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| Well Name: MEXICO FEDERAL M COM | Well Location: T31N / R13W / SEC 12 / NESW / 36.91197 / -108.15721 | County or Parish/State: SAN JUAN / NM |
| Well Number: 1 | Type of Well: CONVENTIONAL GAS WELL | Allottee or Tribe Name: |
| Lease Number: NMNM080280 | Unit or CA Name: MEX-FED | Unit or CA Number: NMNM73634 |
| US Well Number: 300451089700C1 | Well Status: Gas Well Shut In | Operator: DUGAN PRODUCTION CORPORATION |

Notice of Intent

Sundry ID: 2747754

Type of Submission: Notice of Intent

Type of Action: Plug and Abandonment

Date Sundry Submitted: 08/24/2023

Time Sundry Submitted: 09:43

Date proposed operation will begin: 09/25/2023

Procedure Description: Dugan Production plans to plug and abandon the well per the following procedure: 1) PU & tally 2-3/8" workstring. Run 4½" casing scraper to 6550'. RIH & set 4½" CIBP @ 6530'. Dakota perforations @ 6580'-6800'. Mesaverde perforations @ 4435'-4531'. 2) Attempt to load hole and run CBL from 6800' to surface. A temperature survey reported in the well files show TOC behind casing @ 2473'. All plugs are calculated based on that estimate. Will make necessary changes to the plugs after reviewing the CBL. 3) Spot Plug I inside 4½" casing above the CIBP set @ 6530' to cover Dakota top from 6530' to 6380' w/12 sks (13.8 cu ft) Class G cement. Plug I, inside 4½" casing, 12 sks, 13.8 cu ft, Dakota, 6380'-6530'. 4) Spot Plug II inside 4½" casing from 5470' to 5320' w/12 sks (13.8 cu ft) Class G cement to cover the Gallup top. Plug II, inside 4½" casing, 12 sks, 13.8 cu ft, Gallup, 5320'-5470'. 5) Spot Plug III inside 4½" casing from 4760' to 4610' w/12 sks (13.8 cu ft) Class G cement to cover the Mancos top. Plug III, inside 4½" casing, 12 sks, 13.8 cu ft, Mancos, 4610'-4760'. 6) Set a CIBP @ 4385'. Point Lookout perforations @ 4435'-4531'. Spot Plug IV above the CIBP w/12 sks, 13.8 cu ft, Class G neat cement from 4385' to 4235'. Plug IV, inside 4½", 12 sks, 13.8 u ft, Point Lookout perforations, 4235'-4385'. 7) Spot Plug V inside 4½" casing from 3672' to 3522' w/12 sks (13.8 cu ft) Class G cement to cover the Mesaverde top. Plug V, inside 4½" casing, 12 sks, 13.8 cu ft, Mesaverde, 3522'-3672'. 8) Spot Plug VI inside 4½" casing from 2740' to 2590' w/12 sks (13.8 cu ft) Class G cement to cover the Chacra top. Plug VI, inside 4½" casing, 12 sks, 13.8 cu ft, Chacra, 2590'-2740'. 9) After determining the TOC behind casing from CBL and verifying, perforate @ 2115'. spot Plug VII inside/outside 4½" casing from 2115' to 1965' w/52 sks (59.8 cu ft) Class G cement to cover the Pictured Cliffs top. Plug VII, Inside/Outside 4½" casing, 52 sks, 59.8 cu ft, Pictured Cliffs, 1965'-2115'. 10) Perforate @ 1830'. Spot Plug VIII inside/outside 4½" casing from 1830' to 1680' w/52 sks (59.8 cu ft) Class G cement to cover the Fruitland top. Plug VIII, Inside/Outside 4½" casing, 52 sks, 59.8 cu ft, Fruitland, 1680'-1830'. Perforate @ 610'. Spot Plug IX inside/outside 4½" casing from 610' to 340' w/128 sks (147.2 cu ft) Class G cement to cover the Ojo Alamo-Kirtland tops. Plug IX, Inside/Outside 4½" casing, 128 sks, 147.2 cu ft, Kirtland-Ojo Alamo, 340'-610'. 11) Perforate @ 328'. Spot Plug X inside/outside 4½" casing from 328' to surface w/110 sks (126.5 cu ft) Class G cement to cover the surface casing shoe. Plug X, Inside/Outside 4½" casing, 110 sks, 125.4 cu ft, Surface, 0'-328'. 12) Cut wellhead. Tag TOC at surface. Fill cement in case needed. 13) Install dry hole marker. Clean location.

