

District I 1625 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

HOBBS OCD
RECEIVED
JUL 31 2012

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

WELL API NO. 30-025-10537
5. Indicate Type of Lease STATE [] FEE [x]
6. State Oil & Gas Lease No. 307841
7. Lease Name or Unit Agreement Name: Skelly Penrose B Unit
8. Well No. 16
9. OGRID Number 012444
10. Pool name or Wildcat Langlei Mattix (37240)

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 TA'd Injection
2. Name of Operator Providence Energy Services, Inc. dba Kelton Operating
3. Address of Operator PO Box 928, Andrews, Texas 79714-0928
4. Well Location Unit Letter P : 990 feet from the S line and 660 feet from the E line Section 32 Township 22-S Range 37-E NMPM County Lea

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

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

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 COMPLETION []
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 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

- 1. MIRU plugging equipment.
2. Tag CIBP @ 3540'.
3. Circulate hole w/ mud laden fluid.
4. Spot 25 sx cement on top of CIBP 3540-3290.
5. Spot 25 sx cement @ 2650-2400. WOC & Tag. (Btm of Salt)
5. Spot 25 sx cement @ 1370-1120. WOC & Tag. (Top of Salt).
6. Spot 65 sx cement @ 360- surface.
7. Cut off wellhead and install Dry Hole Marker.
Handwritten note: 1 plug 2565' - 1295' WOCTAG (R5003 special plugging rules only) SPOT 25 SX at 950' WOC + TAG (across bad CSG)

Oil Conservation Division - Hobbs office Must be Notified 24 hours prior to the beginning of Plugging Operations begin

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

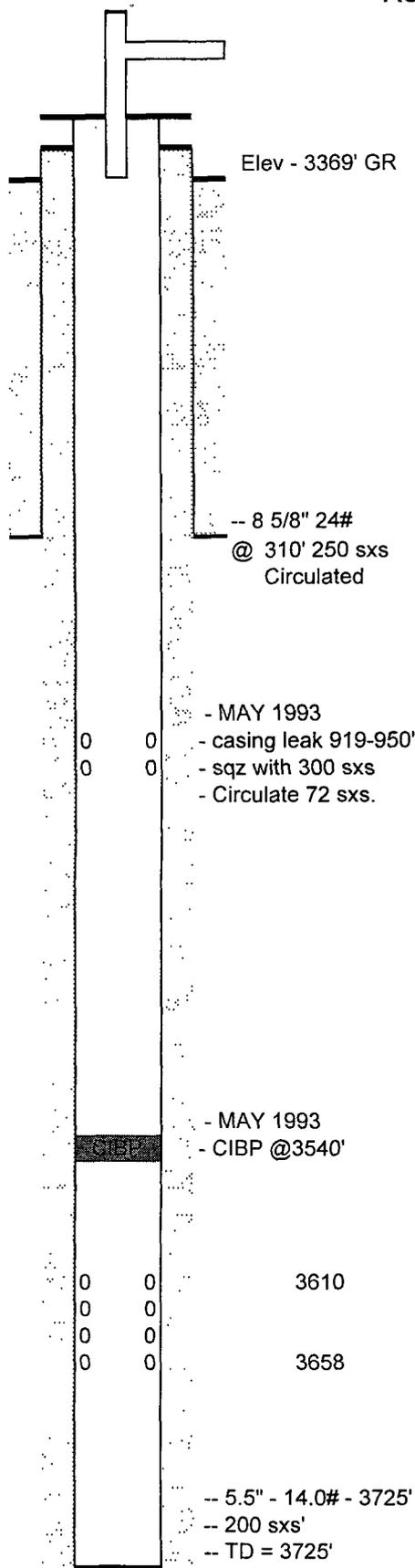
SIGNATURE [Signature] TITLE Agent DATE 7-30-12

Type or print name For State Use Only E-mail address: Telephone No.

APPROVED BY [Signature] TITLE Compliance Officer DATE 8-1-12
Conditions of Approval (if any):

Kelton Operating Corporation - WELL DIAGRAM

API #30-025-10537



WELL INFORMATION

WELL NAME: Skelly Penrose B Unit # 16
 LEGAL LOCATION : 32-22S-37E LEA, NM
API #30-025-10537
 WELL HEAD TYPE: Flange
 WELL HEAD SIZE: 6" 600
 CASING SIZE: 5 1/2" 14#

-- 8 5/8" 24#
 @ 310' 250 sxs
 Circulated

- MAY 1993
 - casing leak 919-950'
 - sqz with 300 sxs
 - Circulate 72 sxs.

- MAY 1993
 - CIBP @3540'

0 0 3610
 0 0
 0 0
 0 0 3658

-- 5.5" - 14.0# - 3725'
 -- 200 sxs'
 -- TD = 3725'

Drilled December 1956

COMMENTS

TEMPORARILY ABANDONED INJECTOR 5/4/1993
 LAST MIT TEST 10-20-2009 530# > 520#

Last Prod. 4 BOPD 06/1967 Converted to Inj. 10/1967

Lat 32.3438148
 Long -103.1785395