

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

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

WELL API NO. 30-015-31792
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. V-3850
7. Lease Name or Unit Agreement Name Lucy ALC State
8. Well Number 2
9. OGRID Number 025575
10. Pool name or Wildcat Lost Tank; Delaware

<p>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.)</p>	
1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>	
2. Name of Operator Yates Petroleum Corporation	
3. Address of Operator 105 South Fourth Street, Artesia, NM 88210	
4. Well Location Unit Letter <u>I</u> : <u>1650</u> feet from the <u>South</u> line and <u>330</u> feet from the <u>East</u> line Section <u>34</u> Township <u>21S</u> Range <u>31E</u> NMPM <u>Eddy</u> County	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3501' GR	

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

<p>NOTICE OF INTENTION TO:</p>		<p>SUBSEQUENT REPORT OF:</p>	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input checked="" type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
DOWNHOLE COMMINGLE <input type="checkbox"/>		OTHER: <u>5' new hole</u>	<input type="checkbox"/>

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 plans to plug and abandon this well as follows:

- MIRU WSU. Rig up safety equipment as needed. No casing recovery will be attempted. TOH with 2 7/8" tubing and production equipment.
- Set a CIBP @ 6,692'. Cap with 35' cement. This puts a plug over the open Delaware perforations.
- Spot a 350 sx Class "C" cement plug from 4,182' to 826'. This will put a solid continuous plug across the top of the Delaware, across the Intermediate Casing shoe, across the DV tool, across the salt section and across the surface casing shoe. To ensure a good and safe job we will have to use multiple plugs and plan to spot 100 sx plug at the time. WOC and tag.
- Spot a 15 sx, 60' surface plug.
- Remove all surface equipment, weld dry hole marker & clean location as per regulations.

CONDITIONS OF APPROVAL ATTACHED

NOTE: Wellbore Schematic attached.

Approval Granted providing work is  
Completed by

Aug 15-2015

NM OIL CONSERVATION  
ARTESIA DISTRICT

AUG 15 2014

Spud Date:

Rig Release Date:

RECEIVED

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

SIGNATURE Julie Thornton TITLE Regulatory Reporting Technician DATE August 14, 2014

Type or print name Julie Thornton E-mail address: JThornton@yatespetroleum.com PHONE: 575-748-4190

For State Use Only

APPROVED BY: JR Dade TITLE DIST II Supervisor DATE 8-15-2014

Conditions of Approval (if any):

