

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-101
Revised March 17, 1999

Submit to appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address Dugan Production Corp. 709 East Murray Drive, Farmington, NM, 87401		² OGRID Number 006515
		³ API Number 30 - 045-31730
³ Property Code 3589	³ Property Name Bi-Knobs	³ Well No. 3

⁷ Surface Location

UL or lot no. L	Section 32	Township 30N	Range 14W	Lot Idn	Feet from the 1850	North/South line South	Feet from the 785	East-West line West	County S.J.
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⁸ Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East-West line	County
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⁹ Proposed Pool Twin Mounds Fruitland PC - 86620	¹⁰ Proposed Pool 2
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¹¹ Work Type Code N	¹² Well Type Code G	¹³ Cable/Rotary R	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 5381
¹⁶ Multiple No	¹⁷ Proposed Depth 1000'	¹⁸ Formation Pictured Cliffs	¹⁹ Contractor Wayne Smith Drllg.	²⁰ Spud Date ASAP

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
9-7/8"	7"	20#	120'	70 cu. ft	Surface
6-1/4"	4-1/2"	10.5#	1000'	200 cu. ft	Surface

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone.
Describe the blowout prevention program, if any. Use additional sheets if necessary.

A water based gel-mud will be used to drill surface and production casing holes. Standard 2,000 psi BOP will be used to drill production casing hole. The Pictured Cliffs Sandstone will be completed from approximately 870' to 880'. The interval will be fractured.

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature: *Kurt Fagrelus*

Printed name: Kurt Fagrelus

Title: Geologist

Date: June 20, 2003

Phone: (505) 325-1821

OIL CONSERVATION DIVISION

Approved by: *[Signature]*

Title: DEPUTY OIL & GAS INSPECTOR, DIST. 3

Approval Date: JUN 20 2003

Expiration Date: JUN 20 2004

Conditions of Approval:

Attached ☐

District I
PO Box 1980, Hobbs, NM 88241-1930

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised February 21, 1994

District II
PO Drawer 50, Artesia, NM 88211-0719

Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

District III
1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

District IV
PO Box 2088, Santa Fe, NM 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-31730		*Pool Code 78160	*Pool Name Twin Mounds Fruitland Sand PC
*Property Code 3589	*Property Name BI KNOBS		*Well Number 3
*GRID No. 006515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 5381'

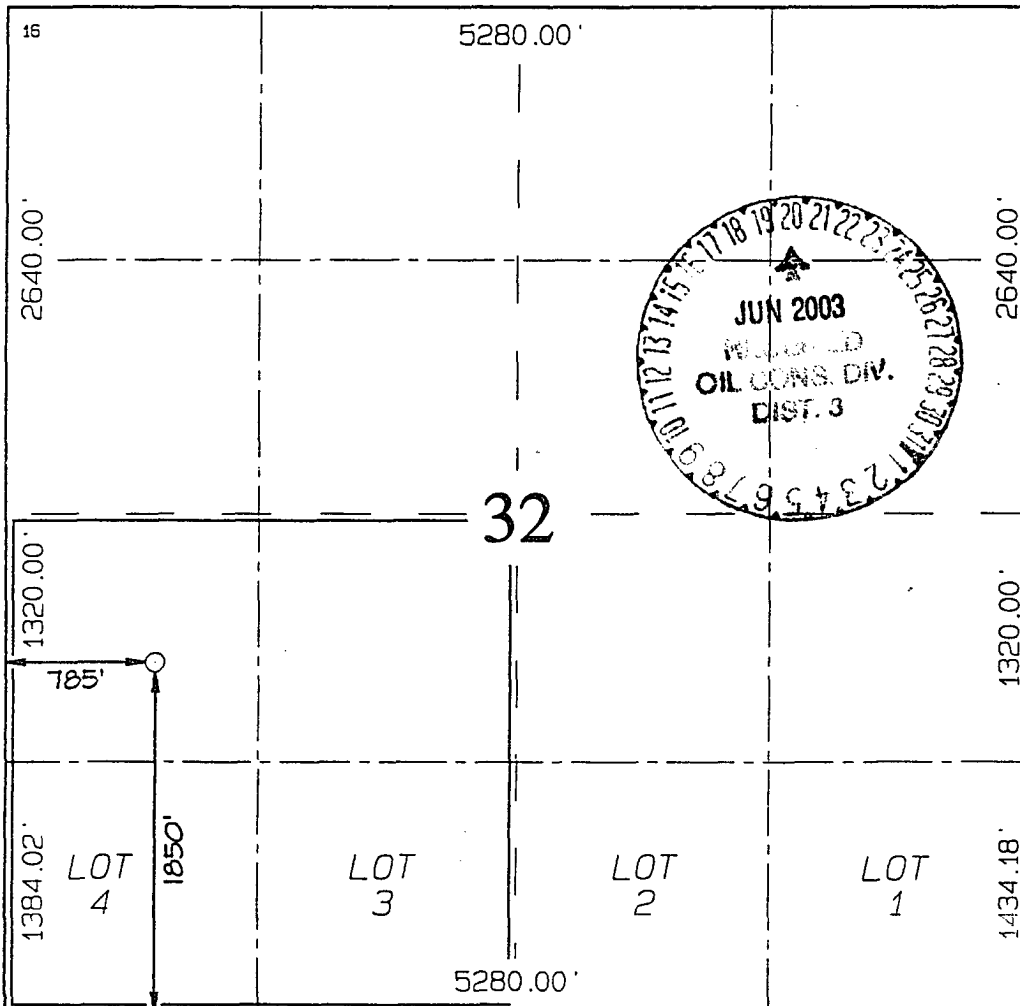

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	32	30N	14W		1850	SOUTH	785	WEST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 164.64 Acres - (SW/4)					¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.		

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p>¹⁷ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Kurt Fagrelus</i> Signature Kurt Fagrelus Printed Name Geologist Title June 20, 2003 Date</p>
	<p>¹⁸ SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>Date of Survey: JUNE 6, 2003</p> <p>Signature and Seal of Professional Surveyor</p> <p> JASON C. EDWARDS Certificate Number 15269</p>