

MAY 22 2015

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

RECEIVED

FORM APPROVED OMB NO. 1004-0135 Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

5. Lease Serial No. NMSF078860

6. If Indian, Allottee or Tribe Name

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

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

8. Well Name and No. LARGO FEDERAL B 1

9. API Well No. 30-045-05103

1. Type of Well [X] Oil Well [] Gas Well [] Other

2. Name of Operator DUGAN PRODUCTION CORP Contact: ALIPH REENA E-Mail: aliph.reena@duganproduction.com

3a. Address P O BOX 420 FARMINGTON, NM 87499-0420 3b. Phone No. (include area code) Ph: 505-325-1821

10. Field and Pool, or Exploratory BISTI LOWER GALLUP

4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 22 T24N R9W Mer NMP NENE 0840FNL 790FEL 36.304489 N Lat, 107.770004 W Lon

11. County or Parish, and State SAN JUAN COUNTY, NM

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

Table with columns TYPE OF SUBMISSION and TYPE OF ACTION. Includes checkboxes for Notice of Intent, Subsequent Report, Final Abandonment Notice, Acidize, Deepen, Production (Start/Resume), Water Shut-Off, etc.

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 recomple 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 recomple 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 Production Corp. plans to plug and abandon the well as per the following procedure: 1) Set CR @ 5122'. Pressure test casing. Spot plug above retainer @ 5122' w/18 sks (21.24 cu ft) Class B neat cement (Plug I, 5022'-5122'). 2) Run CBL. Necessary changes can be made to the plugs based on the cement top from the CBL. 3) Perforate @ 4190'. Set inside/outside plug w/47 sks (55.46 cu ft) Class B neat cement (Mancos, Plug II: 4090'-4190'). 4) Perforate @ 2450'. Set inside/outside plug w/47 sks (55.46 cu ft) Class B neat cement (Mesaverde, Plug III: 2350'-2450'). 5) Perforate @ 1640'. Set inside/outside plug between 1540'-1640' w/47 sks (55.46 cu ft) Class B neat cement (PC, Plug VI: 1540'-1640'). 6) Perforate @ 1228'. Set inside/outside plug between 1128'-1228' w/47 sks (55.46 cu ft) Class B neat cement (Fruitland, Plug V: 1128'-1228').

SEE ATTACHED FOR CONDITIONS OF APPROVAL

Notify NMOCD 24 hrs prior to beginning operations

14. I hereby certify that the foregoing is true and correct. Electronic Submission #302061 verified by the BLM Well Information System For DUGAN PRODUCTION CORP, sent to the Farmington

Name (Printed/Typed) ALIPH REENA Title PRODUCTION ENGINEER Signature (Electronic Submission) Date 05/18/2015

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By Troy Salyers Title PE Date 5/19/15 Office FFO

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.

ACTION DOES NOT RELIEVE THE LESSEE AND OPERATOR FROM OBTAINING ANY OTHER AUTHORIZATION REQUIRED FOR OPERATIONS ON FEDERAL AND INDIAN LANDS ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED **

NMOCD

Additional data for EC transaction #302061 that would not fit on the form

32. Additional remarks, continued

- 7) Perforate @ 870'. Set inside/outside plug between 430'-870' w/186 sks (219.5 cu ft) Class B neat (Kirtland-Ojo Alamo-Nacimiento, Plug VI 430'-870').
- 8) Perforate @ 317'. Circulate cement to surface w/88 sks (104 cu ft) Class B neat.
- 9) Cut wellhead. Tag TOC at surface. Fill cement in case it is needed.
- 10) Install dry hole marker. Clean location.

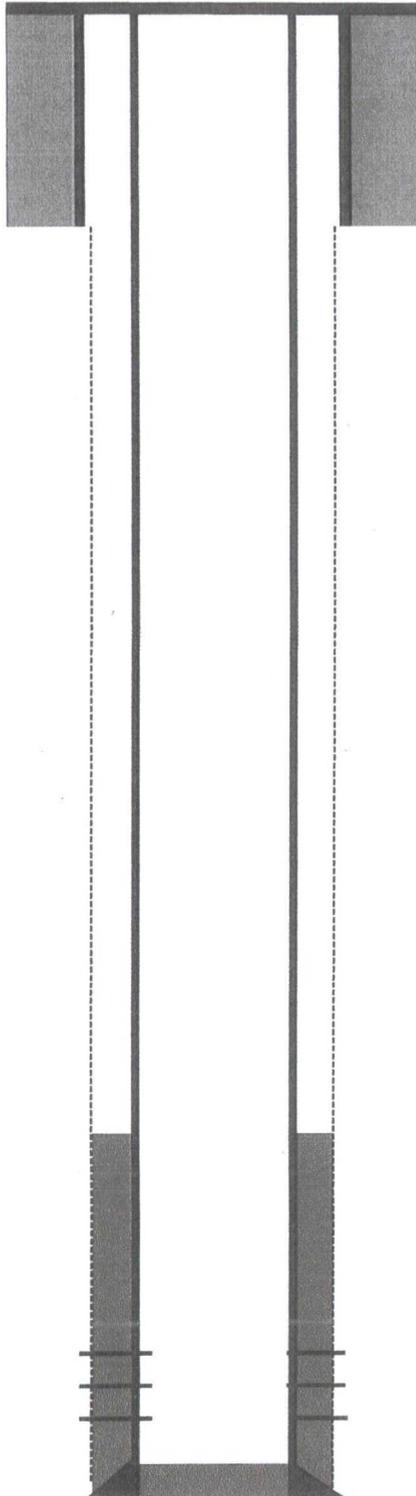
Current Wellbore Schematic

Largo B Federal # 1, Gallup

300-45-05103

840 FNL' FSL & 790' FEL

A S22 T24N R9W



8 5/8" 24# casing @ 267'. Cemented with 250 sks.

