

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLICATE*
(Other instructions on re-
verse side)

Subject: BLM Form 1004-0133
Expires August 31, 1985

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—" for such proposals.)

1. OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER Coalbed Methane	5. LEASE DESIGNATION AND SERIAL NO. SF-077329
2. NAME OF OPERATOR McKenzie Methane Corporation	6. IF INDIAN, ALLOTTEE OR TRIBE NAME -----
3. ADDRESS OF OPERATOR 1911 Main Ave., #255, Durango, Colorado 81301	7. UNIT AGREEMENT NAME -----
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.* See also space 17 below.) At surface 990' FWL, 1650' FSL	8. FARM OR LEASE NAME C.M. Morris
	9. WELL NO. #2
	10. FIELD AND POOL, OR WILDCAT Fulcher-Kutz PC
	11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec11-T27N-R10W
14. PERMIT NO. N/A	12. COUNTY OR PARISH San Juan
15. ELEVATIONS (Show whether DF, RT, GR, etc.) 6250 GL	13. STATE NM

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

TEST WATER SHUT-OFF <input type="checkbox"/>	PULL OR ALTER CASING <input type="checkbox"/>
FRACTURE TREAT <input type="checkbox"/>	MULTIPLE COMPLETE <input type="checkbox"/>
SHOOT OR ACIDIZE <input type="checkbox"/>	ABANDON* <input checked="" type="checkbox"/>
REPAIR WELL <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>
(Other) <input type="checkbox"/>	

SUBSEQUENT REPORT OF:

WATER SHUT-OFF <input type="checkbox"/>	REPAIRING WELL <input type="checkbox"/>
FRACTURE TREATMENT <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
SHOOTING OR ACIDIZING <input type="checkbox"/>	ABANDONMENT* <input type="checkbox"/>
(Other) <input type="checkbox"/>	

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

P & A as per attached procedure.

RECEIVED

JAN 22 1991

OIL CON. DIV
DIST

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

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

SIGNED

R. J. Sagle / C.S.

TITLE Operations Manager

(This space for Federal or State office use)

APPROVED BY

CONDITIONS OF APPROVAL, IF ANY:

TITLE

APPROVED

DATE 12-14-90
AS AMENDED

JAN 16 1991

Signed: STEPHEN MACOR
AREA MANAGER

*See Instructions on Reverse Side

NMOCD

Title 18 U.S.C. Section 1001, makes 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.

MCKENZIE METHANE CORPORATION

Completion/Workover Procedure

DATE: 12/13/90

WELLNAME: C M Morris #2

Section: 11 Township: 27N Range: 10W County: San Juan
State: NM

TD Drilled: 2,225
PBTD: 2,220
Initial Completion Date: 2/15/51

COMPLETION RECORD

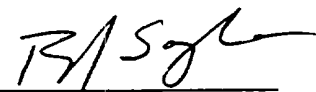
<u>FORMATION</u>	<u>PERFORATIONS</u>	<u>DATE</u>	<u>I.P.</u>	<u>WHSIP</u>	<u>REMARKS</u>
P.C.	Openhole	2/15/51	2.25MMCFD	N/A	

GENERAL PROCEDURE: Plug and Abandon

CURRENT PRODUCTION: T/A

CUM. PRODUCTION: N/A

REMARKS:


Robert J. Sagle
Operations Mgr.

WELLNAME: C M Morris #2

CASING:

9 5/8"

Cemented w/ 60 sx.

TOC ?

5 1/2"

Cemented w/ 150 sx.

TOC @ 1593' by calc.

TUBING: 1" @ 2178'

RODS: N/A

PUMP: N/A

103'

2104'

2225'

NOTE: Ojo Alamo--1175'-1318'
Fruitland--1875'-2110'

DETAILED PROCEDURE:

1. Set and test anchors. Build 50 bbl pit on location.
2. MIRUSU. NDWH & NUBOP. POOH with 1" tbg.
3. TIH with 2 3/8" tbg and circulate hole with 50 bbl mud containing sodium bentonite and non-fermenting polymer.
4. Spot 75 sx (89 cu ft) class B cmt plug from PBID to 1825' (50' above top Fruitland). POOH.
5. Perforate 4 squeeze holes @ 1375' (50' below base of Ojo).

6. TIH with cmt retainer on tbg and set @ 1100' (75' above Ojo). Establish rate and squeeze Ojo with 150 sx (177 cu ft) class B cmt.
7. Sting out of retainer. Pull up and spot 30 sx (36 cu ft) class B cmt plug from 150' to surface.
8. RDMOSU. Install P & A marker. Blade and reclaim location.

