

RECEIVED
MAY 08 2015
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter and Office abandoned well. Use Form 3160-3 (APD) for such proposals.
Bureau of Land Management

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No NM 19163
2. Name of Operator Dugan Production, c/o BHP Billiton San Juan Coal		6. If Indian, Allottee or Tribe Name
3a. Address PO Box 561, Water Flow, NM 87421	3b. Phone No. (include area code) 505-598-2000	7. If Unit or CA/Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 790' FNL and 790' FWL, Sec. 19, T-36-N, R-14-W		8. Well Name and No. Turk's Toast 2
		9. API Well No. 30-045-25431
		10. Field and Pool, or Exploratory Area Basin Dakota
		11. County or Parish, State San Juan, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete
	<input type="checkbox"/> Change Plans	<input checked="" type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal
			<input type="checkbox"/> Water Shut-Off
			<input type="checkbox"/> Well Integrity
			<input type="checkbox"/> Other

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Dugan as the operator, desires BHP Billiton San Juan Coal to plug and abandon this well per the attached procedure.

Also request approval to set an underground plate instead of a 4" above ground marker to prevent stray electrical currents from entering the underground coal mine.

Surface reclamation will be in accordance with the MSHA approved plan for the San Juan Coal Mine

A closed loop system will be utilized for waste fluid.

OIL CONS. DIV DIST. 3

MAY 22 2015

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

Notify NMOCD 24 hrs
prior to beginning
operations

BLM'S APPROVAL OR ACCEPTANCE OF THIS ACTION DOES NOT RELIEVE THE LESSEE AND OPERATOR FROM OBTAINING ANY OTHER AUTHORIZATION REQUIRED FOR OPERATIONS ON FEDERAL AND INDIAN LANDS

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed) Eric Herth	Title Mine Geologist
Signature 	Date 05/05/2015

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by: <u>Troy Salvors</u>	Title: <u>PE</u>	Date: <u>5/15/2015</u>
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.	Office: <u>FFO</u>	

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

(Instructions on page 2)

NMOCD



H₂S POTENTIAL EXIST

PLUG AND ABANDONMENT PROCURE

May 5, 2015

Turks Toast #2

Page 1 of 3

Basin Dakota
790' FNL and 790' FWL, Section 19, T30N, R14W
San Juan County, New Mexico / API 30-045-25431

Note: All cement volumes use 100% excess outside pipe and 50' excess inside. The stabilizing wellbore fluid will be water or drilling mud with sufficient weight to balance all exposed formation pressures. Cement is Class B mixed at 15.6 ppg with 1.18 cf/sxs yield or Class B with 10% salt by weight of water (for expansion, MSHA requirement through the Fruitland Coal zone).

MILL OUT CASING AND PLUGGING PROCEDURE:

A closed loop system will be utilized for well fluids.

1. Comply with all applicable MSHA, NMOCD, BLM and BHP Billiton safety regulations. Conduct safety meeting for all personnel on location. MOL and RU daylight pulling unit. Lay relief line to the waste pit and blow well down, kill well with water as necessary. ND wellhead and NU BOP. Test BOP. Pull rod and tubing from well if present.
2. Rods: Yes , No , Unknown .
Tubing: Yes , No , Unknown , Size 2-1/16" , Length 5635' RKB .
Packer: Yes , No , Unknown , Type .
If this well has rods, a packer or tubing anchor, then modify the work sequence in step #2 appropriate. Pump twice the tubing capacity down the tubing before ND wellhead.
3. Round trip 4.5" string mill to 5580'. TIH with tubing and set a 4.5" cement retainer at 5573'. Pressure test the tubing to 1500 PSI. Load the well with water and circulate the casing clean. If paraffin is present, then circulate the well with hot water from a hot oil truck until clean. Pressure test the casing to 1000 PSI. If the casing does not test, then spot or tag plugs as appropriate. TOH with setting tool.
4. Rig up an A-Plus wireline truck and run a CBL to determine the annulus top of cement. Modify the following plugs as appropriate.
5. **Plug #1 (Dakota perforations and top, 5573' – 5473')**: TIH with open ended tubing. Mix 20 sxs Class B cement and spot a balanced plug inside the casing to isolate the Dakota perforations and cover the top. PUH to 4784'.
6. **Plug #2 (Gallup top, 4784' – 4684')**: Mix 20 Class B sxs cement and spot a balanced plug inside the casing to cover the Gallup top. PUH to 3820'.
7. **Plug #3 (Mancos top, 3820' – 3720')**: Mix 20 Class B sxs cement and spot a balanced plug to cover the Mancos top. PUH to 2532'.

