

Submit 1 Copy To Appropriate District
Office
District I - (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II - (575) 748-1283
811 S. First St., Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV - (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
Revised July 18, 2013

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO.

3004525354

5. Indicate Type of Lease

STATE ☐ FEE ☒

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name
Sly Slav

8. Well Number #1

9. OGRID Number

10. Pool name or Wildcat
Basin Dakota

SUNDRY NOTICES AND REPORTS ON WELLS

(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A
DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH
PROPOSALS.)

1. Type of Well: Oil Well ☐ Gas Well ☒ Other

2. Name of Operator

Dugan Production, c/o San Juan Coal Mine

3. Address of Operator

PO Box 561, Water Flow, Nm 87421 505-598-2000

4. Well Location

Unit Letter O : 790 feet from the South line and 1600 feet from the East line

Section 13, Township 30N Range 15W NMPM San Juan, County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
5586' GL; 5663' KB

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☒

TEMPORARILY ABANDON ☐ CHANGE PLANS ☐

PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐

DOWNHOLE COMMINGLE ☐

CLOSED-LOOP SYSTEM ☐

OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐

COMMENCE DRILLING OPNS. ☐ P AND A ☐

CASING/CEMENT JOB ☐

OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Dugan Production as well operator, has contracted with San Juan Coal to plug and abandon this well per the attached procedure.

Request approval to set an underground p&a marker plate to prevent stray electrical currents from affecting the mining, per MSHA requirements.

Surface reclamation will be in accordance with BLM approved plan for San Juan Coal.

A closed loop system will be used for all waste fluid from this plugging activity.

Notify NMOCD 24 hrs
prior to beginning
operations

OIL CONS. DIV DIST. 3

APR 20 2016

Spud Date:

Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Eric Herth TITLE Mine Geologist DATE April 18, 2015

Type or print name Eric Herth E-mail address: EHerth@westmoreland.com PHONE: 505-598-2105

For State Use Only

APPROVED BY: Brandon Powell TITLE DEPUTY OIL & GAS INSPECTOR DATE 4/26/16

Conditions of Approval (if any):

KC
6

PLUG AND ABANDONMENT PROCEDURE

April 15, 2016

Sly Slav #1

Page 1 of 3

Basin Dakota
790' FSL and 1600' FEL, Section 13, T30N, R15W
San Juan County, New Mexico / API 30-045-25354

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).

MILLING OUT CASING AND PLUGGING PROCEDURE:

A closed loop system will be utilized.

1. Comply with all applicable MSHA, NMOCD, BLM and San Juan Coal 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.
2. Rods: Yes___, No___, Unknown____.
Tubing: Yes X, No___, Unknown____, Size 1-1/2", Length 5496' RKB.
Packer: Yes___, No X, Unknown____, Type____.
If this well has rods, a packer or tubing anchor, then modify the work sequence in step #2 appropriate. Pump twice the tubing capacity down the tubing before ND wellhead. TOH and LD the 1-1.2" tubing and pick up 2.375" workstring.
3. Round trip 4.5" string mill to 5400'. TIH and set a 4.5" cement retainer at 5390'. Pressure test the tubing to 1500 PSI. Load the well and circulate the casing clean. If paraffin is present, then circulate the well with hot water from a hot oil truck until clean. *Pressure test the casing to 1000 PSI. If the casing does not test, then tag or WOC plugs as appropriate.* TOH with setting tool. Run a CBL to determine the annulus top of cement.
4. **Plug #1 (Dakota perforations and top, 5390' – 5290')**: TIH with open ended tubing. Mix 20 sxs Class B cement and spot a balanced plug inside the casing to isolate the Dakota perforations. PUH to 4610'.
5. **Plug #2 (Gallup top, 4610' – 4510')**: Mix 20 Class B sxs cement and spot a balance plug to cover the Gallup top. PUH to 3640'.
6. **Plug #3 (Mancos, 3640' – 3540')**: Mix 20 Class B sxs cement and spot a balance plug to cover the Mancos top. PUH to 2390'.

