Form 3160-5
(August 2007)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010

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.

5. Lease Serial No.
NMSF078097

6. If Indian, Allottee or Tribe Name

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

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

8. Well Name and No.
HEATON LS 31

2. Name of Operator
BP AMERICA PRODUCTION CO.
Contact: CHERRY HLAVA
E-Mail: hlavacl@bp.com

9. API Well No.
30-045-21100-00-S1

3a. Address
200 ENERGY COURT
FARMINGTON, NM 87401

3b. Phone No. (include area code)
Ph: 281-366-4081

10. Field and Pool, or Exploratory
AZTEC PICTURED CLIFFS

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
Sec 28 T31N R11W SESW 1180FSL 1500FWL
36.86603 N Lat, 107.99947 W Lon

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			
☒ 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 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 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.)

BP finds no further uphole potentional in the above mentioned well & respectfully request permission to P&A.

Please see attached P&A procedure.

H_2S POTENTIAL EXIST

RCVD APR 20 '10
OIL CONS. DIV.
DIST. 3

14. I hereby certify that the foregoing is true and correct.
Electronic Submission #84226 verified by the BLM Well Information System
For BP AMERICA PRODUCTION CO., sent to the Farmington
Committed to AFMSS for processing by STEVE MASON on 04/13/2010 (10SXM0154SE)

Name *(Printed/Typed)* CHERRY HLAVA — Title REGULATORY ANALYST

Signature (Electronic Submission) — Date 04/06/2010

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By STEPHEN MASON — Title PETROLEUM ENGINEER — Date 04/13/2010

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 Farmington

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.

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

NMOCD 4/27

4521100Heaton LS 31 – PC PxA Procedure (Version 1)

General Information:

Formation:	PC	**Job Objective:**	Plug and Abandon
Project #:		**Date:**	4/5/2010
Engineer:	Trevor M°Clymont	**p.** 281-366-1425	**c.** 701-770-6879
Production Contact:	Rocky Deromedi	**p.** 505.326.9471	**c.** 505.486.0942
Optimizer:	Mike Mcmahen	**p.** 505.326.9231	
Backup Engineer:			

Well Information:

API Number:	30-045-21100
BP WI:	100%
Run #:	
Surface Location:	Sec. 28, T31N, R11W
Meter Number:	87579
Well FLAC:	
Cost Center:	
Lease FLAC:	
Restrictions:	N/A
Regulatory Agency:	NMOCD
Compressed (Y/N):	N

Production Data:

Tubing Pressure:	241 psi
Casing Pressure:	0 psi
Line Pressure:	220 psi
Pre-rig Gas Rate:	12 MCFD
Anticipated Uplift:	None
Water Rate:	0
CO2 (%):	0.35 to 0.4%
H2S (PPM):	N/A
Gas BTU:	1185
Artificial Lift Type:	1-1/4" tubing

*Need wellhead adapter flange for Larkin 1000psi wellhead

Basic Job Procedure:

A) KEY 142

1. Set 1-1/4" CW plug with downhole stop in tubing from B&R
2. POOH 1-1/4", 2.33# IJ tubing @ 2448'
3. Set CIBP @ **2376**'
4. Pressure test 2-7/8" casing
5. Run CBL
6. R/D

B) Coil Tubing unit

7. Cement **2376**' to **650**' (CBL dependent)
8. Based on CBL cement over Kirtland & Ojo Formations (**990'– 640'**) inside and outside
9. Perf @ **182**' and cement surface plug from **182** to surface inside and outside.

Safety and Operational Details:

ALL work shall comply with DWOP E&P Defined Operating Practice.

Well History:

The Heaton LS 31 was originally drilled in December 1972. The well was initially completed in 1973. In March 1982, 1-1/4" tubing was installed into the wellbore. The operator of the well switched at the end of 2001. August 2008 slickline attempted to access the well. The master valve would not open completely, may have to change master valve prior to moving to location.

Standard Location Work:

1. Perform pre-rig site inspection, size of location, gas taps, other wells, other operators, running equipment, wetlands, wash, H2S barriers if needed for equipment. Landowner issues, buried lines in pits, raptor nesting, critical location, check anchors. Check ID wellhead, determine if equipment is acceptable or obsolete and replace if necessary, if digging is required have One Call made 48 hours. Follow ground disturbance policy.

2. Perform second site visit, checking anchors and barriers if needed. Ensure lines are marked so that they clearly designate pit locations. Discuss and turnover handover sheet with someone from operations team and wells team. LOTO all necessary equipment including but not limited to: meter run, automation, separator, and water line.

