Submit 3 Copies To Appropriate District Office
District I
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

State of New Mexico
Energy, Minerals and Natural Resources

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

Form C-103
June 16, 2008

WELL API NO. 30-015-26497

5. Indicate Type of Lease STATE ☒ FEE ☐

6. State Oil & Gas Lease No. V-3346

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.)

7. Lease Name or Unit Agreement Name: Loving AIB State

1. Type of Well: Oil Well ☐ Gas Well ☐ Other

JUN 20 2008
OCD-ARTESIA

8. Well Number #2

2. Name of Operator: Yates Petroleum Corporation

9. OGRID Number: 025575

3. Address of Operator: 105 South Fourt Street, Artesia, New Mexico 88210

10. Pool name or Wildcat: South Loving Delaware

4. Well Location
Unit Letter J : 2080 feet from the South line and 2040 feet from the East line
Section 16 Township 23S Range 28E NMPM Eddy County

11. Elevation *(Show whether DR, RKB, RT, GR, etc.)* 3016' GR

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

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK ☐	PLUG AND ABANDON ☐	REMEDIAL WORK ☐	ALTERING CASING ☐
TEMPORARILY ABANDON ☐	CHANGE PLANS ☒	COMMENCE DRILLING OPNS. ☐	P AND A ☐
PULL OR ALTER CASING ☐	MULTIPLE COMPL ☐	CASING/CEMENT JOB ☐	
OTHER: ☐		OTHER: Convert this well to a SWD and change the name ☒	

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 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Yates Petroleum Corporation wishes to convert this well to a Saltwater Disposal Well. Yates has an Administrative Order SWD 1130 dated June 5, 2008. See attached procedure.

Yates Petroleum Corporation wishes to change the name of this well from the Loving AIB State #2 to the Loving SWD #2.

MAKE SURE THE ARTESIA OCD OFFICE IS NOTIFIED 24 HOURS IN ADVANCE OF THE MIT TEST BEING PERFORMED.

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

SIGNATURE Clifton R. May TITLE Regulatory Agent DATE June 19, 2008

Type or print name Clifton R. May E-mail address: cliff@ypcnm.com PHONE: 575-748-4347

For State Use Only

APPROVED BY: Richard Inge TITLE Compliance Officer DATE 6/23/08

Conditions of Approval (if any):

WORKOVER PROCEDURE
Loving AIB State #2

Yates Petroleum Corporation wishes to convert this well to a Saltwater Disposal Well. Yates has an Administrative Order SWD-1130 dated June 5, 2008. Yates plans to move in a pulling unit and install a BOP rated for 3000#. Rig up all safety equipment as necessary. Pull the rods & tubing out of the well bore and all production equipment. Then set a CIBP at about 5738' and cap with 35' of cement. Top of cement determined from the bond log was 2522'. It will be determined from the bond log where bestto perforate and circulate to surface with Class "H" cement and wait 48 hours before drilling out. Yates will then perforate the Bell and Upper Cherry Canyon Delaware sands as follow:

3184-3190, 3262-3268, 3426-3432, 3482-3488, 3656-3662, 3702-3706, 3724-3726, 3760-3770 and frac.

Set a CIPB at 3100' and perforate the Bell Canyon Delaware sand as follows:

2612-2622, 2696-2704. 2748-2752, 2858-2862, 2890-2898, 2954-2958, 3034-3040 and frac.

Shut the well in for a minimum of 4 hours to allow gel to break. Flow well back if it will flow. Trip in hole and circulate out sand and drill out the composite plug at 3100'. Pull out of the hole. Trip in the hole with a nickel plated packer, set at +/-2512 and 2 7/8" plastic coated tubing.

See attaché before and after diagrams.

WELL NAME: Loving SWD #2 **FIELD:** Loving Delaware

LOCATION: 2080' FSL & 2040' FEL Sec 16-23S-28E Eddy County

GL: 3,016' **ZERO:** 8 **KB:** 3,024'

