

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007

SUNDRY NOTICES AND REPORTS ON WELLS 2015

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 reverse side

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NM 19163
2. Name of Operator Dugan Production, c/o BHP Billiton San Juan Coal		6. If Indian, Allottee or Tribe Name
3a. Address PO Box 561, Water Flow, NM 87421	3b. Phone No. (include area code) 505-598-2000	7. If Unit or CAVA agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 660' ENL and 1980' FWL, Sec. 19, T-30-N, R-14-W		8. Well Name and No. Turk's Toast 10
		9. API Well No. 30-045-30724
		10. Field and Pool, or Exploratory Area Twin Mounds FR Sand PC
		11. County or Parish, State San Juan, 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 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 shall 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 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.)

Dugan as the operator, desires BHP Billiton San Juan Coal to plug and abandon this well per the attached procedure.

OIL CONS. DIV DIST. 3

Also request approval to set an underground plate instead of a 4" above ground marker to prevent stray electrical currents from entering the underground coal mine.

MAY 22 2015

Surface reclamation will be in accordance with the MSHA approved plan for the San Juan Coal Mine

A closed loop system will be utilized for waste fluid.

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

Notify NMOCD 24 hrs
prior to beginning
operations

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) Eric Herth		Title Mine Geologist
Signature <i>[Signature]</i>		Date 05/05/2015

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by Troy Salvors	Title PE	Date 5/15/2015
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 FFO

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 in 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)



H₂S POTENTIAL EXIST

NMOCD

A-PLUS WELL SERVICE, INC.

P.O. BOX 1979
Farmington, New Mexico 87499
505-325-2627 * fax: 505-325-1211

PLUG AND ABANDONMENT PROCEDURE

May 5, 2015

Turk's Toast #10

Page 1 of 3

Twin Mounds Pictured Cliffs / Fruitland Sand
660' FNL and 1980' FWL, Section 19, T30N, R14W
San Juan County, New Mexico / API 30-045-30724

Note: All cement volumes use 100% excess outside pipe and 50' excess inside. The stabilizing wellbore fluid will be water or drilling mud with sufficient weight to balance all exposed formation pressures. Cement is Class B mixed at 15.6 ppg with 1.18 cf/sxs yield or Class B with 18% salt by weight of water (for expansion, MSHA requirement through the Fruitland Coal zone).

MILL OUT CASING AND PLUGGING PROCEDURE:

1. This project will use a closed system to handle waste fluids circulated from the well.
2. Comply with all applicable MSHA, NMOCD, BLM and BHP Billiton safety regulations. Conduct safety meeting for all personnel on location. MOL and RU daylight pulling unit. Lay relief line to the waste pit and blow well down, kill well with water as necessary. ND wellhead and NU BOP. Test BOP. Pull rod and tubing from well if present.
3. Rods: Yes____, No____, Unknown____.
Tubing: Yes X, No____, Unknown____, Size 2.375", Length 1027'.
Packer: Yes____, No X, Unknown____, Type____.
If this well has rods or a packer, then modify the work sequence in step #2 as appropriate. TOH and LD tubing. Prepare a 2.375" tubing workstring.
4. PU a 3.875" bit, 6 3.125" drill collars and 2.375" tubing or equivalent workstring. TIH and tag PBSD at 1078'. Rig up drilling equipment and clean out / drill out to PBSD at 1145' (drill on the rubber plugs to be sure as deep as possible). Circulate well clean with water. TOH with bit.
5. Rig up A-Plus wireline truck and run a CBL from clean out depth to surface; if the existing PC or Fruit Coal perforations are affecting the CBL quality, then continuously pump water into the perfuse to stop the gas flow while logging.
6. **Rig up Jet West wireline and run a Gamma - Neutron log and a directional survey log.**
Adjust the milling intervals as appropriate from these logs.
7. **Perforate the 4.5" casing three times with 3 SPF at: 1143' to 1145' and 1110' to 1112' and 1060' to 1062'.** This is to isolate below Coal Seam #8 and the depths should be modified as appropriate from the logs run in step #6.

