Form	3	160-3
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UNITED STATES DEPARTMENT OF THE INTERIOR

	i		FORM APPROVED
	i		OMB No. 1004-0137
200.7	1250	7	OMB No. 1004-0137 Expires March 31, 1007
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APPLICATION FOR PERMIT TO DRILL OR REENTER Type of work: DRILL REENTER Type of well: Doi Well Squar Well Other Single Zone Multiple Zone Name of Operator Dugan Production Corp. Address 709 East Murray Drive Farmington, NM 87401 Location of Well Report investor clearly and in accordance with any Stare repirements ** Farmington, NM 87401 Location of Well Report investor clearly and in accordance with any Stare repirements ** Farmington, NM 87401 Location of Well Report investor clearly and in accordance with any Stare repirements ** Farmington, NM 87401 Location of Well Report investor clearly and in accordance with any Stare repirements ** Farmington, NM 87401 Location of Well Report investor clearly and in accordance with any Stare repirements ** Farmington, NM 87401 Location of Well Report investor clearly and in accordance with any Stare repirements ** Farmington, NM 87401 Location of Well Report investor of Bas Stare report of the Start Full Land Coal II. Sec. T. R. M. or Bilk and Survey of Area Carlos of Market And Start of Tible Man Survey of Area Carlos of Market And Start of Tible Name* Approx. 35-miles Sec of Bloomfield, New Mexico Distance from proposed leads on the second Start of Tible Name* 1200 Feet 1594. 4 Acres 1594. 4 Acres 17. Spacing Unit dedicated to this well W/2 - 314.40 Acres 18. Elevations (Show whether DF, KDB, RT, GL, etc.) 29. Approx. 2000 ' 19. Proposed Depth 10. New Mexico 11. Spacing Unit dedicated to this well will be stated to this series of Tible Name* 120. Feet 1594. 4 Acres 17. Spacing Unit dedicated to this well w/2 - 314.40 Acres 18. Elevations (Show whether DF, KDB, RT, GL, etc.) 20. Approximate date work will start ' 23. Estimated duration Show of the start of the start of Tible Start S	BUREAU OF LAND MAN	AGEMENT		Proprieta in the Control INIV	1-22044
a. Type of Work: DRILL REENTER b. Type of Work: Double Well X Gas Well Other X Single Zone Multiple Zone Cold Medal #90-S Name of Operator Dugan Production Corp. a. Address 709 East Murray Drive Farmington, NM 87401 b. Location of Well Report Iveration Clearly and in accordance with any Store requirements. 10. Field and Pool, or Exploratory Basin Fruitland Coal Location of Well Report Iveration Clearly and in accordance with any Store requirements. 11. Sec., T.R. M. or Blk and Survey or Area At surface 1200 * FNL & 1850 * FNL, Lat. 36.27380 N At proposed prod. zone Same as above Long. 107.93951 W A Distance in miles and direction from seasest town or post office? Approx. 35-miles SE of Bloomfield, New Mexico Distance from proposed* Location to nearest fig. unit line, if any) B. Distance from proposed* Location to nearest fig. unit line, if any) B. Distance from proposed location* To nearest well, chilling, completed, Approx. 2000 * 19. Proposed Depth To the Location of the Location is on National Forest System Lands, the SUPO Shall be filled 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 filled with the appropriate Forest Service Office). Name (Printed/Typed) Date March 12, 2007 Name (Printed/Typed) Date March 12, 2007 Name (Printed/Typed) Date Date Date Date Date Date Date Dat		6 If Indian, Allotee or Tribe Name			
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b. Type of Welk Oil Welk Gas Well Other X Single Zone Multiple Zone Gold Medal #90-S Name of Operator Dugan Production Corp. a. Address 709 East Murray Drive Farmington, NM 87401 So5-325-1821 Io. Field and Pool, or Exploratory Basin Fruitland Coal 10. Field and Pool, or Exploratory Basin Fruitland Coal 11. Sec., T. R. M. or Blk and Survey or Artes At surface 1200 FML & 1850 FML & 1850 FML & 18. Carp At proposed prod. Zone Same as above Long 107. 93951 W NMPM A Distance in miles and direction from nearest town or post office Approx. 35-niles SE Of Bloomfield New Mexico Distance from proposed 1200 Feet (As to inevest drig, unit line, if any) Distance from proposed 1200 Feet (As to inevest drig, unit line, if any) Distance from proposed 1200 Feet (As to inevest drig, unit line, if any) Distance from proposed 1200 Feet (As to inevest drig, unit line, if any) Distance from proposed 1200 Feet (As to inevest drig, unit line, if any) Distance from proposed 1200 Feet (As to inevest drig, unit line, if any) Distance from proposed 1200 Feet (As to inevest drig, unit line, if any) Distance from proposed 1200 Feet (As to inevest drig, unit line, if any) Distance from proposed 1200 Feet (As to inevest with, drilling, completed, approx. 2000 19. Proposed Depth 120 Feet (As to inevest with, drilling, completed, approx. 2000 19. Proposed Depth 120 Feet (As to inevest with the requirements of Onshore Oil and Gas Order No.1, shall be stached 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 Supproval does not warrant or certify that the application approval does not warrant or certify that the application approval does not warrant or certify that the application approval does not warrant or certify that the application approval does	la. Type of work: XDRILL REENTE	ER	F., 30 ' 2	7 If Unit or CA Agreem	ent, Name and No.
Dugan Production Corp. 30-045-3422 30-045-3422 30-045-3422 30-045-3422 30-045-3422 30-045-3422 30-045-342	lb. Type of Well: Oil Well X Gas Well Other	X Single Zone Multip	ole Zone		
Farmington, NM 87401 Location of Well (Report Invarian clearly and in excordence with any State requirements.*) At surface 1200' FNL & 1850' FWL, Lat. 36.27380 N At proposed prod. zone Same as above Long. 107.93951 W NMPM At proposed prod. zone Same as above Long. 107.93951 W NMPM Approx. 35-miles SE of Bloomfield, New Mexico 5. Distance from proposed* 10.000 Feet 1594.4 Acres W/2 - 314.40 Acres (Also to nearest drig. unit line, if say) 8. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lesse, ft. Elevations (Show whether DF, KDB, RT, GL, etc.) GL-6510' 24. Attachments the following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form: 4. Bond to cover tife operations unless covered by an existing bond on file (see lenn 20 above). 5. Signature Name (Printed/Typed) Name (Printed/Typed) Name (Printed/Typed) Date Polication 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 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 and of approval, if any, are attached. Name (Printed/Typed) Name (Printed/Typed) Date Polication 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 and of approval, if any, are attached.	Name of Operator Dugan Production Corp.		:	9. API Well No. 30-	045-34221
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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). 5. Signature Name (Printed/Typed) Rurt Fagrelius Name (Printed/Typed) pproved by (Signature) pproved by (Signature) Poffice Name (Printed/Typed) Office pplication 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 approval, if any, are attached. tte 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 19the United Control of the U	he following, completed in accordance with the requirements of Onshor	re Oil and Gas Order No.1, shall be a	ttached to th	s form:	
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ates any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.	itle 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a co	rime for any person knowingly and v	villfully to m	ake to any department or a	

