U.S. Department of the Interior
BUREAU OF LAND MANAGEMENT

Sundry Print Report

06/25/2025

Well Name: MARY ANNE

Well Location: T24N / R9W / SEC 9 / NWSW / 36.325729 / -107.800293

County or Parish/State: SAN JUAN / NM

Well Number: 3

Type of Well: OIL WELL

Allottee or Tribe Name:

Lease Number: NMNM10089

Unit or CA Name:

Unit or CA Number:

US Well Number: 300452505000S3

Operator: DUGAN PRODUCTION CORPORATION

Notice of Intent

Sundry ID: 2858347

Type of Submission: Notice of Intent

Type of Action: Plug and Abandonment

Date Sundry Submitted: 06/16/2025

Time Sundry Submitted: 03:45

Date proposed operation will begin: 07/01/2025

Procedure Description: Dugan Production plans to plug and abandon the well per the attached procedure.

Surface Disturbance

Is any additional surface disturbance proposed?: No

NOI Attachments

Procedure Description

Mary_Anne_3_proposed_PA_planned_wellbore_schematic_20250616154238.pdf

Mary_Anne_3_Rec_Plan_5_28_25_20250616153958.pdf

Mary_Anne_3_proposed_PA_formation_tops_20250616153928.pdf

Mary_Anne_3_proposed_PA_current_wellbore_schematic_20250616153858.pdf

Mary_Anne_3_proposed_PA_planned_work_20250616153845.pdf

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Operator: DUGAN PRODUCTION CORPORATION

Conditions of Approval

Additional

2858347_NOI_PnA_Mary_Anne_3_3004525050_MHK_06.25.2025_20250625085425.pdf

General_Requirement_PxA_20250625074704.pdf

Mary_Anne_No_3_Geo_Rpt_20250624151334.pdf

Operator

I certify that the foregoing is true and correct. 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. Electronic submission of Sundry Notices through this system satisfies regulations requiring a

Operator Electronic Signature: TYRA FEIL

Signed on: JUN 16, 2025 03:40 PM

Name: DUGAN PRODUCTION CORPORATION

Title: Authorized Representative

Street Address: PO BOX 420

City: FARMINGTON **State:** NM

Phone: (505) 325-1821

Email address: TYRAFEIL@DUGANPRODUCTION.COM

Field

Representative Name: Aliph Reena

Street Address: PO Box 420

City: Farmington **State:** NM **Zip:** 87499-0420

Phone: (505)360-9192

Email address: Aliph.Reena@duganproduction.com

BLM Point of Contact

BLM POC Name: MATTHEW H KADE

BLM POC Title: Petroleum Engineer

BLM POC Phone: 5055647736

BLM POC Email Address: MKADE@BLM.GOV

Disposition: Approved

Disposition Date: 06/25/2025

Signature: Matthew Kade

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

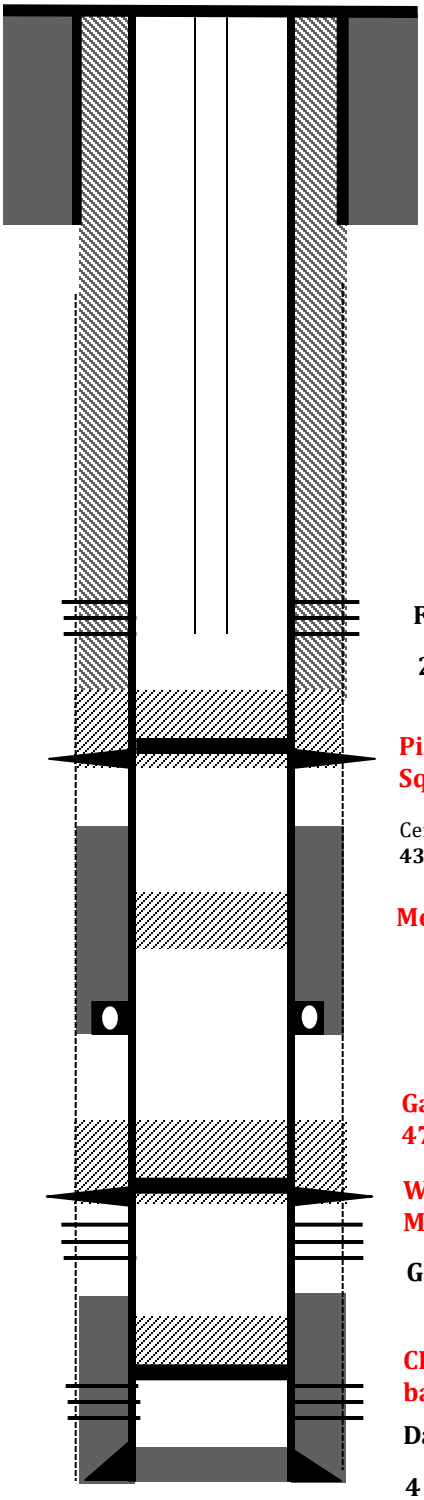
Please note well has been PBTD at Dakota top to make it a Gallup producer in 1985. Dakota was PBTD'd by setting a CIBP at 6278' and 50' cement bailed on top of the CIBP. Dakota original perforations are at 6328'-6342'. Dakota PBTD in 1985 at 6228'. Well produced in Gallup through Gallup perforations at 4891'-5365'.

In 2010 well was plugged at Gallup, Mesaverde & Pictured Cliffs to convert the well to a Fruitland Coal well. Since NO plugs were spotted to isolate Mancos top, DV tool top, Upper & Lower Chacra tops, Operator will have to drill out plugs to Gallup top. Tag PBTD and drill out to Gallup TOC. Tag and verify PBTD. Will start P&A Operations from Gallup to surface.

- POOH & LD rods & 2-3/8" production tubing.
- Drill out and tag PBTD at Gallup. Will start P & A operations from Gallup. Gallup perforations @ 4891'-5365'. Verify PBTD.
- We will consider using an air package for drilling given the open perforations above depending on the situation.
- Load and circulate hole and Run CBL from PBTD' to surface. All plugs are designed assuming cement behind casing to surface. Will make necessary changes to the plugs after reviewing the CBL. If hole cannot be kept full due to Fruitland perforations above, consider running CBL in batches.
- **Plug I:** Spot Plug I inside 4½" casing from 4787' (or PBTD) to cover till 4190' w/46 sks (52.9 cu ft) Class G cement to cover the Gallup perforations, Gallup top, DV tool & Mancos top. **Plug I, Inside 4½" casing, 46 sks, 52.9 cu ft, Mancos-DV tool-Gallup top-Gallup perforations, 4190'-4787'.**
- **Plug II:** Spot Plug II inside 4½" casing from 2526' to 1930' w/42 sks, 52.9 cu ft Class G neat cement to cover the Mesaverde top, Lower Chacra & Upper Chacra. **Plug II, Inside 4½" casing, 42 sks, 52.9 cu ft, Upper Chacra-Lower Chacra-Mesaverde, 1930'-2526'.**
- Fruitland perforations are from 1610' to 1618'. So will cover to 1618' from 1672' for Pictured Cliffs. Will set a retainer for Fruitland plug and will attempt to squeeze to cover the perforations.
- **Plug III**: Spot Plug III inside 4½" casing from 1672' to 1618' w/12 sks, 13.8 cu ft Class G cement to cover the Pictured Cliffs top. **Plug III, Inside 4½" casing, 12 sks, 13.8 cu ft, Pictured Cliffs, 1618'-1672'.**
- **Plug IV:** Set 4½" cement retainer at 1560'. Squeeze 20 sks, 23 cu ft Class G cement below the cement retainer to cover the Pictured Cliffs. Sting out and spot plug above the retainer from 1560' to 1080' to cover the Fruitland top w/42 sks, 48.3 cu ft Class G neat cement. **Plug IV, Inside 4½" casing, CR at 1560', 62 sks, 71.3 cu ft, Fruitland, 1080'-1610'.**
- **Plug V:** Spot Plug V inside 4½"casing from 960' to 680' w/20 sks, 23 cu ft Class G cement to cover the Kirtland & Ojo Alamo tops. **Plug V, Inside 4½" casing, 20 sks, 23 cu ft, Ojo Alamo-Kirtland, 680'-960'.**
- **Plug VI:** Spot Plug VI inside 4½" casing from 278' to surface w/22 sks, 25.3 cu ft Class G neat cement to cover the Surface casing shoe to surface. **Plug VI, Inside 4½" casing, 22 sks, 25.3 cu ft, Surface, 0'-278'.**
- Cut wellhead. Tag TOC at surface. Fill cement in case needed.
- Install dryhole marker. Clean location.

