

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. 30-015-23149
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other		5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator Yates Petroleum Corporation		6. State Oil & Gas Lease No. L-2919
3. Address of Operator 105 South Fourth Street, Artesia, NM 88210		7. Lease Name or Unit Agreement Name SRC KZ State
4. Well Location Unit Letter <u>C</u> : <u>660</u> feet from the <u>North</u> line and <u>1980</u> feet from the <u>West</u> line Section <u>1</u> Township <u>19S</u> Range <u>24E</u> NMPM Eddy County		8. Well Number 6
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3684'GR		9. OGRID Number 025575
10. Pool name or Wildcat Penasco Draw; Morrow		

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:

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.

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

- MIRU any safety equipment as needed. NU BOP. No casing recovery will be attempted. POOH with production equipment.
- Set a 4-1/2" CIBP at 7418' with 35' cement on top. This will place a plug over open Canyon perms.
- Perforate at 5298' and spot a 50 sx Class "C" cement plug inside and outside casing across Wolfcamp top from 5148'-5298'.
- Perforate at 4080' and spot a 50 sx Class "C" cement plug inside and outside casing across Abo top from 3930'-4080'.
- Perforate at 2034' and spot a 50 sx Class "C" cement plug inside and outside casing across Glorieta top from 1884'-2034'.
- Perforate at 1053' and spot a 50 sx Class "C" cement plug inside and outside casing across 8-5/8" intermediate casing shoe from 903'-1053'. WOC and tag plug, reset plug if necessary.
- Perforate at 456' and spot a 45 sx Class "C" cement plug inside and outside casing from 306'-456' across surface casing shoe. WOC and tag plug, reset if necessary.
- Perforate at 100' and spot a 30 sx Class "C" cement plug inside and outside casing from surface to 100' to form the surface plug. WOC and tag plug, reset if necessary.
- Remove all surface equipment and weld dry hole marker per regulations.

Wellbore schematics attached

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

Spud Date:

Rig Release Date:

CONDITIONS OF APPROVAL ATTACHED

Approval Granted providing work is Completed by Aug 2, 2014

RECEIVED  
 JUL 30 2013  
 MOCD ARTESIA

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 Forms. www.emnrd.state.nm.us/oed.

