Form 3160-5
(August 2007)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010

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.

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

5. Lease Serial No
NMSF079244A

6. If Indian, Allottee or Tribe Name

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

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

8. Well Name and No.
GALLEGOS CANYON UNIT 36

2. Name of Operator
BP AMERICA PRODUCTION CO
Contact: CHERRY HLAVA
E-Mail: hlavacl@bp.com

9. API Well No.
30-045-07330-00-S1

3a. Address
HOUSTON, TX 77253

3b. Phone No. (include area code)
Ph: 281-366-4081

10. Field and Pool, or Exploratory
BASIN FRUITLAND COAL
WEST KUTZ PICTURED CLIFFS

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
Sec 19 T28N R12W SENE 1758FNL 1013FEL
36.65007 N Lat, 108.14690 W Lon

11. County or Parish, and 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			
☒ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☐ Other
	☐ Change Plans	☐ Plug and Abandon	☒ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ 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 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.)

KF

JULY COMPLIANCE WELL

RCVD OCT 28 '09
OIL CONS. DIV.
DIST. 3

Because this well has uphole potential it is not desirable to plug it. Instead of plugging BP respectfully requests permission to T&A said well.

Per our conversation with Jim Lovato on 10/26/09 it is our intent to set a bridge plug, run MIT and place in T&A status for 1 year per the attached procedure with wellbore diagrams.

Should you have any questions please call Nona Morgan @ 281-366-6207.

- This authorization will serve as a TA approval only. If permanent abandonment is required, cement must be spotted on top of CIBP currently set @ 1286' & 1424'

14. I hereby certify that the foregoing is true and correct
Electronic Submission #76303 verified by the BLM Well Information System
For BP AMERICA PRODUCTION CO, sent to the Farmington
Committed to AFMSS for processing by JIM LOVATO on 10/27/2009 (10JXL0011SE)

Name *(Printed/Typed)* CHERRY HLAVA — Title REGULATORY ANALYST

Signature (Electronic Submission) — Date 10/26/2009

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By JIM LOVATO — Title PETROLEUM ENGINEER — Date 10/27/2009

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.

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

PER CONVERSATION WITH NONA MORGAN 10-28-09, BP WILL REVISE AND RE-SUBMIT PROCEDURE TO INCLUDE 150' OF ADDITIONAL CEMENT @ 761' KF

NMOCD

SJ Basin Well Work Procedure

Temporary Abandonment

API #: 3004507330

Well Name:	**GCU 36**	
Location:	**T28N-R12W-Sec19**	
County:	San Juan	
State:	New Mexico	
Pipeline:	Enterprise	
Horizon:	FT	Engr: Nona Morgan
CO2%:	1.33%	ph (281) 366-6207
H2S:	Yes	fax (281) 366-7099
		Cell (713) 890-2002

Objective: Cement Squeeze for Holes in Casing

1. Check pressures and monitor carefully for Hydrogen sulfide gas.
2. Cleanout wellbore
3. RIH and set RBP at 340'
4. RIH with workstring and spot cement at ~330'
5. Squeeze holes. WOC
6. Notify BLM & NMOCD
6. Pressure test casing and run MIT
7. If casing passes, RDMO. Otherwise proceed with permanent plug & abandonment

Well History: Spud date is 05/1953. 8/2002 - Fish and replace holey tubing. Perform cleanout. 11/2006 - Attempted to swab well, no fluid found. 12/2006 Pulled tubing, ran scraper across perfs, tag for fill, no fluid 2/14/07 - Ran flowing gradient survey, no fill, no fluid indicated. 4/2008 - Acid and methanol treatment.

Preparations

Wellsite Preparations and Agency Notifications:

NOTE: THIS WELL PRODUCED H2S DURING THE LAST INTERVENTION. TAKE SAFETY PRECAUTIONS!!! PROPER PPE SHOULD BE WORN ALONG WITH WELL CALIBRATED H2 S MONITORS

1. Notify the following Inspectors 48 hours before working on the well;

   Charlie Perrin 505-334-6178 ext.11 or Kelly Roberts 505-334-6178 ext. 16 (NMOCD)
   Steve Mason/ Jim Lovato 505-599-6364 (BLM)

2. Perform pre-rig site inspection. Per Applicable documents, check for:
   (1) size of location, (2) gas taps, (3) other wells, (4) other operators, (5) production equipment, (6) wetlands, (7) wash (dikes requirements), (8) H2S, (9) barriers needed to protect equipment, (10) landowner issues, (11) location of pits (buried or lines in pits), (12) raptor nesting, (13) critical location, (14) check anchors, (15) ID wellhead, etc. Allow 48 hours for One Call if earth pit is required.

