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

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

OIL CONS. DIV DIST. 3
OCT 23 2017

Form C-103
Revised July 18, 2013

	WELL API NO. 30-045-35468
	5. Indicate Type of Lease STATE ☒ FEE ☐
	6. State Oil & Gas Lease No. VA-2965
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	7. Lease Name or Unit Agreement Name PGA Unit 2
	8. Well Number 4
2. Name of Operator Dugan Production Corp.	9. OGRID Number 006515
3. Address of Operator PO Box 420, Farmington, NM 87499	10. Pool name or Wildcat Ballard Pictured Cliffs
4. Well Location Unit Letter I : 1960 feet from the South line and 660 feet from the East line Section 2 Township 23N Range 11W NMPM Rio Arriba County	
	11. Elevation *(Show whether DR, RKB, RT, GR, etc.)* 6609' GL

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

NOTICE OF INTENTION TO:				SUBSEQUENT REPORT OF:			
PERFORM REMEDIAL WORK	☐	PLUG AND ABANDON	☒	REMEDIAL WORK	☐	ALTERING CASING	☐
TEMPORARILY ABANDON	☐	CHANGE PLANS	☐	COMMENCE DRILLING OPNS.	☐	P AND A	☐
PULL OR ALTER CASING	☐	MULTIPLE COMPL	☐	CASING/CEMENT JOB	☐		
DOWNHOLE COMMINGLE	☐						
CLOSED-LOOP SYSTEM	☐						
OTHER:	☐			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 plans to plug and abandon the well as per the following procedure:

- CBL ran on the well on 6/01/2017. Filed w/NMOCD. TOC from CBL @ 170'.
- Tag TD w/tubing @ 1025'. Spot Plug I from 1025' w/20 sks Class B w/2% CaCl2 (23.6 cu ft) to 870'. Perforations @ 920'-944'. Plug I: 870'-1025'.
- Set CIBP @ 870'. Spot Plug II above BP @ 870' w/30 sks (36 cu ft) Class B cement w/2% CaCl2 to 650' (15.6#/gal, 1.18 cu ft/sk). Fruitland, Plug II: 650'-870'.
- Set CR @ 587'. Squeeze Plug III w/25 sks Class B (29.5 cu ft) w/2% CaCl2 below the retainer to squeeze & cover 637'-647'. Spot w/12 sks (14.2 cu ft) above CR from 587' to bring TOC to 537'. Fruitland, Plug III: 537'-647'.
- Spot Plug IV below surface casing shoe @ 270' w/17 sks (20 cu ft) Class B cement w/2% CaCl2 to 170'. Reverse out at 170'. Kirtland, Plug IV: 170'-270' (15.6#/gal, 1.18 cu ft/sk).
- RIH Wireline Perforating. Perforate @ 160'. Establish circulation to surface. Circulate cement to surface w/30 sks Class B w/2% CaCl2. Kirtland-Ojo Alamo-Surface, Plug V: 0-160'.
- Cut wellhead. Tag TOC @ surface.
- Install dry hole marker. Cut anchors. Clean location.

Notify NMOCD 24 hrs prior to beginning operations

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 Tyra M. Heil for TITLE Engineering Supervisor DATE October 19, 2017

Type or print name Aliph Reena E-mail address: aliph.reena@duganproduction.com PHONE: 505-325-1821