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| US Well Number: 300451089700C1 | Well Status: Gas Well Shut In | Operator: DUGAN PRODUCTION CORPORATION |

Surface Disturbance

Is any additional surface disturbance proposed?: No

NOI Attachments

Procedure Description

- Mexico_Federal_M_Com_1_PA_Reclamation_Plan_20230824094158.pdf
- Mexico_Federal_M_Com_1_PA_formation_tops_20230824094143.pdf
- Mexico_Federal_M_Com_1_PA_planned_wellbore_schematic_20230824094131.pdf
- Mexico_Federal_M_Com_1_PA_current_wellbore_schematic_20230824094120.pdf
- Mexico_Federal_M_Com_1_PA_plan_20230824094108.pdf

Conditions of Approval

Specialist Review

- 2747754_NOIA_1_3004510897_KR_08242023_20230824112750.pdf
- General_Requirement_PxA_20230824112740.pdf
- 31N13W12_Mexico_Federal_M_Com_1_Geo_KGR_20230824112719.pdf

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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: AUG 24, 2023 09:39 AM |
| 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: KENNETH G RENNICK | BLM POC Title: Petroleum Engineer |
| BLM POC Phone: 5055647742 | BLM POC Email Address: krennick@blm.gov |
| Disposition: Approved | Disposition Date: 08/24/2023 |
| Signature: Kenneth Rennick | |

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

- PU & tally 2-3/8" workstring. Run 4½" casing scraper to 6550'. RIH & set 4½" CIBP @ 6530'. Dakota perforations @ 6580'-6800'. Mesaverde perforations @ 4435'-4531'.
- Attempt to load hole and run CBL from 6800' to surface. A temperature survey reported in the well files show TOC behind casing @ 2473'. All plugs are calculated based on that estimate. Will make necessary changes to the plugs after reviewing the CBL.
- Spot Plug I inside 4½" casing above the CIBP set @ 6530' to cover Dakota top from 6530' to 6380' w/12 sks (13.8 cu ft) Class G cement. **Plug I, inside 4½" casing, 12 sks, 13.8 cu ft, Dakota, 6380'-6530'**
- Spot Plug II inside 4½" casing from 5470' to 5320' w/12 sks (13.8 cu ft) Class G cement to cover the Gallup top. **Plug II, inside 4½" casing, 12 sks, 13.8 cu ft, Gallup, 5320'-5470'.**
- Spot Plug III inside 4½" casing from 4760' to 4610' w/12 sks (13.8 cu ft) Class G cement to cover the Mancos top. **Plug III, inside 4½" casing, 12 sks, 13.8 cu ft, Mancos, 4610'-4760'.**
- Set a CIBP @ 4385'. Point Lookout perforations @ 4435'-4531'. Spot Plug IV above the CIBP w/12 sks, 13.8 cu ft, Class G neat cement from 4385' to 4235'. **Plug IV, inside 4½", 12 sks, 13.8 u ft, Point Lookout perforations, 4235'-4385'.**
- Spot Plug V inside 4½" casing from 3672' to 3522' w/12 sks (13.8 cu ft) Class G cement to cover the Mesaverde top. **Plug V, inside 4½" casing, 12 sks, 13.8 cu ft, Mesaverde, 3522'-3672'.**
- Spot Plug VI inside 4½" casing from 2740' to 2590' w/12 sks (13.8 cu ft) Class G cement to cover the Chacra top. **Plug VI, inside 4½" casing, 12 sks, 13.8 cu ft, Chacra, 2590'-2740'.**
- After determining the TOC behind casing from CBL and verifying, perforate @ 2115'. spot Plug VII inside/outside 4½" casing from 2115' to 1965' w/52 sks (59.8 cu ft) Class G cement to cover the Pictured Cliffs top. **Plug VII, Inside/Outside 4½" casing, 52 sks, 59.8 cu ft, Pictured Cliffs, 1965'-2115'.**
- Perforate @ 1830'. Spot Plug VIII inside/outside 4½" casing from 1830' to 1680' w/52 sks (59.8 cu ft) Class G cement to cover the Fruitland top. **Plug VIII, Inside/Outside 4½" casing, 52 sks, 59.8 cu ft, Fruitland, 1680'-1830'.**
- Perforate @ 610'. Spot Plug IX inside/outside 4½" casing from 610' to 340' w/128 sks (147.2 cu ft) Class G cement to cover the Ojo Alamo-Kirtland tops. **Plug IX, Inside/Outside 4½" casing, 128 sks, 147.2 cu ft, Kirtland-Ojo Alamo, 340'-610'.**
- Perforate @ 328'. Spot Plug X inside/outside 4½" casing from 328' to surface w/110 sks (126.5 cu ft) Class G cement to cover the surface casing shoe. **Plug X, Inside/Outside 4½" casing, 110 sks, 125.4 cu ft, Surface, 0'-328'.**
- Cut wellhead. Tag TOC at surface. Fill cement incase needed.
- Install dry hole marker. Clean location.

