

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

NOV 04 2016

FORM APPROVED
OMB No. 1004-0135
Expires: January 31, 2004

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 reverse side.

1. Type of Well
☐ Oil Well ☒ Gas Well ☐ Other2. Name of Operator
Dugan Production, c/o San Juan Coal Company3a. Address
PO Box 561, Waterflow, NM 874213b. Phone No. (include area code)
505-598-2000

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

Unit D, 790' FSL and 790' FWL, Sec. 18 T-30-N, R-14-W

5. Lease Serial No.

NM 19163

6. Indian, Allottee or Tribe Name

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

8. Well Name and No.
Turks Toast #19. API Well No.
300-045-2543010. Field and Pool, or Exploratory Area
Basin Dakota11. County or Parish, State
San Juan, NM

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 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 shall 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 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 as the operator, desires San Juan Coal Company to plug and abandon this well per the attached procedure.

Also request approval to set and underground plate instead of a 4" above ground marker to prevent stray electrical currents from entering the underground coal mine.

Surface reclamation will be in accordance with the BLM approved plan for the San Juan Coal mine.

A closed loop system will be utilized for all waste and drilling fluid.

Notify NMOCD 24 hrs
prior to beginning
operations

OIL CONS. DIV DIST. 3
NOV 19 2016

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

SEE ATTACHED FOR CONDITIONS OF APPROVAL

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

Name (Printed/Typed)

Eric D. Herth

Title Mine Geologist

Signature

Date

10/31/2016

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

PE

Date

11/15/16

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

FFO

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)

NMOCD

A-Plus Well Service, Inc.
PLUG AND ABANDONMENT PROCURE

October 28, 2016

Turk's Toast #1

Page 1 of 3

Basin Dakota
790' FNL and 790' FWL, Section 18, T30N, R14W
San Juan County, New Mexico / API 30-045-25430

Note: All cement volumes use 100% excess outside pipe and 50' excess inside. The stabilizing wellbore fluid will be water or drilling mud with sufficient weight to balance all exposed formation pressures. Cement is Class B mixed at 15.6 ppg with 1.18 cf/sxs yield or Class B with 18% salt by weight of water (for expansion, MSHA requirement through the Fruitland Coal zone).

MILLING OUT CASING AND PLUGGING PROCEDURE:

A closed loop system will be utilized.

1. Comply with all applicable MSHA, NMOCD, BLM and San Juan Coal Co safety regulations. Conduct safety meeting for all personnel on location. MOL and RU daylight pulling unit. Lay relief line to the waste pit and blow well down, kill well with water as necessary. ND wellhead and NU BOP. Test BOP. Pull rod and tubing from well if present.
2. Rods: Yes____, No____, Unknown____.
Tubing: Yes X, No____, Unknown____, Size 1-1/2", Length 5641' RKB.
Packer: Yes____, No X, Unknown____, Type____.
If this well has rods, a packer or tubing anchor, then modify the work sequence in step #2 appropriate. Pump twice the tubing capacity down the tubing before ND wellhead. TOH and LD the 1.990" tubing and pick up a 2.375" workstring.
3. Round trip 4.5" string mill to 5596' or as deep as possible. TIH and set a 4.5" cement retainer at 5586'. Pressure test the tubing to 1000 PSI. Load the well and circulate the casing clean. If paraffin is present, then circulate the well with hot water from a hot oil truck until clean. *Pressure test the casing to 1000 PSI. If the casing does not test, then tag or WOC plugs as appropriate.* TOH with setting tool. Run a CBL to determine the annulus top of cement.
4. **Plug #1 (Dakota perforations and top, 5586' – 5486')**: TIH with open ended tubing and tag the CR at 5332'. Mix 20 sxs Class B cement and spot a balanced plug inside the casing to isolate the Dakota perforations and top. PUH.
5. **Plug #2 (Gallup top, 4804' – 4704')**: Mix 20 Class B sxs cement and spot a balance plug to cover the Gallup top. PUH.
6. **Plug #3 (Mancos, 3845' – 3745')**: Mix 20 Class B sxs cement and spot a balance plug to cover the Gallup top. PUH.
7. **Plug #4 (Mesaverde top, 2608' – 2508')**: Mix 20 Class B sxs cement and spot a balanced plug to cover the Mesaverde top. PUH..

