

Form 3160-5
(June 2015)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM 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**

| | | |
|---|--|--|
| 1. Type of Well <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other: COAL BED METHANE | | 5. Lease Serial No. N00C14203598 |
| 2. Name of Operator DJR OPERATING LLC | | 6. If Indian, Allottee or Tribe Name EASTERN NAVAJO |
| 3a. Address 1 ROAD 3263 AZTEC, NM 87410 | | 7. If Unit or CA/Agreement, Name and/or No. NMNM87152 |
| 3b. Phone No. (include area code) Ph: 505-632-3476 | | 8. Well Name and No. BUENA SUERTE 3 G COM 1 |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 3 T25N R11W SWNE 2400FNL 1820FEL 36.430618 N Lat, 107.988037 W Lon | | 9. API Well No. 30-045-28646-00-S1 |
| | | 10. Field and Pool or Exploratory Area BASIN FRUITLAND COAL |
| | | 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 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"/> 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 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 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 must 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 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 according to the attached Procedure, Current & Proposed Wellbore Diagram and Reclamation Plan

| | |
|---|-----------------------------|
| 14. I hereby certify that the foregoing is true and correct. Electronic Submission #535275 verified by the BLM Well Information System For DJR OPERATING LLC, sent to the Farmington Committed to AFMSS for processing by HEATHER PERRY on 11/02/2020 (21HCP0020SE) | |
| Name (Printed/Typed) SHAW-MARIE FORD | Title REGULATORY SPECIALIST |
| Signature (Electronic Submission) | Date 10/23/2020 |

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

| | | |
|---|---------------------------------|--------------------------|
| Approved By <u>JOE KILLINS</u> | Title <u>PETROLEUM ENGINEER</u> | Date <u>01/12/2021</u> |
| 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 <u>Farmington</u> |

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 ****

Revisions to Operator-Submitted EC Data for Sundry Notice #535275

| | Operator Submitted | BLM Revised (AFMSS) |
|--------------------------------|---|---|
| Sundry Type: | ABD NOI | ABD NOI |
| Lease: | N00C14203598 | N00C14203598 |
| Agreement: | NMNM87152 | NMNM87152 (NMNM87152) |
| Operator: | DJR OPERATING LLC 1 ROAD 3263 AZTEC, NM 87410 Ph: 505-632-3476 | DJR OPERATING LLC 1 ROAD 3263 AZTEC, NM 87410 Ph: 505-632-3476 |
| Admin Contact: | SHAW-MARIE FORD REGULATORY SPECIALIST E-Mail: sford@djrlc.com Ph: 505-632-3476 | SHAW-MARIE FORD REGULATORY SPECIALIST E-Mail: sford@djrlc.com Ph: 505-632-3476 |
| Tech Contact: | SHAW-MARIE FORD REGULATORY SPECIALIST E-Mail: sford@djrlc.com Ph: 505-632-3476 | SHAW-MARIE FORD REGULATORY SPECIALIST E-Mail: sford@djrlc.com Ph: 505-632-3476 |
| Location: State: County: | NM SAN JUAN | NM SAN JUAN |
| Field/Pool: | BASIN FRUITLAND COAL | BASIN FRUITLAND COAL |
| Well/Facility: | BUENA SUERTE 3 G COM 1 Sec 3 T25N R11W SWNE 2400FNL 1820FEL 36.430675 N Lat, 107.988670 W Lon | BUENA SUERTE 3 G COM 1 Sec 3 T25N R11W SWNE 2400FNL 1820FEL 36.430618 N Lat, 107.988037 W Lon |

Plug and Abandonment Procedure

for

DJR Operating, LLC

Buena Suerte 3G Com 1

API # 30-045-28646

SW/NE, Unit G, Sec. 3, T25N, R11W

San Juan County, NM

I.

