

State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham
Governor

Sarah Cottrell Propst
Cabinet Secretary

Todd E. Leahy, JD, PhD
Deputy Secretary

Gabriel Wade, Acting Director
Oil Conservation Division



New Mexico Oil Conservation Division approval and conditions listed below are made in accordance with OCD Rule 19.15.7.11 and are in addition to the actions approved by BLM on the following 3160-4 or 3160-5 form.

Operator Signature Date: 2/7/2019

Well information:

30-045-25219 SOUTH BLANCO FEDERAL 26 #004

DJR OPERATING, LLC

Application Type:

P&A Drilling/Casing Change Location Change

Recomplete/DHC (For hydraulic fracturing operations review EPA Underground injection control Guidance #84; Submit Gas Capture Plan form prior to spudding or initiating recompletion operations)

Other:

Conditions of Approval:

- Notify NMOCD 24hrs prior to beginning operations.
- Add a Chacra Plug #4: 2760' – 2660'
- Extend the following plugs:
#5: 2015-1875
#6: 1790'-1182'

A handwritten signature in cursive script that reads "Brandon Powell".

NMOCD Approved by Signature

3/8/19
Date

RECEIVED

Form 3160-5
(March 2012)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: October 31, 2014

12 2019

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.
6. If Indian, Allottee, or Tribe Name
NM-12233
Albuquerque Field Office
Bureau of Land Management

SUBMIT IN TRIPLICATE - Other Instructions on page 2.

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

1. Type of Well
 Oil Well Gas Well Other

8. Well Name and No.
South Blanco Federal 26 No. 004

2. Name of Operator
DJR Operating, LLC

9. API Well No.
30-045-25219

3a. Address
1 Road 3263 Aztec, NM 87410

3b. Phone No. (include area code)
505-632-3476 ext 201

10. Field and Pool, or Exploratory Area
Lybrook Gallup

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Section 26 (UL C) 660 FNL 2295 FWL T24N R8W

11. County or Parish, State
San Juan County

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 if the proposal is to deepen directionally or recompleate horizontally, give subsurface locations and measured and true vertical depths or pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with the BLM/BIA. Required subsequent reports must be filed within 30 following completion of the involved operations. If the operation results in a multiple completion or recompleation in a new interval, a Form 3160-4 must be filed c testing has been completed. Final Abandonment Notice must be filed only after all requirements, including reclamantion, have been completed, and the operator h determined that the site is ready for final inspection.)

NMOCD

MAR 06 2019

DJR Operating, LLC requests approval to plug and abandon this well per the attached procedure and wellbore diagram. Approved Reclamation Plan is attached.

Approved as to plugging of the well bore. Liability under bond is retained until surface restoration is completed. DISTRICT III

SEE ATTACHED FOR CONDITIONS OF APPROVAL

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)
Shaw-Marie Crues Title **Regulatory**
Signature *[Signature]* Date **February 7, 2019**

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by *[Signature]* Title **PE** Date **2/28/2019**
Office **FEO**

Conditions of approval, if any are attached. Approval of this notice does not warrant or guarantee 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 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 any department or agency of the United States any fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

NMOCD

DJR Operating LLC

Plug And Abandonment Procedure

South Blanco Federal 26-4

660' FNL & 2295' FWL, Section 26, T24N, R8W

San Juan County, NM / API 30-045-25219

1. Hold pre-job safety meeting. Comply with all NMOCD, BLM safety and environmental regulations. Test rig anchors prior to moving in rig if not rigged to base beam.
2. Check casing, tubing, and bradenhead pressures.
3. Remove existing piping on casing valve. RU blow lines from casing valves and begin blowing down casing pressure. Kill well as necessary. Ensure well is dead or on a vacuum.
4. ND wellhead and NU BOP. Function test BOP.
5. P/U 4-1/2" bit or casing scraper on 2-3/8" workstring and round trip as deep as possible above top perforation at 5340'.
6. P/U 4-1/2" CR, TIH and set CR at +/- 5290'. Pressure test tubing to 1000 psi. Sting out of CR. Load hole, and pressure test casing to 800 psi. If casing does not test, then spot or tag subsequent plugs as appropriate. POOH w/ tubing.
7. Rig up to pump cement down tubing. Pump water to establish rate down tubing.

NOTE: All Plugs Include 100% excess outside casing and 50% Excess inside casing

8. Plug 1 (Gallup Perforations and Formation Top, 5290'-5186', 9 Sacks Class G Cement)

Mix 9 sx Class G cement and spot a balanced plug inside casing to cover Gallup perforations and formation top.

9. Plug 2 (Mancos and Point Lookout Formation Tops 4473'-4158', 25 Sacks Class G Cement)

Mix 25 sx Class G cement and spot a balanced plug inside casing to cover the Mancos and Point Lookout formation tops.

