

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 August 1, 2011

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

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.)		WELL API NO. 30-005-00267
1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>		5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator Ponderosa Petroleum Corporation		6. State Oil & Gas Lease No. VB-1484
3. Address of Operator P.O. Box 132, Roswell, NM 88202		7. Lease Name or Unit Agreement Name AM State
4. Well Location Unit Letter <u>N</u> : <u>330</u> feet from the <u>S</u> line and <u>1650</u> feet from the <u>W</u> line Section <u>11</u> Township <u>11S</u> Range <u>27E</u> NMPM <u>Chaves</u> County		8. Well Number <u>2</u>
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3708 GR		9. OGRID Number 248481
		10. Pool name or Wildcat Coyote Queen

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

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

Notify OCD 24 hrs. prior
To any work done.

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.

We propose to plug the well as follows;

- 1) Load hole with mud laden fluid.
- 2) Spot 25 sx. cement plug from bottom perf (1010) to ^{725'} 825'. Tag plug.
- 3) Spot 30 sx plug from ^{330'} 200' to surface.
- 4) Install dry hole marker and clean location.

Perf. @ 86'
5922. cmf. to Surface.
T. Salt @ 350'

RECEIVED
 OCT 15 2012
 NMOCD ARTESIA

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 *Fred F. Pool, III* TITLE President DATE 8/13/12

Type or print name Fred F. Pool, III E-mail address spool@cableone.net PHONE: 575-623-4667

For State Use Only
 APPROVED BY: *[Signature]* TITLE _____ DATE 11/26/2012
 Conditions of Approval (if any): Approval Granted providing work is complete by 2/26/2013

Ponderosa Petroleum Corporation

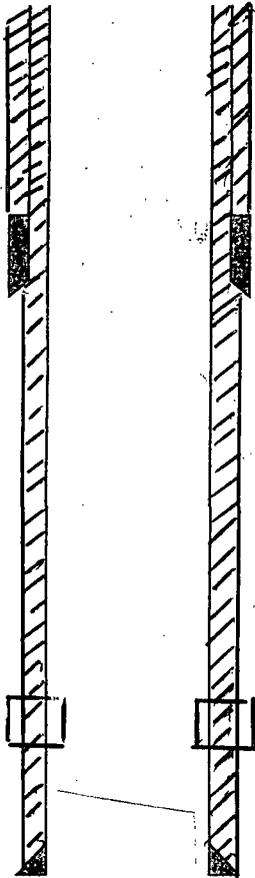
P.O. Box 132
Roswell, NM 88202

(505) 623-4667

API# 30-005-00267

WELLBORE DIAGRAM "PRIOR" TO P&A

DATE 12/14/12 COMPANY PPC COMPANYMAN FFP3
COUNTY CHAVES LEASE AM ST. WELL# 2
STATE NM UNIT N, 330' FSL & 1650' FWL, S11, T11S, R27E



TDC, 8 5/8" CASING @ SURFACE.
TDC, 5 1/2" CASING @ SURFACE.

8 5/8" CASING @ 150', CEMENT TO SURFACE.

RECEIVED
JAN 03 2013
NMOCD ARTESIA

PERFS 960' - 1010'

TD 1059'. 5 1/2" CASING @ 1059'. CEMENT TO SURF.

Accepted for record
NMOCD

RA 1/3/2013

Ponderosa Petroleum Corporation

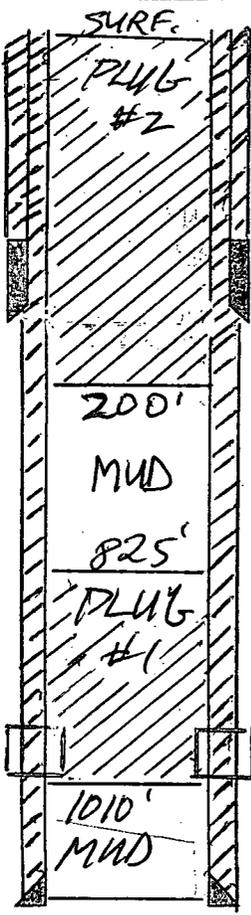
P.O. Box 132
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AFTER PROPOSED

DATE 12/14/12 COMPANY PPC COMPANYMAN FFP3
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PERFS 960'-1010'

TD 1059'. 5 1/2" CASING @ 1059'. CEMENT TO SURF.

Accepted for record: R 1/3/2013
NMOCD

NEW MEXICO OIL CONSERVATION DIVISION
DISTRICT 2 OFFICE
811 S. FIRST STREET
ARTESIA, NM 88210
(575)748-1283

CONDITIONS OF APPROVAL FOR PLUGGING & ABANDONMENT

Operator: Ponderosa Pet. Corp.

Well Name & Number: A.M. STATE #2

API #: 30-005-00267

1. Produced water **will not** be used during any part of the plugging & abandonment operation.
2. Notify NMOCD Dist. 2 office at least 24 hrs before beginning work.
3. Closed Loop System is to be used for entire plugging operation. Upon completion, contents of steel pit are to be hauled to a permitted disposal location.
4. 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 place prior to performing work. Drivers shall produce a copy upon request of NMOCD Field Inspectors.
5. A subsequent C-103 will serve as notification that the well bore has been plugged **ONLY**. A C-103 FINAL shall be filed before any bonding can be released on the well. Upon receipt of the Final, an inspection will be performed to verify that the location has been satisfactorily cleaned to NMOCD standards.
6. If work has not begun within 90 days of the approval of this procedure, an extension request must be filed, stating reason that well has not been plugged.
7. Every attempt must be made to clean the well bore out to below the perfs, before any plugs can be set, by whatever means possible.

8. Cement Retainers may not be used.

9. Squeeze pressures not to exceed 500 psi., unless approval is given by NMOCD Plugging Supervisor.

10. Plugs may be combined after consulting with NMOCD P & A Supervisor.

11. Minimum WOC time for tag plugs will be 4 hrs.

DG

Date: 11/26/2012