

DEPARTMENT OF THE INTERIOR (Reverse side)  
BUREAU OF LAND MANAGEMENT

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—" for such proposals.)

1. OIL WELL ☒ GAS WELL ☐ OTHER ☐  
2. NAME OF OPERATOR  
Bannon Energy, Inc.  
3. ADDRESS OF OPERATOR  
P.O. Box 2085, Farmington, NM 87499  
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.  
See also space 17 below.)  
At surface  
Unit E; 1650' FNL and 840' FWL NMPM

14. PERMIT NO.  
15. ELEVATIONS (Show whether DP, RT, GR, etc.)  
7098' GL; 7110' KB

5. LEASE DESIGNATION AND SERIAL NO.  
SF 078362  
6. IF INDIAN, ALLOTTEE OR TRIBE NAME  
Federal  
7. UNIT AGREEMENT NAME  
8. FARM OR LEASE NAME  
Grace Federal 1  
9. WELL NO.  
1  
10. FIELD AND POOL, OR WILDCAT  
Lybrook Gallup  
11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA  
Sec. 1 T23N R7W  
12. COUNTY OR PARISH  
Rio Arriba  
13. STATE  
NM

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

TEST WATER SHUT-OFF ☐  
FRACTURE TREAT ☐  
SHOOT OR ACIDIZE ☐  
REPAIR WELL ☐  
(Other) ☐  
PULL OR ALTER CASING ☐  
MULTIPLE COMPLETE ☐  
ABANDON\* ☒  
CHANGE PLANS ☐

SUBSEQUENT REPORT OF:

WATER SHUT-OFF ☐  
FRACTURE TREATMENT ☐  
SHOOTING OR ACIDIZING ☐  
(Other) ☐  
REPAIRING WELL ☐  
ALTERING CASING ☐  
ABANDONMENT\* ☐

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

Grace Federal 1-1

1. Proposed work is scheduled to commence on or about August 15, 1989.
2. Spot a 30 sx cement plug across the producing interval from 5480' to 5090'.
3. Spot a 90 sx cement plug, being 50' below the bottom porosity in the Point Lookout to 50' above the Cliff House, from 4425' to 3290'.
4. Spot a 30 sx cement plug, being 50' below the Picture Cliffs to 50' above, from 2350' to 1940'.
5. Spot a 25 sx cement plug being 50' below the Ojo Alamo to 50' above, from 1800' to 1490'.
6. Spot a 10 sx cement plug across the 8 5/8" surface casing seat from 385' to 285'.
7. Cut 4 1/2" production casing 4' below surface, spot surface cement plug, install P&A marker.

Top of producing formation: Gallup @ 5190'.

Top of potential oil, gas or water zones: Point Lookout @ 4138'.

Cliffhouse @ 3340', Picture Cliffs @ 1990', Ojo Alamo @ 1545', Menefee @ 3525'.

SEE ATTACHED FOR  
CONDITIONS OF APPROVAL

AUG 21 1989

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

SIGNED W. I. Holcomb  
(This space for Federal or State office use)

TITLE Agent, Bannon Energy, Inc.

APPROVED  
AS AMENDED

APPROVED BY  
CONDITIONS OF APPROVAL, IF ANY:

TITLE

NMOCD

AUG 18 1989

Ken Townsend  
AREA MANAGER

\*See Instructions on Reverse Side

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

BUREAU OF LAND MANAGEMENT  
1235 La Plata Highway  
Farmington, New Mexico 87401  
Phone (505) 327-5344

Attachment to Notice of  
Intention to Abandon

Re: Permanent Abandonment

Well: 1 Grace Fed 1

CONDITIONS OF APPROVAL

1. Plugging operations authorized are subject to the attached "General Requirements for Permanent Abandonment of Wells on Federal Leases."

2. Mark Kelly with the Farmington Office is to be notified at least 24 hours before the plugging operations commence (505) 327-5344.

3. Blowout prevention equipment is required.

4. The following modifications to your plugging program are to be made (when applicable):

a) Add a plug @ from 2312'-2212'

b) Perf @ ~~2350~~ and plug from 2350-1228 inside & outside 4 1/2" casing

c) Place a plug in the 4 1/2" - 5 5/8" casing annulus 385-285  
50-0

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

GENERAL REQUIREMENTS FOR  
PERMANENT ABANDONMENT OF WELLS ON FEDERAL AND INDIAN LEASES  
FARMINGTON RESOURCE AREA

1. Secure prior approval either on a Sundry Notice (Form 3160-5) or verbally from the Fluids Drilling & Production Section at this office before changing the approved plugging program.
2. Plugging equipment used shall have separate mixing and displacement pumps and a calibrated tank to assure proper displacement of plugs. The Operator is responsible for providing all measuring devices needed to assure proper measurement of materials being used.
3. A proper tank or pit will be used to contain all fluids pumped from the well during plugging operations. Unattended pits are to be fenced.
4. All cement plugs are to be placed through tubing (or drillpipe) and shall be a minimum of 100 feet in length with 50% excess inside casing or 100% excess when plug is set in open hole or squeezed into perforations. 15.6#/gal slurry weight is to be used when using class B neat cement or when  $\text{CaCl}_2$  is used. Use the recommended slurry weight of other type cements when they are used (Class C, Pozzolan etc.).
5. Any cement plugs placed when well is not full of fluid, or when well may be taking fluid, (i.e. across perfs-unless bridge plug or retainer is used, across bad csg., or fresh water formations) will be tagged (touched) after cement has set to verify proper location.
  - 5a. Testing The first plug below the surface plug shall generally be tested by either tagging the plug with the working pipe string, or pressuring to a minimum pump (surface) pressure of 1000 psig, with no more than a 10 percent drop during a 15-minute period (cased hole only). If the integrity of any other plug is questioned, it must be tested in the same manner. Also, any cement plug which is the only isolating medium for a fresh water interval or a zone containing a valuable mineral deposit should be tested by tagging with the drill string.
6. Mud must be placed between plugs. Plugging mud is to be made up with a minimum of 15 lbs/bbl of sodium bentonite, and a nonfermenting polymer. Minimum consistency of plugging mud must be 9 lbs/gal and with a minimum viscosity of 50 sec/qt. Fresh water is to be utilized for mixing mud.
7. Following the placement of a cement plug, the withdrawl rate for at least the length of the cement plug shall not exceed 30 ft/min, in order to minimize the contamination of the plug.

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

9. All permanently abandoned wells are to be marked with a regulation marker (4" pipe extending 4' above the ground line) containing the information as specified in 43 CFR 3162.6(d). Unless otherwise approved.

10. After plugging work is completed the surface is to be rehabilitated in accord with instructions from the Fluids Surface Management Section of the Farmington Resource Area Office.

All above are minimum requirements. The period of liability under the bond of record will not be terminated until the lease is inspected and surface work approved.

Please advise this office when the well location is ready for final inspection.

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.