PLUG AND ABANDONMENT PROCEDURE

April 15, 2016

Sly Slav #1

Page 2 of 3

Plugging Procedure Continued:

7. **Plug #4 (Mesaverde top, 2390' – 2290')**: Mix 20 Class B sxs cement and spot a balanced plug to cover the Mesaverde top. PUH to 1840'.
8. **Plug #5 (Chacra top, 1840' - 1740')**: Mix 20 Class B sxs cement and spot a balanced plug to cover the Chacra top. TOH with tubing.
9. **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.**

All reported depths should be from ground level.

10. **Perforate the 4.5" casing below the Basel Fruitland Coal Seam (#8):** [after making the correcting depth adjustments]:
 - a) Perforate 6 squeeze holes in a 2 foot interval from 978' to 980';
 - b) Perforate 6 squeeze holes in a 2 foot interval from 928' to 930';
 - c) Perforate 6 squeeze holes in a 2 foot interval from 878' to 880';
 - d) Perforate 6 squeeze holes in a 2 foot interval from 828' to 830';
 - e) Attempt to establish a rate into these squeeze holes, up to 1500 PSI
 - f) If the CBL log shows poor bond in the interval from 980' to 800', then adjust the above perforations as appropriate to enhance the cement quality in the annulus below the coal
 - g) **Plug #6 (Pictured Cliffs interval, 1030' to 785')**: Squeeze the above holes with Class B neat cement; volume depending on the injection rate and pressure; between 25 to 100 sxs cement. Hesitation pressure squeeze up to 1500 PSI.
11. Pick up a 3.875" bit and 6 - 3.125" drill collars and TIH to tag cement. Drill out cement from plug #6 down to 785'. Pressure test the casing to 1000 PSI. TOH and LD bit.
12. PU a flat bottom mill, the 3.875" section milling tool and the 6 - 3.125" drill collars; this is the milling bottom hole assembly(BHA). TIH with BHA and work string to 749'. Rig up drilling equipment and establish circulation with a high viscosity low solids fresh water mud.
13. **Note: The intervals to be milled out below are from ground level - not KB.**
14. **Mill out the 4.5" casing from 749' to 772'.** Start milling out the 4.5" casing from 749' down to 772'. Mill per the tool hands instructions for weight on mill, circulation rate and power swivel's RPM. Circulate well clean with mud. TOH with section mill and workstring; stand back the drill collars. TIH with bit and clean out to 785'. Circulate the well clean. TOH with the bit.

PLUG AND ABANDONMENT PROCEDURE

Sly Slav #1

April 15, 2016

Page 3 of 3

Plugging Procedure Continued:

15. 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 (749' to 772') has been removed. Re-mill as appropriate. Re-log as necessary.
16. **Perforate the 4.5" casing with 6 SPF at 705' and 655'.** This is the 50' and 100' above Coal Seam #8 and the depths should be modified as appropriate from the logs run in step #8.
17. **Plug #7 (Fruitland Coal interval, 785' to 330'):** TIH open ended workstring and. Circulate out the mud with water in the well. Mix 50 sxs Class B cement with 18% salt (by weight of water) and spot a balanced plug from 785' to 125' to fill the milled interval and cover the Fruitland top. Displace cement with water. TOH with workstring and shut the casing valve. Then hesitation squeeze the cement down to approximately to 330' inside the 4.5" casing up to 1500 PSI.
18. **Plug #8 (9.625" Surface casing shoe, 234' 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 23 sxs cement with or without 18% salt cement and spot a balanced plug inside the 4.5" casing from 234' (or TOC) to surface to cover the 9.625" surface casing shoe. TOH and LD the tubing. If the BH annulus does not test or the CBL shows TOC below, 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.
19. ND BOP and cut off wellhead below surface. Install P&A marker with cement to comply with regulations. RD, MOL. Cut off anchors and clean up location.

