

Submit 1 Copy 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

Form C-103
October 13, 2009

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

WELL API NO. 30-045-26494
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Kelly
8. Well Number 1
9. OGRID Number
10. Pool name or Wildcat Grassy Gallup

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 <input checked="" type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other
2. Name of Operator The Kelly Family Land Company, Inc., c/o BHP Billiton San Juan Coal
3. Address of Operator PO Box 561, Waterflow, NM 89421 (505) 598-2000
4. Well Location Unit Letter P : 990 feet from the South line and 880 feet from the East line Section 25 Township 30N Range 15W NMPM San Juan County
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 5369 GL

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

NOTICE OF INTENTION TO:	SUBSEQUENT REPORT OF:
PERFORM REMEDIAL WORK <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>
DOWNHOLE COMMINGLE <input type="checkbox"/>	P AND A <input type="checkbox"/>
OTHER: <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>
	OTHER <input checked="" type="checkbox"/> : Location is ready for OCD inspection after P&A

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 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

The Kelly Family Land Company, Inc. through BHP Billiton San Juan Coal plugged and abandoned this well on December 2, 2008 per the attached report. Including the following:

1. All pits have been remediated in compliance with OCD rules and the terms of the Operator's pit permit and closure plan.
2. The rat hole and cellar have been filled and leveled.
3. A steel plate marked with the operators name, lease name, well number, API number, quarter/quarter locations or unit letter, section, Township, and Range has been attached to the top of the collar (cut off 5 feet below ground level). All information has been welded or permanently stamped on the marker's surface.
4. Anchors, deadmen, tie downs, and risers have been cut off at least 2 feet below ground level.
5. The battery and pit locations have been remediated in compliance with OCD rules and the terms of the Opeerator's pit permit and closure plan. All flow lines, production equipment, and junk have been removed from lease and well location.
6. All metal bolts and other materials have been removed. Portable bases have been removed.
7. All other environmental concerns (if any) have been addressed as per OCD rules.
8. Pipelines and flow lines have been abandoned in accordance with 19.15.35.10 NMAC. All fluids have been removed from non- retrieved flow lines and pipelines.

RCVD DEC 10 '09
OIL CONS. DIV.
DIST. 3

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE John Mercier TITLE Senior Mine Geologist DATE 12/04/2009

Type or print name John Mercier E-mail address: john.m.mercier@bhpbilliton.com PHONE: 505 598-2239
For State Use Only

APPROVED BY: Maria Kuchling TITLE Deputy Oil & Gas Inspector,
Conditions of Approval (if any): District #3 DATE JAN 13 2010

A-PLUS WELL SERVICE, INC.

P.O. BOX 1979

Farmington, New Mexico 87499

505-325-2627 * fax: 505-325-1211

The Kelly Family Land Company, Inc.,
c/o BHP Billiton San Juan Coal Company
Kelly #1

December 8, 2008

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990' FSL & 880' FEL, Section 25, T-30-N, R-15-W
San Juan County, NM
Fee Lease
API #30-045-26494

Plug & Abandonment Report

Notified BLM and NMOCD on 11/12/08

Plugging Summary:

- 11/12/08 Hold safety meeting with BHP officials at A-Plus yard. MOL and RU rig. Check well pressure: casing, 210 PSI; bradenhead, 55 PSI; no tubing in the well. Blow well down to pit for 2-1/2 hours. Connect pump to casing. Pump 30 bbls of water. Well on vacuum. ND wellhead. NU BOP, function test BOP. Shut in well. SDFD.
- 11/13/08 Check well pressure: casing, 280 PSI; bradenhead, 15 PSI. Blow well down to pit for 1 hour. Connect pump to casing. Pump 20 bbls of water. Well on vacuum. Tally and prepare to use 2.375" tubing workstring from Cave Enterprises. PU 170 joints 2.375" tubing and round trip a 4.5" casing scraper to 5400'. Then TIH and set 4.5" DHS CR at 5400'. Pressure test tubing to 1200 PSI, held OK. Release pressure and sting out of CR. Load casing with 70 bbls of water and establish circulation to surface out the casing valve.
Plug #1 with CR at 5400', with 20 sxs Class B cement (24 cf) inside casing from above the CR up to 5137' to isolate the Dakota perforations.
TOH with tubing. Shut in well. SDFD.
- 11/14/08 Check well pressure: casing and tubing, 0 PSI; bradenhead, 20 PSI. TIH with tubing and tag TOC at 5164'. TOH. TIH with 4.5" DHS CR and set at 4479'. Release and sting out of CR. Load hole with 50 bbls of water. Circulate well clean with additional 70 bbls of water. Pressure test casing to 600 PSI, held OK for 5 minutes. Connect pump to bradenhead and load with 1/8 bbl of water. Attempt to pressure test bradenhead to 300 PSI, bled down to 100 PSI in 1 minute.
Plug #2 with CR at 4479', spot 12 sxs Class B cement (15 cf) inside casing above the CR from 4479' up to 4321' to isolate the Gallup interval.
PUH to 2077'. Load hole with 3 bbls of water.
Plug #3 spot 12 sxs Class B cement (15 cf) inside casing from 2077' up to 1919' to cover the Mesaverde top.
TOH with tubing. Shut in well. SDFD.
- 11/17/08 Check well pressure: casing, 0 PSI; bradenhead, 14 PSI. Load casing with 3-1/2 bbls of water. RU Southwest Exploration Wireline. Run gyro survey from 860' to surface. RD Southwest. RU Jet West Wireline. Run Gamma - Neutron log from 900' to surface. RD Jet West. RU A-Plus wireline and RIH with 4.5" PlugWell CIBP. Set at 914'. Attempt to pressure test casing to 800 PSI, bled down to 750 PS in 3 minutes. Perforate 4 holes at 863'. Establish rate into squeeze holes 0.5 bpm at 700 PSI.

