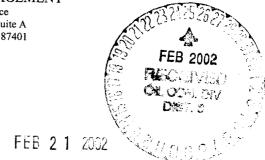


IN REPLY REFER TO NM-SF-077107B (WC) 3162.3-2 and 3162.3-4 (07100)

BUREAU OF LAND MANAGEMENT

Farmington Field Office 1235 La Plata Highway, Suite A Farmington, New Mexico 87401



CERTIFIED--RETURN RECEIPT REQUESTED 7106 4575 1292 2684 1897

Mr. Dave Wacker Conoco Incorporated P.O. Box 2197, DU 3084 Houston, TX 77252-2197

Dear Mr. Wacker:

Reference is made to the following well on Federal oil and gas lease NM-SF-077107B:

No. 3M Michener LS, located 100' FSL and 1190' FWL , Sec. 15, T. 28 N., R. 9 W., San Juan County, New Mexico.

On December 27, 2001, we were notified by your field representative Jim Tully, that the subject well had intermediate casing set at 4414'. He indicated that during the cementing operation lost circulation was encountered resulting in failure of the cement to circulate to surface as originally proposed. He was informed by this office to run a survey to determine the top cement prior to completing the well. Upon updating the well record with this information, we found that the well was approved for 3197' of intermediate casing, not the 4414' that was actually run in the well. After further investigation, we found out that this well was actually plugged and abandoned and sidetracked after hole problems were encountered and part of the drilling assembly was lost in the hole. Furthermore, we had a Sundry Notice of intent to change the drilling, casing and cement program which coincidently, was approved the same day that we received the phone call from Mr. Tully. This Sundry Notice however, had nothing to do with the plug back and sidetrack operations.

This office has no record of prior approval, written or verbal, being given to conduct these operations. The Sundry Notice faxed to us on January 3, 2002, was in essence an after-the-fact notice of the problems encountered and the abandonment and side track operations conducted. As such, you are in violation of 43 CFR 3162.3-2, Subsequent Well Operations and 43 CFR 3162.3-4 Well abandonment, which require prior approval before commencing abandonment and side track (redrill) operations. This is the second violation of this sort that Conoco Incorporated had. A copy of a previously issued violation notice is attached for your reference.

Obviously, there were several communication break downs associated with this well. The holidays may have played a role in this break down as well, however this does not relieve your company

from the prior approval requirements outlined above. As such, you are subject to a \$500 major violation assessment pursuant to 43 CFR 3163.1(b)3 for failure to obtain approval for well abandonment prior to commencing such operations. In addition, you are also subject to a minor violation assessment of \$250 for failure to obtain prior approval before commencing redrill operations pursuant to 43 CFR 3163.1(a)2. You will be billed for the amount of \$750 by this office. You are further advised that if you fail to abate these types of violations in the future, you will be subject to Civil Penalties under the major violation provisions pursuant to 43 CFR 3163.2. Enclosed you will find your processed Sundry Notices. Within 30 days of this notice, you must file a subsequent report Sundry Notice detailing the work conducted since the abandonment, including directional surveys, casing, and cement operations.

Under provisions of 43 CFR 3165.3, you may request an Administrative Review of the assessment described above. Such request, including all supporting documents, must be filed in writing within 20 business days of receipt of this notice and must be filed with the State Director, Bureau of Land Management (NM-93000), P. O. Box 27115, Santa Fe, New Mexico 87502-0115. Such request shall not result in a suspension of the orders unless the reviewing official so determines. Procedures governing appeals from instructions, orders or decisions are contained in 43 CFR 3165.4 and 43 CFR 4.400 et seq.

If you have any questions, please contact Jim Lovato at (505) 599-6367 at your convenience.

