

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0137
Expires: January 31, 2018

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.
NMNM9037

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2

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

1. Type of Well
 Oil Well Gas Well Other: UNKNOWN MW

8. Well Name and No.
REESE MESA 8

2. Name of Operator Contact: PRISCILLA SHORTY
HILCORP ENERGY COMPANY E-Mail: pshorty@hilcorp.com

9. API Well No.
30-045-25992-00-S2

3a. Address 1111 TRAVIS STREET
HOUSTON, TX 77002

3b. Phone No. (include area code)
Ph: 505.324.5188

10. Field and Pool or Exploratory Area
BASIN FRUITLAND COAL

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Sec 12 T32N R8W NWSW 1660FSL 0835FWL
36.994370 N Lat, 107.631485 W Lon

11. County or Parish, State
SAN JUAN COUNTY, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Hydraulic Fracturing	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other
<i>BP</i>	<input type="checkbox"/> Change Plans	<input checked="" type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

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 recomplete 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 recompletion 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.

Hilcorp Energy requests permission to P&A the subject well per the attached procedure, current and proposed wellbore schematics. A closed loop system will be utilized.

Notify NMOCD 24 hrs
prior to beginning
operations

NMOCD
OCT 25 2018
DISTRICT III

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

**Electronic Submission #439655 verified by the BLM Well Information System
For HILCORP ENERGY COMPANY, sent to the Farmington
Committed to AFMSS for processing by JACK SAVAGE on 10/23/2018 (19JWS0012SE)**

Name (Printed/Typed) PRISCILLA SHORTY	Title OPERATIONS REGULATORY TECH
Signature (Electronic Submission)	Date 10/15/2018

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By <u>JACK SAVAGE</u>	Title <u>PETROLEUM ENGINEER</u>	Date <u>10/23/2018</u>
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 <u>Farmington</u>

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)

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

NMOCD

5

PLUG AND ABANDONMENT PROCEDURE

10/3/18

Reese Mesa #8

Basin Fruitland Coal

1660' FSL and 835' FWL, Section 12, T32N, R8W
San Juan County, New Mexico / API 30-045-25992

Lat: N 36.9948 / Lat: W -107.6315

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 G, mixed at 15.8 ppg with a 1.15 cf/sx yield.

1. 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.
2. Rods: Yes , No , Unknown .
Tubing: Yes , No , Unknown , Size , Length .
Packer: Yes , No , Unknown , Type .

NOTE: Will need to pick up tubing workstring.