Rig Procedure:

3. Notify BLM and NMOCD 24 hours prior to performing the work.

4. Hold pre-job safety meeting and discuss JSA with everyone on location. JSA should cover: heavy lifts, pinch points, location hazards, pressure hazards, proper PPE and 8 golden rules of safety/IFF. Make sure everyone has preformed their LOTO and knows they have the obligation to stop the job if any unsafe acts are observed.

5. Check and record casing pressure, intermediate, and Bradenhead pressures. Record all pressures into DIMS. Notify engineer if Bradenhead pressures exist. Check gas H2S content and treat if the concentration is > or equal to 10 ppm.

6. MIRU workover rig.

7. Insure double casing valves are installed. Spot and lay 3" line and tank to blow down well, record pressures while blowing well down if possible.

8. Move in Wireline unit, equipment and crew. Be sure to fill out necessary work orders. Wireline must perform LOTO and JSA. RU unit with a lubricator and BOP. **Since well is not an HCO no Pressure testing of lubricator is required.**

9. Two barriers will need to be set in order to break containment (B&R has CW plugs with downhole slip stops. Set plug @ **2376'.** Each time the lubricated connection is broken, it will need to be pressure tested for a quick 5 min test and document in DIMS. Contact engineering if these barriers cannot be used.

10. Blow down backside to flow back tank.

11. Nipple down Wellhead. NU BOPs and diversion spool with 3" outlets and 3" pipe to the flow back tank. Pressure test BOPs. Monitor flowing casing pressure with gauge (with casing flowing to blow tank) throughout workover. Remove wellhead back pressure valve if used.

12. Pull tubing hanger and shut pipe rams and install stripping rubber.

13. POOH and lay down1-1/4" 2.3#/ft production tubing currently set @ **2448'.**

14. RU e-line unit with a lubricator.

15. RIH with 2-7/8" gauge ring to top of perforations @ **2426'.**

16. RIH with 2-7/8" CIBP and set at **2376'**. Load hole with fluid and pressure test **2-7/8"** casing to 500psi. If no fluid or pressure loss is apparent, continue to next step. If fluid loss is evident, contact the engineer for remedial procedure.

17. Run CBL to determine TOC

18. RD eline unit.

19. RD rig.

COIL TUBING PROCEDURE:

20. Hold pre-job safety meeting and discuss all JSA's with all BP and third party personnel. The Pre-job safety meeting should cover; heavy lifts, pinch points, location hazards, pressure hazards, and proper PPE.
21. MIRU Coil-tubing unit

22. RU CTU. If threaded tree flanges perform proper risk assessment for threaded connections. Use dual choke manifold or production choke for flow back. Fully function and pressure test BOP's to 250-psi low-pressure test, 1000-psi high-pressure test. If Shear Rams are not used in BOP stack, refer to local standard operating practice. Lubricator should be of adequate length to cover BHA. Dual flapper check valves should be run above BHA. If dual flapper check valves are not used a detailed and current assessment of risks, mitigations and contingency responses should be refer to, or a local standard operating practice.

23. RIH with coil-tubing to **2376'** and spot ~~**1345'**~~ **1746** (~~43.71~~ cu ft) of G-Class cement inside and outside of 2-7/8" casing from **2376' – ~~1400'~~ 650**. This will cover the Picture Cliff, Fruitland Coal, Kirtland, and Ojo Alamo intervals.

24. Rig down coil unit.

25. Move in Wireline unit, equipment and crew. Be sure to fill out necessary work orders. Wireline must perform LOTO and JSA. RU unit with a lubricator with pump in sub that can accommodate CBL and BOP. **Since well is not an HCO no Pressure testing of lubricator is required.**

26. RIH with perforating gun and shoot holes @ **182'.** RD wireline.

27. RU pump truck. Establish circulation. Once circulation is established, pump and circulate **62.8** cu ft cement from **182' to surface behind and inside 2-7/8" casing**. This will put cement around the bottom of the 8-5/8" surface casing shoe to surface and both inside and behind the 2-7/8" casing. POOH.

