

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

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

WELL API NO. 30-015-21139
5. Indicate Type of Lease STATE [] FEE [X]
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name J Lazy J
8. Well Number 7
9. OGRID Number 025575
10. Pool name or Wildcat Eagle Creek; San Andres

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 [X] 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 H : 1700 feet from the North line and 1080 feet from the East line Section 22 Township 17S Range 25E NMPM Eddy County

11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3502'GR

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

NOTICE OF INTENTION TO:

- PERFORM REMEDIAL WORK [] PLUG AND ABANDON [X]
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: []

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.

Notify OCD 24 hrs. prior To any work done.

Yates Petroleum Corporation plans to plug and abandon this well as follows:

- 1. MIRU any safety equipment as needed. NU BOP. TOH with production equipment.
2. RIH with bit and scraper to just below perfs at 1480' and circulate Class "C" cement to 500' with 115 sx. NOTE: If fill is tagged and unable to get below perfs then TOH and set a CIBP above perfs at 1230' before circulating cement to 500' (90 sx).
3. Cut off wellhead and verify that there is cement behind all casing strings at surface. If so, cement to surface with 60 sx. If not then perforate and circulate cement to surface behind each casing string before cementing to surface inside production casing.
4. Install dry hole marker and clean location.

Wellbore schematics attached

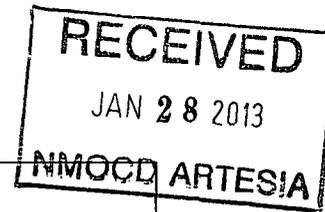
NOTE: Yates Petroleum Corporation will use steel pits and no earth pits

Spud Date:

[Empty box for Spud Date]

Rig Release Date:

[Empty box for Rig Release Date]



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

SIGNATURE [Signature] TITLE Regulatory Reporting Supervisor DATE January 24, 2013

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

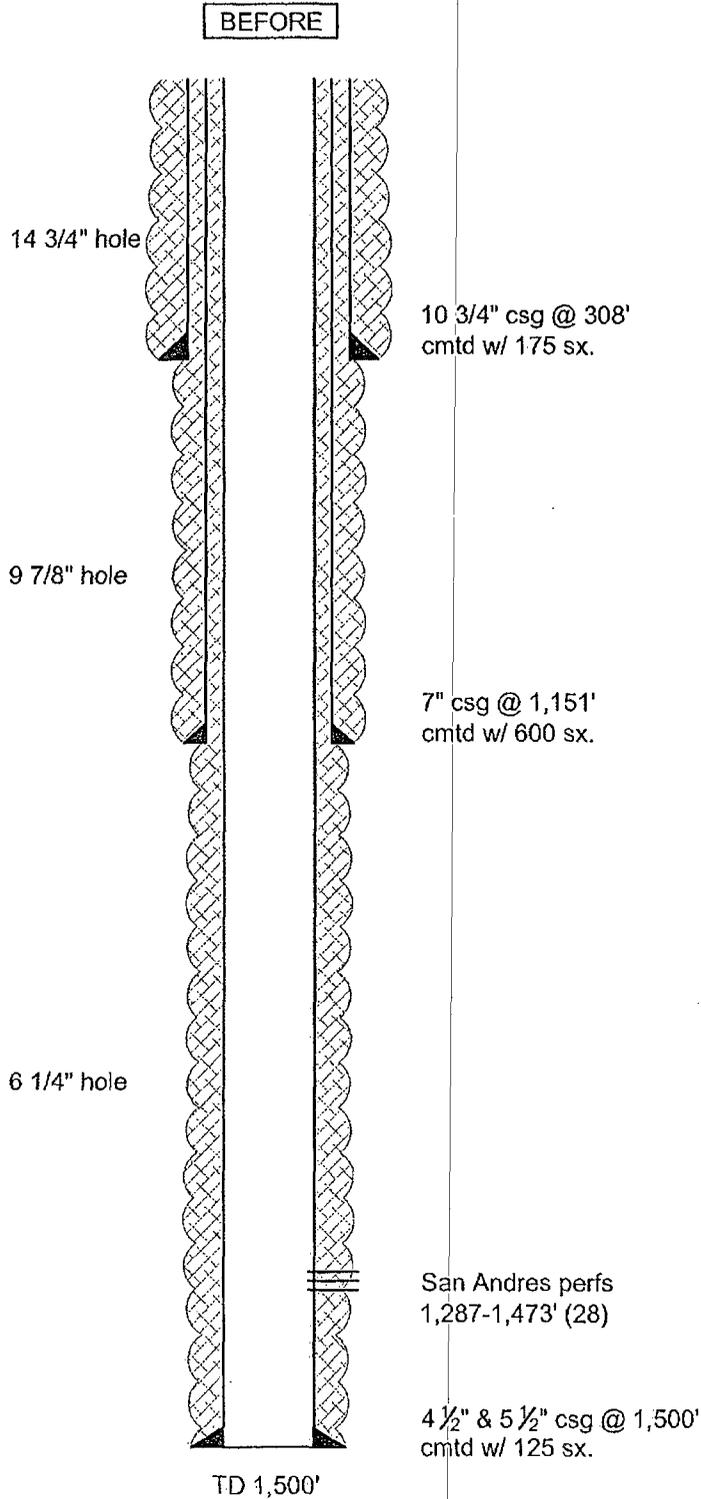
For State Use Only

APPROVED BY: [Signature] TITLE Approval Granted providing work is complete by DATE 4/30/2013 DATE 1/30/2013

