

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

FORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007

SUNDRY NOTICES AND REPORTS ON WELLS

SEP 09 2011

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

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

1. Type of Well
☐ Oil Well ☒ Gas Well ☐ Other2. Name of Operator
SJ Energy, LLC3a. Address
1050 17th St, Suite 2500, Denver, CO 802653b. Phone No. (include area code)
303-893-0933

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

1850' FNL 1850' FEL SWNE Sec 19 27N 11W NMPM

5. Lease Serial No.

NMNM- 029145

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

Federal #1

9. API Well No.

30-045-06391

10. Field and Pool, or Exploratory Area

Dakota

11. County or Parish, State

San Juan, NM

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 type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input checked="" type="checkbox"/> Plug and Abandon	<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 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 recompleat 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.)

McElvain Energy, Inc. (FNA- McElvain Oil & Gas Properties, Inc.) has determined this well to be uneconomical. McElvain has therefore elected to plug the above referenced well pending approval of the P&A procedure and contractor timing.

This is to be completed before the end of the year - depending on A-Plus Well Service's scheduling,

BP

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Deborah Powell

Title Eng Tech Manager

Signature

Deborah Powell

Date

09/07/2011

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by Original Signed: Stephen Mason

Title

Date

SEP 12 2011

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 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

(Instructions on page 2)

