

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

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

WELL API NO. 30-015-23660
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. NM-L5449
7. Lease Name or Unit Agreement Name STATE 32 COM
8. Well Number 1
9. OGRID Number 025575
10. Pool name or Wildcat SPRINGS MORROW

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
Yates Petroleum Corporation

3. Address of Operator
105 S. 4th Street, Artesia, NM 88210

4. Well Location
Unit Letter G : 2080 feet from the North line and 1980 feet from the East line
Section 32 Township 20S Range 26E NMPM Eddy County

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

Pit or Below-grade Tank Application ☐ or Closure ☐

Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____

Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____

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 ☐

OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDON ☐
CASING/CEMENT JOB ☐

OTHER: Shut In Test ☒

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 is performing this Mechanical Integrity Test pursuant to rule 203 and in full compliance with the testing & reporting provisions of Supplemental Stipulation and agreement effective October 24, 2002, as to Shut-In Wells.

MIT was conducted on 5/29/08 by Richard Inge with OCD. Original chart was retained by OCD.

FINAL T/A EXTENSION

Date of Last Production 3/1/1993
Well must be returned to beneficial use or a
P/A plan submitted prior to 1/22/2009

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☒ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Susan S. Lopez TITLE Regulatory Compliance Tech DATE 7/14/2008

Type or print name Susan S. Lopez E-mail address: susanl@ypcnm.com Telephone No. 575-748-1471

For State Use Only

APPROVED BY: Richard Inge TITLE COMPLIANCE OFFICER DATE 7/22/08

Conditions of Approval (if any):

SUPPLEMENTAL STIPULATION AND AGREEMENT

This Supplemental Stipulation and Agreement, entered into between the New Mexico Oil Conservation Division of the Energy, Minerals and Natural Resources Department of the State of New Mexico ("the Division") and Yates Petroleum Corporation ("Yates") in connection with, and in partial settlement of, Division Case No. 12955

WITNESSETH.

Whereas:

A. Yates is the operator of the wells identified on Exhibit "A" hereto ("Shut-In Wells).

B. Applicant has filed Case No. 12955 seeking an order directing Yates to bring all of its inactive and shut-in wells, including the Shut-In Wells described on Exhibit A, into compliance with Division Rule 201.B, by either restoring the wells to actual production, causing them to be plugged and abandoned, or placing them in temporary abandonment status under Division Rule 203.

C. Applicant and Yates entered a Stipulation and Agreement dated October 24, 2002, thereby satisfactorily resolving all issues in Case No. 12955 except the status of the Shut-In Wells.

D. Applicant and Yates now desire to resolve the issue of the Shut-In Wells.

Now, Therefore:

1. Yates agrees and stipulates that each of the Shut In Wells has been inactive for a period of more than one year plus ninety (90) days, in the sense that (1) there has been no actual production of oil or gas therefrom during that period and (2) there has been no injection of fluids into any such well pursuant to any Division-approved injection permit or order.

2. Yates has informed the Division, and the Division does not dispute, that each of the Shut-In Wells is properly shut-in pursuant to the terms of Yates' leases, and that it is necessary to retain such wells in shut-in status, and not to plug and abandon the same, in order to maintain the affected leases in force.

4. With respect to the Shut-In Wells, Yates contends that such wells are in compliance with Division Rule 201 by virtue of their status as shut-in gas wells allowed to be maintained as such under the terms of the governing leases and Yates' compliance with the terms of the shut-in clauses of the respective leases. The Division disagrees with

that contention, and contends that the Shut-In Wells, to be in compliance with Division rules, must be placed in "temporary abandonment" status.

5. To avoid further proceedings and to protect fresh water, public health and the environment, Yates agrees to comply with all of the testing and reporting requirements of Rule 203 with respect to all of the Shut-In Wells on or before April 30, 2003, in the same manner and to the same effect as if Yates were applying to temporarily abandon said wells. Yates further agrees to perform subsequent tests and make subsequent reports from time-to-time as would be required by Rule 203 (as same now exists or may be hereafter amended) so long as such well remains shut-in. Notice of Intention to conduct such tests, and Final Reports of such tests shall be filed on Division form C-103, designated "Other - Shut-In Test," or similar designation, and need not be designated "Temporary Abandonment."

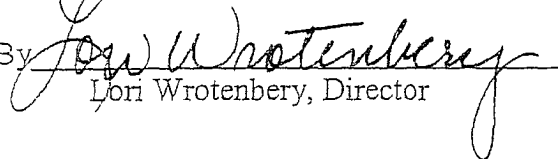
6. Upon full compliance with the initial testing and reporting provisions of this Supplemental Stipulation and Agreement as to all of the Shut-In Wells, the Division shall request dismissal of Case No. 12955 without prejudice.

7. Neither party shall be precluded from asserting its respective contentions regarding the interpretation of Rules 201 and 203 with respect to wells shut in pursuant to shut-in royalty provisions of leases before the Division, or in any other forum, in any future case, either against the other party hereto or against anyone else whomsoever.

In WITNESS WHEREOF the parties have executed this instrument to be effective as of October 24, 2002.

