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Form 3160-5
(September 2001)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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 SJCC - Westmoreland 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)

866' FSL and 237' FEL, Sec 13, T-30-N, R-15-W
Lat: 36.4833 N, Lon: 108.2135 W

5. Lease Serial No.

NM 10875

6. If Indian, Allottee or Tribe Name

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

33034

8. Well Name and No.

Sly Slav Com #90S

9. API Well No.

300-045-31958

10. Field and Pool, or Exploratory Area

Basin Fruitland Coal

11. 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 recomple 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 recomple 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 to plug and abandon this well per the attached procedure.

Also request approval to set an 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.

OIL CONS. DIV DIST. 3

NOV 19 2016

Notify NMOCD 24 hrs
prior to beginning
operationsSEE ATTACHED FOR
CONDITIONS OF APPROVALBLM'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 LANDS14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Eric D. Herth

Title Mine Geologist

Signature

Date

11/02/2016

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title PE

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

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.

P.O. BOX 1979
Farmington, New Mexico 87499
505-325-2627 * fax: 505-325-1211

PLUG AND ABANDONMENT PROCEDURE

October 28, 2016

Sly Slav #90 S

Page 1 of 3

Basin Fruitland Coal
866' FNL and 237' FEL, Section 13, T30N, R15W
San Juan County, New Mexico / API 30-045-31958

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).

MILL OUT CASING AND PLUGGING PROCEDURE:

1. This project will use a closed system to handle waste fluids circulated from the well.
2. Comply with all applicable MSHA, NMOCD, BLM and San Juan Coal 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.
3. Rods: Yes ☐ , No ☐ , Unknown ☐ .
Tubing: Yes ☒ , No ☐ , Unknown ☐ , Size 2.375" , Length 1006' .
Packer: Yes ☐ , No ☒ , Unknown ☐ , Type .
If this well has rods or a packer, then modify the work sequence in step #2 as appropriate. TOH and LD tubing. Prepare a 2.375" tubing workstring.
4. PU a 3.875" bit and 2.375" tubing or equivalent workstring. TIH and tag PBTD at 1077'. Rig up drilling equipment and clean out / drill out to float collar at 1080' (drill on the rubber plugs to be sure as deep as possible). Circulate well clean with water. TOH with bit.
5. Rig up A-Plus wireline truck and run a CBL from clean out depth to surface; if the existing Fruitland Coal perforations are affecting the CBL quality, then continuously pump water into the perforations to stop the gas flow while logging.
6. 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.
7. Perforate the 4.5" casing three times with 3 SPF at: 1079' to 1078', 1047' to 1045', and 997' to 995'. This is to isolate below Coal Seam #8 and the depths should be modified as appropriate from the logs run in step #6.

PLUG AND ABANDONMENT PROCEDURE

October 28, 2016

Sly Slav #90 S

Page 2 of 3

Procedure Continued:

8. **Plug #1 (Picture Cliffs top and Fruitland perforations, 1080' to 750')**: TIH with open ended workstring to PBSD. Load the well with water. Mix 40 sxs cement with 18% salt (by weight of water) and spot a balanced plug inside the 4.5" casing to cover Pictured Cliffs zone and perforations (up to 553'). TOH with the workstring, load the casing with water, shut in well and then hesitation squeeze approximately 11 sxs (2.25 bbls cement) into the perforations; squeeze the TOC down to approximately 700'. (Note: This is not the final abandonment of the Fruitland interval; the intent is to abandon the PC interval and fill the FtC perforations with cement to help the milling operations.) WOC overnight.
9. TIH with a 3.875" mill tooth bit, 6 - 3-1/8" drill collars and tag cement. Drill out the cement inside the casing down to 950' (Note: TOC must be 10' below the bottom of the planned milled interval (962') to allow for the nose of the section mill tool). TOH with this BHA and LD the bit.
10. PU a flat bottom mill, the 3.875" section milling tool and the 6 - 3-1/8" drill collars (this is the under reaming bottom hole assembly, BHA). TIH with BHA and workstring to 928'. Rig up drilling equipment and establish circulation with a low solids, high viscosity mud.
11. **Note: The intervals to be milled out below are from ground level - not KB.**
12. **Mill out the 4.5" casing from 928' to 952'**. Start milling out the 4.5" casing from 928' to 952'. Mill per the tool hands instructions for weight on mill, circulation rate and RPM. Circulate well clean with mud. TOH with 2.375" tubing and the drill collars. TIH with open ended pipe and clean out to 962' or as deep as possible.
13. 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 (928' to 952') has been removed. Re-mill as appropriate. Re-log as necessary.
14. **Perforate the 4.5" casing with 3 SPF from 883' to 885' and 833' to 855'**. This 50' and 100' above Coal Seam #8 and the depths should be modified as appropriate from the logs run in step #5.
15. **Plug #2 (Pictured Cliffs and Fruitland Coal interval, 967' to 484')**: TIH with 2.375" workstring to 967' (or drill out depth in step #8.) and circulate the mud from the well. Then pump a 5 bbls fresh water spacer ahead of the cement. Mix 46 sxs cement with 18% salt (by weight of water) and spot a balanced plug from 962' to 350' to fill the milled interval and to cover the Fruitland top. Displace cement with water. TOH with tubing and then hesitate squeeze the cement down to approximately to 484' inside the 4.5" casing.
16. WOC. Then TIH with tubing and tag cement. Pressure test the 4.5" casing to 800#.

