

submitted in lieu of Form 3160-5

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

Sundry Notices and Reports on Wells 070 Farmington, NM

RECEIVED

2004 MAR 24 PM 12:18

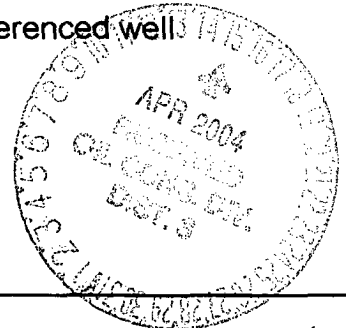
- |   |   |
|---|---|
| <b>1. Type of Well</b><br>Gas   | <b>5. Lease Number</b><br>SF-065557                       |
| <b>2. Name of Operator</b><br>Producing Royalties, Inc.   | <b>6. If Indian, All. or Tribe Name</b>                   |
| <b>3. Address &amp; Phone No. of Operator</b><br>c/o A. R. Kendrick, Box 516, Aztec, NM 87410         | <b>7. Unit Agreement Name</b>                             |
| <b>4. Location of Well, Footage, Sec., T, R, M</b><br>1790' FNL and 790' FEL, Sec. 11, T-29-N, R-12-W | <b>8. Well Name &amp; Number</b><br>Payne #1R             |
|   | <b>9. API Well No.</b><br>30-045-29945                    |
|   | <b>10. Field and Pool</b><br>Fulcher-Kutz Pictured Cliffs |
|   | <b>11. County &amp; State</b><br>San Juan County, NM      |

**12. CHECK APPROPRIATE BOX TO INDICATE NATURE OF NOTICE, REPORT, OTHER DATA**

- | Type of Submission                                   | Type of Action                                  |  |
|--|---|--|
| <input checked="" type="checkbox"/> Notice of Intent | <input checked="" type="checkbox"/> Abandonment | <input type="checkbox"/> Change of Plans         |
| <input type="checkbox"/> Subsequent Report           | <input type="checkbox"/> Recompletion           | <input type="checkbox"/> New Construction        |
| <input type="checkbox"/> Final Abandonment           | <input type="checkbox"/> Plugging Back          | <input type="checkbox"/> Non-Routine Fracturing  |
|  | <input type="checkbox"/> Casing Repair          | <input type="checkbox"/> Water Shut off          |
|  | <input type="checkbox"/> Altering Casing        | <input type="checkbox"/> Conversion to Injection |
|  | <input type="checkbox"/> Other -                |  |

**13. Describe Proposed or Completed Operations**

Producing Royalties, Inc. proposes to plug and abandon the above referenced well per the attached procedure.



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

Signed A. R. Kendrick Title Agent Date 3/23/04

(This space for Federal or State Office use)  
APPROVED BY Original Signed: Stephen Mason  
CONDITION OF APPROVAL, if any:

Title \_\_\_\_\_ Date APR 13 2004

NMOCDD

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PLUG AND ABANDONMENT PROCEDURE

2004 JAN 24 PM 12:18

January 7, 2004

Payne #1R

070 Farmington, NM

Fulcher Kutz Pictured Cliffs

1790' FNL & 790' FEL, Section 11, T29N, R12W

San Juan County, New Mexico, API #30-045-29945

Lat: N \_\_\_\_\_ / Long: W \_\_\_\_\_

Note: All cement volumes use 100% excess outside pipe and 50' excess inside. The stabilizing wellbore fluid will be 8.3 ppg, sufficient to balance all exposed formation pressures. All cement is ASTM Type II, mixed at 15.6ppg with a yield of 1.18 cf/sx.

1. Install and test location rig anchors. Prepare blow pit. Comply with all NMOCD, BLM, and Producing Royalties 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. ND wellhead and NU BOP. Test BOP.
2. TOH and tally 1867' tubing string. If necessary, LD tubing, then tally and PU tubing workstring. Round-trip 4-1/2" gauge ring to 1810'.
3. **Plug #1 (Pictured Cliffs perforations and Fruitland top, 1810' - <sup>1471'</sup>~~1594'~~):** RIH and set 4-1/2" cement retainer at 1810'. Pressure test tubing to 1000#. Load casing with water and circulate the well clean. Pressure test casing to 500#. If casing does not test, then spot or tag subsequent plugs as appropriate. Mix 20 sxs cement and spot a balanced plug inside casing above the retainer to isolate the Pictured Cliffs interval and cover the Fruitland top. If the casing leaks, then increase the cement to 30 sxs. PUH to 701'.
4. **Plug #2 (Kirtland and Ojo Alamo tops, 701' - 465'):** Spot 22 sxs cement inside casing to cover the Kirtland and Ojo Alamo tops. TOH and LD tubing.
5. **Plug #3 (7" Surface casing, 180' - Surface):** Perforate 3 HSC squeeze holes at 180'. Establish circulation out bradenhead valve with water. Mix and pump approximately 40 sxs cement down 4-1/2" casing to circulate good cement out bradenhead valve. Shut well in and WOC.
6. ND BOP and cut off casing below surface. Install P&A marker with cement to comply with regulations. RD, move off location, cut off anchors and restore location.

