Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

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

Form C-103
May 27, 2004

WELL API NO.
30-045-09175

5. Indicate Type of Lease
STATE ☐ FEE X☐

6. State Oil & Gas Lease No.

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.)

7. Lease Name or Unit Agreement Name
Talcott-Kelly

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

8. Well Number #1

2. Name of Operator
San Juan Coal Company

9. OGRID Number

3. Address of Operator
PO Box 561, Waterflow, NM 87421 505-598-2000

10. Pool name or Wildcat

4. Well Location
Unit Letter L; 1650 feet from the South line and 990 feet from the West line
Section 25 Township 30 North Range 15 West NMPM San Juan County

11. Elevation *(Show whether DR, RKB, RT, GR, etc.)*
' GL ' KB

Pit or Below-grade Tank Application ☐ or Closure ☐

Pit type_____ Depth to Groundwater_____ Distance from nearest fresh water well_____ Distance from nearest surface water_____

Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material

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

NOTICE OF INTENTION TO:				SUBSEQUENT REPORT OF:			
PERFORM REMEDIAL WORK	☐	PLUG AND ABANDON	☐	REMEDIAL WORK	☐	ALTERING CASING	☐
TEMPORARILY ABANDON	☐	CHANGE PLANS	☐	COMMENCE DRILLING OPNS.	☐	P AND A	X☐
PULL OR ALTER CASING	☐	MULTIPLE COMPL	☐	CASING/CEMENT JOB	☐		
OTHER:	☐			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 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

San Juan Coal re-entered this old well down to 738' GL and then filled the well bore with cement.

See the attached report for work details:

RCVD FEB7'07
OIL CONS. DIV.
DIST. 3

I hereby certify that the information above is true and complete to the best of my knowledge and belief. **I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.**

SIGNATURE William F. Clark TITLE Contractor DATE January 31, 2006

William F. Clark
Type or print name

Telephone No. 505-325-2627

For State Use Only

APPROVED BY: Monica Kuehling TITLE DEPUTY OIL & GAS INSPECTOR, DIST. #3 DATE FEB 07 2007

Conditions of Approval (if any):

A-PLUS WELL SERVICE, INC.

P.O. BOX 1979
Farmington, New Mexico 87499
505-325-2627 * fax: 505-325-1211

BHP Billiton d.b.a San Juan Coal Company
Talcott Kelly #1

January 16, 2007

1650' FSL & 990' FWL, Section 25, T-30-N, R-15-W
San Juan County, NM
Fee Lease
API #30-045-09175

Plug & Abandonment Report

Notified BLM and NMOCD on 12/15/06

Work Summary:

12/15/06 Hold safety meeting with BHP officials. Drive to location; locate well. Dig out around 10.75" casing stub. Spot in float. Issue hot work permit. Weld a 10.75" pipe extension onto casing stub; also install two outlets on pipe. SDFD.

12/18/06 MOL and RU rig. NU 10.75" companion flange, cross over spool and 7" 3000# BOP, test BPO function. Lay 3" return line to mud pit. Tally 6 – 3.125" drill collars. PU drill collar with power swivel and a 6.125" button bit. Establish circulation and RIH. Tag fill at 5' and then drill cement from 6' to 64'. Circulate hole clean. TOH with BHA (bottom hole assembly – 2- 3.125" drill collars, bit sub and 6.125" bit). Shut in well. SDFD.

12/19/06 Open well, no pressure. TIH with 6.125" bit and 2 - drill collars. Did not tag fill. Continue to PU total of 6 drill collars, no tag. PU 2.375" workstring and continue to clean out to 350'; washing down each joint with sand and shale returns. At 350' found hard drilling. Drill at 350' for 2 hours and made approximately 8" of hole. Returns are wood fibers and some formation. TOH with 5 joints 2.375" tubing and BHA. Found bit packed with mud and gravel around cones. Shut in well. SDFD.

12/20/06 RU mud hopper. RU with same BHA (6.125" button bit and 6 drill collars) and 1 joint 2.375" workstring. Mix 35 sxs Quick Gel mud in rig pit. TIH with and tag at 345'. Establish circulation and start drilling at 345' with heavy mud. Drilled down to 355'. Returns look like cement and hardened drilling mud. Shut in well. SDFD.

12/21/06 Open well, 0 PSI. PU 6.125" mill tooth bit, bit sub and TIH with 6 – 3.125" drill collars, cross over and 5 joints 2.375" tubing. Establish circulation. Begin drilling from 350' to 355'. Pump started spraying mud out at fluid end. Call mechanic for repairs. RD pump truck and drive to town. TOH with tubing and BHA. Shut in well.

12/22/06 TIH with 6.125" bit and BHA and 2.375" tubing. RU drilling equipment and establish circulation. Drill out from 350' to 355', returns cement and gravel. Well started circulating outside of the surface casing in 3 places. Drilling mud flowing on the ground. Lost 80 bbls mud in approximately 40 minutes; stopped drilling. TOH with bit. RU wireline unit. RIH with collar locator and found end of 10.75" casing at 20' GL. RD wireline. Unload backhoe. Dig new bigger pit and unload blooie line. RU pump truck for cementing. TIH with 1 joint 2.375" tubing and 4' 2.375" pup joint.
EOT at 30' GL. Connect pump line on tubing. Squeeze job at the shoe of the 10.75" surface pipe.
Plan to cement the surface casing and switch to air for drilling; mud not working.

