

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB NO. 1004-0137
Expires: January 31, 2018**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.

FEE

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.
NMNM1239538. Well Name and No.
HUTCHINSON 29. API Well No.
30-045-34241-00-S110. Field and Pool or Exploratory Area
BASIN FRUITLAND COAL

11. County or Parish, State

SAN JUAN COUNTY, NM

SUBMIT IN TRIPLICATE - Other instructions on page 2

1. Type of Well

☐ Oil Well ☐ Gas Well ☒ Other: COAL BED METHANE2. Name of Operator
MCELVAIN ENERGY, INCContact: TONY G COOPER
E-Mail: TONY.COOPER@MCELVAIN.COM3a. Address
1050 17TH STREET STE 2500
DENVER, CO 802653b. Phone No. (include area code)
Ph: 303-893-0933 Ext: 331

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

Sec 1 T29N R13W NENW 705FNL 1315FWL
36.760583 N Lat, 108.161736 W Lon**12. CHECK THE 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"/> Hydraulic Fracturing	<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 must be filed within 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 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.

Objective:

Permanently plug & abandon the well from 1468? to surface containing 4 separate cement plugs.

Prior to Rig:

1. Notify BLM & NMOCD
2. Note: verify all cement volumes based on actual slurry to be pumped
3. See attached COA's from BLM

Procedure:

1. MIRU P&A package, spot tubing trailer
2. Lay down ?? rods and pump
3. ND WH & NU BOP, rig up floor and equip
4. LD 2 7/8? production string

OIL CONS. DIV DIST. 3

MAR 01 2017

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

**Electronic Submission #367625 verified by the BLM Well Information System
For MCELVAIN ENERGY, INC, sent to the Farmington
Committed to AFMSS for processing by CYNTHIA MARQUEZ on 02/27/2017 (17CXM0235SE)**

Name (Printed/Typed) JOE KELLOFF

Title VP PRODUCTION & BUSINESS DEV

Signature (Electronic Submission)

Date 02/20/2017

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By

ACCEPTED

CINDY MARQUEZ
Title LAND LAW EXAMINER

Date 02/27/2017

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.

(Instructions on page 2)

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

NMOCD

8

Additional data for EC transaction #367625 that would not fit on the form

32. Additional remarks, continued

5. Tally and Round trip 2 3/8" workstring with 5 1/2" casing scraper.
6. TIH with CICR and set at 1468'
7. Test TBG to 800psi. Sting out and circulate hole clean. Close pipe rams & pressure test casing to 500psi. WOC TBD after casing test ((possible WOC's if no test = 4hrs each plug))
8. Plug #1, 1362' - 1468' (PC top: 1555; Perfs: 1518' ? 1542'): Mix & pump 12 sxs (14.16 cf) of Class B cement (or equivalent) on CICR to plug off Pictured Cliffs perfs. Pull up and reverse circulate tubing clean.
9. LD tubing to 1095'
10. Plug #2, 945' ? 1095' (Fruitland Top: 1045'): Spot 17 sxs (20.1 cf) Class B cement in a balanced plug inside casing to cover Fruitland top.
11. LD tubing to 625' & TOOH
12. Rig up wireline, RIH & perforate at 725' (cement top from primary cement job is 730'determined from bond log).
13. Plug #3, 575' - 725' (Kirtland Top: 675'): RIH & set CICR at 625'. Establish injection rate. Mix & pump 60 sx (70.8 cf) of Class B cement (or equivalent). Sting out of CICR leaving 50' of cement on top of retainer. Reverse circulate clean
14. Pull up hole and WOC. TIH to confirm top of plug. LD tubing
15. Rig up wireline & perforate at 344' (50' below casing shoe)
16. Plug #4, (8-5/8" Surface casing shoe, 344' to Surface): Establish circulation to surface out the bradenhead valve. Mix approximately 95 sxs (112 cf) of cement and pump down the 5-1/2" casing to circulate out the BH valve. Top off as necessary.
17. ND BOP and cut off wellhead below surface casing flange per regulation. Install P&A marker with cement to comply with regulations. RD, MOL and cut off anchors. Restore location per NMOCD/BLM stipulations.

