

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

HOBBS OGD

MAY 02 2011

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

WELL API NO.
30-025-39753

5. Indicate Type of Lease
STATE ☒ FEE ☐

6. State Oil & Gas Lease No.
V-6180

7. Lease Name or Unit Agreement Name
Milsap BGV State

8. Well Number
3

9. OGRID Number
025575

10. Pool name or Wildcat
Hightower; Upper Penn, East

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

Unit Letter K : 1878 feet from the South line and 1874 feet from the West line
Section 25 Township 12S Range 33E NMPM Lea County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
4231'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: Drilling openhole and completion operations ☒

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.

3/3/11 - NU BOP.

3/6/11 - Drilled down to DV tool at 10,924'. Fell through DV tool and circulated well clean. Tested casing and DV tool to 2000 psi, held good for 15 min. Tagged up at 12,640'.

3/7/11 - Drilled down to stage tool at 12,643'. Drilled 17' of stage tool to 12,662' and circulated clean. Circulated well with 265 bbls 3% KCL.

3/8/11 - Pressured casing to 1500 psi. Tagged at 12,664'. Ran CCL/CBL/GR log from 12,664'-8000' with 1500 psi on casing. Pulled up and ran strip across est TOC at 4150'.

3/9/11 - Started drilling from 12,664' and drilled out to 12,669'. Tagged up solid again at 12,670'. Began drilling again from 12,670'. Washed down like fill to 12,673', then was solid from this point.

3/10/11 - Tagged bottom at 12,671'. Washed fill down to 12,675'. Circulated bottoms up. Drilled down to 12,700'.

3/11/11 - Began swabbing, made a total of 12 runs and recovered total of 60 bbls.

3/13/11 - Swabbed well dry in 4 runs and recovered 12 bbls after.

3/14/11 - Tagged at 12,696'. Began circulating conventional, washed fill down to 12,700'. Began drilling new open hole, drilled down to 12,750'.

CONTINUED ON NEXT PAGE:

Spud Date:

12/27/10

Rig Release Date:

2/26/11

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 April 29, 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 MAY 27 2011

Conditions of Approval (if any):

Form C-103 continued:

3/15/11 – Tagged up at 12,750'. Drilled down to 12,800' and circulated hole clean.

3/20/11 – Tagged bottom at 12,799'. Drilled down to new TD of 12,849'.

3/23/11 – Set a CIBP at 12,630'. Loaded casing and tested to 1000 psi, good. Capped CIBP with 35' cement.

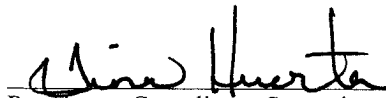
3/24/11 – Perforated Austin 11,769'-11,790' (42). Acidized with 3000g 20% NEFE HCL. Balled out with 72 balls.

3/29/11 – TIH with 4.6" GR/JB to 11,800'. Set a CIBP at 11,750'. Loaded and tested to 1000 psi, good. Capped CIBP with 35' cement.

3/30/11 – Perforated Upper Penn 10,158'-10,172' (28). Acidized with 2000g 20% NEFE HCL. Dropped 60 balls, balled out with 60 balls on.

4/5/11 – TIH with 4.6" GR/JB to 10,200'. Set a CIBP at 10,130'. Loaded and tested to 1000 psi, good. Capped CIBP with 35' cement.

Perforated Upper Penn 9824'-9833' (18), 9860'-9864' (8) and 9966'-9988' (44). Spotted 5 bbls acid across perfs, pumped remaining 1500g acid. Dropped 120 balls, had good ball action but no ball out. 2-7/8" 6.4# L-80 tubing at 10,055'.



Regulatory Compliance Supervisor

April 29, 2011