

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010

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.

DEC 11 2014

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

Farmington Field Office
Bureau of Land Management

5. Lease Serial No.
NNNM2555
6. If Indian, Allottee or Tribe Name

7. Unit or CA/Agreement, Name and/or No.
SRM1154

8. Well Name and No.
MUCHO DEAL 1E

9. API Well No.
30-045-22571-00-S1

10. Field and Pool, or Exploratory
UNNAMED

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

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

2. Name of Operator
DUGAN PRODUCTION CORPORATION
Contact: ALIPH REENA
Email: aliph.reena@duganproduction.com

3a. Address
P.O. 420
FARMINGTON, NM 87499

3b. Phone No. (include area code)
Ph: 505-325-1821

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

Sec 14 T30N R14W NESW 1850FSL 1800FWL
36.811813 N Lat, 108.280624 W Lon

12. CHECK 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"/> Fracture Treat | <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 recomplate 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.)

Dugan Production plans to plug and abandon the well as per the following procedure:

- 1) Set CR @ 6278'. Pressure test casing. Spot plug above retainer @ 6278' w/12 sks (14.2 cu ft) Class B neat cement (Plug I: 6178'-6278').
- 2) Run CBL. All plugs are designed by calculating the cement top behind casing from the cement volumes. Necessary changes will be made based on the cement tops from the CBL.
- 3) Spot plug inside 4-1/2" casing at 5412' w/12 sks (14.2 cu ft) Class B neat cement (Gallup, Plug II: 5312'-5412').
- 4) Spot plug inside 4-1/2" casing at 4548' w/12 sks (14.2 cu ft) Class B neat cement (Mancos, Plug III: 4448'-4548').
- 5) Spot plug inside 4-1/2" casing at 3300' w/12 sks (14.2 cu ft) Class B neat cement (Mesaverde, Plug IV: 3200'-3300').

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JAN 30 2015

NMOCD
DISTRICT III



H₂S POTENTIAL EXIST

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

Electronic Submission #284933 verified by the BLM Well Information System
For DUGAN PRODUCTION CORPORATION, sent to the Farmington
Committed to AFMSS for processing by TROY SALYERS on 01/28/2015 (15TLS0126SE)

Name (Printed/Typed) ALIPH REENA

Title PRODUCTION ENGINEER

Signature (Electronic Submission)

Date 12/11/2014

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By TROY SALYERS

Title PETROLEUM ENGINEER

Date 01/28/2015

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.

BLM'S APPROVAL OR ACCEPTANCE OF THIS

ACTION DOES NOT RELIEVE THE LESSEE AND OPERATOR FROM OBTAINING ANY OTHER AUTHORIZATION REQUIRED FOR OPERATIONS ON FEDERAL AND INDIAN LANDS

NMOCD

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

Revisions to Operator-Submitted EC Data for Sundry Notice #284933

| | Operator Submitted | BLM Revised (AFMSS) |
|----------------|---|---|
| Sundry Type: | ABD NOI | ABD NOI |
| Lease: | NMNM2555 | NMNM2555 |
| Agreement: | | SRM1154 (NMNM75940) |
| Operator: | DUGAN PRODUCTION CORP P O BOX 420 FARMINGTON, NM 87499-0420 Ph: 505-325-1821 | DUGAN PRODUCTION CORPORATION P.O. 420 FARMINGTON, NM 87499 Ph: 505-325-1821 |
| Admin Contact: | ALIPH REENA PRODUCTION ENGINEER E-Mail: aliph.reena@duganproduction.com Ph: 505-325-1821 | ALIPH REENA PRODUCTION ENGINEER E-Mail: aliph.reena@duganproduction.com Ph: 505-325-1821 |
| Tech Contact: | ALIPH REENA PRODUCTION ENGINEER E-Mail: aliph.reena@duganproduction.com Ph: 505-325-1821 | ALIPH REENA PRODUCTION ENGINEER E-Mail: aliph.reena@duganproduction.com Ph: 505-325-1821 |
| Location: | | |
| State: | NM | NM |
| County: | SAN JUAN | SAN JUAN |
| Field/Pool: | BASIN DAKOTA | UNNAMED |
| Well/Facility: | MUCHO DEAL 1E Sec 14 T30N R14W Mer NMP NESW 1850FSL 1800FWL | MUCHO DEAL 1E Sec 14 T30N R14W NESW 1850FSL 1800FWL 36.811813 N Lat, 108.280624 W Lon |

