

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. 30-015-24589
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No. 3397
7. Lease Name or Unit Agreement Name Kim
8. Well Number #1
9. OGRID Number 5691
10. Pool name or Wildcat S. Loving Delaware

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
Dakota Resources Inc. (I)

3. Address of Operator
4914 N Midkiff Midland TX 79705

4. Well Location
Unit Letter C : 330 feet from the North line and 1650 feet from the West line
Section 21 Township 23E Range 28E NMPM County Eddy

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3025.3 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.

The P&A procedure and WBD are attached. The start date for the work will be June 6th.

NM OIL CONSERVATION
ARTESIA DISTRICT

APR 13 2016

RECEIVED

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 Forum, www.emnrd.state.nm.us/oed.

Spud Date: Rig Release Date:

WELL MUST BE PLUGGED BY 4-14-17

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

SIGNATURE Joe Bob Jones TITLE Operations Manager DATE 4/13/2016

Type or print name Joe Bob Jones E-mail address: jbj@dakotares.com PHONE: 432 631 4659

For State Use Only

APPROVED BY: Sabat 2 Bgd TITLE COMPLIANCE OFFICER DATE 4/14/2016
Conditions of Approval (if any):

OFFICE - 575-748-1283- EXT 115
CELL - 575-626-0836

★ SEE ATTACHED COA-S

Kim #1 P&A Procedure

*Notify OCD 24hrs prior to commencing plugging operation

*Planned started date June 6th 2016.

1. MIRU pulling unit and free point / charge cut WL crew
2. TIH with Free Point to 3775' or top of rods to confirm depth of Fish and tbg free point
3. POOH, PU charge cutting tool and RIH to top of fish in between collars and cut tbg
4. POOH with charge cutting tool
5. RU to POOH 2-3/8" tbg, tally tbg while racking back
6. Spot a frac tank for returns, use transports to deliver & store CMT water and 10# mud
7. Confirm water requirements needed for the cmt job and ensure adequate amount of clean fresh water is available on location prior to pumping CMT plugs.
8. PU CMT Retainer, 2-3/8" tbg, PU used bit and RIH to confirm hole is clean down to 3700'.
9. POOH LD bit and PU CMT retain then RIH to 3700'
10. RU Allied CMT truck and hold prejob safety meeting.
11. Set CMT retainer then sting out
12. Circulate 10# mud to surface
13. Sting back into CMT retainer
14. Pump 217 sks 14.8 ppg 1.32 cu-ft/sk Class C CMT, displace to retainer with 10# mud - SPOT 25 SKS - WOC - TAG
4 HRS
15. Un-sting from retainer and POOH to 2600' - PERF + TRY TO CIRC
16. Pump 20 sks 14.8 ppg Class C balanced CMT plug. - WOC - 4 HRS + TAG
17. POOH to 750' and pump 20 sks 14.8 ppg 1.32 cu-ft/sk Class C balanced CMT Plug. - PERF + TRY TO CIRC - WOC TAG
18. POOH to 400' and pump 10 sks 14.8 ppg 1.32 cu-ft/sk Class C CMT plug. - WOC 4 HRS + TAG
19. POOH to ~~20~~ and pump 1 sks 14.8 ppg 1.32 cu-ft/sk Class C CMT plug. - 60' TOP PLUG
20. POOH RDMO.

