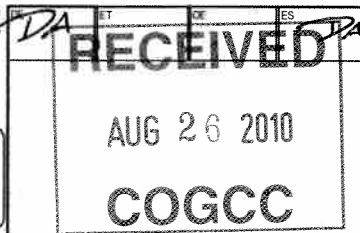




02054790

Commission



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: 03975		Contact Name & Telephone Gary L. Hinaman	24 hour notice required, contact: Tel: _____												
Name of Operator: Argali Exploration Company		No: 970-675-8257													
Address: 138 Pinyon Circle		Fax: 970-675-8225	Complete the Attachment Checklist <table border="1"><thead><tr><th></th><th>Oper</th><th>OGCC</th></tr></thead><tbody><tr><td>Wellbore Diagram</td><td><input checked="" type="checkbox"/></td><td><input type="checkbox"/></td></tr><tr><td>Cement Job Summary</td><td><input checked="" type="checkbox"/></td><td><input type="checkbox"/></td></tr><tr><td>Wireline Job Summary</td><td><input checked="" type="checkbox"/></td><td><input type="checkbox"/></td></tr></tbody></table>		Oper	OGCC	Wellbore Diagram	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Cement Job Summary	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Wireline Job Summary	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Oper	OGCC													
Wellbore Diagram	<input checked="" type="checkbox"/>	<input type="checkbox"/>													
Cement Job Summary	<input checked="" type="checkbox"/>	<input type="checkbox"/>													
Wireline Job Summary	<input checked="" type="checkbox"/>	<input type="checkbox"/>													
City: Rangely State: CO Zip: 81648															
API Number: 05-103-07814															
Well Name: Federal Well Number: 24-2															
Location (QtrQtr, Sec, Twp, Rng, Meridian): SWSE Sec.24, T3S-R102W, 6th PM															
County: Rio Blanco Federal, Indian or State Lease Number: C-0121348															
Field Name: Cathedral Field Number: 10330															

☐ 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
Mancos B	2327	2652	7/27/10	CIBP + 6 sacks cmt	2250
Castlegate (MNCSA)	1280	1290	7/27/10	CIBP + 6 sacks cmt	1200

Casing History

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

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	<input checked="" type="checkbox"/> Casing	<input type="checkbox"/> Open Hole	<input type="checkbox"/> Annulus
Set	sks cmt from	ft. to	ft. in	<input type="checkbox"/> Casing	<input type="checkbox"/> Open Hole	<input type="checkbox"/> Annulus
Set	sks cmt from	ft. to	ft. in	<input type="checkbox"/> Casing	<input type="checkbox"/> Open Hole	<input type="checkbox"/> Annulus
Set	sks cmt from	ft. to	ft. in	<input type="checkbox"/> Casing	<input type="checkbox"/> Open Hole	<input type="checkbox"/> Annulus
Set	sks cmt from	ft. to	ft. in	<input type="checkbox"/> Casing	<input type="checkbox"/> Open Hole	<input type="checkbox"/> 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
Set _____ sacks in rat hole Dry-Hole Marker: ☐ Yes ☒ No
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: _____ Title: President Date: 8/25/2010
OGCC Approved: _____ 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

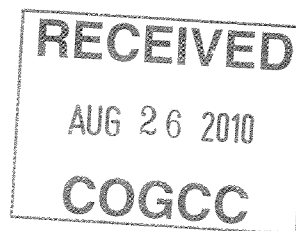
7/27/2010 Arrived on location and blew down well. Swabbco and DLD Pipe recovery services, LLC arrived on location and rigged up to set cast Iron Bridge plugs and pump cement.

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" perfs 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.



CMT No 118

SWABBCO

Rangely, CO 81648
Office (720) 670-6926
Don Cell (970) 629-0275
Steve Cell (970) 629-0482

RECEIVED
AUG 26 2010
COGCC

DATE: 7-27-10

COMPANY: Argali Exploration Company

RIG: -

LEASE: Federal 24-2

DESCRIPTION	QTY	AMOUNT	TOTAL
Crew travel mi.	50	3. ⁰⁰	175. ⁰⁰
pump milage.	50	5. ⁰⁰	250. ⁰⁰
pump charge.			800. ⁰⁰
Cement truck milage.	50	5. ⁰⁰	250. ⁰⁰
Cement charge. "G"	20	30. ⁰⁰	600. ⁰⁰
Crew	2	125. ⁰⁰	250. ⁰⁰
PO/AFE#	SUB TOTAL		2325. ⁰⁰
	DISCOUNT		348. ⁷⁵
APPROVED BY:	TOTAL INVOICE		1976. ²⁵

RECEIVED

AUG 26 2010

COGCC

No T 255

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

Bill To

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

API Number:

05-103-07814

RECEIVED

AUG 26 2010

COGCC

Company Representative

Gary Hinaman

Well Information

Well Name:

Federal 24-2

Section: Township: Range:

24 3S 102W

County: State:

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
<div> <div>Customer Signature: <i>Gary Hinaman</i></div> <div> State of Colorado Explosive Permit # 3915 Dale Daniels <i>Dale Daniels</i> </div> <div>Total \$6,336.50</div> </div>				