

DUCO INC.

2403 ½ East Main

PO BOX 416

Rangely Colorado, 81648

CEMENT REPORT ON THE USA1-20 JC

SECTION 20, 9S, 98W

FEDERAL LEASE # C-12645 A

MESA COUNTY, COLORADO.

**ALL CEMENT PUMPED WAS CLASS G PORTLAND
CEMENT MIXED WITH FRESH WATER 5.5GALLONS PER
SKS. WEIGHTS WAS 15.8LBS PER GALLON**

December 22, 2013. MIRU.

December 23, 2013. Pump 30 bbls 9.8lb brine water down 2 3/8" TBG, then pump 70 bbls 9.8lb brine water down CSG. Well does not die. Gives the brine right back up both TBG &, CSG. Leave well flowing to pit overnight, will have drilling mud to kill well in morning.

December 24, 2013. Pump 30 bbls of 12.7lb drill mud down TBG, then pump another 30 bbls 12.7lb drill mud down CSG. NDWH, NU BOP & rig floor. Start TOH & get 55 jts out &, well starts flowing up both TBG &, CSG. Not enough mud left on location to kill well. Leave well flowing to pit overnight.

December 26, 2013. Pump 30 bbls of 13.3lb drill mud down TBG, then pump 70 bbls of 13.3lb drill mud down CSG, finish TOH. Leave well flowing to pit overnight.

December 27, 2013. RUWL, spend the day trying to get gauge rings down the CSG past the bad spot @ 1690'. Can not get any gauge rings throw bad CSG. Spend the day logging well from PBTB. RDWL. Leave well flowing to pit.

December 30, 2013. Spend the day replacing bad 2 3/8" TBG & looking for holes in TBG, leave well flowing to pit overnight.

December 31, 2013. Spend the day replacing bad pipe 2 3/8" TBG & finish looking for holes. Stand all the TBG back in the derrick . Leave well flowing to pit overnight.

January 1, 2014. Pump 75 bbls production water down CSG to kill. TIH to 6863' to tag fill. Pull 5 stands leave well flowing overnight.

January 2, 2014. TIH to 6863' catch circulation with production water and clean out fill down to 6918', let well circulate clean 1 hour. Pump 15 bbls fresh water down tbg, then mix & pump 18 sks with 2 percent calcium chloride (3.8 bbls slurry) down 2 3/8" TBG, displace slurry with 24 bbls fresh water, TOH with 10 stands, clear TBG with 25 bbls fresh. WOC 3.5 hours. TIH tag TOC @ 6838'. Only a 80' plug, BOB HARTMAN-BLM_PET would like some more cement, Pump 15 bbls fresh down TBG then Mix & pump 18 more sks (3.8 bbls slurry) @ 6838',down TBG, displace slurry with 24 bbls fresh, TOH with 8 stands clear TBG with 24 bbls fresh. Let Cement set over night. Leave well flowing to pit.

January 3, 2014. TIH to tag TOC @ 6572'. that is a 346' total plug from 6918' to 6572'. Top perforation was @ 6956'. TOH with TBG. Pick up a 3 7/8" watermelon mill, TIH to 1690 & work mill in & out a dozen times, did not see any hung ups, finish TIH to 6308', TOH with watermelon mill. Leave well flowing to pit overnight.

January 6, 2014. RUWL, WL RIH. & perforates 4 holes @ 6260', POH, RDWL. Pick up CICR & TIH with 15 stands, well starts flowing. Leave well flowing to pit overnight.

January 7, 2014. Kill well with 70 bbls production water down CSG. Finish TIH to 6209', set CICR. Establish injection rate with fresh water of 1.2 BPM @ 500 psi. then we mix & pump 250 sks (50 bbls slurry) down TBG theow CICR, put 49.5 bbls below CICR, sting out & spot .5 bbl on top of CICR, displaced slurry using 23.23 bbls fresh water, TOH with 10 stands roll hole with 80 bbls production water, finish TOH. Leave well flowing to pit overnight. BUD THOMPSON-BLM-PET-970-942-7040 was on location with us to witness all day.