NMOCD

Federal #1

Current Gallegos Field

1850' FNL, 1850' FEL, Section 19, T-27-N, R-11-W

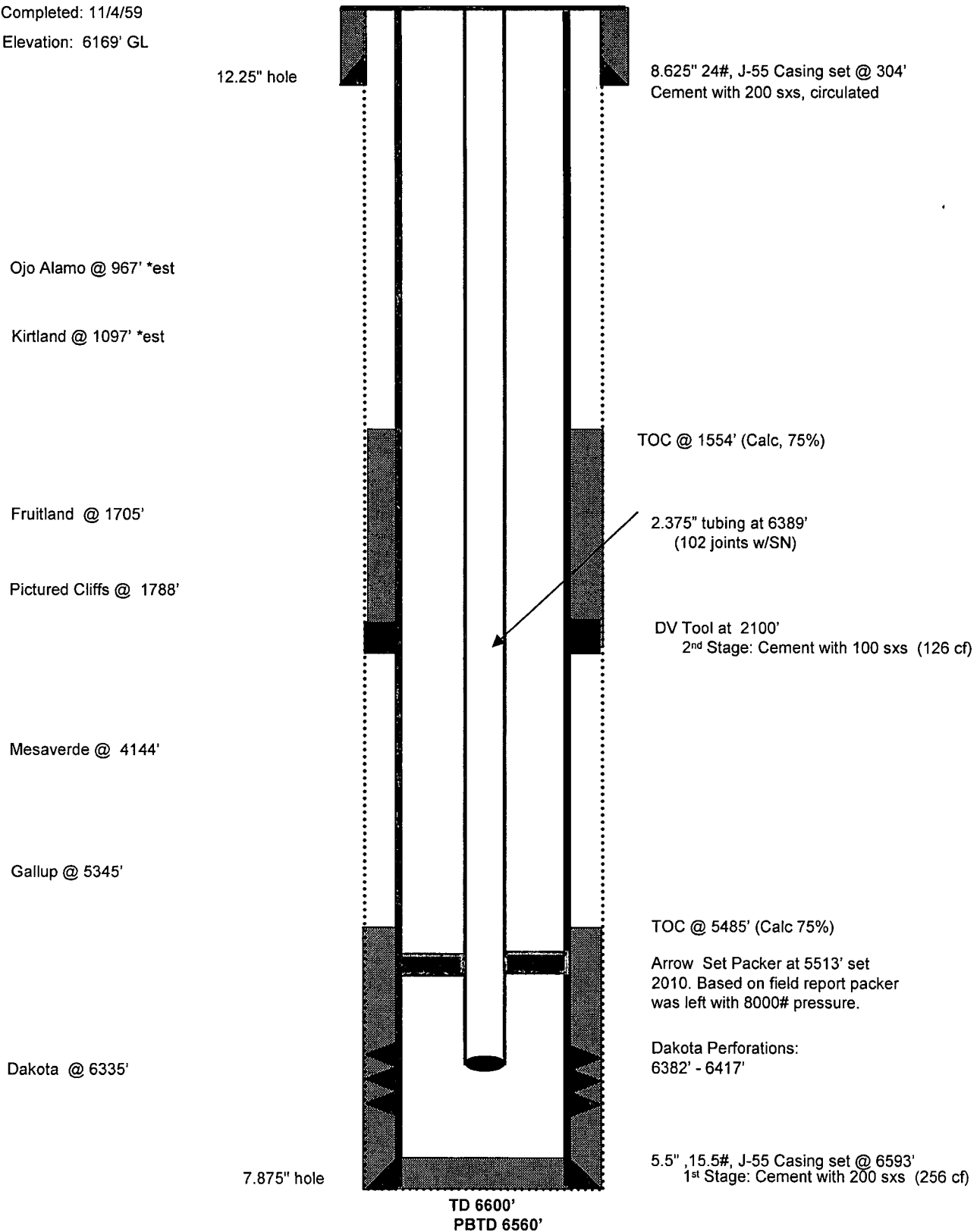
San Juan County, NM, API #30-045-06391

Today's Date: 8/22/11

Spud: 10/17/59

Completed: 11/4/59

Elevation: 6169' GL



PLUG AND ABANDONMENT PROCEDURE

August 23, 2011

Federal #1

Gallegos Field

1850' FNL and 1850' FEL, Section 19, T27N, R11W

San Juan County, New Mexico / API 30-045-06391

Lat: N 36.5627746 / Lat: W 108.0417927

Note: All cement volumes use 100% excess outside pipe and 50' excess inside. The stabilizing wellbore fluid will be 8.3 ppg, sufficient to balance all exposed formation pressures. All cement will be Class B, mixed at 15.6 ppg with a 1.18 cf/sx yield.

1. This project requires a NMOCD C-144 CLEZ Closed-Loop System Permit for the use of an A-Plus steel tank to handle waste fluids circulated from the well and cement wash up.

Install and test location rig anchors. Comply with all NMOCD, BLM, and Operator safety regulations. MOL and RU daylight pulling unit. Conduct safety meeting for all personnel on location. **NOTE: Master valve and bradenhead are frozen shut. Blow down casing. Screw off piston retriever (top part of tree) and get a nipple to screw in hot tap. Drill through main gate of master valve to relieve pressure from tubing. Attempt to open up bradenhead valve. If necessary then hot tap bradenhead to relieve pressure.**

2. Rods: Yes ☐ , No ☒ , Unknown ☐ .
Tubing: Yes ☒ , No ☐ , Unknown ☐ , Size 2.375" , Length 5608' .
Packer: Yes ☒ , No ☐ , Unknown ☐ , Type Arrow Set Packer @ 5513' .
If this well has rods or a packer, then modify the work sequence in step #2 as appropriate.
3. **NOTE: BLM requires a CBL log to be run on all wells where the cement did not circulate to surface or where a T.S. or CBL log was not previously run. This procedure is prepared with the understanding that it may be modified based on the TOC from the CBL.**
4. **Plug #1 (Dakota perforations and tops, 6332' – 6232')**: RIH and set 5.5" CR at 6332'. Pressure test tubing to 1000 PSI. Pressure test casing to 800 PSI. If casing does not test then spot or tag subsequent plugs as appropriate. Mix 17 sxs Class B cement to isolate the Dakota interval. TOH with tubing.
5. **Plug #2 (Gallup top, 5395' – 5295')**: Perforate 3 HSC squeeze holes at 5395'. Set 5.5" cement retainer at 5345'. Load casing with water and circulate well clean. Mix 47 sxs Class B cement, squeeze 30 sxs outside the casing and leave 17 sxs inside the casing to cover the Gallup top. PUH.
6. **Plug #3 (Mancos and Mesaverde tops, 4660' – 4094')**: Perforate 3 HSC squeeze holes at 4591' - 4491' 27W' 26W' 4660'. Set 5.5" cement retainer at 4660'. Load casing with water and circulate well clean. Mix 51 sxs Class B cement, squeeze 39 sxs outside the casing and leave 12 sxs inside the casing to cover the Mesaverde top. PUH.

4591' - 27W'

7. **Plug #4 (Pictured Cliffs and Fruitland tops, ^{1838'} ~~1838'~~ - ^{1416'} ~~1655'~~)**: Mix and pump ²⁷ sxs Class B cement and spot a balanced plug inside casing to cover through the Fruitland top. TOH with tubing.
8. **Plug #5 (Kirtland and Ojo Alamo tops, ^{810'} ~~1147'~~ - ^{572'} ~~947'~~)**: Perforate 3 HSC squeeze holes at 1147'. Set 5.5" cement retainer at 1097'. Load casing with water and circulate well clean. Mix 100 sxs Class B cement, squeeze 68 sxs outside the casing and leave 32 sxs inside the casing to cover through the Ojo Alamo top. TOH and LD tubing.
9. **Plug #6 (8.625" casing shoe, 354' - 0')**: Perforate 3 HSC squeeze holes at 354'. Establish circulation out bradenhead valve. Mix and pump approximately 110 sxs cement down the 8-5/8" casing from 354' to surface, circulate good cement out bradenhead valve. Shut in well and WOC.
10. ND BOP and cut off wellhead below surface casing flange. Install P&A marker with cement to comply with regulations. RD, MOL and cut off anchors. Restore location per BLM stipulations.