For State Use Only

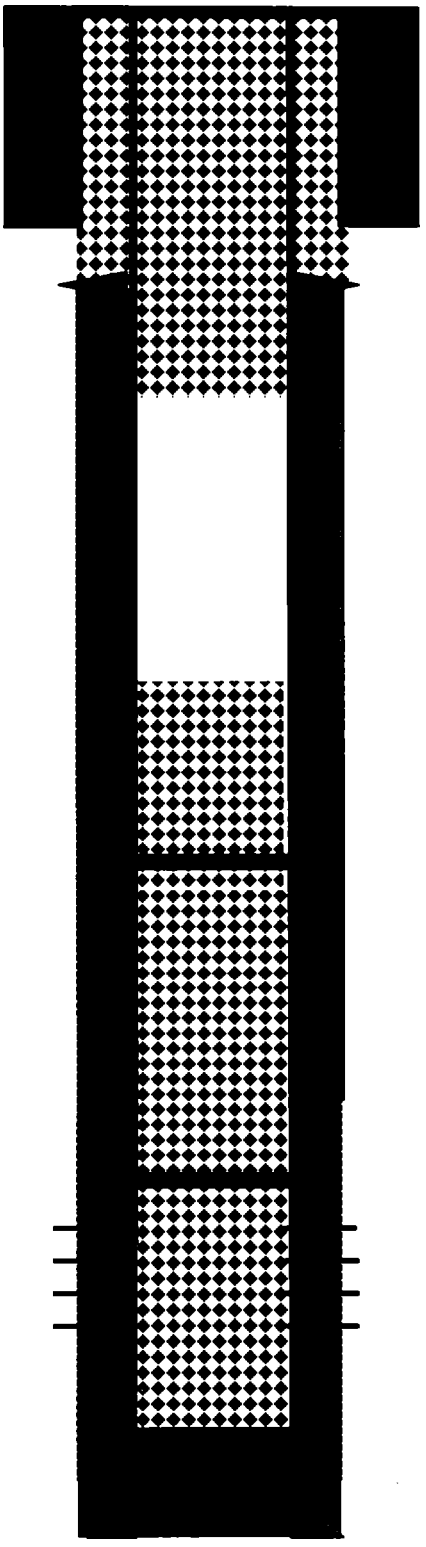
APPROVED BY: Monica Kuehling TITLE Compliance Officer DATE 11-27-17

Conditions of Approval (if any): AV

9

Planned P & A Schematic

PGA Unit 2-4
30-045-35468
2-23N-11W
1960' FSL & 660' FEL
San Juan County, NM



8 5/8" 24# J-55 Casing set @ 122'. Circulated 2 bbl cement to surface.

Perforate @ 160'. Circulate cement to surface w/ 30 sks, 35.5 Cu.ft Class B. (Plug V, Ojo-Kirtland 0-160')

Spot plug @ 270' w/ 17 sks Class B (20 cu.ft) (Plug IV, Kirtland 170' -270")

Cement production casing w/ 363 cu.ft Class B cement.
TOC behind casing @ 170' from CBL.

5 ½" 17 # casing @ 1115'. PBTD @ 1025'
Hole size: 7-7/8"

Set CR @ 587'. Squeeze under CR with 25 sks (29.5 cu.ft). Spot w/ 12 sks (14.2 Cu.ft) above CR to 537'. (Plug III, Fruitland, 537'-647')

BP @ 870'. Set Inside Plug above BP with 30 sks (36 cu.ft) @ 650'-870' Class B (Plug II, Fruitland, 650'-870')

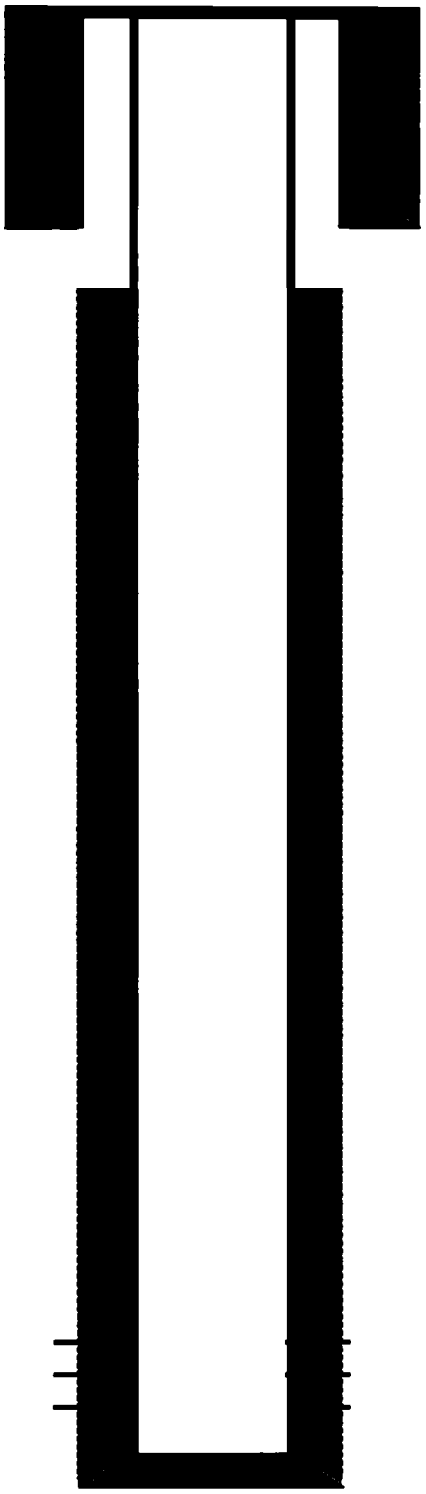
Fruitland Coal Perforated @ 920' - 944'

