

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

Heather Riley, 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: 5/16/2018
Well information:

API WELL #	Well Name	Well #	Operator Name	Type	Stat	County	Surf_Owner	UL	Sec	Twp	N/S	Rng	W/E
30-045-24519-00-00	FEDERAL 3	023	DJR OPERATING, LLC	O	A	San Juan	F	K	3	23	N	8	W

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 24hrs prior to beginning operations.
- Retain proposed plug #3, 3225'-2656', and add BLM COA plug.

NMOCD Approved by Signature

7/24/18
Date

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

MAY 16 2018

FORM APPROVED
OMB No. 1004-0137
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.**

5. Lease Serial No. **NM 18463**
6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2.		7. If Unit of CA/Agreement, Name and/or No.
1. Type of Well <input checked="" type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other	8. Well Name and No. Federal 3 23	
2. Name of Operator DJR Operating, LLC	9. API Well No. 30-045-24519	
3a. Address c/o A Plus WS Farmington, NM	3b. Phone No. (include area code) 505-486-6958	10. Field and Pool or Exploratory Area Nageezi Gallup
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) UL - K, 1760' FSL & 1785' FWL, Sec. 3, T23N, R8W		11. Country or Parish, State San Juan, New Mexico

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"/> 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 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 requests permission to plug & abandon the subject well per the attached procedure, current and proposed wellbore diagram.

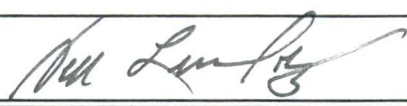
NMOC

JUL 23 2018

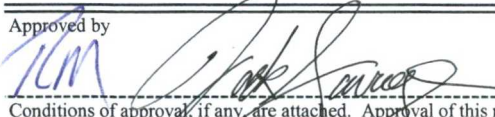
SEE ATTACHED FOR
CONDITIONS OF APPROVAL

DISTRICT III

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

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed) Nell Lindenmeyer / Agent for DJR	Title Engineer Tech
Signature 	Date 5/16/18

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by 	Title DE	Date 7/18/18
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 FPO	

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.

NMOC

PLUG AND ABANDONMENT PROCEDURE

May 9, 2018

Federal 3 #23

Nageezi Gallup

1760' FSL & 1785' FWL, Section 3, T23N, R8W, San Juan County, New Mexico

API 30-045-24519 / Long _____ / _____

Note: This procedure is revised based on the approved P&A sundry. 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. This project will use an A-Plus steel tank to handle waste fluids circulated from the well and cement wash up.
2. 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.
3. Rods: Yes____, No X____, Unknown____.
Tubing: Yes X____, No____, Unknown____, Size 2-3/8"____, Length 5271'____.
Packer: Yes____, No X____, Unknown____, Type _____.

1. **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.**
2. **Plug #1 (Gallup perforations and top, 4826' – 4726'):** R/T 4.5" gauge ring or mill to 4826'. RIH and set 4.5" CR at 4826'. Pressure test tubing to 1000#. Circulate hole clean. Attempt to pressure test casing to 800#. If casing does not test then spot or tag subsequent plugs as necessary. Mix and pump 12 sxs Class G cement inside casing to isolate the Gallup interval. PUH.
3. **Plug #2 (Mancos top, 4320' – 4220'):** Mix and pump 12 sxs Class G cement and spot a balanced plug inside casing to cover the Mancos top. PUH.
4. **Plug #3 (Mesaverde and Chacra top, 3225' – 2656'):** Mix and pump 49 sxs Class G cement and spot a balanced plug inside casing to cover the Mesaverde top. PUH.
5. **Plug #4 (Pictured Cliffs, Fruitland, Kirtland and Ojo Alamo tops, 1786' – 974'):** Mix and pump 68 sxs Class G cement and spot a balanced plug inside casing to cover through the Ojo Alamo top. TOH and LD tubing.
6. **Plug #5 (8-5/8" Surface casing shoe and Surface, 550' - Surface):** Perforate 4 squeeze holes at 550'. Establish circulation out bradenhead with water and circulate the BH annulus clean. Mix

approximately 187 sxs; squeeze 58 sxs Class G cement inside and 129 sxs Class G cement outside with 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