*(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 Co will be completed from approximately/930' - 955'. The interval will be fracture stimulated.

This BRIGH is subject to technical and RIGHSHIHAI review pursuant to 43 CFH 3165 3 and appeal pursuant to 43 CFR 3165 4

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

NOTIFY AZTEC OCD 24 HRS PRIOR TO CASING & CEMEN

OIL CONS. DIV. DIST



District I 1625 N. French Dr., Hobbs, NM 88240 State of New Mexico

Energy, Minerals & Natural Resources Department

Form C-102 Revised October 12, 2005 Instructions on back

District II 1301 W. Grand Avenue, Artesia, NM 88210 Submit to Appropriate District Office State Lease - 4 Copies Fee Lease - 3 Copies

1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION 1220 South St. Francis Pro: 41 Santa Fe, 2NM 87505

AMENDED REPORT

1220 S. St. Francis Dr., Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

1	'API Number 'Pool Code 'Pool Name								
30-045-	34221		71629		BA	SIN FRUITL	AND COAL		
*Property Code				Propert	y Name		W	ell Number.	
3693		GOLD MEDAL						905	
'OGRID No.		*Operator Name					•	*Elevation	
006515			DUGAN PRODUCTION CORPORATION				'	6510	
	¹⁰ Surface Location								
UL or lot no. Sect	ion Township	Range	Lat Idn	Feet from the	North/South line	Feet from the	East/West line	County	
C 31	24N	10W		1200	NORTH	1850	WEST	SAN JUAN	

