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Form 3160-3 (April 2004)
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# UNITED STATES DEPARTMENT OF THE INTERIOR

## BUREAU OF LAND MANAGEMENT

OMB No. 1004-0137 Expires March 31, 2007	
Lease Serial No.	•

Lease Serial No.
NM-17015

. If Indian,	Allotes	or Tribe Name
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APPLICATION FOR PERMIT TO	DRILL OR REENTER		r er reguest, artiolog	OL 1 ETD& LANSING
is. Type of work: DRILL REENT	1	7 if Unit or CA Agreement, Name and No.		
1b. Type of Welk Oli Well Gas Well Other	ie Zone	Lease Name and V Herry Monate		
2. Name of Operator Dugan Production Corp.		9	30-045-30 T	045-2862
3a. Address P. O. Box 42a, Farmington, NM 87499-0428	10	10. Field and Pool, or Exploratory Messaverde		
A Location of Well (Report location clearly and to accordance with a At surface 1988* FNL & 1688* FWL SE/4 NV At proposed prod. 2000: SERIE	•	11		ik.and Survey or Area T24N, RELW NIMPIM
14. Distance in miles and direction from nearest town or post office* 9-1/2 miles SE of Cornen Trading Peet, NM		1:	2. County or Parish	13. State
15. Distance from proposed <sup>a</sup> Incation to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)  1959  1959	16. No. of scres in lesse 968.96	17. Spacing Unit dedicated to this well		veli
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.  Apprex. 1360*	19. Proposed Depth 3900'	20. BLIMBIA	Bond No. on file	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6643' GL	22. Approximate date work will sten 02/22/2905	23	Estimated duration 6 days	1
	24. Attachments			
The following, completed in accordance with the requirements of Onsh	ore Oil and Gas Order No.1, shall be at	sched to this fo	101;	
<ol> <li>Well plat certified by a registered surveyor.</li> <li>A Drilling Plan.</li> <li>A Surface Use Plan (if the location is on National Forest System SUPO shall be filed with the appropriate Forest Service Office).</li> </ol>	ltens 20 above).  Lands, the 5. Operator certification	ution	•	existing bond on file (see may be required by the
	authorized office	F.	anno anavor brant as	many or required by the
23. Signature Kurt Fegrelin	Name (Printed Typed) Kurt Fagrellus		Į.	Date 03/02/2005
Title Geologist				
Approved by (Signature)	Name (Printed Typed)		· · · · · · · · · · · · · · · · · · ·	Date

Application approval 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.
Conditions of approval, if any, are attached.

Office

Title 18 U.S.C. Section (00) 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)

Title

ake it a crime for any person known matter within its jurisdiction.

140 1d For Swood order PEGEINED

ON GON DONG

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Suns Lease - 4 copies Fes Lease - 3 copies

