

Form 3160-3  
(April 2004)

2006 APR 4 AM 9 49

FORM APPROVED  
OMB No. 1004-0137  
Expires March 31, 2007

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

RECEIVED  
FARMINGTON NM

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM-0206994	
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name	
2. Name of Operator Dugan Production Corp.		7. If Unit or CA Agreement, Name and No. NM NM 164848	
3a. Address 709 East Murray Drive, Farmington, NM 87401		8. Lease Name and Well No. Winifred Com #90-S	
3b. Phone No. (include area code) 505-325-1821		9. API Well No. 30-045-33686	
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 1670' FSL & 1020' FWL Lat. 36.78255, Long. 108.26606 At proposed prod. zone Same as above		10. Field and Pool, or Exploratory Basin Fruit. Coal/Harper P.C.	
11. Sec., T. R. M. or Blk. and Survey or Area Sec. 25, T30N, R14W NMPM		12. County or Parish San Juan	
13. State NM		14. Distance in miles and direction from nearest town or post office* Approx. 4-miles north of Farmington, New Mexico 87401	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1020-Ft.		16. No. of acres in lease 400-Acres	
17. Spacing Unit dedicated to this well SE/4 Sec. 26 & SW/4 Sec. 25 (160.36 acres)		18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. Approx. 800'	
19. Proposed Depth 1360 Feet		20. BLM/BIA Bond No. on file	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) GL-5526'		22. Approximate date work will start* ASAP	
23. Estimated duration 5-Days		24. Attachments	

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see item 20 above).
- Operator certification
- Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature <i>Kurt Fagrelus</i>	Name (Printed/Typed) Kurt Fagrelus	Date March 28, 2006
Title Geology		
Approved by (Signature) <i>[Signature]</i>	Name (Printed/Typed)	Date 7/7/06
Title AFM	Office FFO	

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.

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.

\*(Instructions on page 2)

A water based gel-mud will be used to drill surface and production casing hole. Standard 2,000 psi BOP will be used to drill production hole. The Fruitland Coal and Fruitland Sand and Pictured Cliffs Sand will be completed from approximately 950' - 1220'. The interval will be fractured.

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

DRILLING OPERATIONS AUTHORIZED ARE SUBJECT TO COMPLIANCE WITH ATTACHED "GENERAL REQUIREMENTS".

NMOC

8

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

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

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

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

2088 RECEIVED  
070 FARMINGTON ☒ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-33686	*Pool Code 78160 - 71629	*Pool Name HARPER HILL FRUITLAND SAND PICTURED CLIFFS - BASIN FRUITLAND COAL	
*Property Code 27522	*Property Name WINIFRED COM		*Well Number 90S
*OGRID No. 006515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 5526'

<sup>10</sup> 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	25	30N	14W		1670	SOUTH	1020	WEST	SAN JUAN

<sup>11</sup>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
<sup>12</sup> Dedicated Acres	160.00 Acres -	SE/4	Sec 26		<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.		
	160.36 Acres -	SW/4	Sec 25				(R-11461)		

