

Well Name: BLACKROCK B	Well Location: T26N / R11W / SEC 8 / NWSW / 36.500626 / -108.033173	County or Parish/State: SAN JUAN / NM
Well Number: 1	Type of Well: OIL WELL	Allottee or Tribe Name:
Lease Number: NMSF078899	Unit or CA Name:	Unit or CA Number:
US Well Number: 300450593200S1	Operator: DUGAN PRODUCTION CORPORATION	

Notice of Intent

Sundry ID: 2845229

Type of Submission: Notice of Intent	Type of Action: Plug and Abandonment
Date Sundry Submitted: 04/03/2025	Time Sundry Submitted: 07:34
Date proposed operation will begin: 04/28/2025	

Procedure Description: Dugan Production plans to plug and abandon the well per the attached procedure.

Surface Disturbance

Is any additional surface disturbance proposed?: No

NOI Attachments

Procedure Description

- Blackrock_Federal_B_1_Rec_Plan_3_26_25_20250403073309.pdf
- Blackrock_Federal_B_1_proposed_PA_formation_tops_20250403073250.pdf
- Blackrock_Federal_B_1_proposed_PA_planned_wellbore_schematic_20250403073240.pdf
- Blackrock_Federal_B_1_proposed_PA_current_wellbore_schematic_20250403073228.pdf
- Blackrock_Federal_B_1_proposed_PA_planned_work_20250403073201.pdf

Received by OCD: 4/11/2025 12:33:41 PM

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Conditions of Approval

Authorized

General_Requirement_PxA_20250411121950.pdf
2845229_B_1_3004505932_NOIA_KR_04112025_20250411121933.pdf
Blackrock_B_No_1_Geo_Rpt_20250411121748.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: APR 03, 2025 07:31 AM

Name: DUGAN PRODUCTION CORPORATION

Title: Authorized Representative

Street Address: PO Box 420

City: FarmingtonState: NM

Phone: (505) 325-1821

Email address: tyrafeil@duganproduction.com

Field

Representative Name: Aliph Reena

Street Address: PO Box 420

City: FarmingtonState: NMZip: 87499-0420

Phone: (505)360-9192

Email address: Aliph.Reena@duganproduction.com

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: 04/11/2025

Signature: Kenneth Rennick

Dugan Production plans to plug and abandon the well per the following procedure:

- POOH & tally 2-3/8" NUE production tubing. Use production tubing for workstring as cemented liner is 3½", 9.2# NUE tubing. 3½" liner cemented from 4156' to surface. Primary production casing is 5½", 14# casing from surface to 5401'. For plugs between 4156'-5401' the 5½" casing capacities are used. Upward from liner top, the ID of 3½" liner is used for inside volume & 100% excess used for 5½"-7-7/8" annulus is used. Will perforate through 3½"-5½" casings to attempt squeeze in the 5½"-7-7/8" annulus.
- Gallup perforations are from 5066'-5324'.
- RIH open-ended w/2-3/8" workstring and tag bottom. Spot cement to spot across the Gallup perfs and cover Gallup top. Spot Plug I from 5324' to 4944' w/50 sks, 57.5 cu ft Class G neat cement. WOC and tag TOC. If cement top cannot be tagged, re-do plug with enough cement w/required excess. WOC and tag TOC to confirm. **Plug I, Inside 5½" casing, 50 sks, 57.5 cu ft, Gallup top & Gallup perforations, 4944'-5324'.**
- **With cemented 3½" liner, inside the 5½" casing, the CBL may not read correctly. Operator chooses to perforate all plugs after Plug I and will attempt to squeeze behind the original 5½" casing.**
- Attempt to pressure test casing to 650 psi for 30 minutes.
- **Plug II:** Shoot squeeze holes at 4717'. Spot Plug II inside/outside 5½" casing from 4717' to 4567' w/48 sks (55.2 cu ft) Class G cement to cover the Mancos top. **Plug II, Inside/Outside 3½" - 5½" casing, 48 sks, 55.2 cu ft, Mancos, 4567'-4717'.**
- **Plug III:** Shoot squeeze holes at 4206'. Spot & squeeze inside/outside Plug III, from 4206' to 4056' w/48 sks (55.2 cu ft) Class G neat cement to cover the liner top. **Plug III, Inside/Outside 3½" - 5½" casing, perforations at 4206', LT at 4156', 48 sks, 55.5 cu ft, liner top, 4056'-4206'.**
- **Plug IV:** Shoot squeeze holes at 3148'. Spot & squeeze inside/outside Plug IV, (3½" liner, 5½" casing, 7-7/8" open hole sizes) from 3148' to 2998' w/38 sks, 43.7 cu ft Class G neat cement to cover the Mesaverde top. **Plug IV, Inside/Outside 3½" - 5½" casing, perforations at 3148', 38 sks, 43.7 cu ft, Mesaverde, 2998'-3148'.**
- **Plug V:** Shoot squeeze holes at 2388'. Spot & squeeze inside/outside Plug V, (3½" liner, 5½" casing, 7-7/8" open hole sizes) from 2388' to 2238' w/38 sks, 43.7 cu ft Class G neat cement to cover the Lower Chacra top. **Plug V, Inside/Outside 3½" - 5½" casing, perforations at 2388', 38 sks, 43.7 cu ft, Lower Chacra, 2238'-2388'.**
- **Plug VI:** Shoot squeeze holes at 1943'. Spot & squeeze inside/outside Plug VI, (3½" liner, 5½" casing, 7-7/8" open hole sizes) from 1943' to 1793' w/38 sks, 43.7 cu ft Class G neat cement to cover the Upper Chacra top. **Plug VI, Inside/Outside 3½" - 5½" casing, perforations at 1943', 38 sks, 43.7 cu ft, Upper Chacra, 1793'-1943'.**
- **Plug VII:** Shoot squeeze holes at 1521'. Spot & squeeze inside/outside Plug VII, (3½" liner, 5½" casing, 7-7/8" open hole sizes) from 1521' to 1371' w/38 sks, 43.7 cu ft Class G neat cement to cover the Pictured Cliffs top. **Plug VII, Inside/Outside 3½" - 5½" casing, perforations at 1521', 38 sks, 43.7 cu ft, Pictured Cliffs, 1371'-1521'.**
- **Plug VIII:** Shoot squeeze holes at 921'. Spot & squeeze inside/outside Plug VIII, (3½" liner, 5½" casing, 7-7/8" open hole sizes) from 921' to 771' w/38 sks, 43.7 cu ft Class G neat cement to cover the Fruitland top. **Plug VIII, Inside/Outside 3½" - 5½" casing, perforations at 921', 38 sks, 43.7 cu ft, Fruitland, 771'-921'.**

