

State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham
Governor

Sarah Cottrell Propst
Cabinet Secretary

Todd E. Leahy, JD, PhD
Deputy Secretary

Adrienne Sandoval, Division Director
Oil Conservation Division



New Mexico Oil Conservation Division approval and conditions listed below are made in accordance with OCD Rule 19.15.7.11 and are in addition to the actions approved by BLM on the following 3160-4 or 3160-5 form.

Operator Signature Date: 12/12/2019

Well information:

30-045-25311 CHARLEY HOSH #001E

M R SCHALK

Application Type:

P&A Drilling/Casing Change Location Change

Recomplete/DHC (For hydraulic fracturing operations review EPA Underground injection control Guidance #84; Submit Gas Capture Plan form prior to spudding or initiating recompletion operations)

Other:

Conditions of Approval:

- Notify NMOCD 24hrs prior to beginning operations.

In addition to the BLM approved plugs:

- Extend plug#2 4940'-4786' to cover the Gallup. OCD Gallup pick @ 4890'.
- Add a Mancos plug 4090'-3990'. OCD Mancos pick @ 4040'
- Add a Chacra plug 1780'-1680'. OCD Chacra pick @ 1730'.
- Combine the Fruitland, Kirtland, Ojo Alamo and surface plug 967-0. OCD Kirtland pick @ 690; Ojo Alamo pick @ 330.



NMOCD Approved by Signature

1/21/20
Date

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

SEP 25 2019

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 recomplete an abandoned well. Use Form 3160-3 (APD) for such proposals.

5. Lease Serial No.
I-149-IND-8182

6. If Indian, Allottee or Tribe Name
Navajo

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well
 Oil Well Gas Well Other

8. Well Name and No.
Charlie Hosh #1E

2. Name of Operator
Schalk Development

9. API Well No.
30-045-25311

3a. Address
PO Box 25825, Albuquerque, NM 87125

3b. Phone No. (include area code)
505-881-6649

10. Field and Pool, or Exploratory Area
Basin Dakota

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
1850' fsl & 1540' fel, Sec 12, T27N, R13W

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 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 recomplate 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.)

Schalk Development, proposes to permanently plug and abandoned the Charley Hosh #1E as per the attached procedure:

Note: Reclamation plan as previously been submitted to BLM Farmington office, onsite conducted 10/30/2018

NMOCD

JAN 10 2020

DISTRICT III

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

Name (Printed/Typed) John C. Thompson	Title Agent / Engineer
Signature 	Date December 12, 2018

THIS SPACE FOR FEDERAL OR STATE USE

Approved by 	Title Petroleum Engineer	Date 1/6/2020
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 FFO	

Title 18 U.S.C. Section 1001, 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.

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
FARMINGTON DISTRICT OFFICE
6251 COLLEGE BLVD.
FARMINGTON, NEW MEXICO 87402

Attachment to notice of
Intention to Abandon:

Re: Permanent Abandonment
Well: Charlie Hosh 1E

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) 564-7750.
3. Submit daily reports and electronic copy of the CBL for verification to the following addresses: jkillins@blm.gov, jhoffman@blm.gov, and Brandon.Powell@state.nm.us. Based on CBL results plugs will be adjusted accordingly. Please review the General Requirements document to ensure volumes pumped meet required minimum length and excess volumes inside and outside casing. See attached geologic report for BLM formation tops.
4. Plug #1 and #2: Ensure plug meets FFO minimum length (100') and excess volume equivalent (additional 50'). Approximately 18 sx in 5-1/2" casing.
5. Plug #5: Adjust plug to cover at least 867' – 967' measured depth.
6. Plug #6: Perforations, if required based on CBL results, must be at least 50' below surface casing shoe. (322 ft md)