3. Identify wellhead for proper flange connections and BOP equipment.

4. Work with GCU through CoW and w/P&S to develop a plan to move or temporarily relocate equipment that prohibits well servicing/plugging objectives.

5. Notify land owners with gas taps on well.

6. Perform and second site visit after lines are marked to ensure all lines locations are clearly marked and that Planning & Scheduling has stripped equipment and set surface barricades as needed.

7. Properly lock out/tag out any remaining production equipment. Ensure all necessary production equipment is isolated (LOTO) including, but not limited to th

8. **CAREFULLY** - Check gas H2S content and treat if the concentration is > or equal to 10 ppm/Treat for H2S, if necessary per H2S Wells NOTICE. It may be necessary to work with Baker Petrolite to treat with H2S scavengers prior to working on this well again.

9. Hold safety meeting and perform JSA. Complete necessary paperwork and risk assessment.

10. Check and record tubing, casing and bradenhead pressures daily. Ensure production casing and bradenhead valves are double valved. Double valve all casing strings. Check lock down pins on hanger.

11. Pressure test tree and hanger to 200 psi above SITP. Make up 3" flowback line, if necessary and blow down well. Kill with 2% KCL water or fresh water, as necessary. Check all casing strings to ensure no pressure exist on any annulus.

12. Check that mechanical barriers plugs/bpv in tubing and tubing hanger or install "G" Packoff are set.

13. Blowdown and kill tubing and casing strings.

<u>Spot Cement plug and squeeze.</u>

14. RIH w/ RBP and set at 340'.

15. RIH w/ open-ended 2-3/8" workstring to 330'. Spot 3-4 bbls of cement on top of plug. Squeeze. WOC.

16. Close blind rams and pressure up to 500 psi. Check that pressure holds. If not, spot 1 - 2 more bbls of cement and pressure up to 500 psi and check that pressure holds. *(Contact Engineer & BLM if can't get pressure to hold and see what are other options.)*

NOTE: DO NOT DRILL OUT CEMENT PLUG located at 30'-330'

17. Otherwise prepare to perform MIT.

Perform MIT as per Regulatory Requirements 19.15.4.203 for Temporary Abandonment Approval

18. Load hole and circulate out any produced fluids. Pressure test wellbore to 500 psi for 30 minutes. Monitor bradenhead for indications of communication while this is being done.

    - Make sure all the necessary witnesses are present from regulatory agencies during the integrity tests
    - All casing valves should be opened before during and or immediately after the 30 minute pressure test
    - Pressure drop should not be more than 10% over a 30 minute period.
    - Use a chart recorder to record the results of the MIT with a maximum 2-hr clock and max 1000 psi spring which has been calibrated recently as per regulatory guidelines.
    - Make sure all witnesses to the test sign the chart. Submit chart to Cherry Hlava for subsequent submittal of C-103 form for approval of the T&A.

19. At any point, if the tests fails consult with engineer and BLM/ NMOCD to take next steps. Note that there has been a history of casing problems with this well.

    Prepare to permanently plug and abandon well.

Shut-In Wellbore :

20. Once approval given by Regulatory to T&A the well, pump casing to load hole with inert fluid
21. Follow log out/tag out procedures for well and surface equipment.
22. Leave well shut in. RD MO service unit.
23. Restore location as necessary.

Current wellbore

bp

Gallegos Canyon Unit 36
Fruitland Coal
API # 30-045-07330
Sec. 19-28N-12W "H"
San Juan County, New Mexico

DF 5695

flow lines disconnected at surface 8/24/2009

MIT did not pass on 8/22/2009

diagram corrected 8/31/2009 to open hole (O H)

History
Spud Date- 5/1953
Acidize & Methanol Treatment 4/17/2008
(Last H2S reading was 175 ppm, prior to Baker Treatment)
Acid Treatment 6/5/2007
Cleanout fill 12/13/2006
Fish holey tubing & cleanout wellbore 8/2002
Workover 1991- Recompletion to FC, Abandon PC

12.5" hole
10.75",32.7#, @ 82
Cmt w/ 100 sks

Location of holes in casing found at 225-228' 8/04/2009
(attempted squeeze 8/24/2009) - did not hold