PLUG AND ABANDONMENT PROCURE

October 28, 2016

Turk's Toast #1

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Plugging Procedure Continued:

8. **Plug #5 (Chacra top, 1810' - 1710')**: Mix 20 Class B sxs cement and spot a balanced plug to cover the Chacra top. TOH with tubing.
9. **Rig up Jet West wireline and run a Gamma - Neutron log and a directional survey log. Adjust the milling intervals as appropriate from these logs.**

All reported depths should be from ground level.

10. **Perforate the 4.5" casing below the Basel Fruitland Coal Seam (#8):** [after making the correcting depth adjustments]:
 - a) Perforate 6 squeeze holes in a 2 foot interval from 1177' to 1175';
 - b) Perforate 6 squeeze holes in a 2 foot interval from 1127' to 1125';
 - c) Perforate 6 squeeze holes in a 2 foot interval from 1077' to 1075';
 - d) Perforate 6 squeeze holes in a 2 foot interval from 1025' to 1027';
 - e) Attempt to establish a rate into these squeeze holes, up to 1200 PSI
 - f) If the CBL log shows poor bond in the interval from 900' to 700', then adjust the above perforations as appropriate to enhance the cement placement quality in the annulus below the coal zone.
- Plug #6 (Pictured Cliffs interval, 1227' to 698')**: Squeeze the above holes with Class B cement with 18% salt (by weight of water); volume depending on the injection rate and pressure; between 25 to 100 sxs cement; hesitate squeeze up to 1500 PSI pressure. WOC overnight.
11. Pick up a 3.875" blade bit and 6 - 3.125" drill collars and TIH to tag cement. Drill out cement from plug #6 down to 992'. Pressure test the casing to 1000 PSI. TOH and LD bit.
12. PU a flat bottom mill, the 3.875" section milling tool and the drill collars; this is the milling bottom hole assembly(BHA). TIH with BHA and work string to 958'. Rig up drilling equipment and establish circulation with a high viscosity low solids fresh water mud.
13. **Note: The intervals to be milled out below are from ground level - not KB.**
14. **Mill out the 4.5" casing from 958' to 982'**. Start milling out the 4.5" casing from 958' down to 982'. Mill per the tool hands instructions for weight on mill, circulation rate and power swivel's RPM. Circulate well clean with mud. TOH with section mill and workstring; stand back the drill collars. TIH with bit and clean out to 992'. Circulate the well clean. TOH with the bit.

PLUG AND ABANDONMENT PROCEDURE

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Turk's Toast #1

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Plugging Procedure Continued:

15. Rig up a wireline truck and run a caliper log through the milled interval to insure all the 4.5" casing from the planned milling depths (958' to 982') has been removed. Re-mill as appropriate. Re-log as necessary.
16. **Perforate the 4.5" casing with 6 SPF at 914' and 864'.** This is 50' and 100' above Coal Seam #8 and the depths should be modified as appropriate from the logs run in step #8.
17. **Plug #7 (Fruitland Coal interval, 992' to 459'):** TIH open ended workstring and. Circulate out the mud with water in the well. Mix 50 sxs Class B cement with 18% salt (by weight of water) and spot a balanced plug from 992' to 332' to fill the milled interval and cover the Fruitland top. Displace cement with water. TOH with workstring and shut the casing valve. Then hesitate squeeze the cement down as appropriate inside the 4.5" casing to achieve a 1000 PSI pressure.
18. **Plug #8 (8.625" Surface casing shoe, 247' to Surface):** Connect the pump line to the bradenhead valve. Pressure test the BH annulus to 300#; note the fluid volume to load. If the BH annulus tests, then mix approximately 25 sxs cement with or without 18% salt cement and spot a balanced plug inside the 4.5" casing from 247' (or TOC) to surface to cover the 8.625" surface casing shoe. TOH and LD the tubing. If the BH annulus does not test, then perforate at the appropriate depth and fill the bradenhead annulus and 4.5" casing with cement to surface. TOH and LD tubing. Shut in well and WOC.
19. ND BOP and cut off wellhead below surface. Install P&A marker with cement to comply with regulations. RD, MOL. Cut off anchors and clean up location.

