

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

Adrienne Sandoval, Division 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: 5/20/2020

Well information:

30-045-05547 CENTRAL BISTI UNIT #008

Click or tap here to enter text.

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: Click or tap here to enter text.

Conditions of Approval:

Notify appropriate NMOCD district office 24 Hours prior to commencing activities.

CBL Required

In addition to the BLM approved plugs:

- Extend the top of Plug #7 to 350'. OCD Ojo Alamo pick @ 400'.

NMOCD Approved by Signature

8/27/2020

Date

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.

5. Lease Serial No.
14206031292

6. If Indian, Allottee or Tribe Name
EASTERN NAVAJO

7. If Unit or CA/Agreement, Name and/or No.
8910060900

SUBMIT IN TRIPLICATE - Other instructions on page 2

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		8. Well Name and No. CENTRAL BISTI UNIT 8
2. Name of Operator DJR OPERATING LLC		9. API Well No. 30-045-05547-00-S1
3a. Address 1 ROAD 3263 AZTEC, NM 87410		10. Field and Pool or Exploratory Area BISTI LOWER GALLUP
3b. Phone No. (include area code) Ph: 505-632-3476		11. County or Parish, State SAN JUAN COUNTY, NM
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 5 T25N R12W NESW 1980FSL 1980FWL 36.428238 N Lat, 108.136292 W Lon		

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 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 according to the attached Procedure, Current & Proposed Wellbore Diagram, & Reclamation Plan.

14. I hereby certify that the foregoing is true and correct.	
Electronic Submission #516061 verified by the BLM Well Information System For DJR OPERATING LLC, sent to the Farmington Committed to AFMSS for processing by JOE KILLINS on 05/27/2020 (20JK0276SE)	
Name (Printed/Typed) SHAW-MARIE FORD	Title REGULATORY SPECIALIST
Signature (Electronic Submission)	Date 05/20/2020

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By <u>JOE KILLINS</u>	Title <u>PETROLEUM ENGINEER</u>	Date <u>08/26/2020</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 ****

AV

Plug and Abandonment Procedure

for

DJR Operating, LLC

Central Bisti Unit 8

API # 30-045-05547

NE/SW, Unit K, Sec. 5, T25N, R12W

San Juan County, NM

Note: This well was drilled and cased with 5.5" 14# casing. Inspection logs revealed casing corrosion. As a result, 4.5" flush joint casing was run from surface to 4921' and cemented.

I.

1. Hold Pre job meeting, comply with all NMOCD, BLM and environmental regulations.
2. MIRU prep rig.
3. Check and record tubing, casing and bradenhead pressures.
4. 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.
5. MIRU hot oil unit, pump hot water to clear rods and tubing of paraffin.
6. Trip out of hole with rods and pump. Lay down to be sent in for storage/salvage.
7. Unset TAC.
8. ND WH, NU BOP, function test BOP.
9. Trip out of hole with 2 3/8" tubing. LD tubing to be sent in for storage/salvage.
10. RDMO prep rig to next location.

II.

11. MIRU P&A rig and equipment.
12. PU workstring, TIH with 4 1/2" bit and scraper, make sure that the bit and scraper will go to 4640'. TOOH.

13. PU and RIH with a 4 ½” cement retainer. Set the CR at +/- 4640’. Pressure test tubing to 1000 psi, sting out of CR, load and roll the hole, test casing to 600 psi. If casing does not test, contact engineering. TOO H.
14. MIRU logging truck. Run CBL log from 4640’ to surface. Hold 600 psi on casing if possible. Electronic copy of CBL to be sent to; Brandon Powell, NMOCD Brandon.Powell@state.nm.us, Joe Killins, BLM jkillins@blm.gov, John Hoffman, BLM jhoffman@blm.gov and Scott Lindsay, DJR slindsay@djrlc.com.
15. TIH with workstring to 4640’. Sting into retainer.
16. Plug 1. RU cement equipment. Pump water to assure that tubing is clear. Mix and attempt to squeeze 35 sx Class G cement through CR into Gallup perforations. If zone pressures up, sting out of CR, spot cement on top of retainer and continue to Plug 2.
17. Plug 2. Gallup: Pump water to assure that tubing is clear. Mix and spot a 100’ balanced plug of Class G cement from 4640’ to 4540’.
18. Plug 3. Mancos: Depending on the results of the new CBL, mix and spot a 100’ balanced plug of Class G cement from 3824’ to 3724’. (May be inside/outside, above existing TOC)
19. Plug 4. Mesa Verde: Depending on the results of the new CBL, mix and spot a 100’ balanced plug of Class G cement from 1934’ to 1834’. (May be inside/outside)
20. Plug 5. Chacra: Depending on the results of the new CBL, mix and spot a 100’ balanced plug of Class G cement from 1540’ to 1440’. (May be inside/outside)
21. Plug 6: Pictured Cliffs and Fruitland: Depending on the results of the new CBL, mix and spot a 454’ balanced plug of Class G cement from 1244’ to 790’. (May be inside/outside)
22. Plug 7: Kirtland: Depending on the results of the new CBL, mix and spot a 100’ balanced plug of Class G cement from 540’ to 440’. (May be inside/outside)
23. Plug 8: Surface shoe to surface: Perforate 4 holes at 259’. Tie on to 4 ½” casing and mix and pump inside and outside from 259’ to surface with Class G cement or until circulation is established.
24. RD cementing equipment. Cut off wellhead, fill any exposed annulus 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.