Sincerely,

/s/ Jim Lovato

David J. Mankiewicz
Assistant Field Manager, Minerals

2 Enclosures:

- 1- Processed Sundry Notices (2)
- 2 -Violation Notice (No. 249M SJ 28-7 U)

cc:

NMOCD, Aztec (w/enclosure 1) NMOCD, Santa Fe (w/enclosure 1) Form 3160-5 (August 1999)

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

OMB NO. 1004-0135 Expires: November 30, 2000

FORM APPROVED

5. Lease Serial No. NMSF077107-B

6. If Indian, Allottee	or Tribe Name

abandoned well. Use form 316		
SUBMIT IN TRIPLICATE - Other	7. If Unit or CA/Agreement, Name and/or No.	
Type of Well Oil Well		8. Well Name and No. MICHENER LS 3M 9. API Well No.
2. Name of Operator CONOCO INC.	Contact: YOLANDA PEREZ E-Mail: yolanda.perez@usa.conoco.com	30-045-30885
3a. Address P. O. BOX 2197, DU 3084 HOUSTON, TX 77252-2197	3b. Phone No. (include area code) Ph: 281.293.1613 Fx: 281.293.5090	10. Field and Pool, or Exploratory BLANCO MESAVERDE/BASIN DAKC
4. Location of Well (Footage, Sec., T., R., M., or Survey D.	Pescription)	11. County or Parish, and State
Sec 10 T28N R9W SWSW 100FSL 1190FWL		SAN JUAN COUNTY, NM
		<u> </u>

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

TYPE OF SUBMISSION	TYPE OF ACTION						
☐ Notice of Intent Subsequent Report ☐ Final Abandonment Notice	Acidize Alter Casing Casing Repair Change Plans Convert to Injection	Deepen Fracture Treat New Construction Plug and Abandon Plug Back	☐ Production (Start/Resume) ☐ Reclamation ☐ Recomplete ☐ Temporarily Abandon ☐ Water Disposal	□ Water Shut-Off □ Well Integrity ☑ Other Change to Original A PD			

Problems were encountered on the above mentioned well while drilling. Pipe got stuck and BHA was teft in hole. Top of fish is at 5004' and bottom of fish at 5240'. A cement plug was placed on top of fish. Top of cement plug is at 4796'. Due to problems, intermediate casing has been run and set at 4760'. Well will be kicked off of cement plug, approximately 10', and will continue to be drilled as a vertical hole.

As a result of problems encountered, please disregard NOI sundry dated 12/13/01 stating intermediate casing string will be eliminated. Intermediate casing has been set as mentioned above.

14. I hereby certify that the foregoing is true and correct. Electronic Submission #9929 ver For CONOCO (No.	fied by the BLM Well Information System , sent to the Farmington
Name(Printed/Typed) YOLANDA PEREZ	Title COORDINATOR
Signature (Electronic Submission) Molanda Pere	Date 01/03/2002 ACCEPTED FOR 1970
THIS SPACE FOR FED	RAL OR STATE OFFICE USE
. ID.	FEB 1 5 7002
Approved By Conditions of approval, if any, are attached. Approval of this notice does not warra certify that the applicant holds legal or equitable title to those rights in the subject le which would entitle the applicant to conduct operations thereon.	or se Office FARMINGTON FILE ICE

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 States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

** ORIGINAL ** ORIGINAL ** ORIGINAL ** ORIGINAL ** ORIGINAL ** ORIGINAL **

NMOCD

^{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.)

Well Name:

MICHENER LS 3M

Job Description: 4 1/2" Production Casing @ 7489'MD/7285'TVD(3 Daté:

December 13, 2001

Proposal No: 100168095D

FLUID SPECIFICATIONS (Continued)

STAGE NO.: 2

Spacer

10.0 bbls 2%KCL @ 8.4 ppg

Spacei				1,10
FLUID	VOLUME CU-FT		VOLUME FACTOR	AMOUNT AND TYPE OF CEMENT
Slurry	300	1	2.02	= 149 sacks Premium Lite High Strength FM + 3 lbs/sack CSE + 0.15% bwoc R-3 + 0.25 lbs/sack Cello Flake + 0.45% bwoc CD-32 + 0.65% bwoc FL-52 + 105.7% Fresh Water
Disp-Spacer				9.7 bbls 2%KCI @ 8.4 ppg
Displacement				71.0 bbls MUD @ 9 ppg
CEMENT PROPERTIE	S			
				URRY
			ı	IO. 1
Slurry Weight (ppg)			1	2.50
Slurry Yield (cf/sack)				2.02
Amount of Mix Water (gr	os)			0.63
Estimated Pumping Time	e - 70 BC (Hi	H:N	ИM)	3:00
Free Water (mls) @ ° F Fluid Loss (cc/30min)	@ 90 ° angle	е		0.0
at 1000 psi and ° F			2	85.0

