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WELL ABANDONMENT REPORT

This form is to be submitted as an Intent to Abandon whenever an abandonment is planned on a borehole. After the abandonment is complete, this form shall again be submitted as a Subsequent Report of the actual work completed. The approved intent shall be valid for six months after the approval date, after that period, a new intent will be required. Attachments required with the Intent to Abandon are wellbore diagrams of the current configuration and the proposed configuration with plugs set.

A Subsequent Report of Abandonment shall indicate the actual work completed. Attachments required with a Subsequent Report are a wellbore diagram showing plugs that were set and casing remaining in the hole, the job summaries from all plugging contractors used, including wireline and cementing (third party verification) and any logs that may have been run during abandonment.

OGCC Operator Number: 10254 Contact Name: RICHARD LARSON

Name of Operator: RED MESA HOLDINGS/O&G LLC Phone: (970) 588-3302

Address: 5619 DTC PARKWAY - STE 800 Fax: (970) 588-3562

City: GREENWOOD State: CO Zip: 80111 Email: RLARSON@REDMESA1.COM

For "Intent" 24 hour notice required, Name: MELTON, LES Tel: (970) 903-5311

COGCC contact: Email: _____

API Number 05-067-09331-00

Well Name: FERGUSON #2 Well Number: F-12X

Location: QtrQtr: NENE Section: 34 Township: 33N Range: 12W Meridian: N

County: LA PLATA Federal, Indian or State Lease Number: _____

Field Name: RED MESA Field Number: 72890

Notice of Intent to Abandon Subsequent Report of Abandonment

Only Complete the Following Background Information for Intent to Abandon

Latitude: 37.067406 Longitude: -108.131200

GPS Data:
Data of Measurement: 05/06/2011 PDOP Reading: 2.0 GPS Instrument Operator's Name: SCOTT WIEBE

Reason for Abandonment: Dry Production for Sub-economic Mechanical Problems

Other _____

Casing to be pulled: Yes No Top of Casing Cement: _____

Fish in Hole: Yes No If yes, explain details below

Wellbore has Uncemented Casing leaks: Yes No If yes, explain details below

Details: _____

Current and Previously Abandoned Zones

Formation	Perf. Top	Perf. Btm	Abandoned Date	Method of Isolation	Plug Depth

Total: 0 zone(s)

Casing History

Casing Type	Size of Hole	Size of Casing	Weight Per Foot	Setting Depth	Sacks Cement	Cement Bot	Cement Top	Status
SURF	11	9	23	70	50	70		
1ST	8+3/4	7	20	1,500	250	1,481	100	
2ND	6+1/4	2+7/8	11	3,000	175	3,000	2,000	

Plugging Procedure for Intent and Subsequent Report

CIBP #1: Depth 1481 with 29 sacks cmt on top. CIPB #2: Depth _____ with _____ sacks cmt on top.
 CIBP #3: Depth _____ with _____ sacks cmt on top. CIPB #4: Depth _____ with _____ sacks cmt on top.
 CIBP #5: Depth _____ with _____ sacks cmt on top.

NOTE: Two(2) sacks cement required on all CIBPs.

Set 29 sks cmt from 850 ft. to 750 ft. Plug Type: CASING Plug Tagged:
 Set _____ sks cmt from _____ ft. to _____ ft. Plug Type: _____ Plug Tagged:
 Set _____ sks cmt from _____ ft. to _____ ft. Plug Type: _____ Plug Tagged:
 Set _____ sks cmt from _____ ft. to _____ ft. Plug Type: _____ Plug Tagged:
 Set _____ sks cmt from _____ ft. to _____ ft. Plug Type: _____ Plug Tagged:
 Perforate and squeeze at 300 ft. with 55 sacks. Leave at least 100 ft. in casing _____ CICR Depth
 Perforate and squeeze at 50 ft. with _____ sacks. Leave at least 100 ft. in casing _____ CICR Depth
 Perforate and squeeze at _____ ft. with _____ sacks. Leave at least 100 ft. in casing _____ CICR Depth
(Cast Iron Cement Retainer Depth)
 Set _____ sacks half in. half out surface casing from _____ ft. to _____ ft. Plug Tagged:
 Set _____ sacks at surface
 Cut four feet below ground level, weld on plate Above Ground Dry-Hole Marker: Yes No
 Set _____ sacks in rat hole Set 20 sacks in mouse hole

Additional Plugging Information for Subsequent Report Only

Casing Recovered: _____ ft. of _____ inch casing Plugging Date: _____
 *Wireline Contractor: _____ *Cementing Contractor: _____
 Type of Cement and Additives Used: _____
 Flowline/Pipeline has been abandoned per Rule 1103 Yes No *ATTACH JOB SUMMARY

Technical Detail/Comments:

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

Signed: _____ Print Name: RICHARD A LARSON
 Title: AUTHORIZED PERSON Date: 3/10/2011 Email: RLARSON@REDMESA1.COM

Based on the information provided herein, this Well Abandonment Report (Form 6) complies with COGCC Rules and applicable orders and is hereby approved.

COGCC Approved: WEEMS, MARK Date: 9/1/2011

CONDITIONS OF APPROVAL, IF ANY: _____ Expiration Date: 2/29/2012

I gave verbal approval today (6-2-11) to operator to commence plugging the well as per permit procedure.

Attachment Check List

Att Doc Num	Name
1634164	WELLBORE DIAGRAM

Total Attach: 1 Files

General Comments

User Group	Comment	Comment Date
Permit	REC AS DRILLED AND VERIFIED LOCATION	3/2/2011 9:47:43 AM
Engineer	No production information - e-mailed prod'n 3/21/11	4/26/2011 9:00:53 AM
Permit	Reqeust the required Completion Report from the Operator before this NOI to P&A can be approved. JLV	3/23/2011 11:01:12 AM
Permit	As-Built required to be submitted with the Subsequent Plug & Abandonment Sundry with the latitude and longitude coordinates in decimal degrees with an accuracy and precision of at least five decimals of a degree using the NAD 83 datum.	3/23/2011 10:54:47 AM

Total: 4 comment(s)