Turk's Toast #1

Current
Basin Dakota

Today's Date: 10/28/16

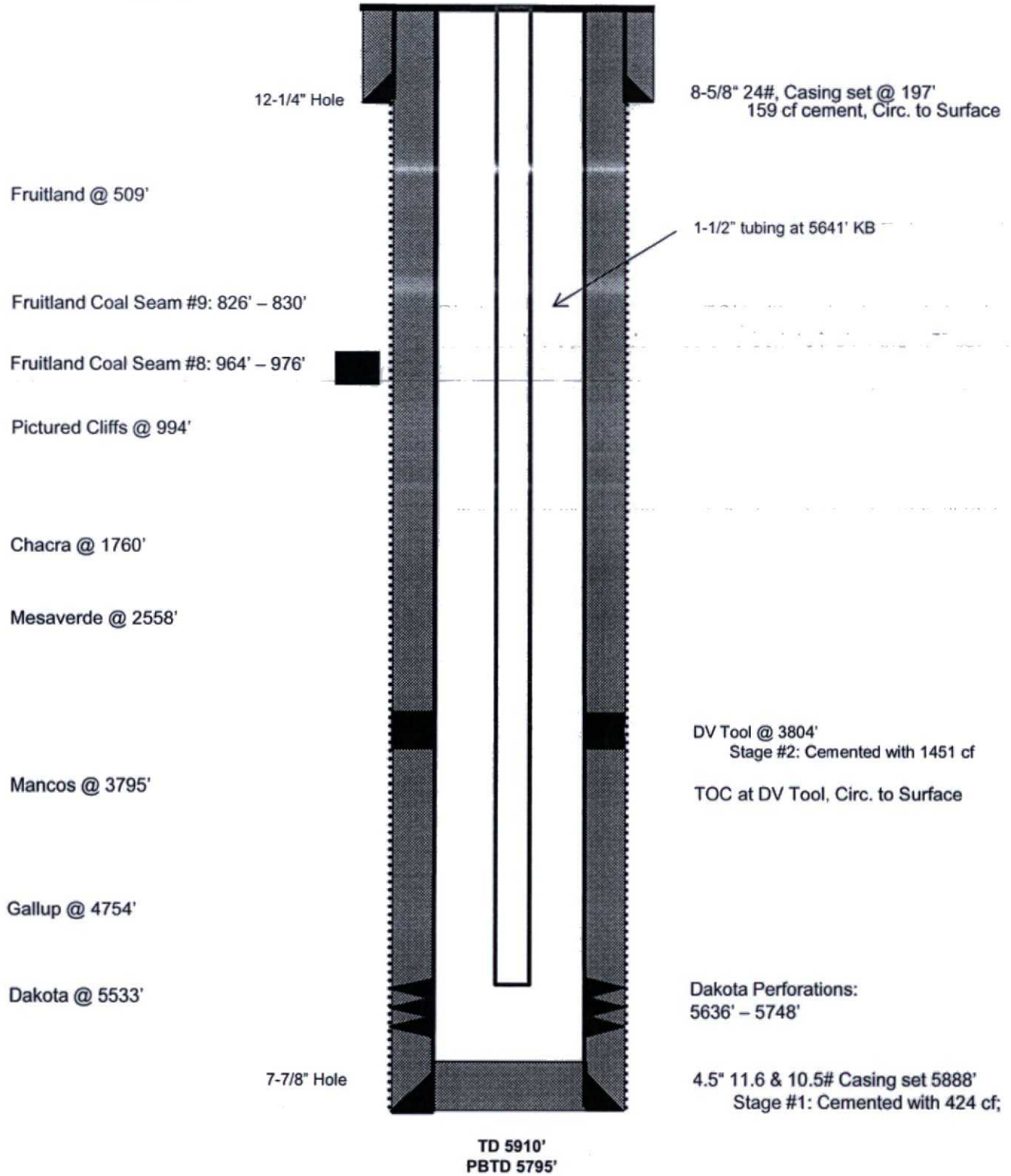
Spud: 11/22/82

Completed: 1/10/83

Elevation: 5522' GL
5534' KB

790' FSL & 790' FWL, Section 18, T-30-N, R-14-W
San Juan County, NM / API #30-045-25430

