

District I - (505) 393-6161

1625 N. French Dr. \

Hobbs, NM 88240

District II - (505) 748-1283

1301 W. Grand Avenue

Artesia, NM 88210

District III - (505) 334-6178

1000 Rio Brazos Road

Aztec, NM 87410

District IV - (505) 476-3440

1220 S. St. Francis Dr.

Santa Fe, NM 87505

New Mexico

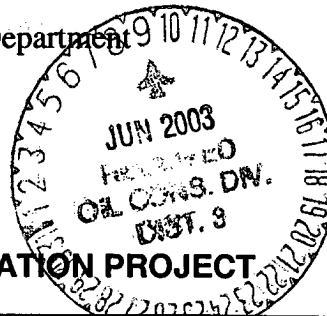
Energy Minerals and Natural Resources Department

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505
(505) 476-3440

Form C-139

Revised 06/99

SUBMIT ORIGINAL
PLUS 2 COPIES
TO APPROPRIATE
DISTRICT OFFICE



APPLICATION FOR PRODUCTION RESTORATION PROJECT

I. Operator and Well:

| | | | | | | | | | |
|--|---------------|-----------------|--------------|----------------------|---------------------------|------------------------|------------------------|----------------------------|--|
| Operator name & address BP America Production Company P.O. Box 3092 Attn: Mary Corley Houston, TX 77253 | | | | | | OGRID Number 000778 | | | |
| Contact Party Mary Corley | | | | | | Phone 281-366-4491 | | | |
| Property Name Kernaghan B | | | | | | Well Number 1 | | API Number 30-045-10042 | |
| UL N | Section 33 | Township 31N | Range 08W | Feet From The 990 | North/South Line South | Feet From The 1650 | East/West Line West | County San Juan | |

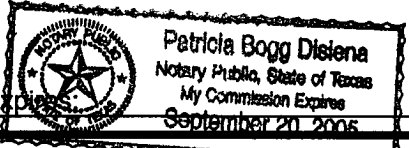
II. Pool and Production Restoration:

| | |
|--|---|
| Previous Producing Pool(s) (If change in Pools): Blanco Mesaverde | |
| Date Production Restoration started: 05/01/2002 | Date Well Returned to Production: 07/03/2002 |
| Describe the process used to return the well to production (Attach additional information if necessary): PayAdd & Casing Repair | |

III. Identify the period and Division records which show the Well had thirty (30) days or less production for the twenty-four consecutive months prior to restoring production:

| | |
|--|--|
| Records Showing Well produced less than 30 days during 24 month period: <input type="checkbox"/> Well file record showing that well was plugged <input checked="" type="checkbox"/> ONGARD production data <input type="checkbox"/> OCD Form C-115 (Operator's Monthly Report) | Month/Year (Beginning of 24 month period): 01/01/1998 Month/Year (End of 24 month period): 06/30/2002 |
|--|--|

IV. Affidavit:

| | |
|--|--|
| State of <u>Texas</u>)) ss. County of <u>Harris</u>) <u>Mary Corley</u> , being first duly sworn, upon oath states: 1. I am the Operator, or authorized representative of the Operator, of the above-referenced Well. 2. I have personal knowledge of the facts contained in this Application. 3. To the best of my knowledge, this application is complete and correct. Signature <u>Mary Corley</u> Title <u>Senior Regulatory Analyst</u> Date _____ SUBSCRIBED AND SWORN TO before me this <u>4</u> day of <u>June</u> , <u>2003</u> .  Notary Public <u>Patricia Bogg Disena</u> | |
|--|--|

FOR OIL CONSERVATION DIVISION USE ONLY:

V. CERTIFICATION OF APPROVAL:

This Application is hereby approved and the above-referenced well is designated a Production Restoration Project. By copy hereof, the Division notifies the Secretary of the Taxation and Revenue Department of this Approval and certifies that production was restored on:

7-3-2002

| | | |
|---|----------------------------------|--------------------------|
| Signature/District Supervisor <u>Charlie T. Herrin</u> | OCD District <u>AZTEC III</u> | Date <u>6-30-2003</u> |
|---|----------------------------------|--------------------------|

