

Well Name: GULF FEDERAL 24	Well Location: T23N / R6W / SEC 24 / NWNW / 36.215442 / -107.426236	County or Parish/State: SANDOVAL / NM
Well Number: 1	Type of Well: OIL WELL	Allottee or Tribe Name:
Lease Number: NMNM17009	Unit or CA Name:	Unit or CA Number:
US Well Number: 300432067200S1	Well Status: Producing Oil Well	Operator: M & M PRODUCTION & OPERATION

Notice of Intent

Sundry ID: 2735126

Type of Submission: Notice of Intent	Type of Action: Plug and Abandonment
Date Sundry Submitted: 06/08/2023	Time Sundry Submitted: 03:32
Date proposed operation will begin: 06/25/2023	

Procedure Description: Dugan Production Corp. is plugging the well as the record title owner of the lease. See attached.

Surface Disturbance

Is any additional surface disturbance proposed?: No

Oral Submission

Oral Notification Date:	Jun 8, 2023	Oral Notification Time:	12:00 AM
Contacted By:	Aliph Reena	Contact's Email:	Aliph.Reena@duganproduction.com

NOI Attachments

Procedure Description

NMNM17009_Gulf_Fed_24_1_04320672_NOIA_06082023_20230608153106.pdf

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Conditions of Approval

Additional

PxA_23N06W24DKg_Gulf_Federal_24_001_20230612112419.pdf

Authorized

2735126_NOIA_COA_1_3004320672_KR_06132023_20230613101844.pdf

General_Requirement_PxA_20230613101637.pdf

BLM Point of Contact

BLM POC Name: KENNETH G RENNICK

BLM POC Phone: 5055647742

Disposition: Approved

Signature: Kenneth Rennick

BLM POC Title: Petroleum Engineer

BLM POC Email Address: krennick@blm.gov

Disposition Date: 06/13/2023

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

- TOOH w/2-3/8", 4.7# tubing. Run 4½" casing scraper to 5360'. RIH & Set 4½" CIBP @ 5322'. Gallup Perforations @ 5372'-5776'.
- Load & circulate hole. Run CBL from 5372' to surface.
- Spot Plug I inside 4½" casing from 5372' to 4576' w/60 sks (69 cu ft) Class G cement to cover the Gallup & Mancos tops. **Plug I, Gallup-Mancos, Inside 4½" casing, 60 sks, 69 cu ft, 4576'-5372'.**
- Spot Plug II inside 4½" casing from 3803' to 3653' w/12 sks (13.8 cu ft) Class G cement to cover the Mesaverde top. **Plug II, Mesaverde, inside 4½" casing, 12 sks, 13.8 cu ft, 3653'-3803'.**
- Spot Plug III inside 4½" casing from 2699' to 2549' w/12 sks (13.8 cu ft) Class G cement to cover the Chacra top. **Plug III, Chacra, Inside 4½" casing, 12 sks, 13.8 cu ft, 2549'-2699'.**
- Spot Plug IV inside 4½" casing from 2244' to 1577' w/54 sks (62.1 cu ft) Class G cement to cover the Pictured Cliffs, Fruitland, Kirtland, Ojo Alamo tops. **Plug IV, Pictured Cliffs-Fruitland-Kirtland-Ojo Alamo, inside 4½" casing, 54 sks, 62.1 cu ft, 1577'-2244'.**
- Spot Plug V inside 4½" casing from 263' to surface w/25 sks (28.75 cu ft) Class G cement to cover the surface shoe to surface. **Plug V, Surface, inside 4½" casing, 25 sks, 28.75 cu ft, 0-263'.**
- Cut wellhead. Tag TOC at surface. Fill cement in case needed.
- Install dryhole marker. Clean location.

