

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB NO. 1004-0137  
Expires: January 31, 2018

**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.  
NMNM119288

6. If Indian, Allottee or Tribe Name

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

**SUBMIT IN TRIPLICATE - Other instructions on page 2**

1. Type of Well  
 Oil Well  Gas Well  Other: COAL BED METHANE

8. Well Name and No.  
FLATS 1

2. Name of Operator Contact: ALIPH REENA  
DUGAN PRODUCTION CORPORATION Email: aliph.reena@duganproduction.com

9. API Well No.  
30-045-35845-00-X1

3a. Address  
709 E MURRAY DRIVE  
FARMINGTON, NM 87499

3b. Phone No. (include area code)  
Ph: 505.325.1821

10. Field and Pool or Exploratory Area  
BASIN FRUITLAND COAL

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
Sec 6 T23N R11W NENE 1000FNL 660FEL  
36.260544 N Lat, 108.036949 W Lon

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

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

| TYPE OF SUBMISSION                                    | TYPE OF ACTION                                |   |  |  |
|---|---|---|--|--|
| <input type="checkbox"/> Notice of Intent             | <input type="checkbox"/> Acidize              | <input type="checkbox"/> Deepen               | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off                          |
| <input checked="" type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing         | <input type="checkbox"/> Hydraulic Fracturing | <input type="checkbox"/> Reclamation               | <input type="checkbox"/> Well Integrity                          |
| <input type="checkbox"/> Final Abandonment Notice     | <input type="checkbox"/> Casing Repair        | <input type="checkbox"/> New Construction     | <input type="checkbox"/> Recomplete                | <input checked="" type="checkbox"/> Other<br>Drilling Operations |
|   | <input type="checkbox"/> Change Plans         | <input 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            |  |

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 must 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 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.

Drill to TD @ 665' on 11/22/17. Run 5.5, 15.5# J-55 ST&C csg in 7-7/8" hole. Land @ 652', float collar @ 610'. Cement w/150 sx (207 cu ft) Class G w/50-50 cement blend as tail (13.5#/gal, 1.38 cu ft/sk, 5.85 gals/sk mix water). Total cement volume 207 cu ft, 37 bbls. Displace w/14.5 bbls fresh water. Circulate 15 bbls cement to surface. D&D Drilling released 11/23/17. Pressure test to be reported on completion sundry.

NMOCDD  
JUL 23 2018  
DISTRICT III

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

**Electronic Submission #426562 verified by the BLM Well Information System  
For DUGAN PRODUCTION CORPORATION, sent to the Farmington  
Committed to AFMSS for processing by JACK SAVAGE on 07/18/2018 (18JWS0157SE)**

|                                   |                                     |
|-----------------------------------|-------------------------------------|
| Name (Printed/Typed) ALIPH REENA  | Title AGENT, ENGINEERING SUPERVISOR |
| Signature (Electronic Submission) | Date 07/06/2018                     |

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

|   |   |                   |
|---|---|-------------------|
| Approved By <b>ACCEPTED</b>   | JACK SAVAGE<br>Title PETROLEUM ENGINEER | Date 07/18/2018   |
| 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 Farmington |

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)

