

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.

Use "APPLICATION FOR PERMIT--" for such proposals.

SUBMIT IN TRIPLICATE

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

2. Name of Operator
R C Resources Corp.

3. Address and Telephone No.
Suite 230, Pecan Creek 8340 Meadow Rd. Dallas, TX 75231 (214) 369-4848

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
2294' FSL-990' FWL, Section 21, T26N, R8W, NMPM

5. Lease Designation and Serial No.
NMSF-078432

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.
Hodges No. 8

9. API Well No.
30-045-11858

10. Field and Pool, or Exploratory Area
Basin Dakota

11. County or Parish, State
San Juan, New Mexico

12. CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

- ☒ Notice of Intent
☐ Subsequent Report
☐ Final Abandonment Notice

TYPE OF ACTION

- ☒ Abandonment
☐ Recompletion
☐ Plugging Back
☐ Casing Repair
☐ Altering Casing
☐ Other _____
- ☐ Change of Plans
☐ New Construction
☐ Non-Routine Fracturing
☐ Water Shut-Off
☐ Conversion to Injection
☐ Dispose Water

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

R C Resources Corp. proposes to plug and abandon this well as outlined in the attached procedure and schematics. We propose to abandon this well with the casing head left in place in order to use this well as a possible service well for this lease. This will facilitate use of this well bore for potential re-entry for completion in a shallow zone. The well bore will be tested for mechanical integrity by pressure test during the plug and abandonment operation. In the event it will not pass the mechanical integrity test the casing head will be cut off. This operation will commence as soon as the sundry is approved and partner approval for the expenditure is secured.

All surface equipment will be removed, pits remediated in accordance with applicable standards, the location contoured to the existing topography and seeded when this operation is complete. The access road will be left intact since it services another well.

14. I hereby certify the foregoing is true and correct

Signed Robert E. Filler

Title Agent

Date May 7, 2004

(This space for Federal or State office use)

Approved by Original Signed: Stephen Mason
Conditions of approval, if any:

Title _____

Date _____

MAY 17 2004

NMCCD

P & A Procedure
R C Resources Corp.
Hodges No. 8
2294' FSL – 990' FWL
Section 21, T26N, R8W, NMPM
Lease #: SF078432
API #: 30-045-11858
Lat: N 36° 28' 20", Long: W 107° 41' 33"

Spud Date: 12/10/66

Completion Date: 12/28/66

TD: 6855'

PBTD: 6815'

COTD: 6808'

KB: 11'

Tubulars:

8 5/8" 24 ppf, J-55 casing set at 339' in 340' of 12 1/4" open hole. Cemented with 250 sacks (295.0 cf) Regular cement with 2% CaCl₂. Cement reported circulated to surface. No volume reported.

4 1/2" 10.5 ppf, J-55 casing set at 6856' in 6855' of 7 7/8" open hole. DV tools at 4835' and 2327'. Cement Stage One with 600 cf of 50/50 Class C Poz. No circulation reported. Calculated TOC at 70% fill up is 5012'. Cement Stage Two with 750 cf of 50/50 Class C Poz. No circulation reported. Calculated TOC at 70% fill up is 2530'. Cement Stage Three with 1100 cf of 50/50 Class C Poz. No circulation reported. Calculated TOC at 70% fill up is surface.

209 joints of 1 1/2" EUE J-55 tubing set at 6758' with sawtooth collar on bottom. Common pump seating nipple at 6726'.

Stimulation:

Perforated 6710-16', 6742-50', 6758-84' and 6792-96' with 1 JSPF. Frac with 51,500 gals 1% KCl water and 40,000 # sand.

Perforated 6561-66', 6574-78', 6631-34', 6642-48' and 6650-55' with 2 JSPF. Frac with 57,400 gals 1% KCl water, 55,000 # sand and 500 # glass beads.

Workover History:

March 20, 2002: Pull tubing. Removed bad joints. Ran pump bailer. Tag fill at 6800' and clean out to 6808'. Could not get any deeper. Recovered frac sand, pieces of cast iron. Pressure test casing from 6468' to surface to 500 psi – OK. Casing from 6468 to 6508' would not hold any pressure. Bad casing or RBP? Run production tubing back and swabbed well past load recovery. Still producing too much water to lift with available gas.

