

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
EXPIRES: July 31, 1996

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or recomplete an abandoned well. Use form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instruction on reverse side

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NM83503	
2. Name of Operator CNG PRODUCING COMPANY		6. If Indian, Allottee or Tribe Name 1	
3a. Address 1450 POYDRAS ST, NEW ORLEANS, LA 70112-6000		7. Unit or CA/ Agreement, Name and/or No.	
3b. Phone No. (Include area code) (504) 593-7000		8. Well Name and No. GRASSY CANYON #2 (CNG #3953)	
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 634' FSL & 407 FWL of Sec. 30-T32N-R7W		9. API Well No. 30-045-70237-90 28560	
		10. Field and Pool, or Exploratory Area BASIN FRUITLAND COAL	
		11. County or Parish, State SAN JUAN, NEW MEXICO	

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other CAVITATION WORK AND WORKOVER
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandonment	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13 Describe Proposed or Completed Operations (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 recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent marker 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 with 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat 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.)

CNG Producing Company request permission to perform cavitation work on the Grassy Canyon #2 well located in Sec. 30-T32N-R72, San Juan County, New Mexico per the attached workover procedure.

14. I hereby certify that the forgoing is true and correct Name (Printed/Typed) SUSAN H. SACHITANA		Title REGULATORY REPORTS ADMINISTRATOR	
Signature <i>Susan H. Sachitana</i>		Date 980818	
THIS SPACE FOR FEDERAL OR STATE OFFICE USE			
Approved by <i>Wayne J. Jansen</i>		Title <i>P. J. Day</i>	Date 8/28/98
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	
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.			

**CNG PRODUCING COMPANY
WORKOVER PROCEDURE
GRASSY CANYON WELL #2**

PRESENT

The Grassy Canyon # 2 well is flowing at a restricted rate of 435 MCFD 30 BWPD with FTP 170 PSI due to coal fill & shale bridges around coil tubing fish, and 4-1/2 liner preventing the 3 lower coal seams from producing.

WORKOVER OBJECTIVE:

Perform a workover to fish out stuck coil tubing mill motor assembly and pull the 4-1/2 liner . Clean out coal & shale fill from the entire 412' of open hole interval, perform a stimulation of the 4 productive coal seams using cavitation. Rerun 4-1/2 liner to 3770' Restore the well to production.

PROCEDURE

Prior to moving rig on location,

1. Rig up wireline make a gauge run and impression block to end of tubing attempt to confirm top of the fish and diameter.
2. Dig reserve pit per BLM specification for cavitation blow down.
3. MIRU Cavitation rig with high pressure air package 1500 PSI. 1000 cfm air compressors. Nipple up BOP's.
 - a. Double ram 7-1/16 X 5M 7-1/16 X 5M preventor with 2-7/8 pipe & blind rams
 - b. Annular preventor 7-1/16 X 5M
 - c. Choke manifold dual 2" X 2" 5M
 - d. Dual 7" blow down lines connected to casing .
4. Test BOP' to 250 & 3500 PSI. Ensure casing valve is open during testing. 2-7/8 & 2-3/8 safety valves and choke manifold.
5. Kill well with 3% KCL fluid. Pull out of hole with 2-7/8 and 2-3/8 tubing .
6. Pick up 3.5" od. Ocean wave burning shoe and overshot dressed with 1.690 od basket grapple positioned to catch 1.690 od of the coil tubing connector and 80' of 2-7/8" flush joint washpipe, oil and bumper jars , safety joint. Go in hole control well with 3% KCL fluid wash over fish from 3516'+- to 3606'.
7. Latch coil tubing fish pull out of hole.
8. Pick up 3-7/8 bit, 8 3-1/3 DC, 2-3/8 drill pipe.
9. Go in hole with 4-1/2 liner retrieving tool and jars . Latch top of liner and jar 4-1/2 liner out of hole.
10. Pull out of hole with 4-1/2 liner.
11. Go in hole clean out coal & shale fill to 3770'.
12. Pick up inside 7" casing at 3358'.

Perform Cavitation Stimulation Procedure

13. Pressure up on formation with high pressure air to 1000 PSI.

14. Blow down.
15. Repeat cycle 20-30 times until little or no coal fill is found on subsequent clean out trips and gas rate continues to increase.
16. Pick up Baker liner hanger and rerun 4-1/2" liner, setting 612' from 3158' to 3770'.
17. Swab back and unload well. Flow back on choke to atmosphere until well has cleaned up.
18. Run BHP gauge after well has cleaned up before placing well on production.
19. Place well on production.
20. 30-60 days after placing well on regular production make arrangement to run Gamma Ray Noise, Temp combo log to determine volume of gas /water being produced from each individual producing zone.