**\*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\***



COMPANY MAN

**HALLIBURTON**

iCem Service

**DUGAN PRODUCTION CORP EBUS**

**For: MARTY FOUTZ**

Date: Thursday, November 23, 2017

**FLATS #1**

FLATS #1

DUGAN

Job Date: Wednesday, November 22, 2017

Sincerely,

**LEMONT JOJOLA**

The Road to Excellence Starts with Safety

|                                      |                        |                                |                           |
|--------------------------------------|------------------------|--------------------------------|---------------------------|
| Sold To #: 301906                    | Ship To #: 3839244     | Quote #: 0022377180            | Sales Order #: 0904453333 |
| Customer: DUGAN PRODUCTION CORP-EBUS |                        | Customer Rep: MARTY FOUTZ      |                           |
| Well Name: Flats                     | Well #: #1             | API/UWI #:                     |                           |
| Field:                               | City (SAP): BLOOMFIELD | County/Parish: SAN JUAN        | State: NEW MEXICO         |
| <b>Legal Description:</b>            |                        |                                |                           |
| Contractor:                          |                        | Rig/Platform Name/Num: D&J #1  |                           |
| Job BOM: 7523 7523                   |                        |                                |                           |
| Well Type: OIL & GAS WELL            |                        |                                |                           |
| Sales Person: HALAMERICA\HB86339     |                        | Srcv Supervisor: Lemont Jojola |                           |
| <b>Job</b>                           |                        |                                |                           |

|                               |       |                   |
|-------------------------------|-------|-------------------|
| <b>Formation Name</b>         |       |                   |
| <b>Formation Depth (MD)</b>   | Top   | Bottom            |
| <b>Form Type</b>              |       | BHST              |
| <b>Job depth MD</b>           | 700ft | Job Depth TVD     |
| <b>Water Depth</b>            |       | Wk Ht Above Floor |
| <b>Perforation Depth (MD)</b> | From  | To                |

### Well Data

| Description       | New / Used | Size in | ID in | Weight lbm/ft | Thread | Grade | Top MD ft | Bottom MD ft | Top TVD ft | Bottom TVD ft |
|-------------------|------------|---------|-------|---------------|--------|-------|-----------|--------------|------------|---------------|
| Casing            |            | 8.625   | 8.097 | 24            | STC    | J-55  | 0         | 120          |            |               |
| Casing            |            | 5.5     | 4.95  | 15.5          | LTC    | J-55  | 0         | 700          |            |               |
| Open Hole Section |            |         | 7.875 |               |        |       | 120       | 700          |            |               |

### Tools and Accessories

| Type         | Size in | Qty | Make | Depth ft | Type           | Size in | Qty | Make |
|--------------|---------|-----|------|----------|----------------|---------|-----|------|
| Guide Shoe   | 5.5     |     |      | 700      | Top Plug       | 5.5     |     | HES  |
| Float Shoe   | 5.5     |     |      |          | Bottom Plug    | 5.5     |     | HES  |
| Float Collar | 5.5     |     |      |          | SSR plug set   | 5.5     |     | HES  |
| Insert Float | 5.5     |     |      |          | Plug Container | 5.5     |     | HES  |
| Stage Tool   | 5.5     |     |      |          | Centralizers   | 5.5     |     | HES  |

### Fluid Data

| Stage/Plug #: 1 |                    |                    |             |         |                        |                             |               |              |                     |  |
|-----------------|--------------------|--------------------|-------------|---------|------------------------|-----------------------------|---------------|--------------|---------------------|--|
| Fluid #         | Stage Type         | Fluid Name         | Qty         | Qty UoM | Mixing Density lbm/gal | Yield ft <sup>3</sup> /sack | Mix Fluid Gal | Rate bbl/min | Total Mix Fluid Gal |  |
| 1               | Fresh Water Spacer | Fresh Water Spacer | 0           | bbf     | 8.33                   |                             |               |              |                     |  |
| Fluid #         | Stage Type         | Fluid Name         | Qty         | Qty UoM | Mixing Density lbm/gal | Yield ft <sup>3</sup> /sack | Mix Fluid Gal | Rate bbl/min | Total Mix Fluid Gal |  |
| 2               | Primary Cement     | HALCEM (TM) SYSTEM |             | sack    | 13.5                   | 1.38                        |               | 5            | 5.85                |  |
| 5.85 Gal        |                    |                    | FRESH WATER |         |                        |                             |               |              |                     |  |

