State of New Mexico
Energy, Minerals and Natural Resources Department

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: 12/11/2019
Well information:

30-045-28380 SOUTH BISTI 17 O #001
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.

In addition to the BLM approved plugs:

- Add a Chacra plug 1465'-1365' to cover the Chacra top. OCD Chacra pick @ 1415'.

NMOCD Approved by Signature

3/25/20
Date

Form 3160-5
(June 2015)

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.

SUBMIT IN TRIPLICATE - Other instructions on page 2

5. Lease Serial No.
NMNM25445

6. If Indian, Allottee or Tribe Name

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 BISTI 17 O 1

2. Name of Operator
DJR OPERATING LLC
Contact: ALICE MASCARENAS
E-Mail: amascarenas@djrllc.com

9. API Well No.
30-045-28380-00-S1

3a. Address
1600 BROADWAY SUITE 1960
DENVER, CO 80202

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

10. Field and Pool or Exploratory Area
BISTI LOWER GALLUP

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
Sec 17 T25N R12W SWSE 0950FSL 2235FEL
36.396454 N Lat, 108.132690 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			
☒ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Hydraulic Fracturing	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☐ Other
	☐ Change Plans	☒ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ 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 request permission to Plug & Abandon the subject well per the attached procedure, wellbore diagram, and reclamation plan.

NMOCD
FEB 10 2020
DISTRICT III

14. I hereby certify that the foregoing is true and correct.
Electronic Submission #495470 verified by the BLM Well Information System
For DJR OPERATING LLC, sent to the Farmington
Committed to AFMSS for processing by ALBERTA WETHINGTON on 12/16/2019 (20AMW0096SE)

Name *(Printed/Typed)* ALICE MASCARENAS — Title REGULATORY TECHNICIAN

Signature (Electronic Submission) — Date 12/11/2019

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By JOE KILLINS — Title ENGINEER — Date 02/04/202

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 ****

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 Bisti 17 O1

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.

GENERAL REQUIREMENTS FOR PERMANENT ABANDONMENT OF WELLS ON FEDERAL AND INDIAN LEASES FARMINGTON FIELD OFFICE

1.0 The approved plugging plans may contain variances from the following minimum general requirements.

1.1 Modification of the approved plugging procedure is allowed only with the prior approval of the Authorized Officer, Farmington Field Office.

1.2 Requirements may be added to address specific well conditions.

2.0 Materials used must be accurately measured. (densometer/scales)

3.0 A tank or lined pit must be used for containment of any fluids from the wellbore during plugging operations and all pits are to be fenced with woven wire. These pits will be fenced on three sides and once the rig leaves location, the fourth side will be fenced.

3.1 Pits are not to be used for disposal of any hydrocarbons. If hydrocarbons are present in the pit, the fluids must be removed prior to filling in.

4.0 All cement plugs are to be placed through a work string. Cement may be bull-headed down the casing with prior approval. Cement caps on top of bridge plugs or cement retainers may be placed by dump bailer.

4.1 The cement shall be as specified in the approved plugging plan.

4.2 All cement plugs placed inside casing shall have sufficient volume to fill a minimum of 100' of the casing, or annular void(s) between casings, plus an excess volume sufficient to provide for 50 linear feet of fill above the plug.

4.3 Surface plugs may be no less than 50' in length.

4.4 All cement plugs placed to fill annular void(s) between casing and the formation shall be of sufficient volume to fill a minimum of 100' of the annular space plus 100% excess, calculated using the bit size, or 100' of annular capacity, determined from a caliper log, plus an excess volume sufficient to provide for 50 linear feet of fill above the plug.

4.5 All cement plugs placed to fill an open hole shall be of sufficient volume to fill a minimum of 100' of hole, as calculated from a caliper log, plus an excess volume sufficient to provide for 50 linear feet of fill above the plug. In the absence of a caliper log, an excess of 100% shall be required.