Federal #1

Proposed P&A

Gallegos Field

1850' FNL, 1850' FEL, Section 19, T-27-N, R-11-W

San Juan County, NM, API #30-045-06391

Today's Date: 8/22/11

Spud: 10/17/59

Completed: 11/4/59

Elevation: 6169' GL

Ojo Alamo @ 967' *est

Kirtland @ 1097' *est

Fruitland @ 1705'

Pictured Cliffs @ 1788'

Mesaverde @ 4144'

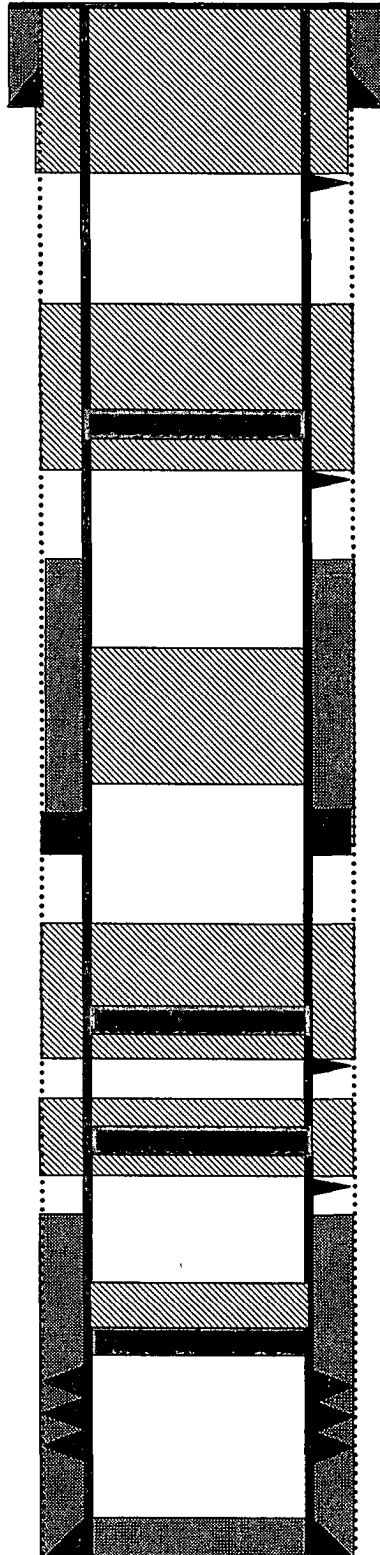
Mancos @ 4610' *est

Gallup @ 5345'

Dakota @ 6335'

12.25" hole

7.875" hole



8.625" 24#, J-55 Casing set @ 304'
Cement with 200 sxs, circulated

Perforate @ 354'

Plug #6: 354' - 0'
Class B cement, 110 sxs

Set CR @ 1097'

Perforate @ 1147'

Plug #5: 1147' - 917'
Class B cement, 100 sxs:
32 inside and 68 outside

TOC @ 1554' (Calc, 75%)

Plug #4: 1838' - 1655'
Class B cement, 27 sxs

DV Tool at 2100'
2nd Stage: Cement with 100 sxs (126 cf)

Set CR @ 4610'

Perforate @ 4660'

Plug #3: 4660' - 4094'
Class B cement, 237 sxs:
70 inside and 167 outside

Set CR @ 5345'

Perforate @ 5395'

TOC @ 5485' (Calc 75%)

Plug #2: 5395' - 5295'
Class B cement, 47 sxs:
17 inside and 30 outside

Set CR at 6332'

Dakota Perforations:
6382' - 6417'

Plug #1: 6332' - 6232'
Class B cement, 17 sxs

5.5", 15.5# J-55 Casing set @ 6593'
1st Stage: Cement with 200 sxs (256 cf)

TD 6600'
PBTD 6560'

**UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
FARMINGTON DISTRICT OFFICE
1235 LA PLATA HIGHWAY
FARMINGTON, NEW MEXICO 87401**

Attachment to notice of
Intention to Abandon:

Re: Permanent Abandonment
Well: 1 Federal

CONDITIONS OF APPROVAL

1. Plugging operations authorized are subject to the attached "General Requirements for Permanent Abandonment of Wells on Federal and Indian Lease."
2. Farmington Office is to be notified at least 24 hours before the plugging operations commence (505) 599-8907.
3. The following modifications to your plugging program are to be made:
 - a) Place the Mancos plug from 4591' – 4491' inside and outside the 5 ½" casing.
 - b) Place the Mesaverde plug from 2720' – 2620' inside and outside the 5 ½" casing.
 - c) Place the Pictured Cliffs plug from 1838' – 1738'.
 - d) Place the Fruitland plug from 1516' – 1416' inside and outside the 5 ½" casing.
 - e) Place the Kirtland/Ojo Alamo plug from 810' – 572' inside and outside the 5 ½" casing.

You are also required to place cement excesses per 4.2 and 4.4 of the attached General Requirements.

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