

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

WELL API NO. 30-015-22889
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. V-3346
7. Lease Name or Unit Agreement Name Loving AIB State
8. Well Number 1
9. OGRID Number 025575
10. Pool name or Wildcat Loving; Brushy Canyon, East

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 South Fourth Street, Artesia, NM 88210

4. Well Location
 Unit Letter G : 1550 feet from the North line and 1780 feet from the East line
 Section 16 Township 23S Range 28E NMPM Eddy County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3024'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

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:

- Rig up all safety equipment as needed. TOH with production equipment.
- Set a CIBP at 5888' above open Delaware perms and the squeeze perms at 6016'. Spot a 30 sx Class "C" cement plug from 5738'-5888'.
- Load hole with plugging mud and POOH with tubing. Perforate 4 holes at 3738' and pressure up to 500 psi, if the perforations will hold pressure spot a 30 sx Class "C" cement plug inside the casing from 3588'-3738'. If you can pump into the perms spot a 60 sx Class "C" cement plug from 3588'-3738' inside and outside casing. WOC and tag plug.
- Load hole with plugging mud and spot a 65 sx Class "C" cement plug from 2440'-2760' inside the 7-5/8" casing as we have cement behind the pipe here. This plug will act as the intermediate casing shoe plug and a plug across the Delaware top. WOC and tag plug; reset if necessary.
- Load hole with plugging mud and spot a 30 sx Class "C" cement plug from 318'-468' inside the 7-5/8" casing for the surface shoe plug. WOC and tag plug; reset if necessary.
- Load hole with plugging mud and spot a 30 sx Class "C" cement plug from 0-150' inside the 7-5/8" casing for the surface shoe plug. WOC and tag plug; reset if necessary.
- Cut off wellhead and install marker, clean up location as per regulated. Release equipment

Approval Granted providing work

Wellbore schematics attached

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

Spud Date:

Rig Release Date:

RECEIVED

FEB 25 2013

NMOCD ARTESIA

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 February 20, 2013

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

For State Use Only

APPROVED BY: [Signature]

TITLE Dist # Supervisor

Conditions of Approval (if any):

SEE ATTACHED COA'S

WELL NAME: Loving AIB #1 FIELD: Loving Delaware

LOCATION: 1550' FNL & 1780' FEL Sec 16-23S-28E Eddy County, NM

GL: 3,024' ZERO: 18 KB: _____

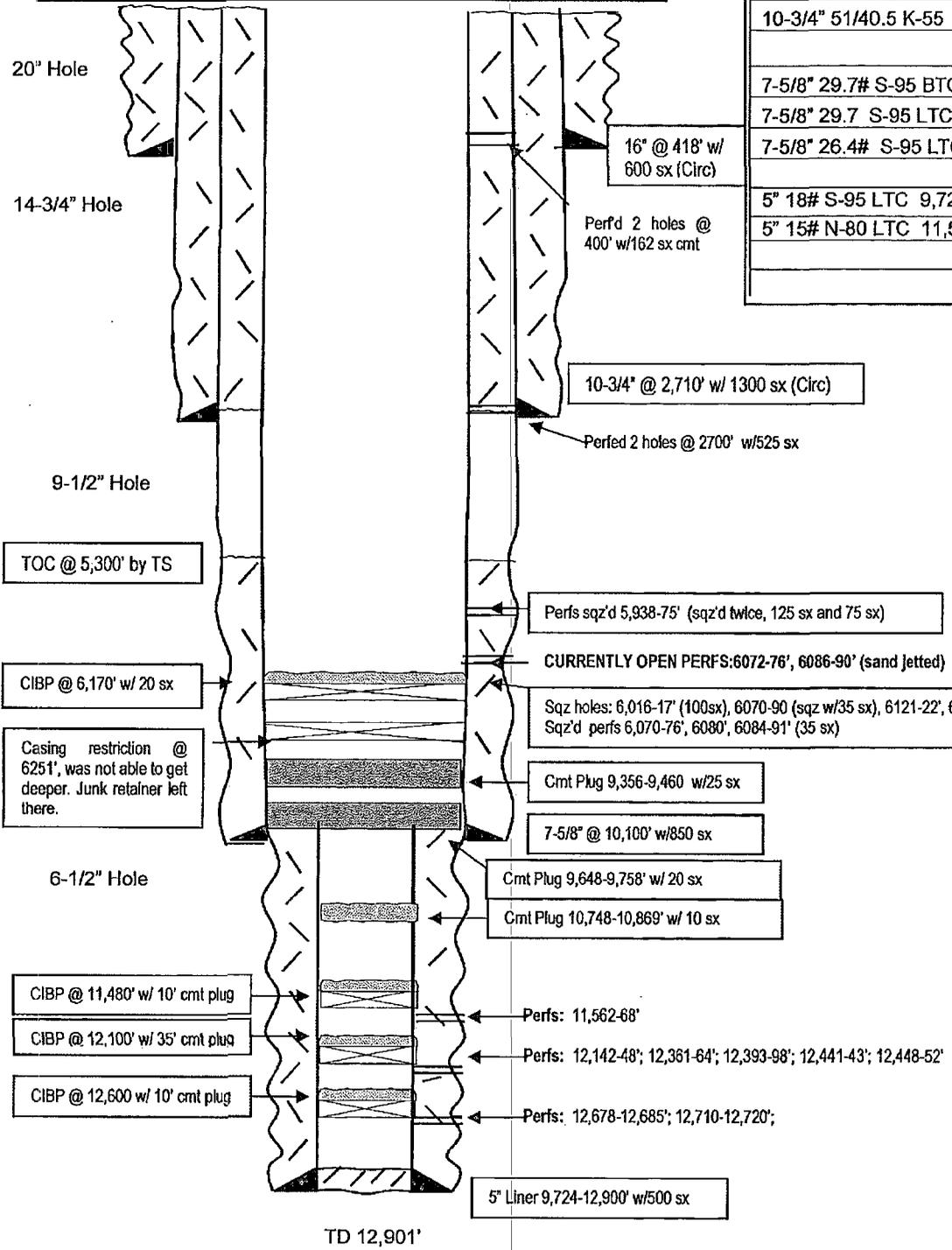
SPUD DATE: 8/24/90 COMPLETION DATE: 12/14/90