- **Plug IX: Shoot squeeze holes at 581'.** Spot & squeeze inside/outside Plug IX, (3½" liner, 5½" casing, 7-7/8" open hole sizes) from 581' to surface w/200 sks, 230 cu ft Class G neat cement to cover the Kirtland-Ojo Alamo tops & Surface casing shoe. **Plug IX, Inside/Outside 3½" - 5½" casing, perforations at 581', surface casing shoe at 315', 200 sks, 230 cu ft, Kirtland-Ojo Alamo - Surface, 0'-581'.**
- Cut wellhead. Tag TOC at surface. Fill cement in case needed.
- Install dry hole marker. Clean location.

Current Wellbore Schematic

Blackrock Federal B #1

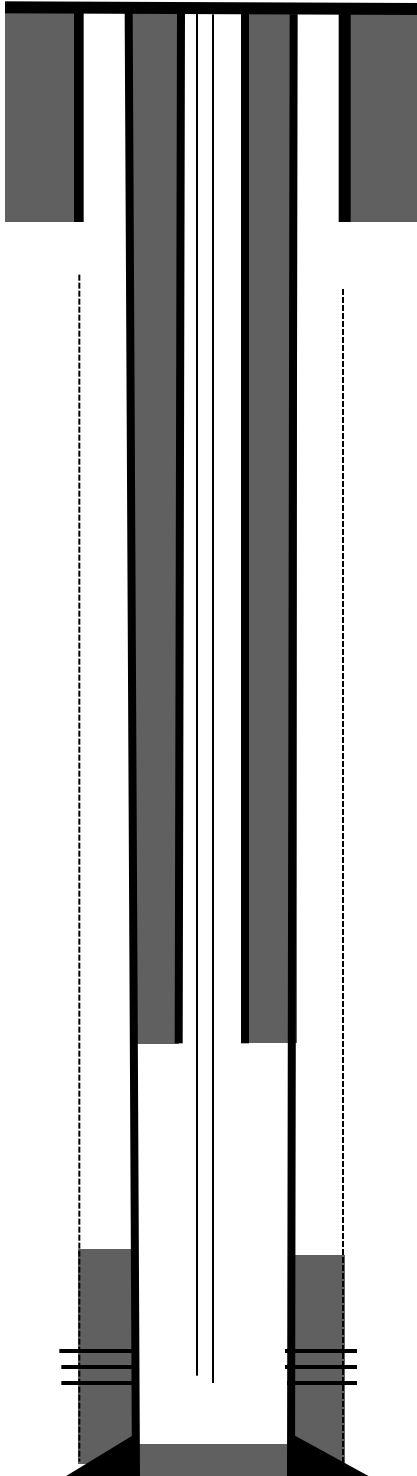
API: 30-045-05932

Sec 8 T26N R11W

1980' FSL & 660' FWL

San Juan County, NM

Lat: 36.500735, Long: -108.033693



8-5/8" 24# casing @ 315'. Cemented with 275 sks Cement.

5 1/2" casing: Cemented w/ 160 sks, Cement. Will perforate all formation tops past Gallup as a CBL may not produce accurate reading due to 3 1/2" cemented liner inside 5 1/2" casing.

3 1/2" liner: Cemented w/ 354 Cu.ft Cement from 4156'

2-3/8" NUE NU-Lock tubing ran to 5212'.