Current Wellbore Schematic

Mary Anne #3
API: 30-045-25050
Sec 9 T24N R09W
1650' FSL & 790' FWL
San Juan County, NM
Lat: 36.326093, Long: -107.800784



8-5/8" 24# casing @ 228'. Cemented with 135 sks, 159 Cu.ft.
Circulated 2 bbls cement to surface

Fruitland Perforated at 1610'-1618'

2-3/8", 4.7 # J-55, EOT @ 1622'

Pictured Cliff: Perforated at 1636'. Cement retainer at 1630'. Squeeze under the retainer with 110 Cu.ft Type III cement.

Cemented Stage I w/ 325 sks 50/50 poz & 125 sks Class B cement, 560 Cu.ft. **DV tool @ 4340'**. Stage II w/ 500 sks 50-50 sks cement, 1174 Cu.ft.

Mesaverde: Spotted Plug from 2550' to 2320'.

Gallup: Shoot squeeze holes at 4841'. Cement retainer set at 4787'. Squeezed and spotted Plug with 69 Cu.ft Type III cement.

Well converted into a Fruitland call producer by Plugging Gallup, Mesaverde and PC in 1990 – P & A procedure included in red.

Gallup Perforated @ 4891'-5365'

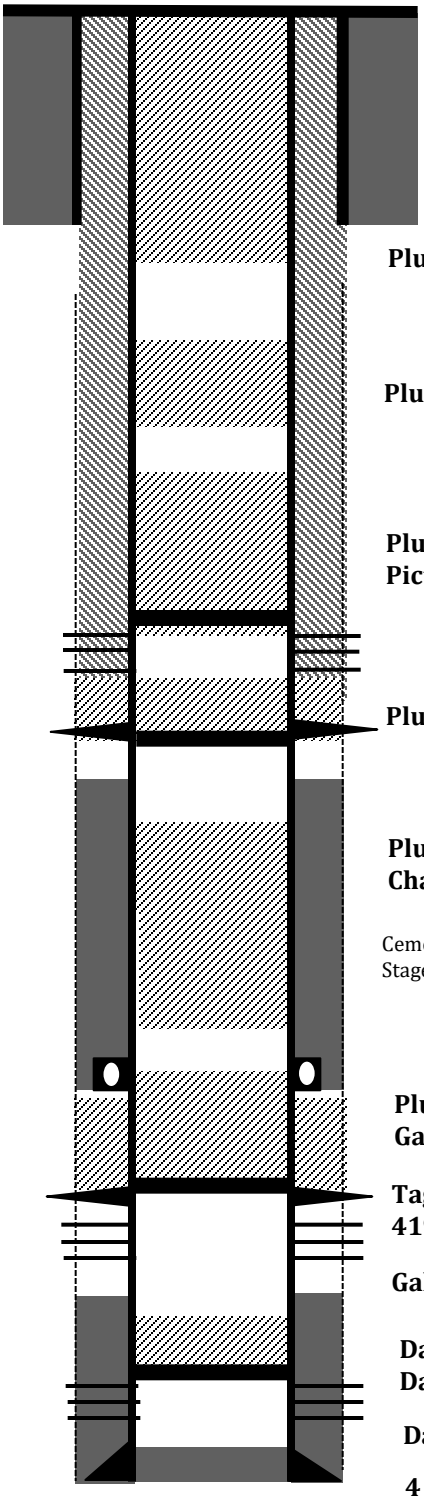
CIBP at 6278' & 50' cement on top and PBTD'ed to 6228' by bailing cement on top . Converted into a Gallup producer in 1985

Dakota Perforated @ 6328'-6342'

4 ½" 11.6 # casing @ 6409', Hole size 7-7/8"

Planned P & A Wellbore Schematic

Mary Anne #3
API: 30-045-25050
Sec 9 T24N R09W
1650' FSL & 790' FWL
San Juan County, NM
Lat: 36.326093, Long: -107.800784



8-5/8" 24# casing @ 228'. Cemented with 135 sks, 159 Cu.ft.
Circulated 2 bbls cement to surface

Plug VI, Inside 4 ½" casing, 22 sks, 25.3 Cu.ft, Surface, 0'-278'

Plug V, Inside 4 ½" casing, 20 sks, 23 Cu.ft, Ojo Alamo-Kirtland, 680'-960'

Plug IV, Inside 4 ½" casing, CR at 1560', 62 sks, 71.3 Cu.ft, Fruitland-Pictured Cliffs, 1080'-1610'

Plug III, Inside 4 ½" casing, 12 sks, 13.8 Cu.ft, Pictured Cliffs, 1618'-1672'

Plug II, Inside 4 ½" casing, 42 sks, 48.2 Cu.ft, Upper Chacra-Lower Chacra-Mesaverde, 1930'-2526'.

Cemented Stage I w/ 325 sks 50/50 poz & 125 sks Class B cement, 560 Cu.ft. **DV tool @ 4340'**.
Stage II w/ 500 sks 50-50 sks cement, 1174 Cu.ft.

Plug I, Inside 4 ½" casing, 46 sks, 52.9 Cu.ft, Mancos-DV, Gallup top, Gallup perforations, 4190'-4787'.

Tag and verify PBTD. Spot Plug I inside 4 ½" casing from PBTD to 4190' to cover the Mancos, DV tool, Gallup top, Gallup perforations.

Gallup Perforations are @ 4891'-5365'

Dakota PBTD'ed w/ CIBP at 6278'. Bailed 50' cement on top of CIBP. Dakota PBTD'ed in 1985.

