

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

Energy, Minerals and Natural Resources

October 13, 2009

RECEIVED

MAR 03 2011

OIL CONSERVATION DIVISION

HOBBSUCD

1220 South St. Francis Dr.

Santa Fe, NM 87505

WELL API NO.

30-025-40054

5. Indicate Type of Lease

STATE ☒ FEE ☐

6. State Oil & Gas Lease No.

VB-1192

7. Lease Name or Unit Agreement Name

Basilisk BQS State Com

8. Well Number

1H

9. OGRID Number

025575

10. Pool name or Wildcat

Wildcat; Bone Spring

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 ☒ Gas Well ☐ Other ☐

2. Name of Operator

Yates Petroleum Corporation

3. Address of Operator

105 South Fourth Street, Artesia, NM 88210

4. Well Location

Surface N : 330 feet from the South line and 1980 feet from the West line
BHL C 330 feet from the North Line and 1980 feet from the West line
Section 36 Township 24S Range 32E NMPM Lea County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)

3557'GR

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 ☒

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.

3/1/11 – Spudded well at 10:30 AM. TD 10'. Hole size 12-1/4". Notified E.L. Gonzales NMOCD-Hobbs of operations via email.

Spud Date:

3/1/11

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 March 2, 2011

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

For State Use Only

APPROVED BY: [Signature] TITLE PETROLEUM ENGINEER DATE MAR 04 2011

Conditions of Approval (if any):