State of New Mexico
Energy, Minerals and Natural Resources Department



# New Mexico Oil Conservation Division approval and conditions listed below are made in accordance with OCD Rule 19.15.7.11 and are in addition to the actions approved by BLM on the following 3160-4 or 3160-5 form.

Operator Signature Date: 3/12/2020
Well information:

## 30-039-05648 CLARK #003

SAN JUAN RESOURCES, INC

Application Type:

☒ P&A ☐ Drilling/Casing Change ☐ Location Change

☐ Recomplete/DHC (For hydraulic fracturing operations review EPA Underground injection control Guidance #84; Submit Gas Capture Plan form prior to spudding or initiating recompletion operations)

☐ Other:

Conditions of Approval:

- Notify NMOCD 24 Hours prior to commencing activities
- In addition to the BLM approved plugs

- Include a plug 1500-1400/ OCD Nacimiento pick @ 1450.'
- Include a plug 3053-2705. BLM Kirtland pick @ 3003,' OCD Ojo Alamo pick @ 2755.'

Brandon Powell
NMOCD Approved by Signature

5/29/2020
Date

Form 3160-5
(June 2015)

OCD Received 4/30/2020

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0137
Expires: January 31, 2018

## SUNDRY NOTICES AND REPORTS ON WELLS

***Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.***

***SUBMIT IN TRIPLICATE - Other instructions on page 2***

5. Lease Serial No.
NMNM03011

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

1. Type of Well
☐ Oil Well ☒ Gas Well ☐ Other

8. Well Name and No.
CLARK 3

2. Name of Operator
SAN JUAN RESOURCES INC
Contact: VANESSA FIELDS
E-Mail: vanessa@walsheng.net

9. API Well No.
30-039-05648-00-S1

3a. Address
1499 BLAKE STREET, SUITE 10C
DENVER, CO 80202

3b. Phone No. (include area code)
Ph: 505-787-9100
Fx: 505-327-9834

10. Field and Pool or Exploratory Area
S BLANCO

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
Sec 5 T24N R3W SENW 1730FNL 1550FWL
36.342418 N Lat, 107.183596 W Lon

11. County or Parish, State
RIO ARRIBA COUNTY, NM

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|---|---|---|---|---|
| ☒ Notice of Intent | ☐ Acidize | ☐ Deepen | ☐ Production (Start/Resume) | ☐ Water Shut-Off |
| ☐ Subsequent Report | ☐ Alter Casing | ☐ Hydraulic Fracturing | ☐ Reclamation | ☐ Well Integrity |
| ☐ Final Abandonment Notice | ☐ Casing Repair | ☐ New Construction | ☐ Recomplete | ☐ Other |
| | ☐ Change Plans | ☒ Plug and Abandon | ☐ Temporarily Abandon | |
| | ☐ Convert to Injection | ☐ Plug Back | ☐ Water Disposal | |

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.

KP

San Juan Resources request the plugging of the Clark #003. Please see attached P&A and reclamation plan attached.

14. I hereby certify that the foregoing is true and correct.

**Electronic Submission #506938 verified by the BLM Well Information System**
**For SAN JUAN RESOURCES INC, sent to the Rio Puerco**
**Committed to AFMSS for processing by SARA SCOTT on 03/13/2020 (20SS0001SE)**

Name *(Printed/Typed)* VANESSA FIELDS — Title AGENT/REGULATORY MANAGER

Signature (Electronic Submission) — Date 03/12/2020

## THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By JOE KILLINS — Title PETROLEUM ENGINEER — Date 04/30/2020

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office Rio Puerco

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

AV

# BLM FLUID MINERALS
## Geologic Report

**Date Completed:** 4/17/20

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Well No. | Clark # 3 | | Location | 1730′ FSL | & | 1550′ FWL | |
| Lease No. | NMNM03011 | | Sec. 5 | T24N | | R3W | |
| Operator | San Juan Resources | | County | Rio Arriba | State | New Mexico | |
| Total Depth | 3367′ | PBTD 3354′ | Formation | Blanco Pictured Cliffs South | | | |
| Elevation (GL) 7030′ | | | Elevation (KB) 7042′ (est.) | | | | |