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

17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

*Kurt Fagrelius*

Signature

Kurt Fagrelius

Printed Name

Geology

Title

March 30, 2006


Date

18 SURVEYOR CERTIFICATION

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

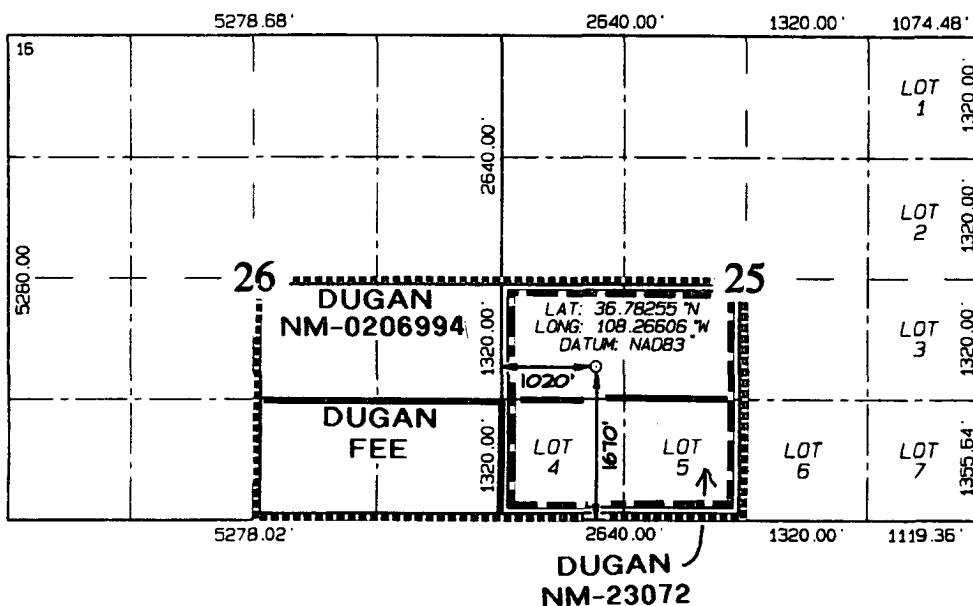
Survey Date: DECEMBER 15, 2005

Signature and Seal of Professional Surveyor



*JASON C. EDWARDS*

Certificate Number 15269



Submit 3 Copies To Appropriate District  
Office  
District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Ave., Artesia, NM 88210  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM  
87505

State of New Mexico  
Energy, Minerals and Natural Resources

Form C-103  
May 27, 2004

OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b> (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)		WELL API NO. 30-045-33686
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other		5. Indicate Type of Lease Federal <input checked="" type="checkbox"/> STATE <input type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator Dugan Production Corp.		6. State Oil & Gas Lease No. Federal NM-0206994
3. Address of Operator 709 East Murray Drive, Farmington, NM		7. Lease Name or Unit Agreement Name Winifred Com
4. Well Location Unit Letter L : 1670 feet from the south line and 1020 feet from the west line Section 25 Township 30N Range 14W NMPM County San Juan		8. Well Number 90-S
11. Elevation (Show whether DR, RKB, RT, GR, etc.) GL-5526'		9. OGRID Number 006515
Pit or Below-grade Tank Application <input checked="" type="checkbox"/> or Closure <input type="checkbox"/>		10. Pool name or Wildcat Basin, Fruitland Coal Harper Hill Fruitland Sand P.C.
Pit type Drilling Depth to Groundwater 100' Distance from nearest fresh water well 1000' Distance from nearest surface water 200'		
Pit Liner Thickness: 12 mil Below-Grade Tank: Volume bbls; Construction Material Synthetic		

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

<b>NOTICE OF INTENTION TO:</b>		<b>SUBSEQUENT REPORT OF:</b>	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
OTHER: Reserve pit for drilling (lined) <input checked="" type="checkbox"/>		OTHER: <input type="checkbox"/>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

A water based gel-mud will be used to drill surface and production casing hole. Standard 2,000 psi BOP will be used to drill production hole. The Fruitland Coal, Fruitland Sand and Pictured Cliffs Sand will be completed from approximately 900' - 1220'. The interval will be fractured.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

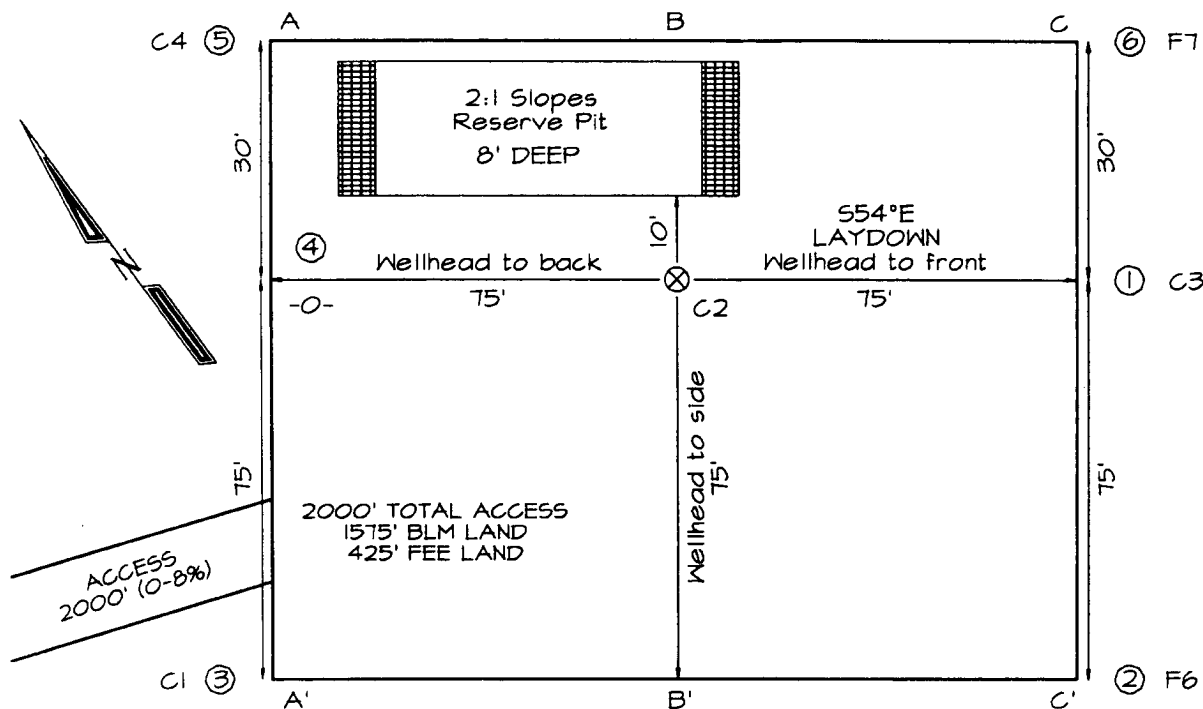
SIGNATURE Kurt Fagrelus TITLE Geology DATE March 26, 2006  
Type or print name Kurt Fagrelus E-mail address: kfagrelus@duganproduction.com Telephone No. 325-1821  
**For State Use Only**

