

**Plugging and Abandonment Procedure
Horseshoe Gallup Unit No. 8
Attachment "A"**

Well Data:

Location: 660' FNL, 703' FWL, Section 30 T31N, R16W
San Juan County New Mexico

TD: 1515'
PBTD: 1475'
CmtRet: 1381'

Surface Casing: 8-5/8", 24 #/ft, J-55 set @ 102' with 125 sacks

Production Casing: 5-1/2", 14 #/ft, J-55 set @ 1510' with 135 sacks

Perforations: 1436' – 1464' with 2SPF Closed by CmtRet 1/26/93
1321' – 1349' with 2SPF

Procedure:

Release packer and TOH w/tubing.

Trip in hole with cement retainer and set at 1275'. Circulate hole and pressure test casing.

Mix and pump 33 sacks of cement below retainer. Pull out of retainer and set ~~25~~ sack plug on top of retainer. Estimated top of cement @ ~~1450'~~ 1014' *26 Jan*

Trip out of hole and lay down tubing.

Perforate squeeze holes 150'

Establish circulation down casing, through annulus and out bradenhead.

Mix and pump 50 sacks of cement down casing through perforations, into annulus and out through bradenhead. Leave casing and annulus full of cement.

Cut off casing wellhead and install regulation dry hole marker.

Reclaim location as per BLM regulations.

BLM CONDITIONS OF APPROVAL

The following surface rehabilitation Conditions of Approval must be complied with as applicable, before this well can be approved for final abandonment (see 43 CFR 3162.3-4). **Surface rehabilitation work shall be completed within one year of the actual plugging date. Notification for completion of this work can be submitted with a Sundry Notice.**

1. All fences, production equipment, purchaser's equipment, concrete slabs, deadman (anchors), flowlines, risers, debris and trash must be removed from the location.
2. Production pits will be closed according to the Unlined Surface Impoundment Closure Guidelines, as approved in the Environmental Assessment of December 1993. Any oil stained soils may be remediated on-site according to these guidelines or disposed of in an approved disposal facility.
3. The well pad will be shaped to the natural terrain and left as rough as possible. All compacted areas and areas devoid of vegetation shall be ripped to a minimum of 12" before seeding.
4. Access roads will be shaped to conform to the natural terrain and left as rough as possible to detour vehicular travel. Access will be ripped to a minimum of 12" in depth and waterbarred prior to seeding. All erosion problems created by the development must be corrected prior to acceptance of release. Waterbars should be spaced as shown below:

% Slopes	Spacing Interval
Less than 20%	200'
2 to 5%	150'
6 to 9%	100'
10 to 15%	50'
Greater than 15%	30'

All water bars should divert to the downhill side of the road.

5. All disturbed areas will be seeded with the prescribed certified seed mix (reseeding may be required).
6. Notify Surfacing Managing Agency seven (7) days prior to seeding so that they may be present for that option.
7. The period of liability under the bond of record will not be terminated until the lease is inspected and the surface rehabilitation approved.

Other SMA's may vary slightly in their restoration requirements. It is your responsibility, as the operator, to obtain surface restoration requirements from other SMA's. We need to be provided with a copy of these requirements. Any problems concerning stipulations received from other SMA's should be brought to us.

On private land, we should be provided with a letter from the fee owner stating that the surface restoration is satisfactory.

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

Attachment to notice of

Re: Permanent Abandonment

Intention to Abandon:

Well: 8 Horseshoe Gallup Unit

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. Mike Flanikan with the 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 Gallup plug to 1014'.

b) Place the Surface plug from 152' to surface inside and outside the 5 ½" casing.

You are also required to place cement excesses per 4.4 of the attached General Requirements.

Office Hours: 7:45 a.m. to 4:30 p.m.

**GENERAL REQUIREMENTS FOR
PERMANENT ABANDONMENT OF WELLS ON FEDERAL AND INDIAN LEASES
FARMINGTON DISTRICT OFFICE**

1.0 The approved plugging plans may contain variances from the following minimum general requirements.

1.1 Modification of the approved plugging procedure is allowed only with the prior approval of the Farmington District office, *Branch of Drilling & Production*.

1.2 Requirements may be added to address specific well conditions.

2.0 Materials used must be accurately measured.

3.0 A tank or approved pit must be used for containment of any fluids from the wellbore during plugging operations and all unattended pits are to be fenced with woven wire. These pits will be fenced on three sides and once the rig leaves location, the fourth side will be fenced.

3.1 Pits are not to be used for disposal of any constituent(s) of concern.

4.0 All cement plugs are to be placed through a work string. Cement may be bull-headed down the casing with prior approval. Cement caps on top of bridge plugs or cement retainers may be placed by dump bailer.

4.1 The cement shall be as specified in the approved plugging plan.

4.2 All cement plugs placed inside casing shall have sufficient volume to fill a minimum of 100' of the casing, or annular void(s) between casings, plus an excess volume sufficient to provide for 50 linear feet of fill above the plug.

