

Submit 1 Copy To Appropriate District Office
 District I - (575) 393-6161
 1625 N. French Dr., Hobbs, NM 88240
 District II - (575) 748-1283
 811 S. First St., Artesia, NM 88210
 District III - (505) 334-6178
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV - (505) 476-3460
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 Revised July 18, 2013

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

WELL API NO. 30-015-29378
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. 20436
7. Lease Name or Unit Agreement Name State 32
8. Well Number 1
9. OGRID Number 009920
10. Pool name or Wildcat Avalon Bone Springs
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3461 GR

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
Hanley Petroleum, Inc.

3. Address of Operator
415 W. Wall St, Suite 700 Midland, TX 79701

4. Well Location
 Unit Letter D : 600 feet from the N line and 660 feet from the W line
 Section 32 Township 19S Range 31E NMPM County Eddy

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

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input checked="" type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
DOWNHOLE COMMINGLE <input type="checkbox"/>			
CLOSED-LOOP SYSTEM <input type="checkbox"/>			
OTHER: <input type="checkbox"/>		OTHER: <input type="checkbox"/>	

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. As Hanley has previously discussed with OCD, every attempt has been made to fish tubing and packer out of the hole. Given current condition of wellbore, we believe the well can be plugged in a safe and satisfactory manner to ensure all near-bore reservoirs and FW zones are completely isolated and protected. We would like to begin plugging operations on 2/15/17. Our proposed procedure is as follows:

- 1) RIH w/ wireline and set CIBP @ 4,480'. Dump bail 35 sxs of cement on top. WOC 4 hours then tag.
- 2) Perforate 4 1/2" @ 4,091' and squeeze 25-50 sxs Class C cement depending on rate/pressure. - *WOC & TAG*
- 3) Cut and pull 3,850' of 4 1/2" casing.
- 4) Spot 40 sxs Class C cement in 8 5/8" from 3,900-3,800'. WOC 4 hours then tag.
- 5) Spot 55 sxs Class C cement in 8 5/8" from 2,740-2,595'. WOC 4 hours then tag.
- 6) *PERF* 40 sxs Class C cement in 8 5/8" from 2,083-1,983'. - *sq - WOC & TAG*
- 7) *PERF* 40 sxs Class C cement in 8 5/8" from 556-456'. - *sq - WOC & TAG*
- 8) Top of 8 5/8" casing from 300-surface with Class C cement.

Spud Date: Rig Release Date:

WELL MUST BE PLUGGED BY 1/25/2018

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

Approved for plugging of well bore only.
 Liability under bond is retained pending receipt
 of C-103 (Subsequent Report of Well Plugging)
 which may be found at OCD Web Page under
 Perms: www.emnr.state.nm.us/oed.

SIGNATURE Christian L Cotton TITLE Engineer

Type or print name Christian L Cotton E-mail address: ccotton@aresenergy.com PHONE: 433-1630

