

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENTOCD Hobbs  
HOBBBS OCDFORM APPROVED  
OMB NO. 1004-0135  
Expires: July 31, 2010

## SUNDRY NOTICES AND REPORTS ON WELLS

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

MAR 21 2012

SUBMIT IN TRIPLICATE - Other instructions on reverse side

RECEIVED

1. Type of Well <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other INJECTION		5. Lease Serial No. NMLC065151
2. Name of Operator DUGAN PRODUCTION CORP Contact: ALIPH REENA E-Mail: aliph.reena@duganproduction.com		6. If Indian, Allottee or Tribe Name
3a. Address P O BOX 420 FARMINGTON, NM 87499-0420	3b. Phone No. (include area code) Ph: 505-325-1821	7. If Unit or CA/Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 23 T9S R37E NENE 660FNL 660FEL		8. Well Name and No. BILBREY 51 1
		9. API Well No. 30-025-24321
		10. Field and Pool, or Exploratory SAWYER
		11. County or Parish, and State SWD: San Andres LEA COUNTY, NM

## 12. CHECK 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 checked="" 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 recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Operator requests additional time to return this well to injection. The application for the same requires an NMOC examiner hearing to consider the reservoir engineering and land issues. The well will be returned to injection by 7/31/2012.

SEE ATTACHED  
ORDERSRejected.  
See attached DAO  
03/06/2012 PRP  
Compliance Required  
by 04/26/2012

14. I hereby certify that the foregoing is true and correct. Electronic Submission #132110 verified by the BLM Well Information System For DUGAN PRODUCTION CORP, sent to the Hobbs	
Name (Printed/Typed) ALIPH REENA	Title PRODUCTION ENGINEER
Signature (Electronic Submission)	Date 03/02/2012

## THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By REJECTED /s/ JD Whitlock Jr	Title LRET	Date 3/19/12
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 CFO	

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.

\*\* OPERATOR-SUBMITTED \*\* OPERATOR-SUBMITTED \*\* OPERATOR-SUBMITTED \*\*

MAR 22 2012

# **Order of the Authorized Officer**

**Dugan Production Corporation**

**Bilbrey 51 1**

**API 3002524321**

March 6, 2012

This well's recorded activity has been and plans to be inactive/shut-in for more than 30 days without authorization in violation of 43 CFR 3162.3-4(c). As the current operator you are required to: A) return the well to production or beneficial use, B) accomplish the requirements for BLM temporary abandonment status approval or C) plug and abandon the well.

An inactive/shut-in well bore is a completion that is capable of production in paying quantities or of service use. A temporarily abandoned well bore is a completion that is not capable of production in paying quantities but may have value as a service well and has BLM approved TA status.

Submit your plan of response on the Sundry Notice Form 3160-5 (the original and 3 copies) and your committed timetable for accomplishment.

Initial twelve month temporary abandonment (TA) status approval requires:

1st – Wellbore Preparation:

The authorized officer may accept operator justification for additional 12 month periods provided; wellbore preparation and CIT (with no leakoff) was witnessed by a BLM representative. The BLM I & E staff should be contacted at least 24 hours prior if the conversion is to be witnessed.

Eddy County: Phone (505)234-5985, or 361-2822, Lea County: (505)393-3612

All downhole production/injection equipment (packers, tubing, rods, etc.) shall be removed from the casing.

A bradenhead test (an integrity scrutiny of each separate annular condition) must be conducted

using well or applied fluid pressure and documented. If the test indicates a problem exists, a remedial plan shall be submitted within ninety (90) days of the test.

All hydrocarbon and differential pressured zone(s) must be isolated by a bridge plug, a cement retainer, or a cement plug. The intent is to confine fluids in their natural horizons.

If a bridge plug or cement retainer is used, it is to be installed 50 to 100 feet above any open hole or perforations as possible. It must be capped by a casing volume of 35 feet or more of cement if placed with a dump bailer, or 25 sacks of slurry if placed with tubing.

If a cement plug is used, it is to be set with tubing, hydrostatically balanced, start 50 foot or more below the zone or bottom perforation and end 50 foot or more above the zone or top perforation. However, two separated 100 foot plugs may be spotted below and above a zone, less than 50 foot from that zone. Individual cement plug volumes are to be at least 25 sacks, fill 100 foot of hole, and the slurry volume increased by 10% per 1000 foot of plug depth.