| Geologic Formations | Est. Top | Est. Bottom | Log Top | Log Bottom | Remarks |
|---|---|---|---|---|---|
| San Jose Fm | | | Surface | 2178′ | Surface/Fresh water sands |
| Nacimiento Fm | | | 2178′ | 2801′ | |
| Ojo Alamo Ss | | | 2801′ | 3003″ | Aquifer (fresh water) |
| Kirtland Shale | | | 3003″ | 3071′ | |
| Fruitland Fm | | | 3071′ | 3278′ | Coal/Gas/Possible water |
| Pictured Cliffs Ss | | | 3278′ | 3344′ | Gas |
| Lewis Shale | | | 3344′ | | |
| Chacra | | | | | Probable water or dry |
| Cliff House Ss (main) | | | | | Water/Possible gas |
| Menefee Fm | | | | | Coal/Ss/Water/Possible O&G |
| Point Lookout Ss | | | | | Probable water/Possible O&G |
| Mancos Shale | | | | | Source rock |
| Gallup | | | | | O&G/Water |
| Dakota | | | | | O&G/Water |
| | | | | | |
| | | | | | |

Remarks:
P & A

- Please ensure that the tops of the Pictured Cliffs and Fruitland formations as well as the entire Ojo Alamo aquifer, identified in this report, are isolated by proper placement of cement plugs. This will protect the freshwater sands in this well bore.

Please note that the BLM geologist's picks for the Nacimiento, Ojo Alamo, and Kirtland formations vary significantly from the operator's picks. The Fruitland varies slightly.

Reference Well:
1) San Juan Operating Fm. Tops
Clark # 10
990′ FNL, 600′ FWL
T24N, R3W, Sec 5
GL= 7112′

**Prepared by:** *Walter Gage*

**UNITED STATES DEPARTMENT OF THE INTERIOR**
**BUREAU OF LAND MANAGEMENT**
**FARMINGTON DISTRICT OFFICE**
6251 COLLEGE BLVD.
FARMINGTON, NEW MEXICO 87402

Attachment to notice of
Intention to Abandon:

Re: Permanent Abandonment
Well: Clark 3

**CONDITIONS OF APPROVAL**

1. Plugging operations authorized are subject to the attached "General Requirements for Permanent Abandonment of Wells on Federal and Indian Lease."

2. Farmington Office is to be notified at least 24 hours before the plugging operations commence (505) 564-7750.

3. Submit electronic copy of the CBL for verification to the following addresses: jkillins@blm.gov , jhoffman@blm.gov and Brandon.Powell@state.nm.us . Based on CBL review inside/outside plugs and volumes may be adjusted accordingly. Please review the General Requirements document to ensure volumes meet required excess inside and outside casing.

    a. BLM tops are based on the attached geologic report. Plugs will be adjusted based on cement coverage indicated by the CBL. Do not proceed with any additional plugging operations prior to reviewing CBL results with BLM and confirming plug depths.

4. All plugs must cover 50 feet above and below indicated formation. Minimum inside plug 100 feet plus 50 feet excess cement. See attached BLM geologic report.

    a. BLM Fruitland formation top (3071 ft md). Modify Plug 1: 3236 – 3021 ft
    b. BLM Ojo Alamo formation top (2801 ft md). Plug: 2851 – 2751 ft

5. Minimum surface plug is 50 feet deeper than surface casing to surface. Perforate production casing at least 216 feet or deeper for surface plug.

# GENERAL REQUIREMENTS FOR
# PERMANENT ABANDONMENT OF WELLS ON FEDERAL AND INDIAN LEASES
# FARMINGTON FIELD OFFICE

1.0 The approved plugging plans may contain variances from the following minimum general requirements.

1.1 Modification of the approved plugging procedure is allowed only with the prior approval of the Authorized Officer, Farmington Field Office.

