

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

5. Lease Serial No.
NMSF078926A

6. If Indian, Allottee or Tribe Name
EASTERN NAVAJO

7. If Unit or CA/Agreement, Name and/or No.
NMNM78391M

8. Well Name and No.
GCU 163E

9. API Well No.
30-045-24870-00-S2

10. Field and Pool, or Exploratory
BASIN FRUITLAND COAL

11. County or Parish, and State
SAN JUAN COUNTY, NM

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
BP AMERICA PRODUCTION CO
Contact: MARY CORLEY
E-Mail: CORLEYML@BP.COM

3a. Address
PO BOX 3092
HOUSTON, TX 77253

3b. Phone No. (include area code)
Ph: 281.366.4491

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Sec 26 T29N R13W SWSW 0930FSL 1120FWL
36.69272 N Lat, 108.18024 W Lon

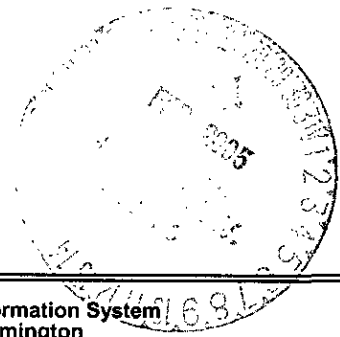
12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

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

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.)

BP request permission to plug and abandon the subject well as per the attached procedure.

per SH - add CMT. Cap on
CIBP @ 1700' to come
up to lowest frt. perf @ 1488'



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

Electronic Submission #54446 verified by the BLM Well Information System
For BP AMERICA PRODUCTION CO, sent to the Farmington
Committed to AFMSS for processing by STEVE MASON on 02/24/2005 (05SXM0337SE)

Name (Printed/Typed) MARY CORLEY Title AUTHORIZED REPRESENTATIVE

Signature (Electronic Submission) Date 02/24/2005

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By STEPHEN MASON Title PETROLEUM ENGINEER Date 02/24/2005

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 Farmington

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.

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

GCU 163E API #: 30-045-24870
Plug and Abandonment Procedure
February 23, 2005

1. Notify land owners with gas taps on well.
2. Check anchors. Check ID wellhead, if earth pit is required have One Call made 48 hours prior to digging.
3. Have P&S strip location and set barriers as necessary. Lock out/tag out any remaining production equipment.
4. Contact BLM and NMOCD 24 hrs prior to beginning operations.
5. Nipple up second master valve on well. Reference dispensation to rig up on well with single barrier (to be provided by wellwork team).
6. RU slickline unit or wireline unit. RIH and set tubing stop and "G" packoff with pump through plug for isolation.
7. Set two way check in BPV profile. If BPV profile is not present, set second tubing stop and "G" packoff with positive plug at +/- 100'.
8. MIRU workover rig. Hold safety meeting and perform JSA. Complete necessary paperwork and risk assessment.
9. Check and record tubing, casing, and bradenhead pressures. Ensure production casing has double casing valves installed. Double valve all casing strings. Check hold down pins on hanger.
10. Pressure test tree and hanger to 200 psi above SITP.
11. Blow down well. Kill with 2% KCL water ONLY if necessary. Check all casing strings to ensure no pressure exist on any annulus.
12. Nipple down Wellhead. Reference "No Dual Barrier in Annulus During All Well Servicing" dispensation. NU BOPs and diversion spool with 3" outlets and 3" pipe to the blow tank. Pressure test BOPs to 200 psi above BHP. Monitor flowing casing pressure with gauge (with casing flowing to blow tank) throughout workover.
13. Install stripping rubber. Pull tubing hanger up to rubber and shut pipe rams. Bleed pressure above rams. Pull stripping rubber and hanger up to floor. Remove hanger and replace stripping rubber. Open rams and TOO H w/ 2-3/8 production tubing currently set at 1564'. Use approved "Under Balance Well Control Tripping Procedure". Visually inspect tubing while POOH.
14. TIH w/ bit & scraper to top of perforations and clean out if necessary.
15. TIH with CIBP on tubing. *Set cement on top of CIBP @ 1700' up to lowest perforations at 1588'* Set CIBP at 1410' to abandon the FC. Fill hole with water.

