

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: January 31, 2018
RECEIVED
SEP 20 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. **NM-51013**

6. If Indian, Allottee or Tribe Name
N/A
Farmington Field Office
Bureau of Land Management

SUBMIT IN TRIPLICATE - Other instructions on page 2

1. Type of Well
 Oil Well Gas Well Other

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

2. Name of Operator **DJR Operating, LLC**

8. Well Name and No. **Bisti Coal 21 Com #2**

3a. Address **1 Road 3263, Aztec, NM 87410**

3b. Phone No. (include area code)
505-632-3476

9. API Well No. **30-045-28010**

4. Location of Well (Footage, Sec., T.R.M., or Survey Description)
790 FSL, 790 FWL, M-Sec. 21-T25N, R12W

10. Field and Pool or Exploratory Area
Basin Fruitland Coal

11. Country or Parish, State
San Juan County, New Mexico

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 type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Hydraulic Fracturing	<input checked="" type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input checked="" type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<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 recomplate 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.)

DJR Operating, LLC requests approval for Final Abandonment Notice of the Bisti Coal 21 Com #2 well pad. The well was plugged and abandoned on 8-20-18.

DJR is currently working with the BLM, State Engineer's office, NMOCD and other agencies on DJR's proposed "Carson Master Development Plan" (CMDP) and is proposing to drill the Carson 615H test well at this former location. The Carson 615H APD was approved by the BLM-FFO on 8-20-18. A copy of the APD is attached.

The Bisti Coal 21 Com #2 has been plugged and the Carson 615H well pad has been constructed in anticipation of the drilling of the Carson 615H.

The Carson 615H well site totally encompasses the former Bisti Coal 21 Com #2 entirely. See attached plat.

DJR Operating, LLC will comply with all COA's for reclamation as approved by the BLM-FFO for the Carson 615H

Therefore a FAN is requested for the Bisti Coal 21 Com #2.

NMOCD
OCT 22 2018
DISTRICT III

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)
Paul Lehrman

Title **Landman**

Signature

Date

09/18/2018

THE SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

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.

Title

Office

Date

Supv NPS

FFO

9/24/18

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

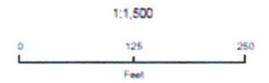


DJR Operating

Carson 615H

SW/4 Section 21, T.26N R.12W
San Juan County, New Mexico

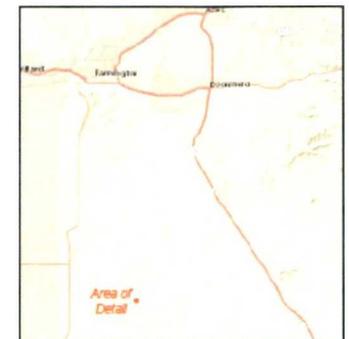
- Proposed Surface Hole Location
- - - Existing Access Road



NAD 1983 NM State Plane West Meters



Prepared by Permits West, Inc., May 11, 2016 for
DJR Operating



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

MAY 18 2018

FORM APPROVED
OMB No. 1004-0137
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.

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		7. If Unit of CA/Agreement, Name and/or No. NMNM 87097
2. Name of Operator DJR Operating, LLC		8. Well Name and No. Bisti Coal 21 Com 2
3a. Address c/o A Plus WS Farmington, NM	3b. Phone No. (include area code) 505-486-6958	9. API Well No. 30-045-28010
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) UL - M, 790' FSL & 790' FWL, Sec. 21, T25N, R12W		10. Field and Pool or Exploratory Area Basin Fruitland Coal
		11. Country or Parish, State San Juan, New Mexico

12. CHECK THE 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"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<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 type="checkbox"/> Other
	<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	

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.)

DJR Operating, LLC requests permission to plug & abandon the subject well per the attached procedure, current and proposed wellbore diagram.

NMOCD

JUL 12 2018

DISTRICT III

CONFIDENTIAL

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 AN ADDITIONAL AUTHORIZATION REQUIRED FOR OPERATIONS ON FEDERAL AND INDIAN LANDS

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed) Neil Lindenmeyer / Agent for DJR		Engineer Tech
Signature <i>Neil Lindenmeyer</i>		Title
Date 5/16/18		

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by <i>[Signature]</i>	Title FE	Date 6/26/18
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 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.

(Instruction on page 2)

NMOCD-AV

5



DJR Resources
PO Box 156
Bloomfield, NM 87413

P.O. Box 1979, Farmington, NM 87499
(505) 325-2627

Name: Bisti Coal 21 Com #2
API:30-045-28010, 08/19/2018

Well Plugging Report

Cement Summary

Plug #1 (PC & Fruitland tops) Pumped 48sxs (15.8ppg, 1.15 yield = 55.2 cuft) Class B cement with 2% CaCl from 1237'-632' TOC.

Plug #1A (Fruitland top) Pumped 17sxs (15.8ppg, 1.15 yield = 19.55 cuft) Class G cement from 930'-716' TOC.

