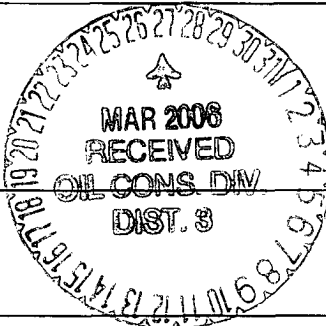


**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**
Sundry Notices and Reports on Wells

<p>1. Type of Well Oil</p> <hr/> <p>2. Name of Operator Chace Oil c/o Golden Oil Holding Corporation</p> <hr/> <p>3. Address & Phone No. of Operator 2200 Post Oak Blvd., Suite 720, Houston, TX 77027 713-626-1110</p> <hr/> <p>Location of Well, Footage, Sec., T, R, M 1850' FSL & 1850' FWL, Section 34, T-23-N, R-3-W, Unit K</p>		<p>5. Lease Number Jicarilla 54</p> <p>6. If Indian, All. or Tribe Name Jicarilla Apache</p> <p>7. Unit Agreement Name</p> <hr/> <p>8. Well Name & Number Chace Apache 54 #7</p> <hr/> <p>9. API Well No. 30-043-20352</p> <p>10. Field and Pool Chacon Dakota</p> <hr/> <p>11. County & State Sandoval, 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 type="checkbox"/> Abandonment	<input type="checkbox"/> Change of Plans
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion	<input type="checkbox"/> New Construction
<input type="checkbox"/> Final Abandonment	<input type="checkbox"/> Plugging Back	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> Water Shut off
	<input type="checkbox"/> Altering Casing	<input type="checkbox"/> Conversion to Injection
	<input checked="" type="checkbox"/> Other - Return to Production	

13. Describe Proposed or Completed Operations

Golden Oil plans to repair the casing in this well or plug and abandon it.
A plug and abandonment intent was approved on October 9, 2002 by the Rio Puerco BLM office.

Please review and re-approve the attached plugging procedure.

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

Signed William F. Clark Title Contractor Date March 14, 2006

(This space for Federal or State Office use)

APPROVED BY Original Signed: Stephen Mason Title _____ Date MAR 23 2006

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.

NMCCD

PLUG AND ABANDONMENT PROCEDURE 9/06/02

3/14/06

Chace-Apache 54 #7
Chacon Dakota
1850' FSL & 1850' FWL, Section 34, T23N, R3W
Sandoval County, NM

Note: All cement volumes use 100% excess outside pipe and 50' excess inside pipe. The stabilizing wellbore fluid will be 8.3 ppg, sufficient to balance all exposed formation pressures. All cement will be ASTM Type II, mixed at 15.6 ppg with a 1.18 cf/sx yield.

1. Install and/or test rig anchors. Prepare blow pit. Comply with all NMOCD, BLM and Golden safety rules and regulations. MOL and RU daylight pulling unit. Blow well down; kill with water if necessary. ND wellhead and NU BOP and stripping head; test BOP
2. TOH and tally 2-3/8" tubing, 7056'. If necessary LD tubing and PU workstring. Round-trip 4-1/2" gauge ring to 6904'. Note fluid level.
3. **Plug #1 (Dakota perforations and top, 6904' – 6804')**: TIH and set a 4-1/2" cement retainer at 6904'. Pressure test tubing to 1000#. Load casing and circulate well clean. Pressure test casing to 500#. If casing does not test, then spot or tag subsequent plugs as appropriate. Mix 11 sxs cement and spot a balanced plug inside casing above retainer to isolate the Dakota perforations. PUH to 5770'.
4. ^{5922 5822} **Plug #2 (Gallup top, 5770' – 5670')**: Mix 11 sxs cement and spot a balanced plug inside casing to cover the Gallup top. TOH with tubing.
5. **Plug #3 (Cliffhouse, 4330' – 4230')**: Perforate 3 squeeze holes at 4330'. If the casing tested, then establish rate into squeeze holes. Set 4-1/2" CR at 4280'. Mix and pump 50 sxs cement, squeeze 39 sxs outside casing and leave 11 sxs inside casing to cover the Cliffhouse top. TOH with tubing.
6. ²⁸²⁵ **Plug #4 (Pictured Cliffs, Fruitland, Kirtland, Ojo Alamo tops, 2770' – 2355')**: Perforate 3 squeeze holes at 2770'. If the casing tested, then establish rate into squeeze holes. Set 4-1/2" CR at 2720'. Mix and pump 104 sxs cement, squeeze 100 sxs outside casing and leave 34 sxs inside casing to cover through the Ojo Alamo top. TOH with tubing.
7. **Plug #5 (Nacimiento, 1320' -1220')**: Perforate 3 squeeze holes at 1320'. If the casing tested, then establish rate into squeeze holes. Set 4-1/2" CR at 1270'. Mix and pump 50 sxs cement, squeeze 39 sxs outside casing and leave 11 sxs inside casing to cover the Nacimiento top. TOH and LD tubing.
8. **Plug #6 (8-5/8" casing shoe, 310' - Surface)**: Perforate 3 squeeze holes at 310'. Establish circulation out bradenhead with water. Mix and pump approximately 105 sxs cement down 4-1/2" casing to circulate cement out the bradenhead valve. Shut in and WOC.
9. ND BOP and cut off wellhead below surface casing. Install P&A marker to comply with regulations. RD, MOL, cut off anchors, and restore location.