Conditions of Approval (if any):

Well Name: J Lazy J #7 Field: Eagle Creek
 Location: 1700' FNL & 1080' FEL Sec 22-17S-25E
 County: Eddy State: New Mexico
 GL: 3,502' Zero: KB:
 Spud Date: 3/25/1974 Completion Date: 4/3/1974
 Comments: API # 30015211390000

Casing Program	
Size/WV/Grade	Depth Set
10 3/4" 32# K-55	308'
7" 23# K-55	1,151'
4 1/2" 9.5# & 5 1/2" 15.5# K-55	1,500'

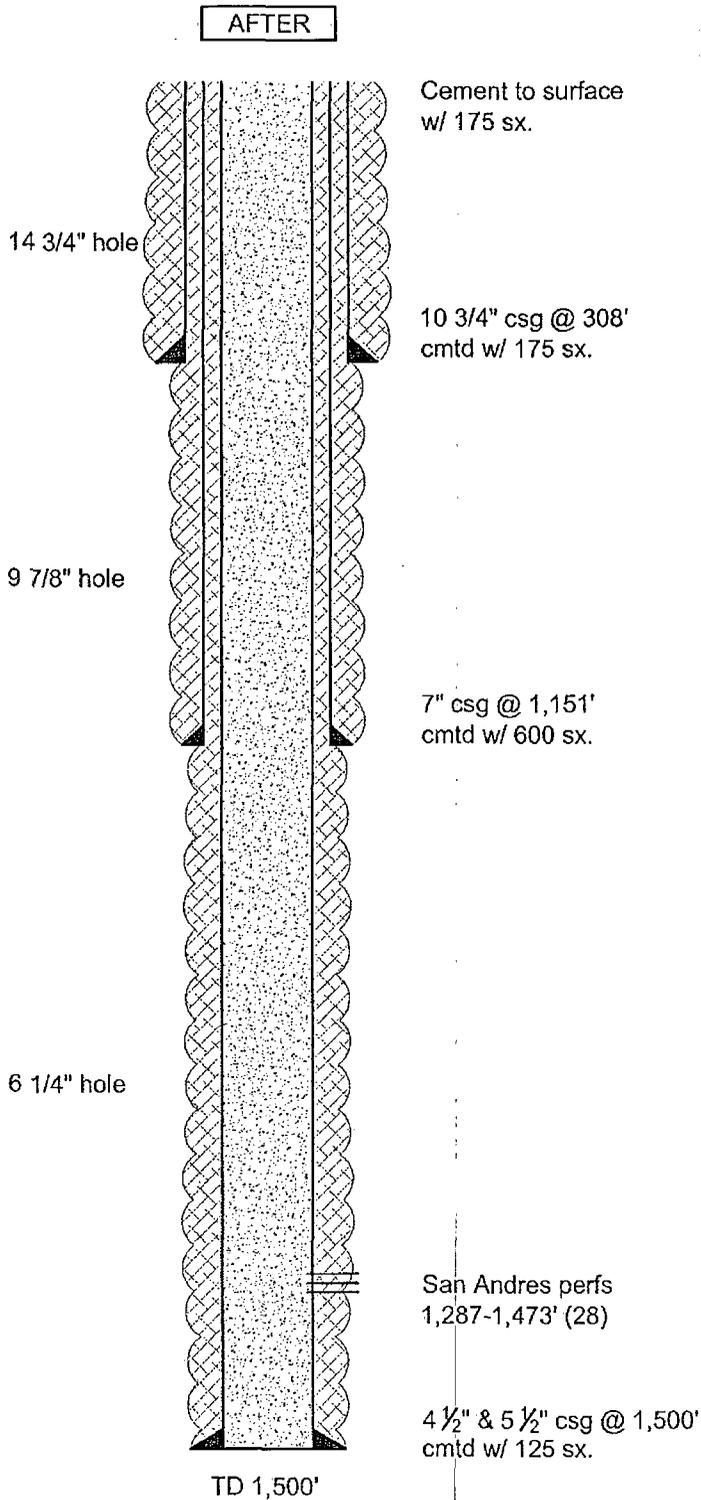


SKETCH NOT TO SCALE

DATE: 12/13/2012

Well Name: J Lazy J #7 Field: Eagle Creek
 Location: 1700' FNL & 1080' FEL Sec 22-17S-25E
 County: Eddy State: New Mexico
 GL: 3,502' Zero: _____ KB: _____
 Spud Date: 3/25/1974 Completion Date: 4/3/1974
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Size/Wt/Grade	Depth Set
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7" 23# K-55	1,151'
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SKETCH NOT TO SCALE

DATE: 12/13/2012

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: Va Tes Petroleum Corp.
Well Name & Number: J Lazy J # 7
API #: 30-015-21139

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 perms, 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: 1/30/2013