

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No. 1004-0135  
Expires January 31, 2004

**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.*

**SUBMIT IN TRIPLICATE - Other instructions on reverse side**

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

2. Name of Operator  
**JOHN E. SCHALK**

3a. Address  
**P.O. Box 25825, ALBUQU, NM 87125**

3b. Phone No. (include area code)  
**(505) 881-6649**

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
**1700' FNL & 905' FEL, SEC. 6, T 25N, R 3W**

5. Lease Serial No.  
**NMSF-080565-A**

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.  
**SCHALK GULF #3A**

9. API Well No.  
**30-039-22506**

10. Field and Pool, or Exploratory Area  
**MESA VERDE**

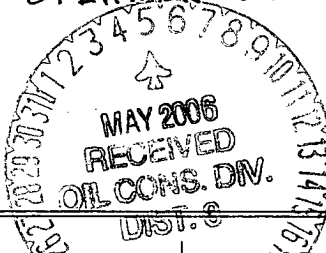
11. County or Parish, State  
**RIO ARriba County, NM**

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input 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 checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<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 checked="" type="checkbox"/> Other <b>CORRECT OPERATOR NAME</b>
	<input type="checkbox"/> Change Plans	<input 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 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 shall 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 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

THE ATTACHED P&A SUNDRY NOTICE WAS FILED USING THE INCORRECT OPERATOR NAME. THE OPERATOR IS JOHN E. SCHALK, NOT SCHALK DEVELOPMENT COMPANY. THIS SUNDRY NOTICE IS TO CORRECT THE OPERATOR NAME.



RECEIVED  
APR 17 PM 1 45  
70 FARMINGTON NM

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

**STEVE SCHALK**

Signature

Title **AGENT**

Date

**APRIL 12, 2006**

**ACCEPTED FOR RECORD**

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

**APR 18 2006**

Approved by

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.

Title

Office

**FARMINGTON DISTRICT OFFICE**  
**BY**

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 reverse)

OPERATOR

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

<p>1. <b>Type of Well</b> Gas</p> <p>2. <b>Name of Operator</b> Schalk Development Company</p> <p>3. <b>Address &amp; Phone No. of Operator</b> PO Box 25825, Albuquerque, NM 87125 (505) 881-6649</p> <p><b>Location of Well, Footage, Sec., T, R, M</b> 1700' FNL and 905' FEL, Section 6, T-25-N, R-3-W,</p>	<p>5. <b>Lease Number</b> NMSF-080565-A</p> <p>6. <b>If Indian, All. or Tribe Name</b></p> <p>7. <b>Unit Agreement Name</b></p> <p>8. <b>Well Name &amp; Number</b> Schalk Gulf #3A</p> <p>9. <b>API Well No.</b> 30-039-22506</p> <p>10. <b>Field and Pool</b> Mesaverde</p> <p>11. <b>County &amp; State</b> Rio Arriba, NM</p>
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12. CHECK APPROPRIATE BOX TO INDICATE NATURE OF NOTICE, REPORT, OTHER DATA

Type of Submission

☒ Notice of Intent  
☐ Subsequent Report  
☐ Final Abandonment

Type of Action

☒ Abandonment  
☐ Recompletion  
☐ Plugging Back  
☐ Casing Repair  
☐ Altering Casing  
☐ Other -

☐ Change of Plans  
☐ New Construction  
☐ Non-Routine Fracturing  
☐ Water Shut off  
☐ Conversion to Injection

13. Describe Proposed or Completed Operations

Schalk Development Company plans to plug and abandon this well per the attached procedure.

SEE ATTACHED FOR  
CONDITIONS OF APPROVAL

2006 MAR 22 PM 1 57  
RECEIVED  
0700 ARMINGTON NH

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

Signed Steve Schalk Title General Manager Date 3/19/06

(This space for Federal or State Office use)

APPROVED BY [Signature] Title PS Date MAR 29 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.