For State Use Only

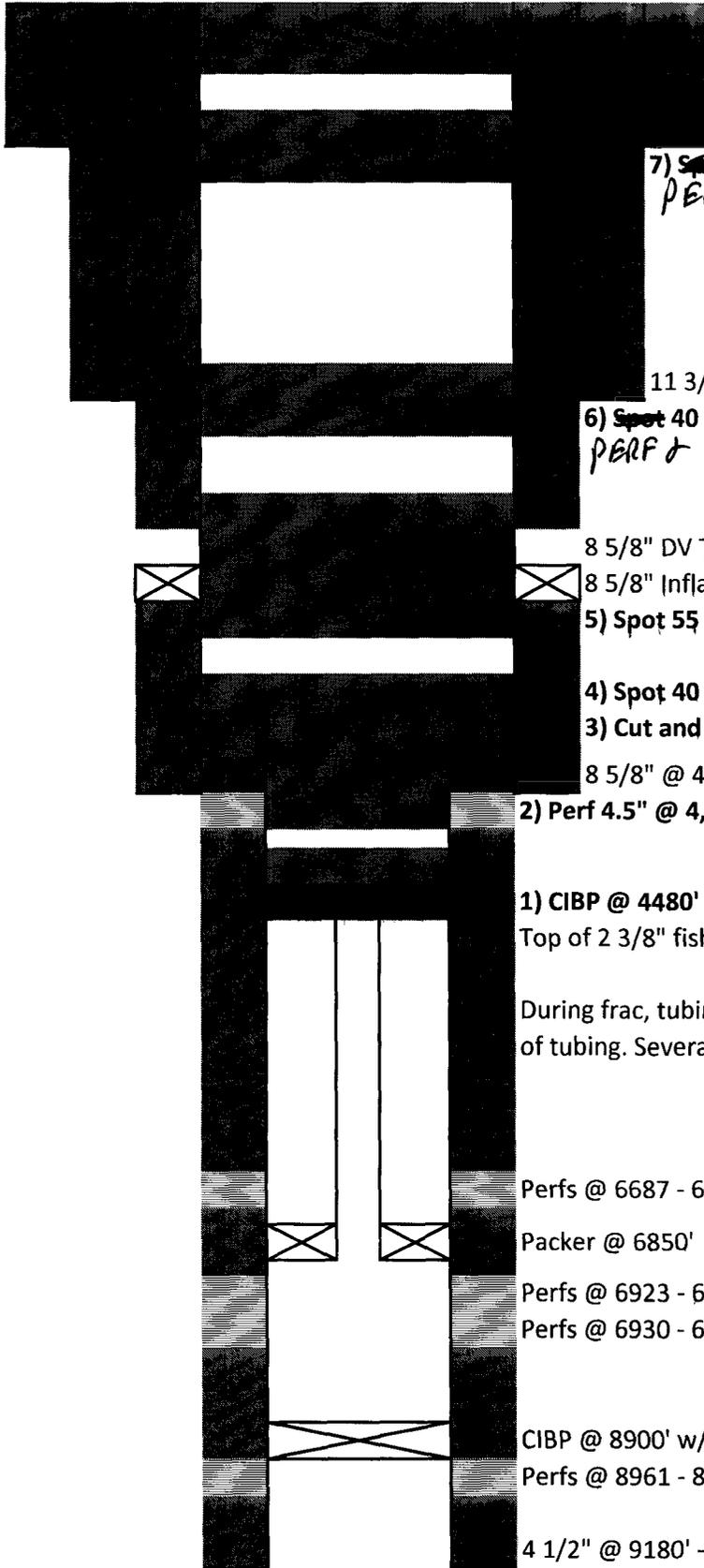
APPROVED BY: [Signature] TITLE COMPLIANCE OFFICER DATE 1/25/2017

Conditions of Approval (if any):

SEE ATTACHED COA-5

NM OIL CONSERVATION
 ARTESIA DISTRICT
 DATE JAN 26 2017
 RECEIVED

HANLEY PETROLEUM, INC
 State 32 #1, API # 30-015-29378
 Eddy Co, NM



8) Fill wellbore from 300-surface

16" @ 506' - circulated 123 sxs to pit

7) Spot 40 sxs from 556-456'
 PERF & SQUEEZE @ 556' - woe & TAG

11 3/4" @ 2033' - circulated 240 sxs to pit

6) Spot 40 sxs from 2083-1983'
 PERF & SQUEEZE @ 2083 - woe & TAG

8 5/8" DV Tool @ 2645'

8 5/8" Inflatable PKR @ 2690'

5) Spot 55 sxs from 2740-2595'

← woe & TAG

4) Spot 40 sxs cement from 3900-3800' ← woe & TAG

3) Cut and pull 4.5" casing from 3850'

8 5/8" @ 4041'

2) Perf 4.5" @ 4,091', sqz/spot 25-50 sxs from 4100-3900' ← woe & TAG

1) CIBP @ 4480' w/ 35 sxs on top ← woe & TAG
 Top of 2 3/8" fish @ 4490'

During frac, tubing failed and sand is inside and outside of tubing. Several attempts to fish have failed.

Perfs @ 6687 - 6724' (Lower Brushy Canyon)

Packer @ 6850'

Perfs @ 6923 - 6928'

