

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires July 31, 1996

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

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NMSF 079161
2. Name of Operator DJR Operating, LLC		6. If Indian, Allottee or Tribe Name
3a. Address 1600 Broadway, Suite 1960 Denver, CO 80202	3b. Phone No. (include area code) 303-595-7433	7. If Unit or CA/Agreement, Name and/or N
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec. 10-T26N-R7W 1550' FNL X 990' FWL		8. Well Name and No. Candado #7
		9. API Well No. 30-039-06597
		10. Field and Pool, or Exploratory Area Blanco PC South
		11. County or Parish, State Rio Arriba, 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 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 recompletable 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 recompletable 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.)

We believe this well has sustained a casing failure, and request permission to plug and abandon this well according to the attached procedure.

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

Notify NMOCD 24 hrs
prior to beginning
operations

**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**

**Approval of reclamation plan still required*

14. I hereby certify that the foregoing is true and correct	
Name (Printed/Typed) Scott Lindsay	Title Reservoir Engineer
Signature <i>[Signature]</i>	Date June 29, 2018

THIS SPACE FOR FEDERAL OR STATE USE

Approved by <i>[Signature]</i>	Title <i>[Signature]</i>	Date 7/12/18
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 FTO

Title 18 U.S.C. Section 1001, makes 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 reverse)

NMOCD *AV*

NMOCD

JUL 12 2018

DISTRICT 111

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PLUG AND ABANDONMENT PROCEDURE

June 28, 2018

Candado #7

Blanco PC South

1550' FNL and 990' FWL, Section 10, T26N, R7W
Rio Arriba County, New Mexico / API 30-039-06597

Lat: N _____ / Lat: W _____

Note: All cement volumes use 100% excess outside pipe and 50' excess inside. The stabilizing wellbore fluid will be 8.3 ppg, sufficient to balance all exposed formation pressures. All cement will be Class G, mixed at 15.8 ppg with a 1.15 cf/sx yield.

1. Install and test location rig anchors. Comply with all NMOCD, BLM, and Operator safety regulations. MOL and RU daylight pulling unit. Conduct safety meeting for all personnel on location. Record casing, tubing and bradenhead pressures. NU relief line and blow down well. Kill well with water as necessary and at least pump tubing capacity of water down the tubing. ND wellhead and NU BOP. Function test BOP.
2. Rods: Yes____, No X____, Unknown____.
Tubing: Yes X____, No____, Unknown____, Size 1.25"____, Length 2278'____.
Packer: Yes____, No X____, Unknown____, Type _____.
3. **NOTE: BLM requires a CBL log to be run on all wells where the cement did not circulate to surface or a CBL log was not previously run. This procedure is prepared with the understanding that it may be modified based on the TOC from the CBL.**
4. **Plug #1 (Pictured Cliffs perfs and Fruitland top, 1660' – 1560')**: Round trip 5.5" mill to 2187' or as deep as possible. RIH and set 5.5" CR at 2187'. Circulate well clean. Pressure test tubing to 1000#. Casing will not pressure test. Mix 33 sxs Class G cement inside casing from 2187' to isolate the Pictured Cliffs interval and Fruitland top. PUH and WOC. TIH and tag cement; top off if necessary. TOH.
5. **Plug #2 (Kirtland and Ojo Alamo tops, 1707' – 1492')**: Perforate 3 squeeze holes at 1707'. Attempt to establish rate into squeeze holes if the casing pressure tested. Set 5.5" cement retainer at 1657'. Establish rate into squeeze holes. Mix and pump 105 sxs Class G cement squeeze 70 sxs outside the casing and leave 35 sxs inside casing to cover through the Kirtland and Ojo Alamo tops. TOH and WOC. TIH and tag cement; top off if necessary. TOH and LD tubing.
6. **Plug #3 (Nacimiento top and 8-5/8" casing shoe, 262' – 0')**: Perforate 4 squeeze holes at 262'. Establish circulation out bradenhead with water and circulate the BH annulus clean. Mix and pump approximately 100 sxs cement and pump down the 5.5" casing to circulate good cement out bradenhead. Shut in well and WOC.
7. ND cementing valves and cut off wellhead. Fill annuli with cement as necessary. Install P&A marker to comply with regulations. Record GPS coordinate for P&A marker on tower report. Photograph P&A marker in place. RD, MOL and cut off anchors. Restore location per BLM stipulations



Pertinent Data Sheet

Well Name: Candado #7
Footage: 1550' FNL and 990' FWL
Location: Section 10, T26N, R7W
County: Rio Arriba County, NM
API#: 30-039-06597
Lease: NMSF 079161

Field: Blanco PC South

Elevation: 6097' GR

Cased TD: 2237' KB

OHTD: 2320' KB

Completed: 7/19/1955

Casing Record:

Hole Size	Casing Size	Wt.	Grade	Depth Set	Cement
12-1/4"	8-5/8"	24#	J-55	192'	100 sx (TOC N/A)
7-7/8"	5-1/2"	14#	J-55	2237'	100 sx (TOC N/A)
N/A	Open Hole			2320'	None

Tubing Record: 1-1/4" tubing set at 2278' GL.

