

State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham
Governor

Sarah Cottrell Propst
Cabinet Secretary

Todd E. Leahy, JD, PhD
Deputy Secretary

Adrienne Sandoval, Division Director
Oil Conservation Division



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: 1/22/2020

Well information:

30-045-26109 BADLANDS FEDERAL #003

DJR OPERATING, LLC

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:
 - Add Ensure coverage from 1200'-1100'. OCD Fruitland pick @ 1150.

NMOCD Approved by Signature

5/29/2020

Date

OCD Received
4/23/2020

Form 3160-5
(June 2015)

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.

5. Lease Serial No.
NMNM58138

6. If Indian, Allottee or Tribe Name

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

SUBMIT IN TRIPLICATE - Other instructions on page 2

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

8. Well Name and No.
BADLANDS FEDERAL 3

2. Name of Operator
DJR OPERATING LLC

Contact: ALICE MASCARENAS
E-Mail: amascarenas@djrlc.com

9. API Well No.
30-045-26109-00-S1

3a. Address
1600 BROADWAY SUITE 1960
DENVER, CO 80202

3b. Phone No. (include area code)
Ph: 505-632-3476

10. Field and Pool or Exploratory Area
BISTI LOWER GALLUP

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Sec 13 T25N R13W NESE 2060FSL 0720FEL
36.399510 N Lat, 108.163330 W Lon

11. County or Parish, State
SAN JUAN COUNTY, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Hydraulic Fracturing	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input checked="" type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> 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 recompleat 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 recompleat 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.

DJR Operating LLC, request permission to Plug & Abandon the subject well per the attached procedure, wellbore diagram, and reclamation plan.

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

Electronic Submission #500189 verified by the BLM Well Information System
For DJR OPERATING LLC, sent to the Farmington
Committed to AFMSS for processing by ALBERTA WETHINGTON on 01/23/2020 (20AMW0144SE)

Name (Printed/Typed) ALICE MASCARENAS

Title REGULATORY TECHNICIAN

Signature (Electronic Submission)

Date 01/22/2020

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By JOE KILLINS

Title ENGINEER

Date 04/10/2020

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 Farmington

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

Plug and Abandonment Procedure

for

DJR Operating, LLC

Badlands Federal # 3

API # 30-045-26109

NE/SE, Unit I, Sec. 13, T25N, R13W

San Juan County, NM

I.

1. Hold Pre job meeting, comply with all NMOCD, BLM and environmental regulations.
2. MIRU prep rig.
3. Check and record tubing, casing and bradenhead pressures.
4. Remove existing piping from casing valve, RU blow lines from casing valves and blow down casing pressure. Kill well as necessary. Ensure that well is dead or on a vacuum.
5. MIRU hot oil unit, pump hot water to clear rods and tubing of paraffin.
6. Trip out of hole with rods and pump. Lay down to be sent in for storage/salvage.
7. Unset TAC.
8. ND WH, NU BOP, function test BOP.
9. Trip out of hole with 2 3/8" tubing. LD tubing to be sent in for storage/salvage.
10. RDMO prep rig to next location.

II.

11. MIRU P&A rig and equipment.
12. PU workstring, TIH with bit and scraper, make sure that the bit and scraper will go below 4840'. TOOH.
13. PU and RIH with a 4 1/2" cement retainer. Set the CR at +/- 4840'. Pressure test tubing to 1000 psi, sting out of CR, test casing to 800 psi. If casing does not test, contact engineering. TOOH.

14. MIRU logging truck. Run CBL log from 4840' to surface.
15. TIH with workstring to 4840'.
16. Plug 1. Gallup; RU cement equipment, pump water to assure that tubing is clear. Mix and spot a balanced plug of 12 sx Class G cement from 4840' to 4740'.
17. Plug 2. Mancos; Mix and spot a balanced plug of 12 sx Class G cement from 3982' to 3882'.
18. Plug 3. Cliff House; Mix and spot a balanced plug of 12 sx Class G cement from 2170' to 2070'.
19. Plug 4. Chacra, Lewis and Pictured Cliffs; Mix and spot a balanced plug of 55 sx Class G cement from 1810' to 1342'. (pending results of CBL and TOC).
20. Perforate holes 1040'.
21. Set CR at 1030'.
22. Plug 5: Pump 102 sx through CR, attempt to establish circulation to surface. Sting out of CR and spot 25 sx cement on top of retainer.
23. Plug 6: Spot balanced plug from 358' to surface, 42 sx class G cement.
24. RD cementing equipment. Cut off wellhead, fill any exposed annulus with cement as necessary. Install P&A marker as per regulatory requirements. Record GPS coordinates for P&A marker and the Final P&A Report. Photograph the P&A marker and attach to the report.
25. RD and MO all rig and cement equipment. Assure that location is free of trash and contamination before moving off.
26. Send all reports and attachments to DJR Aztec office for regulatory filings.

