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
NMSF078046

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.
HUGHES LS 23

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

9. API Well No
30-045-21169-00-S1

3a. Address
200 ENERGY COURT
FARMINGTON, NM 87401

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

10. Field and Pool, or Exploratory
BLANCO PICTURED CLIFFS

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
Sec 29 T29N R8W NWSW 1480FSL 0800FWL
36.69354 N Lat, 107.70557 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.)

Due to no further up hole potential & low well pressures for the above mentioned well, BP respectfully request permission to P&A the entire wellbore.

Please see attached P&A procedure.

RCVD JUL 15'10
OIL CONS. DIV.
DIST. 3

14. I hereby certify that the foregoing is true and correct.
Electronic Submission #89234 verified by the BLM Well Information System
For BP AMERICA PRODUCTION CO., sent to the Farmington
Committed to AFMSS for processing by STEVE MASON on 07/13/2010 (10SXM0234SE)

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

Signature (Electronic Submission) — Date 07/08/2010

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By STEPHEN MASON — Title PETROLEUM ENGINEER — Date 07/13/2010

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 ****

NMOCD

BP - San Juan Wellwork Procedure

Hughes LS 23 - PC

General Information:

Formation:	PC	**Job Objective:**	Pump chg, possible tbg chg
Project #:	X6-003JY	**Date:**	7/7/10
Intervention Engineer:	Trevor McClymont	**p.** 281.366.1425	**c.** 701.770.6879
Production Contact:	Naomi Valenzuela	**p.** 505.326.9221	
Optimizer:	Mike Mcmahen	**p.** 505.326.9231	
Base Engineer:	Amy Adkison	**p.** 281.366.5721	**c.** 281.610.8821

Well Information:

API Number:	30-045-21169
BP WI:	
Run #:	30
Lease FLAC:	
Well FLAC:	
Surface Location:	Unit L- Sec 29 - T29N – R08W
GPS Coordinates	lat 36.69354 long 107.70557
Meter #	
Cost Center:	1000151126
Compressed (Y/N):	No
Restrictions:	No
Regulatory Agency:	BLM / NMOCD

Production Data:

Tubing Pressure:	No tubing
Casing Pressure:	100 psi
Line Pressure:	100 psi
Pre-rig Gas Rate:	0
Anticipated Uplift:	0
Water Rate:	
CO2 (%):	
H2S (PPM):	
Gas BTU:	
Specific Gravity	
Artificial Lift Type:	Slim hole

Basic Job Procedure:

1. Set CIBP @ 2900'
2. Pressure test 2-7/8" casing
3. Load hole with water. (Wait 24-48 hours for air/gas to separate.)
4. Run CBL
5. Cement 2900' to 1740' (CBL dependent)
6. Perf @ 181' and cement surface plug from 181' to surface inside and outside.

Well History:

Spud Date 1973
Well Service: Wireline tagged on 6/16/2009
Ran impression block and tagged fill at 3060'. No solid fluid level.
Note: Lots of black coal fines-lookingstuff on the line. Black stuff packed off lubricator. Retrieved sample.

The well is no longer economical to continue to produce due to low pressure and inability to economically artificially lift the well.

Safety and Operational Details:
ALL work shall comply with DWOP and E&P Defined Operating Practice.

Standard Location Work:

1. **Notify BLM (505) 599-8907 & NMOCD (505) 334-6178 x16 Kelly Roberts 24 hours prior** to beginning operations P&A process to ensure scheduling of personnel to witness CBL results and cement placement.
2. Perform pre-rig site inspection, size of location, gas taps, other wells, other operators, running equipment, wetlands, wash, H2S barriers if needed for equipment. Landowner issues, buried lines in pits, raptor nesting, critical location, check anchors. Check ID wellhead, determine if equipment is acceptable or obsolete and replace if necessary, if digging is required have One Call made 48 hours. Follow ground disturbance policy.

3. Perform second site visit, checking anchors and barriers if needed. Ensure lines are marked so that they clearly designate pit locations. Discuss and turnover handover sheet with someone from operations team and wells team. LOTO all necessary equipment including but not limited to: meter run, automation, separator, and water line.

E- Line Procedure:

4. Hold pre-job safety meeting and discuss JSA with everyone on location. JSA should cover: heavy lifts, pinch points, location hazards, pressure hazards, proper PPE and 8 golden rules of safety/IIF. Make sure everyone has preformed their LOTO and knows they have the right to stop the job.