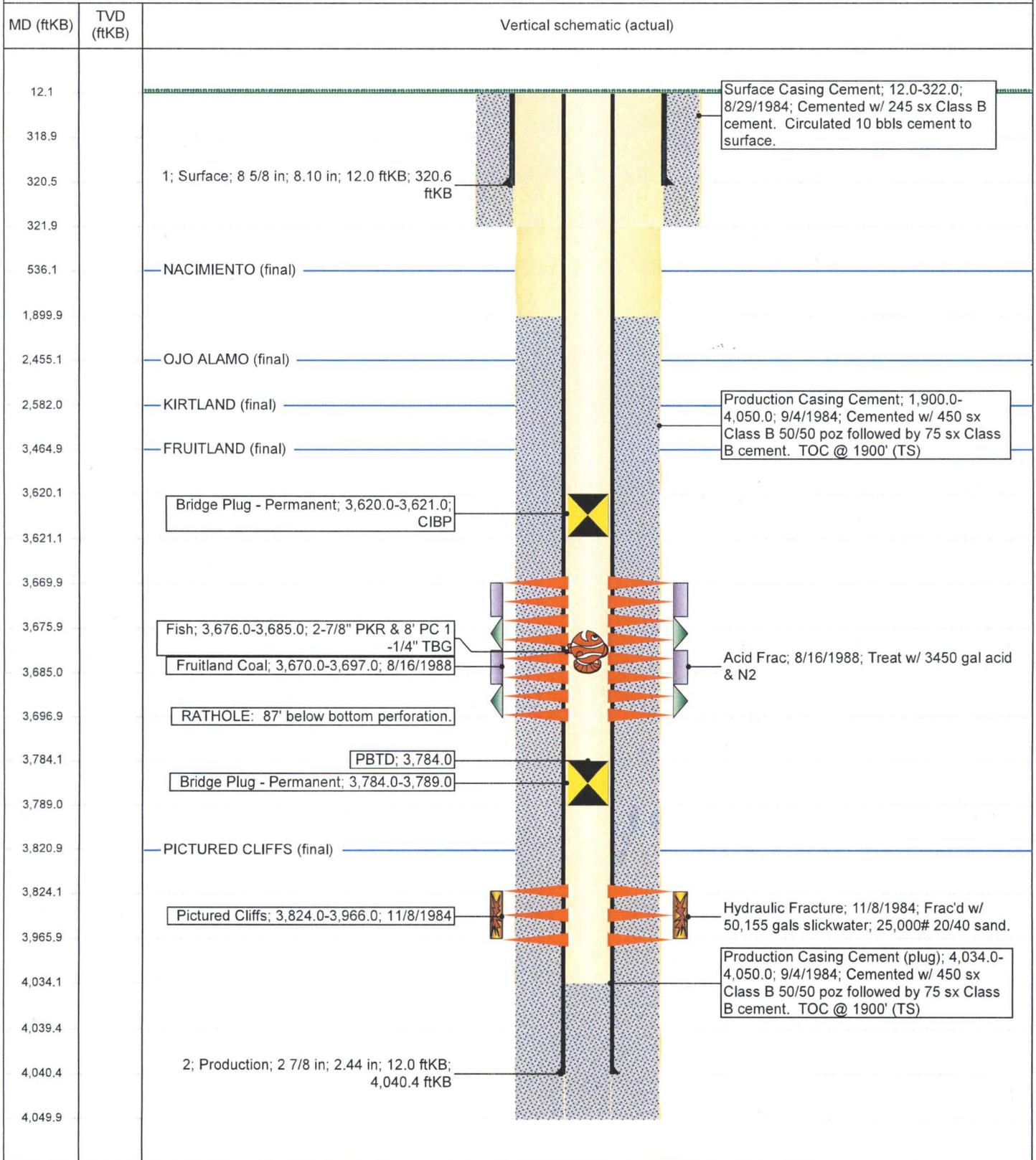
BLM requires a CBL log to be run on all wells where the cement did not circulate to surface or where a CBL log was not previously run. This procedure is prepared with the understanding that it may be modified based on the TOC from the CBL.

3. **Plug #1 (Pictured Cliffs interval and Fruitland tops, 3620' – 2405')**: Round trip 2.875" gauge ring or mill and tag existing CIBP @ 3620'. RIH with tubing workstring. Pressure test tubing to 800#. Pressure test casing to 500#. If casing does not test then spot or tag subsequent plugs as appropriate. Mix and pump 36 sxs Class G cement above existing CIBP from 3620' to cover the PC interval, stuck packer and 8' piece of tubing and Fruitland top. TOH.
4. **Plug #2 (Kirtland and Ojo Alamo top, 3620'- 2405')**: Perforate squeeze holes at 3620'. Establish injection rate. Set 2.875" wireline CR at 536'. Mix and pump 56 sxs Class G cement; squeeze 51 sxs outside and leave 5 sxs inside. TOH and LD tubing.
5. **Plug #3 (8-5/8" casing shoe, 320' – 0')**: Perforate squeeze holes at 320'. Establish circulation out bradenhead with water and circulate the BH annulus clean. Mix approximately 125 sxs Class G cement and pump down the 2.875" casing to circulate good cement out bradenhead. Shut in well and WOC.
6. ND cementing valves and cut off wellhead. Fill annuli with cement as necessary. Install P&A marker to comply with regulations. Record GPS coordinate for P&A marker on tower report. Photograph P&A marker in place. RD, MOL and cut off anchors. Restore location per BLM stipulations

Well Name: REESE MESA #8

API / UWI 3004525992	Surface Legal Location 012-032N-008W-L	Field Name BASIN (FRUITLAND COAL)	License No.	State/Province NEW MEXICO	Well Configuration Type
Ground Elevation (ft) 7,040.00	Original KB/RT Elevation (ft) 7,052.00	KB-Ground Distance (ft) 12.00	KB-Casing Flange Distance (ft)	KB-Tubing Hanger Distance (ft)	

Original Hole, 10/15/2018 11:07:06 AM



Reese Mesa #8 Proposed P&A

Basin Fruitland Coal
1660' FSL, 835' FWL, Section 12, T-32-N, R-8-W
San Juan County, NM, API #30-045-25992