1. Hold pre-job meeting, comply with all NMOCD, BLM and environmental regulations.
2. Check and record tubing, casing and bradenhead pressures.
3. Remove existing piping from casing valve, RU blow lines from casing valves and blow down casing pressure. Kill well as necessary. Ensure that well is dead or on a vacuum.
4. Trip out of hole with rods and pump. Lay down to be sent in for storage/salvage.
5. ND WH, NU BOP, function test BOP.
6. Trip out of hole with 2 3/8" tubing. LD tubing to be sent in for storage/salvage.

II.

7. PU workstring, TIH with bit and scraper, make sure that the bit and scraper will go below 1180'. TOOH.
8. PU and RIH with a 4 1/2" cement retainer. Set the CR at +/- 1180'. Pressure test tubing to 1000 psi, sting out of CR, test casing to 600 psi. If casing does not test, contact engineering.

Provided that casing test was good, proceed to step 9.

9. RU cement equipment. Pump water to assure that tubing is clear.
10. Plug 1. Mix and attempt to pump 10 sx class G cement through cement retainer and displace with 5.1 bbl water. If zone pressures up, sting back out of retainer and continue with Plug 2.

11. Plug 2. Fruitland, Kirtland, Ojo Alamo, and surface casing shoe. From 1180' to surface, mix and pump cement until cement circulation is achieved at surface.
12. RD cementing equipment. Cut off wellhead, fill annuli with cement as necessary. Install P&A marker as per regulatory requirements. Record GPS coordinates for P&A marker and the final P&A report. Photograph the P&A marker and attach to the report.
13. RD and MO all rig and cement equipment. Assure that location is free of trash and contamination before moving off.
14. Send all reports and attachments to DJR Aztec office for regulatory filings.

Note: All cement is to be class G mixed at 15.8 ppg, yield 1.15 cu ft / sx. Cement volumes are based on inside capacities + 50' excess and outside capacities + 100 % excess.

BLM FLUID MINERALS Geologic Report

Date Completed: 01/04/2021

| | | | | | | | | |
|---|-------|----------------|----------|-----|-----------|------------|-----|--|
| Well No. Buena Suerte 3G Com #001 (API# 30-045-28646) | | Location | 2400 | FNL | & | 1820 | FEL | |
| Lease No. N00-C-1420-3598 | | Sec. 03 | T25N | | | R11W | | |
| Operator DJR Operating, LLC | | County | San Juan | | State | New Mexico | | |
| Total Depth | 1510' | PBTD | 1455' | | Formation | | | Fruitland Coal (producing), Pictured Cliffs (TD) |
| Elevation (GL) 6245' | | Elevation (KB) | | | | | | |

| Geologic Formations | Est. Top | Est. Bottom | Log Top | Log Bottom | Remarks |
|---------------------|----------|-------------|---------|------------|-----------------------------|
| San Jose Fm | | | | | Surface/Fresh water sands |
| Nacimiento Fm | Surface | 370 | | | Fresh water sands |
| Ojo Alamo Ss | 370 | 481 | | | Aquifer (fresh water) |
| Kirtland Shale | 481 | 1071 | | | |
| Fruitland Fm | 1071 | 1355 | | | Coal/Gas/Possible water |
| Pictured Cliffs Ss | 1355 | PBTD | | | Gas |
| Lewis Shale | | | | | |
| Chacra | | | | | |
| Cliff House Ss | | | | | Water/Possible gas |
| Menefee Fm | | | | | Coal/Ss/Water/Possible O&G |
| Point Lookout Ss | | | | | Probable water/Possible O&G |
| Mancos Shale | | | | | |
| Gallup | | | | | O&G/Water |
| Graneros Shale | | | | | |
| Dakota Ss | | | | | O&G/Water |

Remarks:

P & A

- BLM estimate for the top of the Fruitland formation varies from operator pick, as the operator reported the top of the basal coal in the Fruitland, and BLM estimated the top of the Fruitland formation itself.
- Log analysis of reference well #3 indicates the Nacimiento and Ojo Alamo sands investigated likely contain fresh water ($\leq 5,000$ ppm TDS). Plugging plan has cement from the cement retainer @ 1180' to Surface which will protect freshwater sands in this well bore.
- Fruitland coal perforations @ 1220'-1238'.
- Low concentrations of H₂S (10 ppm GSV) have been reported in the SESE of Section 2, T25N, R11W.