Dakota Perforated are @ 6328'-6342'

4 ½" 11.6 # casing @ 6409', Hole size 7-7/8"

Mary Anne #3
API: 30-045-25050
Sec 9 T24N R09W
1650' FSL & 790' FWL
San Juan County, NM
Lat: 36.326093, Long: -107.800784

Elevation ASL : 6677' GL, 6689' KB

Formation Tops (Operator Submitted)

- ***Surface Casing – 228'***
- **Ojo Alamo – 780'**
- **Kirtland – 910'**
- **Fruitland – 1180'**
- ***Fruitland Perforations – 1610'-1618'***
- **Pictured Cliffs – 1622'**
- **Lewis – 1760'**
- **Upper Chacra – 2030'**
- **Lower Chacra – 2274'**
- **Mesaverde – 2476'**
- **Mancos – 4290'**
- ***DV tool – 4340'***
- **Gallup – 4684'**
- ***Gallup Perfs – 4891'-5365'***
- **Greenhorn – 6052'**
- **Graneros – 6122'**
- **Dakota – 6158'**

United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Farmington District Office
6251 College Boulevard, Suite A
Farmington, New Mexico 87402
http://www.blm.gov/nm

CONDITIONS OF APPROVAL

June 25, 2025

Notice of Intent - Plug and Abandonment

Operator: Dugan Production Corporation
Lease: NMNM10089
Well(s): Mary Anne 3, API # 30-045-25050
Location: NWSW Sec 9 T24N R9W (San Juan County, NM)
Sundry Notice ID#: 2858347

The Notice of Intent to Plug and Abandon is accepted with the following Conditions of Approval (COA):

1. Plugging operations authorized are subject to the attached "General Requirements for Permanent Abandonment of Wells on Federal and Indian Lease."

2. **The following modifications to your plugging program are made:**

   a. Adjust Plug 2 (Mesaverde/Chacra) BOC to 3200' to cover BLM Geologist's Cliffhouse formation top pick @ 3150'. Plug 2 should at a minimum cover 1950' – 3200'. Dugan may determine to do Mesaverde and Chacra Plugs separately covering at minimum 3050' – 3200' for the Mesaverde formation and 1950' – 2460' for the Upper and Lower Chacra.

   b. NOTE: Plug 3 (Picture Cliffs) calls for 12sx which equates to approximately 150'. Plug would cover 1522' – 1672' which would be above where Dugan proposes to place the CICR to pump Plug 4, assuming no cement goes into the Fruitland Coal perfs at 1610-1618'. Plug 3 must be tagged and procedure adjusted from there.

   c. NOTE: May adjust Plug 4 (Fruitland/Picture Cliffs) TOC to 1270' to account for BLM Geologist's Fruitland Formation top pick @ 1370'. Plug 4 should at a minimum cover 1270' – 1610'.

   d. Adjust Plug 5 (Ojo Alamo/Kirtland) BOC to 1050' to cover BLM Geologist's Kirtland formation top pick @ 1000' and TOC to 580' to cover the BLM Geologist's Ojo Alamo formation top pick @ 680'. Plug 5 should at a minimum cover 630' – 1000'.

3. **Notification:** Farmington Field Office is to be notified at least 24 hours before the plugging operations commence at (505) 564-7750.

4. **Deadline of Completion of Operations:** Complete the plugging operation before June 25, 2026. If unable to meet the deadline, notify the Bureau of Land Management's Farmington Field Office prior

to the deadline via Sundry Notice (Form 3160-5) Notice of Intent detailing the reason for the delay and the date the well is to be plugged.

You are also required to place cement excesses per 4.2 and 4.4 of the attached General Requirements. Any estimated minimum sacks provided in procedure modification include necessary excesses.

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

Matthew Kade (mkade@blm.gov/505-564-7736) / Kenny Rennick (krennick@blm.gov/505-564-7742)

GENERAL REQUIREMENTS FOR PERMANENT ABANDONMENT OF WELLS ON FEDERAL AND INDIAN LEASES FARMINGTON FIELD OFFICE

1.0 The approved plugging plans may contain variances from the following minimum general requirements.

1.1 Modification of the approved plugging procedure is allowed only with the prior approval of the Authorized Officer, Farmington Field Office.

1.2 Requirements may be added to address specific well conditions.

2.0 Materials used must be accurately measured. (densometer/scales)

3.0 A tank or lined pit must be used for containment of any fluids from the wellbore during plugging operations and all pits are to be fenced with woven wire. These pits will be fenced on three sides and once the rig leaves location, the fourth side will be fenced.

3.1 Pits are not to be used for disposal of any hydrocarbons. If hydrocarbons are present in the pit, the fluids must be removed prior to filling in.

4.0 All cement plugs are to be placed through a work string. Cement may be bull-headed down the casing with prior approval. Cement caps on top of bridge plugs or cement retainers may be placed by dump bailer.

4.1 The cement shall be as specified in the approved plugging plan.

4.2 All cement plugs placed inside casing shall have sufficient volume to fill a minimum of 100' of the casing, or annular void(s) between casings, plus an excess volume sufficient to provide for 50 linear feet of fill above the plug.

4.3 Surface plugs may be no less than 50' in length.

4.4 All cement plugs placed to fill annular void(s) between casing and the formation shall be of sufficient volume to fill a minimum of 100' of the annular space plus 100% excess, calculated using the bit size, or 100' of annular capacity, determined from a caliper log, plus an excess volume sufficient to provide for 50 linear feet of fill above the plug.

4.5 All cement plugs placed to fill an open hole shall be of sufficient volume to fill a minimum of 100' of hole, as calculated from a caliper log, plus an excess volume sufficient to provide for 50 linear feet of fill above the plug. In the absence of a caliper log, an excess of 100% shall be required.

4.6 **A cement bond log or other accepted cement evaluation tool is required to be run if one had not been previously ran or cement did not circulate to surface during the original casing cementing job or subsequent cementing jobs.**

5.0 All cement plugs spotted across, or above, any exposed zone(s), when; the wellbore is not full of fluid or the fluid level will not remain static, and in the case of lost circulation or partial returns during cement placement, shall be tested by tagging with the work string.

5.1 The top of any cement plug verified by tagging must be at or above the depth specified in the approved plan, without regard to any excess.

5.2 Testing will not be required for any cement plug that is mechanically contained by use of a bridge plug and/or cement retainer, if casing integrity has been established.

5.3 Any cement plug which is the only isolating medium, for a fresh water interval or a zone containing a prospectively valuable deposit of minerals, shall be tested by tagging.

5.4 If perforations are required below the surface casing shoe, a 30 minute minimum wait time will be required to determine if gas and/or water flows are present. If flow is present, the well will be shut-in for a minimum of one hour and the pressure recorded. Short or long term venting may be necessary to evacuate trapped gas. If only a water flow occurs with no associated gas, shut well in and record the pressures. Contact the Engineer as it may be necessary to change the cement weight and additives.

6.0 Before setting any cement plugs the hole needs to be rolled. All wells are to be controlled by means of a fluid that is to be of a weight and consistency necessary to stabilize the wellbore. This fluid shall be left in place as filler between all plugs.

6.1 Drilling mud may be used as the wellbore fluid in open hole plugging operations.

6.2 The wellbore fluid used in cased holes shall be of sufficient weight to balance known pore pressures in all exposed formations.

7.0 A blowout preventer and related equipment (BOPE) shall be installed and tested prior to working in a wellbore with any exposed zone(s); (1) that are over pressured, (2) where the pressures are unknown, or (3) known to contain H_2S.

8.0 Within 30 days after plugging work is completed, file a Sundry Notice, Subsequent Report of Abandonment (Form 3160-5), through the Automated Fluid Minerals Support System (AFMSS) with the Field Manager, Bureau of Land Management, 6251 College Blvd., Suite A, Farmington, NM 87402. The report should show the manner in which the plugging work was carried out, the extent, by depth(s), of cement plugs placed, and the size and location, by depth(s), of casing left in the well. Show date well was plugged.

9.0 All permanently abandoned wells are to be marked with a permanent monument as specified in 43 CFR 3162.6(d) and 43 CFR 3172.12(a)(10). Unless otherwise approved.