OPERATOR

## PLUG AND ABANDONMENT PROCEDURE

March 10, 2006

### Schalk Gulf #3A

Blanco Mesaverde

1700' FNL & 905' FEL, NE, Section 6, T25N, R3W  
Rio Arriba County, New Mexico, API #30-039-22506

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.  
Cement will be ASTM Type III, mixed at 14.8 ppg with a 1.32 cf/sx yield or Class B.

1. Install and test location rig anchors. Prepare blow pit. Comply with all NMOCD, BLM, and Schalk safety regulations. MOL and RU daylight pulling unit. Conduct safety meeting for all personnel on location. NU relief line and blow down well; kill with water as necessary.

2. PU on rods and unseat pump. Re-seat pump. Pressure test tubing to 1000#. TOH with rods and LD. ND wellhead and NU BOP. Test BOP. TOH and tally 2.375" tubing, total 5685', TAC at 5685'. If necessary, LD tubing and use a workstring.

3. Plug #1 (Mesaverde perforations and top, 5586' – 5492'): TIH and set 4.5" CR at 5586'. Load casing with water and circulate well clean. Pressure test casing to 500#. *If the casing does not pressure test, then spot or tag subsequent plugs as appropriate.* Mix 11 sxs Type III and spot a balanced plug inside casing above CR to isolate the Mesaverde perforations. TOH with tubing.

4. Plug #2 (Pictured Cliffs and Fruitland tops, <sup>4021 3765'</sup>~~4050' – 3650'~~): Perforate 3 squeeze holes at <sup>4021'</sup>~~3965'~~. Set 4.5" cement retainer at ~~3905'~~. Establish rate into squeeze holes. Mix and pump 169 sxs cement, squeeze 138 sxs outside the casing and leave 31 sxs inside casing to cover Pictured Cliffs and Fruitland tops. PUH to 3670' and reverse circulate well clean. Shut in well and WOC.

5. Plug #3 (Kirtland and Ojo Alamo tops, <sup>3757' 3444'</sup>~~3662' – 3427'~~): Perforate 3 squeeze holes at <sup>3757'</sup>~~3662'~~. Set 4.5" cement retainer at ~~3642'~~. Establish rate into squeeze holes. Mix and pump ~~100~~ sxs cement, squeeze ~~81~~ sxs outside the casing and leave ~~19~~ sxs inside casing to cover Kirtland and Ojo Alamo tops.

6. Plug #4 (Nacimiento top, <sup>2320' 2220'</sup>~~1805' – 1705'~~): Perforate 3 squeeze holes at <sup>2320'</sup>~~1805'~~. Attempt to establish rate into squeeze holes if the casing pressure tested prior to perforating. Set 4.5" cement retainer at ~~1755'~~. Establish rate into squeeze holes. Mix and pump 46 sxs cement, squeeze 35 sxs outside the casing and leave 11 sxs inside casing to cover the Nacimiento top. PUH to 355'.

7. Plug #5 (Surface, 355' – 0'): With open ended tubing at 355', establish circulation out the casing valve with water. Mix and spot approximately 30 sxs cement from 355' to surface, circulate good cement out casing valve. TOH and LD tubing. Shut well in and WOC.

8. ND BOP and cut off casing below surface casing flange. Install P&A marker with cement to comply with regulations. RD, move off location, cut off anchors and restore location.

# Schalk Gulf #3A

## Current

Blanco Mesaverde

1700' FNL & 905' FEL, Section 6, T-25-N, R-3-W  
Rio Arriba County, NM / API #30-039-22506

Today's Date: 3/10/06

Spud: 11/29/80

Comp: 4/10/81

Elevation: 7418' GI

12.25" Hole

Nacimiento @ 1755' \* est.

Ojo Alamo @ 3477' \* est.

Kirtland @ 3612' \* est.

Fruitland @ 3700' \* est.

Pictured Cliffs @ 3905' \* est.