Note in 4/2008 . Well was not rodded up, ran into an H2S problem; no fluids

Formation Tops

Fruitland Coal	1405'	(8/2009)
Pictured Cliffs	1475'	cement plug not drilled out at 775'

Squeeze holes shot 8/5/2009 at 775' to repair BH leak
BH repair is holding, but squeeze holes leaking
TOC found at 807' by CBL on 8/3/2009

CIBP set @ 1286' (8/2009)

Fruitland Coal
Fraced w/ 37,000 gals 30# x-link gel
85,860# of 20/40 Sand
25 BPM

Fruitland Coal Perfs
1386-1405 4 SPF

CIBP set @ 1424' in 1991

Casing
7" 20# K-55 @ 1425'

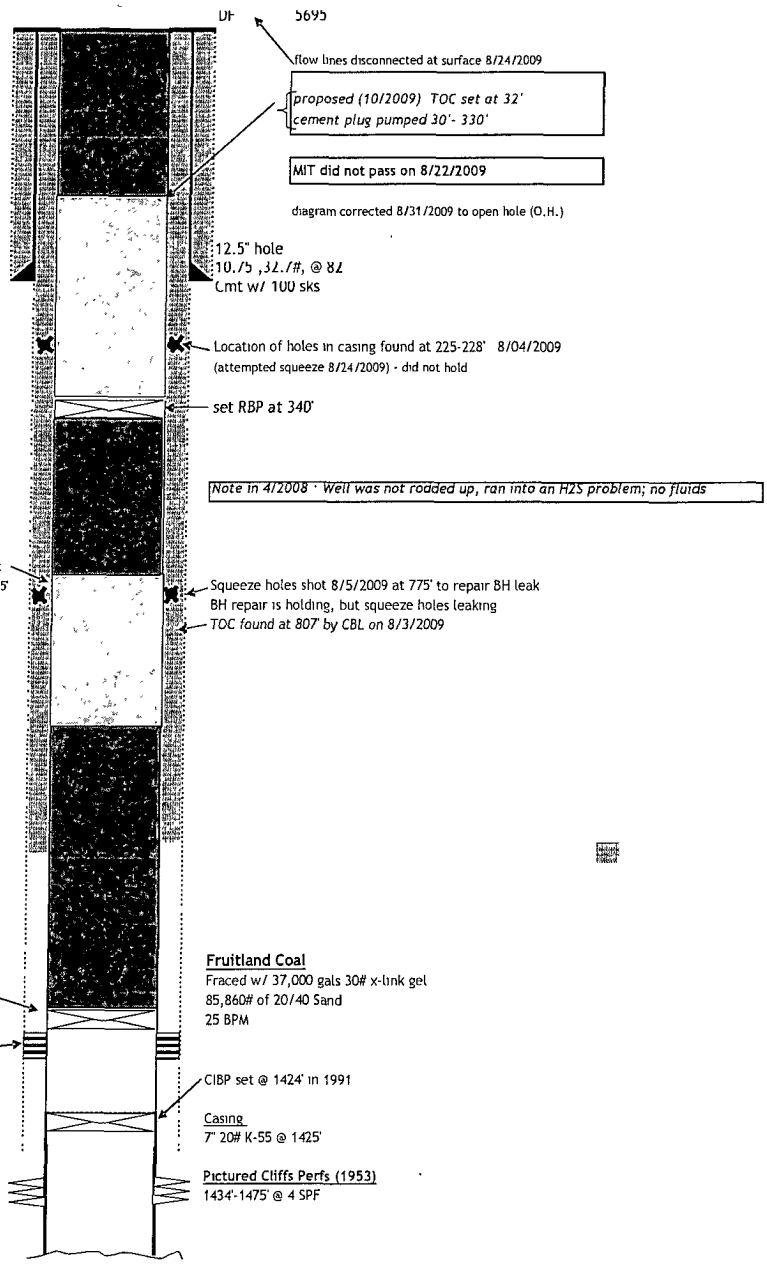
Pictured Cliffs Perfs (1953)
1434'-1475' @ 4 SPF

PBTD. 1422
TD: 1475
NFM 4/17/2008

Proposed T&A wellbore

bp

Gallegos Canyon Unit 36
Fruitland Coal
API # 30-045-07330
Sec. 19-28N-12W "H"
San Juan County, New Mexico



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PBTD: 1422
TD: 1475
NFM 4/17/2008