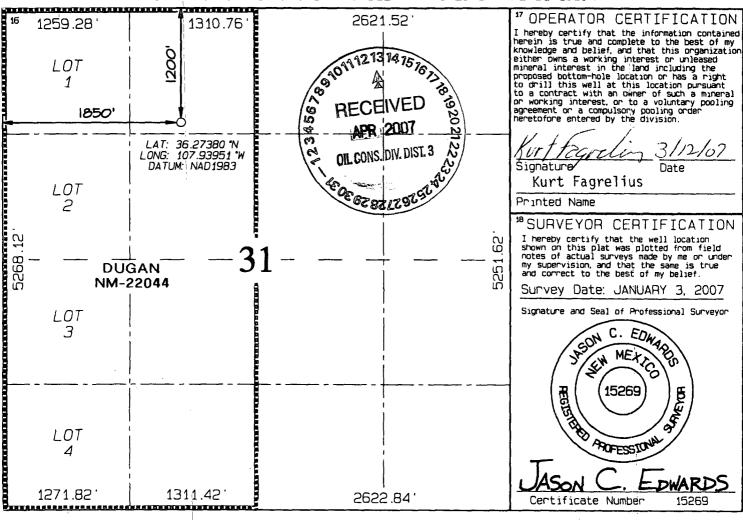
11 Bottom Hole Location If Different From Surface

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 314.40 Acres - (W/2)

13 Joint or Infill M 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



Submit 3 Copies To Appropriate District Office	State of New Mexico , Minerals and Natural Resources	Form C-103 May 27, 2004
1625 N. French Dr., Hobbs, NM 88240		WELL API NO. 30-045-, 34021
1301 W. Gland Avc., Attesta, initi occito	ONSERVATION DIVISION	5. Indicate Type of Lease Federal XX
1000 Rio Brazos Rd., Aztec, NM 87410	220 South St. Francis Dr. Santa Fe, NM 87505	STATE FEE 6. State Oil & Gas Lease No.
District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505	Sainta i O, i vivi 07505	6. State On & Gas Lease No. Federal NM-22044
SUNDRY NOTICES AND RE (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL DIFFERENT RESERVOIR. USE "APPLICATION FOR PE	OR TO DEEPEN OR PLUG BACK TO A	7. Lease Name or Unit Agreement Name Gold Medal
PROPOSALS.) 1. Type of Well: Oil Well Gas Well X	Other	8. Well Number 90-S
2. Name of Operator Dugan Production	Corp.	9. OGRID Number 006515
3 Address of Operator	Drive, Farmington, NM 87401	10. Pool name or Wildcat Basin Fruitland Coal
4. Well Location		
		1850 feet from the west line
	ownship 24N Range 10W on (Show whether DR, RKB, RT, GR, etc.	NMPM County San Juan
	•	
Pit or Below-grade Tank Application or Closure Pit type Drilling Depth to Groundwater+100 'Dista	ones from nearest fresh water well ±1 000 'Dir	storics from manyort surface water +2001
		onstruction Material Synthetic
	Box to Indicate Nature of Notice,	
•••		*
NOTICE OF INTENTION PERFORM REMEDIAL WORK ☐ PLUG AND		SEQUENT REPORT OF: RK
TEMPORARILY ABANDON CHANGE P		ILLING OPNS. P AND A
PULL OR ALTER CASING	COMPL CASING/CEMEN	T JOB 🔲
OTHER: Reserve pit for drilling (li	ned) 🗵 OTHER:	. 🗖
		d give pertinent dates, including estimated date ttach wellbore diagram of proposed completion
A water based gel mud will be	used to drill surface and p	roduction casing hole.
Standard 2,000 psi BOP will b	e used to drill production h	ole. The Fruitland Coal
will be completed from approx	imately 930' - 955'. The in	terval will be fracture
stimulated.		
		·
I hereby certify that the information above is true a grade tank has been/will be constructed or closed according	and complete to the best of my knowledge to NMOCD guidelines 🔲, a general permit 🗆	e and belief. I further certify that any pit or below- or an (attached) alternative OCD-approved plan .
SIGNATURE Kunt Fegnalin	TITLE_Geologist	DATE 3/12/2007
Kurt Fagrelius	kfagrelius@duganproduct	ion.com 505-325-1821
Type or print name For State Use Only	E-mail address:	Telephone No.
The state of the s	TENERTY OR & GAS INSP	ECTOR DIST. 49 APR 1 6 2007
APPROVED BY: Conditions of Approval (if any):	Likelia a cur a mare una	DATE DATE

