U.S. Department of the Interior
BUREAU OF LAND MANAGEMENT

Sundry Print Report

01/23/2024

Well Name: FEDERAL I

Well Location: T29N / R14W / SEC 1 / SWNE / 36.75838 / -108.25754

County or Parish/State: SAN JUAN / NM

Well Number: 6

Type of Well: CONVENTIONAL GAS WELL

Allottee or Tribe Name:

Lease Number: NMSF078110

Unit or CA Name:

Unit or CA Number:

US Well Number: 300452320700S1

Well Status: Abandoned

Operator: DUGAN PRODUCTION CORPORATION

Notice of Intent

Sundry ID: 2771104

Type of Submission: Notice of Intent

Type of Action: Plug and Abandonment

Date Sundry Submitted: 01/22/2024

Time Sundry Submitted: 04:14

Date proposed operation will begin: 01/23/2024

Procedure Description: During a routine internal pipeline inspection Dugan Production detected a very feeble signal for Methane presence at 18 LEL on 01/19/2024. On further inspection and tracing, the signal increased towards the P & A'ed Federal # 006 well location. The signal showed 28 LEL around the wellhead, approximately 1.2-1.5% Methane. The well Federal I # 006 was previously P & A'ed 10/03/2000 and a subsequent sundry of P & A dated 10/25/2000 was submitted. We suspect the gas signal may be coming from this well. We request permission to cut the dry hole marker, re-enter the well, drill out the cement and re-plug the well per the following procedure: 1) MI&RU Aztec rig 481. 2) Remove cement around wellhead, remove dry hole marker. Install wellhead flange. NU BOP. 3) RIH w/ 2" drill pipe and bit and start drilling out cement plugs to 1093'. Pictured Cliff & perforations are at 1143'-1148' & 1233'-1243'. 4) RIH w/ wireline & set 2-7/8" BP @ 1093. Load hole and circulate. Attempt to pressure test casing to 650 psi for 30 minutes. Run CBL from 1093' to surface. Once the top behind the casing is determined will make necessary changes to the plugs. Will make sure all formation tops are covered inside/outside with required cement with excess as required. 5) Fill up 2-7/8" casing to 200'. 6) Perforate and establish circulation to surface from 200' and circulate cement to surface. 7) Cut wellhead off. Tag TOC @ surface inside 2-7/8" casing and in 7"-2-7/8" annulus. Top off cement if needed and install dry hole marker. Fill up cellar with cement. 8) Clean location and move.

Surface Disturbance

Is any additional surface disturbance proposed?: No

NOI Attachments

Procedure Description

Federal_I_6_PA_Plan_1_22_24_20240122161148.pdf

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Federal_I_6_PA_Formation_Tops_1_22_24_20240122160814.pdf

Federal_I_6_PA_Planned_wellbore_schematic_1_22_24_20240122160805.pdf

Federal_I_6_PA_Current_wellbore_PAd_schematic_1_22_24_20240122160754.pdf

Conditions of Approval

Specialist Review

General_Requirement_PxA_20240123091952.pdf

2771104_29N14W01_Federal_I_6_Geo_MHK_20240123091747.pdf

2771104_NOI_PnA_Federal_I_6_MHK_01232024_20240123091747.pdf

Operator

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

Operator Electronic Signature: TYRA FEIL

Signed on: JAN 22, 2024 04:01 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 Name: Aliph Reena