Current Wellbore Schematic

Mexico Federal M Com # 1

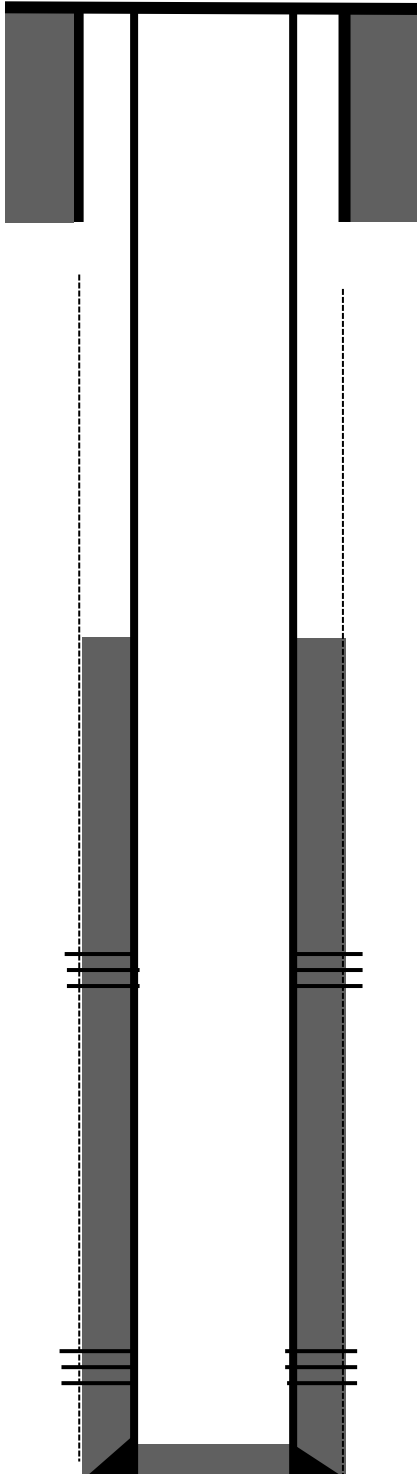
API: 30-045-10897

Unit K Sec 12 T31N R13W

1850' FSL & 1850' FWL

San Juan County, NM

Lat:36.9120369 Long:-108.1578598



8-5/8" J-55 24# casing @ 278'. Cemented with 200 sks Class B.
Circulated cement to surface.