PLUG AND ABANDONMENT PROCURE

May 5, 2015

Turks Toast #2

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Plugging Procedure Continued:

8. **Plug #4 (Mesaverde top, 2532' – 2432')**: Mix 20 Class B sxs cement and spot a balanced plug to cover the Mesaverde top. PUH to 1832'.

See COA

9. **Plug #5 (Chacra top, 1832' - 1732')**: Mix 20 Class B sxs cement and spot a balanced plug to cover the Chacra top. TOH with tubing.

10. **Rig up Jet West wireline and run a Gamma - Neutron log and a directional survey log. Adjust the milling intervals as appropriate from these logs.**

Note: All milling and perforating depths should be from ground level; adjust appropriately.

11. **Perforate the 4.5" casing below the Basel Fruitland Coal Seam (#8)**: [after making the correcting depth adjustments]:
- a) Perforate 6 squeeze holes in a 2 foot interval from 1148' to 1146'
 - b) Perforate 6 squeeze holes in a 2 foot interval from 1098' to 1096';
 - c) Perforate 6 squeeze holes in a 2 foot interval from 1048' to 1046';
 - d) Perforate 6 squeeze holes in a 2 foot interval from 998' to 996';
 - e) Attempt to establish a rate into these squeeze holes, up to 1500 PSI
 - f) If the CBL log shows poor bond in the interval from 1000' to 800', then adjust the above perforations as appropriate to enhance the cement quality in the annulus below the coal
 - g) **Plug #6 (Pictured Cliffs interval, 1188' to 900')**: Squeeze the above holes with Class B with 18% salt (by weight of water) and spot a balanced plug from 1198" to 500; volume depending on the injection rate and pressure; between 25 to 100 sxs cement. TOH with tubing and hesitation pressure squeeze up to 1500 PSI.
12. Pick up a 3.875" bit and 6 - 3.125" drill collars and TIH to tag cement. Drill out cement from plug #6 down to 960'. Pressure test the casing to 1000 PSI. TOH and LD bit.
13. PU a flat bottom mill, the 3.875" section milling tool and the 6 - 3.125" drill collars; this is the milling bottom hole assembly (BHA). TIH with BHA and work string to 920'. Rig up drilling equipment and establish circulation with a high viscosity low solids fresh water mud.
14. **Note: The intervals to be milled out below are from ground level - not KB.**
15. **Mill out the 4.5" casing from 920' to 946'**. Start milling out the 4.5" casing from 920' down to 946'. Mill per the tool hands instructions for weight on mill, circulation rate and RPM. Circulate well clean with mud. TOH with section mill and workstring; stand back the drill collars. TIH with bit and clean out to 960'. Circulate the well clean. TOH with the bit.

PLUG AND ABANDONMENT PROCURE

May 5, 2015

Turks Toast #2

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Plugging Procedure Continued:

16. Rig up a wireline truck and run a caliper log through the milled interval to insure all the 4.5" casing from the planned milling depths (920' to 946') has been removed. Re-mill as appropriate. Re-log as necessary.
17. **Perforate the 4.5" casing with 6 SPF at 875' - 877" and 825' - 827'.** This 50' and 100' above Coal Seam #8. The depths should be modified as appropriate from the logs run in step #10.
18. **Plug #7 (Fruitland Coal interval, 960' to 380'):** TIH open ended workstring and circulate out the mud with water in the well. Mix 60 sxs Class B cement with 18% salt (by weight of water) and spot a balanced plug from 960' to 160' to fill the milled interval, perforated zone and to cover the Fruitland top. Displace cement with water. TOH with workstring and shut the casing valve. Then hesitation squeeze the cement down to approximately to 380' inside the 4.5" casing up to 1500 PSI. WOC and then tag this plug.
19. **Plug #8 (8.625" Surface casing shoe, 262' to Surface):** Connect the pump line to the bradenhead valve. Pressure test the BH annulus to 300#; note the fluid volume to load. If the BH annulus tests, then mix approximately 25 sxs Class B cement and spot a balanced plug inside the 4.5" casing from 262' (or tagged TOC) to surface to cover the 8.625" surface casing shoe. TOH and LD the tubing. If the BH annulus does not test, then perforate at the appropriate depth and fill the bradenhead annulus and 4.5" casing with cement to surface. TOH and LD tubing. Shut in well and WOC.
20. ND BOP and cut off wellhead below surface. Install P&A marker with cement to comply with regulations. Record GPS coordinate for P&A marker on tower report. Photograph P&A marker in place. RD, MOL. Cut off anchors and clean up location.

Turk's Toast #2

Current

Basin Dakota

790' FNL & 790' FWL, Section 19, T-30-N, R-14-W

San Juan County, NM / API #30-045-25431

Lat: N _____ / Long: W _____

Today's Date: 5/05/15

Spud: 7/8/83

Completed: 7/30/83

Elevation: 5498' GL
5510' KB

Fruitland Formation Top @ 430'

Fruitland Coal Seam #9:

800'

806'

Fruitland Coal Seam #8:

926'

940'

Pictured Cliffs @ 950'

