RCVD DEC6'06
OIL CONS. DIV.
DIST. 3

Submit 3 Copies To Appropriate District Office
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

State of New Mexico
Energy, Minerals and Natural Resources

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

Form C-103
March 4, 2004

WELL API NO. 30-045- 09175
5. Indicate Type of Lease STATE ☐ FEE ☒
6. State Oil & Gas Lease No. N/A

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.)

505-598-2239

1. Type of Well: Oil Well ☐ Gas Well ☒ Other
7. Lease Name or Unit Agreement Name: Talcott-Kelly
8. Well Number #1
2. Name of Operator San Juan Coal Company
9. OGRID Number
3. Address of Operator PO Box 561, Waterflow, NM 87421
10. Pool name or Wildcat Wild cat (1943)
4. Well Location
Unit Letter K : 1650' feet from the South line and 990' feet from the West line
Section 25 Township 30N Range 15W NMPM County San Juan
11. Elevation (Show whether DR, RKB, RT, GR, etc.)

Pit or Below-grade Tank Application (For pit or below-grade tank closures, a form C-144 must be attached)

Pit Location: UL K **Sect** 25 **Twp** 30 **Rng** 15 **Pit type** Lined **Depth to Groundwater** >100' **Distance from nearest fresh water well** >1000'

Distance from nearest surface water >1000' **Below-grade Tank Location** UL_____ **Sect**_____ **Twp**_____ **Rng**_____ ;

_____ **feet from the** _____ **line and** _____ **feet from the** _____ **line**

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

NOTICE OF INTENTION TO:				SUBSEQUENT REPORT OF:			
PERFORM REMEDIAL WORK	☐	PLUG AND ABANDON	☒	REMEDIAL WORK	☐	ALTERING CASING	☐
TEMPORARILY ABANDON	☐	CHANGE PLANS	☐	COMMENCE DRILLING OPNS.	☐	PLUG AND ABANDONMENT	☐
PULL OR ALTER CASING	☐	MULTIPLE COMPLETION	☐	CASING TEST AND CEMENT JOB	☐		
OTHER: Re Enter ; P&A	☐			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.

Plan to reenter this well and plug in accordance w/ MSHA regulation prior to mining the coal.

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 John Mercier TITLE Sr. Mine Geologist DATE 12/4/06

Type or print name John Mercier E-mail address: john.mercier@bhpbilliton.com Telephone No.

(This space for State use)

APPPROVED BY H. Villanueva TITLE DEPUTY OIL & GAS INSPECTOR, DIST. #3 DATE DEC 06 2006

Conditions of approval, if any:

A-PLUS WELL SERVICE, INC.

P.O. BOX 1979
Farmington, New Mexico 87499
505-325-2627 * fax: 505-325-1211

WELL RE-ENTRY & ABANDONMENT PROCEDURE

December 4, 2006

Talcott-Kelly #1

1943 Wildcat Test
1650' FSL and 990' FWL, Section 25, T-30-N, R-15-W
San Juan Co., New Mexico

Note: The stabilizing wellbore fluid will be drilling mud with sufficient weight to balance all exposed formation pressures.
All cement used will be ASMT Type III Cement mixed at 14.8 ppg with a 1.32 cf/sx yield.

- **All personnel entering the BHP coalmine property must take the Mine Hazards class at the well site at commencement of the project.** (Everyone)
- **A-Plus employees or sub-contractors working on the project will attend field safety training class and receive a 5023 certificate.** (Rig hands, wireline operators, fisherman and Supervisors)
- **All vehicles will be safety inspected daily upon entering the mine.**

PROCEDURE:

1. This project will require a C-103 pit request files with the NMOCD.

2. Test the atmosphere and write a Hot Work Permit. Dig a 3' to 4' cellar around the existing P&A marker and 8-5/8" casing stub. Cut off the existing 8-5/8" casing below the marker pipe cemented inside the 8-5/8" casing. Then weld an 8-5/8" extension and a new 8-5/8" casing collar up to the surface. Weld a 3" collar outlet on the 8-5/8" casing; install a ball valve.

3. Prepare a lined earthen pit; 10' x 20' x 6' for cementing waste fluid. Set a water storage tank on location and fill from the mine's water pit. Set a mud pit and power swivel on location for drilling operations. Install and test rig anchors. Have a portable toilet on location.

4. Comply with all applicable **MSHA**, NMOCD, BLM, and BHP Billiton safety regulations. MOL and RU daylight pulling unit. Conduct safety meeting for all personnel on location. Lay relief line to the pit. Install an 8" or 10" 3M BOP and companion flange on the 8-5/8" casing. Set a water tank, mud pit and flow back tank on location.

5. Rig up drilling equipment and an air package. Pick up a 7-7/8" bit and a 3-1/2" drill collar. Drill out the cement in the 8-5/8" casing. Continue to pick up a total of 6 - 3-1/2" drill collars and then use 2-3/8" tubing workstring.

6. Drill out or ream out to 700'. Note: there are no records indicating how this well was plugged. Well records indicate the TD was either 400' or 800'. Once sufficient depth has been reached then log the well per instructions from the BHP representative.

Once TD is reached and the well logged the plugging procedure will be finalized.

7. **Plug #1 (___' to ____'):** TIH with open ended drill pipe to ____'. Mix ___ sxs **Type III cement with 18% salt** (100% excess) and spot a balanced plug inside the casing to cover the Pictured Cliffs top. PUH to ____' and reverse circulate well clean. TOH with drill pipe.

8. **Plug #2 (____' to ____'):** TIH with tubing to ___'. Mix and spot ___ sxs **Type III cement with 18% salt** (200% excess) in the open hole to fill the coal zones with cement. TOH with tubing and WOC.

9. **Plug #3 (____' to Surface):** TIH with tubing to ____'. Mix and spot ___ sxs **Type III cement with 18% salt** inside the open hole and the 8-5/8" casing to surface, circulate good cement out the casing valve. TOH and LD tubing. Shut in well and WOC. Tag cement.

10. ND the BOP and wellhead. Cut off the 8-5/8" casing below ground level. Fill the annulus casing as necessary. Install the P&A marker. RD and MOL. Cut off anchors and clean up the location.