

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010

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.

5. Lease Serial No.
NMSF080844

6. If Indian, Allottee or Tribe Name

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

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		8. Well Name and No. GALLEGOS CANYON UNIT 59
2. Name of Operator BP AMERICA PRODUCTION CO		9. API Well No. 30-045-06975-00-S1
3a. Address 200 ENERGY COURT FARMINGTON, NM 87401		10. Field and Pool, or Exploratory BASIN FRUITLAND COAL KUTZ PICTURED CLIFFS
3b. Phone No. (include area code) Ph: 281.366.4081		11. County or Parish, and State SAN JUAN COUNTY, NM
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 31 T28N R11W SWSW 0990FSL 0990FWL 36.61412 N Lat, 108.05011 W Lon		

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input checked="" type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> 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.)

BP respectfully request permission to P&A the entire wellbore of the above mentioned well.
Please see attached plugging procedure.

**Notify NMOCD 24 hrs
prior to beginning
operations**

RCVD AUG 9 '10

OIL CONS. DIV.

DIST. 3

14. I hereby certify that the foregoing is true and correct Electronic Submission #90680 verified by the BLM Well Information System For BP AMERICA PRODUCTION CO, sent to the Farmington Committed to AFMSS for processing by STEVE MASON on 08/05/2010 (10SXM0779SE)	
Name (Printed/Typed) CHERRY HLAVA	Title AGENT
Signature (Electronic Submission)	Date 08/02/2010

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By <u>STEPHEN MASON</u>	Title <u>PETROLEUM ENGINEER</u>	Date <u>08/05/2010</u>
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 <u>Farmington</u>

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.

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

NMOCD



BP - San Juan Wellwork Procedure

GCU 59 - FC

General Information:

Formation:	Fruitland	Job Objective:	P&A
Project #:		Date:	7/26/10
Engineer:	Trevor McClymont	p. 281.366.1425	c. 701-770-6879
Base Management Engr:	Nona Morgan	p. 281.366.6207	
Production Team Leader	Kenny Anderson	p. 505.326.9495	
GCU Optimizer:	Butch Stavely	p. 505-793-9438	

Well Information:

API Number: 30-045-06975-00

BP WI: _____

Run #: _____

Lease FLAC: _____

Well FLAC: _____

Surface Location: Unit M - Sec 31 - T28N - R11W

GPS Coordinates lat 36.61413

long 108.05066

Meter # _____

Cost Center: _____

Compressed (Y/N): Yes

Restrictions: No

Regulatory Agency: BLM / NMOCD

Production Data:

Tubing Pressure: N/A

Casing Pressure: 50

Line Pressure: 120 psi

Pre-rig Gas Rate: 0

Anticipated Uplift: 0

Water Rate: 3-5 bpd

CO2 (%): 1.7139

H2S (PPM): 0

Gas BTU: 1036

Specific Gravity .5981

Artificial Lift Type: Beampump

Budget and Work Order Information

Rig Budget:	_____	Total AFE Amount:	_____
P&C Budget:	_____	Work Order #:	_____

ALL work shall comply with DWOP E&P Defined Operating Practice

Well Histories

Spud Date: 08/1952

Well Svc (2008) - Pump change

Well Svc. (2004) - Sand present, tag fill @1825', hole in tbg; 1 jt

Well Svc. (2002) - Sand present, new pump installed

Well Svc. (2002) - Tag fill @1823', rodged up

Well Svc. (2001) - Tag fill @ 1821', cleanout

Well Svc (2000) - wellbore cleanout

Workover (1992) - Recomplete FC

Standard Site Preparations

1. Perform pre-rig site inspection. Per Applicable documents, check for:

1. Size of Location	6. Wash (dikes requirements)	11. Landowner Issues
2. Gas Taps	7. Raptor nesting	12. Protection Barriers Needed
3. Other Wells	8. H2S	13. Critical Location
4. Other Operators	9. Wetlands	14. Anchors
5. Production Equipment,	10. Location of Pits	15. ID Wellhead

Allow 48 hours for One Call if earth pit is required.

2. Identify wellhead for proper flange connections and BOP equipment.
3. Work with GCU through CoW and w/P&S to develop a plan to move or temporarily relocate equipment that prohibits well servicing/plugging objectives.
4. Notify landowners with gas taps on well.
5. Perform and second site visit after lines are marked to ensure all lines locations are clearly marked and that Planning & Scheduling has stripped equipment and set surface barricades as needed.
6. Properly lock out/tag out any remaining production equipment. Ensure all necessary production equipment is isolated (LOTO) including, but not limited to the meter run, automation, and separator, etc.