1.2 Requirements may be added to address specific well conditions.

2.0 Materials used must be accurately measured. (densometer/scales)

3.0 A tank or lined pit must be used for containment of any fluids from the wellbore during plugging operations and all pits are to be fenced with woven wire. These pits will be fenced on three sides and once the rig leaves location, the fourth side will be fenced.

3.1 Pits are not to be used for disposal of any hydrocarbons. If hydrocarbons are present in the pit, the fluids must be removed prior to filling in.

4.0 All cement plugs are to be placed through a work string. Cement may be bull-headed down the casing with prior approval. Cement caps on top of bridge plugs or cement retainers may be placed by dump bailer.

4.1 The cement shall be as specified in the approved plugging plan.

4.2 All cement plugs placed inside casing shall have sufficient volume to fill a minimum of 100' of the casing, or annular void(s) between casings, plus an excess volume sufficient to provide for 50 linear feet of fill above the plug.

4.3 Surface plugs may be no less than 50' in length.

4.4 All cement plugs placed to fill annular void(s) between casing and the formation shall be of sufficient volume to fill a minimum of 100' of the annular space plus 100% excess, calculated using the bit size, or 100' of annular capacity, determined from a caliper log, plus an excess volume sufficient to provide for 50 linear feet of fill above the plug.

4.5 All cement plugs placed to fill an open hole shall be of sufficient volume to fill a minimum of 100' of hole, as calculated from a caliper log, plus an excess volume sufficient to provide for 50 linear feet of fill above the plug. In the absence of a caliper log, an excess of 100% shall be required.

4.6 **A cement bond log or other accepted cement evaluation tool is required to be run if one had not been previously ran or cement did not circulate to surface during the original casing cementing job or subsequent cementing jobs.**

5.0 All cement plugs spotted across, or above, any exposed zone(s), when; the wellbore is not full of fluid or the fluid level will not remain static, and in the case of lost circulation or partial returns during cement placement, shall be tested by tagging with the work string.

5.1 The top of any cement plug verified by tagging must be at or above the depth specified in the approved plan, without regard to any excess.

5.2 Testing will not be required for any cement plug that is mechanically contained by use of a bridge plug and/or cement retainer, if casing integrity has been established.

5.3 Any cement plug which is the only isolating medium, for a fresh water interval or a zone containing a prospectively valuable deposit of minerals, shall be tested by tagging.

5.4 If perforations are required below the surface casing shoe, a 30 minute minimum wait time will be required to determine if gas and/or water flows are present. If flow is present, the well will be shut-in for a minimum of one hour and the pressure recorded. Short or long term venting may be necessary to evacuate trapped gas. If only a water flow occurs with no associated gas, shut well in and record the pressures. Contact the Engineer as it may be necessary to change the cement weight and additives.

6.0 Before setting any cement plugs the hole needs to be rolled. All wells are to be controlled by means of a fluid that is to be of a weight and consistency necessary to stabilize the wellbore. This fluid shall be left in place as filler between all plugs.

6.1 Drilling mud may be used as the wellbore fluid in open hole plugging operations.

6.2 The wellbore fluid used in cased holes shall be of sufficient weight to balance known pore pressures in all exposed formations.

7.0 A blowout preventer and related equipment (BOPE) shall be installed and tested prior to working in a wellbore with any exposed zone(s); (1) that are over pressured, (2) where the pressures are unknown, or (3) known to contain $H_2S$.

8.0 Within 30 days after plugging work is completed, file a Sundry Notice, Subsequent Report of Abandonment (Form 3160-5), five copies, with the Field Manager, Bureau of Land Management, 6251 College Blvd., Suite A, Farmington, NM 87402. The report should show the manner in which the plugging work was carried out, the extent, by depth(s), of cement plugs placed, and the size and location, by depth(s), of casing left in the well. Show date well was plugged.

