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

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other
2. Name of Operator: S G Interests / ~~Maralex Resources Inc.~~
3. Address and Telephone No.: P. O. Box 338 Ignacio, Co. 81137 (303) 563-4000
4. Location of Well (Footage, Sec., T., R., M., or Survey Description): 1495' FSL, 1122' FWL Sec.25-T31N-R10W

5. Lease Designation and Serial No.: NM013688
6. If Indian, Allottee or Tribe Name: --
7. If Unit or CA, Agreement Designation: --
8. Well Name and No.: Hart Canyon 25
9. API Well No.: 2
10. Field and Pool, or Exploratory Area: Basin Fruitland Coal
11. County or Parish, State: San Juan

12. CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION	
☒ Notice of Intent	☐ Abandonment	☐ Change of Plans
☐ Subsequent Report	☐ Recompletion	☐ New Construction
☐ Final Abandonment Notice	☐ Plugging Back	☐ Non-Routine Fracturing
	☐ Casing Repair	☐ Water Shut-Off
	☐ Altering Casing	☐ Conversion to Injection
	☒ Other Remedial Cement work	☐ Dispose Water

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

13. 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.)*

The initial cementing of the 5 1/2" production casing did not circulate sufficient cement on this well. The proposed procedure (attached), will perforate squeeze holes and circulate cement from the existing cement top to surface. The design has been made with 60% excess cement planned during this remedial work. A post squeeze cement bond log will be ran to ensure that adequate cement has been circualted to protect the coals and the upper intervals, before proceeding with the remaining completion of this well.

RECEIVED
MAY 23 1994
OIL CON. DIV.
DIST. 3

Verbal Approval obtained from STEVE MASON on 5/17/94

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

Signed A. K. Klemens Title AGent for SG Interests Engineering Manager Date May 16, 1994

(This space for Federal or State office use)

Approved by Charles Gholson Title DEPUTY OIL & GAS INSPECTOR, DIST. #3 Date MAY 23 1994

Conditions of approval, if any:

APPROVED
MAY 1
DISTRICT MANAGER

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.

*See Instruction on Reverse Side

NMOCD

MARALEX RESOURCES, INC.
COMPLETION PROCEDURE

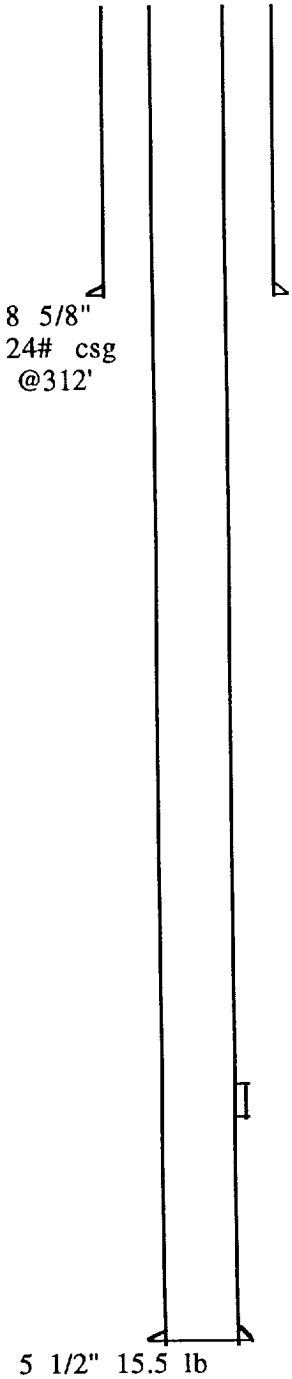
WELL NAME: Hart Canyon 25 No. 2

LOCATION: 1495' FSL, 1122' FWL
Section 25, Township 31 North, Range 10 West
San Juan County, New Mexico

ELEVATIONS: **GL:** 6376', **KB:** 6389', **TD:** 3269' **PBD:** 3169'

SPUD DATE: 4/15/94

PURPOSE: Remedial cement work to provide effective isolation of Fruitland Coals to upper intervals.



1. Rig up Basin Wireline. Perforate squeeze shots from 3117 - 3119'. (4 SPF - 8 Holes) Tie in gun to CBL which is on depth with the open hole FDC-CNL.

2. Rig up service company for remedial cement work. Rig up injection line to wellhead. Establish circulation down the 5 1/2" casing and up the 5 1/2" by 8 5/8" annulus. Establish rate of 2 BPM. If full returns are established move to Step No. 4. If full returns are not established go to Step No. 3.

3 Pump cello flakes in produced water @ 1/4 ppg to control lost circulation. Build this concentration to as high as 1/2 ppg if full returns are not achieved. After full returns are obtained proceed to Step No. 4.

4. Pump 15 Bbls of cement scavenger slurry, followed with 415 sxs of Class G + 2 % Meta-Silicate and 1/4 lb/sx cello flake (938 ft^3). Followed w/ 100 sxs Class G + 2 % $CaCl_2$ + 1/4 lb/sx cello flake (115 ft^3). Flush with 72 BBls of produced water.
Note:
This remedial cement work has been designed to circualte cement from the current cement top of 3130' to surface. The thief zone that resulted in the initial poor cementing of the prod. string is most likely the PC or the Basal Fruitland Coal. The cement volumes have been increased to 1.6 times the calculated annular volume.

5. After cementing shut-in the well and allow cement to cure for a minimum of 24 hours.

6. Rig up Basin Wireline and run a CBL from PBTD to surface. Note the top of the cement. If sufficient cement has been circulated and a good bond is present proceed with the original completion procedure. Additional remedial work will be conducted if adequate protection was not obtained.