

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUNDRY NOTICES AND REPORTS ON WELLS

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

FORM APPROVED
OMB No 1004-0135
Expires November 30, 2000

SUBMIT IN TRIPLICATE - Other instructions on reverse side

RECEIVED

FEB 28 2008

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
 Running Horse Production Company

3a. Address
 PO Box 369, Ignacio, CO 81137

4. Location of Well (Footage, Sec. T, R, M., or Survey Description)
 1850' FSL & 990' FEL Sec 22, T26N R12W

Bureau of Land Management
 Field Office
 Fairbairn Phone No. (include area code)
 970-563-5100

5. Lease Serial No.
 NM 622

6. If Indian, Allottee or Tribe Name
 RCVD MAR 4 '08

7. If Unit or CA/Agreement, Name and/or No.
 OIL CONS. DIV.
 DIST. 3

8. Well Name and No.
 Chaco Plant #12

9. API Well No.
 30-045-22067

10. Field and Pool, or Exploratory Area
 Basin Fruitland Coal

11. County or Parish, State
 San Juan County, NM

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

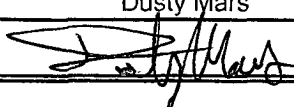
TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> 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 Replan	<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 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.)

Running Horse Production Company plans to plug and abandon the subject well within the next 90 days. Attached is a current well bore diagram, a proposed P&A procedure, and a proposed P&A well bore diagram.

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

Name (Printed/Typed) Dusty Mars Title Petroleum Engineer

Signature  Date February 27th, 2008

THIS SPACE FOR FEDERAL OR STATE USE

Approved by Original Signed: Stephen Mason Title _____ Date FEB 29 2008

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, 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 reverse)

NMOCD

Chaco Plant #12

Current

WAW Fruitland Pictured Cliffs / API #30-045-22067

1850' FSL & 990' FEL, Section 22, T-26-N, R-12-W, San Juan County, NM

Today's Date: 2/22/08

Spud: 6/10/76

Completed: 8/6/76

Elevation: 6151' GI

7.875" hole

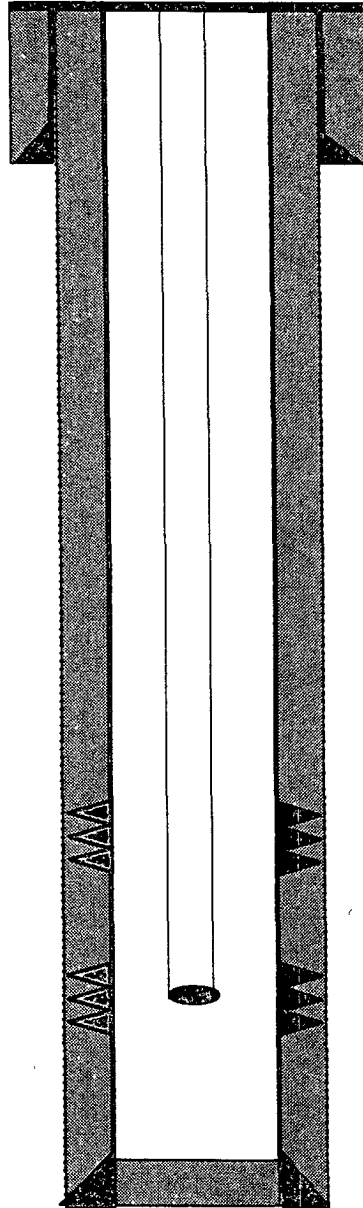
Ojo Alamo @ 135'

Kirtland @ 260'

Fruitland @ 903'

Pictured Cliffs @ 1233'

4.75" Hole



Circulate cmt to surface per Sundry

5.5", 14# ST&C Casing set @ 39'
Cement with 5 sxs (Circulated to Surface)

1.25" tubing at 1241'

Fruitland Perforations:
954' - 962'

Pictured Cliffs Perforations:
1235' - 1242'

2.875" 6.5# J-55 Casing set @ 1307'
Cement with 90 sxs

TD 1339'
PBTD 1281'

HOLD C104 FOR _____

PLUG AND ABANDONMENT PROCEDURE

February 22, 2008

Chaco Plant #12

WAW Fruitland Pictured Cliffs
1850' FSL and 990' FEL, Section 22, T26N, R12W
San Juan County, New Mexico / API 30-045-22067
Lat: N _____ / Lat: W _____

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 ASTM Type G, mixed at 15.8 ppg with a 1.15 cf/sx yield.

