SIGNED

Johnson

Form Approved. Budget Bureau No. 42-R1424

| UNITED STATES | 5. LEASE 080202 |
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| DEPARTMENT OF THE INTERIOR | / SF - 0820 2 |
| GEOLOGICAL SURVEY | 6. IF INDIAN, ALLOTTEE OR TRIBE NAME |
| SUNDRY NOTICES AND REPORTS ON WELLS (Do not use this form for proposals to drill or to deepen or plug back to a different eservoir, Use Form 9-331-C for such proposals.) | 7. UNIT AGREEMENT NAME |
| 1. oil gas other | S. WELL NO. |
| 2. NAME OF OPERATOR Grace Petroleum Corporation | 1441 10. FIELD OR WILDCAT NAME 10. FIELD OR WILDCAT NAME |
| 3. ADDRESS OF OPERATOR 143 Union Blvd - Ste 760, Lakewood, CO 80228 | 11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA |
| 4. LOCATION OF WELL (REPORT LOCATION CLEARLY. See space 17 below.) AT SURFACE: 1980' FSL, 1980' FEL, Sec. 24 | Section 24, T24N-R7W 12. COUNTY OR PARISH 13. STATE |
| AT TOP PROD. INTERVAL: same AT TOTAL DEPTH: same | Rio Arriba New Mexico 14. API NO. |
| 16. CHECK APPROPRIATE BOX TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA | 15. ELEVATIONS (SHOW DF, KDB, AND WD) 6652' GL |
| REPAIR WELL | FSOURCE AREA |
| 17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly statincluding estimated date of starting any proposed work. If well is a measured and true vertical depths for all markers and zones pertined | |
| Proposal: Plug and abandon well #24-1 as foll 1. Kill well w/lease water. 2. Squeeze perfs (5448'-5526') w/l00 sx Class 3. Role hole w/±ll9 bbls 9.2 ppg mud. 4. Perforate 8 squeeze holes @ 3580'-02' & sc 5. Perforate 8 squeeze holes @ 2450'-52' & sc 6. Spot a 30 sx Class 'G' cmt surface plug in 7. Pump 30 sx Class 'G' plug through Bradenhole 8. Install monument. 9. Clean-up & restore location. | queeze w/50 sx Class 'G' cmt. queeze w/50 sx Class 'G' cmt. n 5-1/2" from 290' to surface. ead down 10" x 5-1/2" annulus. |
| Subsurface Safety Vatve: Manu and Type | |
| 18. I hereby dertify that the foregoing is true and correct | DIST. 3 APPROVED |

*See Instructions on Reverse Side

(This space for Federal or State office use)

TITLE Dist. Operations MODATE

_ DATE

AREA MANAGER

BUREAU OF LAND MANAGEMENT Caller Service 4104 Farmington, New Mexico 87499

Attachment to Notice of

Intention to Abandon

Re: Permanent Abandonment

Well: 1 Killarney - Reynolds

CONDITIONS OF APPROVAL

- 1. Plugging operations authorized are subject to the attached "General Requirements for Permanent Abandonment of Wells on Federal Leases."
- 2. The Farmington office (telephone (505) 325-4572) is to be notified in sufficient time for a representative to witness all plugging operations.
- 3. Blowout prevention equipment is required.
- 4. In addition to normal filling of pits and cleanup of location, additional surface restoration work may be required, i.e. ripping of pad and/or access road, reseeding, etc. We have asked the Surface Management Agency for the surface restoration requirements for this well and we should be able to furnish you these requirements within 30 days. After plugging the well and before making final clean-up, you should contact this office unless you have already been advised as to what additional surface restoration work is required.
- 5. The following modifications to your plugging program are to be made (when applicable):
- A) Squeeze existing perfs. leaving sufficient cement inside 51/2 csg. to cover the Gallup Fm. to 5138 & tag top of General,
- B) Perforate ? Squeeze @ 3580', fill inside and outside the 5'/z" csg. to cover the interval 3580' to 3479'.
- c) Perforate and Squeeze Pictured Cliffs Fm. @ 2033', fill inside and outside of the 5'/2" csg. to cover the interval 2033' to 1933'.
- D) Perbrate and squeeze. @ 1565' (50' below the Ojo Alamo) lill inside and outside of the 5'/z csg. to cover the 1565' to 1282'.

You are further advised that any instructions, orders or decisions issued by the Bureau of Land Management are subject to technical and procedural review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4 and 43 CFR 4.700.

Office Hours: 7:45 A.M. to 4:30 P.M.

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

- 1. Secure prior approval 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.
- 3. A proper tank or pit will be used to contain all fluids pumped from the well during plugging operations.
- 4. All cement plugs are to be placed through tubing (or drillpipe) and shall be a minimum of 15 sacks or 100 feet in length, whichever is greater.
- 5. Any cement plug placed when well is not full of fluid, or when well may be taking fluid, will be touched after cement has set to verify proper location.
- 6. Mud must be placed between plugs. Minimum consistency of plugging mud must be 9.2 lbs/gal. Brine is to be utilized for mixing mud where possible.
- 7. Within 30 days after plugging work is completed, file Subsequent Report of Abandonment, Form 3160-5 (formerly 9-331), in quintuplicate with Area Manager, Bureau of Land Management, Caller Service 4104, Farmington, New Mexico 87499. 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.
- 8. All permanently abandoned wells are to be marked with a permanent monument, on which has been stenciled or beaded the well name, well number, and well location by quarter-quarter, section, township and range. The monument is to be of steel pipe, not less than four inches in diameter, cemented permanently in the ground, and extending four feet above general ground level. The top should be closed with a screw cap, welding, or a cement plug.
- 9. After plugging work is completed:
 - a. Fill all pits, rat hole and cellar.
 - b. Clean well location of all equipment, concrete bases, pipe, junk and
 - c. Cut or remove tie downs.
- d. If last well on lease, and no additional drilling is contemplated, fill tank battery pits, remove battery equipment, and clean and level battery location.
- e. Accomplish surface restoration as specified by the surface management agency or land owner.

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

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

You are further advised that any instructions, orders or decisions issued by the Bureau of Land Management are subject to technical and procedural review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4 and 43 CFR 4.700.