Reference Well:

1) Formation Tops

Same

2) Formation Tops

DJR Operating, LLC
Buena Suerte 3L Com #1T
1740' FNL, 1420' FWL
Sec. 3, T25N, R11W
GL 6274'

3) Water Analysis

Giant E & P Co.
Carson Unit #23
1980' FSL, 1980' FEL
Sec. 19, T25N, R11W
GL 6438' KB 6447'

Prepared by: Chris Wenman

DJR Operating, LLC Current Wellbore Diagram

Buena Suerte 3G Com 1

API # 30-045-28646

SW/NE, Unit G, Sec 3, T25N, R11W
San Juan County, NM

GL 6245'

KB N/A

Spud Date 1/23/1992

SURF CSG

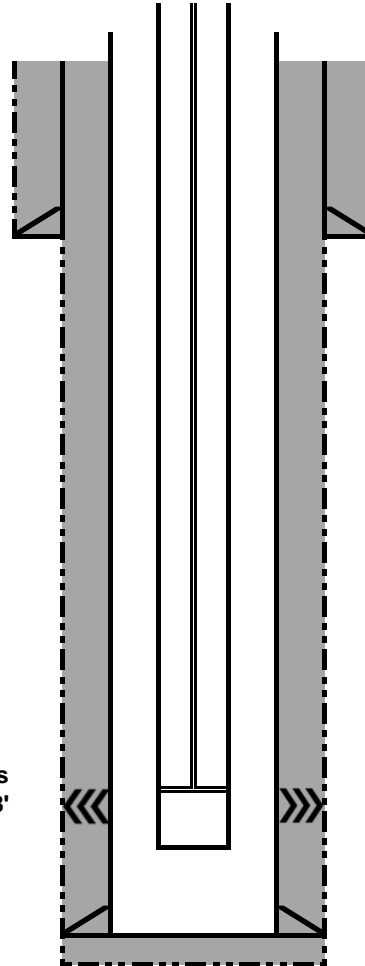
Hole size 8.75"
Csg Size: 7"
Wt: 20#
Grade: J-55
ID: 6.456"
Depth 133'
casing cap ft³/ft: 0.2273
TOC: Circ cmt
to surface

FORMATION TOPS

| | |
|-----------------|---------|
| Nacimiento | Surface |
| Ojo Alamo | N/A |
| Kirtland | N/A |
| Fruitland Coal | 1222' |
| Pictured Cliffs | 1355' |

PROD CSG

Hole size 6.25"
Csg Size: 4.5"
Wt: 9.5#
Grade: K-55
ID: 4.09"
Depth 1500'
casing cap ft³/ft: 0.0912
7x4.5 capacity ft³/ft 0.1169
TOC: Circ cmt
to surface

Fruitland Coal perms
1220-1238'PBTD 1455'
TD 1510'**Production Tubing/Rod Detail**

1 jt. 2.375", SN, 39 jts. 2.375" tbg.

2"x1.5"x12' RWAC pump, .75"x4' guided rod
sub, 8x.75" guided rods, 1x.75" rod, 1x.75"
guided rod, 36x.75" plain rods, .75x2'x2' rod
subs, 1.25"x16' polished rod with 8' liner.

