

Well Name: KITE FEDERAL	Well Location: T23N / R7W / SEC 20 / SWSW / 36.207853 / -107.603974	County or Parish/State: SANDOVAL / NM
Well Number: 1	Type of Well: OIL WELL	Allottee or Tribe Name:
Lease Number: NMNM81638	Unit or CA Name:	Unit or CA Number:
US Well Number: 300432083300S1	Well Status: Producing Oil Well	Operator: DUGAN PRODUCTION CORPORATION

Notice of Intent

Sundry ID: 2642730

Type of Submission: Notice of Intent

Type of Action: Plug and Abandonment

Date Sundry Submitted: 11/03/2021

Time Sundry Submitted: 12:05

Date proposed operation will begin: 11/22/2021

Procedure Description: Dugan Production plans to plug and abandon the well as per the following procedure: 1) Set CIBP @ 4970'. Pressure test casing to 600 psi. Circulate 125 sks on Stage I and 150 sks of cement circulated on Stage II of primary cement job. 2) Spot Plug I above BP inside 4-1/2" casing from 4970' to 4870' w/12 sks (13.8 cu ft) Class G cement (1.15 cu ft/sk, 15.8#/gal). Plug I, Gallup, inside 4-1/2" casing, 4870'-4970'. 3) Spot Plug II inside 4-1/2" casing from 4049' to 4149' w/12 sks (13.8 cu ft) Class G cement. Plug II, Mancos, inside 4-1/2" casing, 4049'-4149'. 4) Spot Plug III inside 4-1/2" casing from 2503' to 1983' w/45 sks (51.8 cu ft) Class G cement to combine and cover the Mesaverde and Chacra tops. Plug III, Mesaverde-Chacra, inside 4-1/2" casing, 1983'-2503'. 5) Spot Plug IV inside 4-1/2" casing from 1683' to 977' w/59 sks (67.9 cu ft) Class G cement to combine and cover the Pictured Cliff, Fruitland, Kirtland, Ojo Alamo tops. Plug IV, Pictured Cliffs-Fruitland-Kirtland-Ojo Alamo, inside 4-1/2" casing, 977'-1683'. 6) Spot Plug V inside 4-1/2" casing from 329' to surface w/30 sks (34.5 cu ft) Class G cement to cover the surface casing shoe to surface. Plug V, surface, inside 4-1/2" casing, 0-329'. 7) Cut wellhead. Tag TOC at surface. Fill cement in case needed. 8) Install dry hole marker. Clean location.

Surface Disturbance

Is any additional surface disturbance proposed?: No

NOI Attachments

Procedure Description

Kite_Federal_1_Planned_PA_Formation_Tops_20211216162912.pdf

Kite_Federal_1_planned_PA_procedure_20211216162850.pdf

Kite_Federal_1_planned_PA_procedure_20211210115059.pdf

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Kite_Federal_1_Reclamation_Plan_20211103114834.pdf

Kite_Federal_1_location_pre_reclamation_pic3_20211103114818.pdf

Kite_Federal_1_location_pre_reclamation_pic4_20211103114818.pdf

Kite_Federal_1_location_pre_reclamation_pic2_20211103114818.pdf

Kite_Federal_1_location_pre_reclamation_pic5_20211103114818.pdf

Kite_Federal_1_location_pre_reclamation_pic6_20211103114818.pdf

Kite_Federal_1_location_pre_reclamation_pic1_20211103114818.pdf

Kite_Federal_1_planned_wellbore_schematic_20211103114753.pdf

Kite_Federal_1_current_wellbore_schematic_20211103114733.pdf

Conditions of Approval

Specialist Review

General_Requirement_PxA_20211221143852.pdf

Kite_Federal_No_1_Geo_Rpt_20211221143743.pdf

2642730_NOIA_1_3004320833_KR_12212021_20211221143734.pdf

Operator Certification

I certify that the foregoing is true and correct. 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. Electronic submission of Sundry Notices through this system satisfies regulations requiring a submission of Form 3160-5 or a Sundry Notice.

