

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

FORM APPROVED
OMB No 1004-0137
Expires July 31, 2010

FEB 13 2012

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.

5. Lease Serial No.

MSF 078272

6. If Indian, Allottee or Tribe Name

N/A

Land Management

SUBMIT IN TRIPLICATE – Other instructions on page 2.

1. Type of Well

☒ Oil Well

☐ Gas Well

☐ Other

2. Name of Operator
QEP Energy Company

3a. Address
1050 17th Street, Suite 500
Denver, CO 80265

3b. Phone No (include area code)
303-405-6606

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

NESW, 1740' FSL and 2160' FWL, Sec 9, T23N-R7W Lat: 36.23942, Long: -107.58032

7. If Unit of CA/Agreement, Name and/or No.

N/A

8. Well Name and No.
No. 7 Dunn

9. API Well No.
30-039-22772

10. Field and Pool or Exploratory Area
Lybrook Gallup

11. Country or Parish, State
Rio Arriba County, NM

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

TYPE OF SUBMISSION

☒ Notice of Intent

☐ Subsequent Report

☐ Final Abandonment Notice

TYPE OF ACTION

☐ 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

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 recompleat 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 must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

QEP Energy Company hereby submits the attached procedure to plug and abandon the No. 7 Dunn well. The plugging operations will commence in spring of 2012 once approval on the NMOCD C144 CLEZ is received.

If you have any questions or require additional information, please contact me at (303) 405-6606.

RCVD FEB 16 '12

OIL CONS. DIV.

Notify NMOCD 24 hrs
prior to beginning
operations

DIST. 3

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)

Meghan M Campbell

Title Permit Agent, Regulatory Affairs

Signature

Date 02/10/2012

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Original Signed: Stephen Mason

Title

Date

FEB 13 2012

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

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.

(Instructions on page 2)

NMOCD

PLUG AND ABANDONMENT PROCEDURE

February 9, 2012

Dunn #7

Lybrook Gallup
1740' FSL & 2160' FWL, Section 9, T23N, R7W
Rio Arriba County, New Mexico, API #30-039-22772
Long: -107.58032 / Lat: 36.23942

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 will be Class B, mixed at 15.6 ppg with a 1.18 cf/sx yield.

1. This project requires a NMOCD C-144 CLEZ Closed-Loop System Permit for the use of an A-Plus steel tank to handle waste fluids circulated from the well and cement wash up.
2. Install and test location rig anchors. Comply with all NMOCD, BLM, and Operator safety regulations. MOL and RU daylight pulling unit. Conduct safety meeting for all personnel on location. Record casing, tubing and bradenhead pressures. NU relief line and blow down well. Kill well with water as necessary and at least pump tubing capacity of water down the tubing. ND wellhead and NU BOP. Function test BOP.
3. Rods: Yes ☐ , No ☒ , Unknown ☐ .
Tubing: Yes ☒ , No ☐ , Unknown ☐ , Size 2-3/8" , Length 5718' .
Packer: Yes ☐ , No ☐ , Unknown ☐ , Type ☐ .
If this well has rods or a packer, then modify the work sequence in step #2 as appropriate.
Round trip 2-7/8" gauge ring 5425'.

NOTE: BLM requires a CBL log to be run on all wells where the cement did not circulate to surface or where a T.S. or CBL log was not previously run. This procedure is prepared with the understanding that it may be modified based on the TOC from the CBL.

1. **Plug #1 (Gallup perforations and top, 5425' – 5325')**: PU and TIH with 4.5" cement retainer, set at 5425'. Pressure test tubing to 1000 PSI. *Pressure test casing to 800 PSI. If casing does not test, then spot or tag subsequent plug as appropriate.* Mix and pump 12 sxs Class B cement above CR to isolate the Gallup interval. PUH.
2. **Plug #2 (Mancos top, 4640' – 4540')**: Spot 12 sxs Class B cement balanced plug inside casing to cover the Mancos top. PUH.
2971 2971
3. **Plug #3 (Mesaverde top, 3680' – 3580')**: Spot 12 sxs Class B cement balanced plug inside casing to cover the Mesaverde top. PUH.
1831
4. **Plug #4 (Pictured Cliffs and Fruitland tops, 2174' – 1898')**: Spot 25 sxs Class B cement balanced plug inside casing to cover the Pictured Cliffs and Fruitland tops. PUH.
1640 1340
5. **Plug #5 (Kirtland and Ojo Alamo tops, 1665' – 1440')**: Spot 24 sxs Class B cement balanced plug inside casing to cover the Kirtland and Ojo Alamo tops. PUH.

6. **Plug #6 (8-5/8" Surface casing shoe, 263' to Surface):** Attempt to pressure test the bradenhead annulus to 300 PSI; note the volume to load. If the BH annulus holds pressure, then establish circulation out casing valve with water. Mix approximately 25 sxs cement and spot a balanced plug from 263' to surface, circulate good cement out casing valve. TOH and LD tubing. Shut well in and WOC. If the BH annulus does not test, then perforate at the appropriate depth and attempt to circulate cement to surface filling the casing from 263' and the annulus from the squeeze holes to surface. Shut in well and WOC.
7. ND BOP and cut off wellhead below surface casing flange. Install P&A marker with cement to comply with regulations. RD, MOL and cut off anchors. Restore location per BLM stipulations.

**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: 7 Dunn

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 the Mesaverde plug from 2971' – 2871'.
 - b) Place the Pictured Cliffs/Fruitland plug from 2170' – 1831'.
 - c) Place the Kirtland/Ojo Alamo plug from 1640' – 1340'.

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.