

MEMORANDUM

TO: Prospective Bidders

FR: Glenn Wollan

DT: July 1, 2011

RE: Well Plugging

Attached, for your consideration, are an Invitation to Bid, Instructions to Bidders, Plugging Specifications, Bid, Well Plugging Contract, Labor and Materials Bond, and Performance Bond.

If you wish to submit a bid, please refer to the attached Instructions to Bidders. Bids are due in the Bismarck office of the Industrial Commission, Oil & Gas Division, by August 1, 2011.

Any inquiries regarding this project should be addressed to me.

INVITATION TO BID

The State of North Dakota, acting through the North Dakota Industrial Commission, Oil & Gas Division, invites you to submit a bid for plugging of the following well:

Quantum Wanner 27-1
NWNE Sec. 27-T139N-R95W
Stark County, ND
Well File No. 15602

To be considered, the bid must be on the form provided by the Industrial Commission, which must be fully completed in accordance with the accompanying "INSTRUCTIONS TO BIDDERS," and must be received in the Bismarck office of the Industrial Commission, Oil & Gas Division, no later than 11:00 a.m., August 1, 2011. The Commission may reject any and all bids.

For additional information or blank bid forms, please contact Glenn Wollan, North Dakota Industrial Commission, Oil & Gas Division, 600 East Boulevard, Bismarck, ND, 58505. Phone (701) 328-8020.

INSTRUCTIONS TO BIDDERS

1. Form of Bids. Bids must be submitted on the enclosed bid form.
2. Submission of Bids. Bids must be enclosed in a sealed envelope, and the outside of the envelope must have the following on it:

Bid of: (Name of Contractor & Business Address)

N.D. Contractor's License No: (No. and Class of License)

Date License was Issued or Renewed: _____

ATTN: Mr. Glenn Wollan

SEALED BID DO NOT OPEN
North Dakota Industrial Commission
Oil & Gas Division, Dept. 405
600 East Boulevard
Bismarck, N.D. 58505

3. Examination of Site. Prospective bidders may make a visual inspection of the well and well site to ascertain the nature and location of the work and the conditions which can affect the work and its cost. The Commission is not bound by any oral statement concerning the condition of the well or well site made by its staff or agents prior to the execution of the plugging contract.
4. Bidder Qualifications. No contract will be awarded unless: (a.) the bidder holds a current contractor's license in the class within which the value of the project falls issued at least ten days prior to the date set for receiving bids, and the bid envelope contains a copy of the license or a certificate of its renewal issued by the secretary of state (N.D.C.C. §43-07-12); and (b.) the bidder files along with its bid or after being notified that it is the successful bidder, a certificate from the ND State Tax Commissioner that bidder has paid all delinquent income, sales, and use taxes, if any (N.D.C.C. § 43-07-11.1).
5. Bid Deadline. All bids are due in the office of the Industrial Commission, Oil and Gas Division, by 11:00 a.m., August 1, 2011. The office is at 1016 E. Calgary Ave., Bismarck, ND. Bids received after this deadline will not be considered.

6. Review of Bids. The public opening of the bids will be held at 11:00 a.m., August 1, 2011, at the Industrial Commission, Oil and Gas Division, 1016 E. Calgary Ave., Bismarck, ND.

7. Withdrawal of Bids. Bids may be withdrawn by bidder's written request received prior to the time set in paragraph 5.

8. Rejection of Bids. The Commission may reject any and all bids and may waive any technical or formal defect in a bid.

9. Notification of Award. The successful bidder, if any, will be notified of the award of the work within thirty days after the bid opening.

10. Contract. The bidder whose bid is accepted must enter into a written contract with the Commission within ten days after the award is made. The contract contains, among other things, provisions requiring the contractor to acquire insurance and to provide a bond.

11. Cancellation of Award. The Commission may cancel the award of any contract at any time before execution of the contract by all parties without any liability to the Commission.

12. Title to Material and Objects on Site. The Commission has title to all equipment on the well site.

13. Changes in Specifications. The Commission may, during the bidding period, advise bidders by letter of alterations to the Plugging Specifications. All such changes are included in the work covered by the bid and are a part of the specifications.