Gallup perforations : 5066'-5324'

5 1/2" 14 # casing @ 5401', Hole size assumed to be 7-7/8"

Planned P & A Schematic

Blackrock Federal B #1

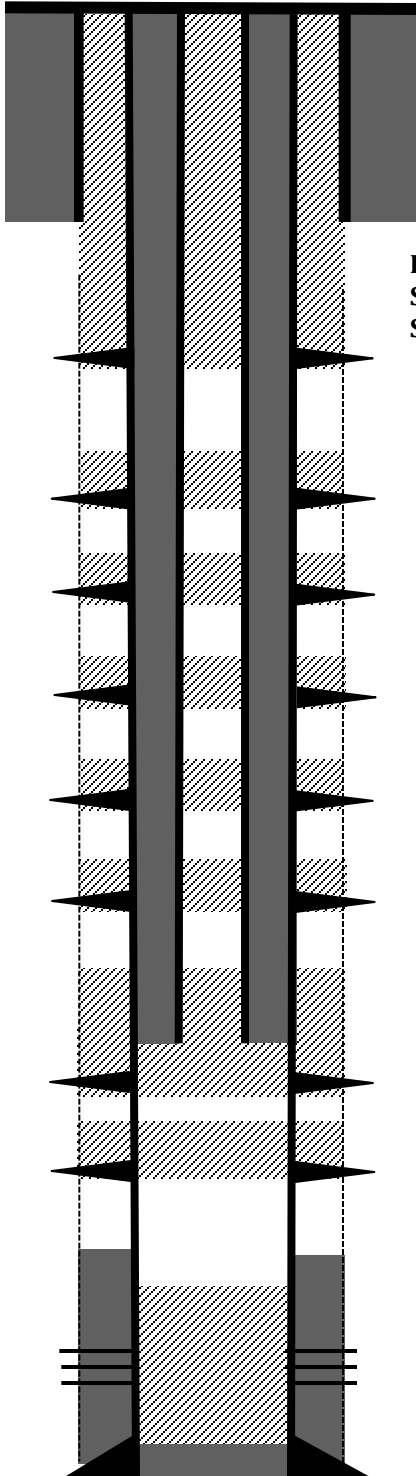
API: 30-045-05932

Sec 8 T26N R11W

1980' FSL & 660' FWL

San Juan County, NM

Lat: 36.500735, Long: -108.033693



8-5/8" 24# casing @ 315'. Cemented with 275 sks Cement.

Plug IX, Inside/Outside 3 1/2" - 5 1/2" casing, Perforations at 581', Surface casing shoe at 315', 200 sks, 230 Cu.ft, Kirtland-Ojo Alamo - Surface, 0'-581'.

Plug VIII, Inside/Outside 3 1/2" - 5 1/2" casing, Perforations at 921', 38 sks, 43.7 Cu.ft, Fruitland, 771'-921'.

Plug VII, Inside/Outside 3 1/2" - 5 1/2" casing, Perforations at 1521', 38 sks, 43.7 Cu.ft, Pictured Cliffs, 1371'-1521'.

Plug VI, Inside/Outside 3 1/2" - 5 1/2" casing, Perforations at 1943', 38 sks, 43.7 Cu.ft, Upper Chacra, 1793'-1943'.

Plug V, Inside/Outside 3 1/2" - 5 1/2" casing, Perforations at 2388', 38 sks, 43.7 Cu.ft, Lower Chacra, 2238'-2388'.

Plug IV, Inside/Outside 3 1/2" - 5 1/2" casing, Perforations at 3148', 38 sks, 43.7 Cu.ft, Mesaverde, 2998'-3148'.

5 1/2" casing: Cemented w/ 160 sks, Cement. Will perforate all formation tops past Gallup as a CBL may not produce accurate reading due to 3 1/2" cemented liner inside 5 1/2" casing.
3 1/2" liner: Cemented w/ 354 Cu.ft Cement from 4156'

Plug III, Inside/Outside 3 1/2" - 5 1/2" casing, Perforations at 4206', LT at 4156', 48 sks, 55.5 Cu.ft, Liner top, 4056'-4206'.

Plug II, Inside/Outside 3 1/2" - 5 1/2" casing, 48 sks, 55.2 Cu.ft, Mancos, 4567'-4717'

Plug I, Inside 5 1/2" casing, 50 sks, 57.5 Cu.ft, Gallup top & Gallup perforations, 4944'-5324'

Gallup perforations : 5066'-5324'

5 1/2" 14 # casing @ 5401', Hole size assumed to be 7-7/8"

**Blackrock Federal B #1
Dugan Production Corp.**

API: 30-045-05932

Sec 8 T26N R11W

1980' FSL & 660' FWL

San Juan County, NM

Lat: 36.500735, Long: -108.033693

Elevation ASL : 6151' GL

Formation Tops

- **Surface Casing – 315'**
- **Ojo Alamo – 377'**
- **Kirtland – 531'**
- **Fruitland – 871'**
- **Pictured Cliffs – 1471'**
- **Chacra Upper– 1893'**
- **Chacra Lower – 2338'**
- **Mesaverde – 3098'**
- **Mancos – 4667'**
- **Gallup – 5044'**
- **Dakota perforations – 5066'-5324'**



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Farmington District Office
6251 College Boulevard, Suite A
Farmington, New Mexico 87402
<http://www.blm.gov/nm>



CONDITIONS OF APPROVAL

April 11, 2025

Notice of Intent – Plug and Abandonment

Operator: Dugan Production Corporation
Lease: NMSF078899
Well(s): Blackrock B 1, US Well # 30-045-05932
Location: NWSW Sec 8 T26N R11W (San Juan County, NM)
Sundry Notice ID #: 2845229

The Notice of Intent to Plug and Abandon is accepted with the following Conditions of Approval (COA):

1. Plugging operations authorized are subject to the attached "General Requirements for Permanent Abandonment of Wells on Federal and Indian Lease."
2. The following modifications to your plugging program are to be made:
 - a. See remarks in the attached BLM geology report. A confirmation of procedure may need to be sent by email before work commences.
3. **Notification:** Farmington Office is to be notified at least 24 hours before the plugging operations commence at (505) 564 7750.