Mesaverde @ 5542'

7.875" Hole

TD 6445'  
PBTB 6412'

8.625" 24# K-55 Casing set @ 305'  
250 sxs cement, circulated to surface

Casing leaks 354' to 790'; squeeze with  
170 sxs and circulate out bradenhead

### Well History

Sep '04: Isolate casing leaks: 354' to 790' and  
3771' to 4061'. Squeeze 740' to surface with 170  
sxs cement; circ out BH. Drill out from 10' to 792'.  
Perforate upper MV zone and frac. CO with air.  
Land tubing with rods and pump at 5685'.

Jan '05: Fluid level at 3225'. Clean out fill to 6224'  
with bailer. Found tubing packed with mud and  
sand. Land tubing with anchor at 5636'. RIH with  
rods and pump.

2.375" Tubing set at 5685'  
(203 joints, TAC at 5685')

Top of Cmt @ 4311' (Calc, 75%)

Mesaverde Perforations:  
5636' - 5751'  
6142' - 6304"

4.5" 10.5#, K-55 Casing @ 6445'  
Cemented with 405 sxs (648 cf)

# Schalk Gulf #3A

## Proposed P&A

Blanco Mesaverde

1700' FNL & 905' FEL, Section 6, T-25-N, R-3-W  
Rio Arriba County, NM / API #30-039-22506

Today's Date: 3/10/06

Spud: 11/29/80

Comp: 4/10/81

Elevation: 7418' GL

12.25" Hole

Nacimiento @ 1755' \* est.

Ojo Alamo @ 3477' \* est.

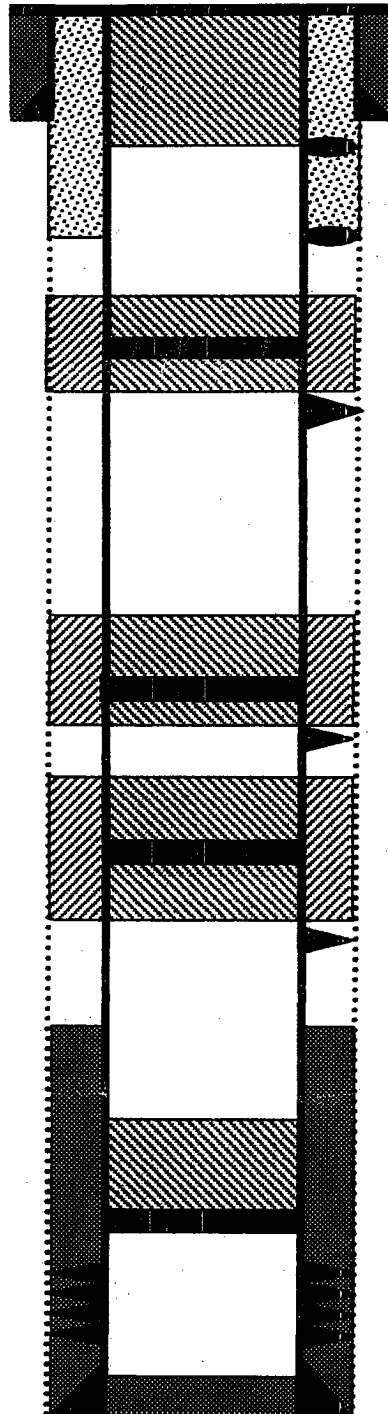
Kirtland @ 3612' \* est.

Fruitland @ 3700' \* est.

Pictured Cliffs @ 3905' \* est.