Plug #2 (Fruitland/Ojo Alamo/7" Casing Shoe/ Surface) Pumped 38sxs (15.8ppg, 1.15 yield = 43.7 cuft) Class G cement from 374'-surface TOC.

DHM top off - Mixed and Pump 16sxs (18.4 cuft 1.15 yield 15.8 ppg) Class "G" cement.

Work Detail

PUX	Activity
08/13/2018	
P	Road equipment to location.
P	HSM on JSA. Stage equipment while construction crew removed pumping unit.
P	Spot in and RU pulling unit. X-O for rods.
P	SITP-30#, SICP-50#. RU relief lines and blow well down to pit. PU on rod string and LD PR + SB. TOH LD (45) 3/4" rods and 2" top-set rod pump.
P	ND WH. MU 5-1/2" WH and 8-5/8" companion flange. NU and function test BOP. RU work floor and tubing equipment. Dig out BH and install 2" plumbing to surface. SIBHP-0#.
P	PU on tubing string and LD hanger. TOH inspect and tally 36 joints (1144.97' total). LD SN and mud anchor. Found 1 joint with rod cut and mud anchor has 1 side rotted off. SI well. SDFD.
08/14/2018	
P	HSM on JSA. S & S equipment.
P	SICP-50#, SIBHP-0#. Blow well down to pit. Function test BOP.
P	PU plugging sub. TIH tubing to 1237'. Pump 30 bbl ahead with no circulation.
P	Pumped Plug #1 . No circulation out casing valve throughout plug.
P	TOH LD tubing to TOC. Stand back remaining tubing + plugging sub.
P	SI well and WOC until cement sample hard. Dig out WH. RU pump to BH valve. Load and pressure up to 200# on BH with 3/4 bbl - blew hole in 7" casing below casing head.
P	TIH tubing with plugging sub to tag Plug 1 TOC at 930'. Load hole with 10 bbl. Circulate hole clean with 15 bbl total. PT casing to 800# - Bled to 700# in 5 minutes.
P	Pumped Plug #1A .
P	TOH LD tubing to TOC. Stand back remaining tubing + plugging sub. SI well. SDFD.
08/15/2018	
P	HSM on JSA. S & S equipment.
P	SITP-0#, SIBHP-0#. Open well to pit. Function test BOP.

- X TIH tubing with plugging sub to tag Plug 1A TOC at 731'. TOH LD tubing to 374'.
Load hole with 1.5 bbl.
- P Pumped **Plug #2**. Pumped 30sx to circulate good cement out casing valve; TOH
LD all tubing + plugging sub; Re-fill 4-1/2" casing with 8sx.
- P Wash and RD work floor. Wash and ND BOP and companion flanges. NU WH
and SI well. SDFD.
- 08/20/2018
- P HSM and JSA, S & S Equipment. Check PSI SIPT- 0# SIPC 0#
- P Dig out WH, RU Air Saw and Cut off WH. Tag TOC @ 0'KB on 4-1/2" csg. and @
50'KB inside Annulus. RU 1-1/2" Polly Pipe.
- P **DHM top off**, Mixed and Pump 16 sxs 18.4 cuft 1.15 yield 15.8 ppg class "G"
cement.
- P RD Pumping and Daylight Pulling Unit,
- P Pre-Trip and Secure Equipment, Travel to A plus Yard.

* P - Procedure Planned; U - Unplanned A+ issue; X - COA, Well Conditions

On Site Reps:

Name	Association	Notes
Darin Halliburton	BLM	on location

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER 1b. Type of Well: <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other CBNG 1c. Type of Completion: <input type="checkbox"/> Hydraulic Fracturing <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		5. Lease Serial No. NMNM051013
2. Name of Operator DJR OPERATING LLC		6. If Indian, Allottee or Tribe Name 7. If Unit or CA Agreement, Name and No.
3a. Address 1600 Broadway #1960 Denver CO 80202	3b. Phone No. (include area code) (303)407-7397	8. Lease Name and Well No. CARSON 615H
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface SWSW / 671 FSL / 691 FWL / LAT 36.3812697 / LONG -108.1234262 At proposed prod. zone SWSW / 383 FSL / 231 FWL / LAT 36.394994 / LONG -108.1429132		9. API Well No. 10. Field and Pool, or Exploratory BASIN / BISTI LOWER GALLUP 11. Sec., T. R. M. or Blk. and Survey or Area SEC 21 / T25N / R12W / NMP
14. Distance in miles and direction from nearest town or post office*		12. County or Parish
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 940 feet		13. State
16. No of acres in lease 680	17. Spacing Unit dedicated to this well 960	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 30 feet	19. Proposed Depth 4667 feet / 11975 feet	20. BLM/BIA Bond No. in file FED: NMB001464
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6370 feet	22. Approximate date work will start* 07/01/2018	23. Estimated duration 60 days
24. Attachments		

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, and the Hydraulic Fracturing rule per 43 CFR 3162.3-3 (as applicable)

- | | |
|---|---|
| 1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office). | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification.
6. Such other site specific information and/or plans as may be requested by the BLM. |
|---|---|

25. Signature (Electronic Submission)	Name (Printed/Typed) Brian Wood / Ph: (505)466-8120	Date 05/14/2018
Title President		
Approved by (Signature) (Electronic Submission)	Name (Printed/Typed) Dave Mankiewicz / Ph: (505)564-7600	Date 08/20/2018
Title AFM-Minerals		
Office FARMINGTON		

Application approval 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.
Conditions of approval, if any, are attached.

