State of New Mexico
Energy, Minerals and Natural Resources Department

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: 12/11/2019
Well information:

30-045-31157 LEE HIXON #002

DJR OPERATING, LLC

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:

Conditions of Approval:

- Notify NMOCD 24hrs prior to beginning operations.

In addition to the BLM approved plugs:

- Add a Mesaverde plug 1925-1825'to cover the Mesaverde top. OCD Mesaverde top pick @ 1875'
- Add a Chacra plug 1470'-1570' to cover the Chacra top. OCD Chacra pick @ 1520'.
- Add a Fruitland plug 905'-805' to cover the Fruitland top. OCD Fruitland pick @ 855'

NMOCD Approved by Signature

3/25/20
Date

Form 3160-5
(June 2015)

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.

SUBMIT IN TRIPLICATE - Other instructions on page 2

5. Lease Serial No.
NMNM25451

6. If Indian, Allottee or Tribe Name

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

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

8. Well Name and No.
LEE HIXON 2

2. Name of Operator
DJR OPERATING LLC
Contact: ALICE MASCARENAS
E-Mail: amascarenas@djrllc.com

9. API Well No.
30-045-31157-00-S1

3a. Address
1600 BROADWAY SUITE 1960
DENVER, CO 80202

3b. Phone No. (include area code)
Ph: 505-632-3476

10. Field and Pool or Exploratory Area
BISTI

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
Sec 26 T25N R12W SENW 1806FNL 1845FWL
36.374469 N Lat, 108.083633 W Lon

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			
☒ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Hydraulic Fracturing	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☐ Other
	☐ Change Plans	☒ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ 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 Operatin, LLC request permission to Plug & Abandon the subject well per the attached procedure, wellbore diagram, and reclamation plan.

NMOCD
FEB 10 2020
DISTRICT III

14. I hereby certify that the foregoing is true and correct.

Electronic Submission #495455 verified by the BLM Well Information System
For DJR OPERATING LLC, sent to the Farmington
Committed to AFMSS for processing by ALBERTA WETHINGTON on 12/16/2019 (20AMW0097SE)

Name *(Printed/Typed)* ALICE MASCARENAS — Title REGULATORY TECHNICIAN

Signature (Electronic Submission) — Date 12/11/2019

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By JOE KILLINS — Title ENGINEER — Date 02/07/202

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 Farmington

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 ****

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: Lee Hixon 2

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. Run CBL after setting CR and loading hole in steb 10. Submit electronic copy of the CBL 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. Please review the General Requirements document to ensure volumes meet required excess inside and outside casing.

4. Plug 3: BLM picks top of Cliffhouse SS at 2205. Modify or add plug to ensure coverage 50' above and below formation tops (2155-2255) exclusive of excess.

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 H_2S.

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.

THE AZTEC WELL FAMILY

Family-owned, founded in 1963 with Aztec Well Servicing Co.

DJR

Plug & Abandon Procedure

November 7, 2019

Well:	LEE HIXON #002	**API:**	30-045-31157
Location:	1806' FNL & 1845' FWL	**Field:**	Gallup
Sec,T, R:	Sec 26, 25N, 12W	**Elevation:**	GL: 6375'
Cnty/State:	San Juan, New Mexico		
Lat/Long:	36.3744698,-108.0836639	**By:**	Aztec Well Servicing

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Objective:

Permanently plug & abandon the well from 4975' to surface containing 5 cement plugs.

Note:

All cement volumes use 100% excess outside casing and 50' excess inside pipe. Stabilizing wellbore fluid will be 8.3 ppg, sufficient to balance all exposed formation pressures. All cement will be ASTM Class G neat yield or equivalent. If casing pressure tests tagging plugs will not be required.

Prior to Rig:

1. Notify BLM & NMOCD
2. Note: verify all cement volumes based on actual slurry to be pumped.
3. See attached COA's from BLM & NMOCD.

Procedure:

1. MIRU well servicing rig and cement equipment.
2. Check casing, tubing, and bradenhead pressures.
3. Remove existing piping on casing valve. RU blow lines from casing valves and begin blowing down casing pressure. Kill well as necessary. Ensure well is dead or on a vacuum.
4. Seat rods/pump and pressure test tubing to 1000psi (Note: If pressure test passes then use production string as workstring.) LD rods.
5. ND wellhead and NU BOP. Function test BOP. RU floor and 2-3/8" handling tools.
6. TOOH and tally tubing to use as workstring. (Note: If pressure test on tubing does not pass then chasing hole and pressure testing tubing with standing valve will be off bid items.)
7. PU 4-1/2" casing scraper, TIH to 4700'.
8. TOOH and LD casing scraper.
9. TIH with 4-1/2" CR and set @ 4686'.
10. Pressure test tubing to 1000psi then sting out CR. Load hole, and pressure test casing to 500 psi. If casing does not test, then spot or tag subsequent plugs as appropriate. WOC to be determined on pressure test.
11. **Plug 1: 4686' - 4585' (Gallup perfs & top: 4635')** Mix 12 sacks Class G cement and spot a balanced plug on top of CR to cover the perfs and Gallup top. PU and reverse circulate tubing clean.
12. LD tubing to 3770' then TOOH and LD setting tool.

THE AZTEC WELL FAMILY

Family owned. Founded in 1967 with Aztec Well Servicing Co.