ASSIGNMENT, CONVEYANCE AND BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS:

THAT MOBIL EXPLORATION & PRODUCING U.S. INC., as Agent for MOBIL PRODUCING TEXAS & NEW MEXICO INC., P. O. Box 633, Midland, Texas 79702 (hereinafter "Mobil"), for and in consideration of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, does hereby bargain, sell, transfer, assign and convey, subject to the terms and provisions herein contained, unto MCKENZIE METHANE CORPORATION, 1625 Broadway, Suite 2580, Denver, Colorado 80202 (hereinafter "McKenzie"), all of Mobil's right, title, interest and operating rights in and to the following described gas wells located in San Juan County, New Mexico (hereinafter the "Wells"), to-wit:

C. M. Morris #1 Well, specifically located 1650 feet from the North line and 1650 feet from the East line in Section 10, Township 27 North, Range 10 West.

→ C. M. Morris #2 Well, specifically located 1650 feet from the South line and 990 feet from the West line in Section 11, Township 27 North, Range 10 West.

C. M. Morris #5 Well, specifically located 1650 feet from the North line and 990 feet from the East line in Section 15, Township 27 North, Range 10 West.

All of Mobil's right, title, interest and operating rights in and to the Oil and Gas Lease(s) described on Exhibit "A" attached hereto and incorporated herein (hereinafter the "Lease"), INsofar AND ONLY INsofar as the Lease concerns the wellbore of the Wells from the surface to the base of the Fruitland Formation together with all of Mobil's right, title, interest and operating rights in and to the personal property, equipment, fixtures, facilities, materials and improvements (hereinafter collectively referred to as "Associated Equipment") located on the lands described in the Lease and utilized solely in conjunction with the Wells, are also hereby sold, transferred and conveyed by Mobil to McKenzie. The Wells and the Associated Equipment located on the lands described in the Lease and utilized solely in conjunction with the Wells, are hereinafter collectively called the

MOBIL EXPRESSLY DISCLAIMS AND NEGATES ANY IMPLIED OR EXPRESS WARRANTY OF MERCHANTABILITY, AND IMPLIED OR EXPRESS WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, AND ANY IMPLIED OR EXPRESS WARRANTY OF CONFORMITY TO MODELS OR SAMPLES OF MATERIALS AS TO THE ASSOCIATED EQUIPMENT HEREBY CONVEYED TO MCKENZIE. Such Associated Equipment is conveyed to McKenzie AS IS, WHERE IS, AND WITH ALL FAULTS.

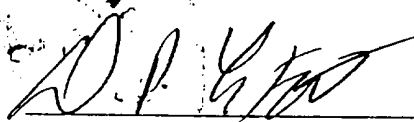
This Assignment, Conveyance and Bill of Sale is subject to all contracts, assignments, rights-of-way, encumbrances, agreements and other lease burdens which affect the lands.

The Effective Date of this Assignment, Conveyance and Bill of Sale shall be the 15th day of March, 1990, at 7:00 A.M., local time, at the respective locations of the lands.

The terms hereof shall inure to and be binding upon the respective heirs, successors and assigns of Mobil and McKenzie.

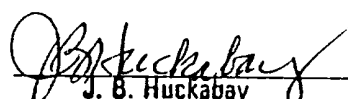
IN WITNESS WHEREOF, this Assignment, Conveyance and Bill of Sale is executed this 16th day of April, 1990, but is effective for all purposes as of the Effective Date.

ATTEST:

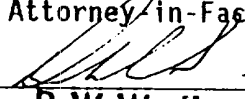


D. P. LeFort
Assistant Secretary

MOBIL EXPLORATION & PRODUCING U.S. INC.
as Agent for
MOBIL PRODUCING TEXAS & NEW MEXICO INC.

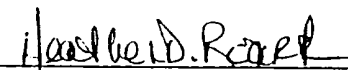
By: 

J. B. Huckabay
Title: Attorney-in-Fact

By: 

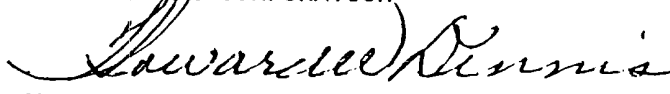
D. W. Woods
Title: Attorney-in-Fact

WITNESS:



Name: Heather D. Roark

MCKENZIE METHANE CORPORATION

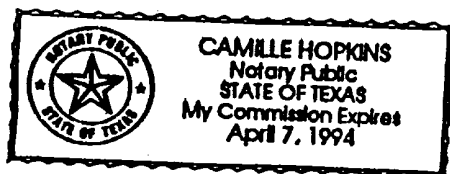
By: 

Howard W. Dennis
Vice President

The State of Texas

County of Midland

This instrument was acknowledged before me on this 16th day of April, 1990, by J. B. Huckabay and D. W. Woods as Attorneys-in-Fact of Mobil Producing Texas & New Mexico Inc., a Delaware corporation, on behalf of said corporation.





Notary Public Signature

Notary Public Printed or Typed Name
My commission expires: _____

The State of Colorado

178-13

EXHIBIT "A"

Attached to and made a part of that certain "Assignment, Conveyance and Bill of Sale" effectively dated March 15, 1990, from Mobil Exploration & Producing U.S. Inc. as Agent for Mobil Producing Texas & New Mexico Inc., Assignor, to McKenzie Methane Corporation, Assignee, covering Mobil's right, title, interest and operating rights in the specific gas wells described therein.

