

1120 Lincoln Street, Suite 801, Denver Colorado 80203 (303) 894-2100 Fax (303) 894-2109

**WELL ABANDONMENT REPORT**

Submit original plus one copy. This form is to be submitted as an intent whenever a plugging is planned on a borehole. The approved intent shall be valid for twelve months after the approval date after that period a new intent will be required. After the plugging is complete, this form and one copy shall again be submitted as a subsequent report of the work as actually completed.

COGCC Operator Number: <u>03975</u>	Contact Name & Telephone <u>Gary L. Hinaman</u>	24 hour notice required, contact: Tel: _____
Name of Operator: <u>Argali Exploration Company</u>	No: <u>970-675-8257</u>	
Address: <u>138 Pinyon Circle</u>	Fax: <u>970-675-8225</u>	
City: <u>Rangely</u> State: <u>CO</u> Zip: <u>81648</u>		
API Number: <u>05-103-07814</u>	Complete the Attachment Checklist <input type="checkbox"/> Oper <input type="checkbox"/> OGCC	
Well Name: <u>Federal</u> Well Number: <u>24-2</u>	Wellbore Diagram <input checked="" type="checkbox"/>	
Location (QtrQtr, Sec, Twp, Rng, Meridian): <u>SWSE Sec.24, T3S-R102W, 6th PM</u>	Cement Job Summary <input checked="" type="checkbox"/>	
County: <u>Rio Blanco</u> Federal, Indian or State Lease Number: <u>C-0121348</u>	Wireline Job Summary <input checked="" type="checkbox"/>	
Field Name: <u>Cathedral</u> Field Number: <u>10330</u>		

Notice of Intent to Abandon  Subsequent Report of Abandonment

**Only Complete the Following Background Information for Intent to Abandon**

Latitude: 39.76836459 Longitude: -108.7873442  
 GPS Data:  
 Date of Measurement: 6/10/10 PDOP Reading: 1.8 Instrument Operator's Name: Brandon Bowthorpe PLS Uintah Engineering

Reason for Abandonment:  Dry  Production Sub-economic  Mechanical Problems  Other \_\_\_\_\_  
 Casing to be Pulled:  Yes  No Top of Casing Cement: SURFACE  
 Fish in Hole:  Yes  No If yes, explain details below  
 Wellbore has Uncemented Casing Leaks:  Yes  No If yes, explain details below  
 Details: See attached P&A Report and tickets of work

**Current and Previously Abandoned Zones**

Formation	Perforations - Top	Perforations - Bottom	Date Abandoned	Method of Isolation (None, Squeezed, BP, Cement, etc.)	Plug Depth
<u>Mancos B</u>	<u>2327</u>	<u>2652</u>	<u>7/27/10</u>	<u>CIBP + 6 sacks cmt</u>	<u>2250</u>
<u>Castlegate (MNCSA)</u>	<u>1280</u>	<u>1290</u>	<u>7/27/10</u>	<u>CIBP + 6 sacks cmt</u>	<u>1200</u>

**Casing History**

String	Size of Hole	Size of Casing	Weight per ft	Setting Depth	Sacks Cement	Cement Bottom	Cement Top
<u>Surface</u>	<u>12 1/2 4</u>	<u>8 5/8</u>	<u>24</u>	<u>152</u>	<u>100</u>	<u>152</u>	<u>Surface</u>
<u>Production</u>	<u>7 7/8</u>	<u>4 1/2</u>	<u>10.5</u>	<u>2773</u>	<u>125</u>	<u>2773</u>	<u>2224</u>
<u>S.C. 1.1</u>				<u>1400'</u>	<u>426</u>	<u>1400'</u>	<u>SURFACE</u>

**Plugging Procedure for Intent and Subsequent Report**

CIBP #1: Depth 2250 with 6 sacks cmt on top. CIBP #2: Depth 1200 with 6 sacks cmt on top. NOTE: Two (2) sacks cement required on all CIBPs.

Set 20 sks cmt from 205 ft. to surface ft. in  Casing  Open Hole  Annulus  
 Set \_\_\_\_\_ sks cmt from \_\_\_\_\_ ft. to \_\_\_\_\_ ft. in  Casing  Open Hole  Annulus  
 Set \_\_\_\_\_ sks cmt from \_\_\_\_\_ ft. to \_\_\_\_\_ ft. in  Casing  Open Hole  Annulus  
 Set \_\_\_\_\_ sks cmt from \_\_\_\_\_ ft. to \_\_\_\_\_ ft. in  Casing  Open Hole  Annulus

Perforate and squeeze at \_\_\_\_\_ ft. with \_\_\_\_\_ sacks Leave at least 100 ft. in casing  
 Perforate and squeeze at \_\_\_\_\_ ft. with \_\_\_\_\_ sacks Leave at least 100 ft. in casing  
 Perforate and squeeze at \_\_\_\_\_ ft. with \_\_\_\_\_ sacks Leave at least 100 ft. in casing

Set \_\_\_\_\_ sacks half in, half out surface casing from \_\_\_\_\_ ft. to \_\_\_\_\_ ft.  
 Set \_\_\_\_\_ sacks at surface  
 Cut four feet below ground level, weld on plate Dry-Hole Marker:  Yes  No  
 Set \_\_\_\_\_ sacks in rat hole Set \_\_\_\_\_ sacks in mouse hole

**Additional Plugging Information for Subsequent Report Only**

Casing Recovered: 0 ft. of \_\_\_\_\_ in casing Plugging date: 7/27/2010  
 \*Wireline Contractor: DLD Pipe Recovery Services, LLC \*Cementing Contractor: Swabbco, Rangely Colo.  
 Type of Cement and Additives Used: Class G, none  
 \*Attach job summaries.