| Fluid #                                      | Stage Type   | Fluid Name   | Qty           | Qty UoM | Mixing Density<br>lbm/gal              | Yield<br>ft <sup>3</sup> /sack | Mix Fluid<br>Gal | Rate<br>bbl/mi<br>n | Total Mix<br>Fluid<br>Gal |  |
|--|--------------|--|---------------|---------|--|--------------------------------|------------------|---------------------|---------------------------|--|
| 3  | Displacement | Displacement   | 15.5          | bbl     | 8.33                                   |                                |                  |                     |                           |  |
| <b>Cement Left in Pipe</b>                   |              | <b>Amount</b> 42 ft  | <b>Reason</b> |         |  |                                | Shoe Joint       |                     |                           |  |
| <b>Mix Water:</b> pH ##                      |              | <b>Mix Water</b> ## ppm                                    |               |         | <b>Mix Water Temperature:</b> ## °F °C |                                |                  |                     |                           |  |
|  |              | <b>Chloride:</b>   |               |         |  |                                |                  |                     |                           |  |
| <b>Cement Temperature:</b> ## °F °C          |              | <b>Plug Displaced by:</b> ## lb/gal kg/m <sup>3</sup> XXXX |               |         | <b>Disp. Temperature:</b> ## °F °C     |                                |                  |                     |                           |  |
| <b>Plug Bumped?</b> Yes/No                   |              | <b>Bump Pressure:</b> ##### psi MPa                        |               |         | <b>Floats Held?</b> Yes/No             |                                |                  |                     |                           |  |
| <b>Cement Returns:</b> ## bbl m <sup>3</sup> |              | <b>Returns Density:</b> ## lb/gal kg/m <sup>3</sup>        |               |         | <b>Returns Temperature:</b> ## °F °C   |                                |                  |                     |                           |  |
| <b>Comment</b>                               |              |  |               |         |  |                                |                  |                     |                           |  |

# Summary Report



Crew: \_\_\_\_\_  
Job Start Date: 11/22/2017 04:00 PM

Sales Order #: 0904453333  
WO #: 0904453333  
PO #: NA  
AFE #: NA

Customer: DUGAN PRODUCTION CORP-EBUS  
UWI / API Number:  
Well Name: Flats  
Well No: #1

Field:  
County/Parish: SAN JUAN  
State: NEW MEXICO  
Latitude:  
Longitude:  
Sect / Twn / Rng: //

Job Type: CMT PRODUCTION CASING BOM  
Service Supervisor: Lemont Jojola  
Cust Rep Name: MARTY FOUTZ  
Cust Rep Phone #:

|   |                                      |      |
|---|--------------------------------------|------|
| <b>Remarks:</b>                                 |                                      |      |
| <i>The Information Stated Herein Is Correct</i> | Customer Representative Signature    | Date |
|   | Customer Representative Printed Name |      |