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.



Additional Operator Remarks

Location of Well

1. SHL: SWSW / 671 FSL / 691 FWL / TWSP: 25N / RANGE: 12W / SECTION: 21 / LAT: 36.3812697 / LONG: -108.1234262 (TVD: 0 feet, MD: 0 feet)
PPP: SWSW / 0 FSL / 679 FWL / TWSP: 25N / RANGE: 12W / SECTION: 17 / LAT: 36.393937 / LONG: -108.141408 (TVD: 4667 feet, MD: 11390 feet)
PPP: SESE / 1270 FNL / 0 FEL / TWSP: 25N / RANGE: 12W / SECTION: 20 / LAT: 36.382934 / LONG: -108.125788 (TVD: 4667 feet, MD: 5287 feet)
PPP: SWSW / 671 FSL / 691 FWL / TWSP: 25N / RANGE: 12W / SECTION: 21 / LAT: 36.3812697 / LONG: -108.1234262 (TVD: 0 feet, MD: 0 feet)
BHL: SWSW / 383 FSL / 231 FWL / TWSP: 25N / RANGE: 12W / SECTION: 17 / LAT: 36.394994 / LONG: -108.1429132 (TVD: 4667 feet, MD: 11975 feet)

BLM Point of Contact

Name: Christopher Wenman

Title: Natural Resource Specialist

Phone: 5055647600

Email: cwenman@blm.gov

Review and Appeal Rights

A person contesting a decision shall request a State Director review. This request must be filed within 20 working days of receipt of the Notice with the appropriate State Director (see 43 CFR 3165.3). The State Director review decision may be appealed to the Interior Board of Land Appeals, 801 North Quincy Street, Suite 300, Arlington, VA 22203 (see 43 CFR 3165.4). Contact the above listed Bureau of Land Management office for further information.



United States Department of the Interior



BUREAU OF LAND MANAGEMENT
Farmington District Office
6251 College Blvd. Suite A
Farmington, New Mexico 87402
www.blm.gov/nm

In Reply Refer To:
3162.3-1(NMF0110)

* DJR Operating, LLC
#615H Carson
Lease: NMNM-51013 Unit:
SH: SW $\frac{1}{4}$ SW $\frac{1}{4}$ Section 21, T.25 N., R.12 W.
BH: SW $\frac{1}{4}$ SW $\frac{1}{4}$ Section 17, T.25 N., R.12 W.
San Juan County, New Mexico

*Above Data Required on Well Sign

GENERAL REQUIREMENTS FOR OIL AND GAS OPERATIONS ON FEDERAL AND INDIAN LEASES

The following special requirements apply and are effective when **checked**:

- A. Note all surface/drilling conditions of approval attached.
- B. The required wait on cement (WOC) time will be a minimum of 500 psi compressive strength at 60 degrees. Blowout preventor (BOP) nipple-up operations may then be initiated
- C. Test the surface casing to a minimum of _____ psi for 30 minutes.
- D. Test all casing strings below the surface casing to .22 psi/ft. of casing string length or 1500 psi, whichever is greater, but not to exceed 70% of the minimum internal yield burst) for a minimum of 30 minutes.
- E. Communitization Agreement covering the acreage dedicated to this well must be filed for approval with the Bureau of Land Management, Farmington District Office, Branch of Reservoir Management, 6251 College Blvd. Suite A, Farmington, New Mexico 87402. The effective date of the agreement must be **prior** to any sales.
- F. The use of co-flex hose is authorized contingent upon the following:
1. From the BOP to the choke manifold: the co-flex hose must be hobbled on both ends and saddle to prevent whip.
 2. From the choke manifold to the discharge tank: the co-flex hoses must be as straight as practical, hobbled on both ends and anchored to prevent whip.
 3. The co-flex hose pressure rating must be at least commensurate with approved BOPE.

