

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

MAY 14 2008

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

SUNDRY NOTICES AND REPORTS ON WELLS Bureau of Land Management
Farmington Field Office
Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

5. Lease Serial No **I-149-IND-9108****NMSF-080238A**

6. If Indian, Allottee or Tribe Name

RCVD JUN 3 '08

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

**OIL CONS. DIV.
DIST. 3**

8. Well Name and No.

Navajo #1R

9. API Well No

30-045-31373

10. Field and Pool, or Exploratory Area

West Kutz Pictured Cliffs

11. County or Parish, State

San Juan**SUBMIT IN TRIPLICATE - Other instructions on reverse side**

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

Thompson Engineering and Production Corp.

3a. Address

7415 E Main, Farmington, NM, 87402

3b. Phone No (include area code)

505-327-4892

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

1654' FSL and 815' FWL, Sec. 3, T26N, R11W**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 checked="" 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 checked="" type="checkbox"/> Recomplete	<input type="checkbox"/> Other _____
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input checked="" 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 recompleate 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 recompleation 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.)

Thompson Engineering and Production Corp. plans to abandon the perfs from 1759' to 1790' and recompleate the Pictured Cliffs according to the attached procedure.

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

Name (Printed/Typed)

Paul C. Thompson, P.E.

Title

President

Signature

Paul C. Thompson

Date

May 14, 2008**THIS SPACE FOR FEDERAL OR STATE USE**

Approved by

Title

Date

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)

NMOC

Thompson Engineering and Production

Workover Prognosis for
Thompson Engineering
Navajo #1R

Location: 1654 FSL & 815 FWL
Sec 3, T26N R11W
San Juan County, NM

Date: April 16, 2008

Field: West Kutz Pictured Cliffs
Surface: Navajo
Minerals: Federal SF 080238-A

Elev: 6338' GL
KB 5'
PC Perfs: 1769-77 & 1786-90'
PBSD: 1902' KB

Objective: Re-complete the Pictured Cliffs.

Procedure:

1. MOL and RU completion rig. Hold safety meeting and explain the procedure to the rig crew. NU 2-3/8" relief line to the pit tank and blow the well down. Kill the well with water if necessary. Set and fill two frac tanks with fresh water.
2. Remove the horse head. Lay down the polished rod, two 8' and one 6' pony rod, 71 plain 3/4" rods, and the 2" X 1-1/4" X 12" RHAC pump. Nipple down the wellhead. Pull the tubing slips. Pick up extra joints of 2-3/8" tubing and check for fill. PBSD should be 1879' or 42' below where the pump is landed.
3. Tally out of the hole with the 2-3/8" tubing (58 jts, SN, and Slotted mud anchor).
4. Pick up a 4-1/2" tension set packer on the 2-3/8" tubing. Set the packer at approximately 1620'. Load the tubing - casing annulus and pressure test to 500 psi.
5. Establish an injection rate into the perfs with water and squeeze the existing perforations with 50 sx of Type 5 neat cement. Hesitate squeeze to a maximum pressure of 3,000 psi. Displace the cement below the packer but leave at least 50' of cement on top of the top perf. Release the packer and reverse circulate the tubing clean. POH with 5 joints of tubing and reset the packer. Re-pressure the squeeze to 3,000 psi. SI the well and WOC overnight.
6. Pick up a 3-7/8" bit on six 3-1/8" drill collars on 2-3/8" tubing and drill out the cement retainer and cement. Pressure test the casing to 3,000 psi. Re-squeeze if necessary.

7. Rig up Wireline. Perforate the Pictured Cliffs at:

1800, 1802, 1804, 1806, 1808, 1810, 1812, 1814, 1816, 1818, 1820,
1827, 1829, 1831, 1833, 1835, 1837, 1839, 1841, 1843, 1845, 1862,
1864, 1866, 1877, 1879.

at 1 spf. A total of 26 (0.36" holes).

8. Pick up the 4-1/2" packer on 2-3/8" tubing and set it at 1795'.

9. Rig up a pump truck and break down the perfs with water. Pump 500 gal of 15% HCl with inhibitors, and 40 7/8" ball sealers spaced evenly through the cement. Attempt to ball off the perfs to 3,500 psi. Release the packer and TIH to knock off the balls. TOH with the packer.

10. Nipple down the BOP and install a 5000 psi frac valve directly to the 4-1/2" casing.

11. Rig up frac crew. Frac the Pictured Cliffs with 75,000# 16/30 Brady sand in a 15# crosslinked gel frac fluid with 70% nitrogen. Pump rates are expected to be 35 BPM. Maximum treating pressure is 3500 psi. Flush the sand to 1650' with foam. Treat with the following schedule if pressures permit:

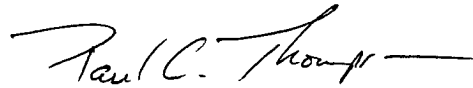
Stage	Foam Vol. (Gals.)	Gel Vol. (Gals.)	Sand Vol. (lbs.)
Pad	15,000	5,000	0
1.0 ppg	7,500	2,250	7,500
2.0 ppg	7,500	2,250	15,000
3.0 ppg	7,500	2,250	22,500
4.0 ppg	7,500	2,250	30,000
Flush	1,170	390	0
Totals	46,170	14390	75,000

11. Rig down frac crew and flow well back to the pit through a 1/4" choke until the well dies.

12. Nipple down the frac valve and nipple up the BOP. Move in and rig up an air package. TIH with a 3-7/8" bit on 2-3/8" tubing. Clean out the well to PBTD at 1902' KB. Blow the well clean. TOH and lay down the bit and bit sub.

13. TIH and land the 2-3/8" tubing with a slotted mud anchor and seating nipple on bottom, with the SN below the bottom perf at 1879' KB. Nipple down the BOP and nipple up the wellhead. Run a 2" X 1-1/4" RWAC pump on two 1-1/4" sinker bars and 3/4" plain rods. Space out the pump and hang off the rods.

14. Load the tubing with water and pressure test to 500 psi. Start the pump jack and return the well to production.

A handwritten signature in black ink, reading "Paul C. Thompson" with a long horizontal flourish extending to the right.

Paul C. Thompson, P.E.