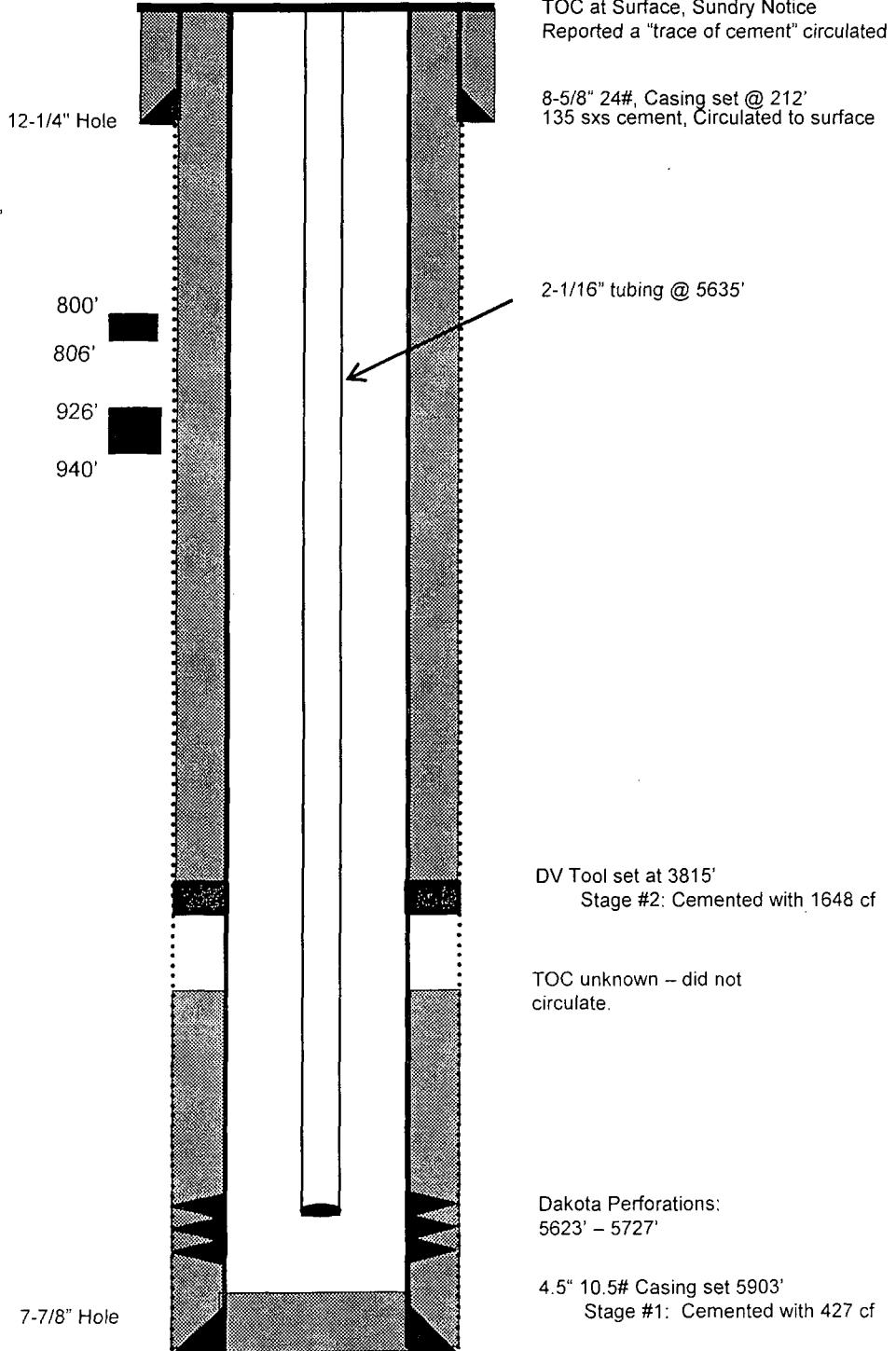
Chacra @ 1782' *est

Mesaverde @ 2482'

Mancos @ 3770'

Gallup @ 4734'

Dakota @ 5572'



TD 5903'
PBD 5801'