Set Inside Plug with 20 sks (23.6 cu.ft) @ 870'-1025' Class B (Plug I, 870'-1025')

PBTD @ 1025'

Current Wellbore Schematic

PGA Unit 2-4
30-045-35468
2-23N-11W
1960' FSL & 660' FEL
San Juan County, NM



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Fruitland Coal Perforated @ 920' – 944'

PBTD @ 1025'

P&A Reclamation Plan

PURPOSE AND SCOPE

The purpose of this Reclamation Plan is to ensure final reclamation of the PGA 2 #4 well pad site and associated access road.

PROPOSED RECLAMATION PLAN

Operator will comply with the requirements in accordance with the approved Sundry Notice associated with this submittal.

- Contact BLM 48 hours prior to commencing earthwork.
- Reclamation to be completed within 1 year of plugging date.
- Remove all underground production piping.
- Remove all rig anchors on the location.
  Strip available topsoil from areas that will be disturbed during the reclamation of this well site.
- Remove all gravel on well pad surface. Gravel may be used as fill material at the base of the cut slope to re-establish the natural topography.
- Use fill material on the location to reconstruct natural topography. If enough fill material is available, excess material will be used to build up the access road AFTER ripping the road base to eliminate surface compaction hard pan.
  NOTE: NO disturbance will occur outside the areas currently disturbed by the well location access road boundaries.
- After location has been re-contoured, rip, disk and seed the location and access road with a disk type seed drill.
- Install a woven wire fence at and across the access road leading to the well site at the intersection of the main road and take off point(s) to discourage access on rehabilitated access road.
- Install a sign on fence, i.e. Seeded Area—Do Not Disturb.

Waste Material Handling and Disposal

All surface equipment and trash, if any, will be removed from the location and disposed of at an approved waste disposal facility.

Surface Reconstruction and Stabilization

The long term objective of final reclamation is to set the course for eventual ecosystem restoration including the restoration of natural vegetation. Operator will avoid disturbance to the mature vegetation that has become well established on the pad perimeter to the extent practicable, and will focus reclamation efforts toward de-compaction, removing sharp, angular features to more closely approximate the natural contours, re-establishing natural drainage patterns, and re-vegetating the abandoned well pad and access road.

Well Pad Reclamation

(Note: some steps may occur in a different sequence than listed below or may occur simultaneously as the case may be):