Current Wellbore Schematic

Gulf Federal 24 # 1

API: 30-043-20672

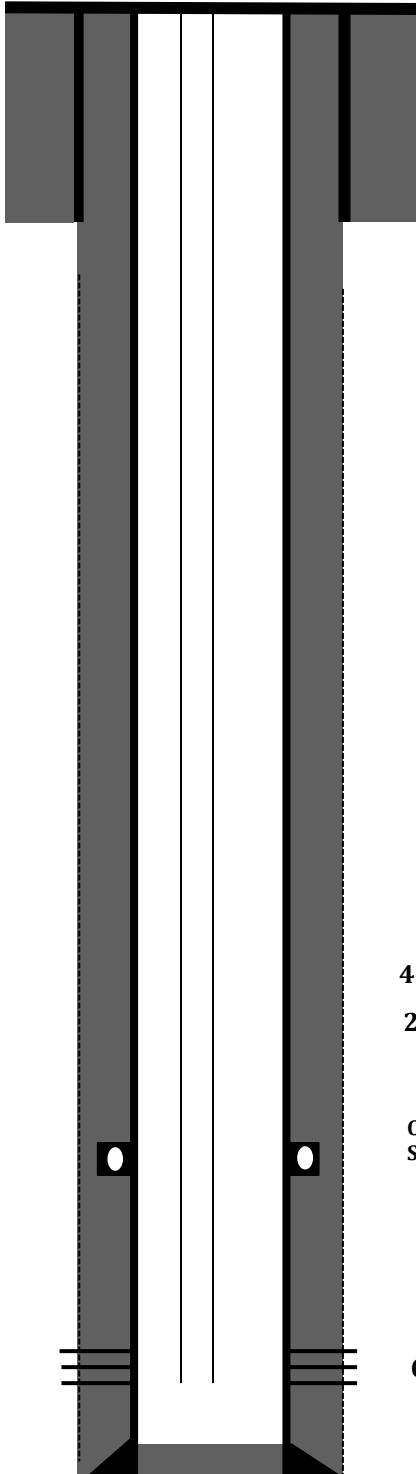
Unit D Sec 24 T23N R6W

920' FNL & 795' FWL

Sandoval County, NM

Lease # NM - 17009

Lat:36.2154465 Long:-107.4262466



8-5/8" K-55 24# casing @ 213'. Cemented with 150 sks Class B.
Circulated cement 3 bbls cement to surface. Hole size: 12-1/2

4 1/2" 10.5 & 9.5 # casing @ 5810'. Hole size: 7-7/8"

2-3/8" 4.7# set @ 5741'

Cemented Stage I w/ 275 sks 50/50 poz w/ 2% gel. DV Tool @ 4725
Stage II w/ 600 sks Class B 65/35 w/ 12% gel followed by 50 sks Class B

Gallup Perforated @ 5372'-5776'

**UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
FARMINGTON DISTRICT OFFICE
6251 COLLEGE BLVD.
FARMINGTON, NEW MEXICO 87402**

AFMSS 2 Sundry ID 2735126

Attachment to notice of Intention to Abandon

Well: Gulf Federal 24 1

CONDITIONS OF APPROVAL

1. Plugging operations must be completed by December 31, 2023.
2. Plugging operations authorized are subject to the attached "General Requirements for Permanent Abandonment of Wells on Federal and Indian Lease."
3. Farmington Office is to be notified at least 24 hours before the plugging operations commence at (505) 564-7750.

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.

K. Rennick 06/13/2023

**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 H₂S.

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). 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 Fluid Minerals P&A Geologic Report

AFMSS ID: 2735126

Date Completed: 6/12/2023

Well No.	Gulf Federal 24 #001	SHL	920	FNL	795	FWL
API No.	3004320672		NWNW	Sec. 24	T23N	R06W
Lease No.	NMNM17009	BHL	Same			
Operator	M & M Production & Operation					
Elev.(KB)	7081'	County	Sandoval	State	NM	
Total Depth	5810' PBD 5783'	Formation	Gallup (Mancos)			