25. RD and MO all rig and cement equipment. Assure that location is free of trash and contamination before moving off.
26. 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. Outside plugs will be determined once new CBL has been run.

Current Wellbore Diagram
DJR Operating, LLC
Central Bisti Unit # 8

API # 30-045-05547
 NE/SW, Unit K, Sec 5, T25N, R12W
 San Juan County, NM

GL 6168'
 KB 6179'
 Spud Date 9/17/1956

SURF CSG

Hole size 15.5"
 Csg Size: 10.75"
 Wt: 32.75#
 Grade: H-40
 ID: 10.192"
 Depth 209'
 Csg cap ft³: 0.5666
 TOC: Circ cmt
 to surface

FORMATION TOPS

Nacimiento	Surface
Ojo Alamo	N/A
Kirtland	490'
Fruitland	840'
Pictured Cliffs	1208'
Chacra	1490'
Mesa Verde	1884'
Mancos	3757'
Gallup	4692'

PROD CSG

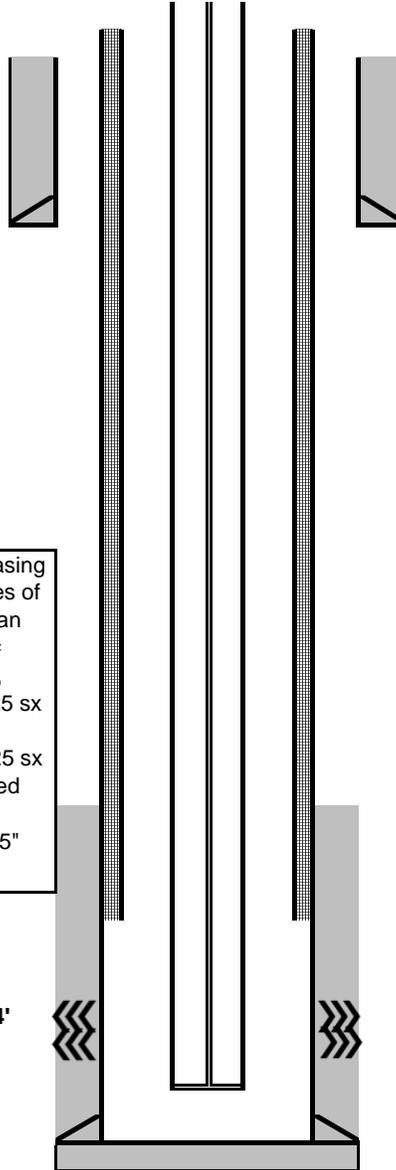
Hole size 8.75"
 Csg Size: 5.5"
 Wt: 14#
 Grade: J-55
 ID: 5.012"
 Depth 4921'
 Csg cap ft³: 0.1370
 Csg/Csg Ann ft³: 0.4016
 Csg/OH cap ft³: 0.2526
 TOC: 3795'

4.5" FJ in 5.5" 14#	4662'
ID:	4.052"
Csg cap ft ³ :	0.0895

<p>The 5.5" csg developed a casing leak and had numerous zones of corrosion from 4540'-850'. Ran 105 jts. (4650') 4-1/2" 10.23# FL4S scab liner set @ 4662', 10/22/81. Cemented with 125 sx Class B 50:50 poz + 2% CaCl+2% gel, followed by 125 sx Class B + 2% CaCl. Circulated cement to surface. SI and squeezed last 20 bbls into 5.5" casing leaks.</p>
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Perfs 4787-4884'

PBTD 4891'
 TD 4944'



Prod Tubing Detail:	
2 3/8	3832'
TAC	3245'

Rod Detail:	
1-3/4"x5' plunger, 1-1/4" sinker bar, 7x3/4" guided rods, 89x3/4" plain rods, 1-1/4"x22' polished rod.	