# Payne #1R

## Current

Fulcher Kutz Pictured Cliffs

1790' FNL, 790' FEL Section 11, T-29-N, R-12-W, San Juan County, NM

Lat: / Long: / API #30-045-29945

Today's Date: 12/31/03

Spud: 10/27/99

Comp: 11/10/99

Elevation: 5778' GI

5782' KB

8-3/4" Hole

7" 17# Casing set @ 130'  
59 cf cement (Circulated to Surface)

**Well History**  
**No Workover of Record**

Ojo Alamo @ 515'

Top of Cmt @ 511' (Calc, 75%)  
Note: Sundry indicates trace cmt circ.

Kirtland @ 651'

1-1/4" tubing at 1867'

Fruitland @ 1644'

Pictured Cliffs @ 1860'

Pictured Cliffs Perforations:  
1860' - 1970'

6-1/4" Hole

4-1/2" 10.5# J-55 Casing at 2022'  
Cemented with 206 cf

TD 2050'  
PBTD 1980'

# Payne #1R

## Proposed P&A

Fulcher Kutz Pictured Cliffs

1790' FNL, 790' FEL Section 11, T-29-N, R-12-W, San Juan County, NM

Lat: / Long: / API #30-045-29945

Today's Date: 12/31/03

Spud: 10/27/99

Comp: 11/10/99

Elevation: 5778' GI

5782' KB

8-3/4" Hole

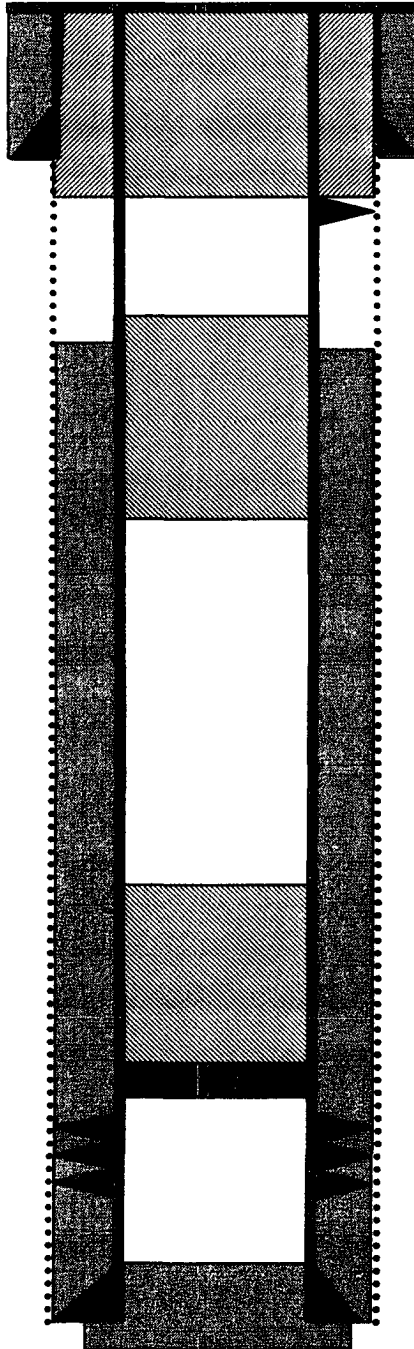
Ojo Alamo @ 515'

Kirtland @ 651'

Fruitland @ 1644'

Pictured Cliffs @ 1860'

6-1/4" Hole



**Plug #3: 180' - Surface**  
Cement with 40 sxs

7" 17# Casing set @ 130'  
59 cf cement (Circulated to Surface)

**Perforate @ 180'**

Top of Cmt @ 511' (Calc, 75%)  
Note: Sundry indicates trace cmt circ.

**Plug #2: 701' - 465'**  
Cement with 22 sxs

**Plug #1: 1810' - 1594'**  
Cement with 20 sxs

**Set CR @ 1810'**

Pictured Cliffs Perforations:  
1860' - 1970'

4-1/2" 10.5# J-55 Casing at 2022'  
Cemented with 206 cf

TD 2050'  
PBTD 1980'