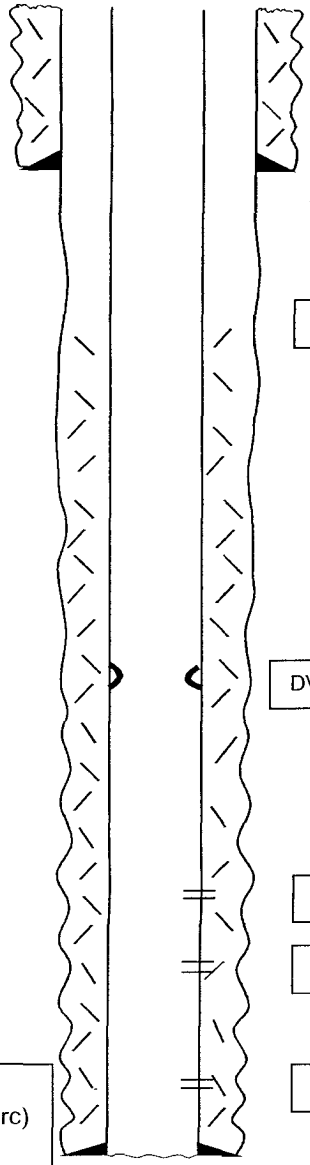
SPUD DATE: 11/04/90 **COMPLETION DATE:** 1/18/91

COMMENTS: API No. 30-015-26497

CASING PROGRAM

9-5/8" 36# J-55 ST&C	524'
5 ½" 15.5# J55 LT &C	6,225'

Before



12 ¼" Hole

9-5/8" @ 524'
w/275sx (circ)

Probable TOC @ 2,522' (CBL)

Formation tops:
Bell Canyon : 2558'
Cherry Canyon : 3610'
Brushy Canyon : 4442'
Bone Springs : 6114'

7 7/8" Hole

DV tool @ 4,240'

Brushy Canyon Perfs. 5,788'-5,796' (9), 5,816'-5,826' (11), 5,832'-5,838' (7)

Brushy Canyon Perfs 5,898'-5,903' (6), 5,914'-5,920' (7)

Brushy Canyon Perfs 6032', 6039', 6048', 6054'

5 ½" @ 6,225'
Stage 1: 350 sxs (Circ)
Stage 2: 1500 sxs

TD 6,225"
PBTD 6,179'

Not to Scale
2/26/07
MMFH

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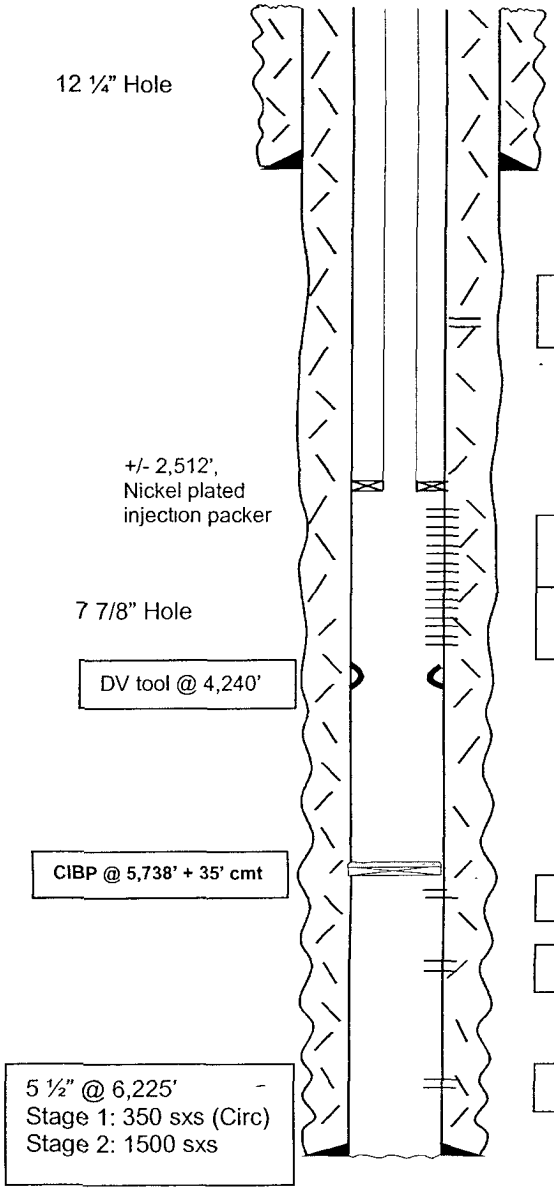
After



9-5/8" @ 524' w/275sx (circ)

Perf holes to circ cmt to surface

Formation tops:
Bell Canyon : 2558'
Cherry Canyon : 3610'
Brushy Canyon : 4442'
Bone Springs : 6114'