<p>20 bbls cement squeezed into casing leak behind the 4-1/2" liner. CBL will be run to evaluate cement integrity.</p>
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TOC 3795' (old CBL)
Zones of good cementation, and some less so, to top of logged interval 4.5" FJ in 5.5" 14# set at 4662'

Proposed PXA Wellbore Diagram

DJR Operating, LLC

Central Bisti Unit # 8

API # 30-045-05547

NE/SW, Unit K, Sec 5, T25N, R12W

San Juan County, NM

GL 6168'
 KB 6179'
 Spud Date 9/17/1956

SURF CSG

Hole size 15.5"
 Csg Size: 10.75"
 Wt: 32.75#
 Grade: H-40
 ID: 10.192"
 Depth 209'
 Csg cap ft3: 0.5666
 TOC: Circ cmt to surface

FORMATION TOPS

Nacimiento	Surface
Ojo Alamo	N/A
Kirtland	490'
Fruitland	840'
Pictured Cliffs	1194'
Chacra	1490'
Mesa Verde	1884'
Mancos	3757'
Gallup	4692'

PROD CSG

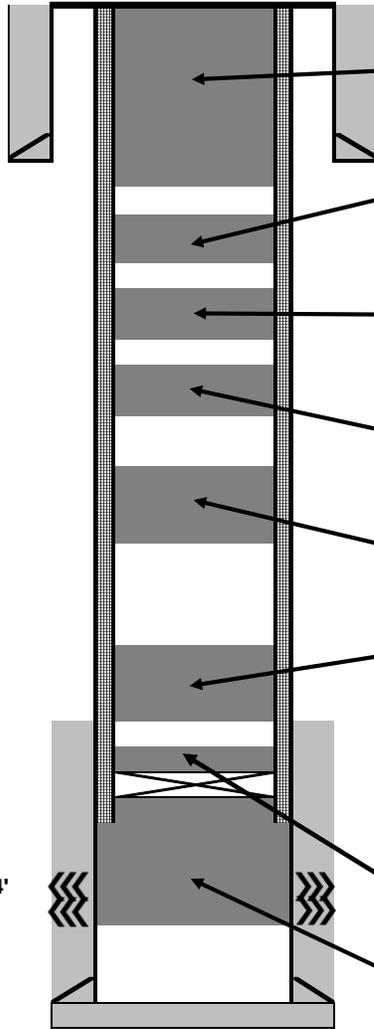
Hole size 8.75"
 Csg Size: 5.5"
 Wt: 14#
 Grade: J-55
 ID: 5.012"
 Depth 4921'
 Csg cap ft3: 0.137
 Csg/Csg Ann ft3: 0.4016
 Csg/OH cap ft3: 0.2526
 TOC: 3795'

4.5" FJ in 5.5" 14#	4662'
ID.	4.052"
Csg cap ft3:	0.0895

CR 4640'

Perfs 4787-4884'

PBTD 4891'
 TD 4944'



Plug 8: Surface shoe to surface: Pump 259' plug of Class G from 259' to surface, inside and outside.

Plug 7: Kirtland: Pump 100' balanced plug of Class G from 540' to 440'. (and outside, if CBL warrants)

Plug 6: Pictured Cliffs and Fruitland: Pump 454' balanced plug of Class G from 1244' to 790'. (and outside, if CBL warrants)

Plug 5: Chacra: Pump 100' balanced plug of Class G from 1540' to 1440'. (and outside, if CBL warrants)

Plug 4: Mesa Verde: Pump 100' balanced plug of Class G cement from 1934' to 1834'. (and outside, if CBL warrants)

Plug 3: Mancos: Pump 100' balanced plug of Class G cement from 3824' to 3724'. (and outside, if CBL warrants)

TOC 3795' (old CBL)
 Zones of good cementation, and some less so, to top of logged interval 4.5" FJ in 5.5" 14# set at 4662'

Plug 2: Pump 100' balanced plug of Class G cement from 4640' to 4540'.

Plug 1: Mix and attempt to squeeze 35 sx Class G cement through CR and into Gallup perfs.