APPROVED BY: [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 60 DATE JUL 10 2006  
Conditions of Approval (if any):

## PLAT 3.

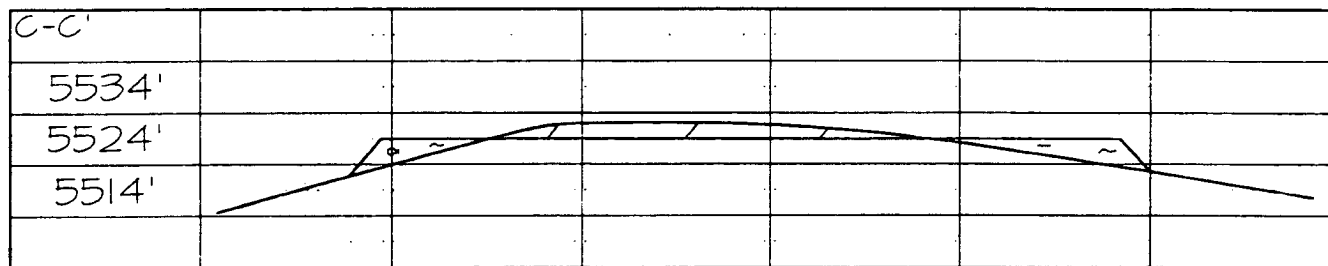
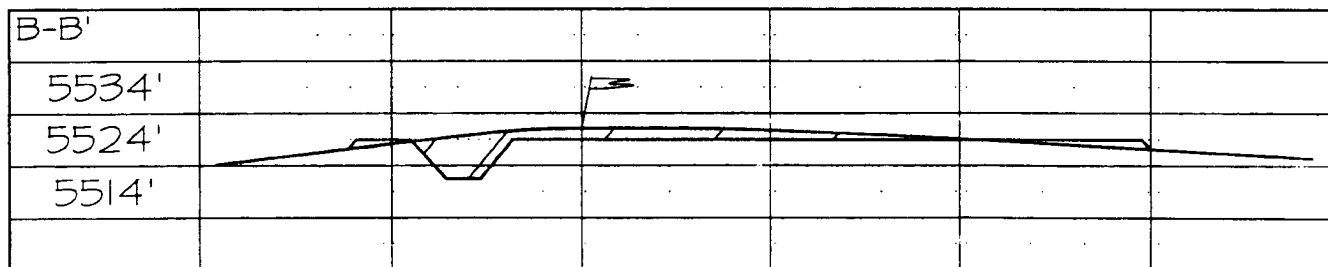
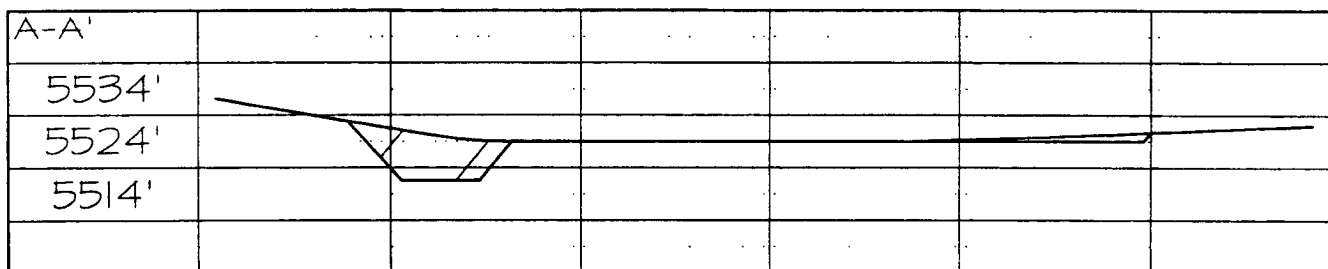
**LATITUDE: 36.78255° N**  
**LONGITUDE: 108.26606° W**