Today's Date: 10/3/18
Spud: 8/24/84
Completed: 11/8/84
Elevation: 7040' GI

Plug #3: 370' - 0'
Class B cement, 125 sxs

12-1/4" hole

8-5/8" , 24# Casing set @ 320'
Cement with 266 cf, circulated

Nacimiento @ 536'

Set CR @ 536'

Plug #2: 586' - 486'
Class B cement, 56 sxs
5 inside and 51 outside

Perforate @ 586'

1973 T.S. indicates TOC at 1900'

Ojo Alamo @ 2455'

Plug #1: 3620' - 2405'
Class G cement, 36 sxs

Kirtland @ 2582'

Fruitland @ 3465'

Existing CIBP @ 3620'

Fruitland Coal Perforations:
3670' - 3697'

Fish @ 3676': Pkr and 8'
piece of 1-1/4" tubing'

Existing CIBP @ 3784'

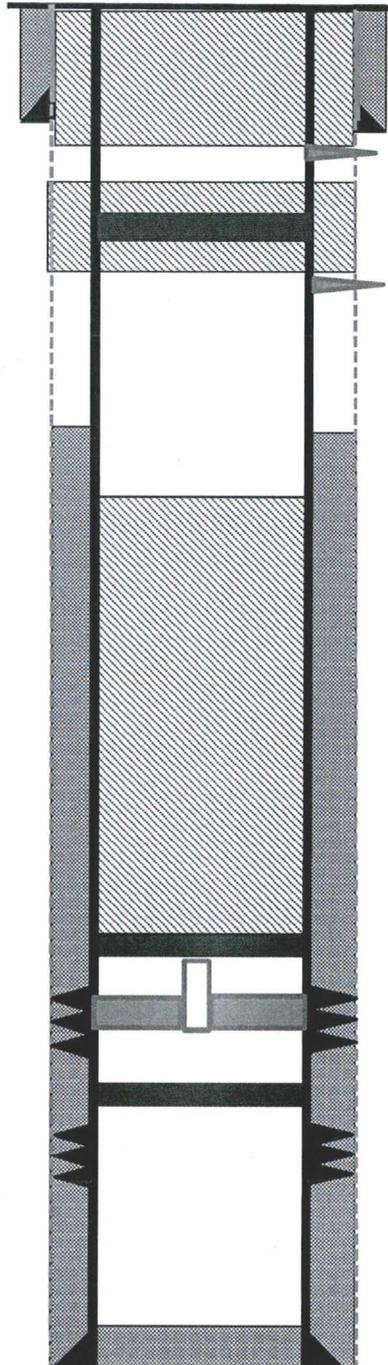
Pictured Cliffs Perforations:
3824' - 3966'

Pictured Cliffs @ 3821'

7.825 and
6.75" hole

2-7/8", 6.5# Casing set @ 4040'
Cement with 718 cf

TD 4050'
PBSD 4034'



UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
FARMINGTON DISTRICT OFFICE
6251 COLLEGE BLVD.
FARMINGTON, NEW MEXICO 87402

Attachment to notice of
Intention to Abandon:

Re: Permanent Abandonment
Well: Reese Mesa 8

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) 564-7750.

3. The following modifications to your plugging program are to be made:

- a) Set Plug #1 (3620 – 3384) ft. to cover the Fruitland top. BLM picks top of Fruitland at 3434 ft.
- b) Set Plug #2 (2480 – 2270) ft. to cover the Kirtland and Ojo Alamo tops. BLM picks top of Kirtland at 2430 ft. BLM picks top of Ojo Alamo at 2320 ft.
- c) Add a cement plug (1031 – 931) ft. to cover the Nacimiento top. BLM picks top of Nacimiento at 981 ft.
- d) Set Plug #3 (370 – 0) ft. to cover the surface casing shoe. Casing set at 320 ft.

Operator reports **very high concentrations of H₂S (1,600 ppm GSV)** at this location. **It is imperative that H₂S monitoring and safety equipment be on location during plugging operations at this well site.**

Operator must run a CBL to verify cement top. Submit electronic copy of the log for verification to the following addresses: jwsavage@blm.gov Brandon.Powell@state.nm.us

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.