Initial Well Checks & Preparations:

7. Check gas H2S content and treat if the concentration is > or equal to 10 ppm/Treat for H2S, if necessary per H2S Wells NOTICE.
8. MIRU workover rig. Conduct lifting JHA and fill out permit for removing the Horse's head. Complete necessary paperwork and risk assessment.
- a. For large Pumping units, 3rd part contractor may be required to un-hang horses head.
 - b. For smaller Pumping units, move ladder to pad and locate employee near horses head and attach chain on hydraulic wench to hoses. Lift and unhang horses head
9. Check and record tubing, casing, and bradenhead pressures daily. BLOWDOWN BH pressure as required, especially if there is evidence of communication between the production casing and bradenhead or the well has a history of bradenhead pressure problems. **Record pressure and notify engineer if any BH pressure exists, or if there is any water or gas flow.** Ensure production casing and bradenhead valves are double valved if necessary. Follow guidelines as directed by DWOP. Double valve all casing strings as required. Check lock down pins on hanger (where applicable).
10. Pressure test tree and hanger to 200 psi above SITP (if applicable). Make up flowback line, if necessary and blow down well. Kill with 2% KCL water, as necessary. Check all casing strings to ensure no pressure exist on any annulus.

Completion Removal

11. Hang off polish rod on stuffing box and remove horses head.
12. Install run-in Radigan and rod table. Unseat pump. TOH Rods/Pump, inspect rods and pump for scale or wear.
13. Hold JHA and fill out permit for BOP critical lift. *Be sure to call ops center to open/close permit (505 326-9463) Ensure that TIW valve w/square key for opening and closing is on the floor at all times.*
14. NU BOPs and diversion spool with 2" outlets and 2" pipe to the blow tank.
15. Pressure test BOPs to 200 psi on the low end & 500psi on high end

16. Monitor flowing casing pressure with gauge (with casing flowing to blow tank), if available, throughout workover.
17. Install stripping rubber. Pull tubing hanger up to rubber and shut pipe rams. Bleed pressure above rams. Pull stripping rubber and hanger up to floor. Remove hanger and replace stripping rubber.
18. TIH and tag fill (when applicable). Determine amount of fill and contact engineer to determine if clean out is necessary.
19. Open rams and TOOH w/ 2-3/8" production tubing currently set at 1796'. Visually inspect tubing while POOH. Lay down bad tubing as necessary. **DIMS is unclear of EOT, could be set at 1822'**

Cementing

20. Move in Wireline unit, equipment and crew. Be sure to fill out necessary work orders. Wireline must perform LOTO and JSA. RU unit with wireline lubricator and BOP. Pressure test lubricator and BOP to 250 psi for 5 minutes and 500 psi full test. Chart results and record passing test in OpenWells.
21. RU e-line. Run gauge ring down to top of perforation to ensure wellbore is clear and CIBP will set.
22. RIH with CIBP and set +/- 20' above perforation +/- 1782'.
23. Load well with fluid and pressure test casing to 500 psig and hold undisturbed at 500 psig for 30 minutes. This will confirm integrity of casing and is in line with DWOP Section 24.1 "Working with Pressure". Chart results and record passing test in OpenWells.
24. Rig down e-line unit
25. Hold pre-job safety meeting and discuss all JSA's with all BP and third party personnel. The Pre-job safety meeting should cover: heavy lifts, pinch points, location hazards, pressure hazards, and proper PPE.
26. Fully function and pressure test BOP's to 250-psi low-pressure test, 500-psi high-pressure test. Dual flapper check valves should be run above BHA. If dual flapper check valves are not used a detailed and current assessment of risks, mitigations and contingency responses should be refer to, or a local standard operating practice.
27. RIH with tubing to 1782' +/- and spot balanced cement plug of 282' (~11.8 bbls) of G-Class cement inside 6-5/8" casing from 1782' - ~~1500'~~ ^{1484'}. This will cover the Fruitland Coal formation and perforated interval
 Capacity of 6-5/8" : 0.1996 ft³/ft
 Plug 1782' - ~~1500'~~ ^{1484'} → 282 + 50' excess → ~~66.3~~ ^{69.4} ft³
28. POOH to 800'. Spot a density balanced cement plug of 300' (~12.4 bbls) from 800' to 500' inside 6-5/8" casing. This isolates the Ojo Alamo and Kirtland formations. POOH.
 Capacity of 6-5/8" : .1996 ft³/ft
 Plug 800' - ~~500'~~ ^{344 - 670'} → 300' + 50' excess → ~~69.8~~ ^{44.74} ft³
29. RIH with perforating gun and perforate the 6-5/8" at 136-137'. (1.56" perforating guns with 6spf, 60° phasing charges)
 * If using Schlumberger for perforations – notify 24hours in advance to ensure they can perf shallower 200'
30. POOH, rig down wireline