DISTRICT II P.O. Drawer DO, Assain, NM 41210

# **DIL CONSERVATION DIVISIO** P.O. Box 2088

Santa Fe, New Mexico 87504-2088

30-045-28623

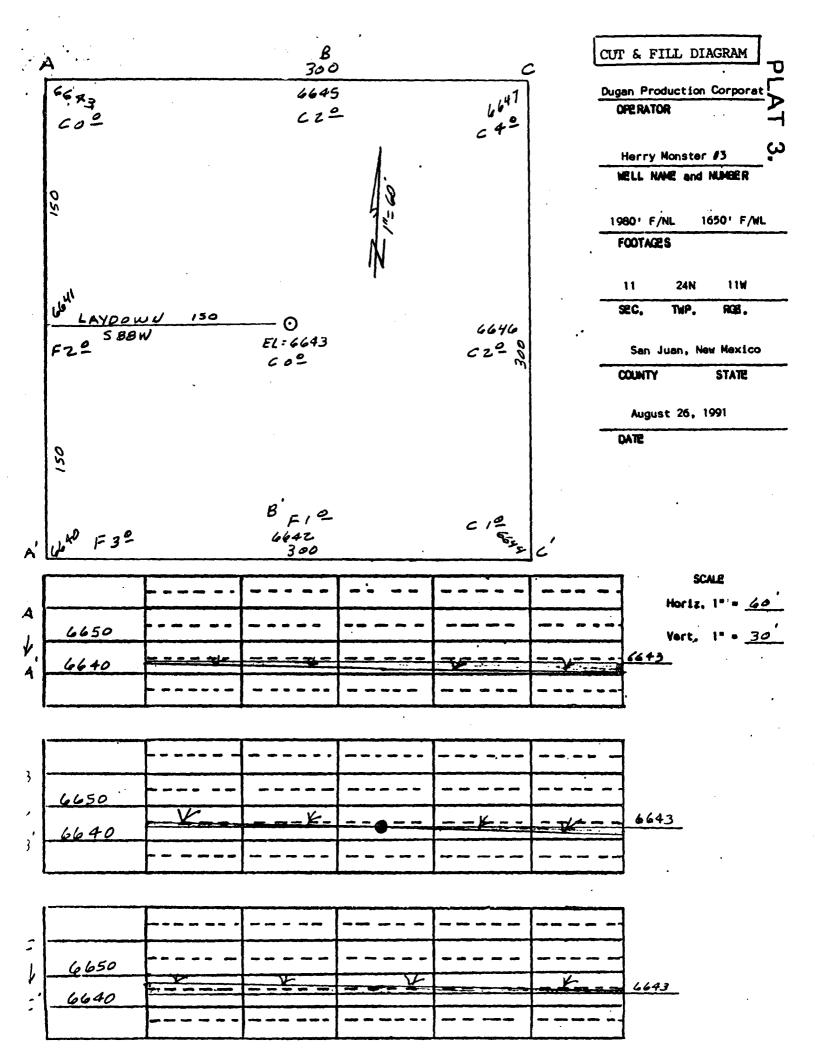
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DISTRICT III 1000 Rio Bracos Rd., Aston, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

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Office	State of New Me	exico		Form	n C-103
Office District I	Energy, Minerals and Natu	ıral Resources	WELL ADING	Marc	ch 4, 2004
1625 N. French Dr., Hobbs, NM 88240 District II			WELL API NO.		
1301 W. Grand Ave., Artesia, NM 88210	OIL CONSERVATION		5. Indicate Type	of Lease	
<u>District III</u> 1000 Rio Brazos Rd., Aztec, NM 87410	1220 South St. Fran		STATE	FEE [	FederalXX
District IV	Santa Fe, NM 87	7505	6. State Oil & G	as Lease No.	
1220 S. St. Francis Dr., Santa Fe, NM 87505			Federal NM-	-17015	
	CES AND REPORTS ON WELLS	3	7. Lease Name o	or Unit Agreement	Name
(DO NOT USE THIS FORM FOR PROPOS.) DIFFERENT RESERVOIR. USE "APPLICATION OF PROPOSALIS."	·		Herry Mo	onster SWD	
PROPOSALS.) 1. Type of Well:		Γ	8. Well Number		
Oil Well Gas Well	Other			#3	
2. Name of Operator  Dugan Pr	oduction Corporation		9. OGRID Numl	oer 06515	
3. Address of Operator 709 East	: Murray Drive, Fmgt., N	NM, 87401	10. Pool name of Salt Water	r Wildcat er Disposal I	well
4. Well Location		<del></del>			
Unit Letter F :	1980 feet from the north	line and165	60' feet fro	om the west	line
Section 11	Township 24N Ra	ange 11W	NMPM, San	Juanu NM	
	11. Elevation (Show whether DR, 6643' GL				
Pit or Below-grade Tank Application (For		C-144 must be attached)			
Pit Location: UL F Sect 11 Twp241	Rng11W Pit type Drilling D	epth to Groundwater +10	000   Distance from n	earest fresh water we	<sub>II</sub> +2000
Distance from nearest surface water +10					
feet from theline and					
	nnronriate Roy to Indicate N	lature of Notice P	enort or Other	Data	
12. Check A	ppropriate Box to Indicate N	1	•		
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# EXHIBIT B

#### OPERATIONS PLAN

Herry Monster SWD #3

#### APPROXIMATE FORMATION TOPS:

Ojo Alamo	330′	Upper Cliff House	2040′
Kirtland	428′	Upper Menefee	2179′
Fruitland	989 <b>'</b>	Lower Cliff House	2360′
Pictured Cliffs	1290′	Lower Menefee	2548'
Lewis	1399′	Point Lookout	3720 <i>′</i>
Chacra	1624′	Mancos	3874′
		Total Depth	3950′

#### LOGGING PROGRAM:

Run cased hole GR-CCL from total depth to surface.