10.0 If this well is located in a Specially Designated Area (SDA), compliance with the appropriate seasonal closure requirements will be necessary.

All of the above are minimum requirements. Failure to comply with the above conditions of approval may result in an assessment for noncompliance and/or a Shut-in Order being issued pursuant to 43 CFR 3163.1. You are further advised that any instructions, orders or decisions issued by the Bureau of Land Management are subject to administrative review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4 and 43 CFR 4.700.

BLM - FFO - Geologic Report

Date Completed 6/24/2025

Well No.	Mary Anne No 3			Surf. Loc.	1650	FSL	790 FWL
Lease No.	NMNM10089				Sec 9	T24N	R9W
US Well No.	3004525050						
Operator	Dugan Production Company			County	San Juan	State	New Mexico
TVD	6409	PBTD	4687	Formations	Dakota, Gallup, Fruitland		
Elevation	GL	6677		Elevation	Est. KB 6689		

Geologic Formations	Est. tops	Subsea Elev.	Remarks
Nacimiento Fm.	Surface		Surface /fresh water sands
Ojo Alamo Ss	680	6009	Fresh water aquifer
Kirtland Fm.	1000	5689	
Fruitland Fm.	1370	5319	Coal/gas/possible water
Pictured Cliffs	1622	5067	Possible gas/water
Lewis Shale (Main)	1730	4959	Source rock
Huerfanito Bentonite	1830	4859	Reference bed
Chacra (upper)	2050	4639	Possible gas/water
Lewis Shale Stringer	2150	4539	Source rock
Chacra (Lower)	2410	4279	Possible gas/water
La Ventana Member	2720	3969	Possible gas/water
Lewis Shale Stringer	3030	3659	
Cliff House Ss	3150	3539	Possible gas/water
Menefee Fm.	3184	3505	Coal/water/possible gas
Point Lookout Fm.	4074	2615	Possible gas/water
Mancos Shale	4310	2379	Source rock
Gallup	4900	1789	Oil & gas

Remarks:

-Vertical wellbore, all formation depths are TVD from KB at the wellhead.

-Plug 1: The calculated TOC for the existing Gallup plug could not be determined. The sundry reporting the plug did not list any inside cement placed over the Gallup plug cement retainer. A planning sundry reported the intention of placing 100' of cement over the retainer. This would yield a TOC of 4687'.

-Modify Plug 2: Move the BOC to 3200’ to account for the BLM geologist’s pick for the Cliff House. Alternatively, each of these formations may be plugged separately. Note that the BLM Geologist's picks for the two Chacra formations differ from those submitted.

-Plug 3: The Planned P&A Wellbore Schematic shows a cement retainer at the bottom of the Pictured Cliffs plug. The procedure doesn't include a retainer at the Pictured Cliffs. It appears to be the PC retainer previously installed at 1630' and should have been drilled out at this point in P&A activities. The BOC also appears incorrect. The Schematic should be corrected.

-Modify Plug 5: Move the BOC to 1050’ and the TOC to 580’ to account for the BLM geologist’s picks for Kirtland and Ojo Alamo.

Reference Wells:

Dugan Production Company
Same

Prepared by: Walter Gage

State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division
Standard Plugging Conditions

This document provides OCD's general plugging conditions of approval. It should be noted that the list below may not cover special plugging programs in unique and unusual cases, and OCD expressly reserves the right to impose additional requirements to the extent dictated by project conditions. The OCD also reserves the right to approve deviations from the below conditions if field conditions warrant a change. A C-103F NOI to P&A must be approved prior to plugging operations. Failure to comply with the conditions attached to a plugging approval may result in a violation of 19.15.5.11 NMAC, which may result in enforcement actions, including but not limited to penalties and a requirement that the well be re-plugged as necessary.

1. Notify OCD office at least 24 hours before beginning work and seek prior approval to implementing any changes to the C-103 NOI to PA.
    - North Contact, Monica Kuehling, 505-320-0243, monica.kuehling@emnrd.nm.gov
    - South Contact, Gilbert Cordero, 575-626-0830, gilbert.cordero@emnrd.nm.gov

2. A Cement Bond Log is required to ensure strata isolation of producing formations, protection of water and correlative rights. A CBL must be run or be on file that can be used to properly evaluate the cement behind the casing.

    Note: Logs must be submitted to OCD via OCD permitting. A copy of the log may be emailed to OCD inspector for faster review times, but emailing does not relieve the operators obligation to submit through OCD permitting.

3. Once Plugging operations have commenced, the rig must not rig down until the well is fully plugged without OCD approval. If gap in plugging operations exceeds 30 days, the Operator must file a subsequent sundry of work performed and revised NOI for approval on work remaining. At no time shall the rig be removed from location if it will result in waste or contamination of fresh water.

4. Insure all bradenheads have been exposed, identified and valves are operational prior to rig up.

5. Fluids must be placed between all cement plugs mixed at 25 sacks per 100 bbls of water.
    - North, water or mud laden fluids
    - South, mud laden fluids

6. Closed loop system is to be used for entire plugging operation. Upon completion, contents of steel pits are to be hauled to an OCD permitted disposal facility.

7. Class of cement shall be used in accordance with the below table for depth allowed.

Class	TVD Lower Limit (feet)
Class A/B	6,000
Class I/II	6,000
Class C or III	6,000
Class G and H	8,000
Class D	10,000
Class E	14,000
Class F	16,000

8. After cutting the well head any "top off cement jobs" must remain static for 30 minutes. Any gas bubbles or flow during this 30 minutes shall be reported to the OCD for approval of next steps.

9. Trucking companies being used to haul oilfield waste fluids (Commercial or Private) to a disposal facility shall have an approved OCD C-133 permit.
    - A copy of this permit shall be available in each truck used to haul waste products.
    - It is the responsibility of the Operator and Contractor to verify that this permit is in place prior to performing work.
    - Drivers shall be able to produce a copy upon request of an OCD Compliance Officer.

10. Filing a [C-103] Sub. Plugging (C-103P) will serve as notification that the well has been plugged.

11. A [C-103] Sub. Release After P&A (C-103Q) shall be filed no later than a year after plugging and a site inspection by OCD Compliance officer to determine if the location is satisfactorily cleaned, all equipment, electric poles and trash has been removed to meet OCD standards before bonding can be released.

12. Produced water or brine-based fluids may not be used during any part of plugging operations without prior OCD approval.

13. Cementing;
    - All cement plugs will be neat cement and a minimum of 100' in length. 50' of calculated cement excess required for inside casing plugs and 100% calculated cement excess required on outside casing plugs.
    - If cement does not exist between or behind the casing strings at recommended formation depths, the casing perforations will be shot at 50' below the formation top and the cement retainer shall be set no more than 50' from the perforations.
    - WOC (Wait on Cement) time will be:
        - 4 hours for accelerated (calcium chloride) cement.
        - 6 hours on regular cement.
    - Operator must tag all cement plugs unless it meets the below condition.
        - The operator has a passing pressure test for the casing annulus and the plug is only an inside plug.
    - If perforations are made operator must tag all plugs using the work string to tag unless given approval to tag with wireline by the correct contact from COA #1 of this document.
        - This includes plugs pumped underneath a cement retainer to ensure retainer seats properly after cement is pumped.
    - Cement can only be bull-headed with specific prior approval.
    - Squeeze pressures are not to exceed the exposed formations frac gradient or the burst pressure of the casing.