GCU 163E API #: 30-045-24870
Plug and Abandonment Procedure Con't

16. Spot 20 sxs cement plug to fill from 1410' – 1150' to isolate the Fruitland.
17. POOH to 520'. Use approved "Under Balance Well Control Tripping Procedure".
18. Spot 40 sxs cement plug to fill from 520' – surface to isolate the Kirtland/Ojo Alamo/Nacimiento.
19. Perform underground disturbance and hot work permits. Cut off tree.
20. Install 4' cement well marker and identification plate per NMOCD requirements.
21. Restore location.



Gallegos Canyon Unit 163E
 Fruitland Coal
 API # 30-045-24870
 T-29N, R-13-W, Sec. 26
 San Juan County, New Mexico

G.L. 5832'
 K.B. 5845'

Ojo Alamo 172'

Kirtland Proposed 40 sxs cmt plug
 Surface - 520' *372'*

Proposed 20 sxs cmt plug
 1150' - 1410' *1233*

Fruitland

Proposed CIBP @ 1410'

PCTOP 1620

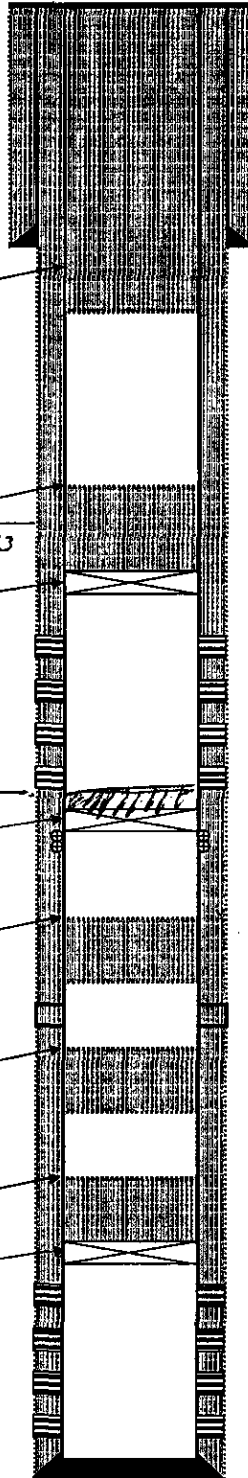
CIBP @ 1700'

Cmt Plug 3085' - 3239'

Cmt Plug 5275' - 5429'

Cmt Plug 5999' - 6135'

CIBP @ 6135'



12 1/4" Hole
 8 5/8", K-55, 24# @ 326'
 Cmt w/ 325 sxs
 Circ. to surface

$520 / 40 (11.167) 1.18 = 39 \text{ sxs}$

$1410 - 1150 / 11.167 (1.18) = 20 \text{ sxs}$

Fruitland Coal Perforations

- 1526' - 1528', 4 SPF
 - 1538' - 1542', 4 SPF
 - 1566' - 1568', 4 SPF
 - 1575' - 1588', 4 SPF
- Frac w/ 77,240 cu-ft N2,
 vol sqz 254 bbls KCL
 & 44,772# 16/30 sand

Casing Leak 1702' - 1733'
 Sqzd-off w/ 150 sxs class B cmt
 Density 15.80 ppg, Yield 1.180

DV Tool @ 4519'

Dakota Perforations

- 6212' - 6234', 2 SPF
 - 6240' - 6252', 2 SPF
 - 6258' - 6262', 2 SPF
 - 6312' - 6365', 2 SPF
- Frac w/ 147k gal frac fluid,
 & 406K# 20/40 sand

7 7/8" Hole
 4 1/2", J-55, 10.5# @ 8422'
 Stage 1: Cmt w/ 460 sxs
 Stage 1: Cmt w/ 1075 sxs *Circulated to surface*

PBTD: 6400'
 TD: 6422'



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

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

IN REPLY REFER TO:
3162.3 (07100)

Attachment to notice of

Re: Permanent Abandonment

Intention to Abandon:

Well: 163E Gallegos Canyon Unit

CONDITIONS OF APPROVAL:

1. Plugging operations authorized are subject to the attached "General Requirements for Permanent Abandonment of Wells on Federal and Indian Leases."
2. The Farmington Field Office is to be notified at least 24 hours before the plugging operations commence at 505-599-8907.
3. The following modifications to your plugging program are to be made:

Office Hours: 7:45 a.m. to 4:30 p.m.