Mesaverde @ 5542'

7.875" Hole



TD 6445'  
PBSD 6412'

Plug #5: 355' - 0'  
Type III cement, 30 sxs

8.625" 24# K-55 Casing set @ 305'  
250 sxs cement, circulated to surface

Casing leaks 354' to 790'; squeeze with  
170 sxs and circulate out bradenhead

Cmt Retainer @ 1755'  
Perforate @ 1805'  
Plug #4: 1805' - 1705'  
Type III cement, 46 sxs:  
35 outside and 11 inside

Cmt Retainer @ 3612'  
Perforate @ 3662'  
Plug #3: 3662' - 3427'  
Type III cement, 100 sxs:  
81 outside and 19 inside

Cmt Retainer @ 3905'  
Perforate @ 3955'  
Plug #2: 4050' - 3650'  
Type III cement, 169 sxs:  
138 outside and 31 inside

Top of Cmt @ 4311' (Calc, 75%)

Set CR @ 5586'  
Plug #1: 5586' - 5492'  
Type III cement, 11 sxs

Mesaverde Perforations:  
5636' - 5751'  
6142' - 6304"

4.5" 10.5# K-55 Casing @ 6445'  
Cemented with 405 sxs (648 cf)

## BLM CONDITIONS OF APPROVAL

The following surface rehabilitation Conditions of Approval must be complied with as applicable, before this well can be approved for final abandonment (see 43 CFR 3162.3-4). **Surface rehabilitation work shall be completed within one year of the actual plugging date. Notification for completion of this work can be submitted with a Sundry Notice.**

1. All fences, production equipment, purchaser's equipment, concrete slabs, deadman (anchors), flowlines, risers, debris and trash must be removed from the location.
2. Production pits will be closed according to the Unlined Surface Impoundment Closure Guidelines, as approved in the Environmental Assessment of December 1993. Any oil stained soils may be remediated on-site according to these guidelines or disposed of in an approved disposal facility.
3. The well pad will be shaped to the natural terrain and left as rough as possible. All compacted areas and areas devoid of vegetation shall be ripped to a minimum of 12" before seeding.
4. Access roads will be shaped to conform to the natural terrain and left as rough as possible to detour vehicular travel. Access will be ripped to a minimum of 12" in depth and waterbarred prior to seeding. All erosion problems created by the development must be corrected prior to acceptance of release. Waterbars should be spaced as shown below:

% Slopes	Spacing Interval
Less than 20%	200'
2 to 5%	150'
6 to 9%	100'
10 to 15%	50'
Greater than 15%	30'

All water bars should divert to the downhill side of the road.

5. All disturbed areas will be seeded with the prescribed certified seed mix (reseeding may be required).
6. Notify Surfacing Managing Agency seven (7) days prior to seeding so that they may be present for that option.
7. The period of liability under the bond of record will not be terminated until the lease is inspected and the surface rehabilitation approved.

Other SMA's may vary slightly in their restoration requirements. It is your responsibility, as the operator, to obtain surface restoration requirements from other SMA's. We need to be provided with a copy of these requirements. Any problems concerning stipulations received from other SMA's should be brought to us.

On private land, we should be provided with a letter from the fee owner stating that the surface restoration is satisfactory.

**UNITED STATES DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
FARMINGTON FIELD OFFICE  
1235 LA PLATA HIGHWAY  
FARMINGTON, NEW MEXICO 87401**

Attachment to notice of

Re: Permanent Abandonment

Intention to Abandon:

Well: 3A Schalk Gulf

**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 Pictured Cliffs/Fruitland plug from 4021' - 3765' inside and outside the 4 ½" casing.
  - b) Place the Kirtland/Ojo Alamo plug from 3757' - 3444' inside and outside the 4 ½" casing.
  - c) Place the Nacimiento plug from 2320' – 2220' inside and outside the 4 ½" casing.

You are also required to place cement excesses per 4.4 of the attached General Requirements.

Office Hours: 7:45 a.m. to 4:30 p.m.

**GENERAL REQUIREMENTS FOR  
PERMANENT ABANDONMENT OF WELLS ON FEDERAL AND INDIAN LEASES  
FARMINGTON FIELD OFFICE**

1.0 The approved plugging plans may contain variances from the following minimum general requirements.

1.1 Modification of the approved plugging procedure is allowed only with the prior approval of the Authorized Officer, Farmington Field Office.

