Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd , Aztec, NM 87410
District IV
1220 S. St. Francis Dr , Santa Fe, NM 87505

OCH 84200 Eff 10/23/08

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-103
May 27, 2004

WELL API NO.
30-045-26494

5. Indicate Type of Lease
STATE ☐ FEE ☒

6. State Oil & Gas Lease No.

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

7. Lease Name or Unit Agreement Name
Kelly

1. Type of Well: Oil Well ☒ Gas Well ☒ Other

8. Well Number **1**

2. Name of Operator
The Kelly Family Land Company, Inc., c/o BHP Billiton San Juan Coal
262908

9. OGRID Number

3. Address of Operator
PO Box 561, Waterflow, NM 87421 (505) 598-2000

10. Pool name or Wildcat
Grassy Gallup / Basin Dakota

4. Well Location
Unit Letter **P** : **990** feet from the **South** line and **880** feet from the **East** line
Section **25** Township **30N** Range **15W** NMPM **San Juan** County

11. Elevation *(Show whether DR, RKB, RT, GR, etc.)*
5365 ' GL ' KB

Pit or Below-grade Tank Application ☐ or Closure ☐

Pit type_____ Depth to Groundwater_____ Distance from nearest fresh water well_____ Distance from nearest surface water_____

Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:				SUBSEQUENT REPORT OF:			
PERFORM REMEDIAL WORK	☐	PLUG AND ABANDON	☒	REMEDIAL WORK	☐	ALTERING CASING	☐
TEMPORARILY ABANDON	☐	CHANGE PLANS	☐	COMMENCE DRILLING OPNS	☐	P AND A	☐
PULL OR ALTER CASING	☐	MULTIPLE COMPL	☐	CASING/CEMENT JOB	☐		
OTHER:	☐			OTHER:			☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Redwolf Production is no longer the operator of this well.

The Kelly Family Land Company, Inc., as the operator, desires BHP Billiton San Juan Coal to plug and abandon this well per the attached procedure.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. **I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.**

SIGNATURE John Mercier TITLE Senior. Mine Geologist DATE 10/29/08

John Mercier
Type or print name E-mail address: Telephone No.

For State Use Only

APPROVED BY: Gary G. Robertson TITLE Deputy Oil & Gas Inspector, District #3 DATE NOV 07 2008

Conditions of Approval (if any):

B 11/7

A-PLUS WELL SERVICE, INC.

P.O. BOX 1979
Farmington, New Mexico 87499
505-325-2627 * fax: 505-325-1211

PLUG AND ABANDONMENT PROCEDURE

July 21, 2008

Kelly #1

Undesignated Gallup
990' FSL and 880' FEL, Section 25, T30N, R15W
San Juan County, New Mexico / API 30-045-26494

Note: All cement volumes use 100% excess outside pipe and 50' excess inside. The stabilizing wellbore fluid will be water or drilling mud with sufficient weight to balance all exposed formation pressures. Cement is Class B neat mixed at 15.6 ppg with a 1.18 cf/sx yield or Class B with 18% salt by weight of water (for expansion, MSHA requirement through the mined Fruitland coal zone). .

PROCEDURE:

1. This project will require an approved NMOCD C-144 Form - Pit Application for the use of a steel pit for cement waste.

2. Set a steel waste pit on location. Set a water storage tank on location and fill with fresh water. Set a mud pit and power swivel on location for drilling operations. Have a portable toilet on location. Install and / or test rig anchors.

3. Comply with all **MSHA**, NMOCD, BLM and BHP safety regulations. MOL and RU daylight pulling unit. Conduct safety meeting for all personnel on location. NU relief line and blow down well; kill with water as necessary.

4. Pressure test tubing to 1000 PSI. TOH and LD rods and pump if present.

5. ND wellhead and install BOP and companion flange. Function test the BOP. TOH and tally 2.375" tubing, total 5476'. If necessary, tally and PU a 2.375" workstring. Roundtrip 4.5" casing scraper or gauge ring to 5384' or as deep as possible.

6. **Plug #1 (Dakota perforations and top, 5384' – 5284'):** TIH and set a 4.5" CR at 5384'. Pressure test tubing. Pump 60 bbls water. Mix 12 sx cement and spot a balanced plug inside casing above CR to isolate the Dakota perorations. TOH with tubing.

7. **Plug #2 (Gallup perforations and top, 4474' – 4374'):** TIH and set a 4.5" CR at 4474'. Load the casing with water and circulate well clean. Pressure test casing to 800#. *If casing does not test, spot or tag subsequent plugs as appropriate*. Mix 12 sxs cement and spot a balanced plug inside casing above CR to isolate the Gallup perorations. TOH to 2070'.

8. **Plug #3 (Mesaverde top, 2070' – 1970'):** Mix 12 sxs cement and spot a balanced plug inside the casing to cover the Mesaverde top. TOH with tubing. Test bradenhead.