Formation Tops:

Ojo Alamo	1418'
Kirtland	1542'
Fruitland	1870'
Basal Fruitland Coal	2099'
Pictured Cliffs	2172'
Lewis	2278'
Chacra	3050'
Cliff House	3735'
Menefee	3832'
Pt. Lookout	4503'
Upper Mancos	4802'
Gallup	5615'
Greenhorn	6476'
Graneros	6532'
Dakota	6563'

Proposed plugging procedure:

1. Move in and rig up rig and plugging equipment. Dig 15' X 15' X 6'D workover pit and line with 12 mil liner.
2. Blow down casing and tubing. Kill well with water if necessary. Nipple up 6" 3000 # BOPE.
3. Unseat tubing hanger. Pull out of hole with tubing. Strap out.
4. Rig up wireline unit and run 4 ½" gauge ring to 6465'. Set 4 ½" cement retainer at 6465'±.
5. Run in hole with stinger on tubing to tag cement retainer. Circulate hole with fresh water. Sting in and test tubing to 1000 psig for 15 minutes. Sting out and pressure test casing to 1000 psig for 30 minutes. Lay down excess tubing on float.
6. Mix 12 sacks Class B Cement to 15.6 ppg density. Pump to spot on top of cement retainer (6365'-6465').
7. Pull out of hole to 5665'± laying down excess tubing on float. Mix 12 sacks Class B cement to 15.6 ppg density. Pump to spot inside plug from 5665 – 5565'.
8. Pull out of hole to 3785'± laying down excess tubing on float. Mix 12 sacks Class B cement to 15.6 ppg density. Pump to spot inside plug from 3785' – 3685'.
9. Pull out of hole to 3100'± laying down excess tubing on float. Mix 12 sacks Class B cement to 15.6 ppg density. Pump to spot inside plug from 3100' – 3000'.
10. Pull out of hole to 2202'± laying down excess tubing on float. Mix 33 sacks Class B cement to 15.6 ppg density. Pump to spot inside plug from 2202' – 1820'.
11. Pull out of hole to 1592'± laying down excess tubing on float. Mix 21 sacks Class B cement to 15.6 ppg density. Pump to spot inside plug from 1592' – 1368'.
12. Pull out of hole to 389'± laying down excess tubing on float. Mix 30 sacks Class B cement to 15.6 ppg density. Pump to spot inside plug from 389' – surface.
13. Nipple down BOPE. Remove tubing head. Weld dry hole marker onto 4 ½" casing stub. Abandon with casing head intact for possible future re-entry.

Driving directions:

Follow NM Highway 550 south from Bloomfield, NM 22 miles. Turn left onto SJ CR 7425 (Ballard Plant turn off). Follow CR to Ballard Plant. Stay on main road going around north side of plant and follow into Blanco wash. Take first left past ranch in Blanco wash. Cross Blanco wash and take first left on east side (this is 9 miles from Hwy 550). Follow lease road north for 2 miles to WFS line separator. Turn right onto lease road and follow to first cross road. Take a right and follow this lease road for 1 mile to location.

Hodges #8

Current

Basin Dakota

SW, Section 21, T-26-N, R-8-W, San Juan County, NM

Today's Date: 5/3/04

Spud: 12/10/86

Completed: 12/28/66

Elevation: 6435' KB

12-1/4" hole

TOC @ Surface (Calc., 70%)

8-5/8" 24# Casing set @ 339'
Cement with 250 sxs (Circulated to Surface)

Ojo Alamo @ 1418'

Kirtland @ 1542'

Fruitland @ 1870'

Fruitland @ 2099'

Pictured Cliffs @ 2172'

DV Tool @ 2327'

TOC @ 2530' (Calc., 70%)

Chacra @ 3050'

Mesaverde @ 3735'

DV Tool @ 4835'

Gallup @ 5615'

TOC @ 5012' (Calc., 70%)

Dakota @ 6563'