#### CASING PROGRAM:

This is an existing well. The following is the original casing and cement information.

Hole	Casing		Setting	Grade and
Size	Size	Wt./ft.	<u>Depth</u>	Condition
12-1/4"	<del>8-5/8</del> "	24#	215'	J-55
7-7/8"	4-1/2"	10.5#	5075 <i>'</i>	J-55

A 12-1/4" hole was drilled and 215'of 8-5/8" OD, 24#, J-55 surface casing was set. Then a 7-7/8" hole was drilled to total depth with gel-water mud program to test the Gallup formation. 4-1/2", 10.5#, J-55 production casing was run and set at 5075'. Open hole IES and CDL logs and a Cased hole GR-CCL log were run. The Gallup productive zone from 4796' - 4964' was perforated and fractured. Attempts to produce the well were not successful and the well was plugged and abandoned.

#### CEMENTING PROGRAM:

Surface Casing: Cement to surface with 159.3 cf Class B + 2% CaCl<sub>2</sub>. Circulate 2-bls.cement to surface.

#### Production Casing:

Stage 1: Cement with 274 cf 50/50/2 w/1/4# celloflake/sx

Stage 2: Stage tool set @ 3970'. 1564 cf 65/35/12 w/1/4# celloflake/sx tail w/50 sx 50/50/2 w/1/4# celloflake/sx. Circulate 30-bls cement to surface on second stage.

Total cement slurry for production stage is 1838 cf.

The well will be re-entered. The dry hole marker will be removed. A well head and a 2,000 psi standard BOP will be installed on production casing. Cement plugs at 0-499', 877-1340' and 1913-2111' will be drilled out. The casing will be pressure tested to determine integrity. The Mesaverde will be perforated and used for disposal of salt water (produced water).

#### WELLHEAD EQUIPMENT:

Huber 8-5/8"x4-1/2" casing head, 1000# WP, tested to 2000#. Huber 4-1/2"x2-7/8" tubing head, 1000# WP, tested to 2000#.

BOP and Related Equipment will include for a 2000 psi system: (Exhibit D)

Annular preventer, double ram, or 2 rams with one being blind and one being a pipe ram.

Kill line (2" minimum)

1 kill line valve (2" minimum)

1 choke line valve

2 chokes

Upper kelly cock valve with handle available Safety valve and subs to fit all drill string connections in use.

Pressure gauge on choke manifold.

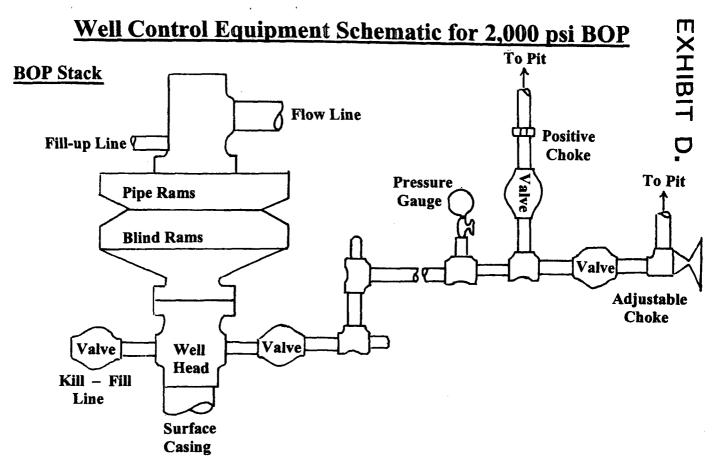
2" minimum choke line.

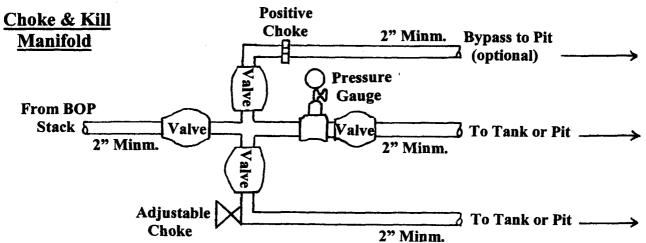
Fill-up line.