Note: All cement is to be Class G mixed at 15.8 ppg, yield 1.15 cu ft / sx.

Current Wellbore Diagram
DJR Operating, LLC
Badlands Federal # 3
 API # 30-045-26109
 NE/SE, Unit I, Sec 13, T25N, R13W
 San Juan County, NM

GL 6452'
 KB 6464'
 Spud Date 12/5/1984

SURF CSG

Hole size 12.25
 Csg Size: 8.625
 Wt: 24#
 Grade: J-55
 ID: 8.097
 Depth 308
 cap cf/ft: 0.3576
 TOC: Surf

FORMATION TOPS

Nacimiento	Surface
Ojo Alamo	
Kirtland	740'
Fruitland	1056'
Pictured Cliffs	1392'
Lewis	1472'
Cliffhouse	2120'
Menefee	2255'
Point Lookout	3774'
Mancos	3932'
Gallup	4870'
Perfs	4870-5044'

PROD CSG

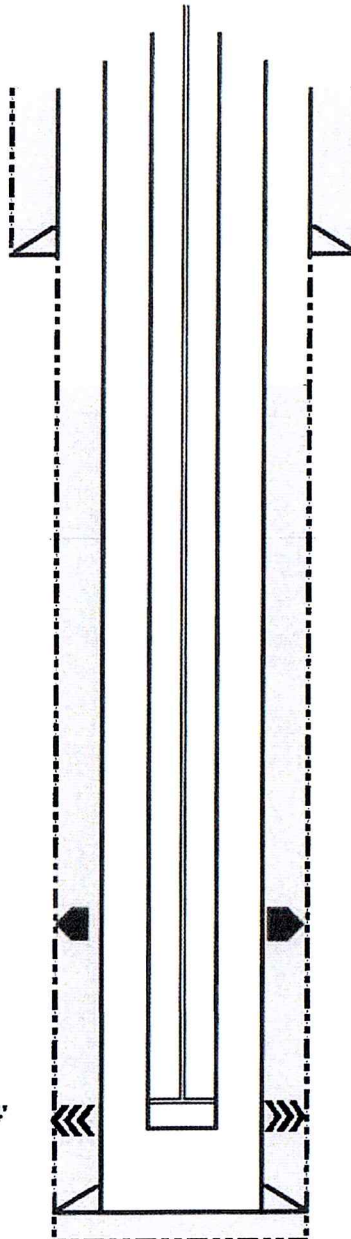
Hole size 7.875
 Csg Size: 4.5
 Wt: 10.5
 Grade: J-55
 ID: 4.052
 Depth 5203
 cap cf/ft: 0.0896
 Csg/Csg 0.2278
 Ann, cf/ft
 TOC: Calc
 1043

PBTD 5161'
 TD 5205'

PROD TBG DETAIL:

2 3/8	5002'
SN	4968'
TAC	4773'
1 1/4 x 16 polish rod	
7/8, 8'+ 2' Ponies	
7/8 plain	59
3/4 plain	134
1 1/4 K bars	4
4' 7/8 stab	1
RWAC	2x1 1/2x16

DV Tool 4006'



Proposed Wellbore P&A Diagram

DJR Operating, LLC

Badlands Federal # 3

API # 30-045-26109

NE/SE, Unit I, Sec 13, T25N, R13W

San Juan County, NM

GL 6452'
KB 6464'
Spud Date 12/5/1984

SURF CSG

Hole size 12.25
Csg Size: 8.625
Wt: 24#
Grade: J-55
ID: 8.097
Depth 308
cap cf/ft: 0.3576
TOC: Surf

FORMATION TOPS

Nacimiento Surface
Ojo Alamo
Kirtland 740'
Fruitland 1056'
Pictured Cliffs 1392'

PROD CSG

Hole size 7.875
Csg Size: 4.5
Wt: 10.5
Grade: J-55
ID: 4.052
Depth 5203
cap cf/ft: 0.0896
Csg/Csg 0.2278
Ann, cf/ft
TOC: Calc 1043

