

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

Form C-103
May 27, 2004

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

WELL API NO. 30-045-33326
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Kelly FC
8. Well Number 1
9. OGRID Number 018973
10. Pool name or Wildcat Basin Fruitland Coal

OPCH 84200 eff 10/23/08

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.)

1. Type of Well: Oil Well Gas Well <input checked="" type="checkbox"/> Other	7. Lease Name or Unit Agreement Name Kelly FC
2. Name of Operator The Kelly Family Land Company, Inc. c/o BHP Billiton San Juan Coal	8. Well Number 1
3. Address of Operator PO Box 561, Waterflow, NM 87421 (505) 598-2000	9. OGRID Number 018973
4. Well Location Unit Letter P : 1180 feet from the South line and 900 feet from the East line Section 25 Township 30N Range 15W NMPM San Juan County	10. Pool name or Wildcat Basin Fruitland Coal
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 5369 ' GL ' KB	
Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/>	
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:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☒
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐

OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

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.

Redwolf Production is no longer the operator of this well.

The Kelly Family Land Company, Inc., as the operator, desires BHP Billiton San Juan Coal to plug and abandon this well per the attached procedure.

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 John Mercier TITLE Senior Mine Geologist DATE 10/29/08

Type or print name John Mercier

E-mail address:

Telephone No.

For State Use Only

APPROVED BY: Kelly G. Rold TITLE Deputy Oil & Gas Inspector, District #3 DATE NOV 07 2008
Conditions of Approval (if any):

B 11/7

A-PLUS WELL SERVICE, INC.

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

PLUG AND ABANDONMENT PROCEDURE

July 21, 2008

Kelly FC #1

Basal Fruitland Coal
1180' FSL and 900' FEL, Section 25, T30N, R15W
San Juan County, New Mexico / API 30-045-33326

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Note: All cement volumes use 100% excess outside pipe and 50' excess inside. The stabilizing wellbore fluid will be water or drilling mud with sufficient weight to balance all exposed formation pressures. Cement is Class B mixed at 15.6 ppg with 1.18 cf/sxs yield or Class B with 18% salt by weight of water (for expansion, MSHA requirement through the Fruitland Coal zone).

PROCEDURE:

1. This project will require an approved NMOCD C-144 Form - Pit Application for the use of a steel pit for cement waste.
2. Set a steel pit for cementing waste fluid. Set a water storage tank on location and fill with fresh water. Set a mud pit and power swivel on location for drilling operations. Have a portable toilet on location. Install and / or test rig anchors.
3. Comply with all applicable **MSHA**, NMOCD, BLM and BHP Billiton safety regulations. Conduct safety meeting for all personnel on location. MOL and RU daylight pulling unit. Lay relief line to the waste pit and blow well down, kill well with water as necessary. ND wellhead and NU BOP. Test BOP. TOH with tubing if present.
4. PU a 3.875" bit and tally a tubing workstring. TIH and clean out to PBTD or as deep as possible. Must clean out to 758' or greater. Circulate well clean. Pressure test the casing to 800 PSI.
5. **Rig up Jet West wireline and run a Gamma – Neutron log and a directional survey log. Adjust the milling intervals as appropriate from these logs.**
6. **Perforate 1' section of 4.5" casing at 758'.** Perforate 4 HSC squeeze holes from 758' to 759'. Establish rate into squeeze holes.
7. **Plug #1 (Pictured Cliffs top and base of Fruitland Coal, 868' – 720'):** TIH with 2.375" workstring to 868'. Establish circulation. Then mix and spot 15 sxs cement with 18% salt (by weight of water) and spot a balanced plug from 868' up to 670' to cover the Pictured Cliffs top. TOH with the workstring and squeeze cement down to 720'.

PLUG AND ABANDONMENT PROCEDURE

July 21, 2008

Kelly FC #1

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Procedure Continued:

8. Wait on cement. While WOC, pick up a 3.875" mill tooth bit, 6 - 3-1/8" drill collars and the 2.375" drill pipe. TIH and tag cement. If cement is above 720' the dress off the TOC to the appropriate depth (note: TOC must be 5 to 8' below the bottom of the planned milled interval to allow for the nose of the section mill tool). TOH with bit and BHA.
9. PU a 3.875" section mill and the 6 - 3-1/8" drill collars (this is the under reaming bottom hole assembly, BHA). TIH with BHA and 2.375" drill pipe to 684'. Rig up drilling equipment and establish circulation with mud.
10. **Note: The intervals to be mill out below are from ground level – not KB.**
11. **Mill out section of 4.5" casing from 684' to 714'.** Start milling out the 4.5" casing from 684' down to 714'. Mill per the tool hands instructions for weight on mill, circulation rate and power swivel's RPM. Circulate well clean with mud. TOH with 2.375" drill pipe and LD the frill collars.
12. **Perforate 1' section of 4.5" casing at 596'.** Perforate 4 HSC squeeze holes from 596' to 597'.
13. **Plug #2 (Fruitland Coal interval, 720' – 500'):** TIH with 2.375" workstring to 720' and circulate the well clean. Then pump a 5 bbls fresh water spacer ahead of the cement. Mix 25 sxs cement with 18% salt (by weight of water) and spot a balanced plug from 720' up to 400' to fill the Fruitland Coal perforations and the milled interval. Displace cement with water. TOH with tubing and then hesitate squeeze the cement down to approximately 500' inside the 4.5" casing.
14. WOC. Then TIH with tubing and tag cement. Pressure test the casing to 800#.
15. **Plug #3 (7" Surface casing shoe, from 189' to Surface):** Connect the pump line to the bradenhead valve. Pressure test the BH annulus to 300#; note the fluid volume to load. If the BH annulus tests, then mix approximately 20 sxs cement with or without 18% salt cement and spot a balanced plug inside the 4.5" casing from 189' to surface to cover the 7" surface casing shoe. TOH and LD the tubing.
* If the BH annulus does not test, then perforate at the appropriate depth and fill the bradenhead annulus and 4.5" casing with cement to surface. TOH and LD tubing. Shut in well and WOC.
16. ND BOP and cut off wellhead below surface. Install P&A marker with cement to comply with regulations. RD, MOL. Cut off anchors and clean up location.

Kelly FC #1

Proposed P&A

Basin Fruitland Coal

1180' FSL & 900' FEL, Section 25, T-30-N, R-15-W
San Juan County, NM / API #30-045-33326

Lat: N _____ / Long: W _____

Today's Date: 7/21/08

Spud: 3/7/06

Reached TD: 3/13/06

Elevation: 5369' GL

8.75" Hole

TOC at Surface, Circulate 15 bbls.

7" 20# J-55 Casing set @ 139'
65 sxs cement, Circulated to surface

Plug #3: 189' – Surface
Class B cement, 20 sxs

Plug #2: 720' – 500'
Class B cement, 25 sxs
with 18% salt

Fruitland Coal #8 Seam @ 695' to 708'

Plug #1: 868' – 720'
Class B cement, 15 sxs
with 18% salt

6.25" Hole

4.5" 10.5# J-55 Casing set @ 868'
Cemented with 95 sxs (152 cf)
Circulated 15 bbls of cement per Sundry

TD 880'
PBSD 868'