4.3 Surface plugs may be no less than 50' in length.

4.4 All cement plugs placed to fill annular void(s) between casing and the formation shall be of sufficient volume to fill a minimum of 100' of the annular space plus 100% excess, *calculated using the bit size, or 100' of annular capacity, determined from a caliper log*, plus an excess volume sufficient to provide for 50 linear feet of fill above the plug.

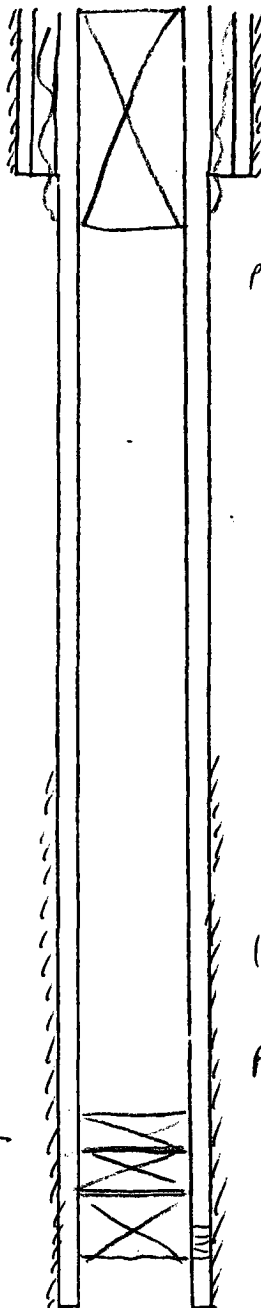
4.5 All cement plugs placed to fill an open hole shall be of sufficient volume to fill a minimum of 100' of hole, *as calculated from a caliper log*, plus an excess volume sufficient to provide for 50 linear feet of fill above the plug. In the absence of a caliper log, an excess of 100% shall be required.

5.0 All cement plugs spotted across, or above, any exposed zone(s), when; the wellbore is not full of fluid or the fluid level will not remain static, and in the case of lost circulation or partial returns during cement placement, shall be tested by: (1) tagging with the work string, or: (2) *for cased holes only*; pressuring to a minimum surface pressure of 500 PSI, with no more than a 10% drop during a 15-minute period.

5.1 The top of any cement plug verified by tagging must be at or above the depth specified in the approved plan, *without regard to any excess*.

WELL NAME 8 HGU
 SEC, TWN, RNG. 30-31N-16W

Manco



8 5/8" 24#

102

plug 152 - surface w/ 50 SKS

$$152 / 7.299 (1.18) = 18 \text{ SKS}$$

$$50 / 5.7719 (1.18) = 7 \text{ SKS}$$

$$102 / 5.192 (1.18) = 17 \text{ SKS}$$

42 SKS

TOC \approx 768'

$$(1275 - 1014) + 50 / 7.299 (1.18) = 36 \text{ SKS or greater}$$

plug 1275 - 1014'

retainer @ 1275' squeeze 33 SKS

Perfor @ 1321' - 1464'

5 1/2" 14 #

1510'

Gallup 1064'

SURFACE CASING

SIZE HOLE _____"
 SIZE CASING _____"
 Annular Volume _____ ft³/ft.
 Cement _____ SK
 Volume _____ ft³

INTERMEDIATE CASING

SIZE HOLE _____"
 SIZE CASING _____"
 Annular Volume _____ f
 Cement _____ S
 Volume _____ f

**BLM FLUID MINERALS
Geologic Report**

Date Completed: 8/31/01

Well No.	Horseshoe Gallup Unit # 8	Location	660'	FNL	&	703'	FWL
Lease No.	14 - 20 - 603 - 734	Sec. 30	T31N				R16W
Operator	Vulcan Mineral & Energy, Inc.	County	San Juan	State	New Mexico		
Total Depth	1515'	PBTD	1475'	Formation	Gallup (WIW)		
Elevation (GL)	5552'	Elevation (KB)	5559'				

Geologic Formations	Est. Top	Est. Bottom	Log Top	Log Bottom	Remarks
San Jose Fm					
Nacimiento Fm					
Ojo Alamo Ss					
Kirtland Shale					
Fruitland Fm					
Pictured Cliffs Ss					
Lewis Shale					
Chacra					
Cliff House Ss					
Menefee Fm					
Point Lookout Ss					
Mancos Shale			Surface	1064	Surface
Gallup			1064	PBTD	Oil & Gas/Water
Dakota Ss					
Morrison					

Remarks:

P & A

Reference Well:

Same

- BLM geologist's pick for the top of the Gallup fm. reflects the top of the transitional Tocito interval in this well. This top varies from operator's pick in this well.

- It is recommended that the Gallup plug be extended upward to adequately isolate the Gallup top identified in this report.

Prepared by: Chip Harraden *CH*

ENTERED
AFMSS

AUG 31 2001

BY *CH*