Federal 3 #23

Current

Nageezi Gallup

Today's Date: 5/6/18

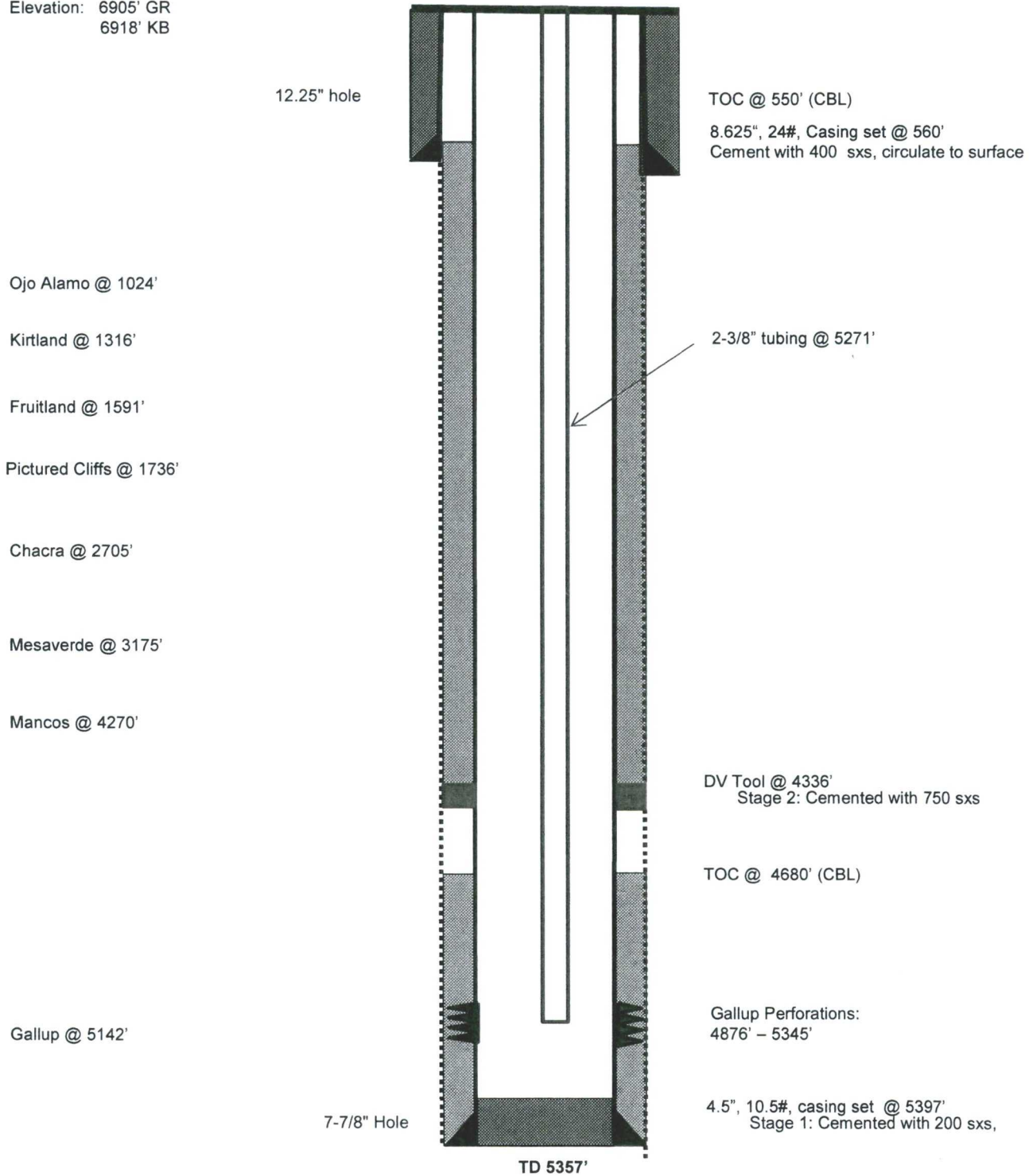
Spud: 9/16/80

Completion: 3/18/81

Elevation: 6905' GR
6918' KB

1760' FSL, 1785' FWL, Section 3, T-23-N, R-8-W, San Juan County, NM

Lat: _____ N / Lat: _____ W, API #30-045-24519



Federal 3 #23

Proposed P&A

Nageezi Gallup

Today's Date: 5/6/18

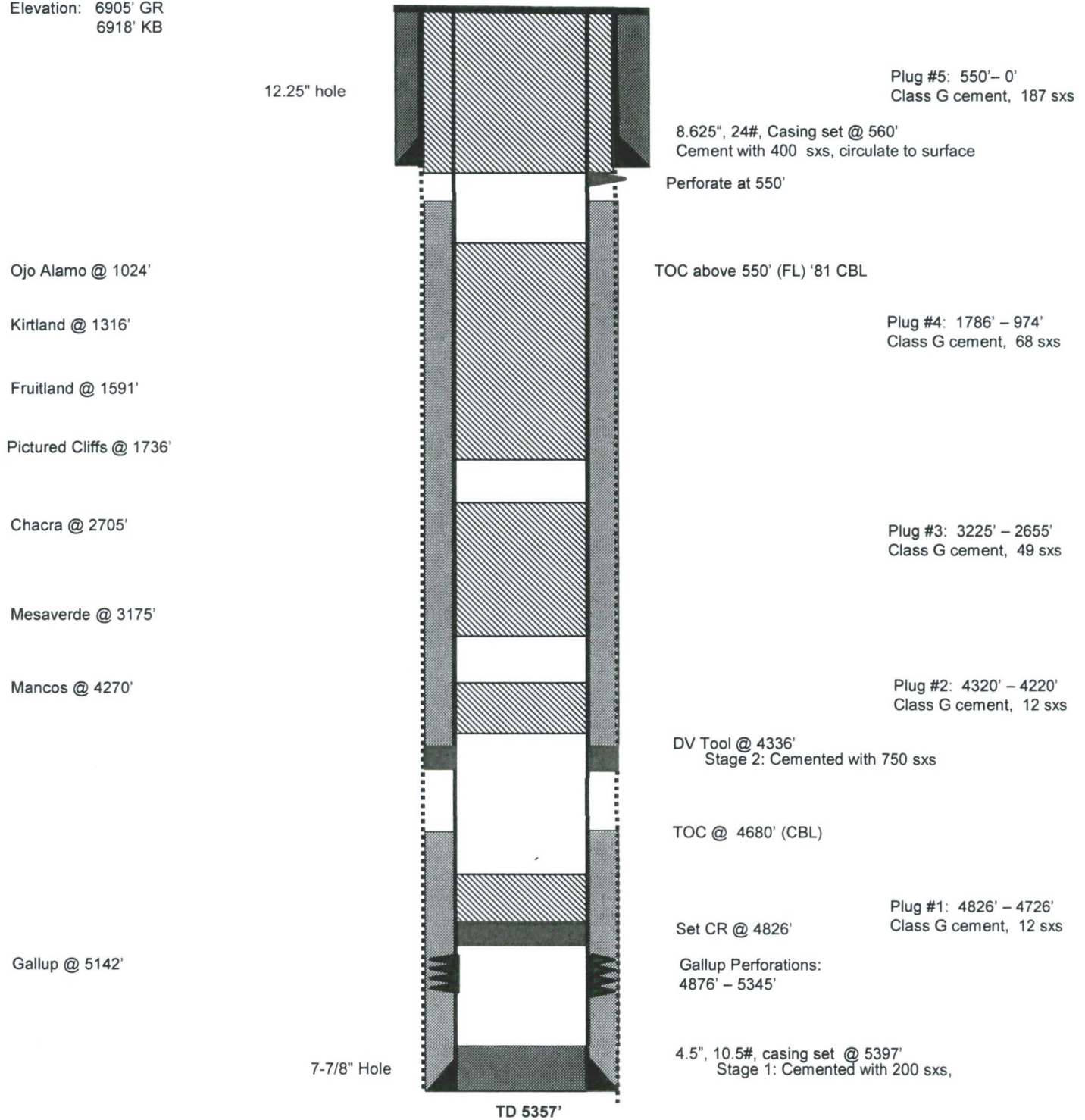
Spud: 9/16/80

Completion: 3/18/81

Elevation: 6905' GR
6918' KB

1760' FSL, 1785' FWL, Section 3, T-23-N, R-8-W, San Juan County, NM

Lat: _____ N / Lat: _____ W, API #30-045-24519



JUN 28 2018

Form 3160-5
(June 2015)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB No. 1004-0137
Expires: January 31, 2018Farmington Field Office
Bureau of Land Management

5. Lease Serial No. NM-018463

6. Indian, Allottee or Tribe Name

N/A

SUNDRY NOTICES AND REPORTS ON WELLS
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1. Type of Well

☐ Oil Well☒ Gas Well☐ Other

2. Name of Operator