## 2.0 Real-Time Job Summary

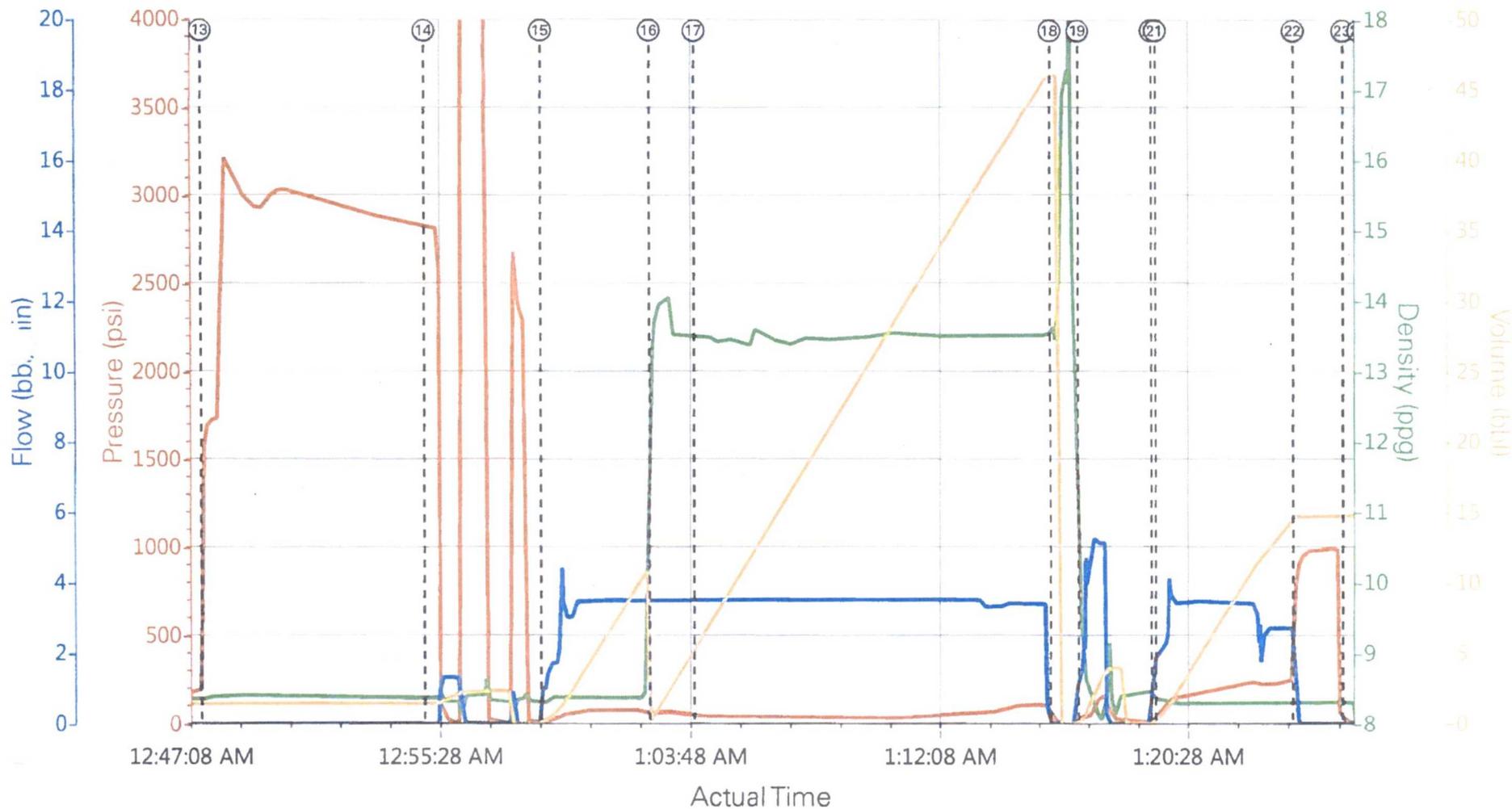
### 2.1 Job Event Log

| Type  | Seq. No. | Activity                   | Graph Label                | Date       | Time     | Source | Pass-Side Pump Pressure (psi) | Downhole Density (ppg) | Pass-Side Pump Rate (bbl/min) | PS Pmp Stg Tot (bbl) | Comments  |
|-------|----------|----------------------------|----------------------------|------------|----------|--------|-------------------------------|------------------------|-------------------------------|----------------------|---|
| Event | 1        | Call Out                   | Call Out                   | 11/22/2017 | 10:00:00 | USER   |                               |                        |                               |                      | CEMENT CREW CALLED OUT  |
| Event | 2        | Depart Yard Safety Meeting | Depart Yard Safety Meeting | 11/22/2017 | 12:00:00 | USER   |                               |                        |                               |                      | SAFETY MEETING HELD WITH CEMENT CREW  |
| Event | 3        | Depart Home for Location   | Depart Home for Location   | 11/22/2017 | 12:10:00 | USER   |                               |                        |                               |                      | 1-PICKUP 11583927, 1- RED TIGER 12638114, 1- BULK TRUCKS 10793626                                       |
| Event | 4        | Arrive At Loc              | Arrive At Loc              | 11/22/2017 | 15:00:00 | USER   |                               |                        |                               |                      | CEMENT CREW ARRIVES ON LOCATION   |
| Event | 5        | Comment                    | Comment                    | 11/22/2017 | 15:10:00 | USER   |                               |                        |                               |                      | RIG IS DOWN CHANGING PARTS COMPANY CALLED AND REQUESTED H.E.S. ON LOCATION @ 4PM                        |
| Event | 6        | Other                      | Other                      | 11/22/2017 | 15:20:00 | USER   |                               |                        |                               |                      | TD = 665 FT, TP = 5 1/2" 15.5# SET @ 675 FT, SJ = 75 FT, OH = 7 7/8", SURFACE = 8 5/8" 24# SET @ 126 FT |
| Event | 7        | Other                      | Other                      | 11/22/2017 | 15:25:00 | USER   |                               |                        |                               |                      | TEMPERATURE = 60 DEGREES, CHLORIDES = 0, PH = 7   |
| Event | 8        | Pre-Rig Up Safety Meeting  | Pre-Rig Up Safety Meeting  | 11/22/2017 | 20:00:00 | USER   |                               |                        |                               |                      | SAFETY MEETING HELD WITH CEMENT CREW  |
| Event | 9        | Rig-Up Equipment           | Rig-Up Equipment           | 11/22/2017 | 20:10:00 | USER   |                               |                        |                               |                      | CEMENT CREW RIGS UP EQUIPMENT   |
| Event | 10       | Comment                    | Comment                    | 11/22/2017 | 20:30:00 | USER   | 12.00                         | 2.79                   | 0.00                          | 0.0                  | H.E.S. DOWN SUE TO MACHANICAL ISSUES DOWN FOR 4 HOURS   |