I. GENERAL

- A. Full compliance with all applicable laws, regulations, and Onshore Orders, with the approved Permit to drill, and with the approved Surface Use and Operations Plan is required. Lessees and/or operators are fully accountable for the actions of their contractors and subcontractors. Failure to comply with these requirements and the filing of required reports will result in strict enforcement pursuant to 43 CFR 3163.1 or 3163.2.
- B. Each well shall have a well sign in legible condition from spud date to final abandonment. The sign should show the operator's name, lease serial number, or unit name, well number, location of the well, and whether lease is Tribal or Allotted, (See 43 CFR 3162.6(b)).
- C. A complete copy of the approved Application for Permit to Drill, along with any conditions of approval, shall be available to authorized personnel at the drill site whenever active drilling operations are under way.
- D. For Wildcat wells only, a drilling operations progress report is to be submitted, to the BLM-Field Office, weekly from the spud date until the well is completed and the Well Completion Report (Form 3160-4) is filed. The report should be on 8-1/2 x 11 inch paper, and each page should identify the well by; operator's name, well number, location and lease number.
- E. As soon as practical, notice is required of all blowouts, fires and accidents involving life-threatening injuries or loss of life. (See NTL-3A).
- F. Prior approval by the BLM-Authorized Office (Drilling and Production Section) is required for variance from the approved drilling program and before commencing plugging operations, plug back work casing repair work, corrective cementing operations, or suspending drilling operations indefinitely. Emergency approval may be obtained orally, but such approval is contingent upon filing of a notice of intent (on a Sundry Notice, Form 3160-5) within three business days (original and three copies of Federal leases and an original and four copies on Indian leases). **Any changes to the approved plan or any questions regarding drilling operations should be directed to BLM during regular business hours at 505-564-7600. Emergency program changes after hours should be directed to William Tambekou at 571-275-6474, Troy Salyers at 505-608-1989, Virgil Lucero at 505-793-1836.**
- G. **The Inspection and Enforcement Section (I&E), phone number (505-564-7750) is to be notified at least 24 hours in advance of BOP test, spudding, cementing, or plugging operations so that a BLM representative may witness the operations.**
- H. Unless drilling operations are commenced within two years, approval of the Application for Permit to Drill will expire. A written request for a two years extension may be granted if submitted prior to expiration.
- I. From the time drilling operations are initiated and until drilling operations are completed, a member of the drilling crew or the tool pusher shall maintain rig surveillance at all time, unless the well is secured with blowout preventers or cement plugs.

- J. If for any reason, drilling operations are suspended for more than 90 days, a written notice must be provided to this office outlining your plans for this well.

II. REPORTING REQUIREMENTS

A. For reporting purposes, all well Sundry notices, well completion and other well actions shall be referenced by the appropriate lease, communitization agreement and/or unit agreement numbers.

B. The following reports shall be filed with the BLM-Authorized Officer within 30 days after the work is completed.

1. Original and three copies on Federal and an Original and five copies on Indian leases of Sundry Notice (Form 3150-5), giving complete information concerning.

- a. Setting of each string of casing. Show size and depth of hole, grade and weight of casing, depth set, depth of any and all cementing tools that are used, amount (in cubic feet) and types of cement used, whether cement circulated to surface and all cement tops in the casing annulus, casing test method and results, and the date work was done. Show spud date on first report submitted.
- b. Intervals tested, perforated (include; size, number and location of perforations), acidized, or fractured; and results obtained. Provide date work was done on well completion report and completion sundry notice.
- c. Subsequent Report of Abandonment, show the manner in which the well was plugged, including depths where casing was cut and pulled, intervals (by depths) where cement plugs were replaced, and dates of the operations.

2. Well Completion Report (Form 3160-4) will be submitted with 30 days after well has been completed.

- a. Initial Bottom Hole Pressure (BHP) for the producing formations. Show the BHP on the completion report. The pressure may be: 1) measured with a bottom hole bomb, or; 2) calculated based on shut in surface pressures (minimum seven day buildup) and fluid level shot.

3. Submit a cement evaluation log, if cement is not circulated to surface.

III. DRILLER'S LOG

The following shall be entered in the daily driller's log: 1) Blowout preventer pressures tests, including test pressures and results. 2) Blowout preventer tests for proper functioning, 3) Blowout prevention drills conducted, 4) Casing run, including size, grade, weight, and depth set, 5) How pipe was cemented, including amount of cement, type, whether cement circulated to surface, location of cementing tools, etc., 6) Waiting on cement time for each casing string, 7) Casing pressure tests after cementing, including test pressure and results and 8) Estimated amounts of oil and gas recovered and/or produced during drill stem test.

IV. GAS FLARING

Gas produced from this well may not be vented or flared beyond an initial, authorized test period of * Days or 50 MMCF following its (completion)(recompletion), whichever first occurs, without the prior, written approval of the authorized officer. Should gas be vented or flared without approval beyond the test period authorized above, you may be directed to shut-in the well until the gas can be captured or approval to continue venting or flaring as uneconomic is granted. You shall be required to compensate the lessor for the portion of the gas vented or flared without approval which is determined to have been avoidably lost.

*30 days, unless a longer test period is specifically approved by the authorized officer. The 30-day period will commence upon the first gas to surface.

V. SAFETY

- A. All rig heating stoves are to be of the explosion-proof type.
- B. Rig safety lines are to be installed.
- C. Hard hats and other Personal Protective Equipment (PPE) must be utilized.