Lat: N _____ / Long: W _____



Turk's Toast #1

Proposed P&A

Basin Dakota

Today's Date: 10/28/16

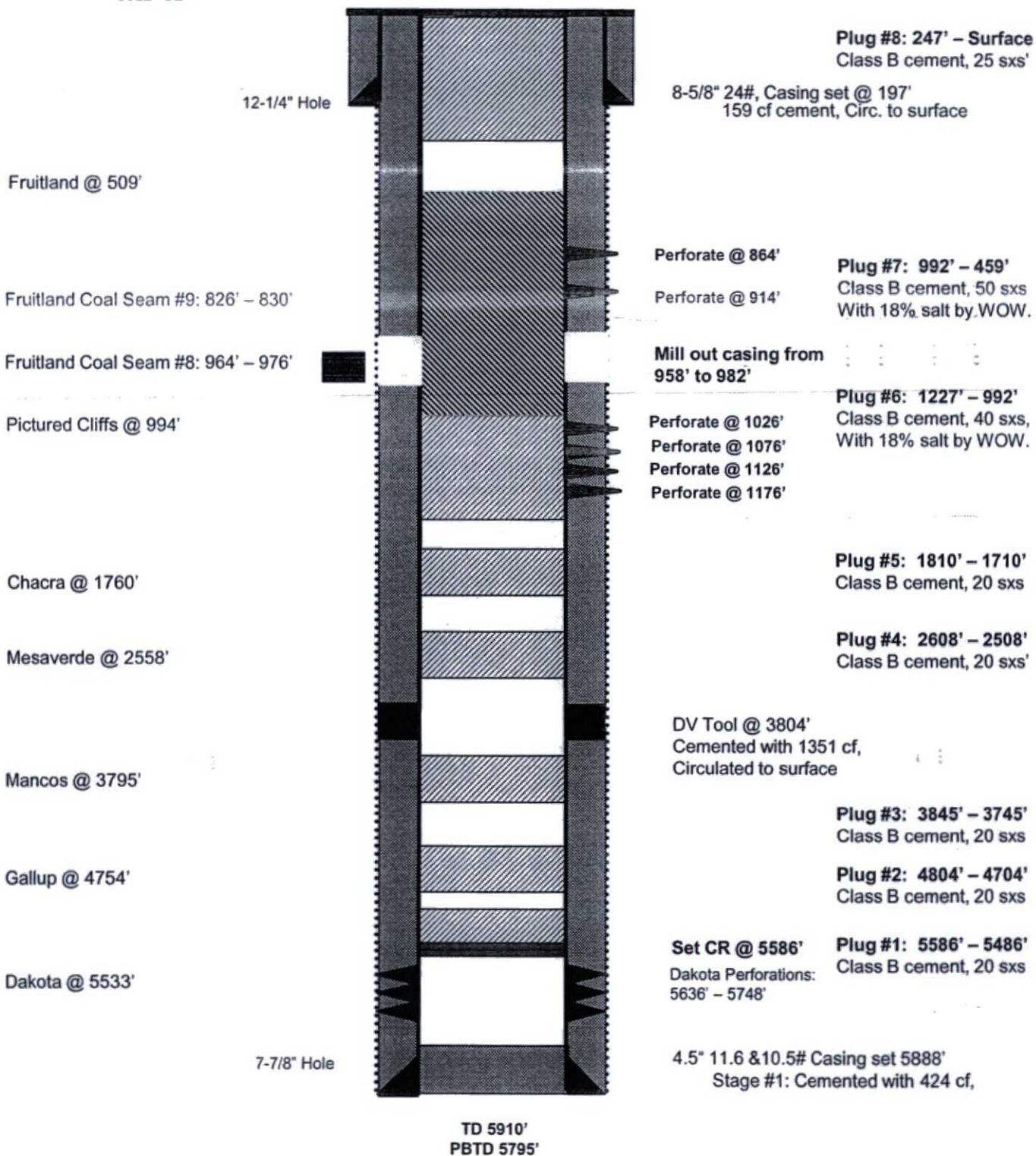
Spud: 11/22/82

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Elevation: 5534' KB
5522' GL

790' FSL & 790' FWL, Section 18, T-30-N, R-14-W
San Juan County, NM / API #30-045-25430

Lat: N _____ / Long: W _____



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: Turks Toast #1

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 #4 (2570-2470) ft. to cover the Mesaverde top. BLM picks top of Cliff House at 2520 ft.
- b) Set Plug #5 (2028-1928) ft. to cover the Chacra top. BLM picks top of Chacra at 1978 ft.

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

H₂S has not been reported at this location, however, **high to very high concentrations of H₂S (100 ppm – 600 ppm GSV)** have been reported in several wells within a 1 mile radius of this location. **It is imperative that H₂S monitoring and safety equipment be on location during P&A operations at this well site.**

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.