31. RU pump truck. Establish circulation with water. Once circulation is established, pump and circulate cement **24.9 ft³** cement from 136' to surface' behind 6-5/8" casing (4.5bbls). Pump **27.1 ft³** cement from 136' to surface inside of casing (4.8 bbls) This will place cement around the bottom of the 9-5/8" surface casing shoe to surface and both inside and behind the 6-5/8" casing.

Capacity of 6-5/8" x 8-3/4" -- 0.1782 ft³/ft - OH

Plug 136' -86' → 50' → 8.9 ft³

Capacity of 6-5/8" x 9-5/8" -- 0.1863 ft³/ft - annulus

Plug 86' -surface → 86' → 16.1 ft³

Capacity of 6-5/8" -- 0.1996 ft³/ft - inside

Plug 136 - surface → 136' → 27.1 ft³

Total Plug → 52.1 ft³

32. Perform underground disturbance and hot work permits. Cut off tree.
33. If cement cannot be seen on all annulus and casing strings remedial cementing will be required from surface. Watch for cement fall back or seepage. All annulus and casings must be full of cement with no fall back prior to installing abandonment marker.
34. Install well marker and identification plate per regulatory requirements.

BP American Production Co.
GCU 59
API 30-045-06975
Unit letter M, Sec 31, T28N, R11W
990 FSL, 990 FWL
San Juan, NM
Fruitland Coal Formation
Federal Lease number: NMSF 080844
P&A date - TBD

35. RD and release all equipment.
36. Ensure all reports are loaded into OpenWells. Print out summary of work and place in well file. Notify Sherri Bradshaw (505-326-9260) and Cherry Hlava (281-366-4081) of completed P&A

Current Well Bore Diagram



Gallegos Canyon Unit 59
 Fruitland Coal
 API# 30-045-06975
 T-28N, R-12-W, Sec. 31
 San Juan County, New Mexico