DATUM: NAD1983



**PLAT NOTE:**

\*SURFACE OWNER\*  
Bureau of Land  
Management



Note: Contractor should call One-Call for location of any marked or unmarked buried pipelines or cables on well pad and/or access road at least two (2) working days prior to construction

**EXHIBIT B**  
**OPERATIONS PLAN**  
**Winifred Com #90-S**

**APPROXIMATE FORMATION TOPS:**

Kirtland	Surface
Fruitland	895'
Pictured Cliffs	1206'
<b>Total Depth</b>	<b>1360'</b>

Catch samples every 10 feet from 900 feet to total depth.

**LOGGING PROGRAM:**

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

**CASING PROGRAM:**

<u>Hole</u> <u>Size</u>	<u>Casing</u> <u>Size</u>	<u>Wt./ft.</u>	<u>Setting</u> <u>Depth</u>	<u>Grade and</u> <u>Condition</u>
11"	8-5/8"	20#	120'	J-55
7"	5-1/2"	14#	1360'	J-55

Plan to drill a 11" hole and set 120' of 8-5/8" OD, 20#, J-55 surface casing. Then plan to drill a 7" hole to total depth with gel-water mud program to test the Fruitland Coal, Fruitland Sand and Pictured Cliffs Sand. 5-1/2", 14#, J-55 production casing will be run and cemented. Cased hole GR-CCL-CNL log will be run. Productive zones will be perforated and fractured. After frac, the well will be cleaned out and production equipment will be installed.

**CEMENTING PROGRAM:**

Surface: Cement to surface with 70 cf Class B + 2% CaCl<sub>2</sub>.  
Circulate to surface.

Production Stage-Cement with 140 cf 2% lodense with  
1/4# celloflake/sx followed by 75 cf Class "B" with  
1/4# celloflake/sx.  
Total cement slurry for production stage is 215 cf  
Circulate cement to surface.

An adequate spacer will be pumped ahead of the cement slurry to help prevent mud contamination of the cement. An adequate number of casing centralizers will be run through usable water zones to ensure that casing is centralized through these zones. The adequate number of centralizers will be determined based on

API standards. Centralizers to impart a swirling action around the casing will be used just below and into the base of the lowest usable water zone. These devices will assist mud displacement, increase cement bonding potential and create an effective hydraulic seal. A chronological log will be kept which records the pump rate, pump pressure, slurry density, and slurry volume for the cement job. The log will be sent to the BLM after completion of the job.

**WELLHEAD EQUIPMENT:**

Huber 8-5/8"x5-1/2" casing head, 1000# WP, tested to 2000#.  
Huber 5-1/2"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 (H)
	320-8247 (M)