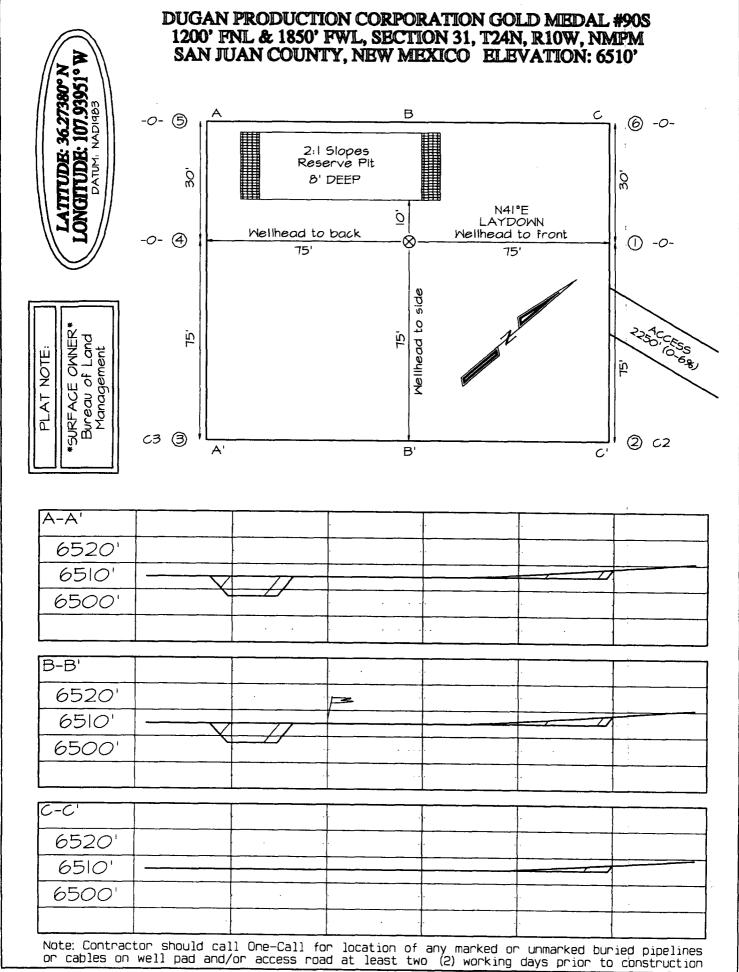


EXHIBIT B OPERATIONS PLAN Gold Medal #90-S

APPROXIMATE FORMATION TOPS:

Total Depth	1120′
Pictured Cliffs	960′
Fruitland	600′
Kirtland	175′
Ojo Alamo	115′

Catch samples every 10 feet from 850 feet to total depth.

LOGGING PROGRAM:

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

CASING PROGRAM:

Hole	Casing		Setting	Grade and
Size	Size	Wt./ft.	Depth	Condition
12-1/4"	8-5/8"	24#	120′	J-55
7 "	5-1/2"	14#	1120′	J-55

Plan to drill a 12-1/4" hole and set 120' of 8-5/8" OD, 24#, J-55 surface casing. Then plan to drill a 7" hole to total depth with gel-water mud program to test the Fruitland Coal. 5-1/2", 14#, J-55 production casing will be run and cemented. Cased hole GR-CCL-CNL log will be run. Productive zone 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% CaCl₂. Circulate to surface.

Production Stage-Cement with 105 cf 2%lodense with

%# celloflake/sx followed by 70 cf Class "B" with

%# celloflake/sx.

Total cement slurry for production stage is 175 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.

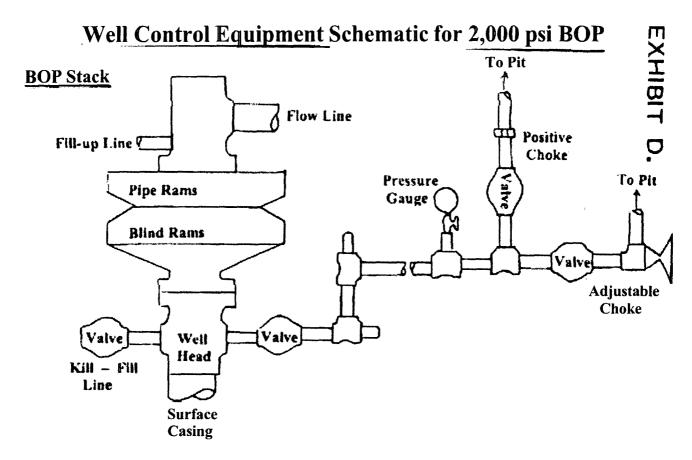
2" minimum choke line.

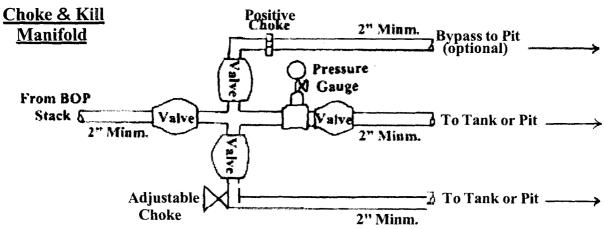
Fill-up line.

Contacts:

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

Mark	Brown	327-3632 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.

GOLD MEDAL #90-S