DJR Operating, LLC

3a. Address 1 Road 3263, Aztec, NM 87410

3b. Phone No. (include area code)

505-632-3476

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

1760 FSL, 1785 FWL, K-Sec. 3-T23N, R8W

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

N/A

8. Well Name and No.

Federal 3-23

9. API Well No.

30-045-24519

10. Field and Pool or Exploratory Area

Nageezi Gallup

11. Country or Parish, State

San Juan County, New Mexico

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

TYPE OF SUBMISSION

TYPE OF ACTION

☒ Notice of Intent☐ Subsequent Report☐ Final Abandonment Notice☐ Acidize☐ Alter Casing☐ Casing Repair☐ Change Plans☐ Convert to Injection☐ Deepen☐ Hydraulic Fracturing☐ New Construction☐ Plug and Abandon☐ Plug Back☐ Production (Start/Resume)☒ Reclamation☐ Recomplete☐ Temporarily Abandon☐ Water Disposal☐ Water Shut-Off☐ Well Integrity☒ OtherReclamation
Variance

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 requests approval for approval of the downhole NOI Filed on 5-16-18, without the Reclamation plan for the subject well.

Reasons for the variance request are as follows:

Per on-site with BLM AO Randy McKee on 6-25-18, the Reclamation Plan was discussed, however because a common tank battery used for the referenced well and the DJR Federal 3-43, I-3-23-8, San Juan Co., NM, also a Nagezzi Gallup well, is on site, it would preclude complete Reclamation of the Federal 3-23 site. Also on location is a Deep well Cathodic Protection Ground Bed, operated by DJR which services the pipeline running along the access road. DJR needs access to this CP Site.

Both wells (3-23 and 3-43) are located on Federal Lease NM-018463, which covers all of Sec. 3-23-8.

See site plat showing facilities on Federal 3-23 location.

When the Federal 3-43 well is slated for plugging and abandonment, DJR will on-site for Reclamation Plans for both wells at that time.

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)