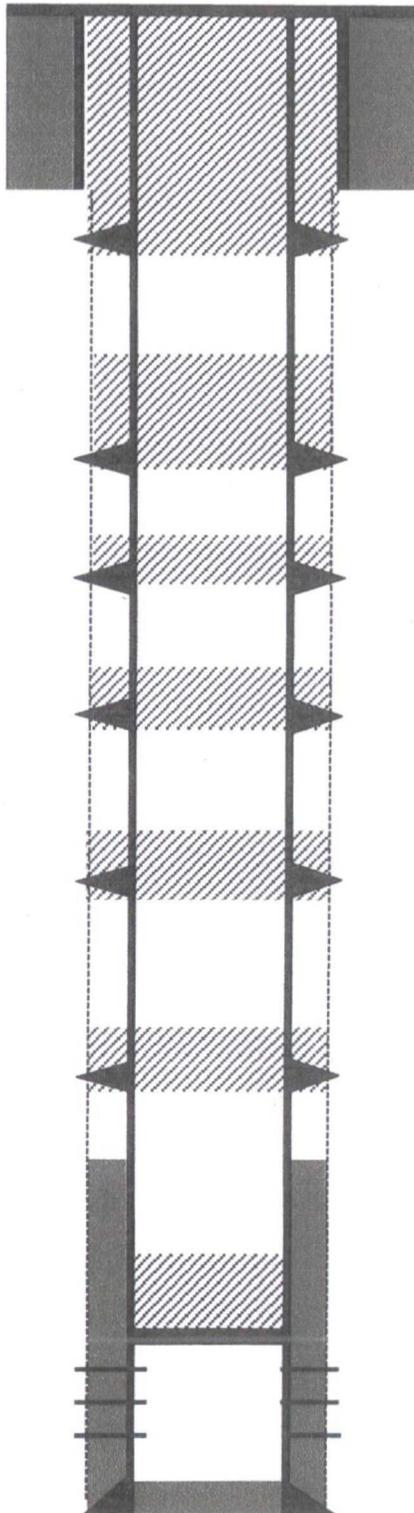
Stage I: Cemented with 125 sks. Calculated TOC @ 4640'.

Gallup Perforated @ 5172' - 5214'

5 1/2" 14 # casing @ 5279'

Planned P & A Schematic

Largo B Federal # 1, Gallup
300-45-05103
840 FNL' FSL & 790' FEL
A S22 T24N R9W



8 5/8" 24# casing @ 267'. Cemented with 250 sks Cement.

Perforate @ 317'. Circulate cement to surface. Plug VII: (Surface - 371)

Perforate @ 870'. Pump cement to surface w/ 186 sks Class B neat (219.5 cu.ft) (430'-870'). [Plug: Kirtland-Ojo Alamo-Nacimiento]

Perforate @ 1228'. Spot inside/outside plug w/ 47 sks Class B neat (55.46 cu.ft) b/w 1128'-1228' [Plug V: Fruitland Coal]

Perforate @ 1590'. Spot inside/outside plug w/ 47 sks Class B neat (55.46 cu.ft) b/w 1490'-1590' [Plug IV: Pictured Cliffs]

Perforate @ 2450'. Spot inside/outside plug w/ 47 sks Class B neat (55.46 cu.ft) b/w 2350'-2450' [Plug III Mesaverde]

Perforate @ 4190'. Spot inside/outside plug w/ 47 sks Class B neat (55.46 cu.ft) b/w 4090'-4190' [Plug II: Mancos]

Cement Stage II w/ 400 sks 65:35 w/ 12% gel. (669 cu.ft). TOC calculated @ 2350'. DV tool @ 4554'.

Set CIBP @ 5122'. Set Inside Plug with 18 sks (21.24 cu.ft) Class B. (5022'-5122'). (Plug I - Gallup)

Gallup Perforated @ 5172' - 5214'

5 1/2" 14 # casing @ 5270'

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: Largo Federal B #1

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. The following modifications to your plugging program are to be made:

- a) Bring the top of plug #1 to 4966 ft. to cover the Gallup top. Adjust cement volume accordingly.
- b) Set plug #2 (4280-4180) ft. inside/outside to cover the Mancos top.
- c) Bring the top of plug #4 to 1506 ft. to cover the Pictured Cliffs top. Adjust cement volume accordingly.
- d) Set plug #5 (1328-1228) ft. inside/outside to cover the Fruitland top.
- e) Set plug #6 (1041-730) ft. inside/outside to cover the Kirtland and Ojo Alamo tops. Adjust cement volume accordingly.

Operator will run a CBL to verify cement top. Submit the electronic copy of the log for verification to the following addresses: tsalyers@blm.gov Brandon.Powell@state.nm.us

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.