VI. CHANGE OF PLANS OR ABANDONMENT

- A. Any changes of plans required in order to mitigate unanticipated conditions encountered during drilling operations, will require approval as set forth in Section 1.F.
- B. If the well is dry, it is to be plugged in accordance with 43 CFR 3162.3-4, approval of the proposed plugging program is required as set forth in Section 1.F. The report should show the total depth reached, the reason for plugging, and the proposed intervals, by depths, where cement plugs are to be placed, type of plugging mud, etc. A Subsequent Report of Abandonment is required as set forth in Section II.B.1c.
- C. Unless a well has been properly cased and cemented, or properly plugged, the drilling rig must not be moved from the drill site without prior approval from the BLM-Authorized Officer.

VII. PHONE NUMBERS

- A. For BOPE tests, cementing, and plugging operations the phone number is 505-564-7750 and must be called 24 hours in advance in order that a BLM representative may witness the operations.
- B. Emergency program changes after hours contact:

William Tambekou at (571) 275-6474
Virgil Lucero (505) 793-1836
Jack Savage (214) 663-6800
Abdelgadir (AG) Elmandani (215) 285-8770

Conditions of Approval

Operator: DJR Operating, LLC
Well Names: Carson 615H
Legal Location: T25N, R12W, Sec 21, 671' FSL, 691' FWL
NEPA Log Number: DOI-BLM-NM-F010-2018-0035-EA
Inspection Date: March 15, 2018
Lease Number: NMNMN051013

The following conditions of approval will apply to DJR Operating, LLC's Carson 615H well pad, access road and other associated facilities, unless a particular Surface Managing Agency or private surface owner has supplied to Bureau of Land Management and the operator a contradictory environmental stipulation. The failure of the operator to comply with these requirements may result in an assessment or civil penalties pursuant to 43 CFR 3163.1 or 3163.2.

Disclaimers: BLM's approval of the APD does not relieve the lessee and operator from obtaining any other authorizations that may be required by the BIA, Navajo Tribe, State or other jurisdictional entities.

Copy of Plans: A complete copy of the APD package, including: Surface Use Plan of Operations, Bare Soil Reclamation Plan, Plan of Development (if required), Conditions of Approval, Cultural Resource Record of Review, Cultural Resources Compliance Form (if required), and Project Stipulations (if required) shall be at the project area at all times and available to all persons.

Review of NEPA documents: It is the responsibility of the operator to follow all the design features, best management practices, and mitigation measures as contained in Categorical Exclusion DOI-BLM-NM-F010-2018-0035-EA. Copies of the EA, Decision Record, and Finding of No Significant Impact may be obtained from the BLM FFO public room, or online at: <https://go.usa.gov/xQf9C>.

Best Management Practices (BMPs): Farmington Field Office established environmental Best Management Practices (BMP's) will be followed during construction and reclamation of well site pads, access roads, pipeline ties, facility placement or any other surface disturbing activity associated with this project. Bureau wide standard BMP's are found in the Gold Book, Fourth Edition-Revised 2007 and at http://www.blm.gov/wo/st/en/prog/energy/oil_and_gas/best_management_practices.html. Farmington Field Office BMP's are integrated into the Environmental Assessment, Surface Use Plan of Operations, Bare Soil Reclamation Plan, and COAs.

Construction, Production, Facilities, Reclamation & Maintenance

Construction & Reclamation Notification: The operator or their contractor will contact the Bureau of Land Management, Farmington Field Office, Environmental Protection Staff, Randy McKee (505) 564-7708 or by email, at least 48 hours prior to any construction or reclamation on this project.

Production Facilities: design and layout of facilities will be deferred until an onsite with BLM-FFO surface protection staff is conducted to determine the best location. DJR or their contractor will contact the Bureau of Land Management, Farmington Field Office, Surface and Environmental Protection Staff to schedule a facility layout onsite.

Staking: The holder shall place slope stakes, culvert location and grade stakes, and other construction control stakes as deemed necessary by the authorized officer to ensure construction in accordance with the plan of development. If stakes are disturbed, they shall be replaced before proceeding with construction.

Weather: No construction or routine maintenance activities shall be performed during periods when the soil is too wet to adequately support construction equipment. If such equipment creates ruts in excess of 6 inches deep, the soil shall be deemed too wet.

Stockpile of Soil: The top 6 inches of soil material will be stripped and stockpiled in the construction zones around the pad [construction zones may be restricted or deleted to provide resource avoidance]. The stockpiled soil will be free of brush and tree limbs, trunks and roots. The stockpiled soil material will be spread on the reclaimed portions of the pad [including the reserve pit, cut and fill slopes] prior to re-seeding. Spreading shall not be done when the ground or topsoil is frozen or wet.

Storage Tanks: All open top permanent production or storage tanks regardless of diameter made of fiberglass, steel, or other material used for the containment of oil, condensate, produced water and or other production waste shall be screened, netted or otherwise covered to protect migratory birds and other wildlife from access.