Turk's Toast #2

Current

Basin Dakota

790' FNL & 790' FWL, Section 19, T-30-N, R-14-W

San Juan County, NM / API #30-045-25431

Lat: N _____ / Long: W _____

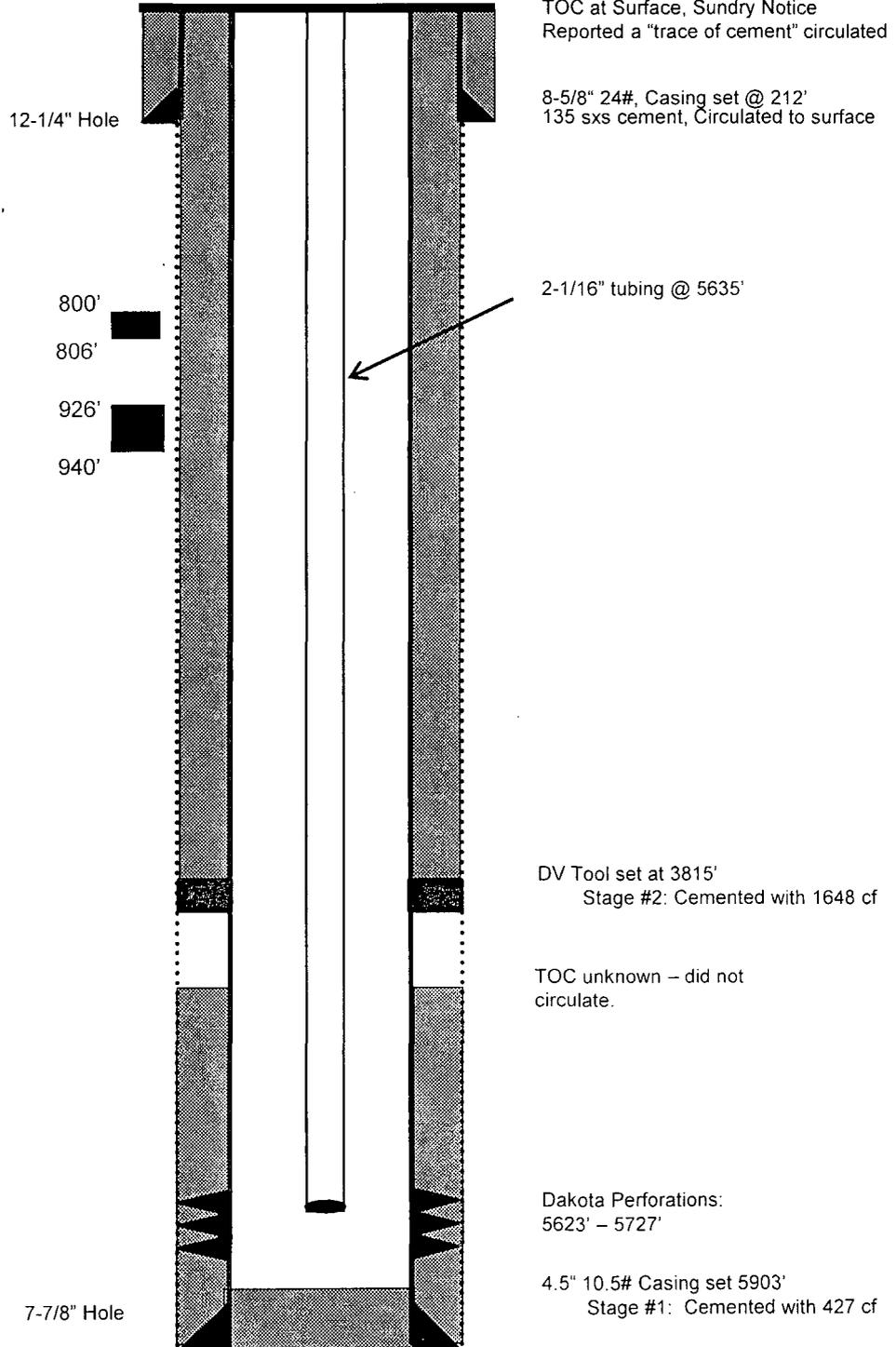
Today's Date: 5/05/15

Spud: 7/8/83

Completed: 7/30/83

Elevation: 5498' GL

5510' KB



Fruitland Formation Top @ 430'

Fruitland Coal Seam #9:

800'

806'

Fruitland Coal Seam #8:

926'

940'

Pictured Cliffs @ 950'

Chacra @ 1782' *est

Mesaverde @ 2482'

Mancos @ 3770'

Gallup @ 4734'

Dakota @ 5572'

TOC at Surface, Sundry Notice
Reported a "trace of cement" circulated

8-5/8" 24#, Casing set @ 212'
135 sxs cement, Circulated to surface

2-1/16" tubing @ 5635'

DV Tool set at 3815'
Stage #2: Cemented with 1648 cf

TOC unknown - did not
circulate.

Dakota Perforations:
5623' - 5727'

4.5" 10.5# Casing set 5903'
Stage #1: Cemented with 427 cf

TD 5903'
PBSD 5801'

Turk's Toast #2

Basin Dakota
 790' FNL & 790' FWL, Section 19, T-30-N, R-14-W
 San Juan County, NM / API #30-045-25431

Lat: N _____ / Long: W _____

Today's Date: 5/05/15

Spud: 7/8/83

Completed: 7/30/83

Elevation: 5498' GL

5510' KB

12-1/4" Hole

Fruitland Formation Top @ 430'

Fruitland Coal Seam #9:

800'

806'

Fruitland Coal Seam #8:

938' - 925"

926'

940'

Pictured Cliffs @ 950'

