

RECEIVED

**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**
Sundry Notices and Reports on Wells

FEB 22 2012

Farmington Field Office
Bureau of Land Management

<p>1 Type of Well X – Gas ___ - Oil</p> <hr/> <p>2. Name of Operator XTO Energy c/o BHP Billiton San Juan Coal</p> <hr/> <p>3. Address & Phone No. of Operator PO Box 561, Waterflow, NM 87421 (505) 598-2000</p> <hr/> <p>Location of Well, Footage, Sec., T, R, M 1752' FSL & 1061' FWL, Section 30, T-30-N, R-14-W,</p>	<p>5. Lease Number NMNM-99003</p> <p>6. If Indian, All. or Tribe Name</p> <hr/> <p>7. Unit Agreement Name</p> <hr/> <p>8. Well Name & Number WF Federal 30-#3</p> <hr/> <p>9. API Well No. 30-045-30727</p> <p>10. Field and Pool Basin Fruitland Coal</p> <p>11. County & State San Juan County, NM</p>
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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	___ Change of Plans
___ Subsequent Report	___ Recompletion	___ New Construction
___ Final Abandonment	___ Plugging Back	___ Non-Routine Fracturing
	___ Casing Repair	___ Water Shut off
	___ Altering Casing	___ Conversion to Injection
	___ Other –	

13. Describe Proposed or Completed Operations

XTO as the operator, desires BHP Billiton San Juan Coal to plug and abandon this well per the attached procedure.

Also request approval to set an underground plate instead of a 4" above ground marker to prevent stray electrical currents from entering the underground coal mine.

RCVD FEB 29 '12

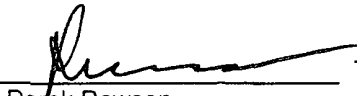
OIL CONS. DIV.

DIST. 3

* File a C-102 using a current survey showing the wellbores location

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

Notify NMOCD 24 hrs
prior to beginning
operations

Signed  Title Superintendent Business Analysis Date February 21, 2012
Derek Rawson

(This space for Federal or State Office use)

APPROVED BY Original Signed: Stephen Mason Title _____Date FEB 28 2012

CONDITION OF APPROVAL, if any: _____

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly 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.

NMOCD *A*

PLUG AND ABANDONMENT PROCEDURE

February 21, 2012

WF Federal 30-#3

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Twin Mounds Pictured Cliffs / Basin Fruitland Coal
1752' FSL and 1061' FWL, Section 30, T30N, R14W
San Juan County, New Mexico / API 30-045-30727

Note: All cement volumes use 100% excess outside pipe and 50' excess inside. The stabilizing wellbore fluid will be water or drilling mud with sufficient weight to balance all exposed formation pressures. Cement is Class B mixed at 15.6 ppg with 1.18 cf/sxs yield or Class B with 18% salt by weight of water (for expansion, MSHA requirement through the Fruitland Coal zone).

MILL OUT CASING AND PLUGGING PROCEDURE:

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. Comply with all applicable MSHA, NMOCD, BLM and BHP Billiton safety regulations. Conduct safety meeting for all personnel on location. MOL and RU daylight pulling unit. Lay relief line to the waste pit and blow well down, kill well with water as necessary. ND wellhead and NU BOP. Test BOP. Pull rod and tubing from well if present.
3. Rods: Yes X, No , Unknown .
Tubing: Yes X, No , Unknown , Size 2.375", Length 904' KB.
Packer: Yes , No X, Unknown , Type .
If this well has rods or a packer, then modify the work sequence in step #2 as appropriate.
4. PU a 3.875" bit and tally a 2.375" PH-6 tubing or equivalent workstring. TIH with bit and clean out to PBTD (941') or as deep as possible. Circulate well clean with water.
5. **Rig up Jet West wireline and run a Gamma - Neutron log and a directional survey log. Adjust the milling intervals as appropriate from these logs.**
6. **Plug #1 (Pictured Cliffs perforations and Fruitland perforations, 941' – 800'):** TIH with open ended workstring to PBTD. Load the well with water. Mix 60 sxs cement with 18% salt (by weight of water) and spot a balanced plug inside the 4.5" casing to cover Pictured Cliffs and Fruitland perforations (up to 220'). TOH with the workstring, load the casing with water, shut in well and then hesitation squeeze approximately 30 sxs (6.3 bbls cement) into the perforations; squeeze the TOC down to approximately 700'. (Note: This is not the final abandonment of the Fruitland interval; the intent is to abandon the PC perforations and fill the FtC perforations with cement to help the milling operations.) WOC overnight.
7. While WOC, pick up a 3.875" mill tooth bit, 6 - 3-1/8" drill collars and TIH to 600'. Finish WOC and then TIH and tag cement. Drill out the cement inside the casing down to 810' (Note: TOC must be 5 to 8' below the bottom of the planned milled interval (799') to allow for the nose of the section mill tool). TOH with this BHA and LD the bit.

PLUG AND ABANDONMENT PROCEDURE

February 21, 2012

WF Federal 30-#3

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Procedure Continued:

8. PU a flat bottom mill, the 3.875" section milling tool and the 6 - 3-1/8" drill collars (this is the under reaming bottom hole assembly, BHA). TIH with BHA and workstring to 777'. Rig up drilling equipment and establish circulation with a low solids, high viscosity mud.
9. **Note: The intervals to be mill out below are from ground level - not KB.**
Adjust the milling intervals as appropriate from the logs run in step 5.
10. **Mill out the 4.5" casing from 777' to 799'.** Start milling out the 4.5" casing from at 773'. Mill per the tool hands instructions for weight on mill, circulation rate and power swivel's RPM. Circulate well clean with mud. TOH with 2.375" pipe and the drill collars. TIH with open ended pipe and clean out to 810' or as deep as possible.
11. Rig up a wireline truck and run a caliper log through the milled interval to insure all the 4.5" casing from the planned milling depths has been removed. Re-mill as appropriate. Re-log as necessary.
12. **Perforate the 4.5" casing with 3 SPF from 678' – 675'.** This is to isolate Coal Seam #9 and the depths should be modified as appropriate from the logs run in step #5.
13. **Plug #2 (Pictured Cliffs and Fruitland Coal interval, 810' to ^{376'}584'):** TIH with 2.375" workstring to 810' (or drill out depth in step #7.) and circulate the mud from the well. Then pump a 5 bbls fresh water spacer ahead of the cement. Mix 51 sxs cement with 18% salt (by weight of water) and spot a balanced plug from 811' to 200' to fill the milled interval and to cover the Fruitland top. Displace cement with water. TOH with tubing and then hesitate squeeze the cement down to approximately to 360' inside the 4.5" casing.
14. WOC. Then TIH with tubing and tag cement. Pressure test the 4.5" casing to 800#.
15. **Plug #3 (7" Surface casing shoe, 188' to Surface):** Connect the pump line to the bradenhead valve. Pressure test the BH annulus to 300#; note the fluid volume to load. If the BH annulus tests, then mix approximately 20 sxs cement with or without 18% salt cement and spot a balanced plug inside the 4.5" casing from 188' to surface to cover the 7" surface casing shoe. TOH and LD the tubing. If the BH annulus does not test, then perforate at the appropriate depth and fill the bradenhead annulus and 4.5" casing with cement to surface. TOH and LD tubing. Shut in well and WOC.
16. ND BOP and cut off wellhead below surface. Install P&A marker with cement to comply with regulations. RD, MOL. Cut off anchors and clean up location.