Mesaverde (Point Lookout) Perforated @ 4435'-4531'

Cemented w/ 700 sks Cement. TOC @ 2473 reported. Will redo CBL.

Dakota Perforated @ 6580'-6800'

4 ½" 11.6 # casing @ 6855'. PBTD @ 6827

Planned P & A Schematic

Mexico Federal M Com # 1

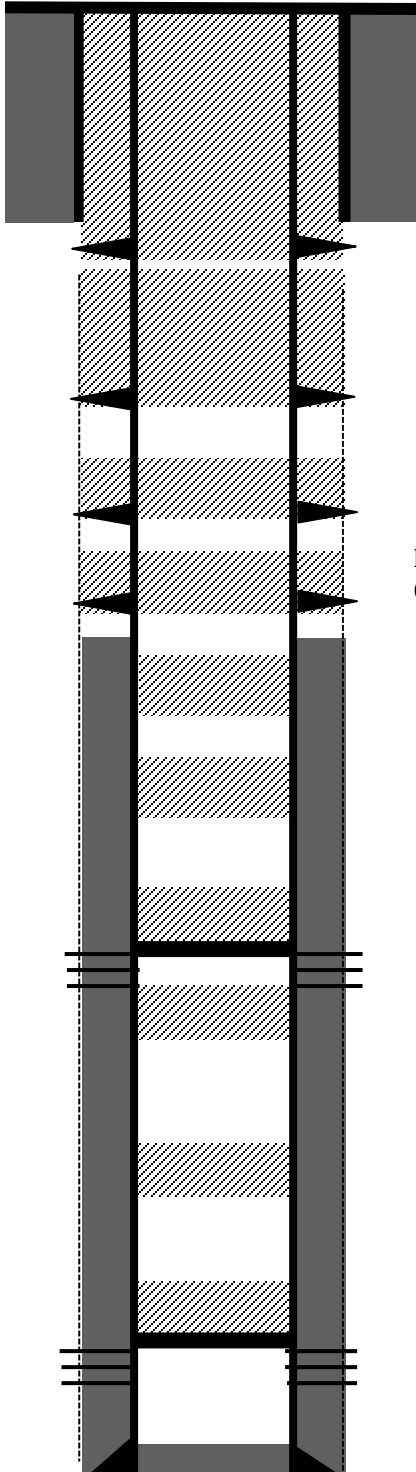
API: 30-045-10897

Unit K Sec 12 T31N R13W

1850' FSL & 1850' FWL

San Juan County, NM

Lat:36.9120369 Long:-108.1578598



8-5/8" J-55 24# casing @ 278'. Cemented with 200 sks Class B.
Circulated cement to surface.

Perf @ 328'. Plug X, Inside/outside 4 ½" casing, 110 sks, 125.4 Cu.ft, Surface, 0'-328'

Perf @ 610'. Plug IX, Inside/Outside 4 ½" casing, 128 sks, 147.2 Cu.ft, Kirtland-Ojo Alamo, 340'-610'

Perf @ 1830'. Plug VIII, Inside/Outside 4 ½" casing, 52 sks, 59.8 Cu.ft, Fruitland, 1680'-1830'

Perf @ 2115'. Plug VII, Inside/Outside 4 ½" casing, 52 sks, 59.8 Cu.ft, Pictured Cliffs, 1965'-2115'

Plug VI, Inside 4 1/2" casing, 12 sks, 13.8 Cu.ft, Chacra, 2590'-2740'

Plug V, Inside 4 ½" casing, 12 sks, 13.8 Cu.ft, Mesaverde, 3522'-3672'

Set CIBP @ 4385'. Plug IV, Inside 4 1/2", 12 sks, 13.8 Cu.ft, (Point Lookout perforations), 4235'-4385'

Mesaverde (Point Lookout) Perforated @ 4435'-4531'

Plug III, Inside 4 1/2" casing, 12 sks, 13.8 Cu.ft, Mancos, 4610'-4760'

Cemented w/ 700 sks Cement. TOC @ 2473 reported. Will redo CBL.

