

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

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

2. Name of Operator

S.G. Interests I, Ltd (agent: Sagle, Schwab and McLean
Energy Resources)

3. Address and Telephone No.

P.O. Box 2677 Durango, CO 81302 (970) 259-2701

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

1180' FSL, 10³/₁₀' FWL Section 26 T32N R8W

5. Lease Designation and Serial No.

NM 6894

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Federal 32-8-26 #2

9. API Well No.

30-045-27444

10. Field and Pool, or Exploratory Area

Basin Fruitland Coal

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 sidetrack/recavitate

- ☐ Change of Plans
☐ New Construction
☐ Non-Routine Fracturing
☐ Water Shut-Off
☐ Conversion to Injection
☐ Dispose Water

(Note: Report results of multiple completion, recompletion, or disposal of water.)

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.)*

Propose to plug back 4 1/2" liner, sidetrack and cavity complete well as per attached procedure. No new hole will be drilled. No new surface disturbance is planned. BOP configuration and original surface plans attached.

RECEIVED
APR 24 1998
OIL CON. DIV.
DIST. 3

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

Signed [Signature]

Title Agent

Date 3/18/98

(This space for Federal or State office use)

Approved by /s/ Duane W. Spencer

Title

Date APR 21 1998

Conditions of approval, if any:

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.

*See instruction on Reverse Side

NMOC



PERMITS WEST, INC.
PROVIDING PERMITS for the ENERGY INDUSTRY

FEDERAL 32-8 #26-2 FT
Sidetrack/Cavitation Procedure
March, 1998

- 1) Notify BLM. Build flare pit and line with clay if necessary. Build and plastic line 50' X 75' reserve pit keeping both on existing disturbed area. Build, line and berm pits as per BLM specifications. Test anchors. **NOTE: locate all lines before excavation.**
- 2) MIRU pulling unit. Blow well down and pull rods and pump laying down same. NDWH and NUBOP. POOH w/ tbg sending to yard for inspection.
- 3) RT wireline gauge ring to 3400'. Lubricate in hole w/ 4 1/2" CIBP and set @ 3350'.
- 4) Load hole w/ fresh water and test csg to 2000#. RDMO pulling unit.
- 5) MIRU cavitation rig and air package. NU double BOP stack. Test blind and pipe rams, csg, wellhead and manifold to 500 psig for 10 minutes and 2000 psig for 30 minutes.
- 6) R/U WL and cut off 4 1/2" csg @ 3330'. TIH w/ mill and mill liner hanger. TIH w/ liner pulling tools, circulate well dead, latch liner and POOH laying down liner. **NOTE: HAVE 4 1/2" X 3 1/2" swedge on 1 jt DP w/ TIW valve in V-door when pulling liner.**
- 7) RIH w/ DP and spot cement plug (class G w/ silica flour) from 3330' to 3270'. POOH. WOC.
- 8) RIH w/ 6 1/4" bit and BHA and dress cement plug to 3310'. POOH and WOC.
- 9) R/U mudlogger. RIH w/ 6 1/4" bit and kick-off BHA. Kick off and drill openhole to 3350'. POOH.
- 10) RIH w/ 6 1/4" bit, sub w/ 2F3R float, 1-4 3/4" DC, 1.81" F-nipple, 9-4 3/4" DC's, 2.25" F-nipple and 3 1/2" DP. Drill openhole w/ produced water. POOH.
- 11) TIH w/ underreamer, sub w/ 2F3R float, shock sub, 1- 4 3/4"DC, 1.81" F-Nipple, 9 DC's, 2.25" F-Nipple and 3 1/2" DP. Underream hole to 9 1/2" to TD w/ air and water. TOOH.
- 12) TIH w/ 6 1/4" bit and BHA. Cleanout to TD w/ air/mist.
- 13) R & R w/ air, mist and water sweeps as needed.
- 14) Dry-up hole and bucket test water production. Pull into 7" csg for initial Pitot test and 2 hour shut-in test.
- 15) Cavitate well with natural surges, cleaning out w/ air and water. Pull into 7" csg and test well once/day if hole is clean.