**BLM FLUID MINERALS
Geologic Report**

Date Completed: 10/15/19

Well No.	Charlie Hosh 1E	Location	1850'	FSL &	1540'	FEL
Lease No.	I-149-IND-8182	Sec.	12	T27N		R13W
Operator	Schalk	County	San Juan	State	New Mexico	
Total Depth	6062'	PBTD	6018'	Formation	Basin Dakota	
Elevation (GL)	5794'	Elevation (KB)	5806'			

Geologic Formations	Est. Top	Est. Bottom	Log Top	Log Bottom	Remarks
San Jose					
Nacimiento Fm	Surface	25'			
Ojo Alamo Ss	25'	225'			Possible water
Kirtland Shale	225'			917'	
Fruitland Fm			917'	1250'	Coal/Gas/Possible water
Pictured Cliffs Ss			1250'	1420'	Gas
Lewis Shale			1420'	2150'	
Cliff House Ss			2150'	2250'	Water/Possible gas
Menefee Fm			2250'	3810'	Coal/Ss/Water/Possible O&G
Point Lookout Ss			3810'	4040'	Probable water/Possible O&G
Mancos Shale			4040'	4988'	Gas
Gallup			4988'	5150'	O&G/Water
Mancos Sh (cont.)			5150'	5750'	Gas
Graneros			5750'	5870'	
Dakota Ss			5870'		O&G/Water

Remarks:

P & A

- Log analysis of reference well #2 (attached worksheet) indicates the Ojo Alamo sands investigated contain fresh water ($\leq 5,000$ ppm TDS).

-Please ensure that the tops of the Pictured Cliffs and Fruitland formations, as well as the entire Ojo Alamo aquifer, identified in this report, are isolated by the proper placement of cement plugs. This will protect the fresh water sands in this well bore.

-- Please note the BLM geologist's picks for the tops of the Ojo Alamo, , Cliff House, and Gallup formations vary slightly from operator's picks in this well.

Reference Well:

1)Schalk Fm. Tops
Same

2) Logos Water Analysis
Richardson Com # 3E
790' FNL, 1120' FWL
Sec 2, T27N, R12W
GL 6042', KB 6054'

Prepared by: Walter Gage

P&A Procedure
Schalk – Charly Hosh #1E

1850' FSL & 1540' FEL, Section 12, T27N, R13W
San Juan County, New Mexico, API #30-045-25311

Plug & Abandonment Procedure:

1. **Plug #1, 5771' - 5822' (Graneros Top: 5871' & Dakota Top: 5928'; DK Perfs: 5872'-5958')**: TIH & set 5-1/2" CICR at 5822'. Pressure test tubing to 1000 psi. Sting out of CICR, mix & spot 6 sx (7.1 cf) of Class B cement (or equivalent) on top of CICR, leaving a minimum of 50' of cement on top of retainer to cover Graneros formation top. Reverse circulate to clean out tubing.
2. **Plug #2, 4786' – 4886' (Gallup Top: 4886')**: TIH & set 5-1/2" CICR at 4886'. Pressure test tubing to 1000 psi. Sting out of CICR, mix & spot 12 sx (14.2 cf) of Class B cement (or equivalent) on top of CICR, leaving a minimum of 50' of cement on top of retainer to cover Gallup formation top. Reverse circulate to clean out tubing.
3. **Plug #3, 2047' – 2197' (Mesaverde Top: 2147')**: Mix and spot 17 sx (20.1 cf) of Class B cement in a balanced plug. Pull above cement and reverse circulate to clean out tubing. Pull up hole & WOC. Re-spot cement if necessary.
4. **Plug #4, 1173' – 1323' (PC top: 1273')**: Mix and spot 17 sx (20.1 cf) of Class B cement in a balanced plug. Pull above cement and reverse circulate to clean out tubing. Pull up hole & WOC. Re-spot cement if necessary.
5. **Plug #5, 750' – 900' (Kirtland Top 850')**: Mix and spot 17sx (20.1 cf) of Class B cement in a balanced plug. Pull above cement and reverse circulate to clean out tubing. Pull up hole & WOC. Re-spot cement if necessary.
6. **Plug #6, (Surface Plug, Surface – 300')**: If required by BLM, shoot holes at 300' (8-5/8" casing shoe at 272') and attempt to circulate out Bradenhead – Surface casing valves. Mix and pump 45 sx (53.1 cf) out holes and fill up to annulus plus inside 5-1/2" casing to surface. Top off cement as necessary. Original reports indicate cement was circulated to surface on original cement job. Note: DV tool placement on WBD are estimates. Actual setting depths were not reported.