1. The following activities would take place before commencing with any dirt work to restore the pad surface:

- The BLM Authorized officers will be notified at least 48 hours prior to construction;
- Pre-construction conditions will be documented and pictures taken from the four cardinal directions for future reference;
- The P&A marker will remain as is. All pertinent well information is permanently imprinted onto the marker for future reference.
- Temporary and/or permanent stormwater and erosion control BMPs will be employed at appropriate locations around the pad as dictated by local drainage patterns and expected areas of disturbance and slopes AND across the access road. BMP selection will be determined by local factors and will be a combination of sediment and erosions controls that are deemed effective and low maintenance. Straw wattles, diversion ditches, mulch, soil blankets, and/or other suitable BMPs may be used in various combinations, as appropriate, during and after construction activities;
- Remove all gravel on well pad surface. Gravel may be used at the base of the cut slope underneath the fill material to re-establish the natural topography;
- Use fill material to reconstruct natural topography.
- If enough fill material is available, excess material will be used to build up the access road (which is lower in depth than the natural grade due to compaction and erosion) AFTER ripping the road base to eliminate surface compaction hard pan;
- Those areas where healthy, mature, and weed-free vegetation has established along the pad perimeter will remain undisturbed to the extent possible;
- Natural drainage patterns will be restored, as practical, as near as possible to pre-disturbance conditions;
- The pad surface will be ripped by Bulldozer or Grader to reduce compaction and to establish a suitable root zone in preparation for topsoil replacement;
- Topsoil will be redistributed across the pad surface and disked to prepare the soil for seeding;
- After location has been re-contoured, rip, disk and seed the location and access road with a disk type seed drill;
- All disturbed areas will be seeded in accordance with the FFO Bare Soil Reclamation Procedures.

Access Road Reclamation

Upon completion of all well pad reclamation activities, the associated access road will be reclaimed using much the same methods as described above. The road will be ripped and scarified to reduce compaction, and any sharp or angular cuts or fills would be restored as near as possible to pre-disturbance contours. Natural drainage patterns will be restored, to the extent practical, as near as possible to pre-disturbance conditions. **NO disturbance will occur outside the areas currently disturbed by the access road boundaries.**

Established vegetation along the roadsides will remain undisturbed where possible to encourage native plant growth onto the new disturbance and to maintain erosion and sediment control. Straw wattles and/or diversion ditches will be placed at appropriate locations along the road as needed to prevent sediment transport to local drainages. Other suitable BMPs may be used in various combinations, as appropriate, during and after construction activities.

All disturbed areas will be re-seeded in accordance with BLM FFO Bare Soil Reclamation Procedures.

To discourage future use of the road, a temporary fence consisting of woven wire fence at and across the access road leading to the well site at the intersection of the main road and take off point(s) to discourage access on rehabilitated access road and will serve as a barricade to discourage access to the newly reclaimed road and will be left in place until the road & well pad have been stabilized.

A sign will be installed on the fence, i.e. "Seeded Area -- Do Not Disturb" or equivalent

Re-establishing Surface Hydrology

Natural drainage patterns will be restored as near as possible to pre-construction conditions, except where restoring the natural drainage will cause excessive disturbance and disrupt the natural rehabilitation processes that have already established. In those areas, additional means for ensuring proper drainage, such as water bars or diversion ditches, may be employed.

Eroded areas will be filled in using fill material from the well location and Best Management Practices (BMP's) for Storm water pollution prevention such as silt traps, excelsior mats, wattles/sediment control logs and straw distributed on the surface and crimped or harrowed into the soil after drill seeding.

Given that the well pad will effectively be inaccessible following road reclamation and because the only potential pollution source will be runoff sediment; the temporary stormwater BMPs will be removed upon completion of construction activities. Drainage, sediment, and erosion controls will be managed through vegetative practices and/or biodegradable materials (i.e. soil blankets, straw wattles, crimped straw, mulch, brush and woody debris, pocking, etc..).

All drainage, sediment, and erosion controls will be implemented in accordance with Operator standard Stormwater Management Plan.

Site Preparation, Soil Management and Handling

Fill material will be pushed into cuts and over the back slope as necessary and any sharp, angular cuts and fills will be smoothed to conform as nearly as practical to the adjacent landform. The pad and road surfaces will then be ripped, scarified, and/or disked to a depth adequate for establishing a suitable root zone.

All salvaged topsoil material will be reused and spread evenly over the disturbed areas. Prior to seeding, all disturbed areas will be left with a rough surface to facilitate moisture and seed retention, and vegetative slash/brush will be placed at expected discharge areas to minimize sediment transport. The topsoil in the area is generally deep and no soil amendments are expected or proposed.