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Plugging Summary Continued:

- 11/17/08 Perforate 4 holes at 763'. Establish rate into squeeze holes 0.5 bpm at 700 PSI. TIH with open ended tubing and tag CIBP at 914'. Load hole with 10 bbls of water.
Plug #4 with CIBP at 914', spot 32 sxs Class B cement (38 cf) with 18% salt inside casing above the CIBP from 914' up to 493' to cover the Pictured Cliffs top.
TOH with tubing. Load hole with 1.5 bbls of water. Shut in blind rams on BOP. Pressure up the casing to 1000 PSI, hold pressure for 10 minutes. Shut in well. Left top of cement at 493'. SDFD.
- 11/18/08 Check well pressure: casing, 100 PSI; bradenhead valve left open overnight. TIH with 3.875" drill bit, bit sub, 8 – 3.125" drill collars, crossover sub, and 9 joints tubing; tag cement at 539' KB. RU drilling equipment and establish circulation with water. Drill cement from 539' to 760' KB (745' GL). Circulate well clean at 3 bpm. Hang back power swivel. TOH with tubing, drill collars and bit. Make up a bottom hole assembly (BHA) for milling: bottom mill, 3.50" section mill tool, bit sub, 8 – 3.125" drill collars, 3.125" jars and 14 joints 2.375" tubing. TIH with BHA and place the section mill at 690'. Circulate and condition fluid in mud pit. Shut in well. SDFD.
- 11/19/08 Check well pressure: tubing and casing, 0 PSI; bradenhead, 10 PSI. RU power swivel and establish circulation. Mill 4.5" casing from 690' GL to 697.5' GL. Made connection. Upon starting milling, unable to find bottom of cut area at 697.5' GL. Minor amounts of metal in returns. Hang back power swivel. TOH with BHA and inspect section mill. Cutting knives show no wear on bottom. Knives were not cutting through all the casing steel. TIH with BHA and 13 joints 2.375" tubing. Shut in well. SDFD.
- 11/20/08 Check well pressure: tubing and casing, 0 PSI; bradenhead, 8 PSI. RU power swivel and pumping lines. Mill casing at 690' GL for 1-1/2 hours. Swivel turning free and minimal amounts of metal in returns. Mill casing from 690' to 704' GL. Heavy amounts of metal in returns at start, tapered off to minimal amounts while milling. Hang back power swivel. TOH with BHA and inspect section mill. No wear on bottom of cutting knives. TIH with new section mill and BHA and 14 joints 2.375" tubing. Shut in well. SDFD.
- 11/21/08 Check well pressure: tubing and casing, 0 PSI; bradenhead, 5 PSI. TOH with BHA. Change out section mill. TIH with different section mill and BHA and 14 joints 2.375" tubing. RU power swivel to tubing. Mill casing at 690' GL for 1/2 hour. Saw torque in swivel drop, metal in returns. Mill casing from 690' to 695' GL. SD for rig repairs. Mill casing from 695' to 696.5' GL. TOH with 2 joints tubing. Shut in well. SDFD.