January 8, 2014. Pump 70 bbls production water to kill well. RUWL, WL RIH to bond log cement job. Found that we got cement top outside CSG up to 5666' (that's 594' of cement up the back side of the 4.5" CSG) POH with WL. Decision is mad by BOB HARTMAN-BLM-PET to shoot more perorations @ 5020', so WL RIH & shoots 4 perforations @ 5020', POH RDWL. Kill well with 70 bbls production water, pick up CICR & TIH to 4992', we do not set CICR, we leave well flowing to pit overnight. BUD THOMPSON-BLM-PET-970-942-7040 was on location with us to witness all day.

January 9, 2014. Set CICR @ 4992, establish injection rate of 2 BPM @ 1000 PSI using fresh water, then we mix & pump 290 sks (58 bbls slurry) down 2 3/8" TBG, pumped 57 bbls below CICR & spotted last bbl on top of CICR, using 18.31 bbls fresh water to displace, lay down 4 jts, roll hole with production water, TOH, leave well flowing to pit overnight. EDWARD FRANCHER-BLM-PET ALONG WITH BUD THOMPSON-BLM-PET was on location with us to witness all day.

January 10, 2014. FOUND WELL DEAD. RUWL, WL RIH & tags TOC @ 4962' inside 4.5" CSG, then they POH logging cement job to find TOC

outside 4.5" CSG is @ 4470', POH with WL, WL then RIH & perforates 4 holes @ 3502', POH RDWL, leave well open to pit over weekend. EDWARD FRANCHER-BLM-PET was on location with use to witness all day.

January 13, 2014. FOUND WELL DEAD. Pick up CICR & TIH to 2600 and well starts flowing up TBG, kill well pumping 15 bbls fresh down TBG. Finish TIH to 3470', set CICR @ 3470'. BUT we cannot get a test on CICR, TOH to find that the stinger had come off the center tool & stinger was still down in the CICR. Maralex reps talk plan about problem with CICR @ 3470' over with BOB HARTMAN-BLM-PET, decision is made to RUWL, WL RIH & perforates 8 holes (4 holes per foot) from 3450.5 to 3452.5, POH RDWL. Leave well open to pit. EDWARD FRANCHER-BLM-PET was on location with us to witness all day.

January 14, 2014. FOUND WELL DEAD. But some time overnight it had unloaded about 15 bbls fluid into pit. Pick up new CICR & TIH to 3427' were we set CICR, test TBG to 1000 psi (GOOD) establish injection rate of 1.4 BPM @ 500 psi using fresh water, then we mix & pump 200 sks (40 bbls slurry) down 2 3/8" TBG, pumping 39 bbls slurry below CICR, sting out to spot last bbl ontop of CICR using 12 bbls fresh water to displace, lay down 4 jts, roll hole using 80 bbls production water, TOH, leave well open to pit overnight. EDWARD FRANCHER-BLM-PET was on location to witness job all day.

January 15, 2014. RWWL, WL RIH to 2870' were they CAN NOT get any deeper, POH, RDWL. Pick up 3 7/8" watermelon mill on 2 3/8" TBG & TIH to 3336'. Watermelon mill hit cement stringers from 2870' down to 2890'. TOH & lay down watermelon mill. RUWL, WL RIH & logs well, RDWL. TIH with 2 3/8" TBG to 2800', were we will pump

cement first thing in morning. Leave well open to pit. EDWARD FRANCHER-BLM-PET was on location to witness job all day.

January 16, 2013. With EOT @ 2800' we mix & pump 75 sks with 2 percent calcium chloride (15 bbls slurry) displacing slurry down 2 3/8" TBG using 7 bbls fresh water, TOH with 31 jts, reverse out. WOC 4 hours. RIH & soft tag TOC using sandline @ 2010' (810' cement plug) POH with sand line. TIH to 2006' roll hole with fresh water, then mix & pump 75 sks (15 bbls slurry) displacing slurry using 3.64 bbls fresh water. TOH with 31 jts reverse out, Finish TOH. Leave well open to pit. EDWARD FRANCHER-BLM-PET witnessed the days job.