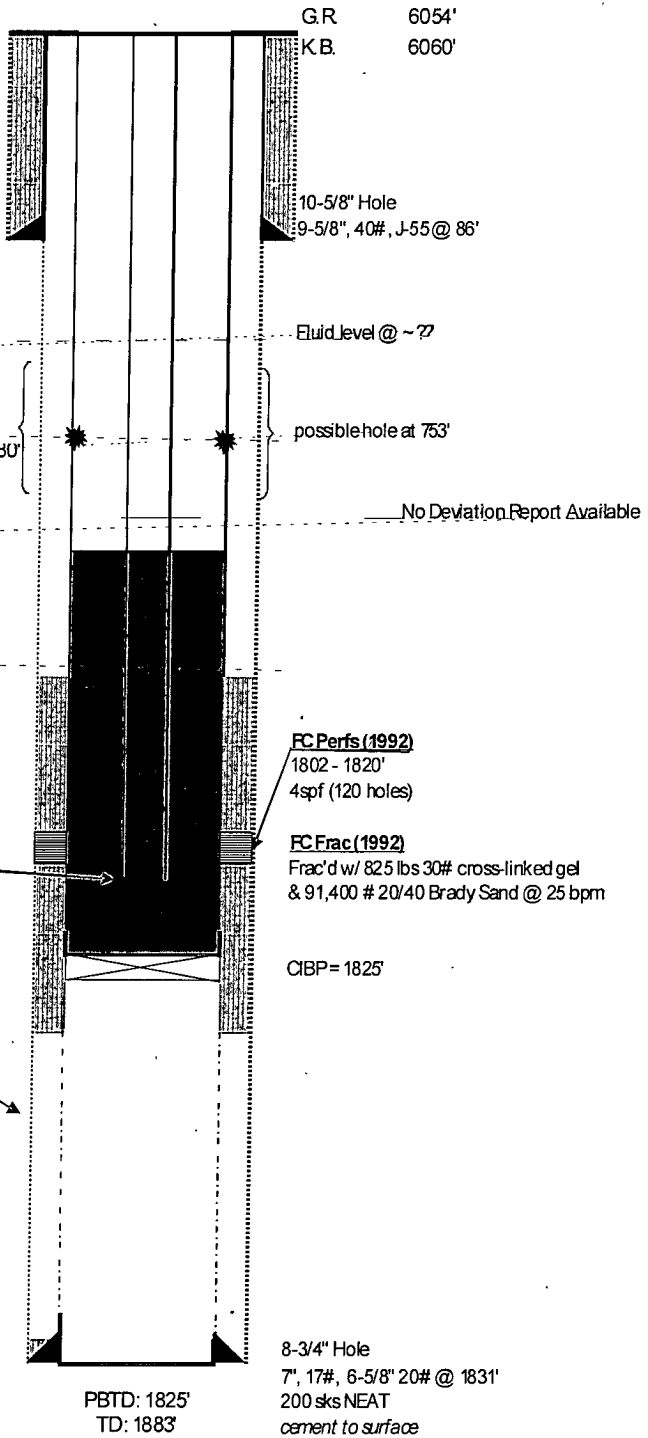
History

Spud Date: 08/1952
 Well Svc

Well Svc. (2002) - Sand present, new pump installed
 Well Svc. (2002) - Tag fill @ 1823', rod ded up
 Well Svc. (2001) - Tag fill @ 1821', cleanout
 Well Svc. (2000) - wellbore cleanout
 Workover (1992) - Recomplete FC

Estimated Formation Tops

Formation	Depth
Surf	Above Ojo
Ojo Alamo	553'
Kirtland Sh.	735'
Fruitland Coal.	1800'
PC	1825'

