Oil Cons.
N.M. DIV-Dist. 2
1301 W. Grand Avenue
Artesia, NM 88210

Form 3160-5
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

5. Lease Serial No.
NMNM0467933

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

1. Type of Well
☒ Oil Well ☐ Gas Well ☐ Other

RECEIVED
JAN 15 2004
OCD-ARTESIA

8. Well Name and No.
Dale H Parke B Tr C #5

2. Name of Operator
PREMIER OIL & GAS, INC.

9. API Well No.
30-015-20566

3a. Address
P.O. Box 1246

3b. Phone No. *(include area code)*
505-748-2093

10. Field and Pool, or Exploratory Area
Grayburg-Jackson SR,Q,GB,Sa

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
Unit B; 660'FNL & 1980' FEL
Section 15, T-17S R-30E

11. County or Parish, State
Eddy County, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
☒ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☐ Other
	☐ Change Plans	☒ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

SEE ATTACHMENT

ACCEPTED FOR RECORD
JAN - 9 2004
LES BABYAK
PETROLEUM ENGINEER

I suggest contacting a Fishing Tool Co. for their recommendations. The top 500' of 5-1/2" csg will have to be removed by washover, cut/pull and/or milling as a last resort. Economics will have to be shown. Then an attempt will have to be made to locate and enter the remaining 5-1/2" csg.

RECEIVED
2003 DEC 29 PM 1 32
BUREAU OF LAND MGMT.
CARLSBAD FIELD OFFICE

14. I hereby certify that the foregoing is true and correct
Name *(Printed/Typed)*
Rosalie Jones — Title President

Signature Rosalie Jones — Date 12/23/03

Accepted for record - NMOCD

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by	Title	Date
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.	Office	

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

Request to Change Plugging Procedure for Parke B Tract C #5

WELL HISTORY

Top Perf @ 2792
TOC @ 1760
8 5/8 @ 426' circulated
5 1/2 @ 3454

Late April 2003, the B Tract C #5 well had a salt water flow. In early May, Premier tripped the rods and tubing. We tripped in the hole with a casing scraper due to the salt buildup on the tubing in order to prepare to circulate cement behind 5 1/2. We were unable to get past 505' due to possible salt ring. Next we tripped in hole with bit and managed to work it to 1150' when the returns showed red sand. The casing was parted at 505'. We used various tools such as a bent joint, 1 inch tubing but were unable to reenter the casing. Next we prepared to pull the top 5 1/2 but found cement in the valve off the annulus between the 8 5/8 and the 5 1/2. Ken Jones contacted Les Babyak at BLM in Roswell. Les produced the existing plugging procedure for this well.

After conversations with various oil field workers, one individual who worked for Shenandoah back in the mid-70's said that "Shenandoah had pumped 50+ sacks of cement down the annulus to shut off a salt water flow". This unreported procedure was also done to the B Tract C #6 which was TA'd but we immediately plugged without incident. This waterflow was caused by the water injection one location to the west in NENW. During this year, Premier drilled the B Tract #15 in between this three wells and encountered a massive water flow in the salt section. (In it's current drilling program, Premier is casing the salt section with an intermediate string of casing.)

Based upon engineering calculations, the 50 sacks of Class C woud put the bottom of cement @ 343 in the annulus between the 5 1/2 and 8 5/8. The attempt to wash over this much cement would be astronomically expensive in the range of $500,000. Furthermore, Premier believes if it were able to retrieve the 5 1/2, that our ability to reenter the 5 1/2 would be poor at best. This prognosis is based upon two factors 1) the washout that occurs naturally from drilling compounded further by the salt water flow from the injection well and 2) the toc @ 1760 which would allow the 5 1/2 to be pushed further into the salt section at an unretrievable position. With anhydrite layered within this section, it is most probable that a slab of anhydrite has broken free from the washed out salt section and pushed the casing further into the cavity.

Therefore, we propose the following procedure

1) Spend 2-3 days reattempting to stab into the 5 1/2 with a bent joint or 1" tubing.

2) if successful follow the original plugging procedure.

3) if unsuccessful. Set a cement retainer @ 420 ft. Pump 500 sacks or Halliburton's recommendation of class C cement to bridge off the salt section.

4) Perf 390' with 4 shots and set cement retainer @ 360'ft and ssqueeze off annulus below the bottom of cement @ 343.

5) spot 50 ft plug @ surface with dry hole marker

6) rip, remove old caliche location

7) seed location as per BLM instructions

12/23/2003