\* See Attached COA

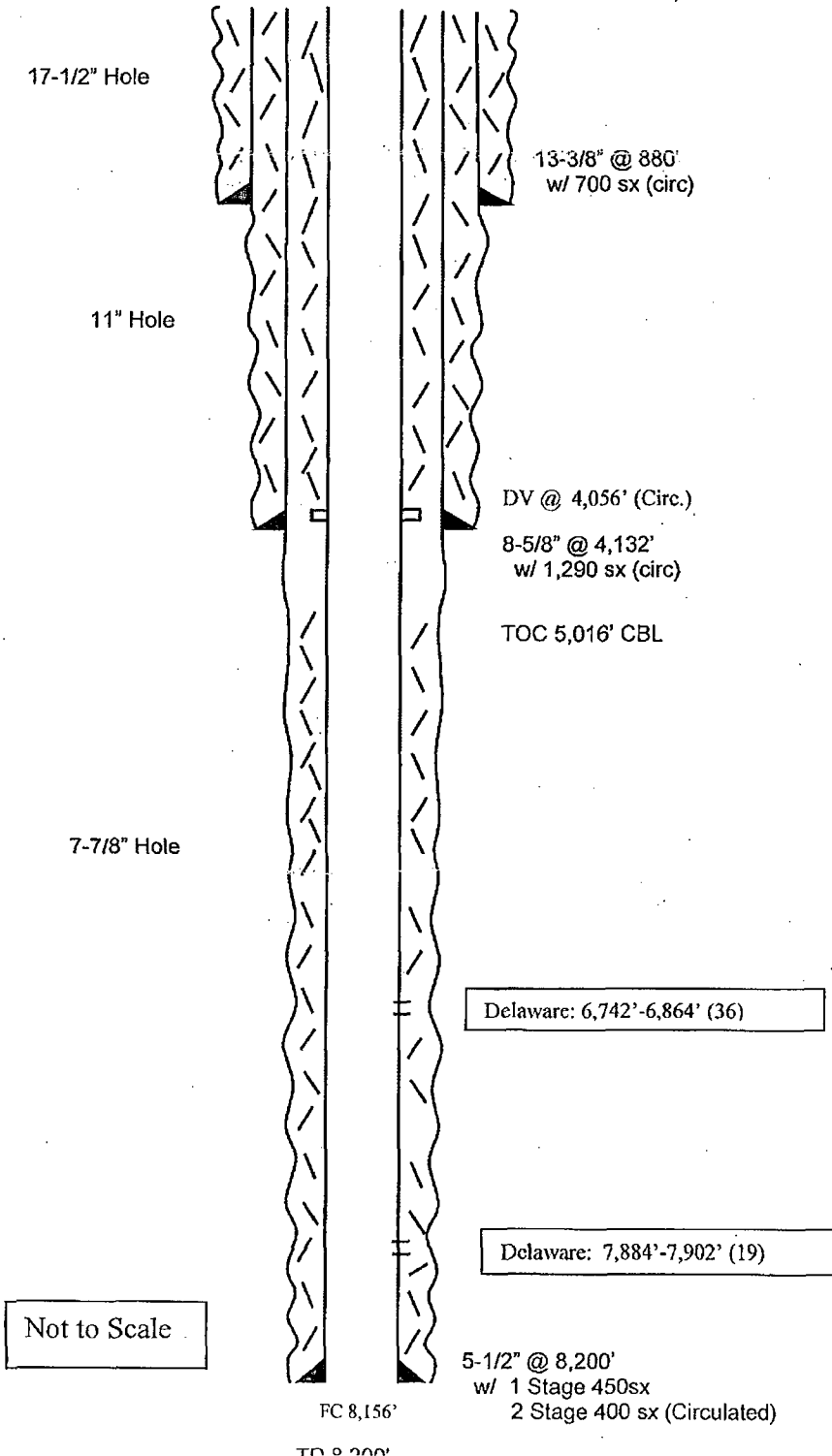
**WELL NAME:** Lucy ALC St # 2      **FIELD:** Lost Tank  
**LOCATION:** Unit I, 1,650' FSL & 330' FEL Sec 34-21S-31E      Eddy County      NM  
**GL:** 3505'      **ZERO:**      **KB:** 3,518'  
**SPUD DATE:** 6-7-01      **COMPLETION DATE:** 6-30-01  
**COMMENTS:** API # 30-015-31792

**CASING PROGRAM**

13-3/8" 48# H40 ST&C	880'
8-5/8" 32# J55 ST&C	4,132'
5-1/2" 17# J55 LT&C	178,84'
5-1/2" 15.5 J55 LT&C	6570.15'
5-1/2" 17# J55 LT&C	1451.01'      8,200'

Current

Formation Tops:	
TOS	876'
BOS	3916'
Bell Canyon	4210'
Cherry Canyon	5300'
Brushy Canyon	6972'