Chacra @ 1782' *est

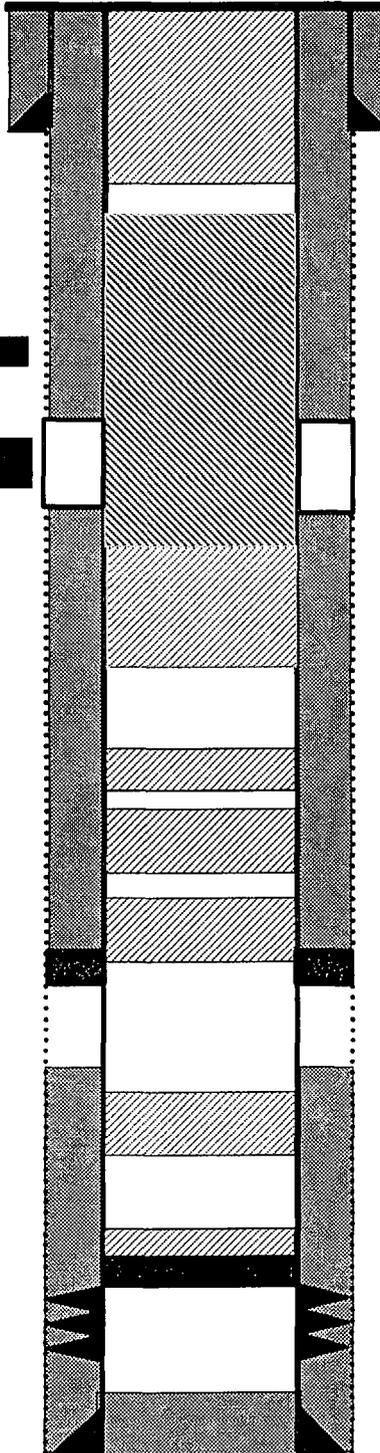
Mesaverde @ 2482'

Mancos @ 3770'

Gallup @ 4734'

Dakota @ 5572'

7-7/8" Hole



TOC at Surface, Sundry Notice
 Reported a "trace of cement" circulated

8-5/8" 24#, Casing set @ 212'
 135 sxs cement, Circulated to surface

Plug #8: 262' - 0'
 Class B cement, 25 sxs

Perforate @ 825'

Perforate @ 875'

Plug #7: 960' - 380'
 Class B cement, 60 sxs
 with 18% salt by weight
 of water

Mill out casing
 from 920' to 946'

Perforate @ 996'

Perforate @ 1046'

Perforate @ 1096'

Perforate @ 1146'

Plug #6: 1196' - 900'
 Class B cement, 40 sxs
 with 18% salt by weight
 of water

Plug #5: 1832' - 1732'
 Class B cement, 20 sxs

Plug #4: 2532' - 2431'
 Class B cement, 20 sxs

DV Tool set at 3815'
 Stage #2: Cemented
 with 1648 cf

Plug #3: 3820' - 3720'
 Class B cement, 20 sxs:

TOC unknown - did not
 circulate.

Plug #2: 4784' - 4684'
 Class B cement, 20 sxs

Set CR @ 5573'

Plug #1: 5573' - 5473'
 Class B cement, 20 sxs

Dakota Perforations:
 5623' - 5727'

4.5" 10.5# Casing set 5903'
 Stage #1: Cemented with 427 cf

TD 5903'
 PBD 5801'

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

Attachment to notice of
Intention to Abandon:

Re: Permanent Abandonment
Well: Turks Toast #2

CONDITIONS OF APPROVAL

1. Plugging operations authorized are subject to the attached "General Requirements for Permanent Abandonment of Wells on Federal and Indian Leases."
2. Farmington Office is to be notified at least 24 hours before the plugging operations commence (505) 564-7750.
3. Set plug #5 (1997-1897) ft. to cover the Chacra top. BLM picks top of Chacra at 1947 ft.

Note: H2S has not been reported at this section; however, high to very high concentrations of H2S (100-47600) ppm GSV have been reported in wells within a 1 mile radius of this location. It is imperative that H2S monitoring and safety equipment be on location during the P&A operations at this wellsite.

Note: This well is located in San Juan Coal Company's active coal mining lease. In order to prevent a potential mining hazard (i.e. steel csg. left in the mineable coal seams and in the potential path of the long wall mining equipment), it is imperative the Dugan confer with San Juan Coal Co. (BHP) prior to plugging this wellbore. This will ensure a proper wellbore abandonment which will be mutually acceptable to both parties and comply with BLM standards.

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.