|       |    |                           |                           |            |          |      |         |       |      |      |  |   |
|-------|----|---------------------------|---------------------------|------------|----------|------|---------|-------|------|------|--|---|
| Event | 11 | Pre-Job Safety Meeting    | Pre-Job Safety Meeting    | 11/23/2017 | 00:20:00 | USER |         |       |      |      |  | SAFETY MEETING HELD WITH EVERYONE ON LOCATION   |
| Event | 12 | Start Job                 | Start Job                 | 11/23/2017 | 00:43:48 | COM5 |         |       |      |      |  |   |
| Event | 13 | Pressure Test             | Pressure Test             | 11/23/2017 | 00:47:37 | USER | 1624.00 | 8.29  | 0.00 | 1.4  |  | PRESSURE TEST GOOD TO 3100 PSI  |
| Event | 14 | Check Weight              | Check weight              | 11/23/2017 | 00:55:05 | COM5 |         |       |      |      |  | CHECK CEMENT WEIGHT = 13.5#   |
| Event | 15 | Pump Spacer               | Pump Spacer               | 11/23/2017 | 00:58:57 | USER | 4.00    | 8.23  | 1.00 | 0.1  |  | PUMPED 10 BBLS H2O  |
| Event | 16 | Pump Cement               | Pump Cement               | 11/23/2017 | 01:02:34 | USER | 62.00   | 13.48 | 3.50 | 0.5  |  | 150 SKS 1.38 CUFT/SK 5.85 GAL/SK = 36.9 BBLS @ 13.5# 21 BBLS H2O REQ                                  |
| Event | 17 | Check Weight              | Check weight              | 11/23/2017 | 01:04:03 | COM5 |         |       |      |      |  | CHECK CEMENT WEIGHT = 13.5#   |
| Event | 18 | Shutdown                  | Shutdown                  | 11/23/2017 | 01:15:57 | USER | 27.00   | 13.65 | 0.00 | 46.0 |  | SHUTDOWN DROP PLUG  |
| Event | 19 | Clean Lines               | Clean Lines               | 11/23/2017 | 01:16:54 | USER | 38.00   | 9.41  | 1.60 | 0.2  |  | WASH PUMPS AND LINES  |
| Event | 20 | Pump Displacement         | Pump Displacement         | 11/23/2017 | 01:19:21 | USER | 24.00   | 8.34  | 1.80 | 0.2  |  | CALCULATED 15.6 BBLS TO DISPLACE CEMENT, ACTUALLY PUMPED 15.5 BBLS TANK TO TANK MARK TO MARK          |
| Event | 21 | Cement Returns to Surface | Cement Returns to Surface | 11/23/2017 | 01:19:30 | USER | 68.00   | 8.34  | 2.10 | 0.5  |  | CALCULATED 14.5 BBLS OF CEMENT BACK TO SURFACE, ACTUALLY CIRCULATED 15 BBLS OF CEMENT BACK TO SURFACE |
| Event | 22 | Bump Plug                 | Bump Plug                 | 11/23/2017 | 01:24:04 | USER | 839.00  | 8.29  | 0.00 | 14.7 |  | CALCULATED 170 PSI TO LAND PLUG, PLUG BUMPED @ 240 PSI PRESSURED UP TO 980 PSI                        |