THE AZTEC WELL FAMILY



ADMINISTRATIVE OFFICE

PO Box 100 / 300 Legion Road
Aztec, New Mexico 87410
505.334.6194 (ph)/ 505.334.8729 (f)

OPERATIONS OFFICE

PO Box 100 / 900 South Main
Aztec, New Mexico 87410
505.334.6191 (ph)/ 505.334.7235 (f)

Thursday, January 19, 2017

VIA ELECTRONIC MAIL

Mr. Mark Wolfe
Operations Supervisor
McElvain Energy, Inc.
1601 South Side River Road
Farmington, New Mexico 87401
Mark.Wolfe@mcelvain.com

OIL CONS. DIV DIST. 3

MAR 01 2017

RE: Plug & Abandon Bid for Hutchinson #2

Dear Mr. Wolfe:

Aztec Well Servicing has offered contracted well servicing operations in the San Juan Basin since 1963.

To round out our well servicing offerings we now offer in house cement pump truck operations. In an effort to provide turnkey services to our customers, we have also developed strong working relationships with locally owned engineering and wireline & perforating contractors.

As such, we are able to provide McElvain Energy the necessary equipment for complete plugging & abandoning (P&A) operations based upon your needs. From a rig and pump truck to turnkey closing out of your wells — we make it happen!

Based upon our understanding of your needs, Aztec Well Servicing is pleased to offer you the following price for the P&A of the specified well(s).

• Hutchinson #2: \$24,050.50

We are very grateful for the opportunity to offer our pricing for these projects. Please feel free to contact me for additional information or with any questions.

With Regards,

A handwritten signature in black ink, appearing to read "Jason Sandel".

Jason Sandel
Executive Vice President



McElvain
Plug & Abandon Procedure
January 11, 2017

Well:	Hutchinson #002	API:	30-045-34241
Location:	NE/NW 705' FNL & 1315' FWL	Field:	
Sec, T, R:	Sec. 1, T29N, R13W	Elevation:	5587' GR
Cnty/State:	San Juan, New Mexico		
Lat/Long:	36.760601,-108.1617584	By:	Aztec Well Servicing

Objective:

Permanently plug & abandon the well from 1468' to surface containing 4 separate cement plugs.

Prior to Rig:

1. Notify BLM & NMOCD
2. Note: verify all cement volumes based on actual slurry to be pumped
3. See attached COA's from BLM

Procedure:

1. MIRU P&A package, spot tubing trailer
2. Lay down $\frac{3}{4}$ " rods and pump
3. ND WH & NU BOP, rig up floor and equip
4. LD 2 7/8" production string
5. Tally and Round trip 2 3/8" workstring with 5 1/2" casing scraper.
6. TIH with CIRC and set at 1468'
7. Test TBG to 800psi. Sting out and circulate hole clean. Close pipe rams & pressure test casing to 500psi. WOC TBD after casing test ((possible WOC's if no test = 4hrs each plug))
8. **Plug #1, 1362' - 1468' (PC top: 1555; Perfs: 1518' - 1542'):** Mix & pump 12 sxs (14.16 cf) of Class B cement (or equivalent) on CIRC to plug off Pictured Cliffs perfs. Pull up and reverse circulate tubing clean.
9. LD tubing to 1095'
10. **Plug #2, 945' - 1095' (Fruitland Top: 1045'):** Spot 17 sxs (20.1 cf) Class B cement in a balanced plug inside casing to cover Fruitland top.
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12. Rig up wireline, RIH & perforate at 725' (cement top from primary cement job is 730' determined from bond log).
13. **Plug #3, 575' - 725' (Kirtland Top: 675'):** RIH & set CIRC at 625'. Establish injection rate. Mix & pump 60 sx (70.8 cf) of Class B cement (or equivalent). Sting out of CIRC leaving 50' of cement on top of retainer. Reverse circulate clean
14. Pull up hole and WOC. TIH to confirm top of plug. LD tubing
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Family-owned, founded in 1963 with Aztec Well Servicing Co.



McElvain

Plug & Abandon Procedure

January 11, 2017

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Lat/Long:	36.760601,-108.1617584	By:	Aztec Well Servicing

-
16. Plug #4, (8-5/8" Surface casing shoe, 344' to Surface): Establish circulation to surface out the bradenhead valve. Mix approximately 95 sxs (112 cf) of cement and pump down the 5-1/2" casing to circulate out the BH valve. Top off as necessary.
 17. ND BOP and cut off wellhead below surface casing flange per regulation. Install P&A marker with cement to comply with regulations. RD, MOL and cut off anchors. Restore location per NMOCD/BLM stipulations.