14. A cement plug is required to be set from 50’ below to 50’ above (straddling) formation tops, casing shoes, casing stubs, any attempted casing cut offs, anywhere the casing is perforated, DV tools.
    - Perforation/Formation top plug. (When there is less than 100ft between the top perforation to the formation top.) These plugs are required to be started no greater than 50ft from the top perforation. However, the plug should be set below the formation top or as close to the formation top as possible for the maximum isolation between the formations. The plug is required to be a 100ft cement plug plus excess.
    - Perforation Plug when a formation top is not included. These plugs are required to be started within 50ft of the top perforation. The plug is required to be a 100ft cement plug plus excess.
    - Cement caps on top of bridge plugs or cement retainers for perforation plugs, that are not straddling a formation top, may be set using a bailer with a minimum of 35’ of cement in lieu of the 100’ plug. The bridge plug or retainer must be set within 50ft of the perforations.
    - Perforations are required below the surface casing shoe if cement does not exist behind the casing, a 30-minute minimum wait time will be required immediately after perforating to determine if gas and/or water flows are present. If flow is present, the well will be shut-in for a minimum of one hour and the pressure recorded. If gas is detected contact the OCD office for directions.

15. No more than 3000 feet is allowed between cement plugs in cased hole and no more than 2000 feet is allowed in open hole.

16. Formation Tops to be isolated with cement plugs, but not limited to are:
    - Northwest See Figure A
    - South (Artesia) See Figure B
    - Potash See Figure C
        - In the R-111-P (Or as subsequently revised) Area a solid cement plug must be set across the salt section. Fluid used to mix the cement shall be saturated with the salts that are common to the section penetrated and in suitable proportions, not more than 3% calcium chloride (by weight of cement) will be considered the desired mixture whenever possible, woe 4 hours and tag, this plug will be 50' below the bottom and 50' above the top of the Formation.
    - South (Hobbs) See Figure D1 and D2
    - Areas not provided above will need to be reviewed with the OCD on a case by case basis.

17. Markers
    - Dry hole marker requirements 19.15.25.10.
      The operator shall mark the exact location of plugged and abandoned wells with a steel marker not less than four inches in diameter set in cement and extending at least four feet above mean ground level. The marker must include the below information:
        1. Operator name
        2. Lease name and well number
        3. API number
        4. Unit letter
        5. Section, Township and Range

- AGRICULTURE (Below grade markers)
  In Agricultural areas a request can be made for a below ground marker. For a below ground marker the operator must file their request on a C-103 notice of intent, and it must include the following;
  A) Aerial photo showing the agricultural area
  B) Request from the landowner for the below ground marker.
  C) Subsequent plugging report for a well using a below ground marker must have an updated C-102 signed by a certified surveyor for SHL.

  Note: A below ground marker is required with all pertinent information mentioned above on a plate, set 3' below ground level, a picture of the plate will be supplied to OCD for record, the exact location of the marker (longitude and latitude by GPS) will be provided to OCD. OCD requires a current survey to verify the location of the below ground marker, however OCD will accept a GPS coordinate that were taken with a GPS that has an accuracy of within 15 feet.

18. If work has not commenced within 1 year of the approval of this procedure, the approval is automatically expired. After 1 year a new [C-103] NOI Plugging (C-103F) must be submitted and approved prior to work.

Figure A

North Formations to be isolated with cement plugs are:

- San Jose
- Nacimiento
- Ojo Alamo
- Kirtland
- Fruitland
- Picture Cliffs
- Chacra (if below the Chacra Line)
- Mesa Verde Group
- Mancos
- Gallup
- Basin Dakota (plugged at the top of the Graneros)
- Deeper formations will be reviewed on a case-by-case basis

Figure B

South (Artesia) Formations to be isolated with cement plugs are:

- Fusselman
- Montoya
- Devonian
- Morrow
- Strawn
- Atoka
- Permo-Penn
- Wolfcamp
- Bone Springs
- Delaware , in certain areas where the Delaware is subdivided into;
  - 1. Bell Canyon
  - 2. Cherry Canyon
  - 3. Brushy Canyon
- Any salt sections
- Abo
- Yeso
- Glorieta
- San Andres
- Greyburg
- Queen
- Yates

Figure C

Potash Area R-111-P

T 18S – R 30E
Sec 10 Unit P. Sec 11 Unit M,N. Sec 13 Unit L,M,N. Sec 14 Unit C -P. Sec 15 Unit A G,H,I,J,K,N,O,P. Sec 22 Unit All
except for M. Sec 23, Sec 24 Unit C,D,E,L, Sec 26 Unit A-G, Sec 27 Unit A,B,C

T 19S – R 29E
Sec 11 Unit P. Sec 12 Unit H-P. Sec 13. Sec 14 Unit A,B,F-P. Sec 15 Unit P. Sec 22 Unit A,B,C,F,G,H,I,J
K,N,O,P. Sec 23.
Sec 24. Sec 25 Unit D. Sec 26 Unit A- F. Sec 27 Unit A,B,C,F,G,H.

T 19S – R 30E
Sec 2 Unit K,L,M,N. Sec 3 Unit I,L,M,N,O,P. Sec 4 Unit C,D,E,F,G,I-P. Sec 5 Unit A,B,C,E-P. Sec 6 Unit I,O,P. Sec 7 – Sec
10. Sec 11 Unit D, G—P. Sec 12 Unit A,B,E-P. Sec 13 Unit A-O. Sec 14-Sec 18. Sec 19 Unit A-L, P. Sec 20 – Sec 23. Sec
24 Unit C,D,E,F,L,M,N. Sec 25 Unit D. Sec 26 Unit A-G, I-P. Sec 27, Sec 28, Sec 29 Unit A,B,C,D,F,G,H,I,J,O,P. Sec 32
Unit A,B,G,H,I,J,N,O,P. Sec 33. Sec 34. Sec 35. Sec 36 Unit D,E,F,I-P.

T 19S – R 31E
Sec 7 Unit C,D,E,F,L. Sec 18 Unit C,D,E,F,G,K,L. Sec 31 Unit M. Sec 34 Unit P. Sec 35 Unit M,N,O. Sec 36 Unit O,P.

T 20S – R 29E
Sec 1 Unit H,I,P. Sec 13 Unit E,L,M,N. Sec 14 Unit B-P. Sec 15 Unit A,H,I,J,N,O,P. Sec 22 Unit A,B,C,F,G,H,I,J,O,P. Sec
23. Sec 24 Unit C,D,E,F,G,J-P. Sec 25 Unit A-O. Sec 26. Sec 27 Unit A,B,G,H,I,J,O,P. Sec 34 Unit A,B,G,H. Sec 35 Unit
A-H. Sec 36 Unit B-G.

T 20S – R 30E
Sec 1 – Sec 4. Sec 5 Unit A,B,C,E-P. Sec 6 Unit E,G-P. Sec 7 Unit A-H,I,J,O,P. Sec 8 – 17. Sec 18 Unit A,B,G,H,I,J,O,P.
Sec 19 Unit A,B,G,H,I,J,O,P. Sec 20 – 29. Sec 30 Unit A-L,N,O,P. Sec 31 Unit A,B,G,H,I,P. Sec 32 – Sec 36.

T 20S – R 31E
Sec 1 Unit A,B,C,E-P. Sec 2. Sec 3 Unit A,B,G,H,I,J,O,P. Sec 6 Unit D,E,F,J-P. Sec 7. Sec 8 Unit E-P. Sec 9 Unit E,F,J-P.
Sec 10 Unit A,B,G-P. Sec 11 – Sec 36.