Dakota Perforations:
6561' to 6796'

7-7/8" Hole

4-1/2" 10.5#, J-55 Casing set @ 6855'

Stage #1: Cement with 600 cf

Stage #2: Cement with 750 cf

Stage #3: Cement with 1100 cf

TD 6815'
COTD 6808'

Hodges #8

Proposed P&A

Basin Dakota

SW, Section 21, T-26-N, R-8-W, San Juan County, NM

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Elevation: 6435' KB

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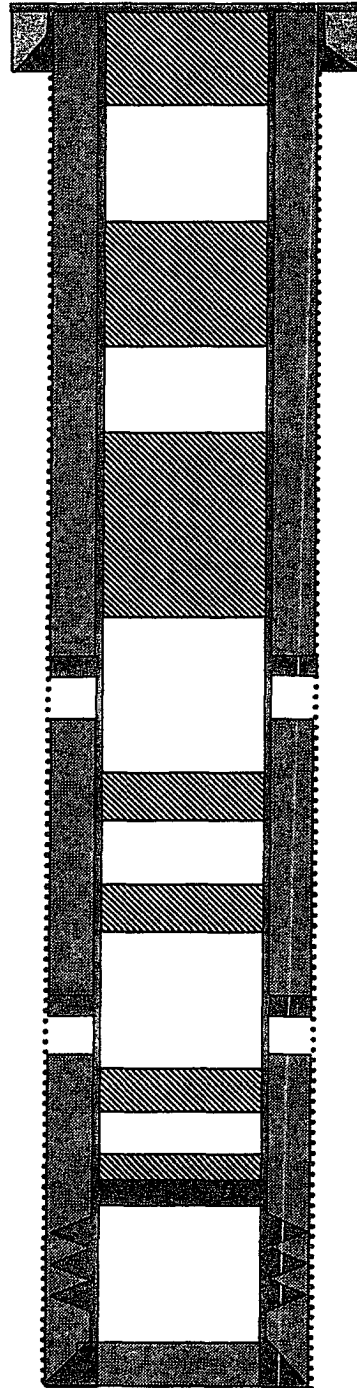
Chacra @ 3050'

Mesaverde @ 3735'

Gallup @ 5615'

Dakota @ 6563'

7-7/8" Hole



TOC @ Surface (Calc., 70%)

8-5/8" 24# Casing set @ 339'
Cement with 250 sxs (Circulated to Surface)

Plug #7 389' - Surface
Cement with 30 sxs

Plug #6 1592' - 1368'
Cement with 21 sxs

Plug #5 2202' - 1820'
Cement with 33 sxs

DV Tool @ 2327'

TOC @ 2530' (Calc., 70%)

Plug #4 3100' - 3000'
Cement with 12 sxs

Plug #3 3785' - 3685'
Cement with 12 sxs

DV Tool @ 4835'

TOC @ 5012' (Calc., 70%)

Plug #2 5665' - 5565'
Cement with 12 sxs

Set CR @ 6465'

Plug #1 6465' - 6365'
Cement with 12 sxs

Dakota Perforations:
6561' to 6796'

4-1/2" 10.5#, J-55 Casing set @ 6855'
Stage #1: Cement with 600 cf
Stage #2: Cement with 750 cf
Stage #3: Cement with 1100 cf

TD 6815'
COTD 6808'

This well is offset in Section 33 by a Wolfcamp well which produced over 200 MBO and based on geological and subsurface information, there may be at least another location between the current producing well and the well in Section 33. A map of the East Denton Field is included for review. Click on [Map/Plate](#) to view.

This lease is trouble free, pumped by a contract pumpjack from Lovington, New Mexico. It has been pulled once in the last 14 months for a pump change, thus making it a low-cost producer.

It produces 12 BO and 12 BWPD. Oil is being purchased by BP America, and water is hauled by a contractor from Denver City, Texas, at a cost of 85 cents per barrel. The net cash flow from the property has averaged over \$6,000 per month this year and \$5,700 per month in the year 2003.

NOTE: The Effective Date of sale for this lot is May 1, 2004.

Disclaimer:

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