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
May 27, 2004

WELL API NO.
30 – 045 - 30835

5. Indicate Type of Lease
STATE X ☐ FEE ☐

6. State Oil & Gas Lease No.
E - 3150

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.)

7. Lease Name or Unit Agreement Name
WF State 36

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

8. Well Number #4

2. Name of Operator
Lance Oil & Gas Company, Inc.

9. OGRID Number

3. Address of Operator
P.O. Box 70, Kirtland, NM 87417 Attn: Tom Erwin

10. Pool name or Wildcat
Basin Fruitland Coal

4. Well Location
Unit Letter C : 1,362 feet from the North line and 1,309 feet from the West line
Section 36 Township 30N Range 15W NMPM San Juan County

11. Elevation *(Show whether DR, RKB, RT, GR, etc.)*
5310' GL,

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:				SUBSEQUENT REPORT OF:			
PERFORM REMEDIAL WORK	☐	PLUG AND ABANDON	X☐	REMEDIAL WORK	☐	ALTERING CASING	☐
TEMPORARILY ABANDON	☐	CHANGE PLANS	☐	COMMENCE DRILLING OPNS.	☐	P AND A	☐
PULL OR ALTER CASING	☐	MULTIPLE COMPL	☐	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.

Lance Oil & Gas Company, Inc., proposes to plug and abandon the above referenced well according to the attached P&A procedure.

RCVD FEB8'07
OIL CONS. DIV.
DIST. 3

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 Thomas M. Erwin TITLE Production Superintendent DATE 2/07/07
Thomas M. Erwin, P.E. 2/7/07
Type or print name E-mail address: Telephone No.

For State Use Only

APPROVED BY: A. Villanueva TITLE DEPUTY OIL & GAS INSPECTOR, DIST. #3 DATE FEB 08 2007
Conditions of Approval (if any):

8 2/9

A-PLUS WELL SERVICE, INC.

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

PLUG AND ABANDONMENT PROCEDURE

January 31, 2007

WF State 36 #4

Basin Fruitland Coal
1362' FNL and 1309' FWL, Section 36, T30N, R15W
San Juan County, New Mexico / API 30-045-30835
Lat: N _____/ Lat: W _____

Note: The stabilizing wellbore fluid will be: drilling mud with sufficient weight to balance all exposed formation pressures. Cement is ASTM Type III mixed at 14.8 ppg with 1.32 cf/sx; neat or with 15% salt by weight of water (for expansion, MSHA requirement through the mined coal zone). Excess cement volumes are specified for each plug below.

- **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 filed with the NMOCD.

2. Test the rig anchors; replace if necessary. Prepare a lined earthen pit; 10' x 20' x 6' for drilling mud and cementing waste fluid. Set a water storage tank on location and fill with fresh water. Set a mud pit and power swivel on location for drilling operations. Have a portable toilet on location.

3. Comply with all applicable **MSHA**, NMOCD, BLM, Lance 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. Pull rods if present.

4. ND wellhead and install BOP and companion flange. Function test the BOP. TOH and tally 2.375" tubing, total 511'. TIH with tubing from the well and tag PBTD or as deep as possible. If tag depth is not greater than 592', then circulate out fill as necessary.

5. **Plug #1 (Pictured Cliffs top, PBTD – 560'):** With the end of tubing at 592' or deeper, then mix 12 sxs Type III neat cement or 15% salt and spot a balanced plug from PBTD up to 542' to cover the Pictured Cliffs top. PUH and reverse circulate cement well clean at 560'. (Note: the "rathole" interval from 550' to 560' is necessary for the section milling tool to be able to cut out the 4.5" casing in step #10.)

Continued:

6. TOH with 2.375" tubing and stand back. Wait on cement. While WOC pick up a 3-7/8" mill tooth bit, 6 – 3-1/8" drill collars and the 2-3/8" drill pipe. TIH to approximately 500'. Mix mud in steel pit and then circulate the well with 45 Vis mud. Tag plug #1 cement with bit after WOC, if cement is above 560', then dress off as necessary. TOH with bit and drill pipe.

7. **Note: The intervals to be mill out below are from ground level – not KB.** Rig up Jet West wireline and run a Gamma – Neutron log and a directional survey log. Adjust the milling intervals as appropriate from these logs.

8. PU a 3-7/8" section mill and 6 - 3-1/8" drill collars (this is the under reaming bottom hole assembly). TIH with BHA and 2-3/8" drill pipe to 550'. PU the power swivel and establish circulation with mud.

9. **Mill out a 1' section of 4.5" casing from 550' to 551'.** Start milling out the 4.5" casing from 550' down to 551'. Mill per the tool hands instructions for circulation rate, weight on mill and the power swivel's RPM. Circulate well clean. PUH to 502'.

10. **Mill out a 29' section of 4.5" casing from 502' to 531'.** Start milling out the 4.5" casing from 502' down to 531'. Circulate well clean. PUH to 427'.

11. **Mill out a 1' section of 4.5" casing from 427' to 428'.** Start milling out the 4.5" casing from 427' down to 428'. Circulate well clean. TOH and LD the drill pipe, drill collars and the BHA.

