

Submit 1 Copy To Appropriate District Office
District I - (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II - (575) 748-1283
811 S. First St., Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV - (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
Revised August 1, 2011

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO. 30-039-05664 05644
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No. Fee
7. Lease Name or Unit Agreement Name Arellano
8. Well Number No. 1
9. OGRID Number 13998
10. Pool name or Wildcat Mancos

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

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

2. Name of Operator
Maralex Resources, Inc.

3. Address of Operator
PO Box 338, Ignacio CO 81137

4. Well Location

Unit Letter F: 1963 feet from the North line and 1980 feet from the West line

5 Section 24N Township 1E Range NMPM Rio Arriba County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
6882' Ground Level

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☒
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐
DOWNHOLE COMMINGLE ☐

OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Attached is a procedure to plug and abandon the subject well. Please notify us if you have any questions concerning this outlined work.

* Run CBL and submit for review prior to cementing plug #1
* move manco plug 3190'-3090'
* move mv (cliff house) 2040'-2140'
* move PC 350'-450'
* casing shoe plug 2942'-2842'

RCVD OCT 29 '12
OIL CONS. DIV.
DIST. 3

Notify NMOC 24 hrs
prior to beginning
operations

Spud Date:

Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE: D.R. Reimers TITLE: Engineering Manager DATE: October 26, 2012

Type or print name Dennis R. Reimers E-mail address: reimers1594@msn.com PHONE: (970) 563-4000

For State Use Only

APPROVED BY: [Signature] TITLE: Deputy Oil & Gas Inspector, DATE: 11/8/12
District #3

Conditions of Approval (if any):

A

Arellano #1

Current

Puerto-Chiquito E. Mancos

1968' FNL & 1980' FWL, Section 5, T-24-N, R-1-E, Rio Arriba County, NM

Today's Date: 8/10/12

Lat: _____/Long: _____, API #30-039-05644

Spud: 12/30/60

Completion: 6/27/61

Elevation: 6882' GI

12.25" hole

10-3/4", 32.75# Casing set @ 38'
Cement with 30 sxs, circulate to surface

Pictured Cliffs @ 500'

Cliff House @ 2055'

Point Lookout @ 2693'

Casing shoe @ 2892'

Assume
9-7/8" Hole

8-5/8" 24# casing set at 2892'
uncemented

Mancos @ 2999'

Casing shoe @ 4364'

Assume 7-
7/8" Hole

TOC @ 4130 Cacl, 75%'

TOL @ 4350'

Lower Mancos Perforations:
4362' – 4402' (uncemented 2-7/8" liner)

4.5" 9.5# Casing set @ 4364'
Cement with 60 sxs

2-7/8" 6.5# liner set @ 4414'
uncemented

TD 4414'

PLUG AND ABANDONMENT PROCEDURE

August 10, 2012

Arellano #1

Puerto-Chiquito E. Mancos

1968' FNL, 1980' FWL, Section 5, T24N, R1E, Rio Arriba County, New Mexico

API 30-039-05644 / Lat: _____/Long: _____

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__X___, Unknown_____.
Tubing: Yes__X___, No_____, Unknown_____, Size _____, Length _____.
Packer: Yes___, No__X___, Unknown_____, Type _____.
If this well has rods or a packer, then modify the work sequence in step #2 as appropriate.

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 if a CBL is required.

4. **Plug #1 (Lower Mancos interval and 2-7/8" liner top, 4312' – 4212')**: Round trip 4.5" gauge ring to 4312'. RIH and set 4.5" cement retainer at 4312'. Attempt to pressure test casing to 800#. **If casing does not test then spot or tag subsequent plugs as necessary.** Spot 12 sxs Class B cement inside casing to cover lower Mancos interval and 2-7/8" liner top. TOH with tubing.
5. **Plug #2 (Mancos top, 3049' – 2892')**: Perforate 3 squeeze holes at 3049'. Attempt to establish rate into squeeze holes if the casing pressure tested. Set 4.5" cement retainer at 2999'. Establish rate into squeeze holes. Mix and pump 76 sxs cement, squeeze 61 sxs outside the 4.5" casing and leave 16 sxs inside the casing to cover the Mancos top. PUH and reverse circulate clean. TOH with tubing.
6. **Plug #3 (8-5/8" casing shoe and Point Lookout interval, 2890' – 2643')**: Perforate 3 squeeze holes through 4.5" and 8-5/8" casings at 2890'. Attempt to establish rate into squeeze holes if the casing pressure tested. Set 4.5" cement retainer at 2840'. Establish rate into squeeze holes in 4.5" and 8-5/8" casings. Mix and pump 139 sxs cement, squeeze 53 sxs outside the 8-5/8" casing x 9-5/8" annulus, 63 sxs in 4.5" x 8-5/8" casing and leave 23 sxs inside the 4.5" casing to cover through the Point Lookout interval top. TOH with tubing.