The cement plug top(s) shall be verified by tagging.

The wellbore must be filled with corrosion inhibited fluid and pressure tested (with a recorder range of = 1,000 psig) to 500 psig. The casing shall be capable of holding this pressure for at least 30 minutes with a 10% allowable leakoff.

2nd – Subsequent Sundry Notice:

Within 30 days submit (original and 5 copies) of Form 3160-5 to:

B.L.M. Carlsbad Field Office  
620 East Greene Street  
Carlsbad, New Mexico 88220

- a. Describe when and how all wellbore pay zones have been opened and closed.  
Include  
An updated wellbore diagram.
- b. Include the original or a clear copy of a dated and B.L.M. witnessed (Mechanical Integrity Test) pressure chart.\*
- c. Provide justification why the well should be temporarily abandoned rather than permanently plugged and abandoned and an estimated date the well will be returned to beneficial use.

\*If the MIT is not successful, then the operator shall submit to BLM; within 30 days, on Form 3160-5, for approval, one of the following:

A procedure to repair the casing so that a TA approval can be granted.

A procedure to plug and abandon the well. If a procedure to plug and abandon the well previously has been approved (with a TA option) by the Carlsbad Field Office and the well work conversion has been witnessed by BLM I & E staff, that procedure may be accomplished without delay.

References: 43 CFR 3162.1(a), 43 CFR 3162.3-2, 43 CFR 3162.3-4, 43 CFR 3162.4-1, Onshore Oil and Gas Order #1.X., & Onshore Oil and Gas Order #2.III.G.

# Use of Form 3160-5 "Sundry Notices and Reports on Wells"

## § 43 CFR 3162.3-2 Subsequent Well Operations.

a) A proposal for further well operations shall be submitted by the operator on Form 3160-5 for approval by the authorized officer prior to commencing operations to redrill, deepen, perform casing repairs, plug-back, alter casing, perform nonroutine fracturing jobs, recompleteness in a different interval, perform water shut off, commingling production between intervals and/or conversion to injection. If there is additional surface disturbance, the proposal shall include a surface use plan of operations. A subsequent report on these operations also will be filed on Form 3160-5. The authorized officer may prescribe that each proposal contain all or a portion of the information set forth in §3162.3-1 of this title.

(b) Unless additional surface disturbance is involved and if the operations conform to the standard of prudent operating practice, prior approval is not required for routine fracturing or acidizing jobs, or recompleteness in the same interval; however, a subsequent report on these operations must be filed on Form 3160-5.

(c) No prior approval or a subsequent report is required for well cleanout work, routine well maintenance, or bottom hole pressure surveys.

[47 FR 47765, Oct. 27, 1982. Redesignated and amended at 48 FR 36583-36586, Aug. 12, 1983, further amended at 52 FR 5391, Feb. 20, 1987; 53 FR 17363, May 16, 1988; 53 FR 22847, June 17, 1988]

## 43 CFR 3160.0-9 (c)(1) Information collection.

(c)(1) The information collection requirements contained in part 3160 have been approved by the Office of Management and Budget under 44 U.S.C. 3507 and assigned the following Clearance Numbers:

### Operating Forms

Form No.	Name and filing date	OMB No.
3160-3	Application for Permit to Drill, Deepen, or Plug Back—Filed 30 days prior to planned action	1004-0136
3160-4	With Completion of Recompleteness Report and Log—Due 30 days after well completion	1004-0137
3160-5	Sundry Notice and Reports on Wells—Subsequent report due 30 days after operations completed	1004-0135

The information will be used to manage Federal and Indian oil and gas leases. It will be used to allow evaluation of the technical, safety, and environmental factors involved with drilling and producing oil and gas on Federal and Indian oil and gas leases. Response is mandatory only if the operator elects to initiate drilling, completion, or subsequent operations on an oil and gas well, in accordance with 30 U.S.C. 181 *et seq.*

## § 3162.4-1 (c) Well records and reports.

Not later than the 5th business day after any well begins production on which royalty is due anywhere on a lease site or allocated to a lease site, or resumes production in the case of a well which has been off production for more than 90 days, the operator shall notify the authorized officer by letter or sundry notice, Form 3160-5, or orally to be followed by a letter or sundry notice, of the date on which such production has begun or resumed.