Work Summary – Continued:

112/22/06 Continued:

Plug Back #1 with 40 sxs Type II cement (53 cf) from 30' to surface in both the open hole interval (30' to 20') and inside the 10.75" surface casing (20' to surface) until good cement returns to the surface.

TOH and LD tubing. Install wiper plug in 10.75" casing. Close rams and displace plug to 10' with 1 bbl waster Shut in well. SDFD.

12/27/06 Prepare the well for air drilling: NU 7" mud cross above the 7" BOP and then the stripping head. RU 7" blooie line with stands and pads. RU rig floor. PU 6.25" bit and BHA (1 - 3.125" drill collars, bit sub). Wait on Weatherford to RU and get air packages running. Packages will not stay running. Connect pump line on tubing. Establish circulation with water. Tag cement at 9'. Begin drilling with water. Air unit repaired so switch over to air mist for drilling. Drill out hard cement to 10.5'. Shut down air. POH with bit. Shut in well. SDFD.

12/28/06 TIH with new 6.25" blade bit and BHA. Tag cement at 10.5'. Establish circulation with air and 12 bph mist. Drilled out to 15'. Returns were metal shavings and pieces of sandstone. Bleed off air package. POH to inspect bit; LD bit. PU 6.125" mill tooth cone bit and TIH. Establish circulation and continue drilling at 15'. Returns went back to mainly cement by 17'. Some sandstone. Drill down to 26'. Returns became brown chunks. No cement cuttings. Continue down to 38'. Note: possibly out of original hole, surface plug was pumped from 31'. Continue drilling down to 52', fell through for 4'. Well unloaded drilling mud. Circulate hole clean. Bleed off air. TOH with bit and BHA. Shut in well. SDFD.

12/29/06 TIH 6.25" bit and BHA. Establish circulation with air mist 12 bph. Tag up at 58' and begin drilling. Drill down to 76'. Returns indicate drill out of original hole. Circulate clean. Bleed off air. TOH and LD bit. TIH with 2 joints 2.375" tubing and 20' of pup joints. Wait on cement dye. Connect pump line on tubing.

Plug Back #2 with 40 sxs Type II cement (53 cf) inside 6.25" open hole interval from 76' to 20' and inside the 10.75" surface casing, circulate good cement out casing valve.

TOH with tubing. RIH with 20 of pup joints to 13' GL. Reverse circulate 10.75" casing clean. RD floor. ND 7" BOP, mud cross and 10" x 7" spool. RD pulling unit and pull forward. BOP stack unstable, plan to cement outside of surface pipe. Dig 6' x 6' x 6' hole around wellhead. Issue hot work permit. Weld on stabilizer arms, 10.75" surface pipe and level casing for cement job. Wait on redi-mix truck. Pour 9 yards redi-mix cement around wellhead. SDFD.

01/02/07 Cover cement slab around wellhead. Level out well pad with backhoe. RU pulling unit. NU 10" rental BOP and Washington stripping head; function test BOP. RU flow tee and 7" blooie line. RU floor. Spot in new float with 2.875" drill pipe and 4.75" drill collars. Tally drill collars. PU 9.875" bit and 1 - 4.75" drill collar. Tag cement at 4'. Note: sheath of cement on inside of 10.75" casing. Establish circulation with air mist. Drill down easy to 15'. Found solid cement at 15'. Returns are cement, sandstone, rocks and metal. Blow well dry. Shut in well. SDFD.

Work Summary – Continued:

01/03/07 Thaw out equipment. Open well. Establish circulation with air mist of 12 bph. Tag up at 11' GL. Drill for four hours. Made no hole. Returns are cement and sandstone. Blow well dry. Bleed off air. POH. LD 9.875" bit. Look down hole from surface. Did not see anything unusual. PU 8.75" cone bit and RIH to tag 11'. Drill 2 hours. Cannot put much weight on bit or torques up hard. Made no hole. Blow dry. Bleed off air. POH with 8.75" bit. Call for 7.875" bit. Look down hole from surface. Notice that the 10.75" casing ends at approximately 8' GL, then 3' wash out and casing again at 11' GL. PU 7.875" mill tooth cone bit, bit sub. RIH and tag at 11'. Establish circulation with air. Drill for 1 hour. Bit bouncing. Nothing coming back for returns. Dry up hole. Bleed off air. POH with bit. Shut in well. SDFD.