10. Plug 3 (Mesa Verde(Menefee, Cliffhouse) Formation Top and DV Tool 3488'-2971', 42 Sacks Class G Cement)

Mix 42 sx Class G cement and spot a balanced plug inside casing to cover Mesa Verde(Menefee, Cliffhouse) formation top, and DV Tool.

11. Plug 4 (Chacra Formation Top 2450'-2300', 12 Sacks Class G Cement)

Mix 12 sx Class G cement and spot a balanced plug inside casing to cover Chacra formation top.

12. Plug 5 (Pictured Cliffs Formation Top 1974'-1824', 12 Sacks Class G Cement)

Mix 12 sx Class G cement and spot a balanced plug inside casing to cover Pictured Cliffs formation top.

13. Plug 6 (Fruitland, Kirtland, and Ojo Alamo Formation Tops 1411'-1132', 22 Sacks Class G Cement)

Mix 22 sx Class G cement and spot a balanced plug inside casing to cover Fruitland formation top.

14. Plug 7 (**Surface Shoe and Surface 311'-surface, 100 Sacks Class G Cement**)

Attempt to pressure test the bradenhead annulus to 300 psi; note the volume to load. If BH annulus holds pressure, then establish circulation out casing valve with water. Mix approximately 100 sx cement and spot a balanced plug from 311' to surface, circulate good cement out of casing valve. TOH and LD tubing. Shut well in and WOC. If BH annulus does not test, then perforate at the appropriate depth and attempt to circulate cement to surface filling the casing from 311' and the annulus from the squeeze holes to surface. Shut in well and WOC.

15. ND cementing valves and cut off wellhead. Fill annuli with cement as necessary. Install P&A marker to comply with regulations. Record GPS coordinate for P&A marker on tower report. Photograph P&A marker in place. RD, MOL and restore location per BLM stipulations.

Wellbore Diagram

South Blanco Federal 26-4

API #: 3004525219

San Juan, New Mexico

Plug 7

311 feet - Surface
311 feet plug
100 sacks of Class G Cement

Plug 6

1411 feet - 1132 feet
279 feet plug
22 sacks of Class G Cement

Plug 5

1974 feet - 1824 feet
150 feet plug
12 sacks of Class G Cement

Plug 4

2450 feet - 2300 feet
150 feet plug
12 sacks of Class G Cement

Plug 3

3488 feet - 2971 feet
517 feet plug
42 sacks of Class G Cement

Plug 2

4473 feet - 4158 feet
315 feet plug
25 sacks of Class G Cement

Plug 1

5290 feet - 5186 feet
104 feet plug
9 sacks of Class G Cement

Surface Casing

8.625" 24# @ 261 ft

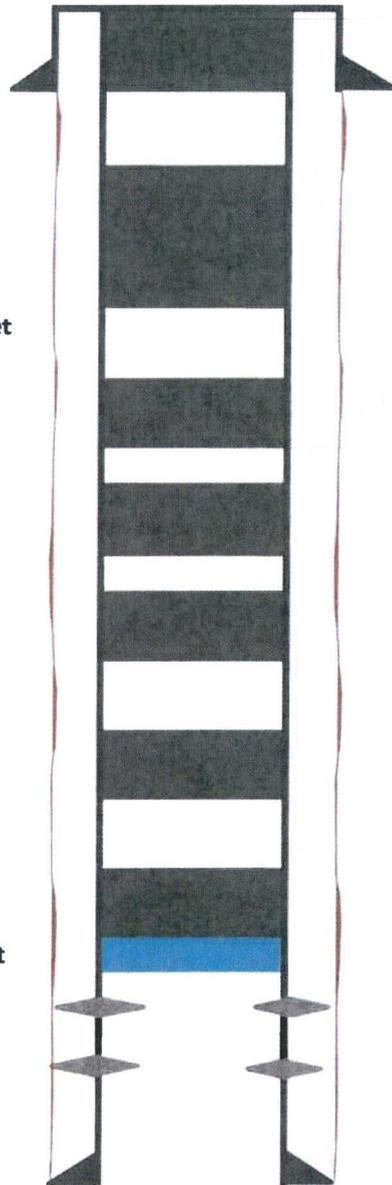
Formation

Ojo Alamo - 1232 feet
Kirtland/Fruitland - 1361 feet
Pictured Cliffs- 1924 feet
Lewis - 1996 feet
Chacra - 2776 feet
Cliffhouse - 3412 feet
Menefee - 3438 feet
Point Lookout - 4258 feet
Mancos - 4423 feet
Gallup - 5286 feet
Marye SS - 5453 feet