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 4/11/2025

**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), 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). 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 - FFO - Geologic Report**Date Completed**

4/11/2025

Well No.	Blackrock Federal B No 1	Surf. Loc.	1980	FSL	660	FWL
Lease No.	NMSF078899		Sec	8	T26N	R11W
Operator	Dugan Production Corp	County	San Juan		State	New Mexico
TVD	5405	PBTD	5359	Formation	Gallegos Gallup	
Elevation	GL		6149	Elevation	Est. KB	6158

Geologic Formations	Est. tops	Subsea Elev.	Remarks
Nacimiento Fm.	Surface		Surface /fresh water sands
Ojo Alamo Ss	375	5783	Fresh water aquifer
Kirtland Fm.	531	5627	
Fruitland Fm.	1000	5158	Coal/gas/possible water
Pictured Cliffs	1452	4706	Possible gas/water
Lewis Shale (Main)	1775	4383	Source rock
Huerfanito Bentonite	1850	4308	Reference bed
Chacra (upper)	1893	4265	Possible gas/water
Lewis Shale Stringer	2095	4063	Source rock
Chacra (Lower)	2338	3820	Possible gas/water
La Ventana Member	2770	3388	Possible gas/water
Cliff House Ss	3021	3137	Possible gas/water
Menefee Fm.	3178	2980	Coal/water/possible gas
Point Lookout Fm.	3910	2248	Possible gas/water
Liner Top	4156	2002	
Mancos Shale	4210	2948	Source rock
Gallup	5044	1114	Oil & gas

Remarks:Reference Well:

-Vertical wellbore, all formation depths are TVD from KB at the wellhead.

-The Plug 1 figure shows a BOC of 5359' in the Planned P&A Schematic while the description in the Planned P&A Schematic and the Procedure both include a BOC of 5324'.

-The perforations are labeled as Dakota perfs in the Formation Top list. Elsewhere in the procedure and the Planned and Current P&A Schematics the perfs are identified as Gallup.

-Modify Plug 2 to account for the BLM geologist's picks for the Mancos. Move the plug BOC to 4260' and the TOC to 4110'. Alternatively, the plug may be combined with Plug 3 with a TOC of 4056'.

-Modify Plug 4 to account for the BLM geologist's picks for the Cliff House. Move the plug BOC to 3071' and the TOC to 2921'.

-Modify Plug 7 to account for the BLM geologist's picks for the Pictured Cliffs. Move the plug BOC to 1502' and the TOC to 1352'.

-Modify Plug 8 to account for the BLM geologist's picks for the Fruitland. Move the plug BOC to 1050' and the TOC to 900'.

Dugan Production Corp
Same

Prepared by: Walter Gage

State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division
Standard Plugging Conditions



This document provides OCD's general plugging conditions of approval. It should be noted that the list below may not cover special plugging programs in unique and unusual cases, and OCD expressly reserves the right to impose additional requirements to the extent dictated by project conditions. The OCD also reserves the right to approve deviations from the below conditions if field conditions warrant a change. A C-103F NOI to P&A must be approved prior to plugging operations. Failure to comply with the conditions attached to a plugging approval may result in a violation of 19.15.5.11 NMAC, which may result in enforcement actions, including but not limited to penalties and a requirement that the well be re-plugged as necessary.

1. Notify OCD office at least 24 hours before beginning work and seek prior approval to implementing any changes to the C-103 NOI to PA.
 - North Contact, Monica Kuehling, 505-320-0243, monica.kuehling@emnrd.nm.gov
 - South Contact, Gilbert Cordero, 575-626-0830, gilbert.cordero@emnrd.nm.gov
2. A Cement Bond Log is required to ensure strata isolation of producing formations, protection of water and correlative rights. A CBL must be run or be on file that can be used to properly evaluate the cement behind the casing.

Note: Logs must be submitted to OCD via OCD permitting. A copy of the log may be emailed to OCD inspector for faster review times, but emailing does not relieve the operators obligation to submit through OCD permitting.

3. Once Plugging operations have commenced, the rig must not rig down until the well is fully plugged without OCD approval. If gap in plugging operations exceeds 30 days, the Operator must file a subsequent sundry of work performed and revised NOI for approval on work remaining. At no time shall the rig be removed from location if it will result in waste or contamination of fresh water.
4. Insure all bradenheads have been exposed, identified and valves are operational prior to rig up.
5. Fluids must be placed between all cement plugs mixed at 25 sacks per 100 bbls of water.
 - North, water or mud laden fluids
 - South, mud laden fluids
6. Closed loop system is to be used for entire plugging operation. Upon completion, contents of steel pits are to be hauled to an OCD permitted disposal facility.
7. Class of cement shall be used in accordance with the below table for depth allowed.