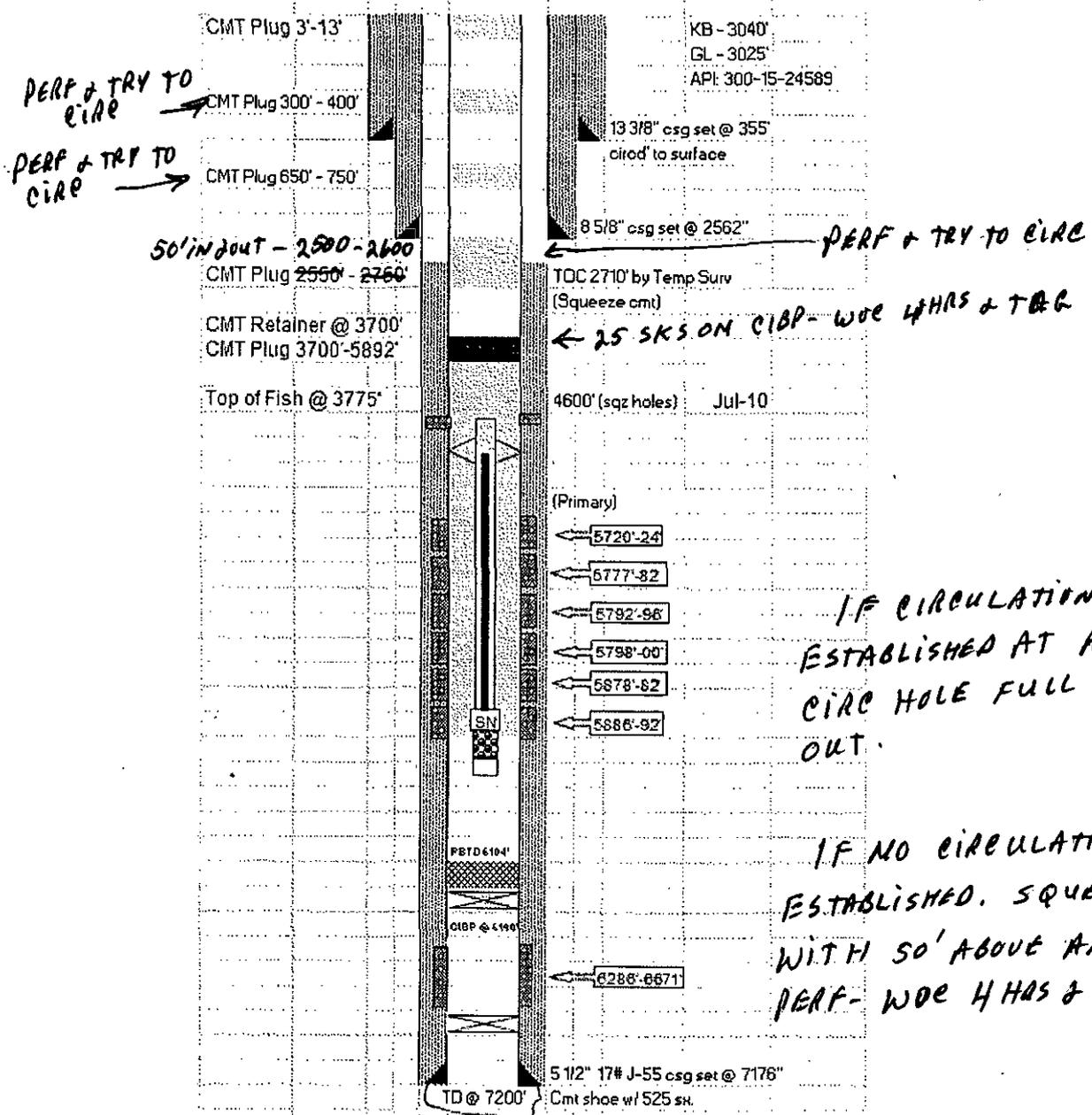
IF NO CIRC CAN BE MADE FROM 2600' - SQUEEZE - WOC - TAG
SAME FOR 750' & 400'

Kim #1 Restoration Procedure

1. Remove all tanks, prod equip, and lifting unit from location
2. Level the location with front end loader
3. Mark the exact location of the wellhead with 4" dia steel pipe that stands 4 ft+ tall
4. Place sign on marker and confirm that it lists the following
Kim #1 + OPERATOR NAME + API # + PLUGGING DATE
+ 330' FNL & 1650 FWL
+ S21 - T23S - R28E
5. Spread native grass seed across location and continue to apply until growth is fully restored
6. File post plugging report forms such as C-103 within 30 days and C-105 with logs within 20 days of plugging well.

CHANGES BY R.L.B.
COMPLIANCE OFFICER

Kim #1
330' FNL & 1650' FWL
S21 - T23S - R28E
Eddy Co. NM
Loving S. Delaware Field



IF CIRCULATION IS ESTABLISHED AT ANY PERFS CIRC HOLE FULL INSIDE & OUT.

IF NO CIRCULATION IS ESTABLISHED. SQUEEZE PERF WITH 50' ABOVE AND BELOW PERF- WOE 4 HAS & TAG

CHANGES BY R.L.B. COMPLIANCE OFFICER

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: _____
Well Name & Number: _____
API #: _____

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.**
12. **19.15.7.16 : B.** In the case of a dry hole, a complete record of the well on form C-105 with the attachments listed in Subsection A of 19.15.7.16 NMAC shall accompany the notice of intention to plug the well, unless previously filed. The division shall not approve the plugging report or release the bond the operator has complied with 19.15.7.16 NMAC.

DATE:

APPROVED BY:

N.M.O.C.D.- Guidelines For Plugging

- All cement plugs will be a minimum of 100' in length, or a minimum of 25sx. Of cement, whichever is greater.
- Mud laden fluids must be placed between all cement plugs.
- Mud laden fluids must be mixed at 25 sx. 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 stubs. **These plugs must be tagged.**
- A CIBP with 35' of cement on top, may be set instead of 100' plug.
- A plug as indicated above, must be placed within 100' of top perforation. **This plug must be tagged.**
- Plugs set above and below all salt zones, **must be tagged.**
- No more than 2000' is to be allowed between plugs in open hole, and no more than 3000' between plugs in cased hole.
- D.V. tools are required to have a 100' cement plug set 50' above, and 50' below the tool. **This plug must be tagged.**

Formations to be isolated with plugs placed at the top of each formation are:

- Fusselman
- Devonian
- Morrow
- Wolfcamp
- Bone Springs
- Delaware
- Any salt section (plug at top and bottom)
- Abo
- Glorietta
- 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 squeezed behind casing at the formation depths.

In the R-111P 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.