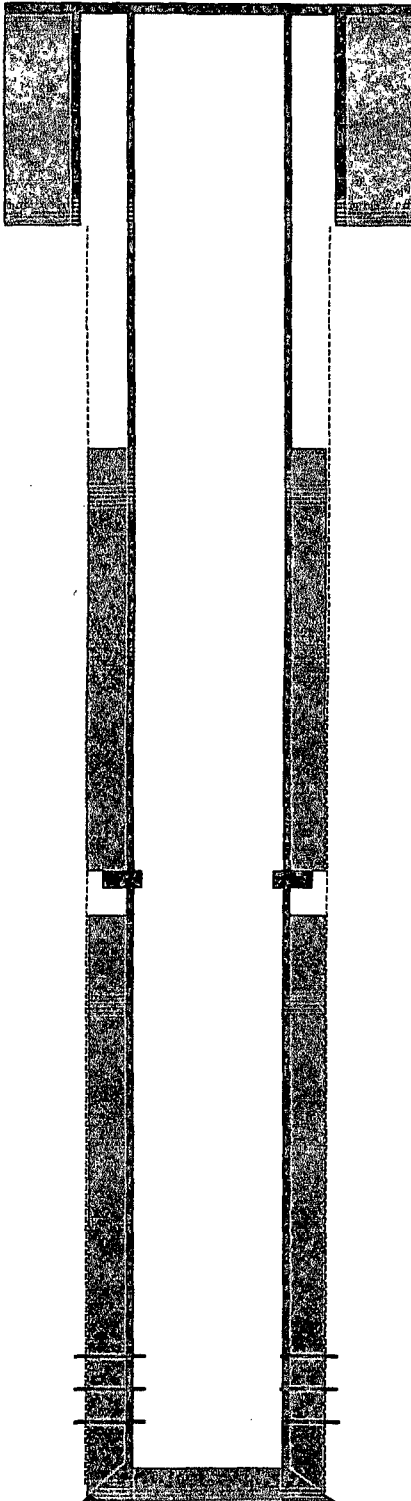
Current Wellbore Schematic

Mucho Deal #1E , Dakota

300-45-22571

1850' FSL & 1800' FWL

S14 T30N R14W



8 5/8" J-55 24# casing @ 245'. Cemented with 125 sks Class B w/ 2% gel. Cement tagged 20' from surface.

Cement Stage II w/ 400 sks 65:35 w/ 12% gel. (669 cu.ft). TOC calculated @ 2350'. DV tool @ 4554'.

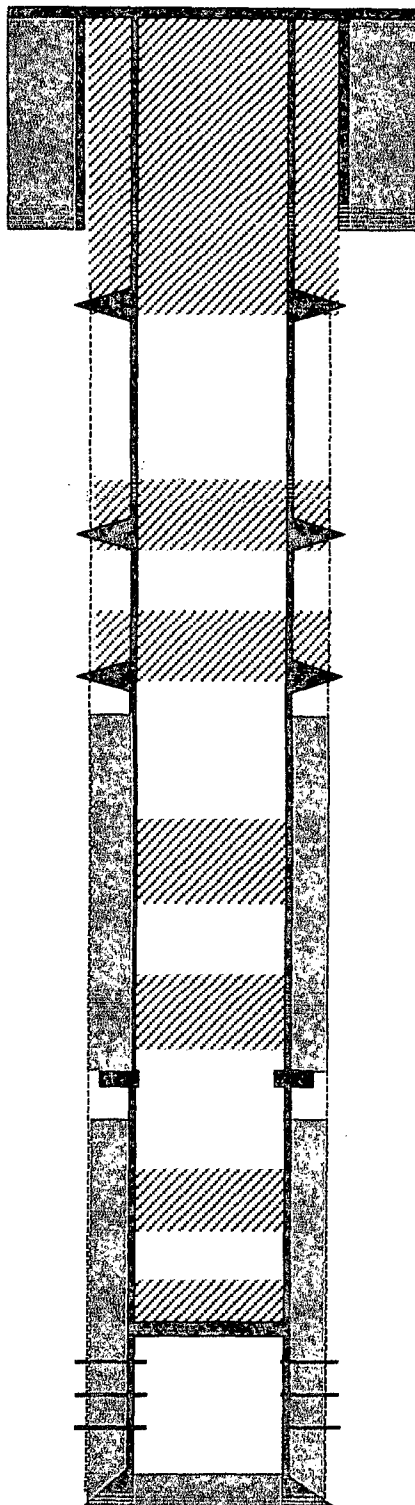
DV tool @ 4554'

Stage I: Cemented with 200 sks Class B w/ 8% gel + 125 sks Class B neat. (531 cu.ft) Calculated TOC @ 4820'.

Dakota Perforated @ 6328' - 6429'

4 1/2" 10.5 # casing @ 6570'

S14 T30N R14W



4 1/2" 10.5 # casing @ 6570'

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: Mucho Deal #1E

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. The following modifications to your plugging program are to be made:

- a) Set plug #2 (5511-5411) ft. to cover the Gallup top.
- b) Set an inside/outside plug (2840-2740) ft. to cover the Chacra top.
- c) Set plug #6 inside/outside (1772-1672) ft. to cover the Pictured Cliffs top.
- d) Set plug #7 inside/outside (1372-1272) ft. to cover the Fruitland Coal top.

Operator will run a CBL to verify cement top. Submit the electronic copy of the log for verification to the following addresses: tsalyers@blm.gov Brandon.Powell@state.nm.us

Note: H₂S has not been reported in this section; however, low concentrations of H₂S (10 ppm - 120ppm GSV) have been reported in wells within a 1 mile radius of this location.

You are also required to place cement excesses per 4.2 and 4.4 of the attached General Requirements.

Office Hours: 7:45 a.m. to 4:30 p.m.