PLUG AND ABANDONMENT PROCEDURE

May 5, 2015

Turk's Toast #10

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Procedure Continued:

8. **Plug #1 (Pictured Cliffs perforations, 1120' to 822')**: TIH with open ended workstring to PBTD. Load the well with water. Mix 50 sxs cement with 18% salt (by weight of water) and spot a balanced plug inside the 4.5" casing to cover new and old Pictured Cliffs zone perforations (up to 461'). TOH with the workstring, load the casing with water, shut in well and then hesitation squeeze approximately 26 sxs (5.5 bbls cement) into the perforations; squeeze the TOC down to approximately 800'. (Note: This is not the final abandonment of the Fruitland interval; the intent is to abandon the PC perforations and fill the FtC perforations with cement to help the milling operations.) WOC overnight.
9. TIH with a 3.875" mill tooth bit, 6 - 3-1/8" drill collars and tag cement. Drill out the cement inside the casing down to 1031' (Note: TOC must be 10 to 15' below the bottom of the planned milled interval (1016') to allow for the nose of the section mill tool). TOH with this BHA and LD the bit.
10. PU a flat bottom mill, the 3.875" section milling tool and the 6 - 3-1/8" drill collars (this is the under reaming bottom hole assembly, BHA). TIH with BHA and workstring to 990'. Rig up drilling equipment and establish circulation with a low solids, high viscosity mud.
11. **Note: The intervals to be milled out below are from ground level - not KB.**
12. **Mill out the 4.5" casing from 990' to 1016'**. Start milling out the 4.5" casing from 990' to 1016'. Mill per the tool hands instructions for weight on mill, circulation rate and RPM. Circulate well clean with mud. TOH with 2.375" tubing and the drill collars. TIH with open ended pipe and clean out to 1031' or as deep as possible.
13. Rig up a wireline truck and run a caliper log through the milled interval to insure all the 4.5" casing from the planned milling depths (990' to 1016') has been removed. Re-mill as appropriate. Re-log as necessary.
14. **Perforate the 4.5" casing with 3 SPF from 944' to 946' and 894' to 896'**. This 50' and 100' above Coal Seam #8 and the depths should be modified as appropriate from the logs run in step #5.
15. **Plug #2 (Pictured Cliffs and Fruitland Coal interval, 1031' to 360')**: TIH with 2.375" workstring to 1031' (or drill out depth in step #8.) and circulate the mud from the well. Then pump a 5 bbls fresh water spacer ahead of the cement. Mix 60 sxs cement with 18% salt (by weight of water) and spot a balanced plug from 1031' to 240' to fill the milled interval and to cover the Fruitland top. Displace cement with water. TOH with tubing and then hesitate squeeze the cement down to approximately to 360' inside the 4.5" casing.
16. WOC. Then TIH with tubing and tag cement. Pressure test the 4.5" casing to 800#.

PLUG AND ABANDONMENT PROCEDURE

May 5, 2015

Turk's Toast #10

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Procedure Continued:

17. **Plug #3 (Fruitland top and 7" Surface casing shoe, 460' to Surface):** Connect the pump line to the bradenhead valve. Pressure test the BH annulus to 300#; note the fluid volume to load. If the BH annulus tests, then mix approximately 38 sxs cement with or without 18% salt cement and spot a balanced plug inside the 4.5" casing from 460' (or at tag depth) to surface to cover the 7" surface casing shoe. TOH and LD the tubing. If the BH annulus does not test, then perforate at the appropriate depth and fill the bradenhead annulus and 4.5" casing with cement to surface. TOH and LD tubing. Shut in well and WOC.

18. ND BOP and cut off wellhead below surface. Install P&A marker with cement to comply with regulations. Record GPS coordinate for P&A marker on tower report. Photograph P&A marker in place. RD, MOL. Cut off anchors and clean up location.