PLUG AND ABANDONMENT PROCEDURE

October 28, 2016

Sly Slave #90 S

Page 3 of 3

Procedure Continued:

17. **Plug #3 (7" Surface casing shoe, 484' 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 42 sxs cement with or without 18% salt cement and spot a balanced plug inside the 4.5" casing from 484' (or at tag depth) to surface to cover the 7" 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.
18. ND BOP and cut off wellhead below surface. Install P&A marker with cement to comply with regulations. Record GPS coordinate for P&A marker on tower report. Photograph P&A marker in place. RD, MOL. Cut off anchors and clean up location.

Sly Slav #90 S

Current

Basin Fruitland Coal
866' FSL & 237' FEL, Section 13, T-30-N, R-15-W
San Juan County, NM / API #30-045-31958

Lat: N _____ / Long: W _____

Today's Date: 10/28/16

Spud: 2/6/04

Completed: 4/28/04

Elevation: 5527' GL

Kirtland @ surface

Fruitland Top @ 534'

Fruitland Coal Seam #8: 796' – 802'

Fruitland Coal Seam #8: 934' to 946'

Pictured Cliffs @ 950'

8.75" Hole

7" 20# J-55 Casing set @ 254'
Cemented with 105 sxs cement,
Circulated to surface

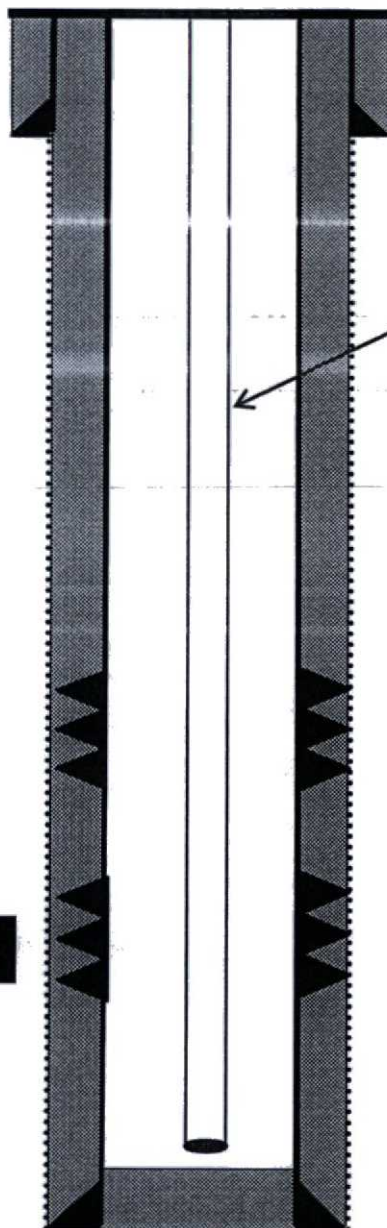
2.375" Tubing at 1006' KB

Fruitland Perforations:
796'- 946'

6.25" Hole

4.5" 10.5# J-55 Casing set @ 1080'
Cemented with total of 100 sxs
Circulated to surface

TD 1130'
PBTD 1077'



Sly Slav #90 S

Proposed Mill Out and P&A

Basin Fruitland Coal

866' FSL & 237' FEL, Section 13, T-30-N, R-15-W

San Juan County, NM / API #30-045-31958

Lat: N _____ / Long: W _____

Today's Date: 10/28/16

Spud: 2/6/04

Completed: 4/28/04

Elevation: 5527' GL

Kirtland @ surface

8.75" Hole

7" 20#, J-55 Casing set @ 254'
Cemented with 105 sxs cement,
Circulated to surface

Plug #3: 484' - 0'
Class B cement, 42 sxs

Fruitland Top @ 534'

Plug #2: 962' - 484'
Class B cement with 18%
Salt, 48 sxs

Fruitland Coal Seam #9: 796' to 802'

Fruitland Perforations:
796'- 946'

Perforate @ 833' to 835'

Perforate @ 883' to 885'

Fruitland Coal Seam #8: 934' to 946'

Mill out Coal Zone: Plug #1: 1080' - 967'
928' to 952' Class B cement with 18%
salt, 40 sxs

Pictured Cliffs @ 950'

Perforate @ 995' to 997'

Perforate @ 1045' to 1047'

Perforate @ 1077' to 1079'

6.25" Hole

TD 1130'
PBSD 1077'

4.5" 10.5# J-55 Casing set @ 1122',
Float collar @ 1080',
Cemented with total of 100 sxs,
Circulated to surface

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: Sly Slave Com #90S

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.

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

Operator reports low concentrations of H₂S (80 ppm GSV) at this location. In addition, **high to very high concentrations of H₂S (100 ppm – 500 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.