- 16) Cavitate w/ natural surges until production increases less than 100 MCFD. Evaluate need for air surges. Circulate hole clean. **NOTE: soap will be used as last resort only.** POOH LDDP & DC's.
- 17) Tally P/U and TIH w/ 2 7/8" tbg with expendable check on btm and F-Nipple one jt up and land tbg @ $\pm 3300'$. NDBOP. NUWH. Pump out check and kick well around w/ air. RDMOSU.
- 18) Reclaim pit as per BLM specifications.

Federal 32-8 #26-2 FT
Wellbore Drawing (8/22/97)

275'

9 5/8", 36# csg cemented to surface

114 jts 2 3/8" tbg
142-3/4" rods, 1 1/4" insert pump
Btm tbg @ 3652', SN @ 3619'

3230'

3298'

7", 23# Csg, TOC @ 1000' by survey

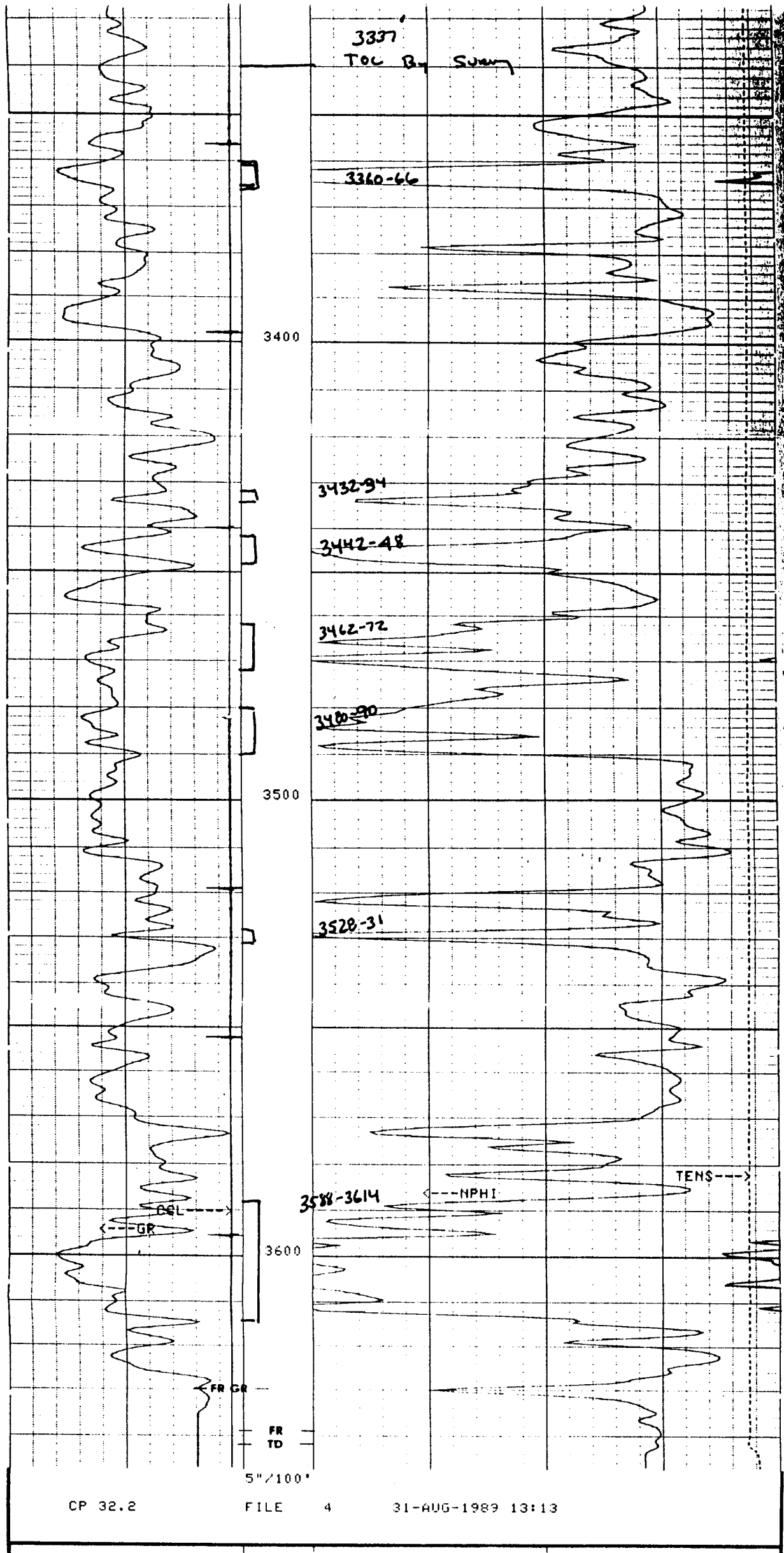
Perfs: 3360-66 3432-34
 3442-48 3462-72
 3480-90 3528-31
 3588-3614
 (frac'd 2 times)