VI. DATE OF NOTIFICATION TO THE SECRETARY OF THE TAXATION AND REVENUE DEPARTMENT:

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0135
Expires: November 30, 2000

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 <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other | | 8. Well Name and No. KERNAGHAN B 1 |
| 2. Name of Operator BP AMERICA PRODUCTION COMPANY | | 9. API Well No. 30-045-10042 |
| 3a. Address P.O. BOX 3092 HOUSTON, TX 77253 | 3b. Phone No. (include area code) Ph: 281.366.4491 Fx: 281.366.0700 | 10. Field and Pool, or Exploratory BLANCO MESAVERDE |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 33 T31N R8W SESW 990FSL 1650FWL | | 11. County or Parish, and State SAN JUAN 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 checked="" type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input type="checkbox"/> Other |
| | <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.)

Casing leak repair and Menefee/Cliffhouse payadd has been completed for the subject well. Please see attached Subsequent Report for well work activity.

| | |
|---|---------------------------------|
| 14. I hereby certify that the foregoing is true and correct. Electronic Submission #12362 verified by the BLM Well Information System For BP AMERICA PRODUCTION COMPANY, sent to the Farmington Committed to AFMSS for processing by Matthew Halbert on 07/18/2002 () | |
| Name (Printed/Typed) MARY CORLEY | Title AUTHORIZED REPRESENTATIVE |
| Signature (Electronic Submission) | Date 06/26/2002 |

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

| | | |
|---|-------------|----------------|
| Approved By _____ | Title _____ | Date 7/18/2002 |
| 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 _____ |

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.

**** ORIGINAL ** ORIGINAL ** ORIGINAL ** ORIGINAL ** ORIGINAL ** ORIGINAL ** ORIGINAL ****

KERNAGHAN B 1
PAY ADD & CASING REPAIR SUBSEQUENT REPORT
06/26/2002

05/01/2002 MIRUSU @ 07.30 hrs. Spot EQPT. NDWH & NU BOP's. Secure well & SDFN.

05/02/2002 Unseat TBG hanger. TOH W/TBG. TIH W/CIBP & set @ 5075'. TOH. Load hole w/2% KcL water. TOH. SDFN.

05/07/2002 TIH w/PKR & set @ 4580'. RU attempted to SQZ hole @ 4980'. Unable to. RD, released PKR & TOH. SDFN.

05/08/2002 ND BOP. Set CSG spear into top of 4 1/2" CSG. RU & ran Free Point on 4 1/2" CSG. Pipe was free @ 4173'. RIH w/CSG jet cutter, cut TBG off @ 4173'. RD. RU & TOH w/4 1/2" CSG. SDFN.

05/09/2002 TIH w/7" RBP & set @ 1000'. Loaded hole w/2% KcL WTR & tested to 500#. TIH & retrieve RBP. SDFN.

05/10/2002 TIH w/4 1/2" RBP & set @ 4225'. Loaded hole w/2% KcL WTR & attempted to pressure test. Would not hold. TOH & TIH w/7" PKR. Found holes from 1150' to 1875'. SDFN.

05/13/2002 TOH w/PKR. SDFN.

05/14/2002 TIH & TOH w/RBP set @ 4225'. TIH w/CIBP & set @ 4235'. TOH & SDFN.

05/15/2002 TIH w/ 4 1/2" CSG & set @ 4172'. SDFN.

05/17/2002 RU & CMT 1st stage w/165 SXS CMT. Had good circ. Dropped bomb & opened up stage collar. Broke circ & CMT 2nd stage w/ 125 SXS CMT. No CMT circ to surface. 8 BBLS pre-flush to surface. RD. NUWH & tested spools to 2000#. Held OK. SDFN.

05/20/2002 TIH & tagged CMT @ 1000'. DO CMT, D.V. Tool, Float Shoe, & CIBP set @ 4225'. C/O wellbore to 4985'. PU & SDFN.