Formation	Top (TVD)	Remarks
San Jose Fm.		
Nacimiento Fm.	Surface	Surface/fresh water sands
Ojo Alamo Ss	1677	Aquifer (fresh water)
Kirtland Fm.	1836	Probable gas/water
Fruitland Fm.	1956	Coal/gas/brine
Pictured Cliffs Ss	2194	Gas/brine
Lewis Shale	2328	
Chacra (upper)	2649	Possible gas
Cliff House Ss	3753	Possible gas
Menefee Fm.	3897	Coal/possible gas
Point Lookout Fm.	4447	
Mancos Shale	4676	O&G
Gallup	5276	O&G
Greenhorn Ls		
Graneros Shale		
Dakota Ss		
Morrison Fm.		

Remarks:

Reference Well:

- Dugan Production is plugging this well as record title owner of the lease. - Gallup perforations 5372' - 5776'.	1) Formation Tops Same
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Prepared by: Chris Wenman

P&A Reclamation Plan

PURPOSE AND SCOPE

The purpose of this Reclamation Plan is to ensure final reclamation of the **Gulf Federal 24 #1, API #30-043-20672** and associated access road based on the BLM/Operator on-site conducted in accordance with Onshore Order #1 and the FFO Bare Soil Reclamation Procedures.

PROPOSED RECLAMATION PLAN

Operator will comply with the requirements in accordance with the approved Sundry Notice associated with this submittal.

- Contact BLM 48 hours prior to commencing earthwork.
- Reclamation to be completed within 1 year of plugging date.
- Remove all underground production piping.
- Remove all rig anchors on the location.
- Strip available topsoil from areas that will be disturbed during the reclamation of this well site
- Remove all gravel on well pad surface. Gravel may be used as fill material at the base of the cut slope to re-establish the natural topography.
- Use fill material on the location to reconstruct natural topography. If enough fill material is available, excess material will be used to build up the access road AFTER ripping the road base to eliminate surface compaction hard pan.
- **NOTE: NO disturbance will occur outside the areas currently disturbed by the well location access road boundaries.**
- After location has been re-contoured, rip, disk and seed the location and access road with a disk type seed drill.
- Install a woven wire fence at and across the access road leading to the well site at the intersection of the main road and take off point(s) to discourage access on rehabilitated access road.
- Install a sign on fence, i.e., Seeded Area—Do Not Disturb.

Waste Material Handling and Disposal

All surface equipment and trash, if any, will be removed from the location and disposed of at an approved waste disposal facility.

Surface Reconstruction and Stabilization

The long-term objective of final reclamation is to set the course for eventual ecosystem restoration including the restoration of natural vegetation. Operator will avoid disturbance to the mature vegetation that has become well established on the pad perimeter to the extent practicable, and will focus reclamation efforts toward de-compaction, removing sharp, angular features to more closely approximate the natural contours, re-establishing natural drainage patterns, and re-vegetating the abandoned well pad and access road.

Well Pad Reclamation

(Note: some steps may occur in different sequence than listed below or may occur simultaneously as the case may be):

1. The following activities would take place before commencing with any dirt work to restore the pad surface:

- The BLM Authorized officers will be notified at least 48 hours prior to construction.
- Pre-construction conditions will be documented, and pictures taken from the four cardinal directions for future reference;
- The P&A marker will remain as is. All pertinent well information is permanently imprinted onto the marker for future reference.
- Temporary and/or permanent stormwater and erosion control BMPs will be employed at appropriate locations around the pad as dictated by local drainage patterns and expected areas of disturbance and slopes AND across the access road. BMP selection will be determined by local factors and will be a combination of sediment and erosions controls that are deemed effective and low maintenance. Straw wattles, diversion ditches, mulch, soil blankets, and/or other suitable BMPs may be used in various combinations, as appropriate, during and after construction activities;
- Remove all gravel on well pad surface. Gravel may be used at the base of the cut slope underneath the fill material to re-establish the natural topography.
- Use fill material to reconstruct natural topography.
- If enough fill material is available, excess material will be used to build up the access road (which is lower in depth than the natural grade due to compaction and erosion) AFTER ripping the road base to eliminate surface compaction hard pan;
- Those areas where healthy, mature, and weed-free vegetation has established along the pad perimeter will remain undisturbed to the extent possible;
- Natural drainage patterns will be restored, as practical, as near as possible to pre-disturbance conditions;
- The pad surface will be ripped by Bulldozer or Grader to reduce compaction and to establish a suitable root zone in preparation for topsoil replacement;
- Topsoil will be redistributed across the pad surface and disked to prepare the soil for seeding;
- After location has been re-contoured, rip, disk and seed the location and access road with a disk type seed drill;
- All disturbed areas will be seeded in accordance with the FFO Bare Soil Reclamation Procedures.