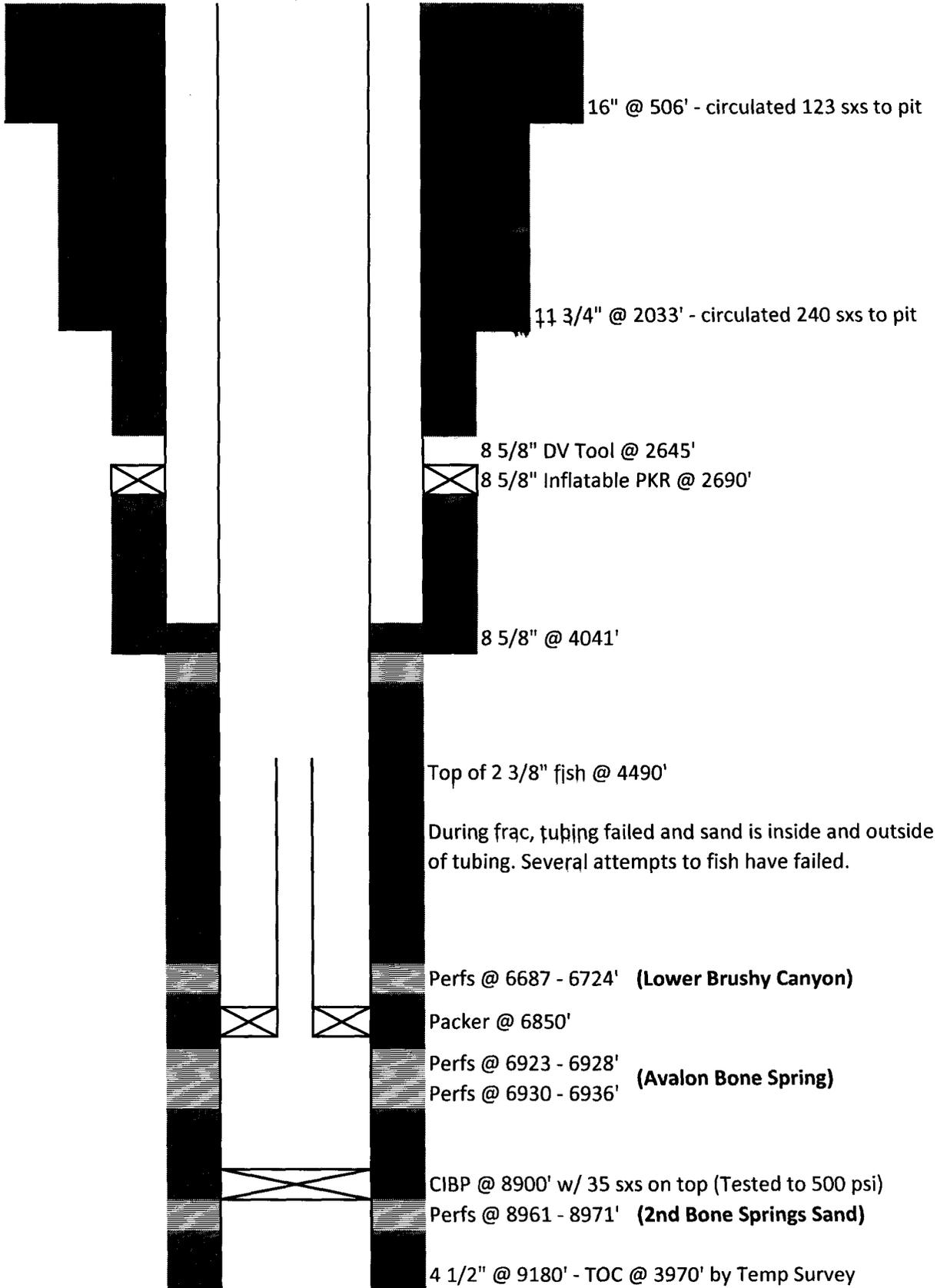
Perfs @ 6930 - 6936' (Avalon Bone Spring)

CIBP @ 8900' w/ 35 sxs on top (Tested to 500 psi)

Perfs @ 8961 - 8971' (2nd Bone Springs Sand)

4 1/2" @ 9180' - TOC @ 3970' by Temp Survey

HANLEY PETROLEUM, INC
State 32 #1, API # 30-015-29378
Eddy Co, NM



CONDITIONS FOR PLUGGING AND ABANDONMENT

District II / Artesia N.M.