4.6 **A cement bond log or other accepted cement evaluation tool is required to be run if one had not been previously ran or cement did not circulate to surface during the original casing cementing job or subsequent cementing jobs.**

5.0 All cement plugs spotted across, or above, any exposed zone(s), when; the wellbore is not full of fluid or the fluid level will not remain static, and in the case of lost circulation or partial returns during cement placement, shall be tested by tagging with the work string.

5.1 The top of any cement plug verified by tagging must be at or above the depth specified in the approved plan, without regard to any excess.

5.2 Testing will not be required for any cement plug that is mechanically contained by use of a bridge plug and/or cement retainer, if casing integrity has been established.

5.3 Any cement plug which is the only isolating medium, for a fresh water interval or a zone containing a prospectively valuable deposit of minerals, shall be tested by tagging.

5.4 If perforations are required below the surface casing shoe, a 30 minute minimum wait time will be required to determine if gas and/or water flows are present. If flow is present, the well will be shut-in for a minimum of one hour and the pressure recorded. Short or long term venting may be necessary to evacuate trapped gas. If only a water flow occurs with no associated gas, shut well in and record the pressures. Contact the Engineer as it may be necessary to change the cement weight and additives.

6.0 Before setting any cement plugs the hole needs to be rolled. All wells are to be controlled by means of a fluid that is to be of a weight and consistency necessary to stabilize the wellbore. This fluid shall be left in place as filler between all plugs.

6.1 Drilling mud may be used as the wellbore fluid in open hole plugging operations.

6.2 The wellbore fluid used in cased holes shall be of sufficient weight to balance known pore pressures in all exposed formations.

7.0 A blowout preventer and related equipment (BOPE) shall be installed and tested prior to working in a wellbore with any exposed zone(s); (1) that are over pressured, (2) where the pressures are unknown, or (3) known to contain H_2S.

8.0 Within 30 days after plugging work is completed, file a Sundry Notice, Subsequent Report of Abandonment (Form 3160-5), five copies, with the Field Manager, Bureau of Land Management, 6251 College Blvd., Suite A, Farmington, NM 87402. The report should show the manner in which the plugging work was carried out, the extent, by depth(s), of cement plugs placed, and the size and location, by depth(s), of casing left in the well. Show date well was plugged.

9.0 All permanently abandoned wells are to be marked with a permanent monument as specified in 43 CFR 3162.6(d). Unless otherwise approved.

10.0 If this well is located in a Specially Designated Area (SDA), compliance with the appropriate seasonal closure requirements will be necessary.

All of the above are minimum requirements. Failure to comply with the above conditions of approval may result in an assessment for noncompliance and/or a Shut-in Order being issued pursuant to 43 CFR 3163.1. You are further advised that any instructions, orders or decisions issued by the Bureau of Land Management are subject to administrative review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4 and 43 CFR 4.700.

BLM FLUID MINERALS
Geologic Report

Date Completed: 1/8/20

Well No.	South Bisti 17 O # 1		Location	950' FSL	&	2235' FEL	
Lease No.	NMNM25445		Sec. 17	T25N		R12W	
Operator	DJR		County	San Juan	State	New Mexico	
Total Depth	5025'	PBTD 4965'	Formation	Bisti Lower Gallup			
Elevation (GL)	6267'		Elevation (KB)	6279' (est.)			

Geologic Formations	Est. Top	Est. Bottom	Log Top	Log Bottom	Remarks
San Jose Fm					
Nacimiento Fm	Surface	71'			Surface/Fresh water sands
Ojo Alamo Ss	71'	471'			Aquifer (fresh water)
Kirtland Shale	471'			952'	
Fruitland Fm			952'	1140'	Coal/Gas/Possible water
Pictured Cliffs Ss			1140'	1300'	Gas
Lewis Shale			1300'	1500'	
La Ventana			1500'	1929'	Probable water or dry
Cliff House Ss			1929'	2518'	Water/Possible gas
Menefee Fm			2518'	3594'	Coal/Ss/Water/Possible O&G
Point Lookout Ss			3594'	3750'	Probable water/Possible O&G
Mancos Shale			3750'	4660'	Source rock
Gallup			4660'		O&G/Water
Greenhorn					
Graneros Shale					
Dakota Ss					O&G/Water

