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2004 AUG 25 AM 10 23

RECEIVED

570 Lease Number

NM-4455

6. If Indian, All. or
Tribe Name

Unit Agreement Name

8. **Well Name & Number**

Schalk 55 #1

API Well No.

30-039-20586

10. Field and Pool Pictured Cliffs

11. County & State
Rio Arriba, NM

1. Type of Well
Gas

2. Name of Operator
Schalk Development Company

3. Address & Phone No. of Operator
PO Box 25825, Albuquerque, NM 87125 (505) 881-6649

Location of Well, Footage, Sec., T, R, M

1130' FNL and 1180' FEL, Section 2, T-30-N, R-5-W,

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

Type of Submission

X **Notice of Intent**

Type of Action

X **Abandonment**

 Change of Plans

Subsequent Report

Recompletion

New Construction

Plugging Back

Non-Routine Fracturing

 Final Abandonment

Casing Repair

Water Shut off

Altering Casing

Conversion to Injection

Other -

13. Describe Proposed or Completed Operations

Schalk Development Company plans to plug and abandon this well per the attached procedure.

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

Signed Steve Schalk
Steve Schalk

Title Managing Partner

Date 8/21/04

(This space for Federal or State Office use)

APPROVED BY: Original Signed: Stephen Mason Title _____
CONDITION OF APPROVAL, if any: _____

Date **AUG 30 2004**

NMOCB

PLUG AND ABANDONMENT PROCEDURE

August 21, 2004

Schalk 55 #1

Pictured Cliffs

1130' FNL & 1180' FEL Section 2, T30N, R5W

Rio Arriba County, New Mexico, API #30-039-20586

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 III, mixed at 14.8 ppg with a yield of 1.32 cf/sx.

1. Install and test location rig anchors. Prepare blow pit. Comply with all NMOCD, BLM, and Schalk 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. Tally and PU 1-1/4" tubing workstring. Round-trip 2-7/8" wireline gauge ring to 3416'.
3. **Plug #1 (Pictured Cliffs perforations and top and Fruitland top, 3416' - 3006')**: RIH and set 2-7/8" wireline CIBP at 3416'. TIH with tubing workstring and tag CIBP. Load casing with water and circulate the well clean. Pressure test casing to 1000#. If casing does not test, then spot or tag subsequent plugs as appropriate. Mix 12 sxs Type III cement and spot a balanced plug inside the casing above the CIBP to isolate the PC interval and cover the Fruitland top. TOH with tubing.
4. **Plug #2 (Kirtland and Ojo Alamo tops, 2821' - 2520')**: Perforate 4 or 6 squeeze holes at 2821'. If the casing pressure tested, then establish rate into the squeeze holes; maximum pressure 1000#. If able to pump into squeeze holes, then mix and bullhead 119 sxs Type III cement down the 2-7/8" casing, squeeze 104 sxs outside the casing and displace to 2000'. WOC and tag. If the casing did not test, then RIH and set 2-7/8" wireline cement retainer at 2771'. TIH with 1-1/4" workstring and sting into retainer. Establish rate into the squeeze holes. Mix and pump 119 sxs Type III cement, squeeze 104 sxs outside the casing and leave 15 sxs inside casing to cover the Ojo Alamo top. TOH with tubing.
5. **Plug #3 (Nacimiento top, ¹³⁸⁷1206' - ¹²⁸⁷1106')**: Perforate 4 or 6 squeeze holes at ¹³⁸⁷1206'. If the casing pressure tested, then establish rate into the squeeze holes; maximum pressure 1000#. If able to pump into squeeze holes, then mix and bullhead 45 sxs Type III cement down the 2-7/8" casing, squeeze 35 sxs outside the casing and displace to 800'. WOC and tag. If the casing did not test, then RIH and set 2-7/8" wireline cement retainer at ¹³⁸⁷1156'. TIH with 1-1/4" workstring and sting into retainer. Establish rate into the squeeze holes. Mix and pump 45 sxs Type III cement, squeeze 35 sxs outside the casing and leave 10 sxs inside casing to cover the Nacimiento top. TOH and LD tubing.
6. **Plug #4 (Surface casing, 363' - Surface)**: Mix 9 sxs Type III cement and spot a balanced plug inside casing from 363' to surface, circulate good cement out casing valve. TOH and LD tubing. Shut well in and WOC.
7. 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.

Schalk 55 #1

Current

Wildcat Pictured Cliffs

1130' FNL & 1180' FEL, Section 2, T-30-N, R-5-W

Rio Arriba County, NM / API #30-039-20686

Today's Date: 8/21/04

Spud: 1/7/73

Completed: DK: 2/2/73

PC: 10/16/97

Elevation: 6486' GL

6498' KB

Nacimiento @ 1156'

Ojo Alamo @ 2570'

Kirtland @ 2771'

Fruitland @ 3056'

Pictured Cliffs @ 3343'

Mesaverde @ 5737'