1. Project will use a steel tank for a pit.
2. Install and test rig anchors. Comply with all NMOCD, BLM and Red Willow safety rules and regulations. Spot a steel waste fluid pit. Conduct safety meeting for all personnel on location. MOL and RU daylight pulling unit. NU relief line and blow well down; kill with water as necessary.
3. ND wellhead and NU BOP; test the BOP. TOH and tally 1.25" tubing workstring, total 1241'. Round trip 2.875" gauge ring to 1185', or as deep as possible.
4. **Plug #1 (Pictured Cliffs perforations and top, 1185' – 1085')**: TIH and set CIBP at 1185'. TIH with tubing and tag CIBP. Mix and pump total 5 sxs Type G cement inside casing above CIBP to isolate the Pictured Cliffs perforations and top. TOH and LD tubing.
5. **Plug #2 (Fruitland perforations, Kirtland and Ojo Alamo tops, 5.5" casing shoe, 962' - Surface)**: Attempt to pressure test the bradenhead annulus to 300#. If the BH annulus holds pressure, then establish circulation out casing valve with water. Establish rate into PC perforations with water. Mix and pump total of 40 sxs and bullhead down the 2.875" casing: first pump 10 sxs cement, then drop 10 RCN balls, then pump 30 sxs cement and circulate good cement out casing valve. SI well. WOC. If the BH annulus does not test, then perforate at the appropriate depth and attempt to circulate cement to surface filling the casing and annulus.
6. ND BOP and cut off wellhead below surface casing flange. Top off cement as necessary. Install P&A marker with cement to comply with regulations. RD, MOL and cut off anchors. Restore location per BLM stipulations.

Chaco Plant #12

Proposed P&A

WAW Fruitland Pictured Cliffs / API #30-045-22067

1850' FSL & 990' FEL, Section 22, T-26-N, R-12-W, San Juan County, NM

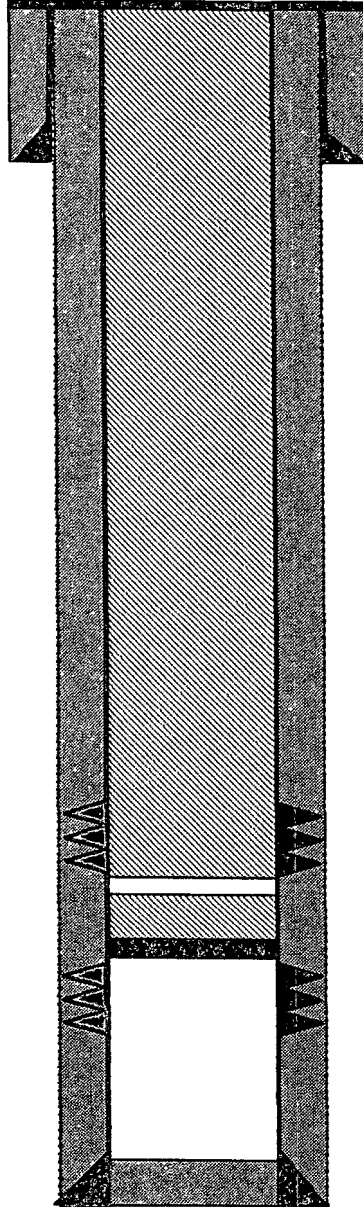
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Cement with 5 sxs (Circulated to Surface)

Ojo Alamo @ 135'

Plug #2: 962' - 0'
Type G cement, 40 sxs

Kirtland @ 260'

Fruitland @ 903'

Fruitland Perforations:
954' - 962'

Set CIBP @ 1185'

Plug #1: 1185' - 1085'
Type G cement, 5 sxs

Pictured Cliffs @ 1233'

Pictured Cliffs Perforations:
1235' - 1242'

4.75" Hole

2.875" 6.5# J-55 Casing set @ 1307'
Cement with 90 sxs

TD 1339'
PBTD 1281'