5. Move in Wireline unit, equipment and crew. Be sure to fill out necessary work orders. Wireline must perform LOTO and JSA. RU unit with wireline lubricator and BOP. Pressure test lubricator and BOP to 250 psi for 5 minutes and 500 psi full test. Chart results and record passing test in OpenWells.

6. RU e-line. Run gauge ring down to top of perforation to ensure wellbore is clear and CIBP will set.

7. RIH with CIBP and set 40' above perforation +/- 2900'.

8. Load well with fluid and pressure test casing to 500 psig and hold undisturbed at 500 psig for 30 minutes. This will confirm integrity of casing and is in line with DWOP Section 24.1 "Working with Pressure". Chart results and record passing test in OpenWells.

9. Relieve pressure to blow down tank and allow for sufficient time for air/gas to separate in well bore to assure accurate CBL readings.
   **Wait 24-48 to allow air/gas to separate from wellbore to ensure good CBL*

10. Run CBL tool to confirm top of cement (TOC). Report TOC to Engineer and regulatory agency representatives. Contact engineer to discuss steps forward.

11. Rig down e-line unit

Coil Procedure:

12. Hold pre-job safety meeting and discuss JSA with everyone on location. JSA should cover: heavy lifts, pinch points, location hazards, pressure hazards, proper PPE and 8 golden rules of safety/IIF. Make sure everyone has preformed their LOTO and knows they have the right to stop the job.

13. Check and record casing pressure, intermediate, and Bradenhead pressures. Record all pressures into OpenWells. Notify engineer if Bradenhead pressures exist. Check gas H2S content and treat if the concentration is > or equal to 10 ppm.

14. MIRU Service rig and equipment.

15. Make certain double casing valves are installed. Spot and lay 3" line and tank.

16. Ensure no gauge pressure on wellhead.

17. Hold pre-job safety meeting and discuss all JSA's with all BP and third party personnel. The Pre-job safety meeting should cover: heavy lifts, pinch points, location hazards, pressure hazards, and proper PPE.

19. RU CTU.

20. Under DWOP 15.5.1 a risk assessment must be conducted for use of coil tubing using threaded connection. That assessment is being coordinated by the Houston office and the following steps should be taken to mitigate risks:
    i. Ensure sufficient kill fluid is available on location (19 bbl)
    ii. Visually inspect threaded connections for damage or leaks
    iii. Check vertical alignment of CT BOP stack and wellhead to minimize stress on wellhead connections
    iv. Ensure extra fittings and connections are available and have been shop tested
    v. Rig up kill line to BOP stack for well control in case of threaded connection failure.

21. Fully function and pressure test BOP's to 250-psi low-pressure test, 500-psi high-pressure test. Dual flapper check valves should be run above BHA. If dual flapper check valves are not used a detailed and current assessment of risks, mitigations and contingency responses should be refer to, or a local standard operating practice.

22. RIH with coil-tubing to 2900' +/- and spot balanced cement plug of 1160' (~7.0 bbls)of G-Class cement inside 2-7/8" casing from 2900' – 1740'. This will cover the Picture Cliff and Fruitland Coal.

    Capacity of 2 7/8" : 0.0325 ft3/ft
    Plug 2900' – 1740' → 1160' + 50'excess → **39.3 ft3**

23. Move in Wireline unit, equipment and crew. Be sure to fill out necessary work orders. Wireline must perform LOTO and JSA. RU unit with a lubricator with pump in sub that can accommodate perf gun.
→ Plug Nacimiento from 626'-526' inside & outside 2⅞" casing.
24. RIH with perforating gun and perforate the 2-7/8" at 181'. (1.56" perforating guns with 6spf, 60° phasing charges)

25. POOH, rig down wireline

26. RU pump truck. Establish circulation with water. Once circulation is established, pump and circulate cement from 181' to surface' behind 2-7/8" casing (~9.1bbls). Pump additional cement from **181'** to surface inside of casing (~1.0bbls)This will place cement around the bottom of the 8-5/8" surface casing shoe to surface and both inside and behind the 2-7/8" casing.

