Form 3160-5 (June 1990)

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

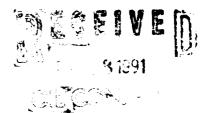
FORM APPROVED Budget Bureau No. 1004-0135 Expires: March 31, 1993

5. Lease Designation and Serial No.

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Do not use this form for proposals to drill or to deepen or regritfy to a different reservoir.	6. If Indian, Allottee or Tribe Name	
Use "APPLICATION FOR PERMIT—" for such proposals	Navajo	
SUBMIT IN TRIPLICATE	7. If Unit or CA, Agreement Designation	
1. Type of Well Oil Well Gas Well Other Water injection well 2. Name of Operator Chase Energy Inc., DBA Action Oil 3. Address and Telephone No. 3301 East Main, Farmington, NM 87402 (505)327-0311 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 2475 FSL, 700 FWL Sec 31-T30N-R16W. NMPM	8. Well Name and No. 9. API Well No. 12 10. Field and Pool, or Exploratory Area Slickrock Dakota 11. County or Parish, State San Juan, NM	
CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT TYPE OF SUBMISSION TYPE OF ACTION		
Notice of Intent X Abandonment Recompletion Plugging Back Casing Repair Altering Casing Other Plug & Abandonment	Change of Plans New Construction Non-Routine Fracturing Water Shut-Off Conversion to Injection Dispose Water (Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.) ing any proposed work. If well is directionally drilled,	

Intend to pull rods & tubing & plug hole from top to bottom (899'T.D.). Will run 2 3/8" tubing to bottom of hole in 4½ casing. Set plug #1 from 899 to 400' (approx. 36 sks.), will plug up & wait 15-20 min., then set plug #2 at 400'; to surface (approx. 35 sks.). Will set dry hole marker above surface or below surface as desirable for BLM Rep. Will notify BLM prior to commencing plugging operation so that representative can observe.



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14. I hereby certify that the foregoing is true and correspond to the signed to the si	Title_free	APPROVERY	
(This space for Federal or State office use) Approved by Conditions of approval, if any:	Tide	Date	
	NMOCD	APR 02 1991	
Title 18 U.S.C. Section 1001, makes it a crime for any or representations as to any matter within its jurisdiction	person knowingly and willfully to make to any department or agency of the Union.		
	*See Instruction on Reverse Side	FARMINGTON RESOURCE AREA	

UNITED STATES DEPARTMENT OF THE INTERIOR

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

Attac	hment	to	Notice	٥f
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Re: Permanent Abandonment

Intention to Abandon

Well: 12 Rijan

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):

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 CaCl₂ 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 perfs-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 withdrawl 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.