Turk's Toast #10

Current

Twin Mounds Pictured Cliffs / Fruitland Sand
 660' FNL & 1980' FWL, Section 19, T-30-N, R-14-W
 San Juan County, NM / API #30-045-30724

Lat: N _____ / Long: W _____

Today's Date: 5/05/15
 Spud: 10/18/01
 Completed: 1/30/02
 Elevation: 5537' GL

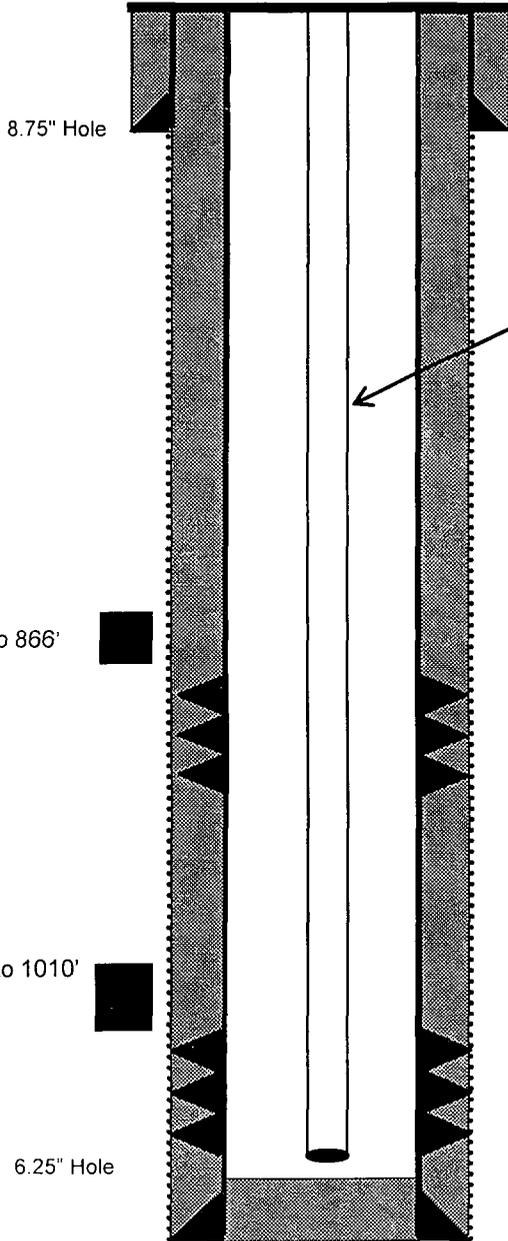
Kirtland @ surface

Fruitland Top @ 410'

Fruitland Coal Seam #9: 860' to 866'

Fruitland Coal Seam #8: 996' to 1010'

Pictured Cliffs @ 1101'



Circulate 7 bbls. cement to surface

7" 20#, J-55 Casing set @ 125'
 59 cf cement, Circulated to surface

2.375" Tubing at 1027' KB

Fruitland Sand Perforations:
 872'- 877'

Pictured Cliffs Perforations:
 1011' - 1018'

4.5" 10.5# J-55 Casing set @ 1138'
 Cemented with total of 195 cf
 (124 cf with 2% Lodense and
 71 cf of Class B)

TD 1145'
 PBTD 1078'

Turk's Toast #10

Proposed Mill Out and P&A

Twin Mounds Pictured Cliffs / Fruitland Sand
 660' FNL & 1980' FWL, Section 19, T-30-N, R-14-W
 San Juan County, NM / API #30-045-30724

Lat: N _____ / Long: W _____

Today's Date: 5/05/15
 Spud: 10/18/01
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 Elevation: 5537' GL