3676
3698

4 1/2" Cemented Liner, TOC @ 3340' by survey

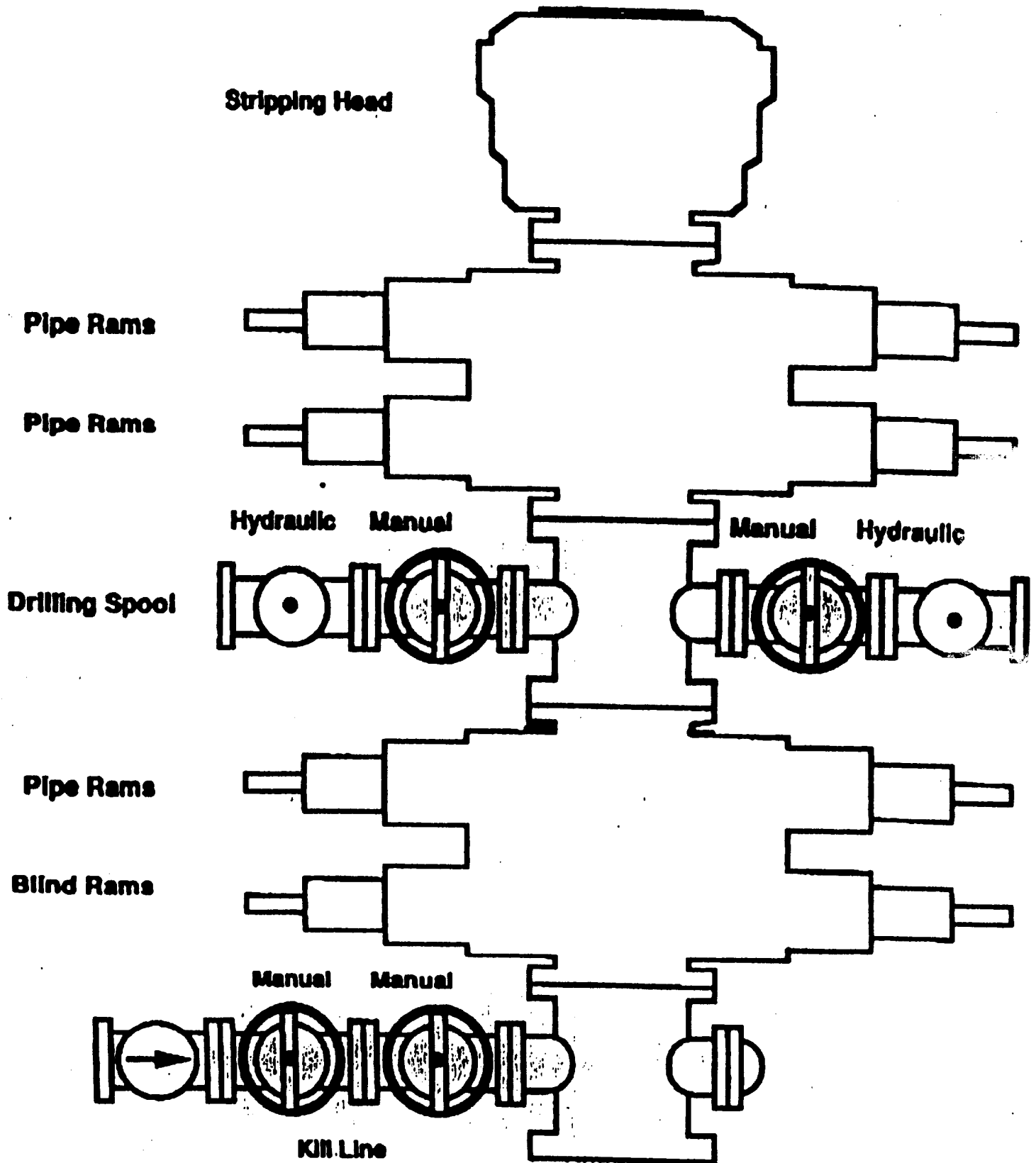
Attempted cavity completion.