9.0 All permanently abandoned wells are to be marked with a permanent monument as specified in 43 CFR 3162.6(d). Unless otherwise approved.

10.0 If this well is located in a Specially Designated Area (SDA), compliance with the appropriate seasonal closure requirements will be necessary.

All of the above are minimum requirements. Failure to comply with the above conditions of approval may result in an assessment for noncompliance and/or a Shut-in Order being issued pursuant to 43 CFR 3163.1. You are further advised that any instructions, orders or decisions issued by the Bureau of Land Management are subject to administrative review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4 and 43 CFR 4.700.

Form 3160-5
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires Jnovember 30, 2000

**SUNDRY NOTICES AND REPORTS ON WELLS**

***Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.***

***SUBMIT IN TRIPLICATE – Other instructions on reverse side***

5. Lease Serial No.
NM-03011

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or N

1. Type of Well
☐ Oil Well ☒ Gas Well ☐ Other

8. Well Name and No.
Clark #3

2. Name of Operator
San Juan Resources, Inc

9. API Well No.
30-039-05648

3a. Address
1499 Blake Street, Suite 10C. Denver, Co 80202

3b. Phone No. *(include area code)*
303-573-6333

10. Field and Pool, or Exploratory Area
Blanco South Pictured Ciffs

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
1730' FNL & 1550' FWL; Section 5, T24N, R3W

11. County or Parish, State
Rio Arriba County, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|---|---|---|---|---|
| ☒ Notice of Intent | ☐ Acidize | ☐ Deepen | ☐ Production (Start/Resume) | ☐ Water Shut-Off |
| | ☐ Alter Casing | ☐ Fracture Treat | ☐ Reclamation | Well Integrity |
| ☐ Subsequent Report | ☐ Casing Repair | ☐ New Construction | ☐ Recomplete | ☐ Other |
| | ☐ Change Plans | ☒ Plug and Abandon | ☐ Temporarily Abandon | |
| ☐ Final Abandonment Notice | ☐ Convert to Injection | ☐ Plug Back | ☐ Water Disposal | |

13. Describe Proposed or Completed Operations (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days Following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once Testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

San Juan Resources proposes to permanently plug and abandon the Clark #3 as per the attached procedure:

14. I hereby certify that the foregoing is true and correct

Name *(Printed/Typed)*
Kyle T. Mason

Title
Agent for Walsh Engineering and Production

Signature

Date
January 1/8/2020

**THIS SPACE FOR FEDERAL OR STATE USE**

Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

Title 18 U.S.C. Section 1001, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

**P&A Procedure**

**Clark #3**

S. Blanco Pictured Cliffs

1730' FNL & 1550' FWL, Section 5, T24N, R3W

Rio Arriba County, New Mexico, API #30-039-05648

## Plug & Abandonment Procedure:

**Note: All cement volumes use 100% excess outside casing and 50' excess inside pipe. Stabilizing wellbore fluid will be 8.33 ppg, sufficient to balance all exposed formation pressures. All cement will be ASTM Class G neat 1.15 $ft^3$/sk or equivalent. Plugs determined from Calculated TOC @1993'.**

### Prior to Mobilization

1. Notify BLM & NMOCD
2. Verify all cement volumes based on actual slurry to be pumped. Calculations based on 1.15 $ft^3$/sk.
3. Comply with all COA's from BLM and NMOCD