Central Bisti Unit #08

General Reclamation Plan Narrative

On April 15, 2020 an onsite to discuss surface reclamation plan was conducted with attendees Randy McKee of the BLM FFO, DJR operating, LLC contractors, Vance Hixon and Tim Huerter.

Reclamation work will begin in 2020 (date to be determined), and after submitted approved plugging Sundry. Notification will be provided via e-mail or by phone to Randy McKee, rmckee@blm.gov and cell 505-793-1834, 48 hours prior to starting dirt work.

The following was discussed:

All fences (if any), production equipment, concrete slabs, anchors, flow lines (within pad area) risers if any (cut off at pipeline depth), tanks, will be removed off the DRJ well site and will be disposed of at the proper facilities. Any debris and trash on the well site and 100' around the outside of the well site perimeter will be removed and disposed of at the proper facility.

Wellsite piping risers will be cut off 3' below finish grade, when the piping is not buried deeper than 3' this pipe will be removed from the ground. A blind flange will be placed on the pipeline valve. It looks like there is a pipeline dog leg on the NE side of the pad, but further investigation will need to be done on the pipeline.

Re-contouring on the well site will consist of moving material from the east side of the site to a small cut on the west side of the site. Vegetation will be stripped from the cut and fill areas, then replaced after re-contouring is completed. After the dirt work is complete and topsoil is distributed the disturbed areas will be seeded and mulched. There is lots of trash on this location that will need to be picked up. Also contaminated soil around the PU.

A barrier fence with signage will be installed to protect the reclaimed area.

All seed will be distributed via drill seeding. All ripping on the well site to loosen compacted soils and drill seeding will be done following the contours to minimize water erosion. All ripping on access roads and drill seeding will be done following the contours to minimize water erosion.

Straw mulch (i.e. barley, wheat, oat, etc.) will be uniformly applied and crimped on the reclaimed areas of the well site and access road.



**BLM FLUID MINERALS
Geologic Report**

Date Completed: 8/3/20

Well No.	Central Bisti Unit # 8	Location	1980'	FNL	&	1980'	FWL
Lease No.	1420631292	Sec. 5	T25N			R12W	
Operator	DJR Operating LLC	County	San Juan	State	New Mexico		
Total Depth	4930'	PBTD	4891'				
Elevation (GL) 6168'	Formation Bisti Lower Gallup						
Elevation (KB) 6180' (est.)							

Geologic Formations	Est. Top	Est. Bottom	Log Top	Log Bottom	Remarks
San Jose Fm					Fresh water sands
Nacimiento Fm	Surface				Fresh water sands
Ojo Alamo Ss	Behind Surface Casing			523'	Surface/Aquifer (fresh water)
Kirtland Shale			523'	840'	
Fruitland Fm			840'	1088'	Coal/Gas/Possible water
Pictured Cliffs Ss			1088'	1163'	Gas
Lewis Shale			1163'	1483'	
Chacra			1483'	1728'	Probable water or dry
Lewis Shale Stringer			1728'	1843'	
La Ventana Ss Tongue/ Cliff House Ss			1843'	2463'	Water/Possible gas
Menefee Fm			2463'	3613'	Coal/Ss/Water/Possible Gas
Point Lookout Ss			3613'	3773'	Probable water/Possible O&G
Mancos Shale			3773'	4653'	Source rock
Tocito Ss Lentil			4653'	4625'	O&G/Water
Gallup			4625'		O&G/Water

Remarks:
P & A

Formation Tops Reference Well:
DJR Operating LLC Same

-Please note that while the depths for most formations differ only slightly between the Operator's picks and the BLM Geologist's picks, the BLM Geologist interprets the La Ventana Ss Tongue/Cliff House Ss as a continuous sandy interval containing both these units.

Prepared by: Walter Gage

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: EC#516061

Re: Permanent Abandonment
Well: Central Bisti Unit 8

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. Submit a copy of the updated procedure reflecting geologic report and all COAs to the following email addresses before operations commence: jkillins@blm.gov , jhoffman@blm.gov and Brandon.Powell@state.nm.us
4. Submit electronic copy of the CBLs for verification to the following addresses: jkillins@blm.gov , jhoffman@blm.gov and Brandon.Powell@state.nm.us . Based on CBL results inside/outside plugs and volumes will be adjusted accordingly. Required plug coverage is based on attached BLM geologic report.
5. BLM picks top of Cliffhouse SS at 1843'. Expand plug 4 to cover 1793' – 1893'.

**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.