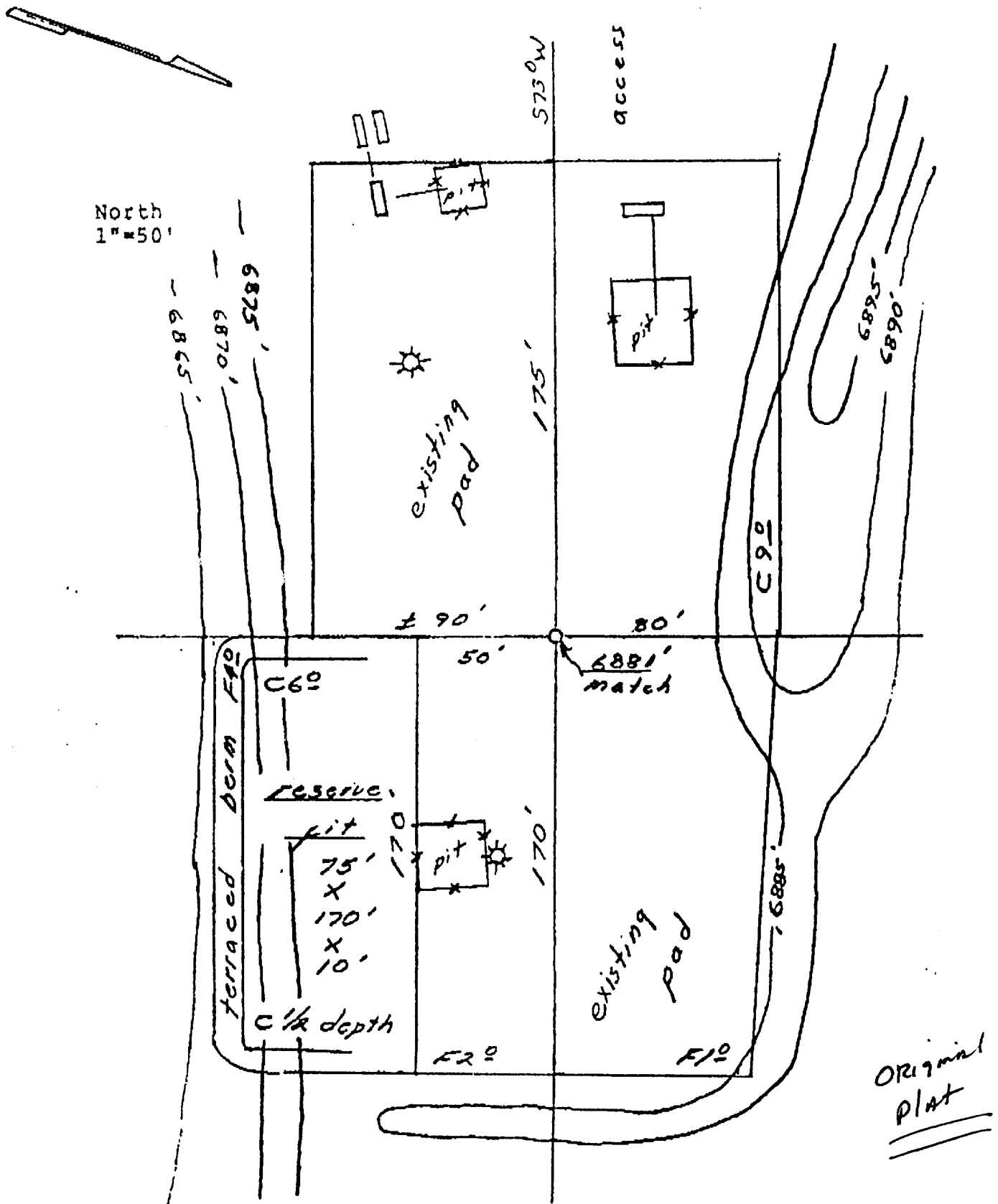
CL-6881



Blowout Preventer Diagram

6" - 5000 PSI WP





Original 1

BLM ENVIRONMENTAL STIPULATIONS

Operator RICHMOND PETROLEUM INC. Well Name 2 Federal 32-8-26
2 RICHMOND SCHALK
Legal Location 1180'FSL/1020'FWL Sec. 26 T. 32 N. R. 8 W.
Lease Number NM-6894 Field Inspection Date 7/7/89

The following stipulations will apply to this well unless a particular Surface Managing Agency has supplied to the BLM and the operator a contradictory environmental stipulation. Failure of the operator to comply with these requirements may result in the assessment of liquidated damages or penalties pursuant to 43 CFR 3163.3 or 3163.4.

An agreement between the operator and fee land owner will take precedence over BLM surface stipulations unless 1) the BLM determines that the operator's actions will affect adjacent Federal or Indian surface (43 CFR Part 3160), or 2) the operator does not maintain the well area and lease premises in a workmanlike manner with due regard for safety, conservation and appearance (43 CFR Part 3162.7-4), or 3) no such agreement exists (43 CFR Part 3160), or 4) in the event of well abandonment, minimal Federal restoration requirements will be required (43 CFR Part 3162.7-2).

* The pits will be constructed at least 50% in fill.

* The blow pit shall drain into the reserve pit

