

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

FORM APPROVED
OMB No 1004-0135
Expires November 30, 2000

SUBMIT IN TRIPLICATE - Other instructions on reverse side

RECEIVED

FEB 28 2008

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

Running Horse Production Company

Bureau of Land Management
Farmington Field Office

3a. Address

PO Box 369, Ignacio, CO 81137

3b. Phone No. (include area code)

970-563-5100

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

1180' FNL, 1280' FEL, Sec 11, T26N, R12W

5. Lease Serial No.

NOG-9002-1126

6. If Indian, Allottee or Tribe Name

Allotted

RCVD MAR 4 '08

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

OIL CONS. DIV.

DIST. 3

8. Well Name and No.

Nassau Texaco 11 #1

9. API Well No.

30-045-28367

10. Field and Pool, or Exploratory Area

Basin Fruitland Coal

11. County or Parish, 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 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"/> 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 type="checkbox"/> Other
	<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 Operations (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 recompleate 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 recompleation 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.)

Running Horse Production Company plans to plug and abandon the subject well within the next 90 days. Attached is a current well bore diagram, a proposed P&A procedure, and a proposed P&A well bore diagram.

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

Name (Printed/Typed)

Dusty Mars

Title

Petroleum Engineer

Signature

Date

February 27th, 2008

THIS SPACE FOR FEDERAL OR STATE USE

Approved by

Original Signed: Stephen Mason

Title

Date

FEB 29 2008

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, make it a crime for any person knowingly and willfully to make to any department or agency of the United States false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on reverse)

NMOCD

Nassau Texaco 11 #1

Current

Basin Fruitland Coal / API #30-045-28367

1180' FNL & 1280' FEL, Section 11, T-26-N, R-12-W, San Juan County, NM

Today's Date: 2/21/08

Spud: 11/5/90

Completed: 2/24/94

Elevation: 5920' GI

8.625" hole

Circulate cmt to surface per Sundry

7", 23# J-55 Casing set @ 126'
Cement with 50 sxs (Circulated to Surface)

Kirtland @ 311'

2.375" poly core tubing at 1221'

Fruitland @ 988'

Basin Fruitland Coal @ 1234'

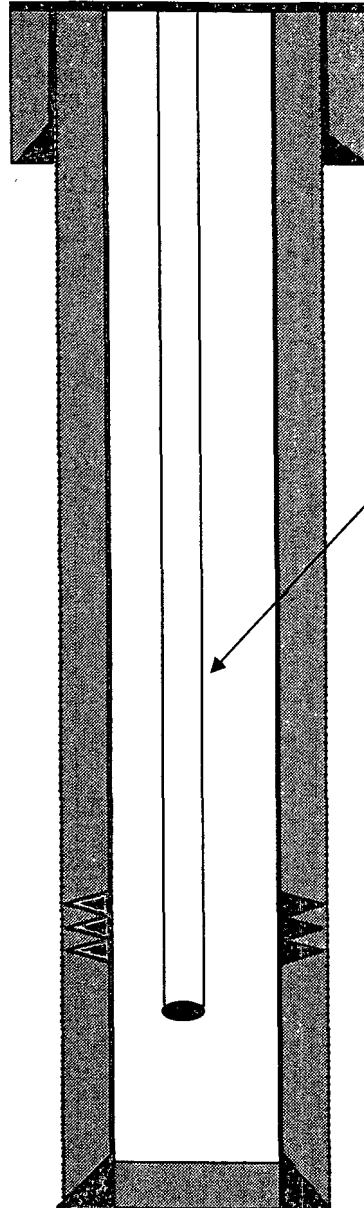
Pictured Cliffs @ 1256'

Fruitland Coal Perforations:
1116' - 1200'

6.25" Hole

4.5" 11.6# K-55 Casing set @ 1351'
Cement with 140 sxs, circulated to
surface

TD 1360'
PBTD 1265'



PLUG AND ABANDONMENT PROCEDURE

February 21, 2008

Nassau Texaco 11 #1

Basin Fruitland Coal
1180' FNL and 1280' FEL, Section 11, T26N, R12W
San Juan County, New Mexico / API 30-045-28367
Lat: N _____ / Lat: W _____

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

1. Project will use a steel tank for a pit.
2. Install and test rig anchors. Comply with all NMOC, BLM and Red Willow safety rules and regulations. Spot a steel waste fluid pit. Conduct safety meeting for all personnel on location. MOL and RU daylight pulling unit. NU relief line and blow well down; kill with water as necessary.
3. TOH and LD 2.375" poly core tubing, 1221'. PU tubing workstring and round trip 4.5" gauge ring or casing scraper to 1066' or as deep as possible.
4. **Plug #1 (Pictured Cliffs top and Basin Fruitland Coal perforations and top, 1066' – ^{850'}~~938'~~):** TIH and set CR at 1066'. Spot ~~14~~ sxs Type G cement above CR to isolate the Pictured Cliffs / Basin Fruitland Coal intervals and cover the Fruitland top. Pressure test casing to 800#. *If casing does not test, then tag Plug #1 and spot additional cement if required.* PUH.
5. **Plug #2 (Kirtland top and 7" casing shoe, ^{320'}~~361'~~ - Surface):** Attempt to pressure test the bradenhead annulus to 300#. If the BH annulus holds pressure, then establish circulation out casing valve with water. Mix approximately 35 sxs Type G cement and spot a balanced plug from 361' to surface to cover the Kirtland top and 7" casing shoe, circulate good cement out casing valve. TOH and LD tubing. Shut well in and WOC. If the BH annulus does not test, then perforate at the appropriate depth and attempt to circulate cement to surface filling the casing and the annulus.
6. ND BOP and cut off wellhead below surface casing flange. Install P&A marker with cement to comply with regulations. RD, MOL and cut off anchors. Restore location per BLM stipulations.

Nassau Texaco 11 #1

Proposed P&A

Basin Fruitland Coal / API #30-045-28367

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Pictured Cliffs @ 1256'

6.25" Hole

TD 1360'
PBSD 1265'

Circulate cmt to surface per Sundry

7", 23# J-55 Casing set @ 126'
Cement with 50 sxs (Circulated to Surface)

Plug #2: 361' - 0':
Type G cement, 35 sxs

Plug #1: 1066' - 938':
Type G cement, 14 sxs

Set CR @ 1066'

Fruitland Coal Perforations
1116' - 1200'

4.5" 11.6# K-55 Casing set @ 1351'
Cement with 140 sxs, circulated to
surface

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

Attachment to notice of
Intention to Abandon:

Re: Permanent Abandonment
Well: 1 Nassau Texaco 11

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) Bring the top of the Fruitland plug to 850'.
 - b) Place the Kirtland/Ojo Alamo/7" Casing Shoe/Surface plug from 320' to Surface.

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.