WELLBORE CONFIGURATION:

Location SECTION 30, TOWNSHIP 32N, RANGE 7W
SAN JUAN COUNTY, NEW MEXICO

Casing: 9-5/8" 36#
 K-55 STC 307'
 7" 23#
 K-55 LTC 3,358'
 4-1/2" 12.6#
 N-80 STC 3,004'-3,528' Liner
 Internal Drift Diameter 3.833"

Tubing 2-7/8" 6.5#
 J-55 8rdEUE Surface to 2,996'
 2-3/8" 4.7#
 J-55 8rdEUE 2,996'-3,525'

Coal Intervals
3470'-72', 3515'-16', 3521'-26', 3528'-30', 3541'-42',
3657'-60', 3670'-78', 3709'-10', 3752'-54'

Perforations: 3510'-16', 3518'-27'

Open Hole 3528'-3770'

Hole Angle Straight

Tubing Head 11" X 10M

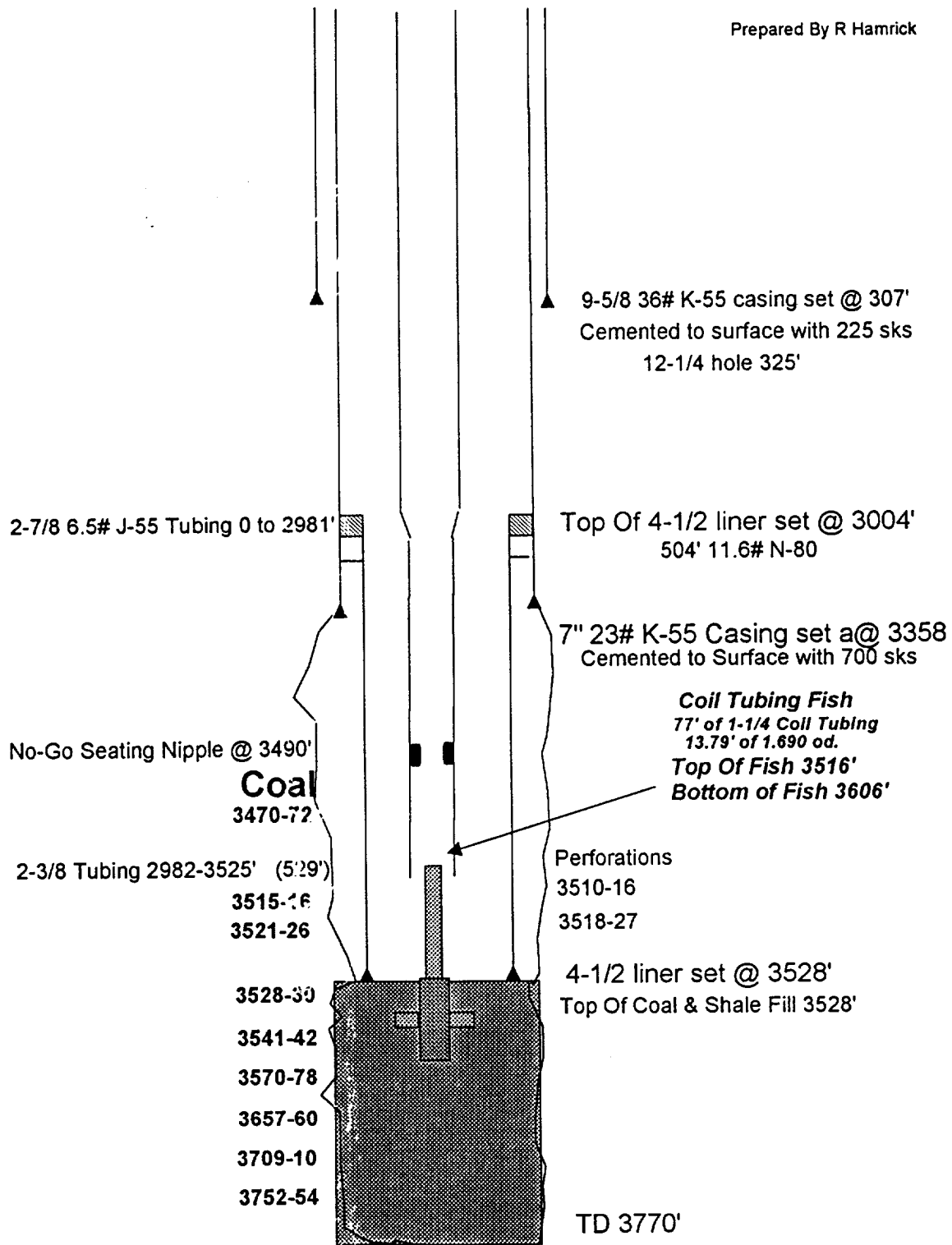
Tree 3-1/16" X 10 M

Tubing Restriction 1.797" id. Seating Nipple @ 3210'

CNG Producing Company
Grassy Canyon # 2
San Juan County New Mexico
Current Wellbore Schematic

October 1997

Prepared By R Hamrick



3752-54