* No construction or drilling activities shall be conducted between December 1 and March 31 because of deer/elk wintering habitat. Contact BLM Wildlife Biologist at 327-5344 with any questions.

* Pits will be lined with an impervious material at least 8 mils thick.

* The final cut slope shall not exceed a 3:1 ratio. The final fill slope shall not exceed a 3:1 ratio. Construction slopes can be much steeper, but will be contoured to the above final slopes upon pit reclamation. Hyrdo mulching/netting not required on slopes.

* Paint color green seed mix 1
Recommended Seed Mixtures. *Species to be planted in pounds pure-live-seed per acre: Pure Live Seed = Germination x Purity.

Seed Mix No. 1--BLM

Crested Wheatgrass	1
Smooth Brome	1/2
Fourwing Saltbush (dewinged)	1/2
Nomad Alfalfa	1
Indian Ricegrass	1/2
Western Wheatgrass	1

* Woven wire shall be required on all pits.

LOCATION AND ACCESS ROAD

A. Well area and lease premises will be maintained in a workman-like manner with due regard to safety, conservation and appearance. All liquid waste, completion fluids and drilling products associated with oil and gas operations will be contained and then buried in place, or removed and deposited in an approved disposal site. Trash cages will be used for all solid waste and removed from the location to an approved solid waste disposal site. No solid waste shall be put in the reserve pit before, during or after drilling operations.