COMMENTS: API No.: 30-015-22889

CASING PROGRAM

16" 65# H40 STC	418'
10-3/4" 51/40.5 K-55	2,710'
7-5/8" 29.7# S-95 BTC	490'
7-5/8" 29.7 S-95 LTC	864'
7-5/8" 26.4# S-95 LTC	8,746'
5" 18# S-95 LTC	9,724-11,550'
5" 15# N-80 LTC	11,550-12,900'
	12,900'

Current



Tops:

Delaware	2,540'
Bone Springs	6,528'
Wolfcamp	9,418'
Strawn	11,250'
Atoka	11,614'
Morrow	12,070'
Barnett	12,802'

Not to Scale
1/23/13
JMH

WELL NAME: Loving AIB ST #1

FIELD: Loving Delaware

LOCATION: 1550' FNL & 1780' FEL Sec 16-23S-28E

Eddy County, NM

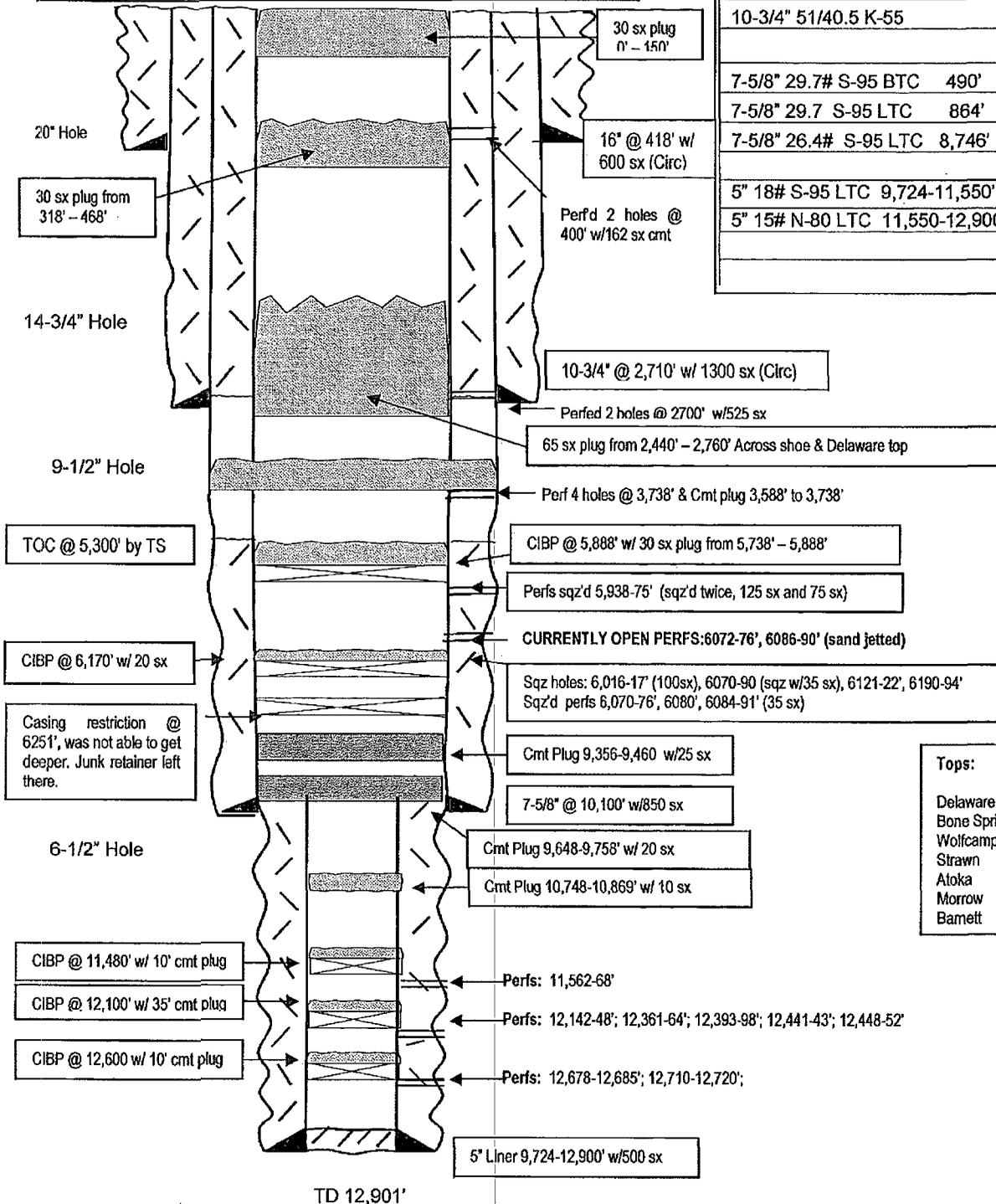
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After

Tops:

Delaware	2,540'
Bone Springs	6,528'
Wolfcamp	9,418'
Strawn	11,250'
Atoka	11,614'
Morrow	12,070'
Barnett	12,802'

Not to Scale
1/23/13
JMH

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: Yates Petroleum Corp

Well Name & Number: Louing AIB State #1

API #: 30-015-22889

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 perfs, 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: 02/27/2013

APPROVED BY: *RDade*

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).