### P&A Procedure

1. MIRU PU and cement equipment
2. ND WH, NU BOP, RU rig floor and 2-3/8" handling tools
3. POOH and LD 2-3/8" production string set at 3338'
4. RIH w/ casing scrapper to 3250'
5. TIH with 2-3/8" work string and set 5-1/2" CICR set @ 3236'
6. Roll well and pressure test tubing to 1000 psi, close pipe rams and pressure test casing to 500 psi to determine if plug tags will be required.
7. Run CBL once hole is rolled to determine TOC. (Plugs based on calculated TOC from primary cement job)
8. **Plug #1, 3120' – 3236' (Pictured Cliffs Top 3284', Fruitland Top 3170' Perfs: 3286' - 3348'):** Mix & pump 16 sxs (18.4 $ft^3$) of Class G neat cement (or equivalent) on top of retainer in balanced plug. PU 100' above TOC and reverse circulate tubing clean. Tag plug if required.
9. TOOH and LD tubing to ~2500'
10. **Plug #2, 2205' – 2455' (Kirtland Top 2405', Ojo Alamo Top 2255'):** Mix & pump 30 sxs (34.5 $ft^3$) of Class G neat cement (or equivalent) in balanced plug. PUH 100' above TOC and reverse circulate tubing clean. Tag plug if required.
11. TOOH and LD tubing
12. RIH w/ WL and shoot 3 spf at 180'
13. Attempt to establish circulation down 5-1/2" to annulus. Re-shoot if necessary.

14. **Plug #3, Surface – 166' (9 5/8" surface shoe)** Once circulation is established Mix & pump 89 sxs (101 $ft^3$) of Class G neat cement (or equivalent) until cement returns are observed through annulus. Top off as necessary.
15. ND BOP and cut off wellhead below surface casing flange, top off casing and annulus as necessary. Install P&A marker and cut off and/or remove anchors. RD, MOL - Restore location per BLM stipulations.

Kyle T. Mason
District Engineer

# San Juan Resources

## Clark #3

### Current WBD

**South Blanco Pictured Cliffs**
**1730' FNL & 1550' FWL, Section 5, T24N, R3W, Rio Arriba County, NM**
**API #30-039-05648**

Today's Date: 1/8/2020
Spud: 4/13/1956
Completed: 4/30/1956

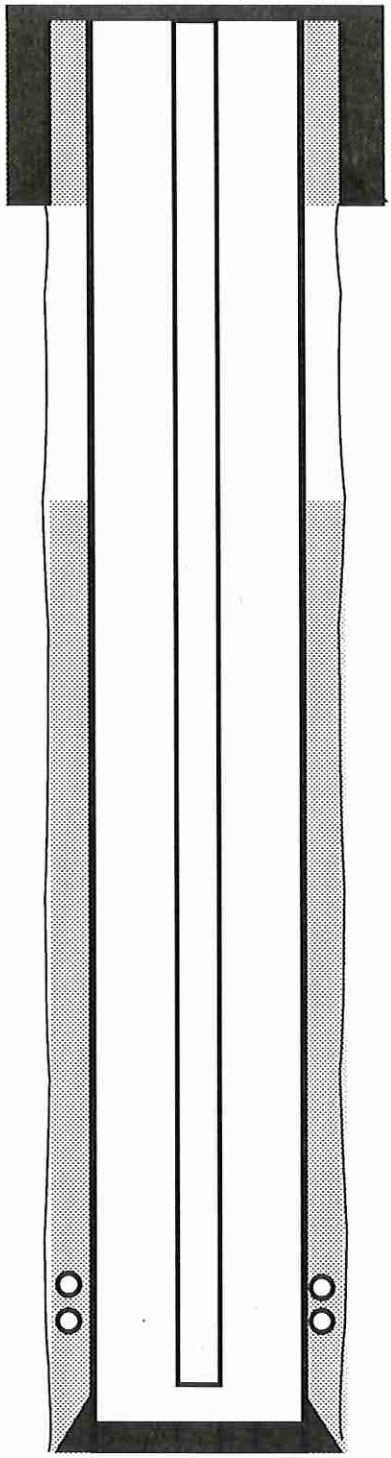
Surface - Nacimiento

Ojo Alamo @ 2255'

Kirtland @ 2405'

Fruitland @ 3170'