28. Perform underground disturbance and hot work permits. Cut off tree.

29. If cement cannot be seen on all annulus and casing strings remedial cementing will be required from surface.

30. Release coil tubing unit.

31. Install well marker and identification plate per regulatory requirements. Dry hole marker should contain the following:

BP American Production Co.
Heaton LS 31
API 30-045-21100
Unit letter I, Sec 28, T31N, R11W
1180 FSL, 1500 FWL
San Juan, NM
Picture Cliffs Formation
Federal Lease number: SF 078097
P&A date - TBD

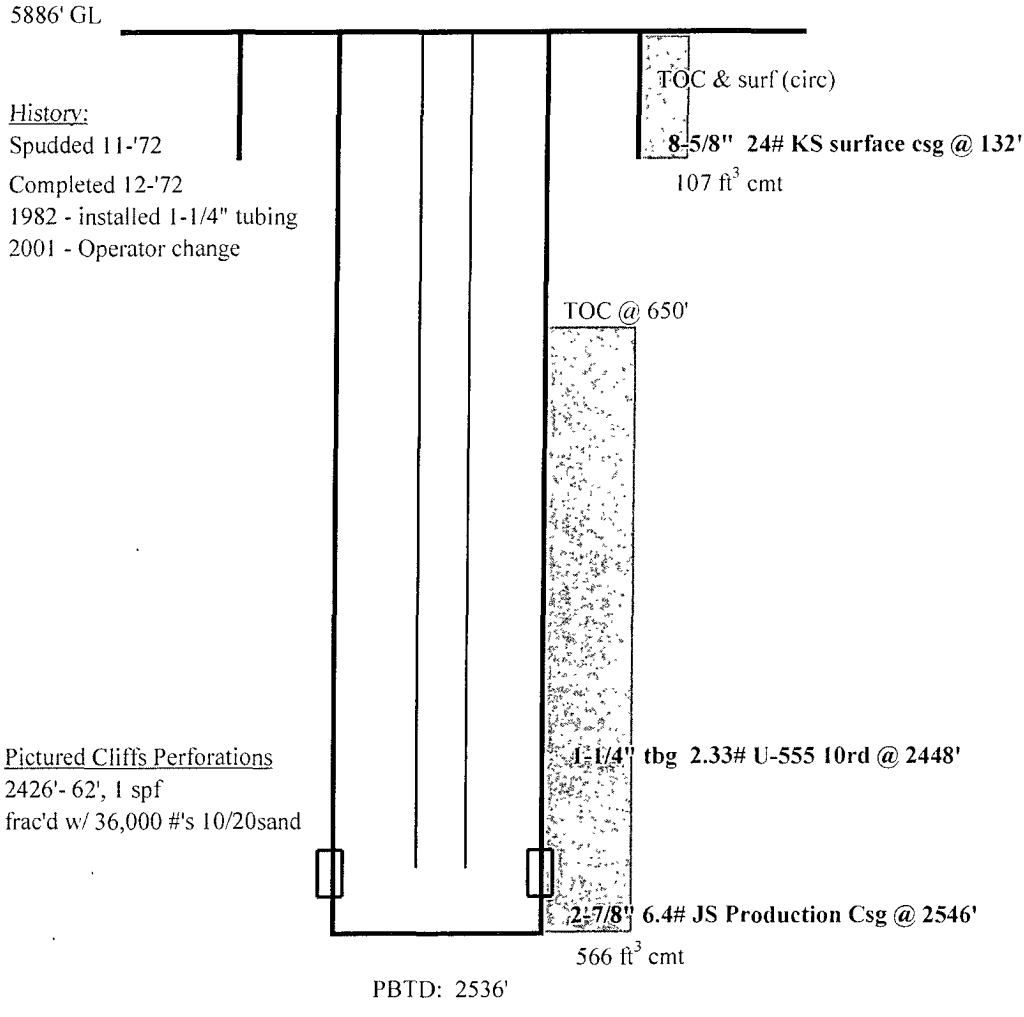
32. RD and release all equipment. Remove all LOTO equipment.

33. Ensure all reports are loaded into DIMS. Print out summary of work and place in Well file. Notify Sherri Bradshaw (326-9260) of completed P&A and Cherry Hlava.

Heaton LS 31-PC

Sec 28, T31N, R11W

API: 30-045-21100



NOTES: Formation Tops:

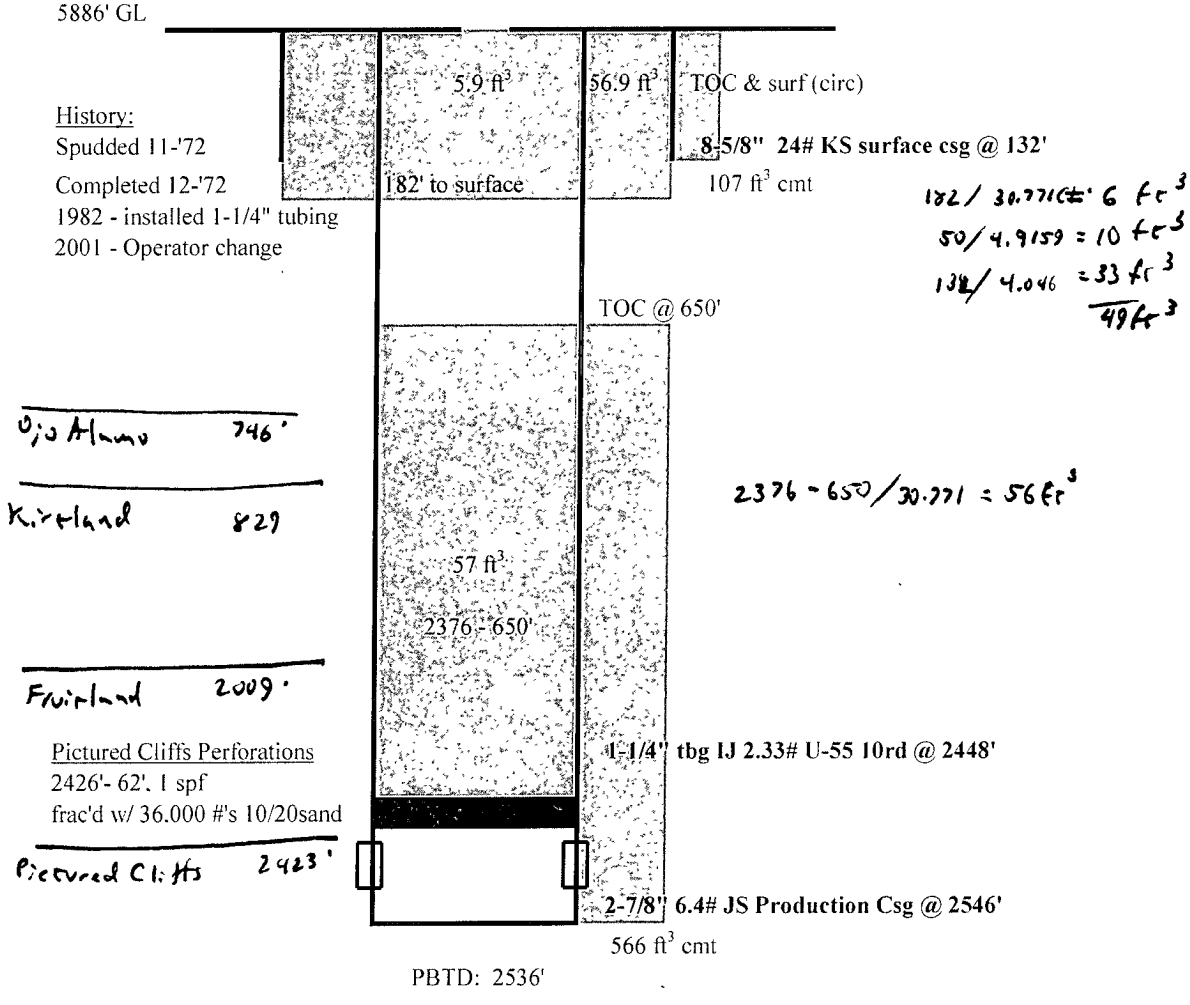
Ojo Alamo	790'
Kirtland	990'
Fruitland Coal	1995'
Fruitland sand	2105'
Ignaceo Coal	2142'
Cottonwood Coal	2240'
Cahn Coal	2365'
Picture Cliffs	2424'

updated: 3/10/2010

Heaton LS 31-PC

Sec 28, T31N, R11W

API: 30-045-21100



History:
Spudded 11-'72
Completed 12-'72
1982 - installed 1-1/4" tubing
2001 - Operator change

182 / 30.771 = 6 ft³
50 / 4.9159 = 10 ft³
132 / 4.046 = 33 ft³
49 ft³

Ojo Alamo 746'

Kirtland 829

2376 - 650 / 30.771 = 56 ft³

Fruitland 2009'

Pictured Cliffs Perforations
2426'- 62', 1 spf
frac'd w/ 36.000 #'s 10/20sand

Pictured Cliffs 2423'

NOTES:

Formation Tops: updated: 3/10/2010

Ojo Alamo:	~~790~~ 746
Kirtland:	~~990~~ 829
Fruitland-C:	~~1995~~ 2009
Fruitland-Sd	2105
Ignacio	2142
CTWD	2240
CAHN	2365
Pictured Cliffs	2424

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