Paul Lehrman

Landman

Title

Signature

Date

6-28-18

THE SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

Office

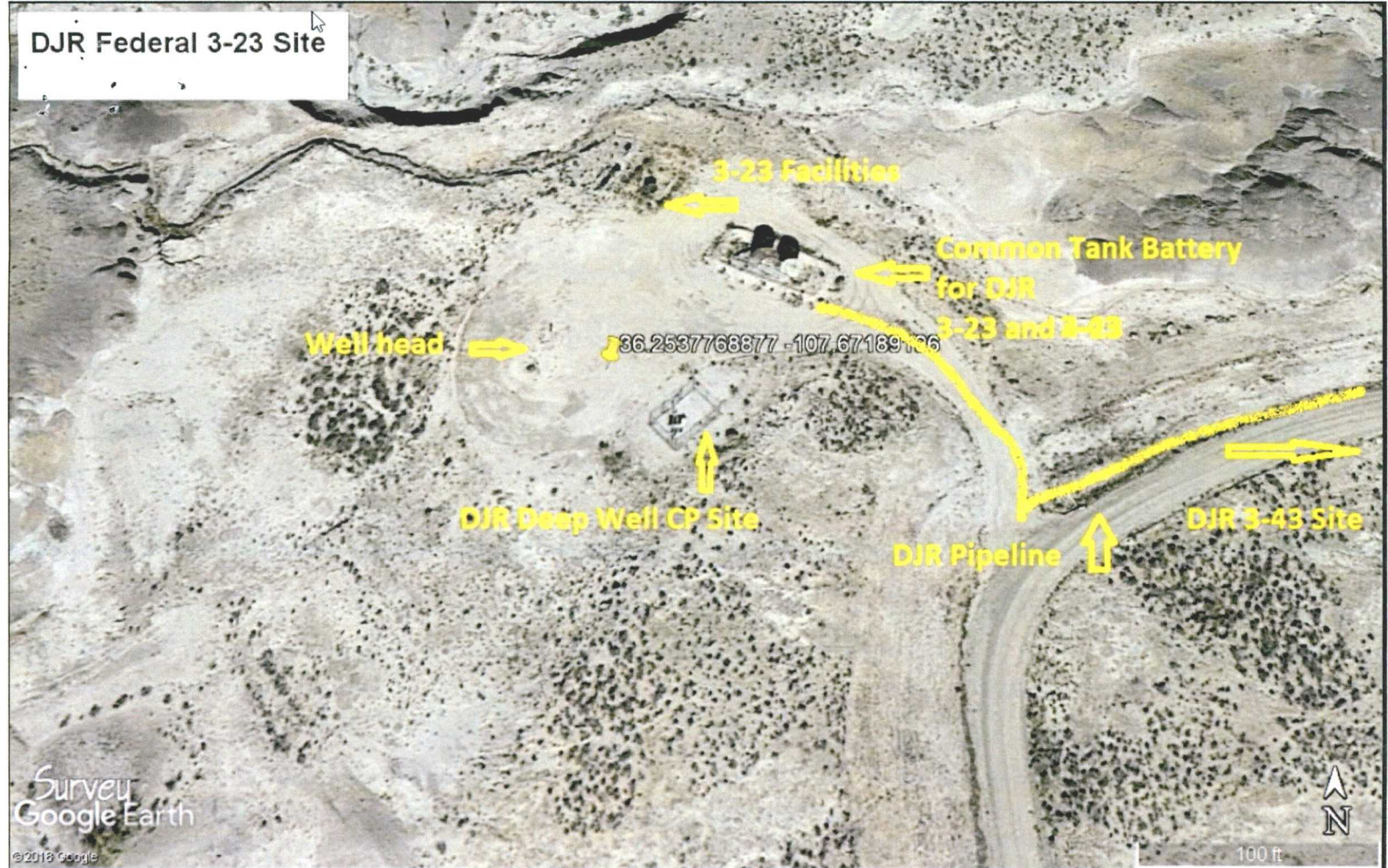
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(Instructions on page 2)

NMOCD

DJR Federal 3-23 Site



3-23 Facilities

Common Tank Battery
for DJR

3-23 and 3-43

Well head

36.2537768877 -107.67189136

DJR Deep Well CP Site

DJR Pipeline

DJR 3-43 Site

Survey
Google Earth

©2018 Google



100 ft

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: Federal 3 #23

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 #3 (2570 - 2050) ft. to cover the Mesaverde and Chacra tops. BLM picks top of Mesaverde at 2520 ft. BLM picks top of Chacra at 2100 ft.

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.