B. Pinyon and juniper trees will be uprooted from road rights-of-way and well pad locations and distributed beside rights-of-way and well pads for fuelwood salvage. Care will be taken to keep the trees as undamaged as practically possible. Large vegetation such as sagebrush, juniper and pinyon will not be incorporated into pit walls. Sagebrush removed during clearing operations will be placed in drainages and "walked down" by a crawler - type tractor. If no drainages are nearby, sagebrush will be buried in the reserve pit when it is filled in. All uprooted vegetation not subsequently buried will be scattered so it does not detract from the natural appearance of the area and does not accelerate erosion.

C. Surface disturbance and vehicular traffic will be limited to the approved location and approved access road.

D. Mud pits and blow pits will be constructed so as not to leak, break, or allow discharge of liquids or produced solids. The bottom of the reserve pit shall not be in fill material. Pits are not to be located in natural drainages. Any plastic material used to line pits must be removed to below-ground level before pits are covered. Pit walls are to be "walked down" by a crawler-type tractor following construction and prior to usage.

E. All unguarded pits containing liquids will be fenced. Drilling pits will be fenced on three sides and once the rig leaves the location, the fourth side will be fenced. Fencing must be a legal fence in accordance with New Mexico State Law. Liquids in pits will be allowed to evaporate, or be properly disposed of, before pits are filled and recontoured. (This office will be notified 24 hours prior to fluid hauling). Under no circumstances will pits be cut and drained.

G. No gravel or other related minerals from new or existing pits on Federal land will be used in construction of roads, well sites, etc., without prior approval from the Surface Managing Agency.

J. Berms or firewalls will be constructed around all storage facilities sufficient in size to contain the storage capacity of the tanks, or the combined capacity of tanks if a rupture could

drain more than one tank.

L. All roads on public land must be maintained in a good passable condition.

M. A proposed use of pesticide, herbicide or other possible hazardous chemical on Bureau of Land Management land shall be cleared for use prior to application.

CULTURAL RESOURCES (ARCHAEOLOGY)

A. The lessee will not commence construction on the lease until the cultural resource inventory has been approved by BLM (per 36 CFR 800).

B. Surface disturbance activities shall be kept 100' away from any archaeological site(s) located off the well pad, unless approved otherwise by the Area Manager.

C. If, in its operations, the APD grantee discovers any historic or prehistoric ruin, monument or site, or any object of antiquity subject to the Antiquities Act of 1906, The Archaeological Resources Protection Act of 1979, and 43 CFR Part 3, then work will be suspended and the discovery promptly reported to the BLM Area Manager. The BLM will then specify what action is to be taken. The APD grantee will obtain at his expense, a qualified archaeologist to carry out the specific instructions of the BLM.

RESEEDING AND ABANDONMENT

A. All surface areas disturbed during drilling activities and not in use for production activities, will be reseeded the first July-September period after the reserve pit has been filled in and/or location abandoned.

B. Compacted areas of the well pad will be plowed or ripped to a depth of 12" before reseeded. All seeding is recommended to be done between July 1 and September 15. Seeding will be done with a disc-type drill with two boxes for various seed sizes. The drill rows will be eight to ten inches apart. The seed will be planted between one-half inch deep and three quarter inch deep. The seeder will be followed with a drag, packer or roller to insure uniform coverage of the seed, and adequate compaction. Drilling of the seed will be done on the contour where possible. Where slopes are too steep for contour drilling a "cyclone" hand-seeder or similar broadcast seeder will be used, using twice the recommended seed per acre. Seed will then be covered to a depth described above by whatever means is practical.

C. If, in the opinion of the surface management agency, the seeding is unsuccessful, the lessee/operator may be required to make subsequent seedings.

D. If, upon abandonment of wells, the retention of access road is not considered necessary for the management and multiple use of the natural resources, it will be ripped a minimum of 12" in depth. After ripping, water bars will be installed as stated in 23.H. All ripped surfaces are to be protected from vehicular travel by construction of a dead-end ditch and earthen barricade at the entrance to these ripped areas. (Reseeding of the affected areas may be required).

Operator's Representative _____

BLM Representative

Barbara Annear Eno _____

Note: If the land is privately owned, these requirements may be varied to comply with the operator - landowner agreement.