

INSTRUCTIONS TO BIDDERS

The New Mexico Oil and Gas Act, §§70-2-37 & 38, establishes the Oil and Gas Reclamation Fund under the administration of the New Mexico Oil Conservation Division (OCD) of the Energy, Minerals and Natural Resources Department (EMNRD). The fund may be used to plug oil and gas wells which have been abandoned without being properly plugged by the operator and for which no responsible party can be identified.

OCD is, by this Invitation For Bid (IFB) soliciting bids from responsible, qualified bidders to perform the well plugging operations on one or more wells in accordance with the plugging procedure(s) which are included in the IFB. Bidders are advised that responsive bids are invited from both profit-making and non-profit organizations. EMNRD is an affirmative action and equal opportunity employer. The handicapped, minorities, veterans and women are encouraged to apply.

The deadline for the receipt of bids is no later than November 15, 1994, at 2:00 p.m. MST. One (1) each of the required bid documents, with original signature, must be received and stamped in at the Purchasing Division, Room 2016, Joseph M. Montoya Building, 1100 St. Francis Drive Santa Fe, New Mexico 87503 (505/827-0472). Bids in response to this IFB will be opened publicly at 2:00 p.m., November 15, 1994, at the Purchasing Division, Room 2078, Joseph M. Montoya Building, 1100 St. Francis Drive, Santa Fe, New Mexico 87503. The name of each bidder and the lump sum of each bid will be announced.

The Contract Time for project completion shall be no later than ninety (90) calendar days after the Contractor receives via certified mail a Notice to Proceed, including all Sundays, holidays and non-work days.

An abstract of the bids may be available for public inspection from the Purchasing Division on request. Those portions of any bid for which a Bidder has made a written request for confidentiality, and the OCD Director has made a finding which concurs in that confidentiality, shall be withheld from public inspection.

IMPORTANT –

BIDS MUST BE SUBMITTED IN A SEALED ENVELOPE WITH THE INVITATION TO BID NUMBER AND THE OPENING DATE CLEARLY INDICATED ON THE BOTTOM LEFT HAND SIDE OF THE FRONT OF THE ENVELOPE.

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

INVITATION FOR BID

RECEIVED
NOV - 2 1994

Bid Identification Number: 30-521.25-03218

OIL CON. DIV.
DIST. 3

Bid Opening Date and Time: November 15, 1994, at 2:00 p.m. MST.

Bids are sought for plugging the following wells pursuant to the attached procedures for each well:

OPERATOR	WELL NAME	LOCATION	COUNTY
Paramount Petroleum Corp.	Central Totah Unit #1	Unit M, Sec. 21, T-29-N, R-13-W	San Juan
Paramount Petroleum Corp.	Aztec Totah Unit #7	Unit O, Sec. 20, T-29-N, R-13-W	San Juan
Jack L. Cayias	Charles M. #3	Unit L, Sec. 01, T-25-N, R-03-W	Rio Arriba

§70-2-38, N.M.S.A. 1978, GRANTS TO THE CONTRACTOR SALVAGE RIGHTS IN THE EQUIPMENT OR MATERIAL REMOVED FROM THE WELL. THE DIVISION MAKES NO REPRESENTATION AS TO RIGHT, TITLE OR OWNERSHIP OF ANY EQUIPMENT OR MATERIAL.

The New Mexico Oil Conservation Division hereinafter referred to as the OCD is soliciting TURNKEY bids for the purpose of re-entering and plugging the referenced well(s) as per the plugging procedure that follows. The turnkey bid shall include any well site preparation, access to and egress from the well site including any road building or special access problems. Turnkey bids shall include site cleanup as specified. An hourly rate for some basic services is also requested along with some other basic unit costs. Bids will be awarded to the lowest and/or the best turnkey bidder capable of performing services as specified.

OCD Contact Person:

Frank Chavez
1000 Rio Brazos Road
Aztec, NM 87410
(505) 334-6178

ALTERNATE PROCEDURE PROVISIONS

1. If changes in procedures are initiated by the OCD that will require time, materials, equipment or supplies beyond those required by the original turnkey procedure, charges for these will be paid by the OCD based on supplemental bid data.