DJR

Plug & Abandon Procedure

November 7, 2019

Well:	LEE HIXON #002	**API:**	30-045-31157
Location:	1806' FNL & 1845' FWL	**Field:**	Gallup
Sec,T, R:	Sec 26, 25N, 12W	**Elevation:**	GL: 6375'
Cnty/State:	San Juan, New Mexico		
Lat/Long:	36.3744698,-108.0836639	**By:**	Aztec Well Servicing

13. TIH open ended to 3770'.
14. **Plug 2: 3770' – 3670' (Mancos top: 3720')** Mix 12 sacks Class G cement and spot a balanced plug to cover the Mancos formation top. PU and reverse circulate tubing clean.
15. LD tubing to 1925'.
16. **Plug 3: 1925' – 1825' (Mesaverde top: 1875')** Mix 12 sacks Class G cement and spot a balanced plug to cover the Mesaverde top. PU and reverse circulate tubing clean.
17. LD tubing to 1205'.
18. **Plug 4: 1205' – 1105' (Pictured Cliff top: 1155')** Mix 12 sacks Class G cement and spot a balanced plug to cover the Pictured Cliff top. PU and reverse circulate tubing clean.
19. LD tubing to 555'.
20. **Plug 5: 555' – 0' (Fruitland top: 505' Casing shoe: 350')** Mix 50 sacks Class G cement and spot plug to cover Fruitland top and casing shoe until good cement returns to surface. LD rest of tubing.
21. ND BOP and cut off wellhead below surface casing flange per regulation. Top off w/cement if needed. Install P&A marker with cement to comply with regulations. RD, MOL and cut off anchors. Restore location per BLM stipulations.

THE AZTEC WELL FAMILY

Family owned, founded in 1963 with Aztec Well Servicing Co.

AZTEC WELL SERVICING | AZTEC DRILLING | DOUBLE M FILTER SERVICE | TOTAH RENTAL EQUIPMENT | SSS TRIPLE S TRUCKING CO. | RoadRunner

DJR

Plug & Abandon Procedure

November 7, 2019

Well:	LEE HIXON #002	**API:**	30-045-31157
Location:	1806' FNL & 1845' FWL	**Field:**	Gallup
Sec,T, R:	Sec 26, 25N, 12W	**Elevation:**	GL: 6375'
Cnty/State:	San Juan, New Mexico		
Lat/Long:	36.3744698,-108.0836639	**By:**	Aztec Well Servicing

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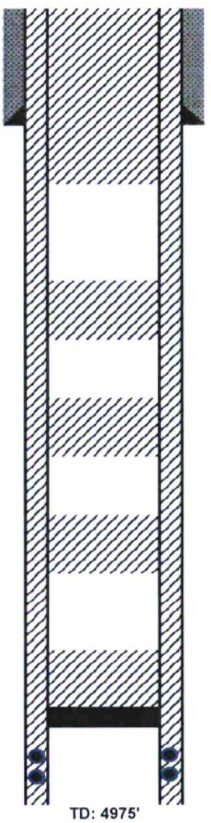
LEE HIXON #002

Proposed P&A

Gallup

API 30-045-31157



12-1/4" hole
Surface Casing 8-5/8" 24#
Set @ 350'
275 sxs, cement to surface

Fruitland top @ 505'

Plug 5: 555' - 0'
50 sxs, class G

Pictured Cliff top @ 1155'

Plug 4: 1205' - 1105'
12 sxs, class G

Mesaverde top @ 1875'

Plug 3: 1925' - 1825'
12 sxs, class G

Mancus top @ 3720'

Plug 2: 3770' - 3670'
12 sxs, class G

Gallup top @ 4635'

Plug 1: 4686' - 4585'
12 sxs, class G
CICR @ 4686'

Perfs @ 4736' - 4796'

7-7/8" hole 4-1/2" 10.5# casing set @ 4975'
cemented w 1100 sxs to surface

TD: 4975'

BLM FLUID MINERALS
Geologic Report

Date Completed: 1/15/20

Well No.	Lee Hixon # 2		Location	1806' FNL	&	1845'	FWL
Lease No.	NMNM25451		Sec. 26	T25N			R12W
Operator	DJR		County	San Juan	State	New Mexico	
Total Depth	4975'	PBTD 4975'	Formation	Bisti Lower Gallup			
Elevation (GL)	6375'		Elevation (KB)	6387' (est.)			

Geologic Formations	Est. Top	Est. Bottom	Log Top	Log Bottom	Remarks
San Jose Fm					
Nacimiento Fm	Surface	140'			Surface/Fresh water sands
Ojo Alamo Ss	140'	Not Determined			Aquifer (fresh water)
Kirtland Shale	Not Determined	Not Determined			
Fruitland Fm	505'			1155'	Coal/Gas/Possible water
Pictured Cliffs Ss			1155'	1280'	Gas
Lewis Shale			1280'	1469'	
Chacra (Upper)			1469'	1875'	Probable water or dry
La Ventana Tongue			1875'	2205'	Probable water or dry
Cliff House Ss			2205'	2475'	Water/Possible gas
Menefee Fm			2475'	3535'	Coal/Ss/Water/Possible O&G
Point Lookout Ss			3535'	3720'	Probable water/Possible O&G
Mancos Shale			3720'	4635'	Source rock
Gallup			4635'		O&G/Water
					O&G/Water

Remarks:
P & A

- Log analysis of reference well #2 (attached worksheet) indicates the Ojo Alamo contains fresh water (≤ 5,000 ppm TDS).

- Please ensure that the tops of the Menefee, Pictured Cliffs and Fruitland formations, as well as the entire Ojo Alamo aquifer, identified in this report, are isolated by proper placement of cement plugs. This will protect the freshwater sands in this well bore.

- BLM geologist's picks for the top of the Chacra, La Ventana Tongue of the Cliff House and the main Cliff House formations vary from operator's picks in this well.

Reference Well:
1) DJR — Fm. Tops
Same

2) Giant E & P Co. — Water
C. U. # 32-24 — Analysis
1980' FNL, 1980' FEL
Sec 24, T25N, R12W
GL 6450', KB 6459'

Prepared by: *Walter Gage*