WF Federal 30 #3

Current

Twin Mounds Pictured Cliffs / Basin Fruitland Coal

1752' FSL & 1061' FWL, Section 30, T-30-N, R-14-W, San Juan County, NM

Lat: N _____ / Long: W _____ / API #30-045-30727

Today's Date, 2/21/12

Spud. 10/15/01

Completed: 08/13/03

Elevation: 5410' GL

5415' KB

Fruitland Top @ 138',

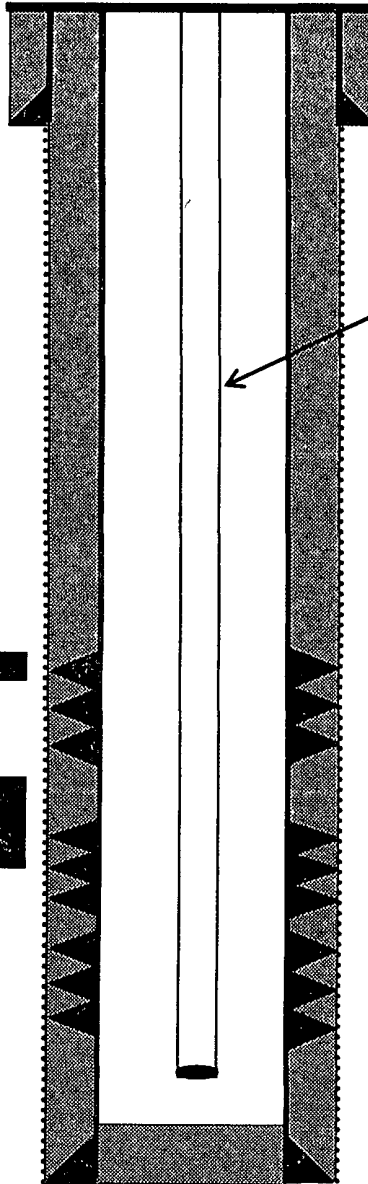
Fruitland Coal Seam #9: 672' – 677'

Fruitland Coal Seam #8: 783' – 793'

Pictured Cliffs @ 809'

8.75" Hole

6.25" Hole



TOC at Surface,
Circulate cement per tower report

7" 20# J-55 Casing set @ 134'
60 sxs cement, Circulated to surface

2.375" Tubing at 904'
(29 joints, SN with rods and pump)

Fruitland Coal Perforations:
678' – 801'

Pictured Cliffs Perforations:
802' – 803'

4.5" 10.5# J-55 Casing set @ 985'
Cemented with 115 sxs (136 cf)
cement circulated per tower report.

TD 1000'
PBTD 941'

WF Federal 30-#3

Proposed Mine P&A

Twin Mounds Pictured Cliffs / Basin Fruitland Coal

1752' FSL & 1061' FWL, Section 30, T-30-N, R-14-W, San Juan County, NM

Lat: N _____ / Long: W _____ / API #30-045-30727

Today's Date: 2/21/12

Spud: 10/15/01

Completed: 08/13/03

Elevation: 5410' GL

5415' KB

Fruitland Top @ 138'

8.75" Hole

Fruitland Coal Seam #9. 672' – 677'

Fruitland Coal Seam #8. 783' – 793'

Pictured Cliffs @ 809'

6 25" Hole

TD 1000'
PBSD 941'

TOC at Surface,
Circulate cement per tower report

7" 20#, J-55 Casing set @ 134'
60 sxs cement, Circulated to surface

Plug #3: 188' – 0'
Class B cement, 20 sxs

Plug #2: 810' – 625'
Class B cement, 51 sxs

Perforate @ 678' to 675'

Fruitland Coal Perforations.
678' – 801'

Mill out Coal Zone.
777' – 799' (22' Interval)

Plug #1: 941' - 800'
Class B cement, 60 sxs

Pictured Cliffs Perforations:
802' – 803'

4.5" 10 5# J-55 Casing set @ 985'
Cemented with 115 sxs (136 cf)
cement circulated per tower report.

**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: 3 WF Federal 30

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) Bring the top of the Pictured Cliffs/Fruitland plug to 376'.
 - b) You are required to have H2S monitoring equipment and personnel on location during plugging operations.

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.