Lewis 1472'
Chacra 1760'
Cliffhouse 2120'
Menefee 2255'
Point Lookout 3774'
Mancos 3932'
Gallup 4870'

Plug 6: 358' to surface, 42 sx Class G cement

Plug 5: Perf @ 1040' (pending CBL log) Set retainer 1030', pump 102 sx Class G cement, or until circulation established. Sting out, leave 25sx above retainer.
Perf 1040'

Plug 4: 1810' to 1342', 468'. 55 sx Class G cement

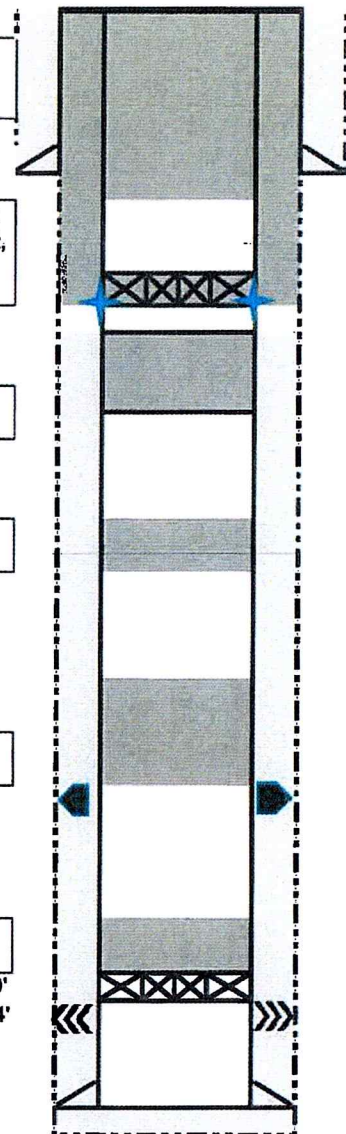
Plug 3: 2170' to 2070', 100', 12 sx Class G cement

Plug 2: 3982' to 3882', 100', 12 sx Class G cement
DV tool 4006'

Plug 1: 4840' to 4740', 100'. 12 sx Class G cement

CR 4840'
Perfs 4870-5044'

PBTD 5161'
TD 5205'



BLM FLUID MINERALS Geologic Report

Date Completed: 4/7/20

Well No.	Badlands Federal # 3		Location	2060'	FNL	&	720'	FEL
Lease No.	NMNM58138		Sec. 13	T25N			R13W	
Operator	DJR		County	San Juan		State	New Mexico	
Total Depth	5205'	PBTD 5161'	Formation Bisti Lower Gallup					
Elevation (GL) 6452'			Elevation (KB) 6464' (est.)					

Geologic Formations	Est. Top	Est. Bottom	Log Top	Log Bottom	Remarks
San Jose Fm					Surface/Fresh water sands
Nacimiento Fm		<138'	Surface		Fresh water sands
Ojo Alamo Ss	<138'			210'	Aquifer (fresh water)
Kirtland Shale			210'	1120'	
Fruitland Fm			1120'	1330'	Coal/Gas/Possible water
Pictured Cliffs Ss			1330'	1472'	Gas
Lewis Shale			1472'	1683'	
Chacra			1683'	2120'	Probable water or dry
Cliff House Ss (main)			2120'	2270'	Water/Possible gas
Menefee Fm			2270'	3774'	Coal/Ss/Water/Possible O&G
Point Lookout Ss			3774'	3932'	Probable water/Possible O&G
Mancos Shale			3932'	4870'	Source rock
Gallup			4870'		O&G/Water
Dakota					O&G/Water

Remarks:

P & A

-Please note that the depth for the Kirtland formation differs from the Operator's picks.

-The Ojo Alamo and Kirtland formations are behind the surface casing and are protected adequately by the proposed plugging procedure.

Reference Wells:

1)DJR Fm. Tops
Same Kpc-Kg

2) DJR Fm. Tops
Tn-Kks
West Bisti Coal 13 Com #1T
GL: 6444'

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: Badlands Federal 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 results inside/outside plugs and volumes will be adjusted accordingly. Plug 5 outside volumes must be reviewed in detail.
4. BLM picks Fruitland formation top at 1120. Perforate 5-1/2 inch casing 50' below the formation top (1170) for plug 5.

**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 H₂S.

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.