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Plugging Summary – Continued:

- 11/24/08 Check well pressure: tubing and casing, 0 PSI; bradenhead, 3 PSI. RIH with 2 joints 2.375" tubing and power swivel. RU pumping lines. Mill casing from 696.5' to 700' GL. Milling slowed and less metal in returns. Hang back power swivel. TOH with the BHA and inspect the section mill. Scarring on sides of mill body. Wait on tools. TIH with tapered mill and section mill (3.875" OD body), 3.125" jars, 8 – 3.125" drill collar and 14 joints tubing. Shut in well. SDFD.
- 11/25/08 Check well pressure: tubing, 0 PSI; and casing, 1/2 PSI; bradenhead, 1/2 PSI. RIH with 1 joint 2.375" tubing and power swivel. RU circulating lines. Establish circulation. Ream casing from 689' to 725' GL multiple times. No noticeable tight spots. Hang back power swivel. TOH with the BHA and mills. TIH with new section mill and BHA and 14 joints 2.375" tubing. PU power swivel and 1 joint tubing. Mill casing from 700' to 709' GL. Hang back power swivel. TOH with BHA and inspect section mill. Blades worn and need replaced. Shut in well. SDFD.
- 11/26/08 Check well pressure: casing, 1/2 PSI; bradenhead, 1/2 PSI. TIH with new section mill and BHA and 14 joints 2.375" tubing. PU power swivel and 1 joint tubing. Mill casing from 709' to 720' GL. Hang back power swivel. TOH with tubing, drill collars, jars and section mill. Shut in well. SDFD.
- 12/01/08 Check well pressure: casing on vacuum; bradenhead, 6-1/2 PSI. TIH with 8 – 3.125" drill collars from derrick. TOH and LD collars. TIH with plugging sub and tag fill at 755' KB. Connect pump to tubing. Load hole with 3 bbls of water. Circulate well clean with 14 total bbls of water. TOH and LD tubing and plugging sub. Load casing with 1-1/2 bbls of water. Establish rate 2 bpm at 200 PSI. Rig up A-Plus wireline truck and RIH. Perforate 3 holes at 725' GL. Ten slowly pull up through milled zone (720' to 690' GL) with CCL tool; showed no casing metal present. Then perforate 4 additional holes at 589' GL. TIH with plugging sub to 755' KB. Load tubing with 3 bbls of water.
- Plug #5** spot 40 sxs Class B cement (48 cf) with 18% salt inside casing from 755' up to 248' to fill all the Fruitland Coal zones.
- TOH with tubing. Tubing dragging off bottom, pulling up to 25,000#. Pulled free after 20'. PUH with tubing to TOC. TOH and LD remaining tubing and plugging sub. Load casing with 1.7 bbls of water. Close blind rams on BOP, pressure up casing to 1000 PSI, squeeze away 1.7 bbls over 2 hours, held 100 0PSI for 10 minutes. Shut in well with 1000 PSI on casing. TOC at 367'. Shut in well. SDFD.

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Plugging Summary Continued:

12/02/08 Check well pressure: casing on vacuum; bradenhead, 1-1/2 PSI. TIH with tubing and plugging sub and tag TOC at 422'. Procedure change approved by Charlie Perrin, NMOCD representative, to perforate casing at surface casing shoe and attempt cement squeeze due to observed bradenhead pressure. TOH with tubing and plugging sub. Pressure test casing to 800 PSI, held OK. Perforate 3 holes at 272'. Attempt to establish rate into squeeze holes at 272'; pressured up to 700 PSI and then bleed down to 600 PSI in 1 minute. TIH with open ended tubing to 357'. Load hole with 2 bbls of water.

Plug #6 1) mix and spot 35 sxs Class B cement (42 cf) inside the 4.5" casing from 357' to surface, circulate good cement out the casing valve; 2) TOH and LD all tubing; 3) connect pump to casing and pressure up to 1000 PSI; 4) held pressure for 30 minutes; and 5) shut in well with 1000 PSI on casing.

Dig out wellhead. Bleed off casing pressure and open BOP. Found cement down 15' in the 4.5" casing. ND BOP. Monitor atmosphere. Issue Hot Work Permit. Cut off wellhead.

Found cement at surface in the bradenhead. Had to chip out cement between casings. Mix 25 sxs Class B cement and install P&A marker. Cut off anchors. RD and MOL.

Monica Kuehling, NMOCD representative, was on location.

Jarvis Dees, Weatherford representative, was on location.

I hereby certify that the forgoing is true and correct:



Phillip Fitzpatrick

Field Supervisor

A-Plus Well Service, Inc.