Class	TVD Lower Limit (feet)
Class A/B	6,000
Class I/II	6,000
Class C or III	6,000
Class G and H	8,000
Class D	10,000

Class E	14,000
Class F	16,000

8. After cutting the well head any "top off cement jobs" must remain static for 30 minutes. Any gas bubbles or flow during this 30 minutes shall be reported to the OCD for approval of next steps.
9. Trucking companies being used to haul oilfield waste fluids (Commercial or Private) to a disposal facility shall have an approved OCD C-133 permit.
 - A copy of this permit shall be available in each truck used to haul waste products.
 - It is the responsibility of the Operator and Contractor to verify that this permit is in place prior to performing work.
 - Drivers shall be able to produce a copy upon request of an OCD Compliance Officer.
10. Filing a [C-103] Sub. Plugging (C-103P) will serve as notification that the well has been plugged.
11. A [C-103] Sub. Release After P&A (C-103Q) shall be filed no later than a year after plugging and a site inspection by OCD Compliance officer to determine if the location is satisfactorily cleaned, all equipment, electric poles and trash has been removed to meet OCD standards before bonding can be released.
12. Produced water or brine-based fluids **may not** be used during any part of plugging operations without **prior OCD approval**.
13. Cementing;
 - All cement plugs will be neat cement and a minimum of 100' in length. 50' of calculated cement excess required for inside casing plugs and 100% calculated cement excess required on outside casing plugs.
 - If cement does not exist between or behind the casing strings at recommended formation depths, the casing perforations will be shot at 50' below the formation top and the cement retainer shall be set no more than 50' from the perforations.
 - WOC (Wait on Cement) time will be:
 - 4 hours for accelerated (calcium chloride) cement.
 - 6 hours on regular cement.
 - Operator must tag all cement plugs unless it meets the below condition.
 - The operator has a passing pressure test for the casing annulus and the plug is only an inside plug.
 - If perforations are made operator must tag all plugs using the work string to tag unless given approval to tag with wireline by the correct contact from COA #1 of this document.
 - This includes plugs pumped underneath a cement retainer to ensure retainer seats properly after cement is pumped.
 - Cement can only be bull-headed with specific prior approval.
 - Squeeze pressures are not to exceed the exposed formations frac gradient or the burst pressure of the casing.
14. A cement plug is required to be set from 50' below to 50' above (straddling) formation tops, casing shoes, casing stubs, any attempted casing cut offs, anywhere the casing is perforated, DV tools.
 - Perforation/Formation top plug. (When there is less than 100ft between the top perforation to the formation top.) These plugs are required to be started no greater than

50ft from the top perforation. However, the plug should be set below the formation top or as close to the formation top as possible for the maximum isolation between the formations. The plug is required to be a 100ft cement plug plus excess.

- Perforation Plug when a formation top is not included. These plugs are required to be started within 50ft of the top perforation. The plug is required to be a 100ft cement plug plus excess.
- Cement caps on top of bridge plugs or cement retainers for perforation plugs, that are not straddling a formation top, may be set using a bailer with a minimum of 35' of cement in lieu of the 100' plug. The bridge plug or retainer must be set within 50ft of the perforations.
- Perforations are required below the surface casing shoe if cement does not exist behind the casing, a 30-minute minimum wait time will be required immediately after perforating 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. If gas is detected contact the OCD office for directions.

15. No more than 3000 feet is allowed between cement plugs in cased hole and no more than 2000 feet is allowed in open hole.

16. Formation Tops to be isolated with cement plugs, but not limited to are:

- Northwest See Figure A
- South (Artesia) See Figure B
- Potash See Figure C
 - In the R-111-P (Or as subsequently revised) Area a solid cement plug must be set across the salt section. Fluid used to mix the cement shall be saturated with the salts that are common to the section penetrated and in suitable proportions, not more than 3% calcium chloride (by weight of cement) will be considered the desired mixture whenever possible, woe 4 hours and tag, this plug will be 50' below the bottom and 50' above the top of the Formation.
- South (Hobbs) See Figure D1 and D2
- Areas not provided above will need to be reviewed with the OCD on a case by case basis.

17. Markers

- Dry hole marker requirements 19.15.25.10.
The operator shall mark the exact location of plugged and abandoned wells with a steel marker not less than four inches in diameter set in cement and extending at least four feet above mean ground level. The marker must include the below information:
 1. Operator name
 2. Lease name and well number
 3. API number
 4. Unit letter
 5. Section, Township and Range
- AGRICULTURE (Below grade markers)
In Agricultural areas a request can be made for a below ground marker. For a below ground marker the operator must file their request on a C-103 notice of intent, and it must include the following;
 - A) Aerial photo showing the agricultural area
 - B) Request from the landowner for the below ground marker.

C) Subsequent plugging report for a well using a below ground marker must have an updated C-102 signed by a certified surveyor for SHL.

Note: A below ground marker is required with all pertinent information mentioned above on a plate, set 3' below ground level, a picture of the plate will be supplied to OCD for record, the exact location of the marker (longitude and latitude by GPS) will be provided to OCD. OCD requires a current survey to verify the location of the below ground marker, however OCD will accept a GPS coordinate that were taken with a GPS that has an accuracy of within 15 feet.

18. If work has not commenced within 1 year of the approval of this procedure, the approval is automatically expired. After 1 year a new [C-103] NOI Plugging (C-103F) must be submitted and approved prior to work.