Operator Electronic Signature: TYRA FEIL

Signed on: DEC 16, 2021 04:29 PM

Name: DUGAN PRODUCTION CORPORATION

Title: Authorized Representative

Street Address: PO Box 420

City: Farmington

State: NM

Phone: (505) 325-1821

Email address: tyrafeil@duganproduction.com

Field Representative

Representative Name: ALIPH REENA

Street Address: PO BOX 420

City: FARMINGTON

State: NM

Zip: 87499-0420

Phone: (505)325-1821

Email address: aliph.reena@duganproduction.com

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SANDOVAL / NM**Well Number:** 1**Type of Well:** OIL WELL**Allottee or Tribe Name:****Lease Number:** NMNM81638**Unit or CA Name:****Unit or CA Number:****US Well Number:** 300432083300S1**Well Status:** Producing Oil Well**Operator:** DUGAN
PRODUCTION CORPORATION**BLM Point of Contact****BLM POC Name:** KENNETH G RENNICK**BLM POC Title:** Petroleum Engineer**BLM POC Phone:** 5055647742**BLM POC Email Address:** krennick@blm.gov**Disposition:** Approved**Disposition Date:** 12/21/2021**Signature:** Kenneth Rennick

CONFIDENTIAL

**Formation Tops
Kite Federal # 1
API; 30-043-20833
Sec 20 T23N R7W
970' FSL & 760' FWL, Gallup
Sandoval, NM
Lat; 36.20785 Long: -107.60398**

- Surface: Nacimiento
- Ojo Alamo: 1027
- Kirtland: 1240
- Fruitland: 1391
- Pictured Cliffs: 1633
- Lewis: 1751
- Chacra: 2033
- Cliffhouse: 2453
- Menefee: 2680
- Point Lookout: 3983
- Mancos: 4099
- Gallup: 5128

Planned P & A Procedure

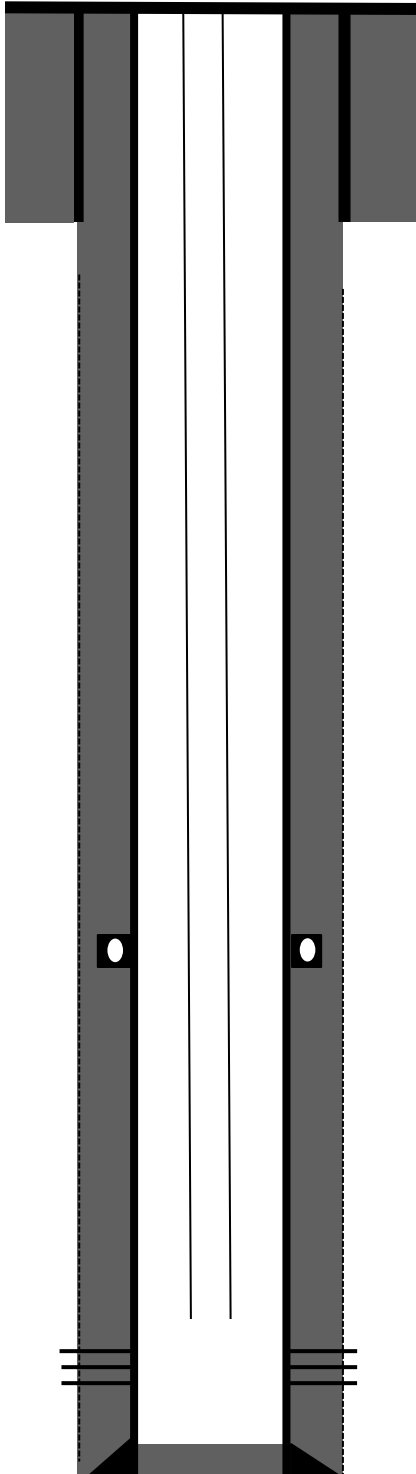
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API; 30-043-20833
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970' FSL & 760' FWL, Gallup
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- Spot Plug II inside 4½" casing from 4049' to 4149' w/12 sks (13.8 cu ft) Class G cement. Plug II, Mancos, Inside 4½" casing, 4049'-4149'
- Spot plug III inside 4½" casing from 2503' to 1983' w/ 45 sks (51.8 cu ft) Class G cement to combine and cover the Mesaverde and Chacra tops. Plug III, Mesaverde-Chacra, Inside 4½" casing, 1983'-2503'
- Spot Plug IV inside 4½" casing from 1683' to 977' w/ 59 sks (67.9 cu ft) Class G cement to combine and cover the Pictured Cliff, Fruitland, Kirtland, Ojo Alamo tops. Plug IV, Pictured Cliffs-Fruitland-Kirtland-Ojo Alamo, Inside 4½" casing, 977'-1683'
- Spot inside Plug V inside 4½" casing from 329' to surface w/30 sks (34.5 cu ft) Class G cement to cover the surface casing shoe to surface. Plug V, Surface, Inside 4½" casing, 0'-329'
- Cut wellhead. Tag TOC at surface. Fill cement incase needed.
- Install dryhole marker. Clean location.

