

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

RECEIVED

OCT 13 2010

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

Running Horse Production Company

3a. Address

c/o Walsh Engr, 7415 E. Main, Farmington, NM

3b. Phone No. (include area code)

(505) 327-4892

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

890' FNL & 1850' FWL, Section 1, T26N, R12W

5. Lease Serial No.

NM 16470

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

Bengal A #4R

9. API Well No.

30-045-24524

10. Field and Pool, or Exploratory Area

Basin Fruitland Coal

11. County or Parish, State

San Juan, NM

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 Operations (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 recompleat 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 recompleat 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.)

Running Horse Production Co. proposes to plug and abandon this well according to the attached procedure.

Notify NMOCD 24 hrs
prior to beginning
operations

RCVD NOV 1 '10

OIL CONS. DIV.

DIST. 3

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Paul C. Thompson, P.E.

Title

Agent/Engineer

Signature

Paul C. Thompson

Date

October 11, 2010

THIS SPACE FOR FEDERAL OR STATE USE

Approved by

Original Signed: Stephen Mason

Title

Date

OCT 27 2010

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

Title 18 U.S.C. Section 1001, 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.

Walsh Engineering and Production

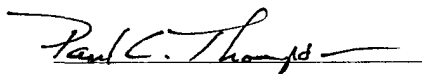
P & A Procedure for
Running Horse Production Company, LLC
Bengal A #4R

Location: NW/4 Sec. 1 T26N R12W
San Juan County, NM
API 30-045-24524
Field: WAW Ft-Sand Pictured Cliffs
Surface: Navajo
Minerals: Federal NM 16470

Date: October 8, 2010
Elev: GL 5987'
4-1/2", 10.5# @ 1251'
3-1/2" liner 1225' - 1406'

Procedure:

1. MOL and RU completion rig. Hold safety meeting and explain the procedure to the crew.
2. NU 2-3/8" relief line. Blow well down and kill with water if necessary.
3. Pull the polished rod, 4', and 8' pony rods, 52 plain 5/8" rods, two 1" sinker bars, and the pump plunger. ND tubinghead and NU BOP. Tally out with 35 jts of 2-3/8" tubing, 5 joints of 1-1/2" IJ tubing, and the tubing pump barrel.
4. Pick up a 4-1/2" cement retainer on 2-3/8" tubing (will need extra joints of 2-3/8") and set it at 1192' (50' above the Fruitland top). Pressure test the tubing to 500 psi. Sting out of the retainer and load the 4-1/2" casing. Close the pipe rams and pressure test the casing to 500 psi. Sting back into the retainer.
5. Pump Plug #1 - PBTD(1406') to 1192' (50' above the Fruitland formation). Establish an injection rate with water. Pump 15 sx (18 cu.ft.) of Type III neat cement below the retainer. Sting out of the retainer and leave an additional 1/2 sx (~~6 cu.ft.~~) of cement on top of the retainer *to 106' plus excess.*
6. POH to 800' and circulate the hole with clean water. TOH and remove the cement retainer stinger.
456'
7. TIH open-ended to ~~237'~~ *456'*. Plug #2 (50' below the ~~Gjo Alamo~~ *K. V. L. and* top to surface). Spot a balanced plug with 25 sx (~~30~~ *25* cu.ft.) of Type III cement with 2% CaCl₂. TOH. Nipple down the BOP and tubinghead. Top off the hole with cement as necessary.
8. Cut off the wellhead and install a dryhole marker. Reclaim location as per BLM specifications.



Paul C. Thompson, P.E.

**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.