Form 3160-5 (August 1999)

UNITED STATES DEPARTMENT OF THEATHTERIOR BUREAU OF LAND MANAGEMENT

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

SUNDRY NOTICES AND RÉPORTS'ON WELLS

Lease Serial No. SF+080213

Do not use this form for proposals to drill or to re-enter an

If Indian, Allottee or Tribe Name

| abandoned wen. Ose Form 5100-5 (AFD) | TO OTHER PROPERTY. | 温 12・1 1 | |
|--|---|---|--|
| SUBMIT IN TRIPLICATE - Other instruc | 7. If Unit or CA/Agreement, Name and/or No. | | |
| 1. Type of Well | 1000 Orn 17 (Carming) | Rincon Unit | |
| Oil Well Gas Well Other 2. Name of Operator | | 8. Well Name and No. Rincon Unit No. 230 | |
| Pure Resources, L. P. | | 9. API Well No. 30-039-22643 | |
| 3a. Address 500 W. Illinois Midland, Texas 79701 | 3b. Phone No. (include area code) (432)498-8662 | 10 Field and Pool, or Exploratory Area | |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description 970' FSL & 790' FWL UL M, Sec. 28, T-27-N, R-7-W | Chacra Fool 11. County or Parish, State Rio Arriba | | |
| | | NM | |
| 12. CHECK APPROPRIATE BOX(ES) TO | INDICATE NATURE OF NOTICE, RE | PORT, OR OTHER DATA | |

| TYPE OF SUBMISSION | TYPE OF ACTION | | | | |
|---|--|---|--|---|--|
| ☒ Notice of Intent☐ Subsequent Report☐ Final Abandonment Notice | Acidize Alter Casing Casing Repair Change Plans Convert to Injection | Deepen Fracture Treat New Construction Plug and Abandon Plug Back | ☐ Production (Start/ Resume) ☐ Reclamation ☐ Recomplete ☐ Temporarily Abandon ☐ Water Disposal | ☐ Water Shut-Off ☐ Well Integrity ☐ Other | |

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 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.)

This Sundry is in response to BLM Letter dated November 25, 2003 and is to convey Pure Resources, L. P.'s intent to Plug and Abandon this wellbore per the attached procedures between May 1st and June 1st, 2004. This will allow us time to prepare an AFE cost estimate to do this work and acquire Working Interest Owner approval and line up a workover/plugging rig to do the work in and around weather and other timing constraints.

If this Sundry's proposed timing to complete this work is not appropriate and/or the proposed procedure requires adjustments or modifications, please contact myself (the undersigned) or Libby Einhorn-Engineer @ (432)-498-8628.

(SEE ATTACHED PLUG & ABANDONMENT PROCEDURE)

| 14. I hereby certify that the foregoing is true and correct Name (Printed/Typed)Alan W. Bohling | Title Regulatory Analyst | |
|--|------------------------------|--------------|
| Deanh. Bohling | Date 12/22/2003 | |
| | OR FEDERAL OR STATE OFFICE U | SE |
| Approved by Original Signed: Stephen Mason | Title | JAN 0 9 2004 |
| Conditions of approval, if any, are attached. Approval of this notice certify that the applicant holds legal or equitable title to those rights which would entitle the applicant to conduct operations thereon. | | |

fraudulent statements or representations as to any matter within its jurisdiction.

Pure Resources Draft Plug & Abandon Procedure Rincon Unit 230

Pure Resources
Completion Procedure
Rincon Unit 230
API# - 30-039-22643
970' FSL & 790 FWL Sec 28 T27N R7W
GL 6746'
Largo Chacra Field
Rio Arriba County, New Mexico
December 19, 2003

History and/or Description of Work:

This well was originally drilled and completed by El Paso Natural Gas Company in the Chacra in August 1981. Initial production was 391 MCFPD with a shut in casing pressure of 927 psi. A bottom hole pressure survey was run in October 1990, the maximum recorded bottom hole pressure was 495 psi at 3970'. Cumulative Chacra production is 234,993 BO. This well has a casing leak close to the surface between the 8-5/8" surface casing and the 2-7/8" production casing. According to a letter from the BLM dated November 25, 2003, the well has not produced since November 2000. The BLM letter requires Pure to submit a Sundry Nitoce within 30 days outlining our plan for the well. The recommendation for this well is to plug and abandon. The attached procedure should be used to obtain sundry approval for the work, it will also be used to generate a cost estimate and then a P&A AFE to circulate to partners. Upon internal approval, OCD/BLM approval and WIO approval, this well will be plugged and abandoned

Well Data:

Casing Detail:

| Casing String | Setting Depth | Size | Wt | Grade | Drift | Cement | Burst psi | Collapse psi |
|------------------|------------------|--------|------|-------|--------|---|--------------|-----------------|
| Surface | 133' | 8.625" | 24# | J-55 | | Cmt with 106 cf, cmt circ | | |
| Production | 4094' | 2.875" | 6.4# | J-55 | 2.347" | Cmt with 106 cf, TOC 900' PBTD ± 4084' | 7260 | 7680 |

Existing Perforations & Treatment HIstory:

Chacra perforated 3863' - 4068' on 6/16/81 with 8 holes 1 spf

Chacra perfs were acidized and balled out 6/16/81 with 1000 gal 15% HCl, and then frac'd with 68,000 gals water based fluid carrying \pm 62,000 lbs 20/40 sand. Average treating rate 16 BPM, maximum sand concentration 1 ppg, maximum treating pressure 4000 psi.