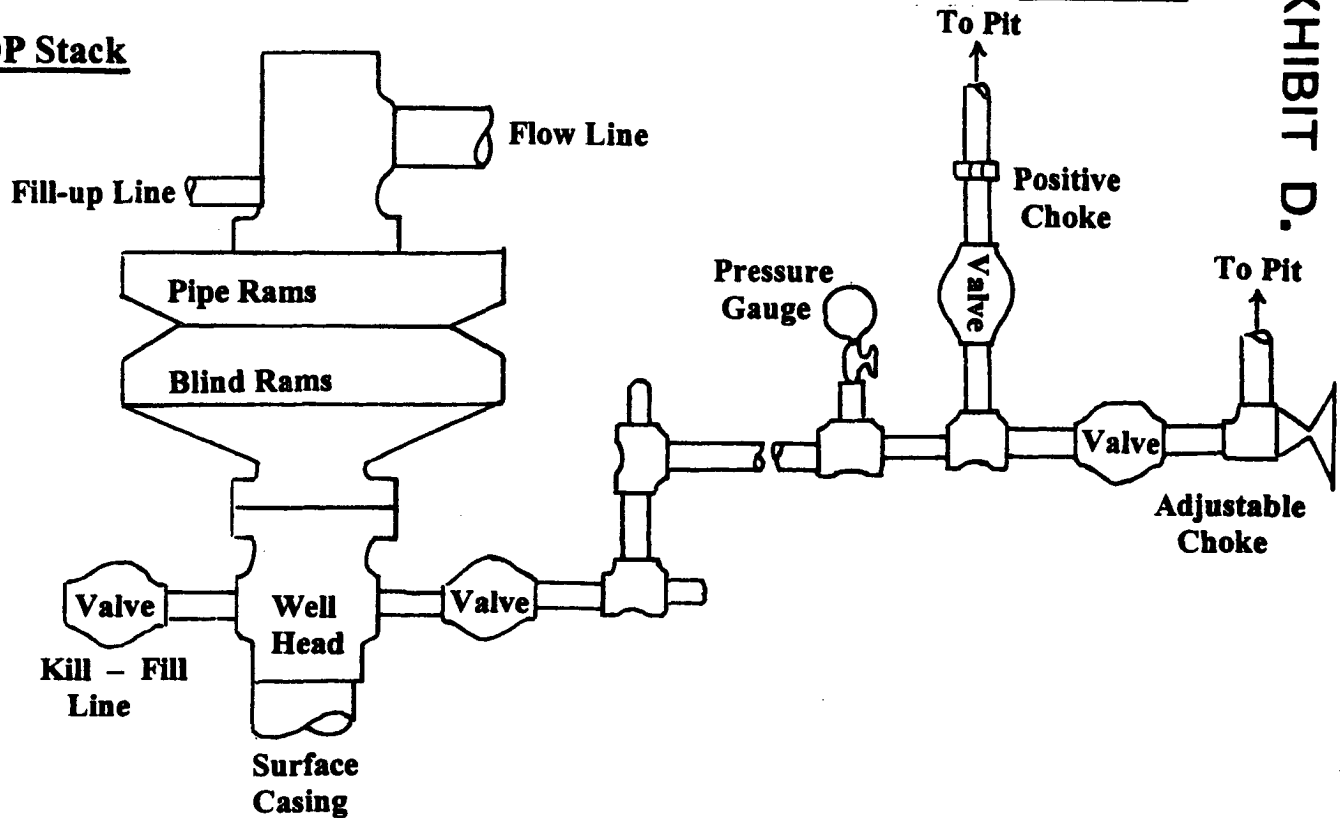
Kurt Fagrelus	325-4327 (H)
	320-8248 (M)

John Alexander	325-6927 (H)
	320-1935 (M)

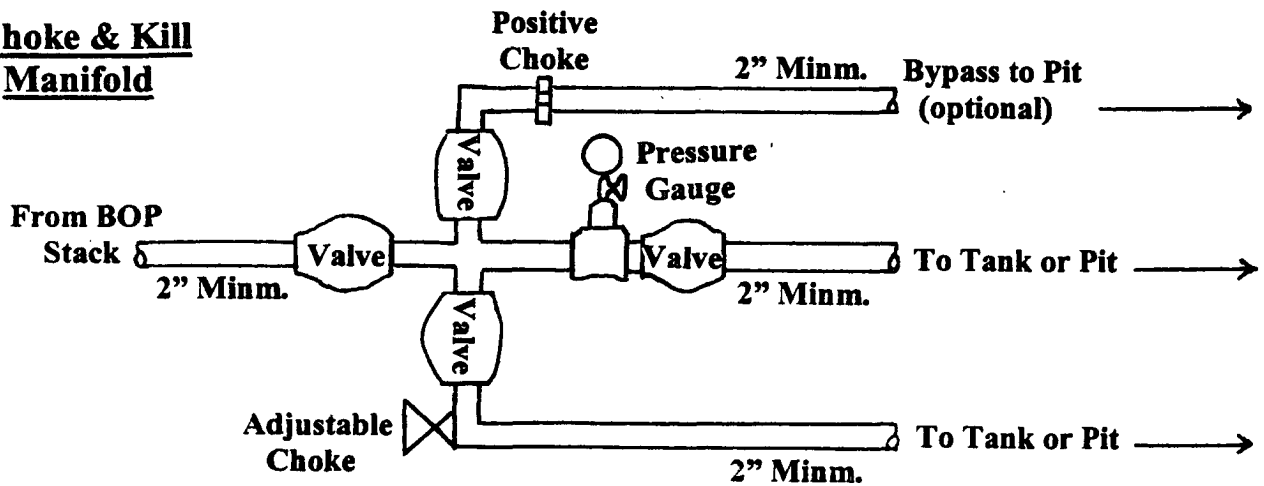
# Well Control Equipment Schematic for 2,000 psi BOP

EXHIBIT D.

## BOP Stack



## Choke & Kill Manifold



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

DUGAN PRODUCTION CORP.  
WINIFRED COM #90-S