Compressors: Compressor units on this well location not equipped with a drip pan for containment of fluids shall be lined with an impervious material at least 8 mils thick and a 12 inch berm. The compressor will be painted to match the well facilities. Any variance to this will be approved by the Authorized Officer (AO). Noise mitigation may be required at the time of compressor installation, including but not limited to hospital mufflers or sound walls.

Culverts: Silt Traps/Bell Holes will be built upstream of all culvert locations.

Driving Surface Area: All activities associated within the construction, operation, maintenance, and abandonment of the well location is limited to areas approved in the APD or ROW permit. During the production of the well, vehicular traffic is limited to the daily driving surface area established during interim reclamation construction operations. This area typically forms a keyhole or teardrop driving surface from which all production facilities may be serviced or inspected. A v-type ditch will be constructed on the outside of the driving surface to further define the driving surface and to deter vehicular traffic from entering onto the interim reclamation areas.

Contouring of Cut and Fill Slopes: The interim cut and fill slope grade shall be as close to the original contour as possible. To obtain this ratio, pits and slopes shall be back sloped into the pad during interim reclamation. Only subsurface soil and material shall be utilized in the contouring of the cut and fill slopes. Under no circumstances shall topsoil be utilized as substrate material for contouring of cut and fill slopes.

Maintenance: In order to perform subsequent well operations, right-of-way (ROW) operations, or install new/additional equipment, it may be necessary to drive, park, and operate on restored, interim vegetation within the previously disturbed area. This is generally acceptable provided damage is promptly repaired and reclaimed following use. Where vehicular travel has occurred as a "convenience" and interim reclamation/vegetation has been compromised, immediate remediation of the affected areas is required. Additionally, where erosion has occurred and compromised the reclamation of the well location, the affected area must be promptly remediated so that future erosion is prevented and the landform is stabilized.

Cultural Resources

Non-Permitted Disturbance: Construction, construction maintenance or any other activity outside the areas permitted by the APD will require additional approval and may require a new cultural survey and clearance.

Employee Education: All employees of the project, including the Project Sponsor and its contractors and sub-contractors will be informed that cultural sites are to be avoided by all personnel, personal vehicles and company equipment. This includes all personnel associated with construction, use, maintenance and abandonment of the well pad, well facilities, access and pipeline. They will also be notified that it is illegal to collect, damage, or disturb

cultural resources, and that such activities are punishable by criminal and or administrative penalties under the provisions of the Archaeological Resources Protection Act (16U.S.C. 470aa-mm).

Discovery of Cultural Resources in the Absence of Monitoring: If, in its operations, operator/holder discovers any previously unidentified historic or prehistoric cultural resources, then work in the vicinity of the discovery will be suspended and the discovery promptly reported to Bureau of Land Management Field Manager. The Bureau of Land Management will then specify what action is to be taken. If there is an approved "discovery plan" in place for the project, then the plan will be executed. In the absence of an approved plan, the Bureau Land Management will evaluate the significance of discovery and consult with the State Historic Preservation Officer in accordance with 36 CFR Section 800.11. Minor recordation, stabilization, or data recovery may be performed by a Bureau of Land Management or permitted cultural resources consultant. If warranted, more extensive treatment by a permitted cultural resources consultant may be required of the operator/holder prior to allowing the project to proceed. Further damage to significant cultural resources will not be allowed until any required treatment is completed. Failure to notify the Bureau of Land Management about a discovery may result in civil or criminal penalties in accordance with the Archeological Resources Protection Act of 1979 (as amended).

Discovery of Cultural Resources during Monitoring: If monitoring confirms the presence of previously unidentified cultural resources, then work in the vicinity of the discovery will be suspended and the monitor will promptly report the discovery to the Bureau of Land Management Field Manager. The Bureau of Land Management will then specify what action is to be taken. If there is an approved "discovery plan" in place for the project, then the plan will be executed. In the absence of an approved plan, the Bureau of Land Management will evaluate the significance of the discovery and consult with the State Historic Preservation Officer in accordance with 36 CFR Section 800.11. A Bureau of Land Management or permitted cultural resources consultant may perform minor recordation, stabilization, or data recovery. If warranted, more extensive treatment by a permitted cultural resources consultant may be required of the operator/holder prior to allowing the project to proceed. Further damage to significant cultural resources will not be allowed until any required treatment is completed.

Damage to Sites: If, in its operations, operator/holder damages, or is found to have damaged any previously documented or undocumented historic or prehistoric cultural resources, excluding "discoveries" as noted above, the operator/holder agrees at his/her expense to have a permitted cultural resources consultant prepare and have executed a Bureau of Land Management approved data recovery plan. Damage to cultural resources may result in civil or criminal penalties in accordance with the Archeological Resources Protection Act of 1979 (as amended).