Access Road Reclamation

Upon completion of all well pad reclamation activities, the associated access road will be reclaimed using much the same methods as described above. The road will be ripped and scarified to reduce compaction, and any sharp or angular cuts or fills would be restored as near as possible to pre-disturbance conditions. **NO disturbance will occur outside the areas currently disturbed by the access road boundaries.**

Establish vegetation along the roadsides will remain undisturbed where possible to encourage native plant growth onto the new disturbance and to maintain erosion and sediment control. Straw wattles and/or diversion ditches will be placed at appropriate locations along the road as needed to prevent sediment transport to local drainages. Other suitable BMPs may be used in various combinations, as appropriate, during and after construction activities.

All disturbed areas will be re-seeded in accordance with BLM FFO Bare Soil Reclamation Procedures.

To discourage future use of the road, a temporary fence consisting of woven wire fence at and across the access road leading to the well site at the intersection of the main road and rake off point(s) to discourage access on rehabilitated access road and will serve as a barricade to discourage access to the newly reclaimed road and will be left in place until the road & well pad have been stabilized.

A sign will be installed on the fence, i.e., "Seeded Area – Do Not Disturb" or equivalent

Re-establishing Surface Hydrology

Natural drainage patterns will be restored as near as possible to pre-construction conditions, except where restoring the natural drainage will cause excessive disturbance and disrupt the natural rehabilitation process that has already established. In those areas, additional means for ensuring proper drainage, such as water bars or diversion ditches, may be employed.

Eroded areas will be filled in using material from the well location and Best Management Practices (BMPs) for Storm water pollution prevention such as silt traps, excelsior mats, wattles/sediment control logs and straw distributed on the surface and crimped or harrowed into the soil after drill seeding.

Given that the well pad will effectively be inaccessible following road reclamation and because the only potential pollution source will be runoff sediment; the temporary stormwater BMPs will be removed upon completion of construction activities. Drainage, sediment, and erosion controls will be managed through vegetative practices and/or biodegradable materials (i.e., soil blankets, straw wattles, crimped straw, mulch, brush and woody debris, pocking, etc.).

All drainage, sediment, and erosion controls will be implemented in accordance with Operator standard Stormwater Management Plan.

Site Preparation, Soil Management and Handling

Fill material will be pushed into cuts and over the back slope as necessary and any sharp, angular cuts and fills will be smoothed to conform as nearly as practical to the adjacent landform. The pad and road surfaces will then be ripped, scarified, and/or disked to a depth adequate for establishing a suitable root zone.

All salvaged topsoil material will be reused and spread evenly over the disturbed areas. Prior to seeding, all disturbed areas will be left with a rough surface to facilitate moisture and seed retention, and vegetative slash/brush will be placed at expected discharge areas to minimize sediment transport. The topsoil in the area is generally deep and no soil amendments are expected or proposed.

Revegetation

Following soil preparations, a range drill (disk type seed drill) will be used to apply the approved seed mix over the disturbed areas. The drill will be equipped with a depth regulator to ensure even planting depths appropriate to the plant and species and soil types. Should broadcast seeding be deemed more appropriate in some areas, the seed application rates will be doubled, and a rake or harrow used to incorporate the seed into the soil. Any steep slopes, greater than 2:1, will be blanketed for soil stabilization and seed retention.