01/04/07 Open well, no pressure. RIH with 7.875" bit and one drill collar. Tag at 11' GL and establish circulation with air. Blow hole dry. Bleed off air. POH. Look down hole from surface with high-powered spot light. Identify 10.75" casing has parted: casing from surface to 8' then a 3' open hole interval. Then 10.75"' casing at 11' form surface with a rolled lip. PU 6.125" tapered drag bit and RIH. Tag at 11' GL and establish circulation with air mist. Drill cement from 11' to 16' GL. Blow well dry. Bleed off air. POH. Look down hole from surface; 6.125" hole is inside the parted piece of surface casing. RIH with a 6.25" bit and drill out cement from 16' GL to 58' GL. Note: at 38', returns were drilling mud; at 47', hit cement; fell through at 51' GL. Blow well dry. POH with 6.25" bit. RIH with a 9.625" tapered mill to 11'. Establish circulation with air mist and mill out from 11' to 13' GL. POH. Look down hole from surface. Milled out rolled lip off parted 10.75" casing. LD tapered mill. RIH with 7.875" button bit to 13'. Establish circulation with air mist and ream out the surface casing from 13' to 51'. Continue to RIH with drill collars to 182' GL. Unload hole with air. TOH with bit. Shut in well. SDFD.

01/05/07 RIH with 7.875" button cone bit and 6 - 4.75" drill collars and then 5 joints 2.875" drill pipe. Unload well with air; caused the ground around the cement slab holding the surface casing to start blowing up under the rig. POH with 5 joints 2.875" drill pipe. Unload well with air. Not unloading fluid. Stage in hole 1 joint at a time to 340'. Tag up at 343'. Attempt to use 2 air units. Air blows out of ground. Idle units down until no blow from ground. Start mist 5 to 7 bph. Drill out from 343' to 397' GL. Circulate hole clean. Pump 2 bbls; sweep returns brought more cuttings. Note: from 355' to 360' took 2 hours to drill through. TOH bit. Shut in well. SDFD.

01/08/07 Make up 6.25" button bit and RIH with drill collars and drill pipe. Tag at 362' GL. Establish circulation with air mist 7 bph. Clean out fill from 362' to 397' GL. Run sweeps to clean hole. Drill out from 397' to 553' GL, making sweeps every 30'. Circulate hole clean. TOH with 2.875" drill pipe only. Shut in well. SDFD.

01/09/07 Open well, no pressure. TIH to 540' and establish circulation with air mist. Clean out fill from 540' to 553', then drill out 553' to 707' GL. Making sweeps every 15' with mist. Returns are cement, shale, some coal (660' to 675'). Sweep hole clean and blow dry. Hang back power swivel. PU tongs. TOH with 2.875" drill pipe. Shut in well. SDFD.

A-PLUS WELL SERVICE, INC.

BHP Billiton d.b.a San Juan Coal Company — January 16, 2007
Talcott Kelly #1 —

Work Summary – Continued:

01/10/07 Open well, no pressure. TIH and tag fill at 702'. Establish circulation with air and mist 10 bph. Clean out fill 702' to 707' GL. Drill out from 707' to 738' GL. Sweep hole clean and blow dry. TOH with 6.25" bit. RU Jet West wireline. Run 2 logs, deviation and density. Found coal seam 654' to 670' GL. Deviation show 34' off from 400' to 720'. RU resistivity tool. RIH. Log found no metal. Note: on 1/9/07, 553' to 707' GL while drilling saw green glass shards in returns. Possibly hole was that crooked to begin with from 1944. Shut in well. SDFD.

01/11/07 Wait on orders from BHP. Add 1550# salt to 190 sxs bulk truck to make 18% salt by weight of water. Received approval to plug well.
TIH open-ended with 2.875" drill pipe to 720'. Connect pump line on tubing. Pump 5 bbls of water ahead.
Plug #1 with 100 sxs Type III cement (132 cf) with 18% salt by weight of water inside 6.25" and 7.875" open hole interval from 720' to 213' GL.
TOH with drill pipe. Finish RD blooie line and loading in basket. Shut in well. SDFD.

01/12/07 Open well, no pressure. TIH open-ended with 2.875" drill pipe. Tag cement from plug #1 at 340'. Connect pump line on tubing. Load hole with 3 bbls of water.
Plug #2 with 220 sxs Type III cement (291 cf) inside 7.875" open hole interval from 340'; note cement did not circulate to surface. Ran out of cement. Observed large wash out sections on the caliper log.

TOH with 2.875" drill pipe and WOC.
RIH and tag cement from plug #2 at 143' GL. Connect pump line on tubing. Load hole with 8 bbls of water.
Plug #3 with 100 sxs Type III cement (132 cf) inside 7.875" open hole interval from 143' to the surface casing shoe and then filled the surface casing, circulate good cement out the casing valve and the ground around the concrete slab .
TOH and LD all the drill pipe. ND 10" BOP and companion flange. Found cement down 5' in the 1075" casing. Attempt to bust out concrete slab, unsuccessful. Break out 10.75" nipple with 3" and 2" outlets. RD rig. John Mercier, BHP representative, approved setting DHM. Set DHM at surface with 10 sxs Type III cement.
RD & MOL.

I hereby certify that the forgoing is true and correct:

Chris Adams by ZKR

Christopher Adams
Field Supervisor
A-Plus Well Service, Inc.