Noxious Weeds

Inventory the proposed site for the presence of noxious and invasive weeds. Noxious weeds are those listed on the New Mexico Noxious Weed List and USDA’s Federal Noxious Weed List. The New Mexico Noxious Weed List or USDA’s Noxious Weed List can be updated at any time and should be regularly check for any changes. Invasive species may or may not be listed as a noxious weed, but have been identified to likely cause economic or environmental harm or harm to human health. The following noxious weeds have been identified as occurring on lands within the boundaries of the Farmington Field Office (FFO). There are numerous invasive species on the FFO such as Russian thistle (*Salsola spp.*) and field bindweed (*Convolvulus arvensis*).

Russian Knapweed (<i>Centaurea repens</i>)	Musk Thistle (<i>Carduus nutans</i>)
Bull Thistle (<i>Cirsium vulgare</i>)	Canada Thistle (<i>Cirsium arvense</i>)
Scotch Thistle (<i>Onopordum acanthium</i>)	Hoary Cress (<i>Cardaria draba</i>)
Perennial Pepperweed (<i>Lepidium latifolium</i>)	Halogeton (<i>Halogeton glomeratus</i>)
Spotted Knapweed (<i>Centaurea maculosa</i>)	Dalmation Toadflax (<i>Linaria genistifolia</i>)
Yellow Toadflax (<i>Linaria vulgaris</i>)	Camelthorn (<i>Alhagi pseudalhagi</i>)
African Rue (<i>Penganum harmala</i>)	Salt Cedar (<i>Tamarix spp.</i>)
Diffuse Knapweed (<i>Centaurea diffusa</i>)	Leafy Spurge (<i>Euphorbia esula</i>)

- a. Identified weeds will be treated prior to new surface disturbance if determined by the FFO Noxious Weed Coordinator. A Pesticide Use Proposal (PUP) must be submitted to and approved

by the FFO Noxious Weed Coordinator prior to application of pesticide. The FFO Noxious Weeds Coordinator (505-564-7600) can provide assistance in the development of the PUP.

- b. Vehicles and equipment should be inspected and cleaned prior to coming onto the work site. This is especially important on vehicles from out of state or if coming from a weed-infested site.
- c. Fill dirt or gravel may be needed for excavation, road construction/repair, or for spill remediation. If fill dirt or gravel will be required, the source shall be noxious weed free and approved by the FFO Noxious Weed Coordinator.
- d. The site shall be monitored for the life of the project for the presence of noxious weeds (includes maintenance and construction activities). If weeds are found the FFO Coordinator shall be notified at (505) 564-7600 and provided with a Weed Management Plan and if necessary, a Pesticide Use Proposal (PUP). The FFO Coordinator can provide assistance developing the Weed Management Plan and/or the Pesticide Use Proposal.
- e. Only pesticides authorized for use on BLM lands would be used and applied by a licensed pesticide applicator. The use of pesticides would comply with federal and state laws and used only in accordance with their registered use and limitations. WPX's weed-control contractor would contact the BLM-FFO prior to using these chemicals.
- f. Noxious/invasive weed treatments must be reported to the FFO Noxious Weed Coordinator. A Pesticide Use Report (PUR) is required to report any mechanical, chemical, biological or cultural treatments used to eradicate, and/or control noxious or invasive species. Reporting will be required quarterly and annually or per request from the FFO Noxious Weed Coordinator.

Bare ground vegetation trim-out: If bare ground vegetation treatment (trim-out) is desired around facility structures, the operator will submit a bare ground/trim-out design included in their Surface Use Plan of Operations (SUPO). The design will address vegetation safety concerns of the operator and BLM while minimizing impacts to interim reclamation efforts. The design must include what structures to be treated and buffer distances of trim-out. Pesticide use for vegetation control around anchor structures is not approved. If pesticides are used for bare ground trim-out, the trim-out will not exceed three feet from the edge of any eligible permanent structure (i.e. well heads, fences, tanks). Additional distance/areas may be requested and must be approved by the FFO authorized officer. The additional information below must also be provided to the FFO:

- a. Pesticide use for trim out will require a Pesticide Use Proposal (PUP). A PUP is required *prior* to any treatment and must be approved by the FFO Noxious Weed Coordinator. Only pesticides authorized for use on BLM lands would be used and applied by a licensed pesticide applicator. The use of pesticides would comply with federal and state laws and used only in accordance with their registered use and limitations. WPX's weed-control contractor would contact the BLM-FFO prior to using these chemicals and provide Pesticide Use Reports (PURs) post treatment.
- b. A Pesticide Use Report (PUR) or a Biological Use Report (BUR) is required to report any chemical, or biological treatments used to eradicate, or control vegetation on site. Reporting will be required quarterly and annually or per request from the FFO Noxious Weed Coordinator.

Paleontology

Any paleontological resource discovered by the Operator, or any person working on his behalf, on public or Federal land shall be immediately reported to the Authorized Officer. Holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of

the discovery will be made by the Authorized Officer to determine appropriate actions to prevent the loss of significant scientific values. The Holder will be responsible for the cost of evaluation and any decision as to proper mitigation measures will be made by the Authorized Officer after consulting with the Holder.