Oil and Gas Lease Subject to this Agreement

NM-66 (BLM #SF-077329) - Lessor: U.S.A.; Lessee: Mobil Producing Texas & New Mexico Inc., et al, dated effective 2/1/45, insofar and only insofar as same covers the specific wellbores and depths described in the Assignment referenced above.

End of Exhibit "A"

FILED OR RECORDED

BOOK 1118 PAGE 178
SAN JUAN COUNTY, NEW MEXICO

JUN 15 1990

AT 12:45 O'CLOCK P M

Caryl Pandey
COUNTY CLERK

DEPUTY

Larry Riedemann
Rev # R030817 Sup 900



UNITED STATES DEPARTMENT OF THE INTERIOR

BUREAU OF LAND MANAGEMENT
FARMINGTON RESOURCE AREA
1235 LA PLATA HIGHWAY
FARMINGTON, NEW MEXICO 87401

Attachment to Notice of

Re: Permanent Abandonment

Intention to Abandon

Well: 2 Morris

CONDITIONS OF APPROVAL

1. Plugging operations authorized are subject to the attached "General Requirements for Permanent Abandonment of Wells on Federal Leases."
2. Mark Kelly with the Farmington Office is to be notified at least 24 hours before the plugging operations commence (505) 326-6201.
3. Blowout prevention equipment is required.
4. The following modifications to your plugging program are to be made (when applicable):
 - 1) Cap Retainer with SO₂ cement
 - 2) Surface plug is to be placed inside & outside 5 1/2" casing.

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

GENERAL REQUIREMENTS FOR
PERMANENT ABANDONMENT OF WELLS ON FEDERAL AND INDIAN LEASES
FARMINGTON RESOURCE AREA

1. Secure prior approval either on a Sundry Notice (Form 3160-5) or verbally from the Fluids Drilling & Production Section at this office before changing the approved plugging program.

2. Plugging equipment used shall have separate mixing and displacement pumps and a calibrated tank to assure proper displacement of plugs. The Operator is responsible for providing all measuring devices needed to assure proper measurement of materials being used.

3. A proper tank or pit will be used to contain all fluids pumped from the well during plugging operations. Unattended pits are to be fenced.

4. All cement plugs are to be placed through tubing (or drillpipe) and shall be a minimum of 100 feet in length with 50% excess inside casing or 100% excess when plug is set in open hole or squeezed into perforations. 15.6#/gal slurry weight is to be used when using class B neat cement or when CaCl_2 is used. Use the recommended slurry weight of other type cements when they are used (Class C, Pozzolan etc.).

5. Any cement plugs placed when well is not full of fluid, or when well may be taking fluid, (i.e. across perms-unless bridge plug or retainer is used, across bad csg., or fresh water formations) will be tagged (touched) after cement has set to verify proper location.

5a. Testing The first plug below the surface plug shall generally be tested by either tagging the plug with the working pipe string, or pressuring to a minimum pump (surface) pressure of 1000 psig, with no more than a 10 percent drop during a 15-minute period (cased hole only). If the integrity of any other plug is questioned, it must be tested in the same manner. Also, any cement plug which is the only isolating medium for a fresh water interval or a zone containing a valuable mineral deposit should be tested by tagging with the drill string.

6. Mud must be placed between plugs. Plugging mud is to be made up with a minimum of 15 lbs/bbl of sodium bentonite, and a nonfermenting polymer. Minimum consistency of plugging mud must be 9 lbs/gal and with a minimum viscosity of 50 sec/qt. Fresh water is to be utilized for mixing mud.

7. Following the placement of a cement plug, the withdrawal rate for at least the length of the cement plug shall not exceed 30 ft/min, in order to minimize the contamination of the plug.

8. Within 30 days after plugging work is completed, file a Sundry Notice (Subsequent Report of Abandonment, Form 3160-5), in quintuplicate with Area Manager, Bureau of Land Management, 1235 La Plata Highway, Farmington, NM 87401. The report should give in detail the manner in which the plugging work was carried out, the extent (by depths) of cement plugs placed, and the size and location (by depths) of casing left in the well. Show date well was plugged.

9. All permanently abandoned wells are to be marked with a regulation marker (4" pipe extending 4' above the ground line) containing the information as specified in 43 CFR 3162.6(d). Unless otherwise approved.

10. After plugging work is completed the surface is to be rehabilitated in accord with instructions from the Fluids Surface Management Section of the Farmington Resource Area Office.

All above are minimum requirements. The period of liability under the bond of record will not be terminated until the lease is inspected and surface work approved.

Please advise this office when the well location is ready for final inspection.

Failure to comply with the above conditions of approval may result in an assessment for noncompliance and/or a Shut-in Order being issued pursuant to 43 CFR 3163.1.

You are further advised that any instructions, orders or decisions issued by the Bureau of Land Management are subject to administrative review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4 and 43 CFR 4.700.