Charley Hosh No. 1E

Proposed P&A

Basin Dakota

1850' FSL & 1540' FEL, Section 12, T27N, R13W, San Juan County, NM

API: 30-045-25311

Today's Date: 12/12/2018
Spud: 1/21/82
Completed: 4/13/82
Elevation: 5794' GL

Ojo Alamo @ 250' (est)

Kirtland @ 850' (est)

Pictured Cliffs @ 1273'

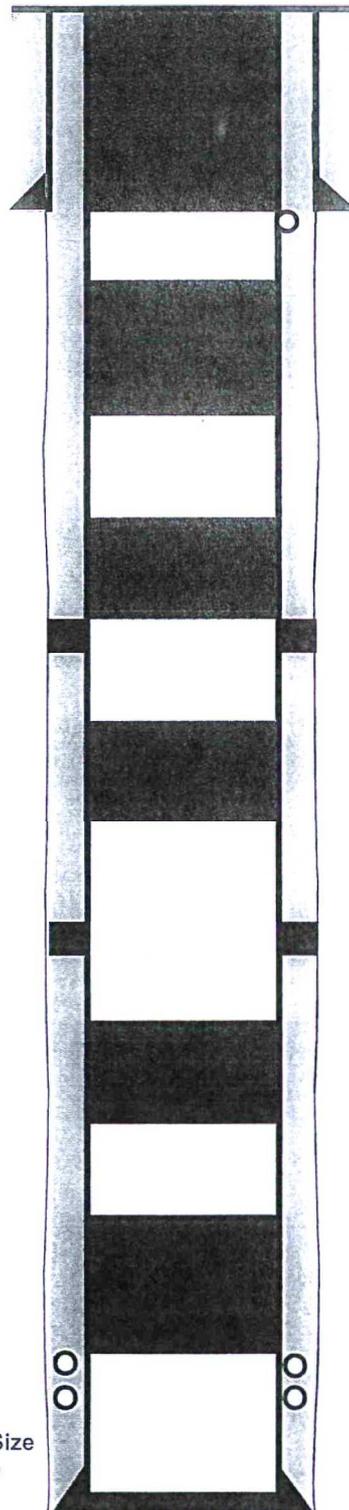
Cliff House @ 2147'

Gallup @ 4886'

Graneros @ 5871'

Dakota @ 5928'

Hole Size
7.875"



Hole Size: 12-1/4"

Plug #6: (Surf - 300')

Class B cement, 45 sxs (53.1 cf)

8-5/8", 24#, K55 Casing set @ 272'
Cement with 325 sx, circ to surface

Plug #5: (750' - 900')

Class B cement, 17 sxs (20.1 cf)

Plug #4: (1173' - 1323')

Class B cement, 17 sxs (20.1 cf)

DV Tool at 2912' (actual setting depth not reported)

Plug #3: (2047' - 2197')

Class B cement, 17 sxs (20.1 cf)

DV Tool at 4877' (actual setting depth not reported)

Plug #2: (4786' - 4886')

Class B cement, 12 sxs (14.2 cf)

Set CICR @ 4886'

Plug #1: (5771' - 5822')

Class B cement, 6 sxs (7.1 cf)

Set CICR @ 5822'

Dakota Perforations:

5872' - 5958'

5-1/2", 15.5#, J55 casing set @ 6060'

1st Stg: 230 sx & 100 sx tail

2nd Stg: 312 sx & 100 sx tail

3rd Stg: 127 sx & 100 sx

PBTD: 6018'

TD: 6062'