Current Wellbore Schematic

Kite Federal # 1
API; 30-043-20833
Sec 20 T23N R7W
970' FSL & 760' FWL, Gallup
Sandoval, NM
Lat; 36.20785 Long: -107.60398



8-5/8" J-55 24# casing @ 279'. Cemented with 175 sks, 206.5 cf Class B w/ 3% CaCl₂. Circulated 60 sks to surface. Hole size: 12-1/4

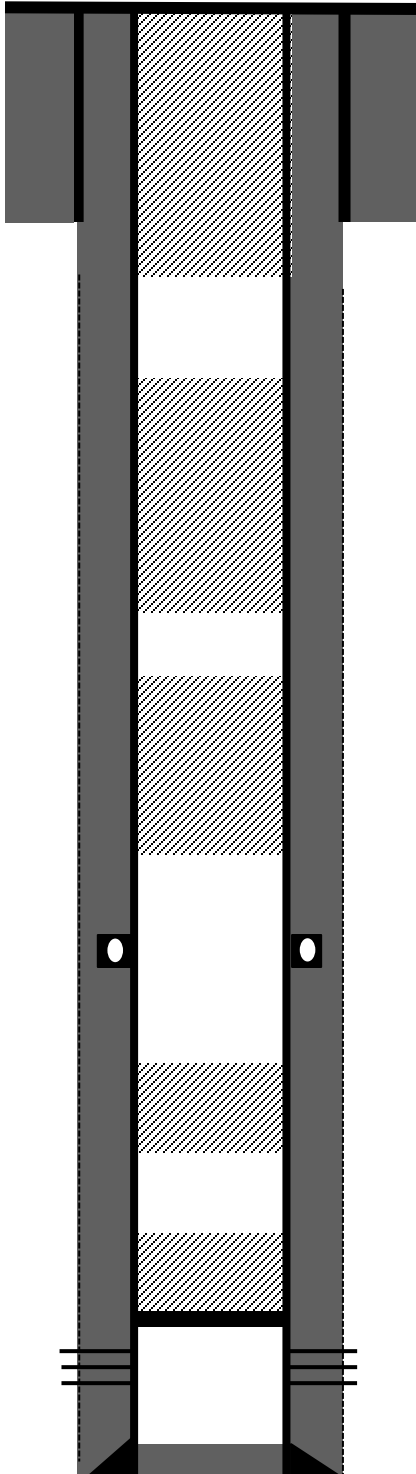
Cemented Stage I w / 400 sks 50-50 poz (532 Cu.ft) followed by 50 sks Class B (59 Cu.ft). DV tool @ 3844'. Stage II w/ 700 sks 65-35-12 (1470 cu.ft) followed by 50 sks Class B (59 cu.ft). Total slurry 2120 cu.ft.

2-3/8" 4.7# tubing @ 5015'
4 1/2" 10.5 # casing @ 5454'. PBD @ 5392'

Gallup Perforated @ 5020'-5290', 41 holes

4 1/2" 10.5 # casing @ 5454'. PBD @ 5392'