Reported Formation Tops

| Ojo Aamo | 2083' |
|-------------|-------|
| Fruitland | 2678' |
| Pic. Cliffs | 2991' |
| Chacra | 3852' |

Rincon Unit 230 Draft Plugging Procedure:

- 1) RU Electric line including lubricator rated in excess of 500 psi, maximum shut in pressure will not be over 500 psi. PU 5K CIBP for 2-7/8" 6.4 # tbg, RIH and set at ± 3850' above the **Chacra perfs**. PU dump bailer and dump at least 50' of cmt on top of CIBP (Note 50' in 2-7/8" 6.4# is ± 8 gal).
- 2) PU 5K CIBP for 2-7/8" 6.4 # tbg, RIH and set at ± 2985' above the Pic Cliff interval. PU dump bailer and dump at least 50' of cmt on top of CIBP (Note 50' in 2-7/8" 6.4# is ± 8 gal).
- 3) PU 5K CIBP for 2-7/8" 6.4 # tbg, RIH and set at ± 2075' above the Ojo Alamo interval. PU dump bailer and dump at least 50' of emt on top of CIBP (Note 50' in 2-7/8" 6.4# is ± 8 gal).
- 4) Attempt to pick up on 2-7/8" production casing and pull stretch to get an indication of free pipe. TOC is indicated by an old temperature survey at 900'. PU and RIH to ± 850', or a depth adjusted by the stretch. Pull tension in 'csg' and attempt to cut. POH with wireline tools. Attempt to move tbg to ensure it is free, and pull several jts.
- 5) RU BJ Services to surface/production csg annulus, and to production casing. Apply pressure to surface/production casing annulus if possible. Establish injection down 2-7/8". Pump cement to fill hole, use pressure as an indicator and pull 2-7/8" up, and cement again. Spot cement all the way out of the hole by pulling tbg and spotting cement. Intent is to fill hole with cement from ± 900'-850' to the surface.

6) Weld cap on 8-5/8" head. Clean location and plan to initiate remiediation. Report on drilling report that well has been P&A'd, and an as of date.

Hecd . 12/1/03 AWG



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office 1235 La Plata Highway, suite A Farmington, New Mexico 87401

IN REPLY REFER TO:

NMSF-080213 (WC) 3162.3-2 (7100)

November 25, 2003

Mr. Mike Phillips Pure Resources, L.P. 500 W. Illinois Midland, TX 79701

Dear Mr. Phillips:

Our records indicate that you are the operator of the following well:

1) No. 230 Rincon Unit located 970' FSL & 790' FWL sec. 28, T. 27 N., R. 7 W., San Juan County, New Mexico, Lease NMSF-080213. Well has not produced since November, 2000.

Title 43 CFR Section 3162.3-4 requires that the lessee shall promptly plug and abandon, condition as a service well, or condition as a water well, any well on a lease that is not used or useful for the purpose of the lease. Accordingly, you are required to advise this office by Sundry Notice within 30 calendar days of your intent to perform one of the following: a) Condition the well to a useful function, b) Temporarily abandon the well, c) Continued shut-in status, d) Permanently plug and abandon the well.

See attached General Requirements for Non-Producing wells on Federal leases.

The 30 calendar days commences upon receipt of this letter or seven days from the date it is mailed, whichever is less. Failure to comply within the 30 calendar days may result in an assessment in accordance with 43 CFR 3163.1.

Under provisions of 43 CFR 3165.3, you may request an Administrative Review of the orders described above. Such request, including all supporting documents, must be filed in writing within 20 business days of receipt of this notice and must be filed with the State Director, Bureau of Land Management (NM-93000), P. O. Box 27115, Santa Fe, New Mexico 87502-0115. Such request shail not result in a suspension of the order(s) unless the reviewing official so determines. Procedures governing appeals from instructions, orders or decisions are contained in 43 CFR 3165.4 and 43 CFR 4.400 *et seq*.

If you have any questions, please contact Stephen Mason with this office at (505) 599-6364.