I hereby certify that the statements made in this form are, to the best of my knowledge, true, correct, and complete.

Print Name: Gary L. Hinaman Email: hinaman@lexry.com  
 Signed: Gary L. Hinaman Title: President Date: 8/25/2010  
 OGCC Approved: [Signature] Title: PE II Date: 12/27/2010

CONDITIONS OF APPROVAL, IF ANY:

Completion Report for Federal 24-2 Well, API# 05-103-078`4, 983' fsl, 1380' fel, SWSE Sec. 24, T3S-T102W, Rio Blanco County, Colorado

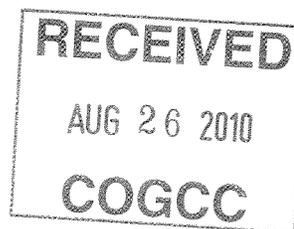
7/27/2010 Arrived on location and blew down well. Swabbco and DLD Pipe recovery services, LLC arrived on location and rigged up to set cast Iron Bridge plugs and pump cement.

1. Loaded hole with 20 barrels of 9# mud.
2. Ran in hole with gague ring and made sure well was ready to run CIBP.
3. Ran in hole to set CIBP above Mancos "B" perms 2327-2652'
4. Set first bridge plug at 2:20PM at 2250' with Erika Miller of the BLM on hand to witness. Covered with 6 sacks of cement and 4 bailer runs. Tagged cement.
5. Set second bridge plug at 3:25PM at 1200'. Ran 6 sacks of cement in three bailer runs on CIBP. Tagged cement.
6. Set CIBP at 205'. Ran on hole with tubing pumped 20 sacks of cement to surface with Swabbco cement truck. Cement settled about 3".

8/3/2010

1. Loaded up equipment and had Swabbco move to location with backhoe and welding truck.
2. Dug around wellhead and cut off wellhead approximately 5' below ground level.
3. Welded on plate that contained data required by the BLM.
4. Well was full of cement in both the annulus and 4 1/2" casing so didn't have to top off hole .
5. Dug up deadmen and removed them.
6. Picked up wellhead, deadman and trash and hauled to the yard.

Will submit reclamation plan to the BLM and COGCC to restore well site to original contours and reseed. Will recontour road and reseed also.





RECEIVED

AUG 26 2010

COGCC

No T 256

Date 8-03 20 10

Truck No. \_\_\_\_\_

Trailer No. \_\_\_\_\_

PO BOX 884 | Rangely CO, 81648 | Office Phone: 720.670.6926  
Steve Strain: 970.629.0482 | Fax: 970.675.2899

Customer Argali Exploration Co Start Hr. \_\_\_\_\_ A.M. Stop Hr. \_\_\_\_\_ A.M. Total \_\_\_\_\_  
P.M. P.M.

From: Well No./Loc. \_\_\_\_\_ To: Well No./Loc. Federal 24-2

DESCRIPTION OF WORK PERFORMED	QTY.	RATE	CHARGES
Load up Equipment. Load backhoe.	6 1/2	90.00	585.00
Travel to Loc. unload. backhoe. dig out around well-head. dig up all deadmen, and misc pipe on Loc.			
Cut off well-head. weld on marker plate. Plu. load all equip.			
Plu. metal trash. Load. Haul to yard. unload. Left backhoe for flow line.			
Backhoe.			200.00
PO/AFE #			

RECEIVED GOODS AND SERVICES AS NOTED ABOVE

ON THIS DATE \_\_\_\_\_ BY \_\_\_\_\_

TOTAL CHARGES 785.00

# Field Ticket

DLD Pipe Recovery Services, LLC  
 2451 Broadway  
 Grand Junction, CO 81503  
 (970) 263-4800

Date  
 7/27/2010

Invoice #  
 195

**RECEIVED**  
 AUG 26 2010  
**COGCC**

Bill To  
 Argali Exploration Co.  
 138 Pinyon Circle  
 Rangely, Colorado 81648  
 USA  
 Gary Hinaman

API Number:  
 05-103-07814

Company Representative  
 Gary Hinaman

Well Information				
Well Name:	Section:	Township:	Range:	County: State:
Federal 24-2	24	3S	102W	Rio Blanco, Colorado

Quantity	Description	U/M	Rate	Amount
1	Set-up Charge	ea	300.00	300.00
1	Junk Basket/Gauge Ring Operation Charge	ea	300.00	300.00
2,260	Junk Basket/Gauge Ring Depth Charge	ft	0.15	339.00
2,250	Setting Tool Operation Charge/ ft	ea	0.20	450.00
1	4 1/2" Standard (CIBP) Bridge Plug	ea	950.00	950.00
2,250	Dump Bailer Depth Charge	ft	0.15	337.50
1	Dump Bailer Operation Charge <i>Ran 3 Times</i>	ea	400.00	400.00
1,200	Setting Tool Operation Charge/ ft	ea	0.20	240.00
1	4 1/2" Standard (CIBP) Bridge Plug	ea	950.00	950.00
1,200	Dump Bailer Depth Charge <i>Ran 4 TIMES</i>	ft	0.15	180.00
1	Dump Bailer Operation Charge	ea	400.00	400.00
200	Setting Tool Operation Charge/ ft	ea	0.20	40.00
1	4 1/2" Standard (CIBP) Bridge Plug	ea	950.00	950.00
1	Mast Trailer	job	300.00	300.00
1	Wireline Pack-off & FLANGE	ea	200.00	200.00

Customer Signature:  


State of Colorado Explosive Permit # 3915  
 Dale Daniels 

**Total** \$6,336.50