Sly Slav #1

Current

Basin Dakota

Today's Date: 4/15/16

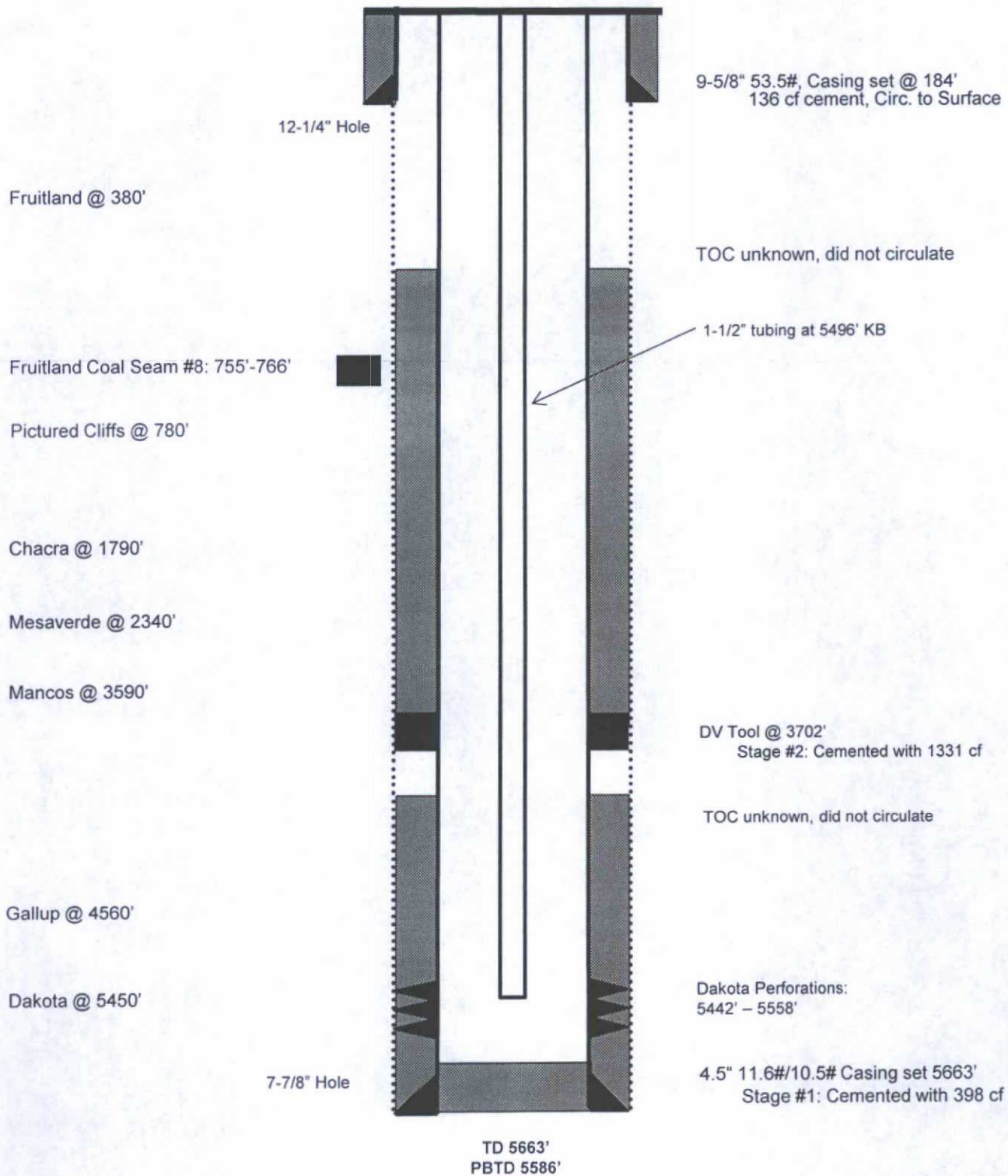
Spud: 3/31/82

Completed: 5/7/82

Elevation: 5366' GL

790' FSL & 1600' FEL, Section 13, T-30-N, R-15-W
San Juan County, NM / API #30-045-25354

Lat: N 36.80920 / Long: W 108.36433



Sly Slav #1

Proposed Plugged Well

Basin Dakota

Today's Date: 4/15/16

Spud: 3/31/82

Completed: 5/7/82

Elevation: 5366' GL

790' FSL & 1600' FEL, Section 13, T-30-N, R-15-W
San Juan County, NM / API #30-045-25354

Lat: N 36.80920 / Long: W 108.36433

