

District I 7625 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. 30-015-27087
5. Indicate Type of Lease STATE [] FEE [X]
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name John AGU
8. Well Number 7
9. OGRID Number 025575
10. Pool name or Wildcat South Dagger Draw Upper Penn

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 S. 4th Street, Artesia, NM 88210

4. Well Location Unit Letter E : 1980 feet from the North line and 660 feet from the West line Section 14 Township 20S Range 24E NMPM Eddy County

11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3635'GR

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 _____

Month - Year MAY 25 2007 OCD - ARTESIA, NM

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 []

OTHER: []

SUBSEQUENT REPORT OF:

- REMEDIAL WORK [] ALTERING CASING []
COMMENCE DRILLING OPNS. [] PLUG AND ABANDON []
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 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

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

- 1. Rig up all safety equipment as needed.
2. Set a 7" CIBP at 7626' with 35' cement on top.
3. Spot a 100' cement plug across the Wolfcamp from 5482' - 5582' 5655' DU Top
4. Spot a 100' cement plug across the Bone Spring from 3208'-3308'.
5. Spot a 100' cement plug across the Glorieta from 1960'-2060'.
6. Spot a 100' cement plug from 1023'-1123'. Tag plug.
7. Spot a 100' cement plug from 100' to surface. Tag plug.
8. Cut off wellhead and install dry hole marker and clean up location as per regulated.

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

Notify OCD 24 hrs. prior to any work done.

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 NMOCDC guidelines [], a general permit [] or an (attached) alternative OCD-approved plan [].

SIGNATURE Tina Huerta TITLE Regulatory Compliance Supervisor DATE May 24, 2007

Type or print name Tina Huerta E-mail address: tinah@ypcnm.com Telephone No. 505-748-1471

For State Use Only APPROVED BY: Phil Hankin TITLE DATE 6/1/07

Conditions of Approval (if any):

WELL NAME: John AGU #7 FIELD: S. Dagger Draw U. Penn

LOCATION: 1,980' FNL & 660' FWL of Section 14-20S-24E Eddy County, New Mexico

GL: 3,635' GR ZERO: _____ KB: _____

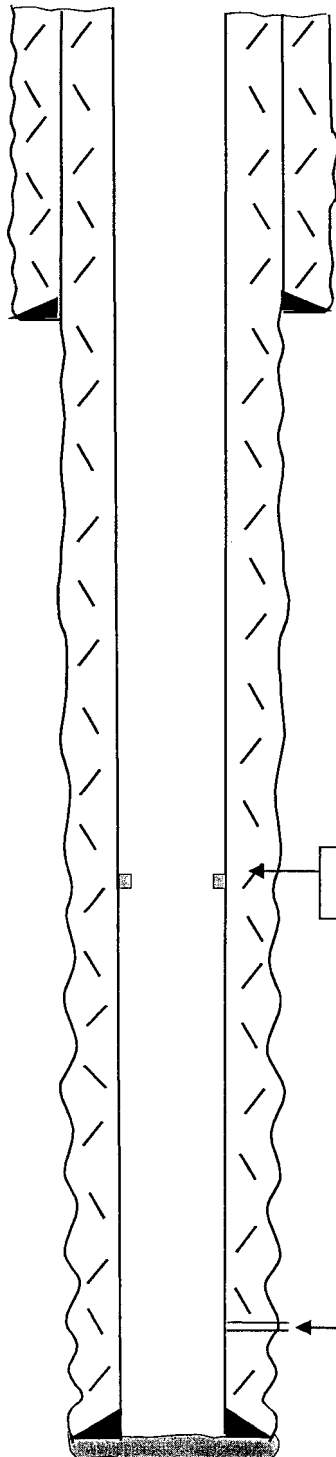
SPUD DATE: 1/14/93 COMPLETION DATE: 2/12/93

COMMENTS: API No.: 30-015-27087

CASING PROGRAM

| | | |
|--------------------|--------|---------------|
| 9-5/8" 363 J55 STC | | 1,073' |
| 7" 26# J55 LTC | 1,235' | |
| 7" 23# J55 LTC | 3,707' | |
| 7" 26# J55 LTC | 2,498' | |
| 7" 26# N80 LTC | 21' | |
| 7" 26# J55 LTC | 165' | |
| 7" 26# N80 LTC | 449' | 8,075' |
| | | |
| | | |