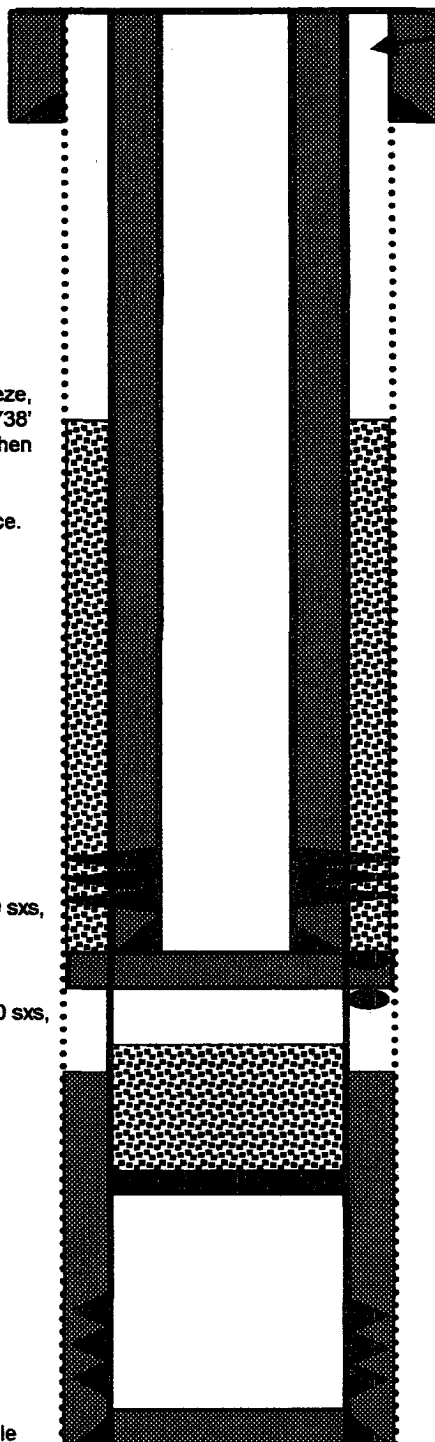
Gallup @ 7170'

Dakota @ 7940'

After second squeeze, found cement at 1738' in 4-1/2" casing. Then while drilling out at 1768', BH started circulating at surface.

Squeezed perf at 3650' with 570 sxs, no reference to circulating, TOC could be at surface with calculation using 75% efficiency. Squeezed perf at 3800' with 150 sxs, CBL showed no cement

7-7/8" Hole



Circulated Cement to Surface

10-3/4" 32.75# J-55 Casing set @ 313'
Cement with 300 sxs, Circulated to Surface

WELL HISTORY

Dec '79: Set packer at 4001' and land tubing.

May '93: Pull packer; circulate mud out, mill casing at 4607'; CO to to 7120'. Set packer at 6242'.

Oct '96: P&A DK: Packer stuck, cut tubing at 6250'. Set CIBP at 6200' and cap with 60 sxs cement. Cement squeeze holes at 3800' with 125 sxs cement; DO, CBL, no cement. Perforate squeeze holes at 3650', set CR at 3620'. Cement 4-1/2" annulus with 570 sxs cement (1233 cf), did not circulate out bradenhead. TOC unknown. Found cement at 1738' and then when drilling at 1768', circulated out bradenhead. Then 2-7/8" casing to 3620' and cemented with 600 sxs cement; circulated 21 bbls cement to surface.

Oct '97: Perforate and frac the PC zone.

Pictured Cliffs Perforations:
3466' - 3513'

2-7/8" tubing set @ 3620'
Cement with 600 sxs, circ 21 bbls

TOC @ 5600' (CBL)

Set CIBP @ 6200', spot w/ 60
sxs (10/96)

Dakota Perforations:
7940' - 8039'

4-1/2" 10.5#/11.6# Casing set @ 8067'
Cement with 460 sxs

TD 8070'
PBTD 8057'

Schalk 55 #1

Proposed P&A

Wildcat Pictured Cliffs

1130' FNL & 1180' FEL, Section 2, T-30-N, R-5-W

Rio Arriba County, NM / API #30-039-20586

Today's Date: 8/21/04

Spud: 1/7/73

Completed: DK: 2/2/73

PC: 10/16/97

Elevation: 6486' GL

6498' KB

17" hole

Nacimiento @ 1156'

After second squeeze,
found cement at 1738'
in 4-1/2" casing. Then
while drilling out at
1768', BH started
circulating at surface.

Ojo Alamo @ 2570'

Kirtland @ 2771'

Fruitland @ 3056'

Pictured Cliffs @ 3343'

Squeezed perf at 3650' with 570 sxs,
no reference to circulating,
TOC could be at surface with
calculation using 75% efficiency.
Squeezed perf at 3800' with 150 sxs,
CBL showed no cement

Mesaverde @ 5737'

Gallup @ 7170'

Dakota @ 7940'

7-7/8" Hole

TD 8070'
PBDT 8057'

Circulated Cement to Surface

10-3/4" 32.75#, J-55 Casing set @ 313'
Cement with 300 sxs, Circulated to Surface

Perforate @ 363'

Plug #4: 363' – Surface
150 sxs Type III Cement

Perforate @ 1206'

Plug #3: 1206' – 1106'
45 sxs Type III cement,
35 sxs outside casing and
10 sxs inside.

Perforate @ 2821'

Plug #2: 2821' – 2620'
119 sxs Type III cement,
104 sxs outside casing
and 15 sxs inside.

Set CIBP at 3416'

Plug #1: 3416' – 3006'
12 sxs Type III cement

Pictured Cliffs Perforations:
3466' – 3513'

2-7/8" tubing set @ 3620'
Cement with 600 sxs, circ 21 bbls

TOC @ 5600' (CBL)

Set CIBP @ 6200', spot w/ 60
sxs (10/96)

Dakota Perforations:
7940' – 8039'

4-1/2" 10.5#/11.6#, Casing set @ 8067'
Cement with 460 sxs