PLUGGING SPECIFICATIONS

SUBJECT WELL

Quantum Wanner 27-1
NWNE Sec. 27-T139N-R95W
Stark County, ND
Well File No. 15602

INTRODUCTION

The objective of this project is to plug the above referenced well, in compliance with requirements of Chapter 43-02-03 of the North Dakota Administrative Code.

WELL DATA

8.625" surface casing @ 2079' cemented to surface 5.5" casing @ 9618' cemented with 670 sacks. CBL on file. TOC @ 4680' Lodgepole OH @ 9618'-9895'. MTD 9895'.

SPECIFICATIONS

- A. The contractor must be prepared to, and shall, control any blow/flow from the well in order to minimize surface damage and to limit liabilities.
- B. Contractor shall arrange for all tools, equipment, products, fluids and any other items required to properly plug this well. Contractor is responsible for disposal of all fluids.
- C. Once plugging procedures begin, these specifications are subject to change with approval of the NDIC Oil & Gas Division field inspector if down-hole conditions warrant.

D. Plugging Procedure:

Note: All cement must be API class G or Premium, 15.8 ppg.

1. Test deadmen anchors, MIRU, make sure well is dead, unflange wellhead, NU BOPs. PU work string, Make bit and scraper run to 9600'. TIH and set CICR at 9570'. Circulate well bore with clean heavy salt water. Pressure test casing to 1000 psi.
 2. Balance 25 sk cement plug at 9570'.
 3. Balance 25 sk cement plug at 8050'.
 4. Balance 25 sk cement plug at 6850'.
 5. Balance 25 sk cement plug at 5000'.
 6. Dig out surface casing valve and check for pressure.
 7. Perf 4 hole squeeze shot @ 2100' and 2 hole squeeze shot @ 60'.
 8. Set CICR @ 2000', mix and pump 90 sks cement below CICR, unsting and leave 10 sks cement on top of CICR.
 9. Close BOP blind rams, establish circulation out surface casing, mix and pump cement plug 60' to surface inside and outside 5.5" casing.
 10. Cut off wellhead 4' below surface and weld on cap.
- H. Certain information from NDIC files concerning the well is represented in the WELL DATA paragraph. The information represents, to the best of the Commission's knowledge, the well bore and well site conditions of the well to be plugged. Actual conditions may be different. The complete well file may be examined at the Bismarck office of the NDIC Oil & Gas Division, 1016 East Calgary Avenue, Bismarck, ND.
- I. Contractor shall notify the Commission 48 hours before commencing the plugging operations.
- J. Contractor guarantees, against defects and workmanship, all work performed under the contract for a period of one year from the date of the Commission's final acceptance of the plugging. Contractor shall bear the entire cost and expense of all repairs that may, from any imperfection in work or material, be necessary within that time. Contractor shall not be liable for equipment, material, or workmanship supplied by the Commission.

BID

Bid for plugging the following well in Stark County, ND:

Quantum Wanner 27-1
NWNE Sec. 27-T139N-R95W
Stark County, ND
Well File No. 15602

Being fully familiar with the local conditions affecting the performance of the contract and having carefully examined the INVITATION TO BID, INSTRUCTIONS TO BIDDERS, PLUGGING SPECIFICATIONS, WELL PLUGGING CONTRACT, LABOR AND MATERIAL PAYMENT BOND and PERFORMANCE BOND bidder proposes and agrees to do all work called for in the specifications and contract and to furnish the services, equipment, and labor necessary for the full completion of the work for the lump sum price of _____ dollars (\$ _____).

If the bidder's bid is accepted, the Industrial Commission will inform the bidder in writing within thirty days after the bid opening. Within ten days after receipt of such a notice, bidder will appear in the office of the North Dakota Industrial Commission, Oil and Gas Division, and execute the Well Plugging Contract. Bidder agrees that if bidder fails to enter into a contract, bidder is liable to the Commission for all expenses incurred by and damages suffered by the Commission as a result of the failure.

Dated this _____ day of _____ 2011.

Name of Bidder

Signature

Business Address

Business Telephone Number