1.2 Requirements may be added to address specific well conditions.

2.0 Materials used must be accurately measured. (densimeter/scales)

3.0 A tank or lined pit must be used for containment of any fluids from the wellbore during plugging operations and all pits are to be fenced with woven wire. These pits will be fenced on three sides and once the rig leaves location, the fourth side will be fenced.

3.1 Pits are not to be used for disposal of any hydrocarbons. If hydrocarbons are present in the pit, the fluids must be removed prior to filling in.

4.0 All cement plugs are to be placed through a work string. Cement may be bull-headed down the casing with prior approval. Cement caps on top of bridge plugs or cement retainers may be placed by dump bailer.

4.1 The cement shall be as specified in the approved plugging plan.

4.2 All cement plugs placed inside casing shall have sufficient volume to fill a minimum of 100' of the casing, or annular void(s) between casings, plus an excess volume sufficient to provide for 50 linear feet of fill above the plug.

4.3 Surface plugs may be no less than 50' in length.

4.4 All cement plugs placed to fill annular void(s) between casing and the formation shall be of sufficient volume to fill a minimum of 100' of the annular space plus 100% excess, calculated using the bit size, or 100' of annular capacity, determined from a caliper log, plus an excess volume sufficient to provide for 50 linear feet of fill above the plug.

4.5 All cement plugs placed to fill an open hole shall be of sufficient volume to fill a minimum of 100' of hole, as calculated from a caliper log, plus an excess volume sufficient to provide for 50 linear feet of fill above the plug. In the absence of a caliper log, an excess of 100% shall be required.

5.0 All cement plugs spotted across, or above, any exposed zone(s), when; the wellbore is not full of fluid or the fluid level will not remain static, and in the case of lost circulation or partial returns during cement placement, shall be tested by tagging with the work string.

5.1 The top of any cement plug verified by tagging must be at or above the depth specified in the approved plan, without regard to any excess.



- 5.2 Testing will not be required for any cement plug that is mechanically contained by use of a bridge plug and/or cement retainer, if casing integrity has been established.
- 5.3 Any cement plug which is the only isolating medium, for a fresh water interval or a zone containing a prospectively valuable deposit of minerals, shall be tested by tagging.
- 6.0 Before setting any cement plugs the hole needs to be rolled. All wells are to be controlled by means of a fluid that is to be of a weight and consistency necessary to stabilize the wellbore. This fluid shall be left in place as filler between all plugs.
- 6.1 Drilling mud may be used as the wellbore fluid in open hole plugging operations.
- 6.2 The wellbore fluid used in cased holes shall be of sufficient weight to balance known pore pressures in all exposed formations.
- 7.0 A blowout preventer and related equipment (BOPE) shall be installed and tested prior to working in a wellbore with any exposed zone(s); (1) that are over pressured, (2) where the pressures are unknown, or (3) known to contain H<sub>2</sub>S.
- 8.0 Within 30 days after plugging work is completed, file a Sundry Notice, Subsequent Report of Abandonment (Form 3160-5), five copies, with the Field Manager, Bureau of Land Management, 1235 La Plata Highway, Suite A, Farmington, NM 87401. The report should show the manner in which the plugging work was carried out, the extent, by depth(s), of cement plugs placed, and the size and location, by depth(s), of casing left in the well. Show date well was plugged.
- 9.0 All permanently abandoned wells are to be marked with a permanent monument as specified in 43 CFR 3162.6(d). Unless otherwise approved.
- 10.0 If this well is located in a Specially Designated Area (SDA), compliance with the appropriate seasonal closure requirements will be necessary.

All of the above are minimum requirements. Failure to comply with the above conditions of approval may result in an assessment for noncompliance and/or a Shut-in Order being issued pursuant to 43 CFR 3163.1. You are further advised that any instructions, orders or decisions issued by the Bureau of Land Management are subject to administrative review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4 and 43 CFR 4.700.