Figure A

North Formations to be isolated with cement plugs are:

- San Jose
- Nacimiento
- Ojo Alamo
- Kirtland
- Fruitland
- Picture Cliffs
- Chacra (if below the Chacra Line)
- Mesa Verde Group
- Mancos
- Gallup
- Basin Dakota (plugged at the top of the Graneros)
- Deeper formations will be reviewed on a case-by-case basis

Figure B

South (Artesia) Formations to be isolated with cement plugs are:

- Fusselman
- Montoya
- Devonian
- Morrow
- Strawn
- Atoka
- Permo-Penn
- Wolfcamp
- Bone Springs
- Delaware , in certain areas where the Delaware is subdivided into;
 - 1. Bell Canyon
 - 2. Cherry Canyon
 - 3. Brushy Canyon
- Any salt sections
- Abo
- Yeso
- Glorieta
- San Andres
- Greyburg
- Queen
- Yates

Figure C

Potash Area R-111-P

T 18S – R 30E

Sec 10 Unit P. Sec 11 Unit M,N. Sec 13 Unit L,M,N. Sec 14 Unit C -P. Sec 15 Unit A G,H,I,J,K,N,O,P. Sec 22 Unit All
except for M. Sec 23, Sec 24 Unit C,D,E,L, Sec 26 Unit A-G, Sec 27 Unit A,B,C

T 19S – R 29E

Sec 11 Unit P. Sec 12 Unit H-P. Sec 13. Sec 14 Unit A,B,F-P. Sec 15 Unit P. Sec 22 Unit A,B,C,F,G,H,I,J K,N,O,P. Sec 23.
Sec 24. Sec 25 Unit D. Sec 26 Unit A- F. Sec 27 Unit A,B,C,F,G,H.

T 19S – R 30E

Sec 2 Unit K,L,M,N. Sec 3 Unit I,L,M,N,O,P. Sec 4 Unit C,D,E,F,G,I-P. Sec 5 Unit A,B,C,E-P. Sec 6 Unit I,O,P. Sec 7 – Sec
10. Sec 11 Unit D, G—P. Sec 12 Unit A,B,E-P. Sec 13 Unit A-O. Sec 14-Sec 18. Sec 19 Unit A-L, P. Sec 20 – Sec 23. Sec
24 Unit C,D,E,F,L,M,N. Sec 25 Unit D. Sec 26 Unit A-G, I-P. Sec 27, Sec 28, Sec 29 Unit A,B,C,D,F,G,H,I,J,O,P. Sec 32
Unit A,B,G,H,I,J,N,O,P. Sec 33. Sec 34. Sec 35. Sec 36 Unit D,E,F,I-P.

T 19S – R 31E

Sec 7 Unit C,D,E,F,L. Sec 18 Unit C,D,E,F,G,K,L. Sec 31 Unit M. Sec 34 Unit P. Sec 35 Unit M,N,O. Sec 36 Unit O,P.

T 20S – R 29E

Sec 1 Unit H,I,P. Sec 13 Unit E,L,M,N. Sec 14 Unit B-P. Sec 15 Unit A,H,I,J,N,O,P. Sec 22 Unit A,B,C,F,G,H,I,J,O,P. Sec
23. Sec 24 Unit C,D,E,F,G,J-P. Sec 25 Unit A-O. Sec 26. Sec 27 Unit A,B,G,H,I,J,O,P. Sec 34 Unit A,B,G,H. Sec 35 Unit
A-H. Sec 36 Unit B-G.

T 20S – R 30E

Sec 1 – Sec 4. Sec 5 Unit A,B,C,E-P. Sec 6 Unit E,G-P. Sec 7 Unit A-H,I,J,O,P. Sec 8 – 17. Sec 18 Unit A,B,G,H,I,J,O,P.
Sec 19 Unit A,B,G,H,I,J,O,P. Sec 20 – 29. Sec 30 Unit A-L,N,O,P. Sec 31 Unit A,B,G,H,I,P. Sec 32 – Sec 36.

T 20S – R 31E

Sec 1 Unit A,B,C,E-P. Sec 2. Sec 3 Unit A,B,G,H,I,J,O,P. Sec 6 Unit D,E,F,J-P. Sec 7. Sec 8 Unit E-P. Sec 9 Unit E,F,J-P.
Sec 10 Unit A,B,G-P. Sec 11 – Sec 36.

T 21S – R 29E

Sec 1 – Sec 3. Sec 4 Unit L1 – L16,I,J,K,O,P. Sec 5 Unit L1. Sec 10 Unit A,B,H,P. Sec 11 – Sec 14. Sec 15 Unit A,H,I. Sec
23 Unit A,B. Sec 24 Unit A,B,C,D,F,G,H,I,J,O,P. Sec 25 Unit A,O,P. Sec 35 Unit G,H,I,J,K,N,O,P. Sec 36 A,B,C,F – P.

T 21S – R 30E

Sec 1 – Sec 36

T 21S – R 31E

Sec 1 – Sec 36

T 22S – R 28E

Sec 36 Unit A,H,I,P.