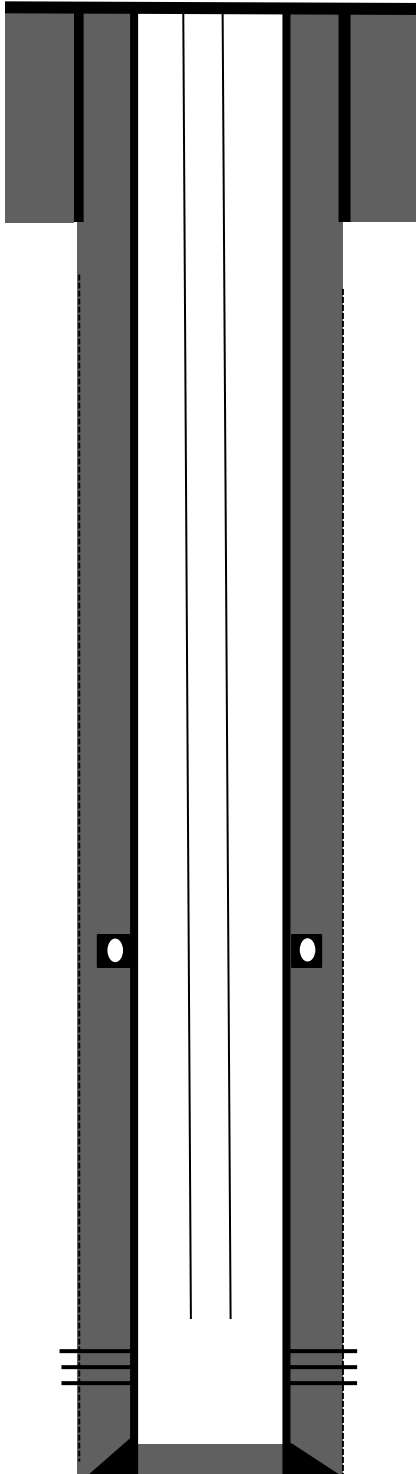
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UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
FARMINGTON DISTRICT OFFICE
6251 COLLEGE BLVD.
FARMINGTON, NEW MEXICO 87402

AFMSS 2 Sundry ID 2642730

Attachment to notice of Intention to Abandon

Well: Kite Federal 1

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 at (505) 564-7750.
3. The following modifications to your plugging program are to be made:
 - a) Plug 2: Must be moved to 4230 feet to 4080 feet to cover the BLM pick for the Manco Shale top with 50 feet excess.
 - b) Plug 3: Significant differences between the Operator's and the BLM Geologist's picks for the Lewis Shale/ Mesa Verde Group tops. Because of this adjust Plug 3 to cover the interval from 3170 feet to 2503 feet.
 - c) Plug 4: Include 50 feet more of cement. Top of cement should be 937 feet.

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.

K. Rennick 12/21/2021

BLM - FFO - Geologic Report

Date Completed

12/9/2021

Well No. Kite Federal

1

Surf. Loc. 970
Sec. 20FSL 760
T23NFWL
R7W

Lease NO. NMNM81638

Operator Dugan Production Co

TVD 5454

PBSD

5392

County Sandoval

State

New Mexico

Formation Lybrook Gallup

Elevation GL

5645

Elevation Est. KB 5659

Geologic Formations

Est. tops Subsea Elev.

Remarks

San Jose Fm.

Nacimiento/Animas Fm.

Surface

5645

Surface /fresh water sands

Ojo Alamo Ss

1027

4632

Fresh water aquifer

Kirtland Fm.

1240

4419

Fruitland Fm.

1300

4359

Coal/gas/possible water

Pictured Cliffs

1633

4026

Possible water

Lewis Shale (Main)

1860

3799

Source rock

Huerfania Bentonite

1935

3724

Reference bed

Chacra (Upper)

2033

3626

Possible gas/water

Chacra (Lower)

2453

3206

Possible gas/water

La Ventana Member

2570

3089

Possible gas/water

Cliff House Ss

3120

2539

Water

Menefee Fm.

3160

2499

Coal/water/possible gas

Point Lookout Fm.

3983

1676

Possible gas/water

Mancos Shale

4180

1479

Source rock

Gallup

5020

639

Oil & gas

Remarks:

Reference Well:

-Vertical wellbore, all formation depths are TVD

-Plug 2 must be moved to cover 4230' - 4080' because of the BLM top and 50' required excess.

-There is a significant difference between the Operator's and the BLM Geologist's picks for the Lewis Shale/Mesa Verde Group tops. This results in a longer Plug 3: 2503' - 3170'.

- The description for Plug 4 leaves out the 50' required excess cement.

-The P&A package submitted in AFMSS 2 was missing the Operators formation top picks and a downloadable P&A procedure.

1) Fm Tops
Dugan Production Co
Same

Prepared by: Walter Gage

**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.

(October 2012 Revision)

District I

1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720

District II

811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720

District III

1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170

District IV

1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS

Action 69347

CONDITIONS

Operator: DUGAN PRODUCTION CORP PO Box 420 Farmington, NM 87499	OGRID: 6515
	Action Number: 69347
	Action Type: [C-103] NOI Plug & Abandon (C-103F)

CONDITIONS

Created By	Condition	Condition Date
kpickford	Notify NMOCD 24 Hours Prior to beginning operations	1/3/2022
kpickford	Adhere to BLM approved COAs and plugs	1/3/2022