7. **Plug #4 (Cliff House top, 2105' – 2005'):** Perforate 3 squeeze holes through 4.5" and 8-5/8" casings at 2105'. Attempt to establish rate into squeeze holes if the casing pressure tested. Set 4.5" cement retainer at 2055'. Establish rate into squeeze holes in 4.5" and 8-5/8" casings. Mix and pump 66 sxs cement, squeeze 22 sxs outside the 8-5/8" casing x 9-5/8" annulus, 32 sxs in 4.5" x 8-5/8" casing and leave 12 sxs inside the 4.5" casing to cover the Cliff House top. TOH with tubing.
8. **Plug #5 (Pictured Cliffs top, 550' – 450'):** Perforate 3 squeeze holes through 4.5" and 8-5/8" casings at 550'. Attempt to establish rate into squeeze holes if the casing pressure tested. Set 4.5" cement retainer at 550'. Establish rate into squeeze holes in 4.5" and 8-5/8" casings. Mix and pump 66 sxs cement, squeeze 22 sxs outside the 8-5/8" casing x 9-5/8" annulus, 32 sxs in 4.5" x 8-5/8" casing and leave 12 sxs inside the 4.5" casing to cover the Cliff House top. TOH with tubing.
9. **Plug #6 (10.75" casing shoe and surface, 100' - Surface):** Perforate 3 squeeze holes through 4.5" and 8-5/8" casings at 100'. Establish circulation out the 4.5" x 8-5/8" annulus and bradenhead valve with water. Mix and pump approximately 50 sxs cement down the 4.5" casing to circulate good cement out annuli valve. Shut well in and WOC.
10. ND BOP and cut off wellhead below surface casing flanges. Install P&A marker with cement to comply with regulations. RD, MOL and cut off anchors. Restore location per BLM stipulations.

Arellano #1

Proposed P&A

Puerto-Chiquito E. Mancos

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Pictured Cliffs @ 500'

Cliff House @ 2055'

Point Lookout @ 2693'

Casing shoe @ 2892'

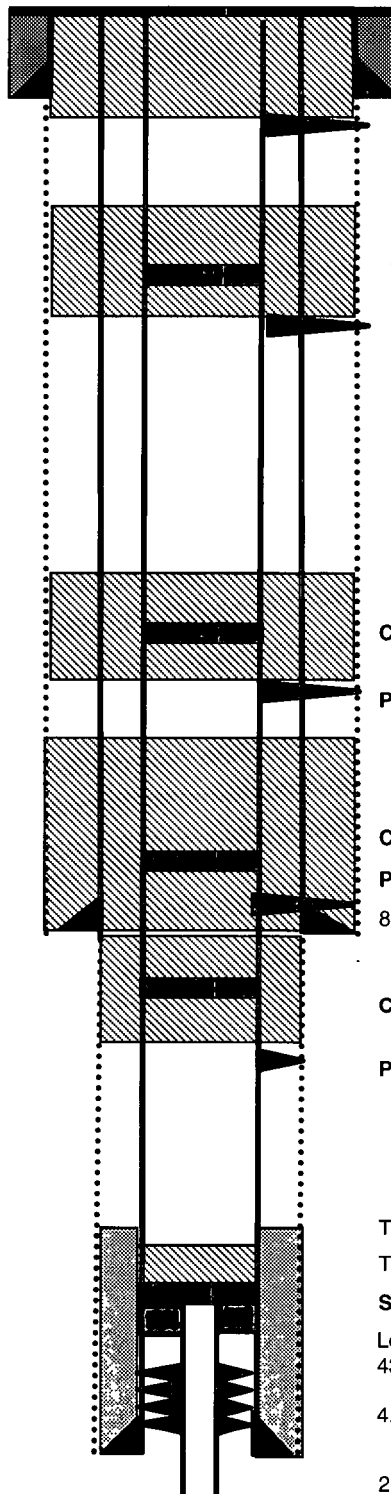
Mancos @ 2999'

Casing shoe @ 4364'

12.25" hole

Assume
9-7/8" Hole

Assume 7-
7/8" Hole



10-3/4", 32.75# Casing set @ 38'
Cement with 30 sxs, circulate to surface

Plug #6: 100' - 0'
Class B cement, 50 sxs

Plug #5: 550' - 450'
Class B cement, 66 sxs
12 inside 4.5", 32 inside 4.5" x
8-5/8" and 22 in 8-5/8" x 9-5/8"

Plug #4: 2105' - 2005'
Class B cement, 66 sxs
12 inside 4.5", 32 inside 4.5" x
8-5/8" and 22 in 8-5/8" x 9-5/8"

Plug #3: 2890' - 2643'
Class B cement, 139 sxs:
23 inside 4.5", 63 in 4.5" x 8-
5/8" and 53 in 8-5/8" x 9-5/8"

8-5/8" 24# casing set at 2892'
uncemented

Plug #2: 3049- 2892'
Class B cement, 76 sxs:
16 inside and 61 outside

TOC @ 4130 Cacl, 75%

TOL @ 4350'

Set CIBP @ 4312'

Lower Mancos Perforations.
4362' - 4402' (uncemented 2-7/8" liner)

4.5" 9.5#, Casing set @ 4364'
Cement with 60 sxs

2-7/8" 6.5# liner set @ 4414'
uncemented

Plug #1: 4312' - 4212'
Class B cement, 12 sxs

TD 4414'