12. **Plug #2 (Fruitland Coal interval, 560' – 335'):** TIH with 2.375" tubing to 560' and circulate the well clean with water. Then pump a 5 bbls fresh water spacer ahead of the cement. Mix 30 sxs Type III cement (100% excess) with 15% salt (by weight of water) and spot a balanced plug from 560' up to 100' to cover the PC top and to fill the Fruitland Coal perforations. Displace cement with water. TOH with tubing and then squeeze the cement down to approximately 335' inside the 4.5" casing; squeezing 15 sxs outside the casing.

13. WOC. Then TIH with tubing and tag cement. Pressure test the casing to 500#.

14. **Plug #3 (7" Surface casing shoe, from TOC to Surface):** Connect the pump line to the bradenhead valve. Pressure test the BH annulus to 300#; note the fluid volume to load. If the BH annulus tests, then mix approximately 25 sxs Type III neat cement or 15% salt cement and spot a balanced plug inside the 4.5" casing from the TOC of plug #2 up to surface to cover the 7" surface casing shoe. TOH and LD the tubing.
    * If the BH annulus does not test, then perforate at the appropriate depth and fill the bradenhead annulus and 4.5" casing with cement to surface. TOH and LD tubing. Shut in well and WOC.

15. ND BOP and cut off wellhead below surface. Install P&A marker with cement to comply with regulations. RD, MOL. Cut off anchors and clean up location.

WF State 36 #4

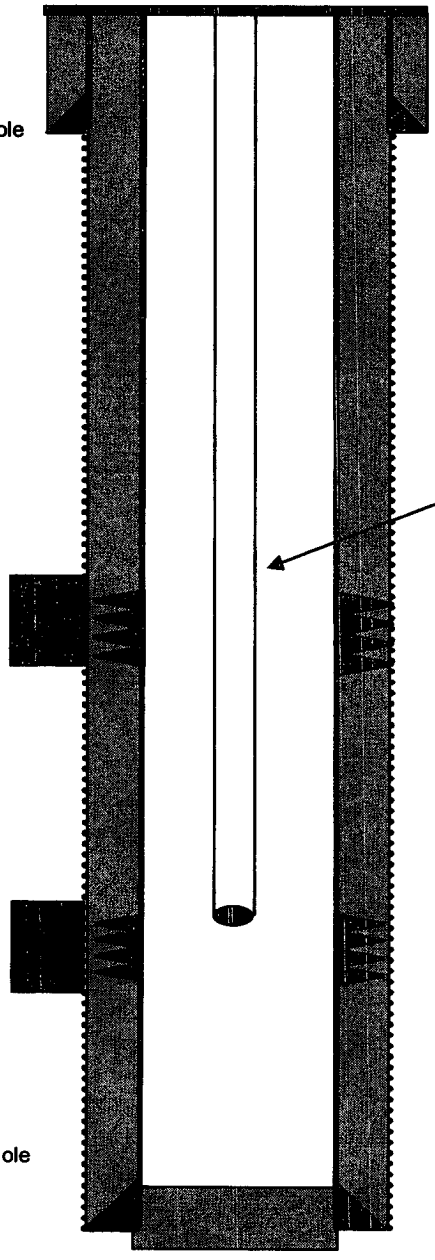
Current

Basin Fruitland Coal

1362' FNL & 1309' FWL, Section 36, T-30-N, R-15-W
San Juan County, NM / API #30-045-30835

Lat: N_____ / Long: W _____

Today's Date: **1/31/07**
Spud: 1/17/03
Comp: 1/27/03
Elevation: 5310' GL



TOC at surface, circ 6 bbls.

8.75" Hole

7", 20#, Casing set @ 120'
60 sxs cement, circulated to surface

WELL HISTORY

Apr '06: Set BP at 480'. Perforate middle FtC zone from 428' to 436'. Frac and acidize. TOH with BP. Return to production.

2.375" Tubing set at 511'

Fruitland Coal #9 Seam @ 425' to 437'

Fruitland Coal Perforations:
428' – 436'

Fruitland Coal #8 Seam @ 514' to 538'

Fruitland Coal Perforations:
516' – 518',
521' – 536'

Pictured Cliffs @ 542'

6.25" Hole

4.5", 10.5# Casing @ 712'
Cemented with 120 sxs (142 cf),
circ 6 bbls to surface

TD 720'
PBTD 682'

WF State 36 #4

Proposed P&A

Basin Fruitland Coal

1362' FNL & 1309' FWL, Section 36, T-30-N, R-15-W
San Juan County, NM / API #30-045-30835

Lat: N_____ / Long: W _____

Today's Date: **1/31/07**
Spud: 1/17/03
Comp: 1/27/03
Elevation: 5310' GL

8.75" Hole

TOC at surface, circ 6 bbls.

7", 20#, Casing set @ 120'
60 sxs cement, circulated to surface

Plug #3: TOC – Surface
Type III cement or 15% salt cement, 25 sxs

Plug #2: 560' – 335'
Type III cement, 30 sxs
100% excess with 15% salt (by weight of water)

Coal Zone Depths from KB - Neutron Log

Fruitland Coal #9 Seam @ 425' to 437'

Fruitland Coal Perforations:
428' – 436'

Fruitland Coal #8 Seam @ 514' to 538'

Fruitland Coal Perforations:
516' – 518',
521' – 536'

Pictured Cliffs @ 542'

Plug #1: PBTD – 560'
Type III cement, 10 sxs

6.25" Hole

4.5", 10.5# Casing @ 712'
Cemented with 120 sxs (142 cf),
Circulate 6 bbls to surface.

TD 720'
PBTD 682'