2612-2622 (11), 2696-2704 (9), 2748-2752 (5), 2858-2862 (5), 2890-2898 (9), 2954-2958 (5), 3034-3040 (7)

3184-3190 (7), 3262-3268 (7), 3426-3432 (7), 3482-3488 (7), 3656-3662' (7), 3702-3706 (5), 3724-3726 (3), 3760-3770 (11)

Brushy Canyon Perfs. 5,788'-5,796' (9), 5,816'-5,826' (11), 5,832'-5,838' (7)

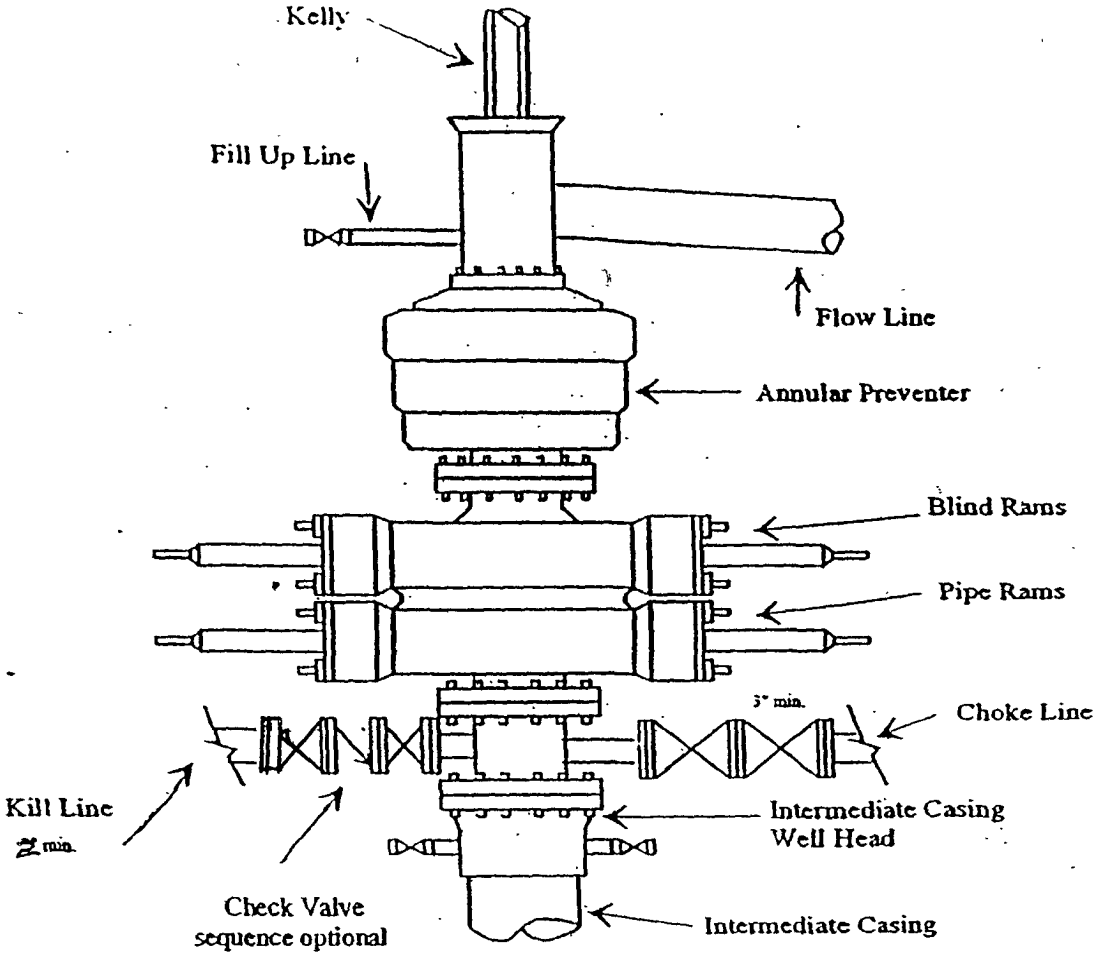
Brushy Canyon Perfs 5,898'-5,903' (6), 5,914'-5,920' (7)

Brushy Canyon Perfs 6032', 6039', 6048', 6054'

Not to Scale
2/26/07
MMFH

Yates Petroleum Corporation

Typical 3,000 psi Pressure System
Schematic
Annular with Double Ram Preventer Stack



Typical 3,000 psi choke manifold assembly with at least these minimun features