**GENERAL REQUIREMENTS FOR
PERMANENT ABANDONMENT OF WELLS ON FEDERAL AND INDIAN LEASES
FARMINGTON FIELD OFFICE**

- 1.0 The approved plugging plans may contain variances from the following minimum general requirements.
 - 1.1 Modification of the approved plugging procedure is allowed only with the prior approval of the Authorized Officer, Farmington Field Office.
 - 1.2 Requirements may be added to address specific well conditions.
- 2.0 Materials used must be accurately measured. (densimeter/scales)
- 3.0 A tank or lined pit must be used for containment of any fluids from the wellbore during plugging operations and all pits are to be fenced with woven wire. These pits will be fenced on three sides and once the rig leaves location, the fourth side will be fenced.
 - 3.1 Pits are not to be used for disposal of any hydrocarbons. If hydrocarbons are present in the pit, the fluids must be removed prior to filling in.
- 4.0 All cement plugs are to be placed through a work string. Cement may be bull-headed down the casing with prior approval. Cement caps on top of bridge plugs or cement retainers may be placed by dump bailer.
 - 4.1 The cement shall be as specified in the approved plugging plan.
 - 4.2 All cement plugs placed inside casing shall have sufficient volume to fill a minimum of 100' of the casing, or annular void(s) between casings, plus an excess volume sufficient to provide for 50 linear feet of fill above the plug.
 - 4.3 Surface plugs may be no less than 50' in length.
 - 4.4 All cement plugs placed to fill annular void(s) between casing and the formation shall be of sufficient volume to fill a minimum of 100' of the annular space plus 100% excess, calculated using the bit size, or 100' of annular capacity, determined from a caliper log, plus an excess volume sufficient to provide for 50 linear feet of fill above the plug.
 - 4.5 All cement plugs placed to fill an open hole shall be of sufficient volume to fill a minimum of 100' of hole, as calculated from a caliper log, plus an excess volume sufficient to provide for 50 linear feet of fill above the plug. In the absence of a caliper log, an excess of 100% shall be required.
- 5.0 All cement plugs spotted across, or above, any exposed zone(s), when; the wellbore is not full of fluid or the fluid level will not remain static, and in the case of lost circulation or partial returns during cement placement, shall be tested by tagging with the work string.
 - 5.1 The top of any cement plug verified by tagging must be at or above the depth specified in the approved plan, without regard to any excess.

5.2 Testing will not be required for any cement plug that is mechanically contained by use of a bridge plug and/or cement retainer, if casing integrity has been established

5.3 Any cement plug which is the only isolating medium, for a fresh water interval or a zone containing a prospectively valuable deposit of minerals, shall be tested by tagging:

6.0 Before setting any cement plugs the hole needs to be rolled. All wells are to be controlled by means of a fluid that is to be of a weight and consistency necessary to stabilize the wellbore. This fluid shall be left in place as filler between all plugs.

6.1 Drilling mud may be used as the wellbore fluid in open hole plugging operations.

6.2 The wellbore fluid used in cased holes shall be of sufficient weight to balance known pore pressures in all exposed formations.

7.0 A blowout preventer and related equipment (BOPE) shall be installed and tested prior to working in a wellbore with any exposed zone(s); (1) that are over pressured, (2) where the pressures are unknown, or (3) known to contain H₂S.

8.0 Within 30 days after plugging work is completed, file a Sundry Notice, Subsequent Report of Abandonment (Form 3160-5), five copies, with the Field Manager, Bureau of Land Management, 1235 La Plata Highway, Suite A, Farmington, NM 87401. The report should show the manner in which the plugging work was carried out, the extent, by depth(s), of cement plugs placed, and the size and location, by depth(s), of casing left in the well. Show date well was plugged.

9.0 All permanently abandoned wells are to be marked with a permanent monument as specified in 43 CFR 3162.6(d). Unless otherwise approved.

All of the above are minimum requirements. Failure to comply with the above conditions of approval may result in an assessment for noncompliance and/or a Shut-in Order being issued pursuant to 43 CFR 3163.1. You are further advised that any instructions, orders or decisions issued by the Bureau of Land Management are subject to administrative review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4 and 43 CFR 4.700.