|       |    |                                |                                |            |          |      |       |      |      |      |   |
|-------|----|--------------------------------|--------------------------------|------------|----------|------|-------|------|------|------|---|
| Event | 23 | Check Floats                   | Check Floats                   | 11/23/2017 | 01:25:42 | USER | 20.00 | 8.30 | 0.00 | 14.7 | CHECK FLOATS, FLOATS HELD 1/4 BBLS BACK                                     |
| Event | 24 | Shutdown                       | Shutdown                       | 11/23/2017 | 01:26:13 | USER | 0.00  | 0.21 | 0.00 | 0.0  | SHUTDOWN END JOB, THANK YOU FOR CHOOSING HALLIBURTON LEMONT JOJOLA AND CREW |
| Event | 25 | Pre-Rig Down Safety Meeting    | Pre-Rig Down Safety Meeting    | 11/23/2017 | 01:28:15 | USER | 0.00  | 8.14 | 1.80 | 0.4  | SAFETY MEETING HELD WITH CEMENT CREW  |
| Event | 26 | Rig-Down Equipment             | Rig-Down Equipment             | 11/23/2017 | 01:30:20 | USER | -6.00 | 8.60 | 2.00 | 4.5  | CEMENT CREW RIGS DOWN EQUIPMENT   |
| Event | 27 | Depart Location Safety Meeting | Depart Location Safety Meeting | 11/23/2017 | 01:45:13 | USER |       |      |      |      | SAFETY MEETING HELD WITH CEMENT CREW  |
| Event | 28 | Depart Home for Location       | Depart Home for Location       | 11/23/2017 | 01:58:26 | USER |       |      |      |      | CEMENT CREW DEPARTS LOCATION  |

# DUGAN FLATS #1, PRODUCTION



PS Pump Press (psi)    DH Density (ppg)    PS Pump Rate (bbl/min)    PS Pmp Stg Tot (bbl)

- |                              |                 |                             |                          |                 |                |                              |                 |
|------------------------------|-----------------|-----------------------------|--------------------------|-----------------|----------------|------------------------------|-----------------|
| ① Call Out                   | ④ Arrive At Loc | ⑦ Other                     | ⑩ Comment                | ⑬ Pressure Test | ⑯ Pump Cement  | ⑲ Clean Lines                | 22 Bump Plug    |
| ② Depart Yard Safety Meeting | ⑤ Comment       | ⑧ Pre-Rig Up Safety Meeting | ⑪ Pre-Job Safety Meeting | ⑭ Check weight  | ⑰ Check weight | 20 Pump Displacement         | 23 Check Floats |
| ③ Depart Home for Location   | ⑥ Other         | ⑨ Rig-Up Equipment          | ⑫ Start Job              | ⑮ Pump Spacer   | ⑱ Shutdown     | 21 Cement Returns to Surface | 24 Shutdown     |

HALLIBURTON | iCem® Service

Created: 2017-11-22 09:41:44, Version: 4.2.393

Edit

Customer: DUGAN PRODUCTION CORP EBUS  
 Representative: LEMONT JOJOLA / LH 114

Job Date: 11/22/2017 8:19:10 PM  
 Sales Order #: 904453333

Well: FLATS #1  
 COMPANY MAN: MARTY FOUTZ