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

SIGNATURE Tina Huerta TITLE Regulatory Reporting Supervisor DATE July 26, 2013

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

For State Use Only

APPROVED BY: JD Dack TITLE Dist # Supervisor DATE Aug 2, 2013

Conditions of Approval (if any): SEE ATTACHED COA'S

WELL NAME: SRC KZ No. 6 FIELD: Penasco Draw

LOCATION: Unit C, 660' FNL & 1,980' FWL Sec 1-19S-24E Eddy County NM

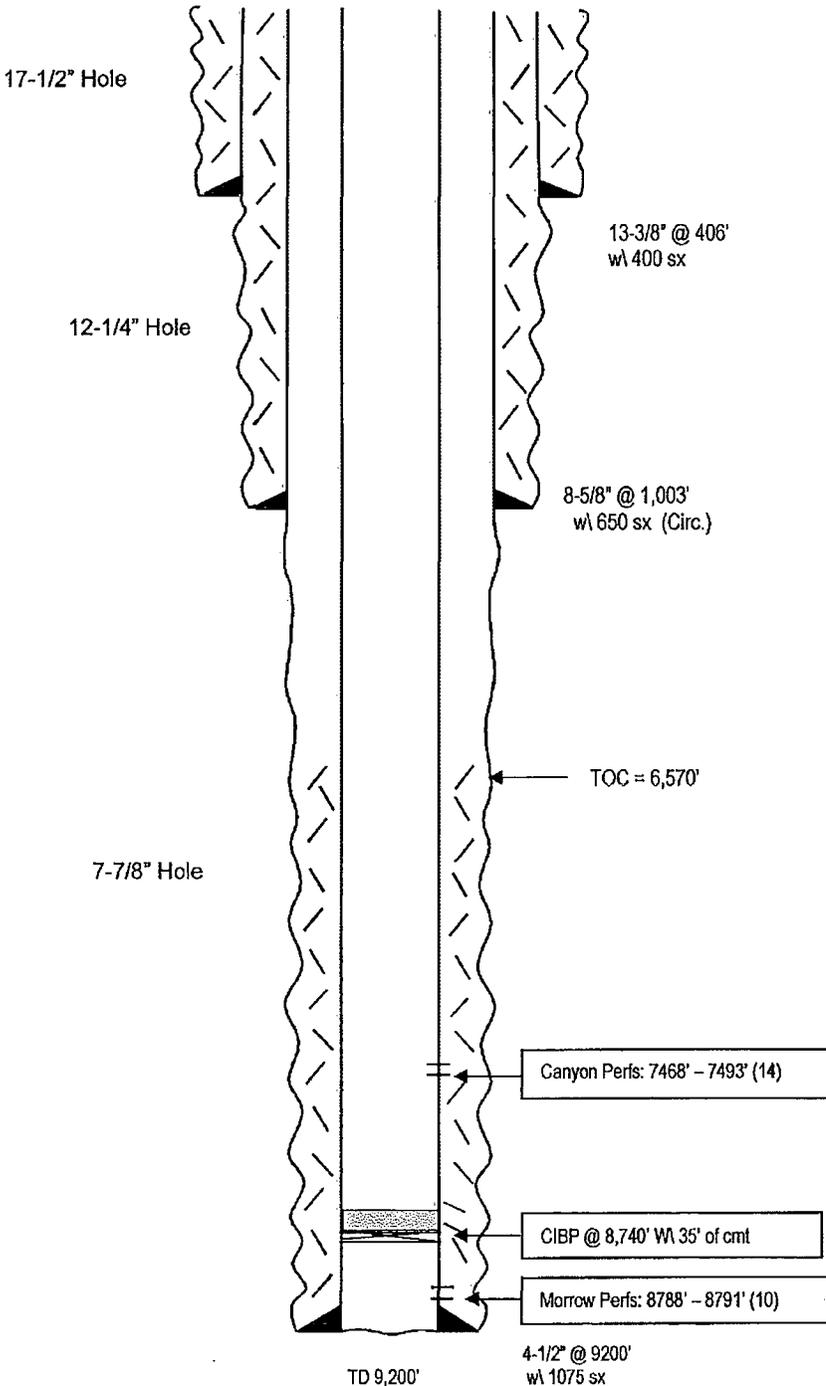
GL: 3684' ZERO: KB: 3699'

SPUD DATE: 3/5/80 COMPLETION DATE: 4/11/80

COMMENTS: API No. 30-015-23149

**CASING PROGRAM**

13-3/8" 54.5 # ST&C	406'
8-5/8" 24# J55 LT&C	1,003'
4-1/2" 11.6 K55 LT&C	1,765'
4-1/2" 10.5 K55 LT&C	4,748'
4-1/2" 11.6 K55 LT&C	2,220'
4-1/2" 11.6 N80 LT&C	330'
2 3/8" EUE J-55	9,200'



**TOPS:**

Glorietta	1,984'
Abo	4,030'
Wolfcamp	5,248'
Cisco	6,406'
Canyon	7,460'
Strawn	8,082'
Atoka	8,460'
Morrow	8,712'
Chester	8,932'
Miss	9,060'