T 21S – R 29E
Sec 1 – Sec 3. Sec 4 Unit L1 – L16,I,J,K,O,P. Sec 5 Unit L1. Sec 10 Unit A,B,H,P. Sec 11 – Sec 14. Sec 15 Unit A,H,I. Sec
23 Unit A,B. Sec 24 Unit A,B,C,D,F,G,H,I,J,O,P. Sec 25 Unit A,O,P. Sec 35 Unit G,H,I,J,K,N,O,P. Sec 36 A,B,C,F – P.

T 21S – R 30E
Sec 1 – Sec 36

T 21S – R 31E

Sec 1 – Sec 36

T 22S – R 28E
Sec 36 Unit A,H,I,P.

T 22S – R 29E
Sec 1. Sec2. Sec 3 Unit I,J,N,O,P. Sec 9 Unit G – P. Sec 10 – Sec 16. Sec 19 Unit H,I,J. Sec 20 – Sec 28. Sec 29 Unit
A,B,C,D,G,H,I,J,O,P. Sec 30 Unit A. Section 31 Unit C – P. Sec 32 – Sec 36

T 22S – R 30E
Sec 1 – Sec 36

T 22S – R 31E
Sec 1 – Sec 11. Sec 12 Unit B,C,D,E,F,L. Sec 13 Unit E,F,K,L,M,N. Sec 14 – Sec 23. Sec 24 Unit
C,D,E,F,K,L,M,N. Sec 25
Unit A,B,C,D. Sec 26 Unit A,BC,D,G,H. Sec 27 – Sec 34.

T 23S – R 28E
Sec 1 Unit A

T 23S – R 29E
Sec 1 – Sec 5. Sec 6 Unit A – I, N,O,P. Sec 7 Unit A,B,C,G,H,I,P. Sec 8 Unit A – L, N,O,P. Sec 9 – Sec 16. Sec 17 Unit
A,B,G,H,I,P. Sec 21 – Sec 23. Sec 24 Unit A – N. Sec 25 Unit D,E,L. Sec 26. Sec 27. Sec 28 Unit A – J, N,O,P. Sec 33
Unit A,B,C. Sec 34 Unit A,B,C,D,F,G,H. Sec 35. Sec 36 Unit B,C,D,E,F,G,K,L.

T 23S – R 30E
Sec 1 – Sec 18. Sec 19 Unit A – I,N,O,P. Sec 20, Sec 21. Sec 22 Unit A – N, P. Sec 23, Sec 24, Sec 25. Sec 26 Unit
A,B,F-P. Sec 27 Unit C,D,E,I,N,O,P. Sec 28 Unit A – H, K,L,M,N. Sec 29 Unit A – J, O,P. Sec 30 Unit A,B. Sec 32 A,B. Sec
33 Unit C,D,H,I,O,P. Sec 34, Sec 35, Sec 36.

T 23S – R 31E
Sec 2 Unit D,E,J,O. Sec 3 – Sec 7. Sec 8 Unit A – G, K – N. Sec 9 Unit A,B,C,D. Sec 10 Unit D,P. Sec 11 Unit G,H,I,J,M,N,O,P. Sec 12 Unit E,L,K,M,N. Sec 13 Unit C,D,E,F,G,J,K,L,M,N,O. Sec 14. Sec 15 Unit A,B,E – P. Sec 16 Unit
I, K – P. Sec 17 Unit B,C,D,E, I – P. Sec 18 – Sec 23. Sec 24 Unit B – G, K,L,M,N. Sec 25 Unit B – G, J,K,L. Sec 26 – Sec
34. Sec 35 Unit C,D,E.

T 24S – R 29E
Sec 2 Unit A, B, C, D. Sec 3 Unit A

T 24S – R 30E
Sec 1 Unit A – H, J – N. Sec 2, Sec 3. Sec 4 Unit A,B,F – K, M,N,O,P. Sec 9 Unit A – L. Sec 10 Unit A – L, O,P. Sec 11.
Sec 12 Unit D,E,L. Sec 14 Unit B – G. Sec 15 Unit A,B,G,H.

T 24S – R 31E
Sec 3 Unit B – G, J – O. Sec 4. Sec 5 Unit A – L, P. Sec 6 Unit A – L. Sec 9 Unit A – J, O,P. Sec 10 Unit B – G, K – N. Sec
35 Unit E – P. Sec 36 Unit E,K,L,M,N.

T 25S – R 31E
Sec 1 Unit C,D,E,F. Sec 2 Unit A – H.

Figure D1 and D2

South (Hobbs) Formations to be isolated with cement plugs are:

The plugging requirements in the Hobbs Area are based on the well location within specific areas of the Area (See Figure D1). The Formations in the Hobbs Area to be isolated with cement plugs are (see Figure D2)