Well Name: MICHENER LS 3M

Job Description: 4 1/2" Production Casing @ 7489'MD/7285'TVD(3

Date:

December 13, 2001



Proposal No: 100168095D

FLUID SPECIFICATIONS (Continued)

STAGE NO.: 3

Spacer

20.0 bbls Freshwater @ 8.34 ppg

Spacei				20.	o pois Fres	snwater @ 8.34 ppg
FLUID	VOLUME CU-FT		VOLUM FACTO		MOUNT AN	ID TYPE OF CEMENT
Lead Slurry	2170	1	2.08	Cal	cium Chlor	remium Lite FM + 1% bwoc ride + 0.25 lbs/sack Cello Flake + tonite + 115.6% Fresh Water
Tail Slurry	161	1	1.4	Chl	i sacks Typ oride + 0.2 sh Water	pe III Cement + 1% bwoc Calcium 5 lbs/sack Cello Flake + 60.5%
Displacement				71.0	bbls 2%K	CI @ 8.4 ppg
CEMENT PROPERTIES	S					
				SLURRY NO. 1	SLURRY NO. 2	
Slurry Weight (ppg)				12.10	14.50	
Slurry Yield (cf/sack)				2.08	1.40	
Amount of Mix Water (gp	•			11.62	6.82	
Estimated Pumping Time Free Water (mls) @ ° F (Fluid Loss (cc/30min) at 1000 psi and ° F	-		ИM)	4:30	2:30	
COMPRESSIVE STREN 24 hrs @ 80 ° F (psi) 48 hrs @ 80 ° F (psi)				250 525	2450 3750	

Form 3160-5 (August 1999) D SUNDRY Do not use the abandoned we	OMB				
SUBMIT IN TR	IPLICATE - Other instru	ctions on reverse side.		7. If Unit or CA/Agre	eement, Name and/or No.
1. Type of Well ☐ Oil Well ☑ Gas Well ☐ Ot	her		_	8. Well Name and No MICHENER LS 3	
2. Name of Operator CONOCO INC.	Contact:	DEBORAH MARBERRY E-Mail: deborah.moore@usa.co	noco.com	9. API Well No. 30-045-30885	
3a. Address P.O. BOX 2197 DU 3066 HOUSTON, TX 77252		3b. Phone No. (include area code Ph: 281.293.1005 Fx: 281.293.5466)	10. Field and Pool, or BLANCO MESA	Exploratory AVERDE/BASIN DAKO
4. Location of Well (Footage, Sec., 7 Sec 10 T28N R9W SWSW 10	-)		11. County or Parish, SAN JUAN CO	
12. CHECK APPI	ROPRIATE BOX(ES) TO	INDICATE NATURE OF	NOTICE, RI	EPORT, OR OTHE	R DATA
TYPE OF SUBMISSION		TYPE O	F ACTION		
■ Notice of Intent	☐ Acidize	☐ Deepen	_	ion (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclama		■ Well Integrity
	□ Casing Repair	■ New Construction	☐ Recomp	lete	Other Change to Original A
☐ Final Abandonment Notice	☐ Change Plans	□ Plug and Abandon	□ Tempora	arily Abandon	PD
	□ Convert to Injection	Plug Back	■ Water D	risposal	
13. Describe Proposed or Completed Ope If the proposal is to deepen directiona Attach the Bond under which the wor following completion of the involved testing has been completed. Final Ab determined that the site is ready for fi Due to chance of getting wet in drilling the entire well. By doin see attached revised cement p	Illy or recomplete horizontally, k will be performed or provide operations. If the operation res andonment Notices shall be file nal inspection.) In the Cliffhouse, we are going this, will eliminate the in	give subsurface locations and measu the Bond No. on file with BLM/BIA ults in a multiple completion or reco d only after all requirements, includ CAC oing to switch from mud drillir	red and true ver Required sub impletion in a n ing reclamation	rtical depths of all pertine sequent reports shall be t ew interval, a Form 3160	ent markers and zones. filed within 30 days 1-4 shall be filed once
14. I hereby certify that the foregoing is	Electronic Submission #	9776 verified by the BLM Well I OCO INC sent to the Farming	Information S	ystem	