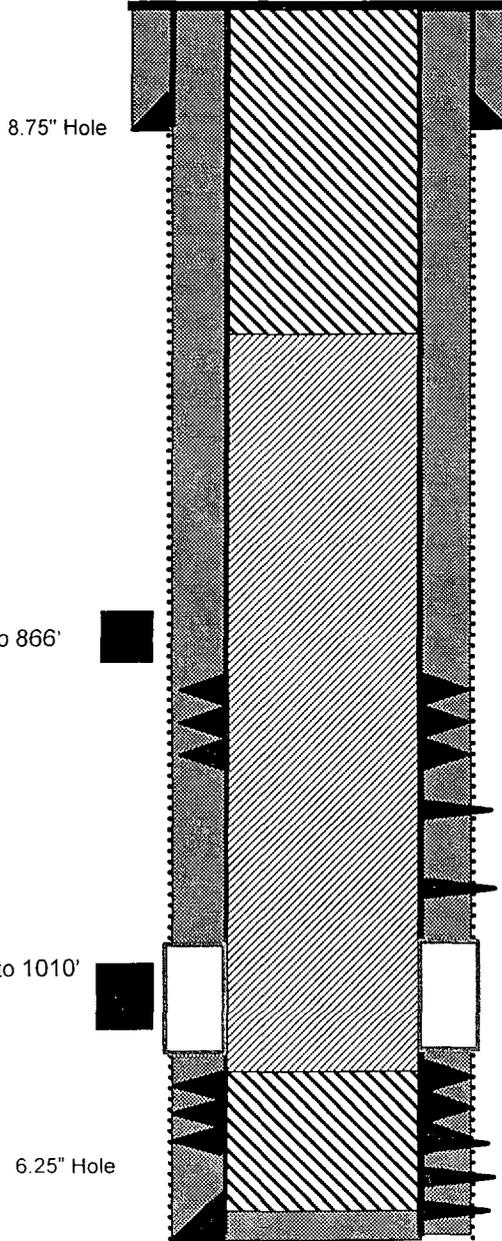
Kirtland @ surface

Fruitland Top @ 410'

Fruitland Coal Seam #9: 860' to 866'

Fruitland Coal Seam #8: 996' to 1010'

Pictured Cliffs @ 1101'



Circulate 7 bbls. cement to surface

7" 20# J-55 Casing set @ 125'
 59 cf cement, Circulated to surface

Plug #3: 460' - 0'
 Class B cement, 38 sxs

Plug #2: 1031' - 360'
 Class B cement with 18%
 Salt, 60 sxs

Fruitland Sand Perforations:
 872'- 877'

Perforate @ 894' to 896'

Perforate @ 944' to 946'

Mill out Coal Zone:
 990' to 1016'

Plug #1: 1120' - 822'
 Class B cement with 18%
 salt, 50 sxs

Pictured Cliffs Perforations:
 1011' - 1018'

Perforate @ 1060' to 1062'

Perforate @ 1110' to 1112'

Perforate @ 1143' to 1145'

TD 1145'
 PBTD 1078'

4.5" 10.5# J-55 Casing set @ 1138'
 Cemented with total of 195 cf
 (124 cf with 2% Lodense and
 71 cf of Class B)

**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: Turks Toast #10

CONDITIONS OF APPROVAL

1. Plugging operations authorized are subject to the attached "General Requirements for Permanent Abandonment of Wells on Federal and Indian Leases."
2. Farmington Office is to be notified at least 24 hours before the plugging operations commence (505) 564-7750.

Note: H2S has not been reported at this section; however, high to very high concentrations of H2S (100-47600) ppm GSV have been reported in wells within a 1 mile radius of this location in the Fruitland and Pictured Cliffs formations. It is imperative that H2S monitoring and safety equipment be on location during the P&A operations at this wellsite.

Note: This well is located in San Juan Coal Company's active coal mining lease. In order to prevent a potential mining hazard (i.e. steel csg. left in the mineable coal seams and in the potential path of the long wall mining equipment), it is imperative the Dugan confer with San Juan Coal Co. (BHP) prior to plugging this wellbore. This will ensure a proper wellbore abandonment which will be mutually acceptable to both parties and comply with BLM standards.

You are also required to place cement excesses per 4.2 and 4.4 of the attached General Requirements.

Office Hours: 7:45 a.m. to 4:30 p.m.