PLUG AND ABANDONMENT PROCEDURE

July 21, 2008

Kelly #1

Continued:

9. **Rig up Jet West wireline and run a Gamma – Neutron log and a directional survey log from 1000' to surface. Adjust the milling intervals as appropriate from these logs.**

10. TIH with 4.5" CIBP or cement retainer and set at 914', (Note: if CCL log available then set a wireline CIBP). Perforate 4 HSC squeeze holes at 863' to 864'. Establish rate. Perforate 4 HSC squeeze holes at 763' to 764'. Establish rte again.

11. **Plug #4 (914' – 725'):** TIH and tag CR. Load the casing with water and circulate well clean. Mix and spot 32 sxs Class B cement with 18% salt (water weight); TOH with tubing and setting tool; then, hesitate squeeze 16 sx outside casing and leave 16 sx inside casing up to 720'. Shut in well and WOC.

12. Wait on cement. While WOC, pick up a 3.875" mill tooth bit, 6 - 3-1/8" drill collars and the 2.375" drill pipe. TIH and tag cement. If cement is above 725' the dress off the TOC to the appropriate depth (note: TOC must be 5 to 8' below the bottom of the planned milled interval to allow for the nose of the section mill tool). TOH with bit and BHA.

13. PU a 4.5" Section mill and the BHA and TIH. Mill the 4.5" casing from 690' to 720'. TOH and LD the section mill and BH.

14. Perforate 4 HSC squeeze holes at 604' to 605'. TIH and tag top of plug #4.

15. **Plug #5 (Fruitland Coal zones and top, from TOC to 500'):** Pump 10 bbls water ahead of cement. Mix and spot 40 sxs cement with 18% salt (water weight) and spot a balanced plug inside the 4.5" casing from the TOC of plug #4 up to approximately 500' to fill the Fruitland Coal zones. TOH with the tubing. Then squeeze cement to 1000 PSI. Shut in well and WOC. TIH and tag cement.

16. **Plug #6 (Surface casing shoe, 352' to Surface):** Connect the pump line to the bradenhead valve. Pressure test the BH annulus to 300#; note the fluid volume to load. If the BH annulus tests, mix 30 sxs cement with or without 18% salt (water weight) and spot a balanced plug inside the 4.5" casing from 352' up to surface to cover the surface casing shoe. TOH and LD the tubing. Shut in the well and WOC. Fill the 4.5" casing as necessary.
    * If the BH annulus does not test, then perforate (determine the appropriate depth by calculating the annulus TOC). Then set a plug to fill the bradenhead annulus as necessary and the 4.5" casing with cement to surface. TOH and LD tubing. Shut in well and WOC.

17. ND BOP and cut off wellhead below surface. Install P&A marker with cement to comply with regulations. RD, MOL. Cut off anchors and clean up location.

Kelly #1

Current

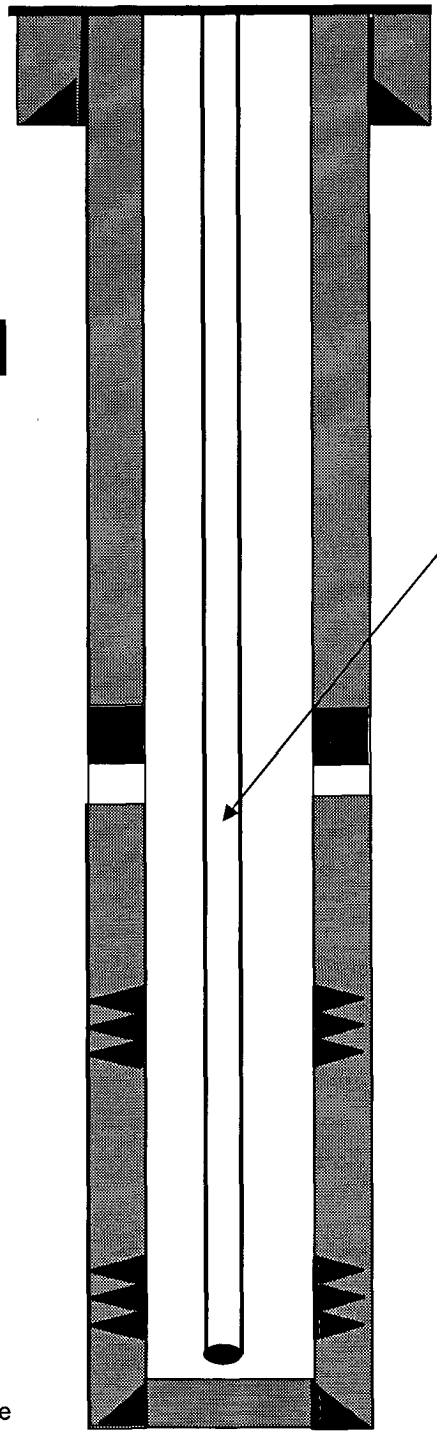
Undesignated Gallup

990' FSL & 880' FEL, Unit P, Section 25, T-30-N, R-15-W

San Juan County, NM / API #30-045- 26494

Today's Date: **7/21/08**

Spud: 7/31/85
DK T&A: 9/12/85
Completion: 9/23/85
Re-Complete: 7/2/05
Elevation: 5365' GI
5380' KB



TOC circulated per 75% Calc, and sundry stated show of cement to surface..