January 17, 2014. TIH to tag TOC @ 1570, Roll hole with fresh water, then we mix & pump 75 sks with 2 percent calcium chloride (15 bbls slurry) displacing slurry down 2 3/8" TBG with 2 bbls fresh water, TOH to 680' reverse out, finish TOH. WOC 3.5 hours. Rig up sand line & RIH to soft tag TOC @ 1185'. EDWARD FRANCHER-BLM-PET talked to BOB HARTMAN-BLM-LEAD PET. & said that was good, leave well open to pit over weekend. EDWARD FRANCHER-BLM-PET witnessed the days job.

January 20, 2013. WELL DID NOT UNLOAD ANY FLUIDS OVER WEEKEND. RUWL, WL RIH & perforates 8 holes from 500' to 502' (4 shots per foot) POH, RDWL. TIH to 505' establish circulation out the 8 5/8" CSG, with the 4.5" CSG shut in we mix & pump 75 sks (15 bbls slurry) down the 2 3/8" squeezing 55 sks (11 bbls slurry) into the 8 5/8" CSG, shut 8 5/8" CSG & open the 4.5" CSG to displace the remaining 20 sks (4 bbls slurry) into the 4.5" CSG, TOH with 2 3/8" TBG. WOC 5 hours. RIH to soft tag TOC using sand line @ 320' EDWARD FRANCHER-BLM-PET & BOB HARTMAN-BLM-LEAD PET said that is good, fishing fill well after well head is removed. RDSU. EDWARD FRANCHER-BLM-PET witnessed the days job.

January 21, 2014. Cut well head off 4' below surface, try to fill 8 5/8" CSG with water truck, but 8 5/8" CSG will not stay full keeps falling back. So we mix & pump 20 sks (4 bbls slurry) down a 1"X100' hose ran down into the 8 5/8" csg with no returns. WOC 4 hours. Mix & pump another 20 sks (4 bbls slurry) down 1"X100' hose ran into the 8 5/8" CSG with no returns, let cement set overnight. Edward Francher-BLM-PET witnessed daily jobs.

January 22, 2014. Mix and pump 20 sks (4 bbls slurry) down well. TOC falls back to 10' in 4.5" CSG & 12' in 8 5/8" CSG. Let well set overnight. EDWARD FRANCHER-BLM-PET witnessed.

January 23, 2014. Mix & pump 10 sks (2 bbls slurry) down well bor, to top 4.5" CSG to top, 8 5/8" CSG fell back 2'. Let well set overnight. EDWARD FRANCHER_BLM_PET checked on well during the day.

January 27, 2014. 4.5" CSG is still full to top with good hard cement, 8 5/8" CSG is 2' down with good hard cement, using 5 gallons cement we top off 8 5/8" CSG to brim. Let well set all day and check on well @ 3pm 6 hours after we top 8 5/8" off. Well is completely topped off with good hard cement. Duco was told by JIM GRAVES-MARALEX-REP. to leave the above ground marker off so the BLM could monitor the well for a few weeks. So when we left the sit, the well bore was completely full, but above ground marker was not welded on. EDWARD FRANCHER-BLM-PET & BOB HARTMAN-BLM-LEAD PET both have checked on well. And all was good & still is good.

BOB HARTMAN-BLM-LEAD PET-DESRIBING, procedure changes

GPS READING

LAT. 39.263101
LONG. 108.351152

P&A WAS WITNESSED BY

ROBERT HARTMAN-BLM-LEAD PET-GRAND JUNCTION OFFICE 970-244-3041.

EDWARD FRANCHER-BLM-PET. GRAND JUNCTION OFFICE 970-244-3041.

BUD THOMPSON-BLM-PET. WHITE RIVER FIELD OFFICE. 970-942-7040.

JOE BECK-BLM-PET. WHITE RIVER FIELD OFFICE. 970-942-7040.

JAY KRABACHER WITH THE STATE OF COLORADO WAS ON LOCATION A HAND FULL OF TIMES.

JIM GRAVES-MARALEX-COMPANY REP. 970-712-0099.

DUSTY DANIELS- WITH DUCO INC.-435-828-5653. CEMENT & WORK OVER FORMAN.

ADAM DANIELS-WITH DLD PIPE RECOVERY SERVICE –FOR WIRELINE