#### Contacts:

Dugan Prod.Corp. Office & Radio Dispatch: 325-1821

Mark	Brown	327-3632 320-8247	
Kurt	Fagrelius	325-4327 320-8248	
John	Alexander	325-6927 320-1935	





Working Pressure for all equipment is 2,000 psi or greater

Dugan Production Corp. Herry Monster SWD #3 Sec. 11, T24N, R11W 1980' FNL & 1650' FWL San Juan County, New Mexico

# **Anticipated Disposal Facilities**

Dugan Production Corp. Herry Monster SWD #3 Sec. 11, T24N, R11W 1980' FNL & 1650' FWL San Juan County, New Mexico

#### EXHIBIT A

#### DEVELOPMENTAL PLAN

Herry Monster SWD #3 Lease #NM-17015

Township 24 North, Range 11 West, NMPM Section 11, 1980' FNL - 1650' FWL San Juan County, New Mexico

- 1. Existing roads are shown on Exhibit E. Plan to improve and maintain existing roads as required.
- 2. Planned access road(s) are shown on Exhibit E.
  - A. New or reconstructed road(s), if any, were centerline flagged at the time of location staking. 315.0' new road construction is needed.
- 3. Location of existing wells is shown on Exhibit F.
- 4. Location of Existing and/or Proposed Facilities:
  - A. Existing facilities owned or controlled by Lessee/Operator are shown on Exhibit F.
  - B. New facilities, in the event of production, are shown on Exhibit F. Construction materials and methods: Materials obtained on site; anticipated new production facilities are shown on Plat #1. Protective measures and devices to protect livestock and wildlife: As required.
  - C. Plan for rehabilitation of disturbed areas no longer needed for operations after construction completed: As required.
  - D. Pipeline will follow proposed road and will be 315.0 feet in length (Plat 2). A 4" water and 8" gas pipeline will be constructed.
- 5. Location and Type of Water Supply:
  - A. Location and type of water supply: Produced water.
  - B. Method of transporting water: Water truck.
  - C. Water well is not to be drilled on lease.
- 6. Source of Construction Materials:
  - A. Materials are to be obtained on site.
  - B. These materials are to be used as follows: Level location, build pits (Plat 3).
- 7. Methods for Handling Waste Disposal:
  - A. Waste materials will be contained/disposed of as follows:
    - 1) Cuttings: Reserve pit.
    - 2) Drilling fluids: Reserve pit.

- 3) Produced fluids (oil, water): Test tank and/or reserve pit.
- 4) Sewage: Drilling Contractor will provide facilities.
- 5) Trash: Facilities will be provided as required.
- 6) Operator will be responsible for proper cleanup when the rig is moved.
- 7) Reserve pits will be fenced on three sides during the drilling operations and on four sides when the rig is moved from location.
- 8. Ancillary Facilities: No permanent camp is planned; temporary trailer house may be utilized while drilling. No airstrip is planned.
- 9. Well Site Layout is shown on Exhibit C. Pits will not be lined.
- 10. <u>Plans for restoration of surface</u> upon completion of operations:
  - A. Location will be leveled, re-contoured, and restored as needed.
  - B. Re-vegetation and rehabilitation, including abandoned access roads, will be completed per instructions from the surface management agency.
  - C. Pits will be fenced as required and so maintained until cleanup.
  - D. Rehabilitation operations will be commenced as soon as practically possible and completed soon thereafter.

#### 11. Other Information:

- A. Other surface use activities and surface ownership of all involved lands: Federal, grazing.
- 12. <u>Lessee's or Operator's Representative</u>:

Kurt Fagrelius Dugan Production Corp. P.O. Box 420 Farmington, NM 87499 13. <u>Certification:</u> The following statement must be signed by the Lessee's or Operator's Field Representative who is identified in Item #12 of this Developmental Plan.

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in this Plan are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by Operator and its Contractors and Subcontractors in conformity with the Plan and the terms and conditions under which it is approved.

