Form 3160-5
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED
MAY 15 2009
Bureau of Land Management
Farmington Field Office

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 reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE – Other instructions on reverse side

5. Lease Serial No: I-149-IND-9108

6. If Indian, Allottee or Tribe Name: NAVAJO

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

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

8. Well Name and No.: Navajo #1R

2. Name of Operator: *Thompson Engineering and Production Corp.*

9. API Well No.: 30-045-31373

3a. Address: *7415 E. Main, Farmington, NM, 87402*

3b. Phone No *(include area code)*: *505-327-4892*

10. Field and Pool, or Exploratory Area: Basin Fruitland Coal & W. Kutz PC

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*: *1654' FSL & 815 FWL Section 3, T26N R11W*

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			
☒ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☒ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☒ Recomplete	☐ Other
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ 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 recomplete 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 recompletion 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.)

Thompson Engineering proposes to re-completed the Basin Fruitland Coal according to the attached prognosis. This well is currently producing from the W. Kutz Pictured Cliffs pool. After the re-completion the gas production will be down hole commingled. The well will not make any liquid hydrocarbons.

RCVD MAY 19 '09
OIL CONS. DIV.
DIST. 3

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

Name *(Printed/Typed)*: Paul C. Thompson, P.E.

Title: President

Signature: Paul C. Thompson

Date: May 12, 2009

THIS SPACE FOR FEDERAL OR STATE USE

Approved by: **Original Signed: Stephen Mason**

Title:

Date: MAY 18 2009

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 any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction

(Instructions on reverse)

NMOCD HOLD C104 FOR C-102 for F.C. and statement that Conocophillips ok's infill Delk Taylor #1E

Thompson Engineering and Production

Workover Prognosis for
Thompson Engineering
Navajo #1R

Location: 1654 FSL & 815 FWL
Sec 3, T26N R11W
San Juan County, NM

Date: January 19, 2009

Field: Basin Fruitland Coal
Surface: Navajo
Minerals: Federal SF 080238-A

Elev: 6338' GL
KB 5'
PC Perfs: 1769-77 & 1786-90'
PBTD: 1919' KB

Objective: Re-complete the Fruitland Coal (Two stage frac)

Procedure:

1. MOL and RU completion rig. Hold safety meeting and explain the procedure to the rig crew. NU 2-3/8" relief line to the pit tank and blow the well down. Kill the well with water if necessary. Set and fill two frac tanks with fresh water.

2. Remove the horse head. Lay down the polished rod, one 8' pony rod, 68 plain ¾" rods, 6 plain 7/8" rods and the 2" X 1-1/2" X 10" RWBC pump. Nipple down the wellhead and nipple up the BOP.

3. TOH with 60 jts of 2-3/8" tubing and one 6' tubing sub. Rig up a wireline and run a noise log across the PC and FTC zones. The well will need to be vented to the flow back tank during the logging.

4. Nipple down the BOP and tubing head and install a 5,000 psi frac valve directly to the 4-1/2" casing.

5. **Perforate the lower coal seam at 1759' to 1766' with 3 spf.** Total of 21 (0.50" holes). **Set a 4-1/2" composite bridge plug at 1768'.**

6. Rig up the frac crew. Break down the perfs with water and pump 500 gal of 15% HCl with inhibitors. **Frac the lower Fruitland Coals with 30,000# 20/40** BASF sand in a 15# crosslinked gel frac fluid with 70% nitrogen. Pump rates are expected to be 15 BPM. Maximum treating pressure is 3500 psi. Flush the sand to 1750' with linear gel. Treat with the following schedule if pressures permit:

Stage	Foam Vol. (Gals.)	Gel Vol. (Gals.)	Sand Vol. (lbs.)
Pad	10,000	3,000	0
1.0 ppg	3,000	900	3,000
2.0 ppg	3,000	900	6,000
3.0 ppg	3,000	900	9,000
4.0 ppg	3,000	900	12,000
Flush	1,170	1,170	0
Totals	**23,170**	**7,770**	**30,000**

Record the ISIP and 5, 10, and 15 minute SI pressures.

7. **Lubricate in a 4-1/2" frac plug and set it at approximately 1740' KB.** Pressure test the plug to 3,500 psi. **Perforate the upper Fruitland Coals at 1558 - 60, 1596 - 98, 1618 - 28, 1673, 1697, 1728 - 30 at 3 spf.** Total of 54 (0.50" holes).

8. Rig up the frac crew. Break down the perfs with water and pump 500 gal of 15% HCl with inhibitors and 75 7/8" ball sealers spaced evenly through the acid. Attempt to ball off the perfs to 3,500 psi. RIH with a junk basket and retrieve the balls. **Frac the upper Fruitland Coals with 75,000# 20/40 BASF** sand in a 15# crosslinked gel frac fluid with 70% nitrogen. Pump rates are expected to be 15 BPM. Maximum treating pressure is 3500 psi. Flush the sand to 1500' with foam. Treat with the following schedule if pressures permit:

Stage	Foam Vol. (Gals.)	Gel Vol. (Gals.)	Sand Vol. (lbs.)
Pad	15,000	5,000	0
1.0 ppg	7,500	2,250	7,500
2.0 ppg	7,500	2,250	15,000
3.0 ppg	7,500	2,250	22,500
4.0 ppg	7,500	2,250	30,000
Flush	1,000	300	0
Totals	**46,000**	**14,300**	**75,000**

Record the ISIP and 5, 10, and 15 minute SI pressures.

9. Rig down frac crew and flow well back to a flow back tank through a ¼" choke until the well dies.

10. Nipple down the frac valve and nipple up the BOP. Move in and rig up an air package. TIH with a 3-7/8" bit on 2-3/8" tubing. Drill the plugs at 1740' and 1768' KB. Clean out the well to PBTD at 1919' KB. Blow the well clean. TOH and lay down the bit and bit sub.

11. TIH and land the 2-3/8" tubing, as before, with a seating nipple on bottom at 1883' KB. Nipple down the BOP and nipple up the wellhead. Run a 2" X 1-1/2" X 10' RWBC pump on the same rod string (six 7/8" rods, 68 ¾" rods, one 8' pony rod and the polished rod. Space out the pump and hang off the rods.

12. Load the tubing with water and pressure test to 500 psi. Start the pump jack and return the well to production.

Paul C. Thompson, P.E.