The following is a guide or checklist in preparation of a plugging program, this is not all inclusive and care must be exercised in establishing special plugging programs in unique and unusual cases, **Notify NMOCD District Office II at (575)-748-1283 at least 24 hours before beginning work.**

1. A notice of intent to plug and abandon a wellbore is required to be approved before plugging operations are conducted. A cement evaluation tool is required in order to ensure isolation of producing formations, protection of water and correlative rights. A cement bond log or other accepted cement evaluation tool is to be provided to the division for evaluation if one has not been previously run or if the well did not have cement circulated to surface during the original casing cementing job or subsequent cementing jobs.
2. Closed loop system is to be used for entire plugging operation. Upon completion, contents of steel pits are to be hauled to a permitted disposal location.
3. Trucking companies being used to haul oilfield waste fluids to a disposal – commercial or private – shall have an approved NMOCD C-133 permit. A copy of this permit shall be available in each truck used to haul waste products. It is the responsibility of the operator as well as the contractor, to verify that this permit is in place prior to performing work. Drivers shall be able to produce a copy upon request of an NMOCD Field inspector.
4. Filing a subsequent C-103 will serve as notification that the well has been plugged.
5. A final C-103 shall be filed (and a site inspection by NMOCD Inspector to determine if the location is satisfactorily cleaned, all equipment, electric poles and trash has been removed to Meet NMOCD standards) before bonding can be released.
6. **Squeeze pressures are not to exceed 500 psi, unless approval is given by NMOCD.**
7. Produced water **will not** be used during any part of the plugging operation.
8. Mud laden fluids must be placed between all cement plugs mixed at 25 sacks per 100 bbls of water.
9. All cement plugs will be a minimum of 100' in length or a minimum of 25 sacks of cement, whichever is greater. 50' of calculated cement excess required for inside casing plugs and 100% calculated cement excess required on outside casing plugs.
10. **Class 'C' cement will be used above 7500 feet.**
11. **Class 'H' cement will be used below 7500 feet.**
12. **A cement plug is required to be set 50' above and 50' below, casing stubs, DV tools, attempted casing cut offs, cement tops outside casing, salt sections and anywhere the casing is perforated, these plugs require a 4 hour WOC and then will be tagged**
13. **All Casing Shoes Will Be Perforated and Attempted to be Squeezed, cement needs to be 50' above and 50' Below Casing Shoe inside the Production Casing**
50' BELOW SHOE DEPTH
14. When setting the top out cement plug in production, intermediate and surface casing, wellbores should remain full at least 30 minutes after plugs are set
15. **A CIBP is to be set within 100' of production perforations, capped with 100' of cement, WOC 4 hours and tag.**
16. A CIBP with 35' of cement may be used in lieu of the 100' plug if set with a bailer. This plug will be placed within 100' of the top perforation, **(WOC 4 hrs and tag).**

17. No more than 3000' is allowed between cement plugs in cased hole and 2000' in open hole.

18. Formations to be isolated with cement plugs ~~are~~ *SOME ARE!*

- A) Fusselman
- B) Devonian
- C) Morrow
- D) Wolfcamp
- E) Bone Springs
- F) Delaware
- G) Any salt sections
- H) Abo
- I) Glorieta
- J) Yates.

THESE PLUGS TO BE SET TO ISOLATE FORMATION TOPS

K) **Potash---** (In the R-111-P Area (Potash Mine Area), a solid cement plug must be set across the salt section. Fluid used to mix the cement shall be saturated with the salts that are common to the section penetrated and in suitable proportions, not more than 3% calcium chloride (by weight of cement) will be considered the desired mixture whenever possible, **WOC 4 hours and tag, this plug will be 50' below the bottom and 50' above the top of the Formation.**

19. **If cement does not exist behind casing strings at recommended formation depths, the casing can be cut and pulled with plugs set at recommended depths. If casing is not pulled, perforations will be shot and cement squeezed behind casing, WOC and tagged. These plugs will be set 50' below formation bottom to 50' above formation top inside the casing**

DRY HOLE MARKER REQUIREMENTS

The operator shall mark the exact location of the plugged and abandoned well with a steel marker not less than four inches in diameter, 3' below ground level with a plate of at least ¼" welded to the top of the casing and the dry hole marker welded on the plate with the following information welded on the dry hole marker:

1. Operator name 2. Lease and Well Number 3.API Number 4. Unit Letter 5. Quarter Section (feet from the North, South, East or West) 6. Section, Township and Range 7. Plugging Date 8. County

(SPECIAL CASES)

AGRICULTURE OR PRARIE CHICKEN BREEDING AREAS

In these areas, a below ground marker is required with all pertinent information mentioned above on a plate, set 3' below ground level, a picture of the plate will be supplied to NMOCD for record, the exact location of the marker (longitude and latitude by GPS) will be provided to NMOCD (We typically require a current survey to verify the GPS)