14-3/4"
Hole



9-5/8" @ 1,073' w/
1000 sx (Circ)

Before

8-3/4" Hole

DV Tool @ 5,605'

| TOPS | |
|--------------------|--------|
| SA | 465' |
| Glorieta | 2,010' |
| BS | 3,258' |
| 3 rd BS | 4,835' |
| WC Lm | 5,532' |
| Canyon Lm | 7,504' |

Canyon Perfs: 7,676-7,756' (38)

TD: 8,075'

7" @ 8,075' w/
1st Stage: 600 (Circ)
2nd Stage: 975 (Circ)

Not to Scale
2/16/07
DC/Moss

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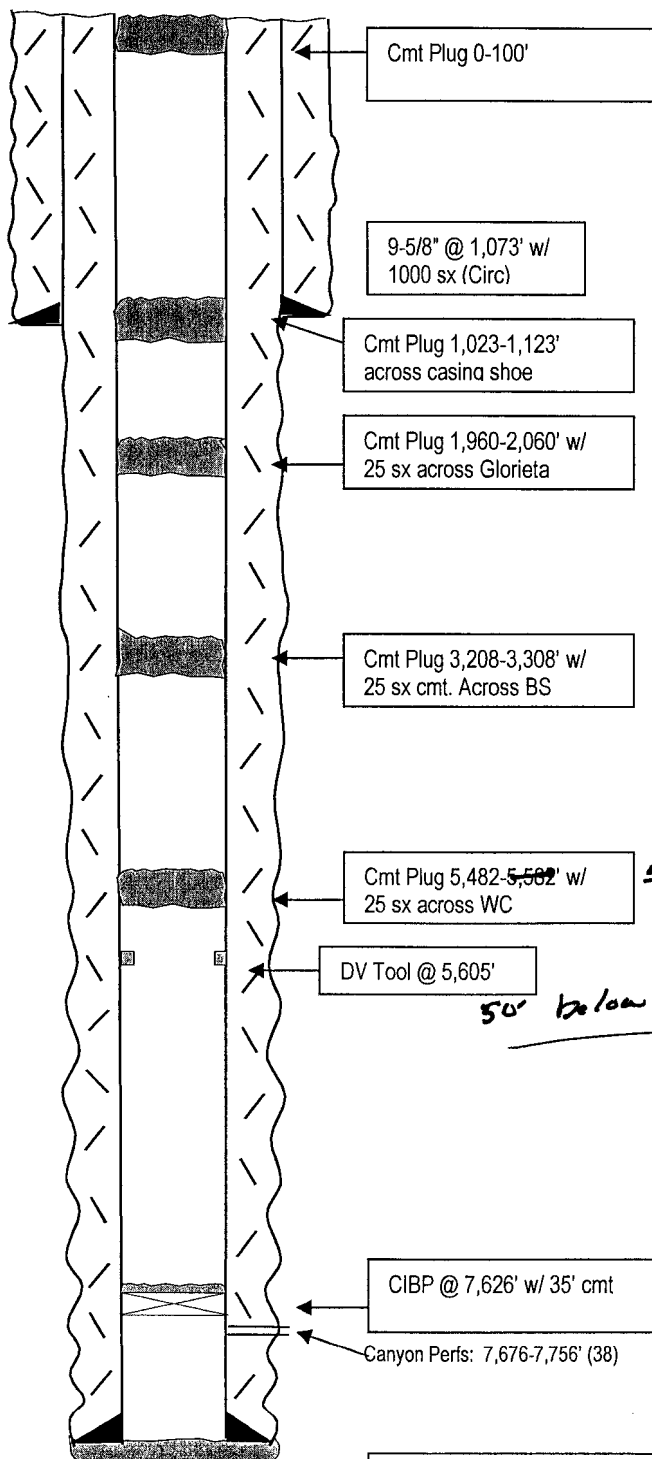
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14-3/4" Hole



After

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8-3/4" Hole

5655'
50' below DV Tool

TD: 8,075'

7" @ 8,075' w/
1st Stage: 600 (Circ)
2nd Stage: 975 (Circ)

Not to Scale
2/16/07
DC/Moss