05/21/2002 RU & circ hole clean to top of CIBP set @ 5075'. DO CIBP & lost circ. SDFN.

05/22/2002 TIH & DO CIBP set @ 5075'. TOH.

05/23/2002 RU & TIH w/CIBP & set @ 5460'. RU & run GR log. RU & perf Menefee w/2 JSPF, 3.125 inch diameter:

Menefee Perforations (15 shots/ 30 holes):

5198', 5206', 5226', 5234', 5238', 5268', 5276', 5282', 5313', 5319', 5368', 5380',
5390', 5396', 5446'

RU & frac W5000# of 16/30 Brady Sand & N2 Foam. Flowback well to tank thru 1/4" choke.

05/28/2002 TIH & clean out to top of CIBP set @ 5460'. PU above perfs & SDFN.

05/29/2002 RU & frac W5000# of 16/30 Brady Sand & N2 Foam. Flowback well to tank thru 1/4" choke.

05/30/2002 TOH & SDFN.

06/03/2002 RU, TIH w/CIBP & set @ 5025'. RU & perf Cliffhouse , 2 JSPF, 3.125 inch diameter:.

Inside the 7"x4-1/2" liner lap area:

4802', 4804', 4811', 4818', 4824', 4840', 4850', 4860', 4888', 4896', 4904',
4908', 4914', 4925', 4936', 4945', 4947', 4969'

Inside the 4-1/2" liner:

4976'

RU & frac w/ 85071# 16/30 Brady Sand & N2 Foam. RU & clowback well thru 1/4" choke over night.

06/04/2002 Flowed back thru 1/4" choke. @ 08.00 hrs upsized to 1/2" choke & flowed back until 17.00 hrs. Upsized choke to 3/4" & flowed back overnight.

06/05/2002 TIH & circ clean to top of CIBP set @ 5025'. DO CIBP. Circ hole clean to 5275'. PU above perfs & flowed back thru 3/4" choke overnight.

06/06/2002 TIH & tag fill @ 5389'. Circ hole clean to top of CIBP set @ 5460'. DO CIBP. Run a sweep & PU above perfs & SDFN.

06/07/2002 TIH & tag fill @ 5540', circ hole clean to top of old fish @ 5550' PU above perfs & SDFN.

06/10/2002 TIH & tag 0 fill. PU above perfs & flowed back thru 3/4" choke.

06/11/2002 TIH & tag 0 fill. PU above perfs & flowed back thru 3/4" choke.

06/13/2002 RU & flow test well thru 3/4" choke for 14 hrs. 175 MCF.

06/14/2002 TIH w/CIBP & set @ 5460' to isolate the Point Lookout. SDFN.

06/17/2002 TIH w/2 3/8" production TBG & land @ 5157'. ND BOP & NUWH. Pull TBG plug. RDMOSU. Service Unit Release @ 13:30 hrs.

KERNAGHAN B 1 API: 30-045-10042
BP AMERICA PRODUCTION COMPANY
T31N R08W Sec 33 San Juan County

Year: 1998

Pool Name: BLANCO-MESAVERDE (PRORATED GAS)

| Month | Oil(BBLS) | Gas(MCF) | Water(BBL) | Days Produced |
|-----------|-----------|----------|------------|---------------|
| January | 0 | 3490 | 0 | 31 |
| February | 0 | 3213 | 0 | 28 |
| March | 0 | 3202 | 0 | 31 |
| April | 0 | 3150 | 0 | 30 |
| May | 0 | 3136 | 0 | 28 |
| June | 0 | 3323 | 0 | 30 |
| July | 0 | 3319 | 0 | 31 |
| August | 0 | 3377 | 0 | 31 |
| September | 0 | 3091 | 0 | 30 |
| October | 0 | 2838 | 0 | 26 |
| November | 0 | 3318 | 0 | 30 |
| December | 0 | 4160 | 0 | 31 |
| Total | 0 | 39617 | 0 | 357 |

