the <u>South</u> line and <u>1650</u> feet from the <u>East</u> line BHL <u>B</u> : <u>330</u> feet from the <u>North</u> Line and <u>1650</u> feet from the <u>East</u> line Section <u>2</u> Township <u>26S</u> Range <u>32E</u> NMPM Lea County</p>		<p>8. Well Number 1H ✓</p>
<p>11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3331'GR</p>		<p>9. OGRID Number 025575 ✓</p>
<p>10. Pool name or Wildcat Wildcat; Bone Spring ✓</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: 5' new hole ☒

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.

2/18/11 – Made 5' new hole at 9:00 AM. TD 15'. Hole size 12-1/4".

Spud Date:

1/31/11

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 February 22, 2011

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

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APPROVED BY [Signature] TITLE STAFF MGR DATE 3-1-2011

Conditions of Approval (if any):

COH