Street Address: PO Box 420

City: Farmington **State:** NM **Zip:** 87499-0420

Phone: (505)360-9192

Email address: Aliph.Reena@duganproduction.com

BLM Point of Contact

BLM POC Name: MATTHEW H KADE

BLM POC Title: Petroleum Engineer

BLM POC Phone: 5055647736

BLM POC Email Address: MKADE@BLM.GOV

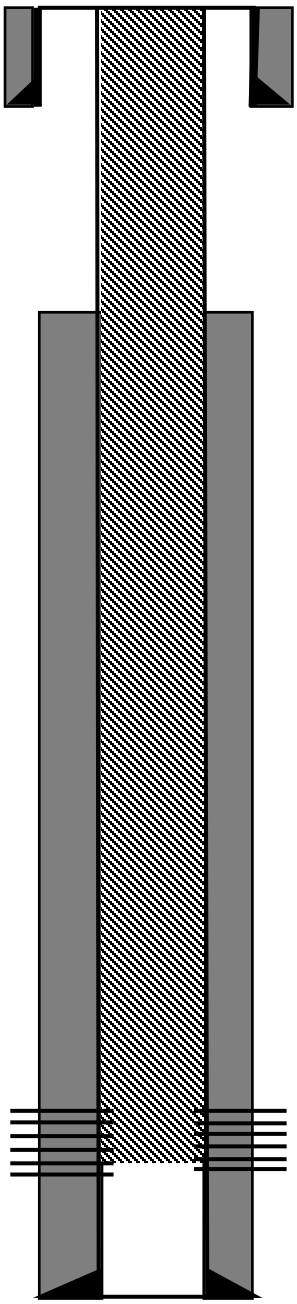
Disposition: Approved

Disposition Date: 01/23/2024

Signature: Matthew Kade

Current Wellbore P & A'ed Schematic

Federal I # 006
API: 30-045-23207
Dugan Production Corp.
1590' FNL & 1800' FEL
Unit G, Sec 1, T29N R14W
San Juan County, NM
Lat:36.7583389 Long:-108.2580795



7", 26# Surface Casing Set @ 46'.
Cemented w/ 5 sks cement. Hole size 8-3/4"

Well P & Aed on 10/03/2000 w/ 59 cu.ft Class H cement from surface.

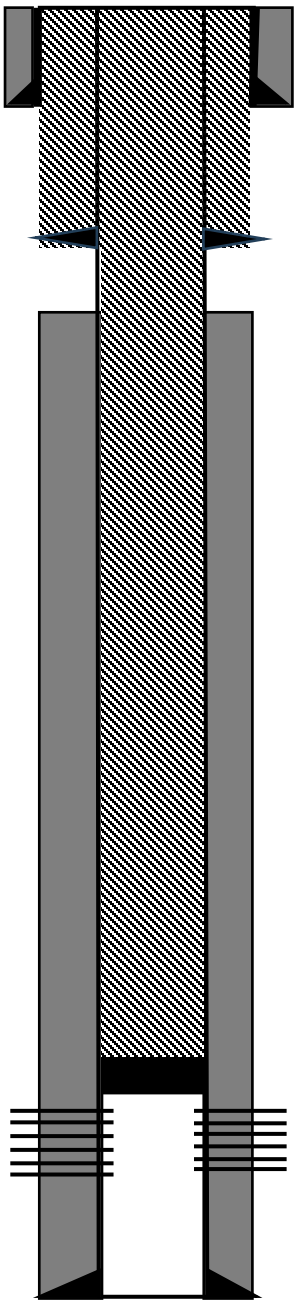
2-7/8" 6.4# Casing Set @ 1409'
Cemented w/ 50 sks 65-35-12 sks and 75 sks Class B. Hole size: 4-3/4"

Pictured Cliffs Perforated from 1143'-1148' & 1233'-1243'

TD @ 1415', PBTD @ 1389'

Planned Wellbore P & A Schematic

Federal I # 006
API: 30-045-23207
Dugan Production Corp.
1590’ FNL & 1800’ FEL
Unit G, Sec 1, T29N R14W
San Juan County, NM
Lat:36.7583389 Long:-108.2580795



7”, 26# Surface Casing Set @ 46’.
Cemented w/ 5 sks cement. Hole size 8-3/4”

Set BP @ 1093’. Spot Plug I from above BP @ 1093’ to 200’ inside 2-7/8” casing.
Perforate and circulate cement to surface from TOC behind surface from 200’. Plug I, Pictured Cliffs-Fruitland-Kirtland, Inside/Outside 0-1093’