Revegetation

Following soil preparations, a range drill (disk type seed drill) will be used to apply the approved seed mix over the disturbed areas. The drill will be equipped with a depth regulator to ensure even planting depths appropriate to the plant species and soil types. Should broadcast seeding be deemed more appropriate in some areas, the seed application rates will be doubled and a rake or harrow used to incorporate the seed into the soil. Any steep slopes, greater than 2:1, will be blanketed for soil stabilization and seed retention.

The seed mixture and application rates for the Sage/Grassland Vegetative Community will be as follows:

Species	**Variety**	**Pound/Acre (PLS)**
Fourwing Saltbush	VNS	2.0
Antelope Bitterbrush	VNS	2.0
Western wheatgrass	Arriba	4.0
Bottlebrush Squirreltail	Unknown	3.0
Indian ricegrass	Paloma or Rimrock	4.0
Blue Grama	Alma or Hachita	2.0
Small Burnet	Delar	2.0
Blue Flax	Apar	.25

* Seed mix is available locally or from Southwest Seed in Dolores, CO.

Seed mixtures will be certified weed-free and the seeding records (bag labels) or other official documentation will be available to the Authorized Officer prior to seeding.

Seeding will be accomplished as soon as reasonably possible following completion of earthwork activities. The Authorized Officer will be notified forty-eight (48) hours prior to commencing with seed application.

Weed Management

Operator's objective is to implement an integrated weed management program to control weed populations and establish desirable vegetation utilizing the following strategies:

- Control the introduction and spread of weeds through early detection.
- Establish desirable native vegetation on disturbed areas through successful re-vegetation efforts.
- Treat and control known weed populations.

Among the measures that will be implemented to prevent the introduction or establishment of weeds in areas not already infested include:

- Identification and eradication of new infestations as quickly as practical.
- Implement successful re-seeding efforts as quickly as practical in areas that have been disturbed.

Local factors, such as soil type and stability; grade; associated vegetation; existing and proposed land use; proximity to water; weed type and stage of growth; and severity of infestation; will be considered in selecting the appropriate weed management method(s}. The management method(s) selected will be the least environmentally damaging, yet practical and reasonable in achieving the desired results.

Operator will utilize chemical treatment as the preferred method of weed management and control. The proper use of herbicides at the optimum time can be an effective method for controlling persistent weeds. A Pesticide Use Proposal (PUP) will be pre-approved by the BLM prior to any chemical treatment. The use and handling of herbicides will be in accordance with all application rates, restrictions, and warnings listed on the label and MSDS. Preparation and application of all herbicides will be licensed by the State of Colorado Department of Agriculture, and a Daily Weed Pesticide Application Record will be completed and retained for all spraying activities.

Other methods to be used for weed control will include the following:

- Remove soil, seeds, and vegetative matter prior to entering or leaving the project site on all construction equipment and transport vehicles, trucks, pickups, and other vehicles ;
- Ensure that all seed mixes, straw, and/or mulch used in reclamation are certified weed-free;
- Promptly revegetating disturbed areas;
- Treating and/or removing weeds prior to ground-disturbing activities to limit seed production and dispersal;
- Treating noxious weeds that have escaped the project area onto adjacent areas to prevent further expansion into un-infested areas and re-infestation of the treated area;

Monitoring

After the earthwork and seeding is completed, Operator will submit a Sundry Notice informing the BLM that reclamation has been completed and which includes a request for an inspection of the earthwork and seeding.

A joint inspection will be conducted by Operator and the BLM. During the inspection, the BLM and Operator will establish a line point intercept transect.

After establishment of adequate vegetation, Operator will read the line point intercept transect and take photos of the site. Operator will submit a Sundry Notice (FAN} requesting approval of the remediated well location and access road. Data results from the line point intercept transect and photos of the location and access road will be submitted as supporting documentation for the FAN Sundry Notice.

Summary

Dugan production will perform the following actions as deemed necessary from a pre P&A inspection:

1. No reclamation activities will take place at this time. The PGA 2 #4 will be plugged. A new well, the PGA 2 #4R will replace the abandoned well on the same well pad.

END OF PLAN