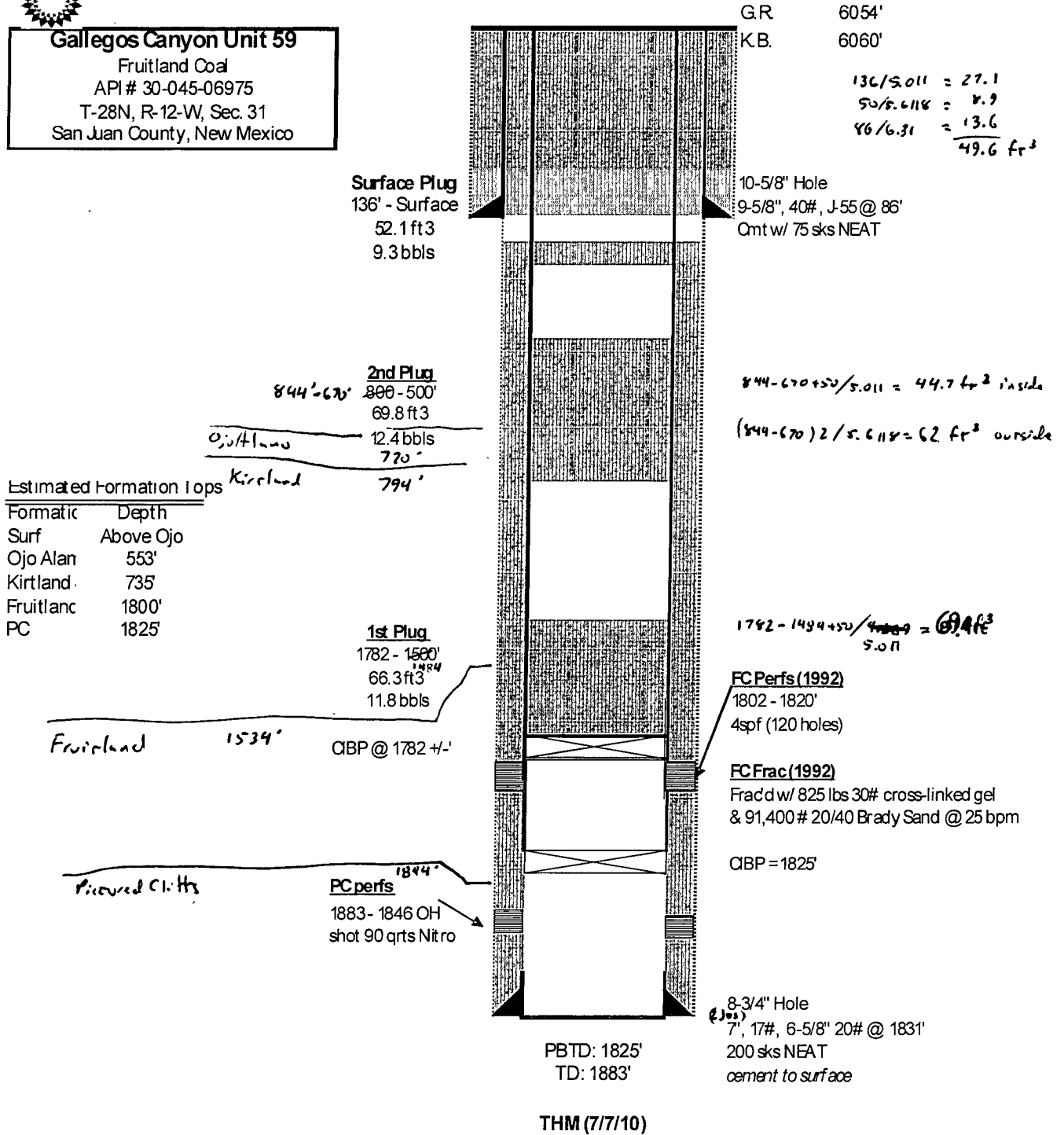


THM (7/7/10)

Proposed Well Bore Diagram



Gallegos Canyon Unit 59
 Fruitland Coal
 API # 30-045-06975
 T-28N, R-12-W, Sec. 31
 San Juan County, New Mexico



Downhole Equipment

TUBING Top: 10.00 ft. Status: INSTALLED									
Install Date: 9/10/2008		Bottom: 1,795.2 ft		Pull Date: <no data>					
Component Details	Size	Jts	Length	Weight	Grade	Threads	Min ID	Cond.	Comments
TUBING, 2 3/8, 4 7/8, J-55, EUE	2 3/8 in	57	1,762.05 ft	4.70 lb/ft	J-55	EUE BRD	1.995 in	S	57 JTS 2 3/8" TBG.
TUBING SUB, 2 3/8 X 10 FT	2 3/8 in	1	10.00 ft	4.70 lb/ft	J-55	EUE BRD	1.995 in	S	6' X 2 3/8" TBG SUB
TUBING SUB, 2 3/8 X 10 FT	2.380 in	1	10.00 ft	4.70 lb/ft	J-55	EUE BRD	1.995 in		
NIPPLE, PROFILE, "F", 2.375 OD, 1.780	2.375 in	1	0.93 ft	4.70 lb/ft	J-55	EUE BRD	1.780 in	S	1.780" F - NIPPLE
MULE SHOE, 2 3/8	2.375 in	1	2.20 ft	4.70 lb/ft	J-55	EUE BRD	1.995 in		MULE SHOE COLLAR
SUCKER RODS Top: 0.00 ft. Status: INSTALLED									
Install Date: 9/11/2008		Bottom: 1,818.0 ft		Pull Date: <no data>					
Component Details	Size	Jts	Length	Weight	Grade	Threads	Min ID	Cond.	Comments
ROD, POLISHED 1.25 X 12 FT	1.250 in	1	12.00 ft	0.00 lb/ft			0.000 in	S	PR W/ 6' LINER - 1.5"
RODS, PONY, 0.75 GRD D	0.750 in	1	2.00 ft	0.00 lb/ft	D		0.000 in		
RODS, 0.75 X 25 GRD D	0.750 in	71	1,789.00 ft	0.00 lb/ft	D		0.000 in	S	SUCKER RODS
PUMP, 2.0 X 1.25 X 15	2.000 in	1	15.00 ft	0.00 lb/ft			1.250 in	UI	RHAC PUMP

**UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
FARMINGTON DISTRICT OFFICE
1235 LA PLATA HIGHWAY
FARMINGTON, NEW MEXICO 87401**

Attachment to notice of
Intention to Abandon:

Re: Permanent Abandonment
Well: 59 Gallegos Canyon Unit

CONDITIONS OF APPROVAL

1. Plugging operations authorized are subject to the attached "General Requirements for Permanent Abandonment of Wells on Federal and Indian Lease."
2. Farmington Office is to be notified at least 24 hours before the plugging operations commence (505) 599-8907.
3. The following modifications to your plugging program are to be made:
 - a) Bring the top of the Pictured Cliffs/Fruitland plug to 1484'.
 - b) Place the Kirtland/Ojo Alamo plug from 844' – 670' inside and if no cement is in the annulus outside the 6 5/8" casing.

You are also required to place cement excesses per 4.2 and 4.4 of the attached General Requirements.