Wildlife

Migratory Bird: The BLM/FFO migratory bird policy requires a bird nest survey between May 15-July 31 for any projects that would remove 4.0 or more acres of vegetation. The proposed project is estimated to disturb more than four acres of vegetation, a survey will be required if construction occurs within the specified timeframe.

Threatened, Endangered or Sensitive Species: If, in operations the operator/holder discovers any Threatened, Endangered, or Sensitive species, work in the vicinity of the discovery will be suspended and the discovery promptly reported to the BLM-FFO T&E specialist at (505) 564-7600. The BLM-FFO will then specify what action is to be taken. Failure to notify the BLM-FFO about a discovery may result in civil or criminal penalties in accordance with The Endangered Species Act (as amended).

Nesting: If a bird nest containing eggs or young is encountered in the path of construction the operator will cease construction and consult with BLM to determine appropriate actions.

Raptors: No construction, drilling, or completion activities shall be conducted within one third of a mile of active or historic raptor nest sites between the following time periods. Exceptions may be considered on a case by case basis and would require written approval from the BLM FFO biologist after determining that project activities would not impact nesting activities. Biological monitoring may be required to document nesting behavior if project activities are allowed to occur within these time periods.

- Golden Eagle - February 1 to June 30
- Ferruginous Hawk, Prairie Falcon - March 1 to June 30
- Peregrine falcon - Mitigation for nest sites will be determined on a site specific basis using the principle of designating sensitive zones in which disturbance is seasonally restricted as delineated in Johnson (1994).

Hazards: Wildlife hazards associated with the proposed project would be fenced, covered, and/or contained in storage tanks, as necessary.

Soil, Air, Water

Land Farming: No excavation, remediation or closure activities will be authorized without prior approval, on any federal or Indian mineral estate, federal surface or federal ROW. A Sundry Notice (DOI, BLM Form 3160-5) must be submitted with an explanation of the remediation or closure plan for on-lease actions.

Emission Control Standard: Compressor engines 300 horsepower or less used during well production must be rated by the manufacturer as emitting NOx at 2 grams per horsepower hour or less to comply with the New Mexico Environmental Department, Air Quality Bureau's guidance.

Waste Disposal: All fluids (i.e., scrubber cleaners) used during washing of production equipment, including compressors, will be properly disposed of to avoid ground contamination, or hazard to livestock or wildlife.

Light Pollution

Flaring: DJR will use a shielded flare following completion of the well in order to mitigate impacts to dark sky viewing within the Bisti/De-Na-Zin Wilderness area located 2.1 miles south of the project.

Lighting: DJR will use proper lighting techniques, such as full cut-off luminaries and lower color temperature lights in order to mitigate impacts to dark sky viewing within the Bisti/De-Na-Zin Wilderness area located 2.1 miles south of the project.

1BLM Report Number: 2018(III)003F
USGS Map: Carson Trading Post, NM
Activity Code: 1310
NMCRIS No: 138431

CULTURAL RESOURCE RECORD OF REVIEW

BUREAU OF LAND MANAGEMENT

FARMINGTON FIELD OFFICE

1. Description of Report/Project:

Project Name: Carson 617H, 615H, 613H, 611H, and 584H.

Project Sponsor: DJR Energy.

Arch. Firm & Report No.: Lone Mountain Archaeological Services, Inc., LMAS Report No. 2496.

Location: T25N R12W Section 21.

Well Footages: 617H; 671' FSL, 691' FWL
615H; 657' FSL, 705' FWL
613H; 642' FSL, 719' FWL
611H; 628' FSL, 734' FWL
584H; 614' FSL, 748' FWL

Split Estate: No.

Project Dimensions: 460 feet x 435 feet – (560 ft. x 535 ft. with 50 ft. construction zone) well pad.

Sites Located: None.

Determination: No Effect to Historic Properties.

2. Field Check: No.

3. Cultural ACEC: No.

4. Sensitive Cultural Area: No.

5. Recommendation: *PROCEED WITH ACTION:* *STIPULATIONS ATTACHED:* ___

6. Reviewer /Archaeologist: Kim Adams **Date:** 4/17/2018

Report Summary	BLM	Other	Total
Acres Inventoried	12.8	0.00	12.8
Sites Recorded	0	0	0
Prev. Recorded Sites	0	0	0
Sites Avoided	0	0	0
Sites Treated	0	0	0

Discovery of Cultural Resources in the Presence or Absence of Monitoring: If any previously unidentified historic or prehistoric cultural resources are discovered during construction or project operations, work in the vicinity of the discovery will be suspended and the discovery will promptly be reported to the BLM Field Manager.

Approval Date: 08/20/2018

Note: If there are questions about these stipulations, contact Kim Adams (BLM) at 505.564.7683 or kadams@blm.gov. Or Geoffrey Haymes (BLM) at 505.564.7684 or ghaymes@blm.gov

Approval Date: 08/20/2018