By: //url /2grew

Fagrelin Date: 1-18-05

Kurt Fagrelius

# UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

## APPLICATION FOR PERMIT TO DRILL OR REENTER

775 JAN 18

**Bold\*** fields are required.

Section 1 – Co	mpleted by Operator			
1. BLM Office* Farmington, NM	2. Confidentiality ☐ Confidential			
3. Work Type*  O DRILL  REENTER	4. Well Type* INJECTION			
Operating Co	ompany Information			
5. Company Name* DUGAN PRODUCTION CORP.	1000 13 13 13 13 13 13 13 13 13 13 13 13 13			
6. Address* 706 EAST MURRAY DRIVE	7. Phone Number* 505-325-1821			
FARMINGTON NM 87401	See Education			
Administrative	e Contact Information			
8. Contact Name* KURT H FAGRELIUS	9. Title* GEOLOGIST			
10. Address* 709 EAST MURRAY DRIVE	11. Phone Number* 505.325.1821			
FARMINGTON NM 87401	12. Mobile Number 505-320-8248			
13. E-mail* kfagrelius@duganproduction.com	14. Fax Number 505-327-4613			
Technical C	Contact Information			
Check here if Technical Contact is the same as Adn	ninistrative Contact.			
15. Contact Name*	16. Title*			
17. Address*	18. Phone Number*			
	19. Mobile Number			
20. E-mail*	21. Fax Number			
Lease a	and Agreement			
22. Lease Serial Number* NM-17015	23. If Indian, Allottee or Tribe Name			
24. If Unit or CA/Agreement, Name and/or Number	25. Field and Pool, or Exploratory Area* MESAVERDE			

26. Number of Acres in Lease* 968.96				27. Spacing Unit dedicated to this well					
	Well								
28. Well Name* HERRY MONSTER					<b>29. V</b> 3	Vell Number*	30. API 1	Number 30-045-28623	
<b>31. Proposed M.D.</b> 32. Proposed T.V.D. 3900					33. E	Elevation 6643 G	round Lev	/el	
34. BLM/BI	A Bond N	lumbe	er ON FILE		1	Vork Start Date 2/2005	36. Work	Duration 6-DAYS	
37. Number	of Compl	etions	1			Cable Tool cable			
				Surface	Loca	tion			
a) State, Cou	nty, Sectionty, Latitud	on, Tov ie, Lon	ne of the following me wnship, Range, Meridian, ngitude, Metes & Bounds	N/S Foo	-	E/W Footage, with	Qtr/Qtr, Lo	t, or Tract	
SAN JUAN					_				
Section 11	Townshi 24N	- 1	Range 11W	Merid	idian NEW MEXICO PRINCIPAL			L	
Qtr/Qtr SENW	Lot#	_	Tract #			N/S Footage 1980 FNL		E/W Footage 1650 FWL	
Latitude 36.1949	Longitue 107.582		Metes and Bounds	·					
			rection from nearest to SON TRADING POST		ost of	fice			
41. Distance 1950 FEET	from pro	posed	location to nearest pro	perty o	r lease	e line, ft. (Also to	nearest di	rig. unit line, if any)	
42. Distance APPROX. 13		•	location to nearest we	ll, drilli	ng, co	mpleted, applied	for, on thi	is lease, ft.	
			Bo	ttom Ho	ole Lo	cation			
43. Specify leading Check h			m hole location is the s	ame as	the su	orface location.			
County or P	arish, St	ate*							
Section	Townshi	ip	Range	Meric	lian				
Qtr/Qtr	Lot#		Tract #			N/S Footage		E/W Footage	
Latitude	Latitude Longitude Metes and Bounds								

44. Additional Information  Please provide any additional pertinent infromation.	
This well is a plugged and abandoned Gallup producer. It will be re-entered by removing the dry hole marker, installing a standard 2,000 psi BOP to the $4-1/2$ " production casing and preparing the Mesaverde interval for injection. An application for salt water disposal will be submitted for approval by the NMOCD.	
I hereby certify that the foregoing is true and correct.	
45. Name*	46. Title
KURT H FAGRELIUS	GEOLOGIST
47. Date* (MM/DD/YYYY)	48. Signature*
11/21/2004	Kurt Fzgrelin
Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section	<u> </u>
willfully to make to any department or agency of the Unite	ed States any false, fictitious or fraudulent statements or
representations as to any matter within its jurisdiction.	

This action is subject to tenhan

This action is subject to technical and procedural review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4