2. Should there be charges above those required by the original turnkey procedure that are not covered by the "Supplemental Bid Data", these charges must be competitive with area vendor prices. These may be billed as "Third Party" charges if not supplied by the primary contractor.
3. If changes in procedures are initiated by the OCD that will require less time, materials, equipment or supplies than those required by the original turnkey procedure, the OCD reserves the right to revert to hourly charges plus actual cost for materials, supplies and equipment used for the work performed. Minimum payment will not be less than twenty-five percent of the original turnkey bid.
4. If downhole problems are encountered which could not be reasonably foreseen by a review of the Division records and an on-site inspection, the contractor will be required to make a reasonable and good faith effort to resolve these problems under the turnkey provisions. If these reasonable efforts fail, any time, materials, equipment or supply costs required to correct these downhole problems will be billed to the OCD in addition to the turnkey price based on supplemental bid data. The OCD reserves the right to discard the turnkey bid and to be billed solely at the supplemental rates plus other supplemental bid data if it is determined that the downhole problem is unresolvable or cost prohibitive. Minimum payment will not be less than twenty-five percent of the turnkey bid.
5. A "Third Party" charge is defined as charges for goods, services or equipment furnished by a company or individual other than the primary vendor. All "Third Party" charges must be billed to the primary vendor. The primary vendor should include in his bill to the OCD a listing of all "Third Party" charges supported by invoices and field tickets from the "Third Party" vendors, unless the charges are covered by the supplemental bid data. In that case, listing the charge on the invoice is the only requirement. No service charge will be paid by the OCD for the handling of "Third Party" charges. Failure to timely pay "Third Party" vendors may result in removal from the state-funded plugging bid list.
6. Under no circumstances will the OCD pay travel allowances or crew per diem.

General information

- A. The OCD will provide authorized representatives on location to monitor activities and ensure that all applicable OCD rules are complied with.
- B. The successful bidder will be required to move on location and begin plugging within the time specified in the NOTICE TO PROCEED which will be issued after the contract is awarded, provided, however, that the OCD may grant an extension if the contractor is unable to proceed because of weather or site conditions or for other good cause shown. Should the successful bidder fail to proceed in accordance with this provision, the OCD reserves the right to withdraw the award and use the second lowest and best bidder capable of performing services as specified.
- C. A contractor must provide evidence of adequate insurance at the time of the bid. Successful bidder must furnish a current CERTIFICATE OF INSURANCE naming the *State of New Mexico, Oil Conservation Division* as additional insured prior to actual award of the contract.
- D. Contractor's personnel will be expected to observe prudent safety practices at all times. Contractor will hold the Oil Conservation Division harmless from any and all loss caused by contractor's tortious actions or omissions.
- E. If for any reason this Invitation for Bid ("IFB") requires further amendment, such amendments shall be sent to all prospective bidders. Each bidder shall be required to acknowledge the receipt

of any amendments on the amendment form. If such amendments become necessary, they shall be distributed in a reasonable time to allow bidders to consider the amendment in preparation of their bid.

F. Bids must be received at the Purchasing Division in Santa Fe by the time and date shown above. Late bids will not be considered. Any changes to the bid document must be initialed and dated by the individual making the changes. Any bid received with changes not dated and initialed will be rejected.

G. The provisions of this invitation to bid and all attachments hereto shall become terms and conditions of the contract between OCD and the successful bidder.

H. The OCD reserves the right to reject any or all bids for any reason.

RECEIVED
NOV - 2 1994
OIL FORM. DIV.
DIST. 3

WELL INFORMATION AND PLUGGING PROCEDURE

Invitation to Bid No.

OPERATOR	PARAMOUNT
WELL NAME	CENTRAL TOTAH UNIT #1
LOCATION	sec. 21 township 29N range 13W
FOOTAGE	820/S, 675/W
COUNTY	SAN JUAN

The information herein is taken from OCD well files. The bidder is responsible for obtaining all available data including a review of such files, on-site inspection and any other sources.

Failure to review available information will not justify for implementing supplemental rates or contract modification or

termination.

SUMMARY WELL DATA

SURFACE CASING: 8 5/8" at 138' with 115 sacks. Circulated to surface

INTERMEDIATE CASING: N/A

PRODUCTION CASING: 4 1/2" 9.5# at 5245 in 2 stages - stage 1 100 sacks 1 to 1 Diamix with 2% gel. Stage #2 50 Sacks 1 to 1 Diamix with 6% gel

TUBING: 2 3/8" plastic lined at 5090'

OTHER INFORMATION: Model "A" Packer at 5090' - DV tool at 1281' - well is in a sandy wash. The wellhead is completely covered with sand. Rig matting boards may be required.

PLUGGING PROCEDURE

including site preparation and cleanup

1. Install anchors and prepare location.
2. Rig up service unit. Kill well if necessary. Nipple down wellhead. Nipple up BOP & Stripper head.
3. Release and pull packer, laying down plastic lined tubing.
4. Go in hole with work string to 5190. Set a cement plug 5190-4170'. Pull tubing. WOC 3 hours and tag up with wireline. If plug is in place go to step 5. If not rerun tubing and fill to 4710.
5. Perforate casing at 2671'. Set cement retainer at 2471'. Set a cement plug 2671-2471' in and outside casing. Sting out of retainer and dump 5 sacks of cement on top.
6. Set a cement plug 1102-952 inside casing.
7. Perforate casing at 836 and set a cement plug 836-636' in and outside casing.
8. Perforate casing at 174' and circulate cement to surface up the bradenhead.
9. Set marker and restore location according to BLM requirements.

* The 200' plugs are in lieu of the BLM minimum requirements of 100' plugs with 100% excess.