Year: 1999

Pool Name: BLANCO-MESAVERDE (PRORATED GAS)

| Month | Oil(BBLS) | Gas(MCF) | Water(BBL) | Days Produced |
|-----------|-----------|----------|------------|---------------|
| January | 0 | 3950 | 0 | 31 |
| February | 0 | 3652 | 0 | 28 |
| March | 0 | 3912 | 0 | 31 |
| April | 0 | 3827 | 0 | 30 |
| May | 0 | 1997 | 0 | 16 |
| June | 0 | 3967 | 0 | 30 |
| July | 0 | 3724 | 0 | 31 |
| August | 0 | 3244 | 0 | 31 |
| September | 0 | 1726 | 0 | 30 |
| October | 0 | 592 | 0 | 31 |
| November | 0 | 0 | 0 | 8 |
| December | 0 | 0 | 0 | 0 |
| Total | 0 | 30591 | 0 | 297 |

Year: 2000

Pool Name: BLANCO-MESAVERDE (PRORATED GAS)

| Month | Oil(BBLS) | Gas(MCF) | Water(BBL) | Days Produced |
|-----------|-----------|----------|------------|---------------|
| January | 0 | 0 | 0 | 0 |
| February | 0 | 0 | 0 | 0 |
| March | 0 | 0 | 0 | 0 |
| April | 0 | 0 | 0 | 0 |
| May | 0 | 0 | 0 | 0 |
| June | 0 | 0 | 0 | 0 |
| July | 0 | 0 | 0 | 0 |
| August | 0 | 0 | 0 | 0 |
| September | 0 | 0 | 0 | 0 |
| October | 0 | 0 | 0 | 0 |
| November | 0 | 0 | 0 | 0 |
| December | 0 | 0 | 0 | 0 |

KERNAGHAN B 1 API: 30-045-10042
BP AMERICA PRODUCTION COMPANY
T31N R08W Sec 33 San Juan County
Total 0 0 0 0

Year: 2001

Pool Name: BLANCO-MESAVERDE (PRORATED GAS)

| Month | Oil(BBLS) | Gas(MCF) | Water(BBL) | Days Produced |
|--------------|-----------|----------|------------|---------------|
| January | 0 | 0 | 0 | 0 |
| February | 0 | 0 | 0 | 0 |
| March | 0 | 0 | 0 | 0 |
| April | 0 | 0 | 0 | 0 |
| May | 0 | 0 | 0 | 0 |
| June | 0 | 0 | 0 | 0 |
| July | 0 | 0 | 0 | 0 |
| August | 0 | 0 | 0 | 0 |
| September | 0 | 0 | 0 | 0 |
| October | 0 | 0 | 0 | 0 |
| November | 0 | 0 | 0 | 0 |
| December | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 0 | 0 |

Year: 2002

Pool Name: BLANCO-MESAVERDE (PRORATED GAS)

| Month | Oil(BBLS) | Gas(MCF) | Water(BBL) | Days Produced |
|--------------|-----------|--------------|-------------|---------------|
| January | 0 | 0 | 0 | 0 |
| February | 0 | 0 | 0 | 0 |
| March | 0 | 0 | 0 | 0 |
| April | 0 | 0 | 0 | 0 |
| May | 0 | 0 | 0 | 0 |
| June | 0 | 0 | 0 | 0 |
| July | 0 | 4220 | 2855 | 29 |
| August | 0 | 2243 | 1771 | 30 |
| September | 0 | 1175 | 957 | 30 |
| October | 0 | 916 | 685 | 31 |
| November | 0 | 994 | 708 | 30 |
| December | 0 | 924 | 220 | 31 |
| Total | 0 | 10472 | 7196 | 181 |

Year: 2003

Pool Name: BLANCO-MESAVERDE (PRORATED GAS)

| Month | Oil(BBLS) | Gas(MCF) | Water(BBL) | Days Produced |
|--------------|-----------|-------------|------------|---------------|
| January | 0 | 997 | 0 | 31 |
| February | 0 | 944 | 0 | 28 |
| Total | 0 | 1941 | 0 | 59 |