The seed mixture and application rates for the reclamation site shall be an approved BLM mixture that represents the vegetative community.

Seed mix is available locally or from Southwest Seed in Dolores, CO, or an approved vendor of native seed mixes.

Seed mixture will be certified weed-free and the seeding records (bag labels) or other official documentation will be available to the Authorized Officer prior to seeding.

Seeding will be accomplished as soon as reasonably possible following completion of earthwork activities. The Authorized Officer will be notified forty-eight (48) hours prior to commencing with seed application.

Weed Management

Operator's objective is to implement an integrated weed management program to control weed populations and establish desirable vegetation utilizing the following strategies:

- Control the introduction and spread of weeds through early detection.
- Establish desirable native vegetation on disturbed areas through successful re-vegetation efforts.
- Treat and control known weed populations

Among the measures that will be implemented to prevent the introduction or establishment of weeds in areas not already infested include:

- Identification and eradication of new infestations as quickly as practical.
- Implement successful re-seeding efforts as quickly as practical in areas that have been disturbed.

Local factors, such as soil type and stability; grade; associated vegetation; existing and proposed land use; proximity to water; weed type and stage of growth; and severity of infestation; will be considered in selecting the appropriate weed management method(s). The management method(s) selected will be the least environmentally damaging, yet practical and reasonable in achieving the desired results.

Operator will utilize chemical treatment as the preferred method of weed management and control. The proper use of herbicides at the optimum time can be an effective method for controlling persistent weeds. A Pesticide Use Proposal (PUP) will be pre-approved by the BLM prior to any chemical treatment. The use and handling of herbicides will be in accordance with all application rates, restrictions, and warnings listed on the label and MSDS. Preparation and application of all herbicides will be licensed by the State of Colorado Department of Agriculture, and a Daily Weed Pesticide Application Record will be completed and retained for all spraying activities.

Other methods to be used for weed control will include the following:

- Remove soil, seeds, and vegetative matter prior to entering or leaving the project site on all construction equipment and transport vehicles, trucks, pickups, and other vehicles;
- Ensure that all seed mixes, straw, and/or mulch used in reclamation are certified weed-free;
- Promptly revegetating disturbed areas;
- Treating and/or removing weeds prior to ground-disturbing activities to limit seed production and dispersal;
- Treating noxious weeds that have escaped the project area onto adjacent areas to prevent further expansion into un-infested areas and re-infestation of the treated areas;

Monitoring

After the earthwork and seeding is completed and seeding is completed, Operator will submit Sundry Notice informing the BLM that reclamation has been completed and which includes a request for an inspection of the earthwork and seeding.

A joint inspection will be conducted by Operator and BLM. During the inspection, the BLM and Operator will establish a line point intercept transect.

After establishment of adequate vegetation, Operator will read the line point intercept transect and take photos of the site. Operator will submit a Sundry Notice (FAN) requesting approval of the remediated well location and access road. Data results from the line point intercept transect and photos of the location and access road will be submitted as supporting documentation for the FAN Sundry Notice.

Summary

Dugan Production will perform the following actions as deemed necessary from pre-P&A inspection

1. Remove all well site equipment
2. Contour and restore area to match surrounding topography prior to pad construction
3. Rip, disc and reseed the well pas and access road
4. Close and sample the BGT on location

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720
District III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

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

CONDITIONS

Action 227277

CONDITIONS

Operator: DUGAN PRODUCTION CORP PO Box 420 Farmington, NM 87499	OGRID: 6515
	Action Number: 227277
	Action Type: [C-103] NOI Plug & Abandon (C-103F)

CONDITIONS

Created By	Condition	Condition Date
john.harrison	Accepted for record - NMOCD JRH 6/15/23. BLM approved P&A 6/13/23	6/15/2023