Form 3160-5 (April 2004) **UNITED STATES** FORM APPROVED DEPARTMENT OF THE INTERIOR JAN 28 2015 BUREAU OF LAND MANAGEMENT 5. Lease Serial No. SUNDRY NOTICES AND REPORTS ON WELLS" NM-078673 Do not use this form for proposals to drill or to re-enter an and the 6. If Indian; Allottee or Tribe Name abandoned well. Use Form 3160-3 (APD) for such proposals. 7. If Unit or CA/Agreement, Name and/or No. SUBMIT IN TRIPLICATE- Other instructions on reverse side. 1. Type of Well ✓ Gas Well 🗆 8. Well Name and No. Schlosser 3 No. 101S 2. Name of Operator \mathbf{M} & \mathbf{G} Drilling Company, Inc. API Well No. 30-045-32496 3a Address 3b. Phone No. (include area code) P.O. Box 5940, Farmington, NM 87499 505-325-6779 10. Field and Pool, or Exploratory Area Basin FtC 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 11. County or Parish, State 1860' FNL & 1785' FWL, Section 3, T-27-N, R-11-W, San Juan County, NM 12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA TYPE OF SUBMISSION TYPE OF ACTION Acidize Production (Start/Resume) Water Shut-Off Deepen Notice of Intent Alter Casing Fracture Treat Reclamation Well Integrity Casing Repair New Construction Recomplete Subsequent Report Change Plans Temporarily Abandon Plug and Abandon Final Abandonment Notice ☐ Convert to Injection 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.) M&G Drilling plugged and abandoned this well on August 21, 2014 per the attached report by A-Plus Well Service. A Closed Loop system was used. P&A marker located at N 36* 36' 23" W 107* 59' 18" RECEIVED ACCEPTED FOR RECORD Approved as to plugging JAN 30 2015 FEB 0 2 2015 of the well bore. Liability under bond is retained until surface restoration is completed. NMOCD DISTRICT H 14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) William F. Clark Title Contractor 01/23/2015 Date

THIS SPACE FOR FEDERAL OR STATE OFFICE USE Date Title Conditions of approval, if any, are attached. Approval of this notice does not warrant or

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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.

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.

(Instructions on page 2)

Approved by

A-PLUS WELL SERVICE, INC.

P.O. BOX 1979

Farmington, New Mexico 87499 505-325-2627 *fax: 505-325-1211

M&G Drilling Company, Inc. Schlosser 3 No. 101S

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1860' FNL and 1785' FWL, Section 3, T-27-N, R-11-W San Juan County, NM Lease Number: NM-078673 API #30-045-32496

Plug and Abandonment Report Notified NMOCD and BLM on 8/18/14

Plug and Abandonment Summary:

- Plug #1 with 20 sxs (23.6 cf) Class B cement inside casing from 1767' to 1504' to cover the Pictured Cliffs and Fruitland tops. ✓
- Plug #2 with 59 sxs (69.6 cf) Class B cement inside casing from 1013' to 354' to cover the Kirtland and Ojo Alamo tops. Tag TOC at 417'.✓
- Plug #3 with 48 sxs (56.6 cf) Class B cement inside casing from 180' to surface with 14 sxs in casing and 34 sxs in annulus to cover surface casing shoe. ✓
- Plug #4 with 48 sxs Class B cement top off casings and install P&A marker with coordinates 36° 36 23" N/107° 59' 18" W. ✓

Plugging Work Details:

- 8/19/14 Rode rig and equipment to location. Spot in and RU. Open up well; no pressures. RU relief lines. Rusted 8-5/8" cap on tubing head. NU companion flange. NU BOP and function test. Re-plumb in bradenhead valve. PU and tally 2-3/8" tubing, J-55, 4.7#, EUE. PU 55 jnts tag CIBP at 1767'. Establish circulation. Pressure test casing to 800 PSI, OK. Spot plug #1 with calculated TOC at 1504'. SI well. SDFD.
- 8/20/14 Open up well; no pressures. RU A-Plus wireline. Perforate 3 bi-wire holes at 940'. Attempt to establish rate locked up at 1000 PSI. Try to breakdown, bled off 500 PSI in 15 minutes, no rate. Note: D. Hinson, M&G Drilling received verbal approval from NMOCD and BLM on procedure change. RU A-Plus wireline. Perforate 3 bi-wire holes at 930'. Establish rate of 1 bpm at 700 PSI. Note: R. Chavez and T. Saylers, BLM, B. Powell, NMOCD approved procedure change. Establish circulation. Spot plug #2 with calculated TOC at 354'. Closed blind rams. Pump and squeeze 4 sxs of cement locked up at 750 PSI. SI well. SDFD.
- 8/21/14 Open up well; no pressures. TIH and tag TOC at 417'. Pressure test casing to 800 PSI, OK. RU A-Plus wireline. Perforate 3 bi-wire holes at 180'. Establish circulation. Circulate well clean. Spot plug #3 with TOC at surface. ND BOP. ND companion flange. Dig out wellhead. Check well for LEL, no LEL. Fill out Hot Work Permit. Cut off wellhead. Found cement down 30' in casing and 30' in 7" casing. Spot plug #4 and top off with 1" poly pipe and install P&A marker with coordinates 36° 36' 23" N/107° 59' 18" W. RD and MOL. ✓

Dave Hinson, M&G Drilling representative, was on location. Ron Chavez, BLM representative, was on location. — Walter Gage, BLM representative, was on location. —