    Capacity of 2 7/8" x 6 3/4" -- 0.2034 ft^3/ft OH
    Plug 181 - 131 → 50' → 10.2 ft^3
    Capacity of 2 7/8" x 8 5/8" -- 0.3125 ft^3/ft
    Plug 131' -surface → 131' → 40.9ft^3
    Capacity of 2 7/8" -- 0.0325 ft^3/ft
    Plug 552 - surface → 552' → 5.9 ft3
    Total Plug → **57.0 ft^3**

    **The cement volumes to place on the outside of the 2-7/8" are estimates; more may be required to circulate cement to surface.*

27. Perform underground disturbance and hot work permits. Cut off tree.

28. If cement cannot be seen on all annulus and casing strings remedial cementing will be required from surface. Watch for cement fall back or seepage. All annulus and casings must be full of cement with no fall back prior to installing abandonment marker.

29. Install well marker and identification plate per regulatory requirements.

    BP American Production Co.
    Hughes LS 23
    API 30-045-21169
    Unit letter L, Sec 29, T29N, R08W
    1480 FSL, 800 FWL
    San Juan, NM
    Picture Cliffs Formation
    Federal Lease number: SF 078046
    P&A date - TBD

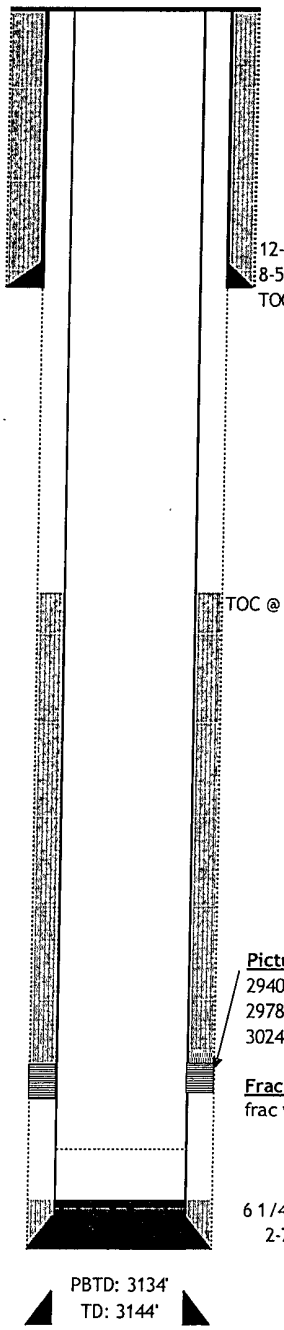
30. RD and release all equipment.
31. Ensure all reports are loaded into OpenWells. Print out summary of work and place in well file. Notify Sherri Bradshaw (505-326-9260) and Cherry Hlava (281-366-4081) of completed P&A

Current Well Bore Diagram

bp

Hughes LS 23
Pictured Cliffs
API # 30-045-21169
Unit L - Sec 29 - T29N - R08W
San Juan County, New Mexico

History
Completed well in 1/73
Wireline tagged on 6/16/2009
Ran impression block and
tagged fill at 3060'. No solid fluid level.
Note: Lots of black coal fines-looking
stuff on the line Black stuff packed
off my lubricator Retrieved sample.



Fomration Tops:

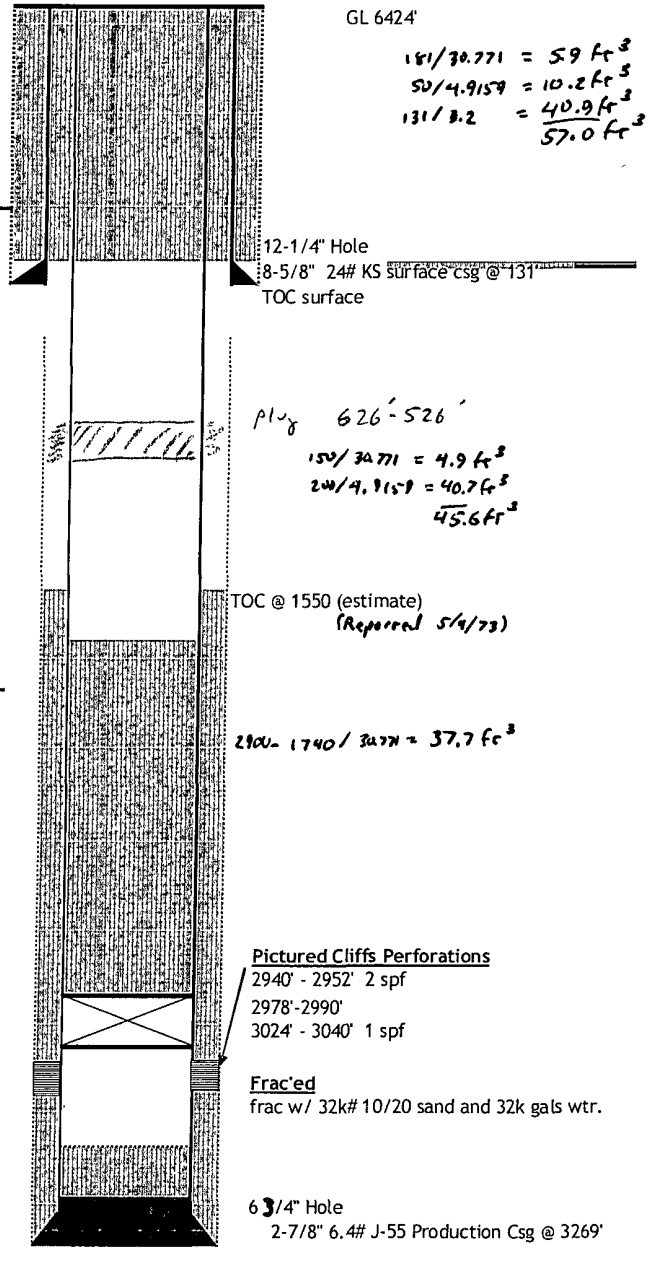
Ojo Alamo	1893
Kirtland	2040
Fruitland Coal	2653
Pictured Cliffs	2940

THM (06 23 2010)

Proposed Well Bore Diagram

bp

Hughes LS 23
Pictured Cliffs
API # 30-045-21169
Unit L - Sec 29 - T29N - R08W
San Juan County, New Mexico



GL 6424'

181/30.771 = 5.9 ft³
50/4.9159 = 10.2 ft³
131/3.2 = 40.9 ft³
57.0 ft³

Surface Plug
181' - surface
57 ft3
9.1 bbls

12-1/4" Hole
8-5/8" 24# KS surface csg @ 131'
TOC surface

History
Completed well in 1/73
Wireline tagged on 6/16/2009
Ran impression block and
tagged fill at 3060' No solid fluid level
Note Lots of black coal fines-looking
stuff on the line Black stuff packed
off my lubricator Retrieved sample.

Nacimiento
576'

plug 626'-526'
150/30.771 = 4.9 ft³
200/4.9159 = 40.7 ft³
45.6 ft³

TOC @ 1550 (estimate)
(Reported 5/9/73)

1st Plug
2900 - 1740'
39.3 ft3
7.0 bbls

2900 - 1740 / 3.278 = 37.7 ft³

Pictured Cliffs Perforations
2940' - 2952' 2 spf
2978'-2990'
3024' - 3040' 1 spf

CIBP @ 2900'

Frac'ed
frac w/ 32k# 10/20 sand and 32k gals wtr.

Fomration Tops:

Ojo Alamo	1893 67
Kirtland	2040 '
Fruitland Coal	2653 23
Pictured Cliffs	2940 32

6 3/4" Hole
2-7/8" 6.4# J-55 Production Csg @ 3269'

PBTD: 3134'
TD: 3144'

THM (07 07 2010)

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
FARMINGTON DISTRICT OFFICE
1235 LA PLATA HIGHWAY
FARMINGTON, NEW MEXICO 87401

Attachment to notice of
Intention to Abandon:

Re: Permanent Abandonment
Well: 23 Hughes LS

CONDITIONS OF APPROVAL

1. Plugging operations authorized are subject to the attached "General Requirements for Permanent Abandonment of Wells on Federal and Indian Lease."

2. Farmington Office is to be notified at least 24 hours before the plugging operations commence (505) 599-8907.

3. The following modifications to your plugging program are to be made:

a) Place a cement plug from 626' – 526' to cover the Nacimiento top inside and outside the 2 7/8" casing.

You are also required to place cement excesses per 4.2 and 4.4 of the attached General Requirements.

Office Hours: 7:45 a.m. to 4:30 p.m.