Sincerely,

Stephen Mason

Petroleum Engineer, Petroleum Management Team

1 Attachment

General Requirements for Non-Producing Wells On Federal Oil and Gas Leases

- I. TEMPORARY ABANDONMENT: A temporarily abandoned well is defined as a completion that is not capable of production in paying quantities but which may have value as a service well. Pursuant to 43 CFR 3162.3-4(c), no well may be temporarily abandoned for more than 30 days without the prior approval of the Authorized Officer. When justified by the operator, the Authorized Officer may authorize additional delays, no one of which may exceed an additional 12 months.
- A. Any temporary abandonment request must be submitted on a Sundry Notice (Form 3160-5) and include the following:
- 1. Justification why the well should be temporarily abandoned rather than permanently plugged and abandoned.
 - 2. Description of the temporary abandonment procedure.
 - 3. A complete wellbore diagram shown as temporarily abandoned.
- 4. The anticipated date the operations will occur. Mike Flaniken, Supervisory, Oil and Gas Inspector, MUST BE NOTIFIED A MINIMUM OF 48 HOURS PRIOR TO COMMENCING ANY ABANDONMENT SO THAT THE OPERATIONS MAY BE WITNESSED. (505/599-8907)
- B. The following terms and conditions will apply to all wells approved for temporary abandonment:
- 1. The temporary abandonment method must provide for the installation of an isolation device (such as a retainer or bridge plug) within 50' to 100' of the top perforation or a cement plug that extends at least 50 feet above each set of open perforations. Unless prior approval is granted by the Authorized Officer, the well bore must be filled with conditioned, non-corrosive fluid and shut-in at the surface. If a cement plug is used, the top of the cement must be verified by tagging. If the wellbore had more than one producing horizon, the lower set(s) of perforations or open hole must meet the requirements for permanent plug to abandonment, unless justification is provided by the operator not to do so.
- 2. A test demonstrating casing mechanical integrity is required. An approved method is a pressure test of the casing and uppermost plug. The pressure test conduted shall be a minimum of 500 psi surface pressure with less than 10 percent pressure drop within thirty (30) minutes. In no event shall the pressure test required exceed seventy (70) percent of the internal yield of the casing. In the case of a plug or casing failure, the operator shall either correct the problem or plan to plug and abandon the well. Alternative methods demonstrating casing mechanical integrity may be approved by the Authorized Officer on a case-by-case basis.
- 3. A bradenhead test will be conducted. If the test indicates a problem exists, a remedial plan and a time frame for remediation will be submitted within ninety (90) days from the date of the test.
- C. A subsequent report Sundry Notice (Form 3160-5) is required to be submitted within thirty (30) days upon the completion of the work.
- D. Approval will be granted for one (1) year and renewed annually, upon receipt of a proper request. All temporarily abandoned wells are required to demonstrate casing mechanical integrity every five (5) years, unless the Authorized Officer determines, on a case-by-case basis, more frequent testing is required.

- II. SHUT-IN WELL: A shut-in well is defined as a completion that is physically and mechanically capable of production in paying quantities or capable of service use. No well may be shut-in for more than one (1) year without prior approval from the Authorized Officer. Any well with a known or suspected casing leak is to be repaired immediately.
- A. Any request for continued shut-in status must be submitted on a Sundry Notice (Form 3160-5) and include the following:
- 1. Justification why the well should be shut-in rather than activated as a producer or a service well.
- 2. The anticipated date(s) that casing mechanical integrity and/or production testing will occur. Mike Flaniken, Supervisory, Oil and Gas Inspector, MUST BE NOTIFIED A MINIMUM OF 48 HOURS PRIOR TO COMMENCING ANY TESTING SO THAT THE TEST(S) MAY BE WITNESSED. (505/599-8907)
- B. The following terms and conditions will apply to all wells approved for continued shut-in:
- 1. Approved shut-in wells are to demonstrate casing mechanical integrity initially and thereafter every five (5) years. An approved method is to pressure test. The test pressure shall be a minimum of 500 psi surface pressure with less than 10 percent pressure drop within 30 minutes. In no event shall the pressure test required exceed seventy (70) percent of the internal yield of the casing. If the casing fails, it is required that the casing be repaired or the well plugged and abandoned. Alternative methods demonstrating casing mechanical integrity may be approved by the Authorized Officer on a case-by-case basis.
- 2. Approval for shut-in is also contingent upon conducting a production verification test. A production test will be conducted for a period of 24 hours. Depending on the circumstances, the Authorized Officer may require a longer test period, or may approve a shorter test period, to demonstrate the well's ability to produce in paying quantities. Supporting documents will be submitted with the request. Recent production history demonstrating production capabilities may be accepted in lieu of conducting the test.
- 3. A bradenhead test will be conducted and if the test indicates a problem exists, a remedial plan and a time frame for remediation will be submitted within ninety (90) days of the test.
- 4. Close all valves on the wellhead. All disconnected lines shall have bull plugs installed.
- 5. For oil wells with pump jacks, the operator will be allowed to leave the pump and rods in the hole and close all valves at the surface. The operator must request approval to remove the pumping unit before it is removed.
- C. A subsequent report Sundry Notice (Form 3160-5) is required to be submitted within thirty (30) days upon the completion of the work.
- D. Shut-In approval will be granted for a one (1) year period. A period of up to five (5) years may be granted by the Authorized Officer, with justification.
- All of the above are minimum requirements. Failure to comply with the above conditions of approval may result in an assessment for noncompliance being issued pursuant to 43 CFR 3163.1. You are further advised that any instructions, orders, or decisions issued by the Bureau of Land Management are subject to administrative review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4 and 43 CFR 4.700.