10/23/2020

DJR Operating, LLC
Proposed Wellbore Diagram

Buena Suerte 3G Com 1

API # 30-045-28646

SW/NE, Unit G, Sec 3, T25N, R11W
 San Juan County, NM

GL 6245'

KB N/A

Spud Date 1/23/1992

SURF CSG

Hole size 8.75"
 Csg Size: 7"
 Wt: 20#
 Grade: J-55
 ID: 6.456"
 Depth 133'
 casing cap ft³/ft: 0.2273
 TOC: Circ cmt
 to surface

FORMATION TOPS

| | |
|-----------------|---------|
| Nacimiento | Surface |
| Ojo Alamo | N/A |
| Kirtland | N/A |
| Basal Ft. Coal | 1222' |
| Pictured Cliffs | 1355' |

Plug 2: 1180' to surface, to cover
 Fruitland, Kirtland, Ojo Alamo, surface
 shoe.

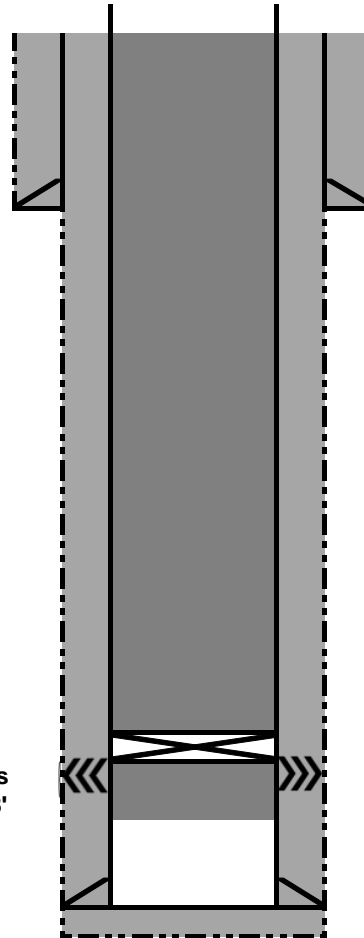
PROD CSG

Hole size 6.25"
 Csg Size: 4.5"
 Wt: 9.5#
 Grade: K-55
 ID: 4.09"
 Depth 1500'
 casing cap ft³/ft: 0.0912
 7x4.5 capacity ft³/ft 0.1169
 TOC: Circ cmt
 to surface

Cement Ret. 1180'
 Fruitland Coal perms
 1220-1238'

PBTD 1455'
 TD 1510'

Plug 1: Attempt to pump 10 sx class G
 cement through CR to Fruitland perms.



**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

Well: Buena Suerte 3G Com 1
API: 3004528646

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. If casing fails to test contact BLM Engineering. No changes are to be made to this approved Sundry without prior approval from the BLM.
4. A Subsequent Report Sundry Notice (Form 3160-5) must be submitted within 30 days after plugging operations are complete.

**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 H₂S.

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.

(October 2012 Revision)

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720
District III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

COMMENTS

Action 14523

COMMENTS

| | | | | | |
|---|--|-------------------------|--------|----------------|--------------|
| Operator: | | | OGRID: | Action Number: | Action Type: |
| DJR OPERATING, LLC 1 Road 3263 Aztec, NM87410 | | | 371838 | 14523 | C-103F |
| | | | | | |
| Created By | | Comment | | Comment Date | |
| kpickford | | KP GEO Review 1/14/2020 | | 01/14/2021 | |

District I
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Phone:(575) 393-6161 Fax:(575) 393-0720
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Phone:(505) 334-6178 Fax:(505) 334-6170
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS

Action 14523

CONDITIONS OF APPROVAL

| | | | | | | | | | |
|--------------|---|-------------|----------------|--------|--------|----------------|-------|--------------|--------|
| Operator: | DJR OPERATING, LLC | 1 Road 3263 | Aztec, NM87410 | OGRID: | 371838 | Action Number: | 14523 | Action Type: | C-103F |
| OCD Reviewer | Condition | | | | | | | | |
| kpickford | Notify NMOCD 24 Hours Prior to beginning operations | | | | | | | | |