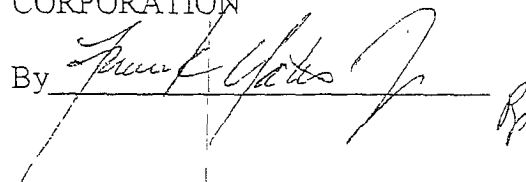

NEW MEXICO OIL CONSERVATION
DIVISION

By


Lori Wrotenbery, Director

YATES PETROLEUM
CORPORATION

By

CASE NO. 12955
ORDER NO. R-11894
EXHIBIT "A"

30-005-20783	WESTERN RESERVES 34 FEDERAL #5	E-34-078-31E	1850' FNL & 880' FWL	Inactive
30-005-80886	MELENA FEDERAL #1	C-16-096-24E	860' FNL & 1980' FWL	SHUT-IN
30-005-80890	BELL ESTATE #1	J-17-058-24E	1980' FS & EL	SHUT-IN
30-005-60842	JESS FEDERAL #3	O-01-088-24E	860' FSL & 1980' FEL	In Compliance
30-005-80851	LAKE TANK #1Y	I-18-088-24E	1980' FSL & 710' FEL	Inactive
30-005-81274	BERRENDO #1	L-05-108-24E	1980' FSL & 980' FEL	SHUT-IN
30-005-81327	RIC #5	M-20-088-25E	860' FS & WL	Inactive
30-005-81328	BRONSON SH COM #1	H-08-058-24E	1980' FNL & 860' FEL	Inactive
30-005-81368	EDDLEMAN FEDERAL #2	G-08-078-22E	1980' FN & EL	Inactive
30-005-81385	ACME COM #12	O-20-088-28E	860' FSL & 1980' FEL	In Compliance
30-005-81552	SHADDEN #1	M-10-088-28E	990' FS & WL	Inactive
30-005-81752	FAIRCLOTH VD STATE #1	F-07-088-27E	2310' FNL & 1850' FWL	SHUT-IN
30-005-81763	CHAVES UY STATE #1	A-32-088-26E	980' FNL & 860' FEL	SHUT-IN
30-005-81818	ROADRUNNER VY STATE #1	O-08-088-27E	860' FSL & 1980' FEL	SHUT-IN
30-005-81862	FOX WG STATE #1	D-17-088-27E	860' FN & WL	SHUT-IN
30-005-81886	BERRENDO WP STATE #1	A-38-108-24E	860' FN & EL	SHUT-IN
30-005-82008	CAROL VI FEDERAL COM #1	P-24-078-22E	860' FSL & 990' FEL	SHUT-IN
30-005-82081	GRYNBERG STATE COM #1	L-20-098-27E	1980' FSL & 860' FWL	Inactive
30-005-82698	WEST OF EDEN UNIT #1	N-14-078-23E	860' FSL & 1980' FWL	SHUT-IN
30-005-82773	WOLF AHF STATE #1	A-18-088-27E	860' FN & EL	In Compliance
30-005-82876	SALT CREEK ACL FEDERAL #2	H-11-088-21E	1980' FNL & 860' FEL	SHUT-IN
30-005-82911	HANLAD AKZ STATE #2	M-13-088-27E	330' FSL & 1225' FWL	Inactive
30-005-82948	BLACKWATER ACX FEDERAL #1	I-07-088-22E	1980' FSL & 860' FEL	SHUT-IN
30-005-82978	TRAILBLAZER ANL STATE #2	H-11-088-27E	2310' FNL & 330' FEL	In Compliance
30-005-83028	BLACKWATER ADF FEDERAL #1	L-04-088-22E	1980' FSL & 860' FWL	SHUT-IN
30-006-83125	ZIGGY ARC STATE #1	B-12-118-27E	990' FNL & 2310' FEL	SHUT-IN
30-015-01898	POWELL STATE #1	M-17-188-28E	330' FS & WL	Inactive
30-015-03232	W L H G4S UNIT #1	K-01-188-29E	2310' FS & WL	Inactive
30-015-03236	BALLARD A #4	J-01-188-29E	1660' FS & EL	Inactive
30-015-03241	BALLARD B #2	G-01-188-28E	2310' FN & EL	Inactive
30-015-03244	BALLARD A #5	I-01-188-29E	1980' FSL & 890' FEL	Inactive
30-015-03260	W L H G4S UNIT TRACT 29 #1	N-02-188-28E	330' FSL & 2310' FWL	Inactive
30-015-03251	W L H G4S UNIT TRACT 32 C #3	D-02-188-29E	860' FN & WL	Inactive
30-015-03253	W L H G4S UNIT TRACT 34 #4	E-02-188-29E	2310' FNL & 980' FWL	Inactive
30-015-03261	W L H G4S UNIT TRACT 36 #2	F-02-188-29E	2310' FN & WL	Inactive
30-015-03264	W L H G4S UNIT TRACT 38 #2	H-02-188-28E	2310' FNL & 330' FEL	Inactive
30-015-03268	W L H G4S UNIT TRACT 38 #4	B-02-188-29E	1220' FNL & 1420' FEL	Inactive
30-015-03363	W L H G4S UNIT TRACT 28 #3	K-10-188-29E	2310' FSL & 1550' FWL	Inactive