Pictured Cliffs @ 3284'



**Surface Casing** Elevation: 7037' GL
Hole Size: 12 1/4"
9 5/8", __#, Casing set @ 166'
Cement w/ 125 sk, Unknown TOC

**Production Casing**
Hole Size: 6-3/4"
5-1/2", 14#, casing set @ 3368 KB'
Cement w/ 100 sk - Calc TOC = 1993'
Pictured Cliffs Perfs: 3286' - 3348'

**Production Tubing**
2 3/8" 4.7# tubing set @ 3338'

PBTD: 3368'
TD: 3368'

# San Juan Resources

## Clark #3

### Proposed P&A

**South Blanco Pictured Cliffs**

**1730' FNL & 1550' FWL, Section 5, T24N, R3W, Rio Arriba County, NM**

**API #30-039-05648**

Today's Date: 1/8/2020
Spud: 4/13/1956
Completed: 4/30/1956

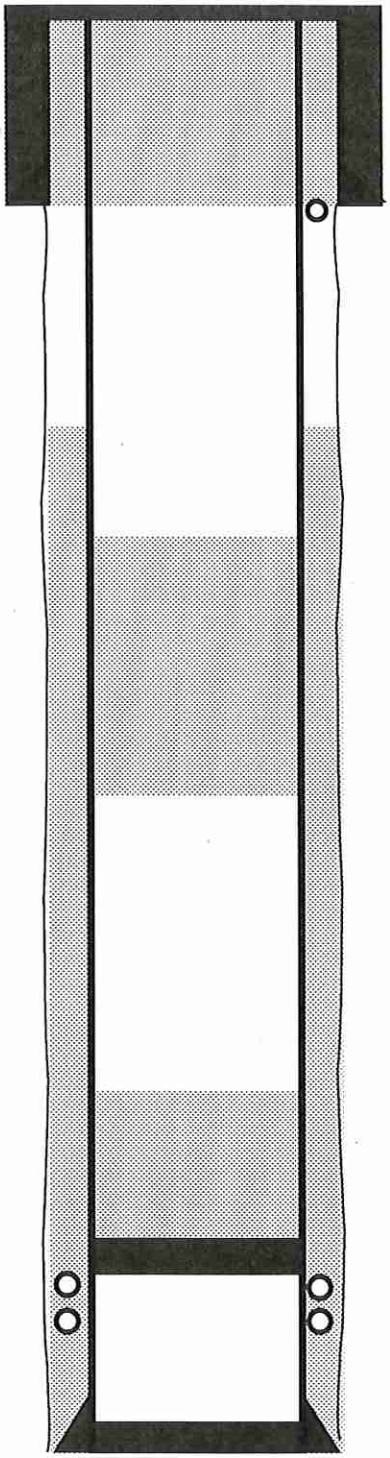
Surface - Nacimiento

Ojo Alamo @ 2255'

Kirtland @ 2405'

Fruitland @ 3170'

Pictured Cliffs @ 3284'



PBTD: 3368'
TD: 3368'

**Surface Casing** Elevation: 7037' GL
Hole Size: 12 1/4"
9 5/8", __#, Casing set @ 166'
Cement w/ 125 sk, Unknown TOC

**Production Casing**
Hole Size: 6-3/4"
5-1/2", 14#, casing set @ 3368 KB'
Cement w/ 100 sk - Calc TOC = 1993'
Pictured Cliffs Perfs: 3286' - 3348'

**Production Tubing**
2 3/8" 4.7# tubing set @ 3338'

**Plug #3**: Surface - 166' - (9 5/8" surface casing shoe)
Class G neat, 101 sxs (116.15 $ft^3$)

**Plug #2**: 2205' - 2455'
Spot Class G neat, 30 sxs (34.5 $ft^3$)

**Plug #1**: 3120 ' - 3236'
Spot Class G neat, 16 sxs (18.4 $ft^3$)
Set CICR at 3236'