

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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Bureau of Land Management
Durango, Colorado

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

Lease Designation and Serial No.
14-20-604-90

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well

☐ Oil
Well

☐ Gas
Well

☐ Other

Chase Energy

2. Name of Operator

Action Oil, Inc.

3. Address and Telephone No.

3301 East Main Farmington, NM 87402 (505)327-0311

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

SW1/4SW1/4 Sec. 29, 727/5 886/W
T. 31N., R. 15W

6. If Indian, Allottee or Tribe Name

Ute Mountain Ute Lease

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Ute/B, No. 22

9. API Well No.

10. Field and Pool, or Exploratory Area

Verde Hallup

11. County or Parish, State

San Juan, NM

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

TYPE OF SUBMISSION

☐ Notice of Intent

☐ Subsequent Report

☐ Final Abandonment Notice

TYPE OF ACTION

☐ Abandonment

☐ Recompletion

☐ Plugging Back

☐ Casing Repair

☐ Altering Casing

☐ Other

☐ Change of Plans

☐ New Construction

☐ Non-Routine Fracturing

☐ Water Shut-Off

☐ Conversion to Injection

☐ Dispose Water

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

13. 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.)*

Action Oil purchased this lease in late 1990 by virtue of a sale ordered by the U.S. Federal Bankruptcy Court in Cause No. 11-88-00188MF, District of New Mexico. Although several hundred thousand dollars was paid by Action, the leases are still being carried as Chase Energy c/o Action Oil Company (see attached exhibits) and the transaction has not been completely finalized. Until all of the interest of Chase has been completely transferred to Action, it is unclear whether Action could obtain financing to do any extensive work on this lease.

Since Action does not have the cash available to do the kind of operations these six (6) wells need and since financing is presently impeded, it is unable to do what needs to be done.

We have discussed the possibility of horizontal drilling or fracing as two possible way to obtain production. We presently do not have the finances to do either. The debt service on the purchase from Chase has been reduced from over 287,000 to approximately \$100,000 and should be paid off in 24 months. At that time, hopefully, the transaction documents will be completed and Action will have the cash ability to either frac or horizontal drill.

SEE ATTACHED
CONDITIONS OF APPROVAL

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

Signed

Steve Benson

Title

Pres

Date

11/11/91

(This space for Federal or State office use)

Approved by

Conditions of approval, if any:

Title

AREA MANAGER

Date

FEB 1 1992

NAD CD

Another possibility is to seek an accord with Amoco who we understand has recently purchased the base lease from Tenneco. The geology indicates another possible gas/oil pay at approximately 3800'. If these wells could be deepened to that depth through an agreement with Amoco, than no other locations would have to be cleared archealogically or environmentally and 2000' feet of hole would not have to be redrilled.

We do not know at this time what we will be able to do but will make a decision within 18 months. If nothing can be done at that time we will abandon the plans to do something with these wells and will submit a plugging program.

These wells are cemented behind the pipe from T.D. to surface and can cause no environmental damage of any kind. The wells are capped and the locations are clean and are beginning to be covered by the natural flora in the area (which is limited).

We realize the wells have been drilled for over 8 years. We have had them for less than 12 months, if indeed we actually have them now.

We would respectfully request that we be allowed to keep these wells on TA for another 18 months to see if something can be done. If we are unable to do anything within that time frame or have a plan acceptable to your office, we will P & A the wells.

Conditions of Approval

- 1) Extended temporary abandonment is approved until October 31, 1992. Workover or plug and abandonment operations must be completed by that time. Detailed plans for either of these objectives must be filed prior to commencing operations.
- 2) Report this well on the Monthly Report of Operations as temporary abandoned oil well (TAOW).
- 3) Maintain this location in a clean and workmanlike manner.