T 22S – R 29E

Sec 1. Sec2. Sec 3 Unit I,J,N,O,P. Sec 9 Unit G – P. Sec 10 – Sec 16. Sec 19 Unit H,I,J. Sec 20 – Sec 28. Sec 29 Unit

A,B,C,D,G,H,I,J,O,P. Sec 30 Unit A. Section 31 Unit C – P. Sec 32 – Sec 36

T 22S – R 30E

Sec 1 – Sec 36

T 22S – R 31E

Sec 1 – Sec 11. Sec 12 Unit B,C,D,E,F,L. Sec 13 Unit E,F,K,L,M,N. Sec 14 – Sec 23. Sec 24 Unit

C,D,E,F,K,L,M,N. Sec 25

Unit A,B,C,D. Sec 26 Unit A,BC,D,G,H. Sec 27 – Sec 34.

T 23S – R 28E

Sec 1 Unit A

T 23S – R 29E

Sec 1 – Sec 5. Sec 6 Unit A – I, N,O,P. Sec 7 Unit A,B,C,G,H,I,P. Sec 8 Unit A – L, N,O,P. Sec 9 – Sec 16. Sec 17 Unit

A,B,G,H,I,P. Sec 21 – Sec 23. Sec 24 Unit A – N. Sec 25 Unit D,E,L. Sec 26. Sec 27. Sec 28 Unit A – J, N,O,P. Sec 33

Unit A,B,C. Sec 34 Unit A,B,C,D,F,G,H. Sec 35. Sec 36 Unit B,C,D,E,F,G,K,L.

T 23S – R 30E

Sec 1 – Sec 18. Sec 19 Unit A – I,N,O,P. Sec 20, Sec 21. Sec 22 Unit A – N, P. Sec 23, Sec 24, Sec 25. Sec 26 Unit

A,B,F-P. Sec 27 Unit C,D,E,I,N,O,P. Sec 28 Unit A – H, K,L,M,N. Sec 29 Unit A – J, O,P. Sec 30 Unit A,B. Sec 32 A,B. Sec

33 Unit C,D,H,I,O,P. Sec 34, Sec 35, Sec 36.

T 23S – R 31E

Sec 2 Unit D,E,J,O. Sec 3 – Sec 7. Sec 8 Unit A – G, K – N. Sec 9 Unit A,B,C,D. Sec 10 Unit D,P. Sec 11 Unit G,H,I,J,M,N,O,P. Sec 12 Unit E,L,K,M,N. Sec 13 Unit C,D,E,F,G,J,K,L,M,N,O. Sec 14. Sec 15 Unit A,B,E – P.

Sec 16 Unit

I, K – P. Sec 17 Unit B,C,D,E, I – P. Sec 18 – Sec 23. Sec 24 Unit B – G, K,L,M,N. Sec 25 Unit B – G, J,K,L. Sec 26 – Sec

34. Sec 35 Unit C,D,E.

T 24S – R 29E

Sec 2 Unit A, B, C, D. Sec 3 Unit A

T 24S – R 30E

Sec 1 Unit A – H, J – N. Sec 2, Sec 3. Sec 4 Unit A,B,F – K, M,N,O,P. Sec 9 Unit A – L. Sec 10 Unit A – L, O,P. Sec 11.

Sec 12 Unit D,E,L. Sec 14 Unit B – G. Sec 15 Unit A,B,G,H.

T 24S – R 31E

Sec 3 Unit B – G, J – O. Sec 4. Sec 5 Unit A – L, P. Sec 6 Unit A – L. Sec 9 Unit A – J, O, P. Sec 10 Unit B – G, K – N. Sec

35 Unit E – P. Sec 36 Unit E, K, L, M, N.

T 25S – R 31E

Sec 1 Unit C, D, E, F. Sec 2 Unit A – H.

Figure D1 and D2

South (Hobbs) Formations to be isolated with cement plugs are:

The plugging requirements in the Hobbs Area are based on the well location within specific areas of the Area (See Figure D1). The Formations in the Hobbs Area to be isolated with cement plugs are (see Figure D2)