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McElvain Plug & Abandon Procedure January 11, 2017

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Location:	NE/NW 705' FNL & 1315' FWL	Field:	
Sec, T, R:	Sec. 1, T29N, R13W	Elevation:	5587' GR
Cnty/State:	San Juan, New Mexico	By:	Aztec Well Servicing
Lat/Long:	36.760601,-108.1617584		

Date: 1/10/17

Elevation: 5587' GL
KB 8'

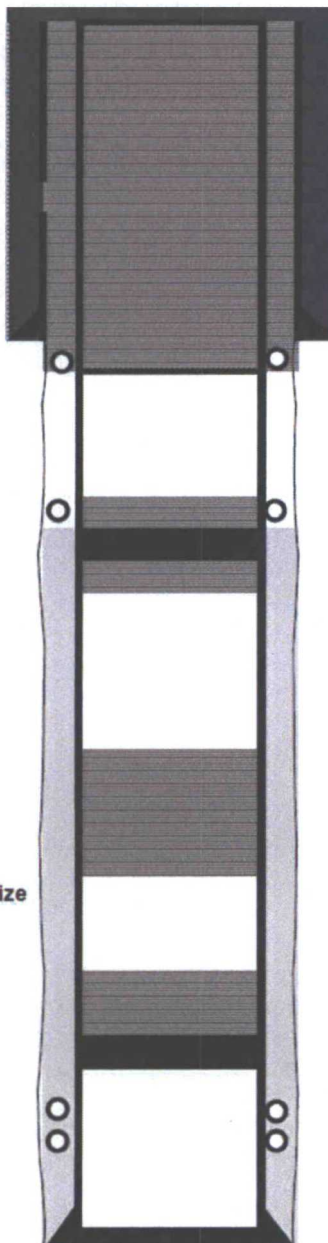
Nacimiento @ Surface

Kirtland 675'

Fruitland @ 1045'

Pictured Cliffs @ 1555'

Hole Size
7-7/8"



Hole Size: 12-1/4"

8-5/8", 24#, Casing set @ 294'
Cement w/ 242 sxs, circulated cmt to surf

Plug #3: 344' - 0', Perf holes at 344'
Class B cement, 95 sxs (112 cf)

Plug #3: 575' - 725', CICR at 625', perf at 725'
Class B cement, 60 sx (70.8 cf)

TOC at 730' (bond log)

Plug #2: 945' - 1095'
Class B cement, 17 sxs (20.1 cf)

Plug #1: 1362' - 1468', CICR at 1468'
Class B cement, 12 sx (14.16 cf)

Pictured Cliffs:
1518' - 1542'

5-1/2", 15.5# casing @ 1725'
Cement w/ 230 sx TOC f Bond log at 730'

PBTD: 1678'
TD: 1725'

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Aztec Well Servicing Plugging & Abandoning Price Quote McElvain Hutchinson #2