Figure D1 Map

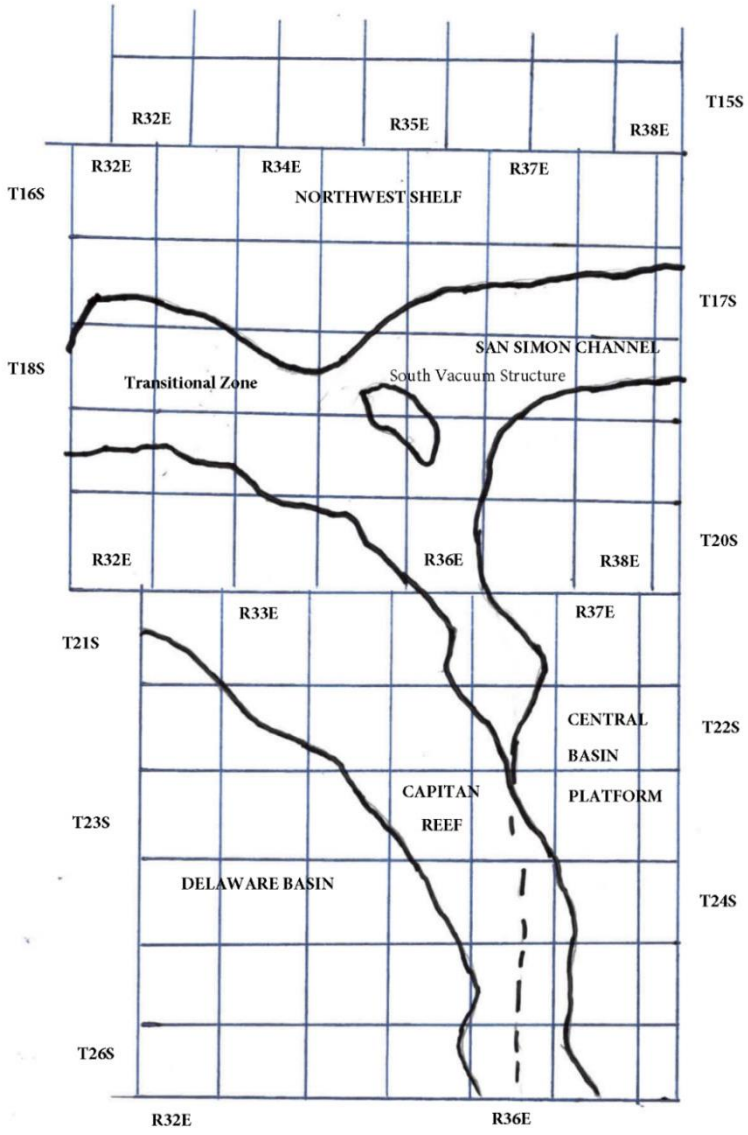


Figure D2 Formation Table

100' P'lug to isolate upper and lower fresh water zones (typiailly 2.50' to 350')						
ND!rthwest Shelf	C;iptan Reef Are<a	Trani5ition Zone	San Simon Oh.annel	South \lacJUUm Structure	Delaware Basin	Ce<n,tiral Basin Platform
Granit \./ash (Detrital basement material and fractured pre-Cambrian basement rock)	Siluro-Devonian	Morrow	Siluro-Devonian	Ellenburger	Siluro-Devonian	Granit \./ash (Detrital basement material, fractured pre-Cambrian basement rock and fracture Mafic Volcanic intrusives).
Montoya	Mississippian	Atoka	Morrow	Mckee	Morrow	Ellenburger
Fusselman	Morrow	Strawn	\./olfcamp	Siluro-Devonian	Atoka	Connell
Woodford	Atoka	Cisco	Abo Reef	Woodford	Strawn	Waddell
Siluro-Devonian	Strawn	Pennsylvanian	Bone Spring	Mississippian	Pennsylvanian	Mckee
Chester	Pennsylvanian	\./olfcamp	Delaware	Barnett Shale	Low er \./olfcamp	Simpson Group
Austin	\./olfcamp	Bone Spring	San Andres	Morrow	Upper \./olfcamp	Montoya
Mississippian	Abo Reef, if present	Delaware	Queen	Atoka	\./olfcamp	Fusselman
Morrow	Abo, if present	San Andres	Yates	Strawn	Third Bone Spring Sand (Top of \./olfbone)	Silurian
Atoka	Queen, if present	Grayburg-San Andres	Base of Salt	Canyon	First Bone Spring Sand (Top of Lower Bone Spring)	Devonian
Lower Pennsylvanian	Bone Spring	Queen	Rustler	Pennsylvanian	Bone Spring	Strawn
Cisco-Canyon	Delaware	Seven Rivers		Blinebry	Brushy Canyon	Pennsylvanian
Pennsylvanian	Base Capitan Reef	Yates		Bone Spring	Delaw are (Base of Salt)	\./olfcamp
Bough	Seven Rivers	Base of Salt		San Andres	Rustler	Abo
\./olfcamp	Yates	Rustler		Queen		Abo Reef
Abo	Top Capitan Reef			Base of Salt		Drinkard
Abo Reef, if present	Base of Salt			Rustler		Tubb
Yeso (Township 15 South to Township 17 South)	Rustler					Blinebry
Drinkard or Low er Y eso (Township 15 South to Township 17 South)						Paddock
Tubb (Township 15 South to Township 17 South)						Glorieta
Blinebry (Township 15 South to Township 17 South)						San Andres
Pad dock (Township 15 South to Township 17 South)						Grayburg
Glorieta						Gr ayburg-San Andres
San Andres						Queen
Queen (Township 15 South to Township 17 South)						Seven Rivers
Seven Rivers (Township 15 South to Township 17 South)						Yates
Yates (Township 15 South to Township 17 South)						Base of Salt
Base of Salt						Rustler
Rustler						

State of New Mexico
Energy, Minerals and Natural Resources Department

BY ELECTRONIC MAIL

Kelley Montgomery
Director of Regulatory
OXY USA Inc.
5 Greenway Plaza, Suite 110
Houston, TX 77046
Kelley_Montgomery@oxy.com

Re: Oil Conservation Division Authorization for OXY USA Inc. to Plug and Abandon Well(s)

Ms. Montgomery:

The Oil Conservation Division ("OCD") received your request of November 11, 2024, requesting authorization for OXY USA Inc. ("OXY"), to plug and abandon the following wells:

API	Well Name
30-015-01633	Aston & Fair A #001
30-015-02305	Caroline #001
30-015-02306	Caroline #003
30-015-02307	Caroline #004
30-015-02308	Caroline #005
30-015-02309	Caroline #006
30-015-10184	State #006
30-015-21623	State #007
30-025-21947	Joannie #001
30-025-24718	Joannie #003
30-025-24548	Joannie #004

LLJ Ventures, LLC DBA Marker Oil & Gas, ("LLJ") is the registered operator of these wells and OXY is the leaseholder where the well is located. As the leaseholder, OXY may be deemed a responsible operator for purposes of plugging and remediation activities or for indemnification of costs incurred by OCD for such activities.

On October 11, 2024, OCD issued Final Order No. R-23494 ("R-23494"). R-23494 setting forth plugging compliance deadlines to be met by LLJ. That R-23494 and R-23494-A is incorporated herein as though set forth in full.

OCD hereby authorizes OXY to plug and abandon the above-identified well on OCD's behalf pursuant to its authority under R-23494.

Please contact Assistant General Counsel, Christy Treviño at (505)-607-4524 or Christy.Trevino@emnrd.nm.gov , with questions, including the submission of plugging sundries as OCD will not be transferring operatorship to you and will need to place the plugging sundries into the well files.

Regards,

Gerasimos Razatos
Director (Acting)

4/16/2025
Date

cc: EMNRD-OGC

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

OIL CONSERVATION DIVISION
PETITIONER
v.
LLJ VENTURES, LLC
DBA MARKER OIL & GAS
RESPONDENT

CASE NO. 24801
ORDER NO. R-23484-A

***NUNC PRO TUNC* ORDER**

The Director of the New Mexico Oil Conservation Division ("OCD"), having determined that an error occurred in Order R-23484 in this matter, which requires correction, issues the following *Nunc Pro Tunc* Order.

FINDINGS OF FACT

1. Order R-23484, issued October 11, 2024, ("Order") contains an error the number of wells in paragraph 21 of the Order.

2. Exhibit 8-A is not reflective of the total number of wells OCD requested authorization over.

3. An administrative error was discovered in that Exhibit 8-A was missing a well that was included in the original filings, Exhibit 2-A of the Notice of Violation. API # 30-015-00689 GATES STATE #001 was to be included in the supplemental Exhibit 8-A. Exhibit 2-A was generated on July 24, 2024, showing one hundred and fifty wells. API # 30-015-00689 GATES STATE #001 was plugged on August 12, 2024. Amended exhibits were filed on October 11, 2024, showing one hundred and forty-seven wells. Exhibit 8-A was a regeneration of Exhibit 2-A, which was intended to show the two wells transferred off the inactive well list. However, since API # 30-015-00689 GATES STATE #001 was plugged, not released it was inadvertently removed from the inactive well list report as well.

4. Unbeknownst to OCD API # 30-015-00689 GATES STATE #001, was plugged and certain site inspections still need to be complete to release the well.

5. The number of wells OCD was seeking authorization over was indicated as one hundred and forty-eight throughout the record for Case No. 24801 on page 28 through page 40 of the transcript.

ORDER

6. Paragraph 21 of the Order is corrected to read as follows:

   "21. Operator shall plug and abandon *all remaining non-compliant* wells listed in OCD *Ex. 2-A* no later than 30 days after issuance of this Order."

7. The corrections are effective *nunc pro tunc* as of the date of the Order.

8. All other provisions of the Order remain in full force and effect.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Date: 12/24/2024

Gerasimos Razatos
ACTING DIRECTOR

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

OIL CONSERVATION DIVISION,
PETITIONER

v.