2-7/8” 6.4# Casing Set @ 1409’
Cemented w/ 50 sks 65-35-12 sks and 75 sks Class B. Hole size: 4-3/4”

Set 2-7/8” BP @ 1093’

Pictured Cliffs Perforated from 1143’-1148’ & 1233’-1243’

TD @ 1415’, PBTD @ 1389’

Federal I # 006
API: 30-045-23207
Dugan Production Corp.
1590’ FNL & 1800’ FEL
Unit G, Sec 1, T29N R14W
San Juan County, NM
Lat:36.7583389 Long:-108.2580795

Formation Tops

- Kirtland – Surface
- Fruitland – 880’
- Pictured Cliffs – 1231’

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

AFMSS 2 Sundry ID 2771104

Attachment to Notice of Intention to Plug and Abandon

Operator: Dugan Production Company
Well: Federal I 6 (API # 30-039-22468)

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.

NOTE: Basic geology report was completed using Operator's submitted estimated formation tops since the plan is a full wellbore fill-up.

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.

M. Kade 1/23/2024 (mkade@blm.gov/505-564-7736)

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), through the Automated Fluid Minerals Support System (AFMSS) 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) and 43 CFR 3172.12(a)(10). 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.

BLM FLUID MINERALS
P&A Geologic Report

Date Completed: 01/23/2024

Well No.: Federal I #6 (API 30-045-23207)		Location:	SWNE		
Lease No.: NMSF 078110		Sec. 1	T29N		R14W
Operator: Dugan Production Corporation		County:	San Juan	State	New Mexico
Total Depth: 1415' (TD)	0' (PB)	Formation:	Pictured Cliffs		
Elevation (GL): 5563'					

Geologic Formations	Est. Top	Est. Bottom	Log Top	Log Bottom	Remarks
San Jose Fm					Surface/freshwater sands
Nacimiento Fm					Possible freshwater sands
Ojo Alamo Ss					Aquifer (possible freshwater)
Kirtland Shale	Surface				
Fruitland Fm	880'				Coal/Gas/Possible water
Pictured Cliffs Ss	1231'				Gas
Lewis Shale					
Chacra					Gas
Cliff House Ss					Water/Possible gas
Menefee Fm					Coal/Ss/Water/Possible O&G
Point Lookout Ss					Probable water/Possible O&G
Mancos Shale					
Gallup					O&G/Water
Greenhorn					
Graneros Shale					
Dakota Ss					O&G/Water

Remarks:

- Well was previously plugged on 10/3/2000. Dugan believes the well is now leaking gas.
- Full wellbore fill-up, BLM agrees with estimated tops provided by operator

Reference Well:

Prepared by: *Matthew Kade*

Tyra Feil

From: Kade, Matthew H <mkade@blm.gov>
Sent: Monday, January 22, 2024 3:47 PM
To: Kuehling, Monica, EMNRD; Aliph Reena; Rennick, Kenneth G; Lucero, Virgil S
Cc: Kevin Smaka; John Alexander; Marty Foutz; Tyra Feil; Arobles@aztecwell.com
Subject: Re: [EXTERNAL] Dugan Production Corp - Federal I 6 - Re-Entry & P&A well

CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

BLM gives verbal/email approval to start drilling out the cement and replugging the well. Please get the NOI submitted through AFMSS within 5 days.

Also make sure to give the BLM Inspection and Enforcement phone (505-564-7750) a call to let them know Dugan has moved in on the well if you haven't already.

Thanks,

Matthew Kade
Petroleum Engineer
BLM - Farmington Field Office
6251 College Blvd
Farmington, NM 87402
Office: (505) 564-7736

From: Kuehling, Monica, EMNRD <monica.kuehling@emnrd.nm.gov>
Sent: Monday, January 22, 2024 3:36 PM
To: Aliph Reena <Aliph.Reena@duganproduction.com>; Rennick, Kenneth G <krennick@blm.gov>; Kade, Matthew H <mkade@blm.gov>; Lucero, Virgil S <vlucero@blm.gov>
Cc: Kevin Smaka <Kevin.Smaka@duganproduction.com>; John Alexander <John.Alexander@duganproduction.com>; Marty Foutz <Marty.Foutz@duganproduction.com>; Tyra Feil <Tyra.Feil@duganproduction.com>; Arobles@aztecwell.com <Arobles@aztecwell.com>
Subject: RE: [EXTERNAL] Dugan Production Corp - Federal I 6 - Re-Entry & P&A well

NMOCD verbal approval is given with prior approval from the BLM.