Equipment/Services	Price	UoM	QNTY	EXTENDED	SUBTOTAL
ENGINEERING SERVICES					
Engineering Services (Procedure Preparation)	\$ 250.00	Well	1	\$ 250.00	
Engineering Services (Sundry Filing)	\$ 250.00	Well	0	\$ -	
Subtotal Engineering/Procedure					\$ 250.00
PLUG & ABANDONMENT RIG					
Mobilization/Demobilization	\$ 250.00	Hour	2	\$ 500.00	
Rig Rate (4 man crew) 300 series rig w/ fuel	\$ 250.00	Hour	22	\$ 5,500.00	
Includes: well service pump, pit and swivel					
Includes: catwalk, pipe racks					
Includes: 7-16" 3M BOP and 2 station accumulator					
Standby (Billed in 1/4 hour increments)	\$ 150.00	Hour	0	\$ -	
Well Servicing Crew - Crew Travel	\$ 150.00	Hour	3	\$ 450.00	
Crew Pick Up	\$ 100.00	Day	3	\$ 300.00	
Subtotal Rig Services					\$ 6,750.00
CEMENTING & PUMPING SERVICES					
Pump Truck Travel	\$ 2.00	Mile	25	\$ 50.00	
Mud Pump or Cement Pumping Unit w/ fuel	\$ 1,800.00	Day	2.5	\$ 4,500.00	
Includes: Pump, treating iron, & bulk truck					
Cementing Specialist	\$ 400.00	Day	2.5	\$ 1,000.00	
Mud Pump or Cement Pumping Unit -- Crew Travel	\$ 75.00	Hour	3	\$ 225.00	
Cement Crew Pick Up	\$ 100.00	Day	3	\$ 300.00	
Additional Charges					
Bulk Truck Transport	\$ 75.00	Hour	2	\$ 150.00	
Class B or Type II Cement	\$ 15.00	Sack	184	\$ 2,760.00	
Cement Drayage	\$ 1.00	Ton Mile	108	\$ 108.00	
(400 sacks X 94# / 2000 = XXX Tons) X Miles					
Cement Additives					
Calcium Chloride	\$ 0.50	Pound	300	\$ 150.00	
Sugar	\$ 0.50	Pound	75	\$ 37.50	
Subtotal Cementing Services					\$ 9,280.50
TRAVEL/HAULING					
Hauling Services: DRIVER+TRUCK+TRAILER	\$ 100.00	Hour	12	\$ 1,200.00	
Hotshot Truck (DRIVER+TRUCK)	\$ 70.00	Hour	0	\$ -	
Escort Services/Route Surveys	\$ 65.00	Hour	0	\$ -	
Swamper	\$ 25.00	Hour	12	\$ 300.00	
Subtotal Mobilization					\$ 1,500.00
WIRELINE and TOOL SERVICES (Subcontracted)					
Bits				\$ -	
3-7/8" Tri-Cone	\$ 800.00	Well	0	\$ -	
4-1/2" Tri-Cone	\$ 800.00	Well	0	\$ -	
5-1/2" Tri-Cone	\$ 1,000.00	Well	0	\$ -	
7" Tri-Cone	\$ 2,000.00	Well	0	\$ -	
Casing Scraper (aka Watermelon or String Mill)	\$ 700.00	Run	1	\$ 700.00	
Cast Iron Bridge Plugs (Wireline set)				\$ -	
2 7/8" Wireline Set Only	\$ 300.00	Each	0	\$ -	
3 1/2" Wireline Set Only	\$ 340.00	Each	0	\$ -	
4 1/2" Includes setting tool & inspections	\$ 300.00	Each	0	\$ -	
5 1/2" Includes setting tool & inspections	\$ 350.00	Each	0	\$ -	
7" Includes setting tool & inspections	\$ 450.00	Each	0	\$ -	
Cast Iron Bridge Plugs (Tubing Set)				\$ -	
4 1/2" Includes setting tool & inspections	\$ 1,050.00	Each	0	\$ -	
5 1/2" Includes setting tool & inspections	\$ 1,050.00	Each	0	\$ -	
7" Includes setting tool & inspections				\$ -	
Cement Bond Log (CBL) Services				\$ -	
Cement Bond Log Charge	\$ 1,250.00	Run	0	\$ -	
Collar Correlation Log (no bond)	\$ 300.00	Run	0	\$ -	
CBL Depth Charge	\$ -	Foot	0	\$ -	
Cement Retainers				\$ -	
2 7/8" Wireline set only	\$ 425.00	Each	0	\$ -	
3 1/2" Wireline set only	\$ 425.00	Each	0	\$ -	
4 1/2" Includes setting tool & inspections	\$ 1,050.00	Each	0	\$ -	
5 1/2" Includes setting tool & inspections	\$ 1,050.00	Each	2	\$ 2,100.00	
7" Includes setting tool & inspections	\$ 1,750.00	Each	0	\$ -	
Crane Truck	\$ 900.00	Day			
Dump Bailer	\$ 300.00	Run	0	\$ -	
Electric Wireline					
Wireline Unit	\$ 1,000.00	Day	1	\$ 1,000.00	
If Unit is not used but crew is on location	\$ 500.00	Day	0	\$ -	
Mills (aka Junk Scraper)	\$ 400.00	Well	0	\$ -	