Plug II, Inside 4 1/2" casing, 12 sks, 13.8 Cu.ft, Gallup, 5320'-5470'

**Set CIBP @ 6380'. Plug I, Inside 4 ½" casing, 12 sks, 13.8 Cu.ft,
Dakota, 6380'-6530'**

Dakota Perforated @ 6580'-6800'

4 1/2" 11.6 # casing @ 6855'. PBTd @ 6827

Mexico Federal M Com # 1
API: 30-045-10897
Unit K Sec 12 T31N R13W
1850' FSL & 1850' FWL
San Juan County, NM
Lat:36.9120369 Long:-108.1578598

Elevation ASL : 5789

Formation Tops

- **Ojo Alamo - 440**
- **Kirtland - 560**
- **Fruitland - 1780**
- **Pictured Cliffs - 2065**
- **Chacra - 2690**
- **Mesaverde - 3622**
- **Mancos - 4710**
- **Gallup - 5410**
- **Dakota - 6563**

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

AFMSS 2 Sundry ID 2747754

Attachment to notice of Intention to Abandon

Well: Mexico Federal M Com 1

CONDITIONS OF APPROVAL

1. Plugging operations must be completed by March 31, 2024.
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 08/24/2023

**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 FLUID MINERALS P&A Geologic Report

Date Completed: 8/24/2023

| | | | | | | | | |
|--|--|------------|-----------------------------|----------|--|-------|------------|--|
| Well No. Mexico Federal M Com 1 (API 30-045-10897) | | | Location | NESW | | | | |
| Lease No. NMNM080280 | | | Sec. 12 | T31N | | | R13W | |
| Operator Dugan Production Corporation | | | County | San Juan | | State | New Mexico | |
| Total Depth 6875' | | PBTD 6827' | Formation Dakota, Mesaverde | | | | | |
| Elevation (GL) 5774' | | | | | | | | |

| Geologic Formations | Est. Top | Est. Bottom | Log Top | Log Bottom | Remarks |
|---------------------|----------|-------------|---------|------------|-------------------------------|
| San Jose Fm | | | | | Surface/freshwater sands |
| Nacimiento Fm | | | | | Possible freshwater sands |
| Ojo Alamo Ss | | | 440 | | Aquifer (possible freshwater) |
| Kirtland Shale | | | 560 | | |
| Fruitland Fm | | | 1780 | | Coal/Gas/Possible water |
| Pictured Cliffs Ss | | | 2065 | | Gas |
| Lewis Shale | | | | | |
| Chacra | | | 2690 | | Gas |
| Cliff House Ss | | | 3622 | | Water/Possible gas |
| Menefee Fm | | | | | Coal/Ss/Water/Possible O&G |
| Point Lookout Ss | | | | | Probable water/Possible O&G |
| Mancos Shale | | | 4710 | | |
| Gallup | | | 5410 | | O&G/Water |
| Greenhorn | | | | | |
| Graneros Shale | | | | | |
| Dakota Ss | | | 6563 | | O&G/Water |

Remarks:

P & A

Reference Well:

- Dakota perforations 6580- 6800'. Mesaverde perforations 4435 – 4531'.

Prepared by: Kenneth Rennick

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 257343

CONDITIONS

| | |
|--|---|
| Operator: DUGAN PRODUCTION CORP PO Box 420 Farmington, NM 87499 | OGRID: 6515 |
| | Action Number: 257343 |
| | Action Type: [C-103] NOI Plug & Abandon (C-103F) |

CONDITIONS

| Created By | Condition | Condition Date |
|------------|--|----------------|
| mkuehling | Follow BLM COAs - Notify NMOCD 24 hours prior to moving rig on | 8/25/2023 |