Please let me know action id when noi is submitted through e-permitting

Thank you

Monica Kuehling
Compliance Officer Supervisor
Deputy Oil and Gas Inspector
New Mexico Oil Conservation Division
North District
Office Phone: 505-334-6178 ext. 123
Cell Phone: 505-320-0243
Email - monica.kuehling@emnrd.nm.gov

From: Aliph Reena <Aliph.Reena@duganproduction.com>
Sent: Monday, January 22, 2024 3:31 PM
To: krennick@blm.gov; mkade@blm.gov; vlucero@blm.gov; Kuehling, Monica, EMNRD <monica.kuehling@emnrd.nm.gov>
Cc: Kevin Smaka <Kevin.Smaka@duganproduction.com>; John Alexander <John.Alexander@duganproduction.com>; Marty Foutz <Marty.Foutz@duganproduction.com>; Tyra Feil <Tyra.Feil@duganproduction.com>; Arobles@aztecwell.com
Subject: [EXTERNAL] Dugan Production Corp - Federal I 6 - Re-Entry & P&A well

Re: Dugan Production Corp
Federal I # 6, API: 30-045-23207, Sec 1 T29N & R 14W

During a routine internal pipeline inspection Dugan Production detected a very feeble signal for Methane presence at 18 LEL on 01/19/2024. On further inspection and tracing, the signal increased towards the P & A'ed Federal # 006 well location. The signal showed 28 LEL around the wellhead, approximately 1.2-1.5% Methane. The well Federal I # 006 was previously P & A'ed 10/03/2000 and a subsequent sundry of P & A dated 10/25/2000 was submitted. We suspect the gas signal may be coming from this well. We request permission to cut the dry hole marker, re-enter the well, drill out the cement and re-plug the well per the following procedure.

A complete NOI on the AFMSS system will be submitted asap. We have Rig Aztec 481 moved on location and spotted equipments as of 3:00 PM, 01/22/2024. We will begin drilling out cement & re-entry once a verbal/email approval is given from BLM & OCD. Please see draft of NOI, Schematic & formation tops attached.

- MI & RU Aztec rig 481.
- Remove cement around wellhead, remove dry hole marker. Install wellhead flange. NU BOP.
- RIH w/ 2" drill pipe and bit and start drilling out cement plugs to 1093'. Pictured Cliff & perforations are at 1143'-1148' & 1233'-1243'.
  - RIH w/ wireline & set 2-7/8" BP @ 1093. Load hole and circulate. Attempt to pressure test casing to 650 psi for 30 minutes. Run CBL from 1093' to surface. Once the top behind the casing is determined will make necessary changes to the plugs. Will make sure all formation tops are covered inside/outside with required cement with excess as required.
  - Fill up 2-7/8" casing to 200'
  - Perforate and establish circulation to surface from 200' and circulate cement to surface.
  - Cut wellhead off. Tag TOC @ surface inside 2-7/8" casing and in 7"-2-7/8" annulus. Top off cement if needed and install dry hole marker. Fill up cellar with cement.
  - Clean location and move.

Aliph Reena P.E
Engineering Supervisor
Dugan Production Corp.
Cell: 505-360-9192

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 306688

CONDITIONS

Operator: DUGAN PRODUCTION CORP PO Box 420 Farmington, NM 87499	OGRID: 6515
	Action Number: 306688
	Action Type: [C-103] NOI Plug & Abandon (C-103F)

CONDITIONS

Created By	Condition	Condition Date
mkuehling	Contact NMOCD after CBL ran for discussion on plan forward	1/23/2024