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Aztec Well Servicing Plugging & Abandoning					
Price Quote McElvain Hutchinson #2					
Perforating				\$ -	
Perf Gun (Standard 4 holes)	\$ 300.00	Run	2	\$ 600.00	
Service Tool Supervisor (incl. travel & sub)	\$ 2,000.00	Day	0	\$ -	
Retrievable Bridge Plug (5-1/2")				\$ -	
Tubing/Casing Jet or Chemical Cut*				\$ -	
2 3/8"	\$ 1,000.00	Jet Cut	0	\$ -	
2 3/8"	\$ 2,000.00	Chem Cut	0	\$ -	
2 7/8"	\$ 1,250.00	Jet Cut	0	\$ -	
2 7/8"	\$ 2,500.00	Chem Cut	0	\$ -	
3 1/2"	\$ 1,500.00	Jet Cut	0	\$ -	
3 1/2"	\$ 3,000.00	Chem Cut	0	\$ -	
4 1/2"	\$ 2,000.00	Jet Cut	0	\$ -	
4 1/2"	\$ 3,900.00	Chem Cut	0	\$ -	
5 1/2"	\$ 2,000.00	Jet Cut	0	\$ -	
5 1/2"	\$ 4,200.00	Chem Cut	0	\$ -	
7"	\$ 2,000.00	Jet Cut	0	\$ -	
7"	\$ 5,000.00	Chem Cut	0	\$ -	
Wireline Set Plugs or Retainers	\$ 300.00	Run	0	\$ -	
Subtotal Wireline Services					\$ 4,400.00
ADDITIONAL EQUIPMENT & SERVICES					
Personnel					
Dedicated Rig Manager	\$ 400.00	Day	0	\$ -	
Floor Hand	\$ 40.00	Hour/Man	0	\$ -	
Crew Travel	\$ 40.00	Hour/Man	0	\$ -	
Subsistence	\$ 100.00	Day/Man	0	\$ -	
Equipment					
Backhoe (with operator)	\$ 50.00	Hour	0	\$ -	
Basebeam	\$ 100.00	Day	0	\$ -	
Cement Wash-up Tank	\$ 20.00	Day	3	\$ 60.00	
400BBL Fresh Water tank	\$ 20.00	Day	0	\$ -	
Hydraulic Jack Hammer	\$ 200.00	Day	0	\$ -	
P&A Marker (per BLM requirements)	\$ 135.00	Each	1	\$ 135.00	
Portable Toilet rental	\$ 25.00	Day	3	\$ 75.00	
RCN Ball Sealers	\$ 1.00	Ball	0	\$ -	
Rubbers for ram blocks	\$ 100.00	Each	0	\$ -	
Stripper rubbers	\$ 100.00	Each	0	\$ -	
Stripping Head	\$ 50.00	Day	0	\$ -	
Trash Basket	\$ 20.00	Day	0	\$ -	
Water - Disposal	\$ 0.75	BBL	90	\$ 67.50	
Water - Fresh	\$ 0.50	BBL	115	\$ 57.50	
Water Truck (80 BBL)	\$ 60.00	Hour	4	\$ 240.00	
Water Truck (80 BBL) - Standby	\$ 20.00	Hour	18	\$ 360.00	
Welder	\$ 50.00	Hour	4	\$ 200.00	
Workstring (1 1/4" EUE or U)	\$ 0.35	Foot	0	\$ -	
Workstring (2 3/8" 4.7# J55 EUE)	\$ 0.35	Foot	1500	\$ 525.00	
Workstring (PVC)	\$ 1.50	Foot	0	\$ -	
Workstring Trailer	\$ 50.00	Day	3	\$ 150.00	
Subtotal Additional Equipment & Services					\$ 1,870.00
ESTIMATE TO P&A Well					\$ 24,050.50

NOTE THIS IS ONLY A COST ESTIMATE

Additional Provisions: Waste fluid hauling and disposal not included in bid submission. Cement additives not included in bid submission unless specified. This cost estimate is based upon the information you have provided, and the planned procedure thereof. In the event the planned procedure is modified or deviated from, then any additional work or services provided by Aztec Well Servicing or our subcontractors will be paid for by the Operator in accordance with Aztec Well Servicing's standard price list.