Figure D1 Map

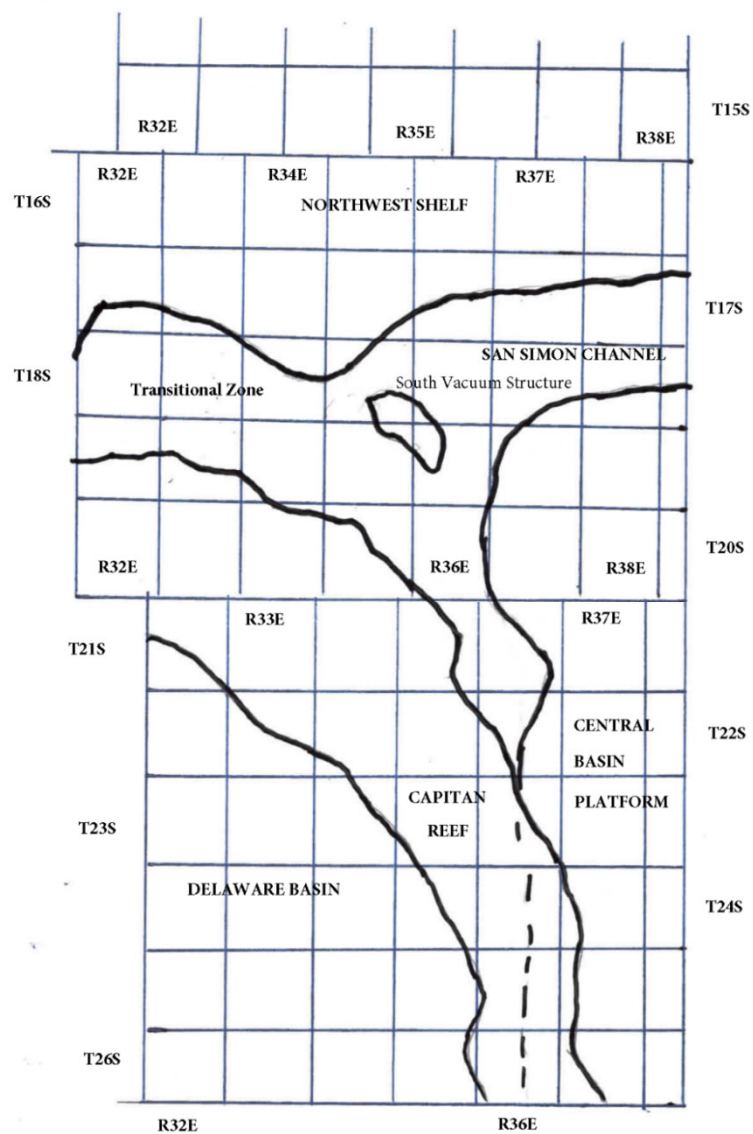


Figure D2 Formation Table

100' Plug to isolate upper and lower fresh water zones (typically 250' to 350')						
Northwest Shelf	Captan Reef Area	Transition Zone	San Simon Channel	South Vacuum Structure	Delaware Basin	Central Basin Platform
Granit Wash (Detrital basement material and fractured pre-Cambrian basement rock)	Siluro-Devonian	Morrow	Siluro-Devonian	Ellenburger	Siluro-Devonian	Granit Wash (Detrital basement material, fractured pre-Cambrian basement rock and fracture Mafic Volcanic intrusives).
Montoya	Mississippian	Atoka	Morrow	McKee	Morrow	Ellenburger
Fusselman	Morrow	Strawn	Wolfcamp	Siluro-Devonian	Atoka	Connell
Woodford	Atoka	Cisco	Abo Reef	Woodford	Strawn	Waddell
Siluro-Devonian	Strawn	Pennsylvanian	Bone Spring	Mississippian	Pennsylvanian	McKee
Chester	Pennsylvanian	Wolfcamp	Delaware	Barnett Shale	Lower Wolfcamp	Simpson Group
Austin	Wolfcamp	Bone Spring	San Andres	Morrow	Upper Wolfcamp	Montoya
Mississippian	Abo Reef, if present	Delaware	Queen	Atoka	Wolfcamp	Fusselman
Morrow	Abo, if present	San Andres	Yates	Strawn	Third Bone Spring Sand (Top of Wolfbone)	Silurian
Atoka	Queen, if present	Grayburg-San Andres	Base of Salt	Canyon	First Bone Spring Sand (Top of Lower Bone Spring)	Devonian
Lower Pennsylvanian	Bone Spring	Queen	Rustler	Pennsylvanian	Bone Spring	Strawn
Cisco-Canyon	Delaware	Seven Rivers		Blinbry	Brushy Canyon	Pennsylvanian
Pennsylvanian	Base Capitan Reef	Yates		Bone Spring	Delaware (Base of Salt)	Wolfcamp
Bough	Seven Rivers	Base of Salt		San Andres	Rustler	Abo
Wolfcamp	Yates	Rustler		Queen		Abo Reef
Abo	Top Capitan Reef			Base of Salt		Drinkard
Abo Reef, if present	Base of Salt			Rustler		Tubb
Yeso (Township 15 South to Township 17 South)	Rustler					Blinbry
Drinkard or Lower Yeso (Township 15 South to Township 17 South)						Paddock
Tubb (Township 15 South to Township 17 South)						Glorieta
Blinbry (Township 15 South to Township 17 South)						San Andres
Paddock (Township 15 South to Township 17 South)						Grayburg
Glorieta						Grayburg-San Andres
San Andres						Queen
Queen (Township 15 South to Township 17 South)						Seven Rivers
Seven Rivers (Township 15 South to Township 17 South)						Yates
Yates (Township 15 South to Township 17 South)						Base of Salt
Base of Salt						Rustler
Rustler						

Sante Fe Main Office
Phone: (505) 476-3441

General Information
Phone: (505) 629-6116

Online Phone Directory
<https://www.emnrd.nm.gov/ocd/contact-us>

State of New Mexico

Energy, Minerals and Natural Resources

Oil Conservation Division

1220 S. St Francis Dr.

Santa Fe, NM 87505

CONDITIONS

Action 451166

CONDITIONS

Operator: DUGAN PRODUCTION CORP PO Box 420 Farmington, NM 87499	OGRID: 6515
	Action Number: 451166
	Action Type: [C-103] NOI Plug & Abandon (C-103F)

CONDITIONS

Created By	Condition	Condition Date
mkuehling	NMOCD agrees with BLM on formation tops except for PC=1471 adjust plugs accordingly - Notice has been given on moving on April 14, 2025 - Monitor string pressures daily report on subsequent - Operator has requested not running log and that they will perforate every plug which is approved -	4/14/2025