**Before**

Not to Scale  
JMH 7-03-13

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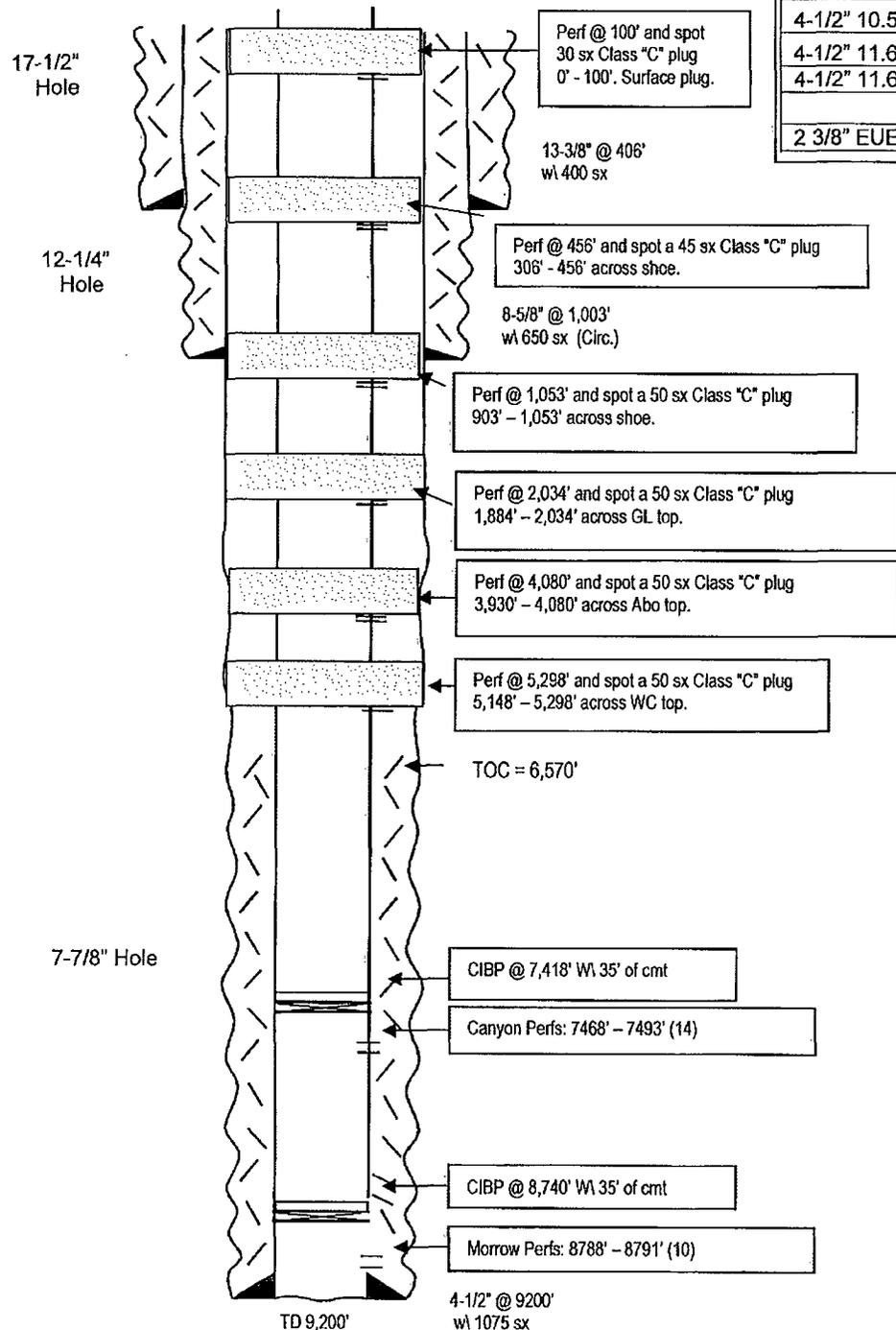
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**After**

Not to Scale  
JM 7-3-13

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: Yales Petroleum Corp

Well Name & Number: SRC KZ State #6

API #: 30-015-23149

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 are not to exceed 500 PSI, unless approval is given by NMOCD.
10. Plugs may be combined after consulting with and getting approval from NMOCD.
11. Minimum WOC time for tag plugs will be 4 Hrs.

DATE: Aug 2, 2013

APPROVED BY: *AWado*

## GUIDELINES FOR PLUGGING AND ABANDONMENT

### DISTRICT II / ARTESIA

- All cement plugs will be a minimum of 100' in length or a minimum of 25 sacks of cement, whichever is greater.
- Mud laden fluids must be placed between all cement plugs.
- Mud laden fluids must be mixed at 25 sacks of gel per 100 bbls of water.
- A cement plug is required to be set 50' below and 50' above all casing shoes and casing stub plugs. These plugs must be tagged.
- A CIBP with 35' of cement on top may be set in lieu of 100' cement plug.
- A plug as indicated above must be placed within 100' of top perforation. This plug must be tagged.
- Plugs set below and above salt zones must be tagged.
- No more than 2000' is to be allowed between cement plugs in open hole and no more than 3000' in cased hole.
- DV tools are required to have a 100' cement plug set 50' above and below the tool and must be tagged.
  
- Formations to be isolated with plugs placed at the top of each formation are:
  - Fusselman
  - Devonian
  - Morrow
  - Wolfcamp
  - Bone Spring
  - Delaware
  - Any Salt Section (Plug at top and bottom)
  - Abo
  - Glorieta
  - Yates (this plus is usually at base of salt section)
  
- If cement does not exist behind casing strings at recommended formation depths, the casing must be cut and pulled with plugs set at these depths or casing must be perforated and cement squeezed behind casing at the formation depths.
- 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 common to the section penetrated and in suitable proportions, but not more than a 3% calcium chloride by weight of cement will be considered the desired mixture whenever possible (50' below and 50' above).