

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 July 18, 2013

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

WELL API NO. 30-015-22730
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. LG 2353
7. Lease Name or Unit Agreement Name NEW MEXICO STATE
8. Well Number 1
9. OGRID Number 155615
10. Pool name or Wildcat SHUGART ; YATES, 7R, QUEEN, GB

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
NADEL AND GUSSMAN PERMIAN, LLC

3. Address of Operator
601 N. MARIENFELD, SUITE 508, MIDLAND TEXAS

4. Well Location

Unit Letter K : 1980 feet from the SOUTH line and 1980 feet from the WEST line
Section 2 Township 19-S Range 31-E NMPM EDDY County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3614' GR

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 ☐
CLOSED-LOOP SYSTEM ☒
OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐
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.

PROPOSED PLUGGING PROCEDURE:

1. CIRCULATE SALT GEL MUD. SET 100' 25 SACK PLUG FROM 2,400-2,500.
2. SET 100FT PLUG FROM 804'-904'. WOC 4 HOURS AND TAG.
3. SET SURFACE PLUG FROM 300-0 FT INSIDE AND OUT PIPE
4. INTALL DRY HOLE MARKER, REMOVE ANCHORS, CLEAN LOCATION.

WELLBORE DIAGRAM ATTACHED.

CONDITIONS OF APPROVAL ATTACHED

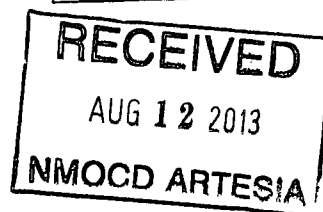
Approval Granted providing work is
Completed by

Aug 22, 2014

Spud Date:

Rig Release Date:

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 [Signature] TITLE ENGINEER DATE 08/2/2013

Type or print name JASON GOSS E-mail address: JGOSS@NAGUSS.COM PHONE: 432-682-4429
For State Use Only

APPROVED BY: [Signature] TITLE DIST JP Supervisor DATE Aug 22, 2013
Conditions of Approval (if any):

★ SEE Attached COA's

NADEL and GUSSMAN PERMIAN

New Mexico State #1

1980 FSL, 1980 FWL, Unit K, Sec 2, 19S, 31E, Eddy County, NM
API # 30 - 015 - 22730

elev: 3614' , KB =3623'

Current Status - TA

8-5/8", 24#, K-55 @ 854'
475 sx, cement circulated
11" hole

Well was temporarily abandoned with CIBP and cement as shown on Feb 3, 2006. Csg was pressure tested to 500 psi for 30 min. and passed.

Tops:

Anhy-	740'
T/ Salt	868'
B/ Salt	2348'
Yates	2560'
7-R	2814'
Queen	3372'
Penrose	3835'
Grayburg	4040'

CIBP set @ 3350' , capped w/ 35' cmt.

Queen Perfs: 3407'-3456'
@ 1 SPF, 30/50 frac

Queen Perfs: 3498' - 3870'
@ 2 SPF, 4000 gals 15% NEFE

Grayburg Perfs: 3899' - 3926'
@ 1 SPF, 20/25 frac

Premier Perfs: 4039' - 4156'
@ 2 SPF, 21/23 frac

4-1/2", 10.5#, K-55 @ 4257'
875 sx, TOC @ 500' by calc, 67%
7-7/8" hole

PBTD @ 4190'

TD @ 4257'

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: Nadel & Gussman Permin, LLC

Well Name & Number: New Mexico State #1

API #: 30 - 015 - 22730

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 22, 2013

APPROVED BY: *RDaele*

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 plug 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).