9.625" 36#, K-55 Casing set @ 272'
Cemented with 150 sxs

WELL HISTORY

Sep '85: Set Baker Model "S" drillable CIBP at 5330'.
Sep '88: P&A DK formation by spotting 5 sxs cement above CIBP.
Jul '05: Re-complete well as Dakota / Gallup Commingle.

Fruitland Coal #8 Seam 701' to 714'

Pictured Cliffs @ 890'
* estimate

2.375" tubing at 5476' with rods and pump.

Mesaverde @ 2020'
* estimate

DV Tool set at 3503'
Cement with 555 sxs (1255 cf)

TOC @ 3888' (Calc, 75%)

Gallup @ 4462'
* estimate

Gallup Perforations:
4524' – 4968'

Dakota @ 5380'

Dakota Perforations:
5434' - 5455'

4.5" 10.5 K-55 Casing Set @ 5631'
Cemented with 420 sxs (529 cf)

7.875" hole

TD 5634'
PBTD 5330'

Kelly #1

Proposed P&A

Undesignated Gallup

990' FSL & 880' FEL, Unit P, Section 25, T-30-N, R-15-W

San Juan County, NM / API #30-045- 26494

Today's Date: **7/21/08**

Spud: 7/31/85
DK T&A: 9/12/85
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Elevation: 5365' GI
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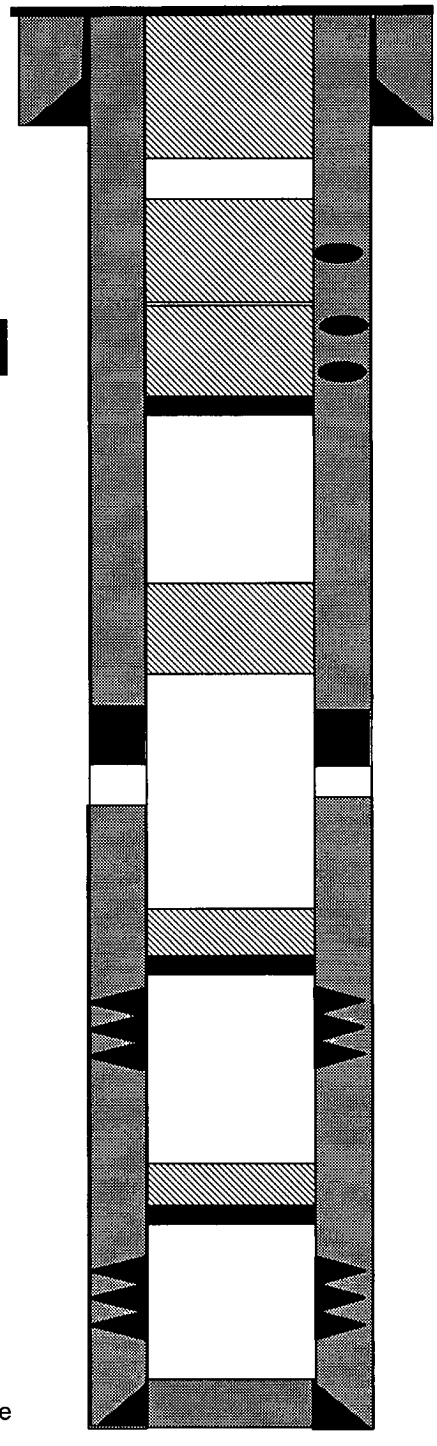

TOC circulated per 75% Calc, and Sundry stated show of cement to surface..

9.625" 36#, K-55 Casing set @ 272'
Cemented with 150 sxs

Plug #6: 352' – Surface
Class B cement, 30 sxs

Perforate @ 604' – 605'

Plug #5: 725' – 500'
Class B cement, 40 sxs
with 18 % salt

Fruitland Coal #8 Seam 701' to 714'

Perforate @ 763' – 764'
Perforate @ 863' – 864'
Set CIBP @ 914'

Pictured Cliffs @ 890'
* estimate

Plug #4: 914' – 725'
Class B cement, 32 sxs,
with 18% salt: 16 sxs
outside and 16 sxs inside

Mesaverde @ 2020'
* estimate

Plug #3: 2070' – 1970'
Class B cement, 12 sxs

DV Tool set at 3503'
Cement with 555 sxs (1255 cf)

TOC @ 3888' (Calc, 75%)

Plug #2: 4474' – 4374'
Class B cement, 12 sxs

Set CIBP @ 4474'

Gallup @ 4462'
* estimate

Gallup Perforations:
4524' – 4968'

Plug #1: 5384' – 5284'
Class B cement, 12 sxs

Set CIBP @ 5384'

Dakota @ 5380'

Dakota Perforations:
5434' - 5455'

4.5" 10.5 K-55 Casing Set @ 5631'
Cemented with 420 sxs (529 cf)

7.875" hole

TD 5634'
PBTD 5330'