Retainer @ 5290 feet

Production Casing

4.5" 10.5# @ 5676 ft



P & A RECLAMATION PLAN

Date: January 29, 2019

BLM Specialist: Randy McKee

Operator: DJR Operating, LLC

DJR Operating, LLC: Paul Lehrman, Steven Merrell

API No. 30-045-25219

Well Name & Number: South Blanco Federal 26 #4

Lease No: NM-12233

Section 26 Township 24 North Range 8 West

Footage 660 FNL 2295 FWL

County San Juan State New Mexico

Surface BLM

Twinned Location No

Latitude/Longitude:

Lat:36.2906902966 Long: -107.652316476

WELL PAD

Topography Badlands

Stockpile Topsoil No

Soil Type Sandy/Clay

Vegetation Community Badlands

Vegetation Specifics

Common Name	Scientific Name	Variety	Season	Form	PLS lbs/Acre
FourWing Saltbush	Atriplex canescens	VNS	Cool	Shrub	4.0
Indian Ricegrass	Achnatherum hymenoides	Paloma or Rimrock	Cool	Bunch	5.0
Sand Dropseed	Sporobolus cryptandrus	VNS	Warm	Bunch	.5
Shadscale Saltbush	Atriplex confertifolia	VNS		Shrub	2.0
Rabbitbrush	Ericameria nauseosa		Warm	Shrub	2.0
Sagebrush	Artemisia tridentata		Warm	Shrub	1.0
					14.5

Vegetation Cages No

Noxious Weeds No

Facilities on Location

- Pumping Unit
- Power Drop/Pole

ACCESS ROAD

Access Length	400' (From West to Pad) (See plat)
Remediation Method	Rip/Seed
Culverts	Yes at Main Road (Remove to allow natural drainage)
Cattle Guard	No
Other	N/A

PIPELINE

Pipeline Company	DJR (Goes to Central Battery to South)
Relocate Riser	No

GRAZING

N/A

GENERAL RECLAMATION PLAN NARRATIVE

On January 29, 2019, an on-site to discuss Surface Reclamation was conducted with attendees, Randy McKee of the BLM FIMO Office, and DJR Operating, LLC Representatives, Paul Lehrman and Steven Merrell. The following was discussed:

Re-contour the well site as much as possible without taking any material from outside disturbed areas. Construct two silt traps as shown on plat to divert water from North of pad to East of pad.

Reclamation work will begin approximately May 15, 2019 (to allow for better seed germination), and after the submitted approved plugging Sundry. No new disturbance will be allowed outside current disturbed areas except as noted herein. Notification will be provided via e-mail, or phone to Randy McKee. This will be done 48 hours prior to starting dirt work. Randy McKee email: rmckee@blm.gov and cell 505-793-1834. **PLEASE CONTACT RANDY MCKEE PRIOR TO BEGINNING RECLAMATION FOR ADDITIONAL ON-SITE TO DISCUSS SPECIFICS OF SILT TRAP PLACEMENT AND DESIGN.**

All fences (if any), production equipment, concrete slabs, anchors, flowlines (any below ground) all within well pad boundaries, risers, drips, tanks, debris, and trash will be removed from location and disposed of at the proper facilities.

The reclaimed areas of the pad and the 400' access road to be ripped to depths of a minimum of 12", leaving the surface as rough as needed, to provide sufficient root establishment, growth, and stabilization of disturbed areas.

Culvert will be removed at pad entrance from main road to allow natural drainage.

All Seed will be distributed via drill seeding. Straw mulch will be crimped in after seeding to collect moisture and give the seed better chances of germination.

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: South Blanco Federal 26 #4

CONDITIONS OF APPROVAL

1. Plugging operations authorized are subject to the attached "General Requirements for Permanent Abandonment of Wells on Federal and Indian Lease."

2. Farmington Office is to be notified at least 24 hours before the plugging operations commence (505) 564-7750.

3. The following changes are to be made:

I: Set plug #2 to (4625-4265) ft. to cover the top of the Mancos and Point Lookout fms. BLM picks top of Mancos @ 4572 ft., top of Point Lookout @ 4316 ft. Adjust cement volume accordingly.

II: Bring the bottom of plug #3 to 3520 ft. to cover the Cliff House formation. BLM picks top of Cliff House @ 3470 ft. Adjust cement volume accordingly.

III. Plug #4, Chacra plug not required. (Operations discretion)

IV: Set plug #5 (2015-1915) ft. to cover the Pictured Cliffs formation. BLM picks top of PC @ 1962 ft.

V: Set plug #6 (1750-1280) ft. to cover the Fruitland, Kirtland and Ojo Alamo formations. BLM picks top of Fruitland @ 1700 ft., Ojo Alamo @ 1329 ft. Adjust cement volume accordingly.