Formation Tops: No logs

Nacimiento Surface
Ojo Alamo 1542' (est.)
Kirtland 1657' (est.)
Fruitland 2004' (est.)
Pictured Cliffs 2229'

Perforation Record: Open hole completion.

Workover History: 12/16/73. Found hole in casing at 1152' Perfed 4 holes at 1162' Set packer at 956' and squeezed with 120 sx.

TD 2320'

Candado #7

Proposed P&A

Blanco PC South

1550' FNL, 990' FWL, Section 10, T-26-N, R-7-W

Rio Arriba County, NM, API #30-039-06597

Today's Date: 6/28/18

Spud: 8/27/52

Completed: 7/19/55

Elevation: 6097' GI

Plug #3: 262' – 0'

Class G cement, 100 sxs:

12.25" hole

8-5/8" 24# Casing set @ 192'
Cement with 100 sxs, circulated

Perforate @ 262'

Casing failure @ 1152'
(squeezed with 120 sxs) 1973

Nacimiento @ 212'

Ojo Alamo @ 1542'

Plug #2: 1707' – 1492'

Class G cement, 96 sxs:
31 inside and 65 outside

Kirtland @ 1657'

Set CR @ 1657'

Perforate @ 1707'

TOC unknown, did not circulate

Fruitland @ 2004'

Plug #1: 2187' – 1954'

Class G cement, 33 sxs

7-7/8" hole

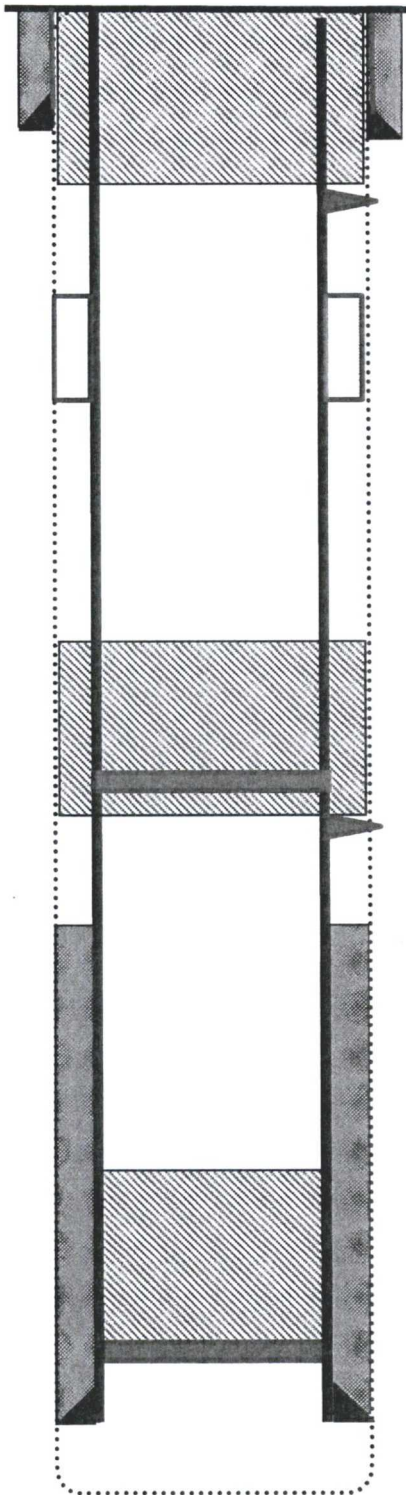
Set CR @ 2187'

5.5", 14#, J-55 Casing set to 2237'
Cement with 100 sxs

Pictured Cliffs @ 2229'

Pictured Cliffs Open Hole:
2237' – 2320'

TD 2320'



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: Candado #7

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 #1 (2187 - 1935) ft. to cover the PC and Fruitland tops. BLM picks top of Fruitland at 1985 ft.
- b) Set Plug #2 (1666 - 1367) ft. inside/outside to cover the Kirtland and Ojo Alamo tops. BLM picks top of Kirtland at 1616 ft. BLM picks top of Ojo Alamo at 1417 ft.
- c) Set Plug #3 (360 - surface) ft. inside/outside to cover the Nacimiento top. BLM picks top of Nacimiento at 310 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

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.