	by the BLM Well Information System ent to the Farmington
Name(Printed/Typed) DEBORAH MARBERRY	Title SUBMITTING CONTACT
Signature (Electronic Submission) Debouch Mashern	Legsy 12/13/2001
THIS SPACE FOR FEDERA	L OR STATE OFFICE USE
Approved By /s/ Jim Lovato	Title Petr. Eng. Date 12/27/01
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 BLM- FFO

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.

** ORIGINAL ** ORIGINAL ** ORIGINAL ** ORIGINAL ** ORIGINAL **

NMOCD



Proposal No: 100168095D

Conoco MICHENER LS 3M

Key 43 Rig API# 30-045-30885-0000 **BASIN Field**

San Juan County, New Mexico December 13, 2001

Cement Recommendation

Prepared for:

Mr. Ricky Joyce Drilling Engineer Conoco

Prepared by:

Benjamin Weber Region Engineer Houston, Texas

Bus Phone: 281-293-1714 Mobile:

713-557-0334

Pager:

713-764-9233

Email:

bweber@bjservices.com



PowerVision"

Service Point:

Farmington

Bus Phone:

(505) 327-6222

Fax:

(505) 327-5766

Service Representatives:

Terry Crabb

District Sales Supervisor Farmington, New Mexico

Timothy Higgins Account Manager Houston, Texas

Bus Phone: (713) 683-3466

Pager:

(713) 716-1163

Gr4105

Well Name:

MICHENER LS 3M

Date:

Job Description: 4 1/2" Production Casing @ 7489'MD/7285'TVD(3

December 13, 2001

Proposal No: 100168095D

JOB AT A GLANCE

Depth (TVD) 7,285 ft

Depth (MD) 7,489 ft

Hole Size 8.75 in

Casing Size/Weight: 4 1/2 in, 10.5 lbs/ft

Casing 4 1/2" O.D. (4.052" .I.D) 10.5 # **Pump Via**

Total Mix Water Required 20,758 gals

> Stage No: 1 **Float** 7,405 ft

Spacer

2% KCI 10 bbls **Density** 8.4 ppg

Cement Slurry

Premium Lite HS FM 591 sacks **Density** 12.5 ppg Yield 2.02 cf/sack

Disp-Spacer

2% KCI 38 bbls **Density** 8.4 ppg

Displacement

Mud 80 bbls Density 9.0 ppg

Well Name:

MICHENER LS 3M Job Description: 4 1/2" Production Casing @ 7489'MD/7285'TVD(3

Date:

December 13, 2001



JOB AT A GLANCE (Continued)

Stage 5,060 ft Stage No: 2

Spacer

10 bbls 2%KCL 8.4 ppg **Density**

Slurry

149 sacks Premium Lite HS FM 12.5 ppg **Density** 2.02 cf/sack Yield

Disp-Spacer

10 bbls 2%KCI 8.4 ppg **Density**

Displacement

71 bbls MUD 9.0 ppg **Density**

> 4,450 ft Stage Collar set @

Spacer

20 bbls Freshwater 8.3 ppg Density

Lead Slurry

1,042 sacks **Premium Lite FM** 12.1 ppg **Density** 2.08 cf/sack Yield

Tail Slurry

115 sacks Type III 14.5 ppg Density 1.40 cf/sack Yield

Displacement

71 bbis 2%KCI 8.4 ppg Density

MICHENER LS 3M Well Name:

Job Description: 4 1/2" Production Casing @ 7489'MD/7285'TVD(3

December 13, 2001



Proposal No: 100168095D

WELL DATA

ANNULAR GEOMETRY

ANNULAR I.D. (iii)	DEP MEASURED	TH(ft) TRUE VERTICAL
8.921 CASING	285	285
8.750 HOLE	7,489	7,285

SUSPENDED PIPES

		•	-,100	/,200
4.500	4.052	10.5	7,489	7,285
4		A 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	L WCHOURED	TRUE VERTICAL
O.D.	I.D.	(lbs/ft)		
	AL MIL	AACIGHI	I DEP	TH(ft)
DIAMET	ED (I=)	WEIGHT		

STAGE: 3

Stage Collar set @

4,450 ft

Mud Density Mud Type Est. Static Temp.

9.00 ppg Water Based

Est. Circ. Temp.

127 ° F 102 ° F

VOLUME CALCULATIONS

285 ft 0.3236 cf/ft Х 3,865 ft X 0.3071 cf/ft 300 ft X 0.3071 cf/ft

0 % excess with = with 75 % excess with 75 % excess

2077.4 cf 161.2 cf

92.2 cf

TOTAL SLURRY VOLUME =

2330.9 cf 415 bbls

STAGE: 2

Stage Collar set @

5,060 ft

=

=

Mud Density

9.00 ppg

Mud Type Est. Static Temp.

Water Based 160 ° F

Est. Circ. Temp.

110 ° F

VOLUME CALCULATIONS

610 ft

0.3071 cf/ft

with

60 % excess

299.8 cf

TOTAL SLURRY VOLUME =

299.8 cf

53 bbls

Well Name: MICHENER LS 3M

Job Description: 4 1/2" Production Casing @ 7489'MD/7285'TVD(3

Date:

December 13, 2001



Proposal No: 100168095D

FLUID SPECIFICATIONS

STAGE NO.: 1

Spacer

10.0 bbls 2% KCI @ 8.4 ppg

•				Cc
FLUID	VOLUME CU-FT		VOLUME FACTOR	AMOUNT AND TYPE OF CEMENT
Cement Slurry	1194	1	2.02	= 591 sacks Premium Lite High Strength FM + 3 lbs/sack CSE + 0.3% bwoc R-3 + 0.25 lbs/sack Cello Flake + 0.45% bwoc CD-32 + 0.65% bwoc FL-52 + 105.7% Fresh Water
Disp-Spacer			•	38.1 bbls 2% KCl @ 8.4 ppg
Displacement				80.0 bbls Mud @ 9 ppg
CEMENT PROPERTIE	S			
				URRY
			N	IO. 1
Slurry Weight (ppg)			1	2.50
Slurry Yield (cf/sack)				2.02
Amount of Mix Water (gp	s)		1	0.63
Estimated Pumping Time	e - 70 BC (H	H:N	νM)	3:30
Free Water (mls) @ ° F	@ 90 ° angle	9		0.0
Fluid Loss (cc/30min)				
at 1000 psi and ° F			2	85.0
COMPRESSIVE STREM	IGTH			
24 hrs @ 200 ° F (ps	si)		1	960
48 hrs @ 200 ° F (ps	si)		2	100

RHEOLOGIES

FLUID		<u>TEMP</u>	600_	300	200	100	<u> 6 </u>	3
Cement Slurry	@	80 ° F	65	37	28	17	5	4

Well Name:

MICHENER LS 3M

Job Description: 4 1/2" Production Casing @ 7489'MD/7285'TVD(3

December 13, 2001 Date:

Proposal No: 100168095D

WELL DATA (Continued)

STAGE: 1

Float Collar set @

7,405 ft

Mud Density

9.00 ppg

Mud Type

Water Based

Est. Static Temp.

200 ° F

Est. Circ. Temp.

136 ° F

VOLUME CALCULATIONS

2,429 ft

84 ft

Х X

0.3071 cf/ft 0.0896 cf/ft with

60 % excess

1186.8 cf

0 % excess with

7.5 cf (inside pipe) 1194.4 cf

TOTAL SLURRY VOLUME =

213 bbls