Office Hours: 7:45 a.m. to 4:30 p.m.

**GENERAL REQUIREMENTS FOR
PERMANENT ABANDONMENT OF WELLS ON FEDERAL AND INDIAN LEASES
FARMINGTON FIELD OFFICE**

1.0 The approved plugging plans may contain variances from the following minimum general requirements.

1.1 Modification of the approved plugging procedure is allowed only with the prior approval of the Authorized Officer, Farmington Field Office.

1.2 Requirements may be added to address specific well conditions.

2.0 Materials used must be accurately measured. (densimeter/scales)

3.0 A tank or lined pit must be used for containment of any fluids from the wellbore during plugging operations and all pits are to be fenced with woven wire. These pits will be fenced on three sides and once the rig leaves location, the fourth side will be fenced.

3.1 Pits are not to be used for disposal of any hydrocarbons. If hydrocarbons are present in the pit, the fluids must be removed prior to filling in.

4.0 All cement plugs are to be placed through a work string. Cement may be bull-headed down the casing with prior approval. Cement caps on top of bridge plugs or cement retainers may be placed by dump bailer.

4.1 The cement shall be as specified in the approved plugging plan.

4.2 All cement plugs placed inside casing shall have sufficient volume to fill a minimum of 100' of the casing, or annular void(s) between casings, plus an excess volume sufficient to provide for 50 linear feet of fill above the plug.

4.3 Surface plugs may be no less than 50' in length.

4.4 All cement plugs placed to fill annular void(s) between casing and the formation shall be of sufficient volume to fill a minimum of 100' of the annular space plus 100% excess, calculated using the bit size, or 100' of annular capacity, determined from a caliper log, plus an excess volume sufficient to provide for 50 linear feet of fill above the plug.

4.5 All cement plugs placed to fill an open hole shall be of sufficient volume to fill a minimum of 100' of hole, as calculated from a caliper log, plus an excess volume sufficient to provide for 50 linear feet of fill above the plug. In the absence of a caliper log, an excess of 100% shall be required.

4.6 A cement bond log or other accepted cement evaluation tool is required to be run if one had not been previously run or cement circulated to surface during the original casing cementing job or subsequent cementing jobs.

5.0 All cement plugs spotted across, or above, any exposed zone(s), when; the wellbore is not full of fluid or the fluid level will not remain static, and in the case of lost circulation or partial returns during cement placement, shall be tested by tagging with the work string.

- 5.1 The top of any cement plug verified by tagging must be at or above the depth specified in the approved plan, without regard to any excess.
- 5.2 Testing will not be required for any cement plug that is mechanically contained by use of a bridge plug and/or cement retainer, if casing integrity has been established.
- 5.3 Any cement plug which is the only isolating medium, for a fresh water interval or a zone containing a prospectively valuable deposit of minerals, shall be tested by tagging.

6.0 Before setting any cement plugs the hole needs to be rolled. All wells are to be controlled by means of a fluid that is to be of a weight and consistency necessary to stabilize the wellbore. This fluid shall be left in place as filler between all plugs.

- 6.1 Drilling mud may be used as the wellbore fluid in open hole plugging operations.
- 6.2 The wellbore fluid used in cased holes shall be of sufficient weight to balance known pore pressures in all exposed formations.

7.0 A blowout preventer and related equipment (BOPE) shall be installed and tested prior to working in a wellbore with any exposed zone(s); (1) that are over pressured, (2) where the pressures are unknown, or (3) known to contain H₂S.

8.0 Within 30 days after plugging work is completed, file a Sundry Notice, Subsequent Report of Abandonment (Form 3160-5), five copies, with the Field Manager, Bureau of Land Management, 1235 La Plata Highway, Suite A, Farmington, NM 87401. The report should show the manner in which the plugging work was carried out, the extent, by depth(s), of cement plugs placed, and the size and location, by depth(s), of casing left in the well. Show date well was plugged.

9.0 All permanently abandoned wells are to be marked with a permanent monument as specified in 43 CFR 3162.6(d). Unless otherwise approved.

10.0 If this well is located in a Specially Designated Area (SDA), compliance with the appropriate seasonal closure requirements will be necessary.

All of the above are minimum requirements. Failure to comply with the above conditions of approval may result in an assessment for noncompliance and/or a Shut-in Order being issued pursuant to 43 CFR 3163.1. You are further advised that any instructions, orders or decisions issued by the Bureau of Land Management are subject to administrative review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4 and 43 CFR 4.700.