LLJ VENTURES, LLC
DBA MARKER OIL & GAS,
RESPONDENT

CASE NO. 24801
ORDER NO. R-23494

ORDER

This matter came before the Director of the New Mexico Oil Conservation Division ("Division" or "OCD") on the Notice of Violation ("NOV") dated on or about July 23, 2024, issued to LLJ Ventures, LLC DBA Marker Oil & Gas, OGRID #372279 ("Operator"). The Division's Hearing Examiner conducted a public hearing on October 3, 2024. The Director, having considered the testimony and evidence presented, and being otherwise fully advised in the premises, finds, concludes and orders:

FINDINGS OF FACT

1. The Division has jurisdiction over the parties and the subject matter herein.

2. On or about July 9, 2024, the Division issued the NOV, which alleged three violations:

    a. Operator allegedly violated 19.15.5.9(A)(4)(a) NMAC. At the time of the NOV, Operator was the registered operator of one hundred and fifty wells in New Mexico. Under 19.15.5.9(A)(4)(a) NMAC, as the operator of 100 wells or less, Operator was not permitted to have more than two inactive wells out of compliance with 19.15.25.8 NMAC, which requires inactive wells to be plugged and abandoned or placed into approved temporary abandonment status. At the time of the NOV, Operator had one hundred and fifty inactive

wells, which were not plugged and abandoned or placed into temporary abandonment status as demonstrated by OCD Ex. 4-A.

b. Operator allegedly violated 19.15.8.9 NMAC by lacking financial assurance for fifty wells.

c. Operator allegedly violated 19.15.7.24 NMAC by not filing the required monthly production reports, form C-115, as demonstrated by OCD Ex 4-B. Operator had not submitted a C-115 for any well since at least June 2022.

OCD Ex.4

3. Operator transferred two wells, authorized by OCD to another operator. On October 2, 2024, OCD filed updated Inactive Well Report, Financial Assurance Report, and Civil Penalty Calculator to reflect the approved transfer. OCD Ex. 8A-D.

4. Based on the approved transfer of two wells, the correct number of inactive wells is one hundred and forty-eight (OCD Ex. 8-A), and the wells lacking sufficient financial assurance is forty-eight. OCD Ex. 8-C.

5. The NOV demanded the following relief:

a. Operator shall plug and abandon all one hundred and forty-eight wells listed in by a certain date or failing to do so, the Division would assume that duty,

b. Operator's financial assurance shall be forfeited,

c. Operator's authority to transport from the one hundred and forty-eight registered wells identified in shall be terminated,

d. Operator is civilly liable for violations of 19.15.5.9(A)(4)(a), 19.15.8.9 and 19.15.7.24 NMAC in the amount of $414,000.00.

6. The NOV informed Operator of OCD's informal resolution process, and in the event Operator did not respond to the NOV, that a formal hearing would occur on the October 3, 2024 docket.

7. Operator did not contact the Division during the informal resolution period or provide any evidence that the alleged violations had not occurred. Operator did not file a prehearing statement to enter an appearance or otherwise present evidence pursuant to 19.15.5 NMAC.

8. On August 14, 2024, OCD filed and served the Docketing Notice and formally requested a hearing. Operator did not answer the NOV as contemplated by 19.15.5.10(E)(2)(b) NMAC.

9. The Division provided Operator with notice of the October 3, 2024 hearing as required under 19.15.5.10 NMAC.

10. A hybrid hearing (in-person at Pecos Hall in Santa Fe, NM and virtually through Microsoft Teams) on the NOV was held on October 3, 2024 before a Division Hearing Examiner. Operator did not appear.

11. The Division presented the Affidavits of Nicholas Karns, Compliance Officer and Bond Administrator with the Division's Administrative and Compliance Bureau, and Sara Griego, OCD Law Clerk and corresponding exhibits.

12. The Division provided evidence of notice of the Docketing Statement. OCD Ex. 6.

13. Eight Exhibits were admitted into evidence without objection in support of the NOV.

14. Mr. Karns, who was previously qualified as an expert in administrative compliance before the Division, provided the following evidence in support of the ongoing violations:

    a. As of October 3, 2024, Operator remained out of compliance with the inactive well requirements of 19.15.5.9(A)(4)(a) NMAC. As of October 1, 2024, Operator had one hundred and forty-eight wells, all of which were

inactive wells that had not been plugged and abandoned or placed in approved temporary abandonment status. OCD Ex. 8-A.

b. Operator remained out of compliance with 19.15.8.9 NMAC by lacking financial assurance for forty-eight wells. OCD Ex. 8-C.

c. Operator remained out of compliance with 19.15.7.24 NMAC, because Operator had not filed the required C-115 production reports since June 2022. OCD Ex 4-C.

15. The Oil and Gas Act provides that "[i]n assessing a penalty authorized by this section, the division shall take into account the seriousness of the violation, any good faith efforts to comply with the applicable requirements, any history of noncompliance under the Oil and Gas Act and other relevant factors." NMSA 1978, §70-2-31(C). OCD provided evidence that the penalties were reasonable and in accordance with the law. OCD Ex. 8-D

CONCLUSIONS OF LAW

16. The Division has met its burden to show by a preponderance of evidence that Operator has violated 19.15.5.9(A)(4)(a) NMAC by failing to plug and abandon one hundred and forty-eight inactive wells.

17. Operator has violated 19.15.8.9 NMAC by lacking financial assurance for forty-eight of the subject wells.

18. Operator has violated 19.15.7.24 NMAC by failing to submit the required C-115 forms for all subject wells.

19. The civil penalties calculated by the Division are allowed by law, reasonable under 19.15.5.10(B) NMAC, and are supported by the evidence in the Administrative and Hearing Records.

ORDER

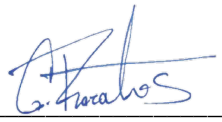
20. Operator's authority to transport from subject wells is hereby suspended until such time as Operator is compliant with this Order and the NM Oil and Gas Act.

21. Operator shall plug and abandon all twelve wells listed in OCD Ex. 8-A no later than 30 days after issuance of this Order.

22. If Operator fails to plug and abandon the subject wells as directed herein, the Division shall be authorized to plug and abandon the wells and to forfeit the financial assurance for the wells. Such plugging activities may include necessary reclamation or remediation work associated with wells that have been partially plugged and abandoned, Operator shall pay the excess cost to plug and abandon the wells no later than 30 days after actual or attempted service of the Division's written demand. If the excess costs to the Division are not received, the Division may seek indemnification.

23. The Division retains jurisdiction of this matter for the entry of such further orders as it may deem necessary.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



GERASIMOS RAZATOS
ACTING DIRECTOR

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https://www.emnrd.nm.gov/ocd/contact-us

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS

Operator:	OGRID:
DUGAN PRODUCTION CORP PO Box 420 Farmington, NM 87499	6515
	Action Number: 478694
	Action Type: [C-103] NOI Plug & Abandon (C-103F)

CONDITIONS

Created By	Condition	Condition Date
loren.diede	Notify the OCD inspection supervisor via email 24 hours prior to beginning Plug & Abandon (P&A) operations.	6/25/2025
loren.diede	A Cement Bond Log (CBL) is required to be submitted to electronic permitting.	6/25/2025
loren.diede	Submit P&A marker photo and GPS coordinates with the subsequent P&A report and submission.	6/25/2025
loren.diede	NMOCD concurs with BLM formation top picks for the U & L Chacra and plug other plug depth modifications.	6/25/2025