Remarks:
P & A

- Log analysis of reference well #2 (attached worksheet) indicates the Ojo Alamo contains fresh water (≤ 5,000 ppm TDS) and the Nacimiento Formation may contain fresh water behind the surface casing.

- Please ensure that the tops of the Menefee, Pictured Cliffs and Fruitland formations, as well as the entire Ojo Alamo aquifer, identified in this report, are isolated by proper placement of cement plugs. This will protect the freshwater sands in this well bore.

Reference Well:
1) DJR — Fm. Tops
Same

2) Giant E & P Co. — Water Analysis
Federal 18 # 1
790' FNL, 1000' FEL
Sec 18, T25N, R12W
GL 6531', KB 6543'

Prepared by: *Walter Gage*

DJR Operating LLC

Plug And Abandonment Procedure

South Bisti 17 O #001

950' FSL & 2235' FEL, Section 17, T25N, R12W

San Juan County, NM / API 30-045-28380

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 5-1/2" bit or casing scraper on 2-3/8" workstring and round trip as deep as possible above top perforation at 4786'.

6. P/U 5-1/2" CR, TIH and set CR at +/- 4736'. 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, 4736'-4560', 21 Sacks Class G Cement)**

   Mix 21 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 3847'-3494', 41 Sacks Class G Cement)**

   Mix 41 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) Formation Tops 2568'-2418', 18 Sacks Class G Cement)**

    Mix 18 sx Class G cement and spot a balanced plug inside casing to cover Mesa Verde(Menefee, Cliffhouse) formation top.

11. Plug 4 **(Mesa Verde(Cliff House) and Chacra Formation Tops 1979'-1600', 45 Sacks Class G Cement)**

    Mix 45 sx Class G cement and spot a balanced plug inside casing to cover the Mesa Verde(Cliffhouse) and Chacra formation tops.

12. Plug 5 **(Pictured Cliffs Formation Top 1219'-1069', 18 Sacks Class G Cement)**

    Mix 18 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 1002'-700', 35 Sacks Class G Cement)**

    Mix 35 sx Class G cement and spot a balanced plug inside casing to cover Fruitland, Kirtland, and Ojo Alamo formation tops.

14. Plug 7 **(Nacimiento Formation Top and Surface Shoe 600'-surface, 141 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 141 sx cement and spot a balanced plug from 600' 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 600' 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 Bisti 17 O #001
API #: 3004528380
San Juan, New Mexico

Plug 7
600 feet - Surface
600 feet plug
141 sacks of Class G Cement

Plug 6
1002 feet - 700 feet
302 feet plug
35 sacks of Class G Cement

Plug 5
1219 feet - 1069 feet
150 feet plug
18 sacks of Class G Cement

Plug 4
1979 feet - 1600 feet
379 feet plug
45 sacks of Class G Cement

Plug 3
2568 feet - 2418 feet
150 feet plug
18 sacks of Class G Cement

Plug 2
3847 feet - 3494 feet
353 feet plug
41 sacks of Class G Cement

Plug 1
4736 feet - 4560 feet
176 feet plug
21 sacks of Class G Cement

Surface Casing
8.625" 24# @ 362 ft

Formation
Fruitland Coal - 952 feet
Pictured Cliffs - 1169 feet
Lewis - 1296 feet
Cliffhouse - 1929 feet
Menefee - 2518 feet
Point Lookout - 3594 feet
Mancos - 3797 feet
Gallup - 4660 feet

Retainer @ 4736 feet

Production Casing
5.5" 15.5# @ 5010 ft