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Eddy County NM

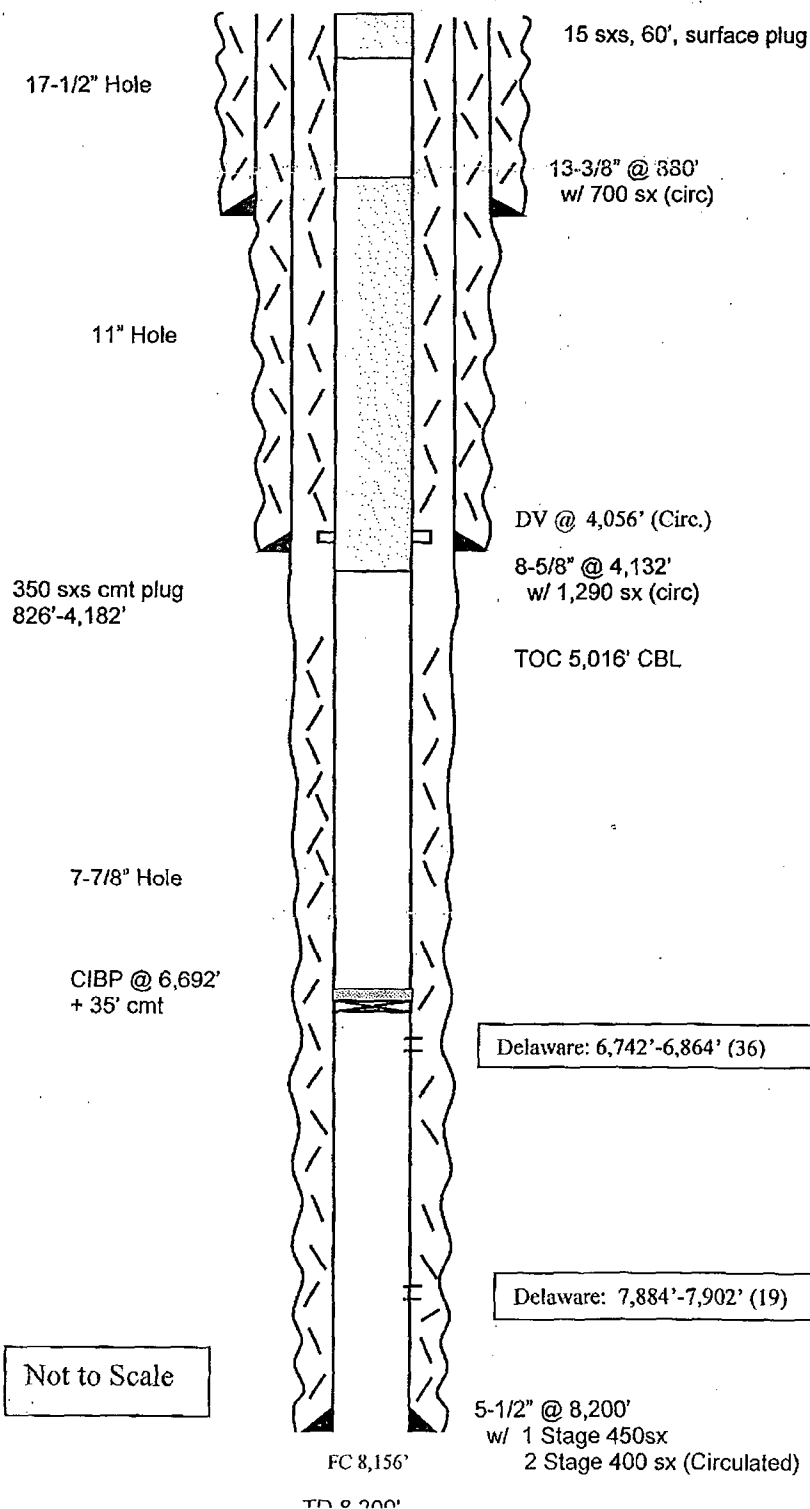
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### AFTER

#### Formation Tops:

TOS	876'
BOS	3916'
Bell Canyon	4210'
Cherry Canyon	5300'
Brushy Canyon	6972'

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

Well Name & Number: Lucy ACE State 2

API #: 30-015-31792

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 placed 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 1 year 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: Aug 15, 2014

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 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).