

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
March 4, 2004

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, New Mexico 87401		² OGRID Number 006515
		³ API Number 30 - 045 - 34693
⁴ Property Code 13625	⁵ Property Name Cochran	⁶ Well No. 3

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	16	22N	8W		1195'	South	1380'	East	San Juan

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

⁹ Proposed Pool 1 Basin Fruitland Coal	¹⁰ Proposed Pool 2
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Drilling Pit Location and Other Information

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	16	22N	8W		1195'	South	1380'	East	San Juan
Depth to ground water			+100 Feet			Distance from nearest fresh water well			+1000 Feet
						Distance from nearest surface water			+200 Feet
¹¹ Work Type Code N		¹² Well Type Code G		¹³ Cable/Rotary R		¹⁴ Lease Type Code S		¹⁵ Ground Level Elevation GL-6643'	
¹⁶ Multiple No		¹⁷ Proposed Depth 900 Feet		¹⁸ Formation Pictured Cliffs		¹⁹ Contractor Wayne Smith Drlg.		²⁰ Spud Date ASAP	

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12-1/4"	8-5/8"	24#	120'	70-cf.	Surface
7"	5-1/2"	14#	900'	150-cf.	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 hole. Standard 2,000 psi BOP will be used to drill production hole. The Fruitland Coal will be completed from approximately 720' - 735'. The interval will be fracture stimulated.

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines <input checked="" type="checkbox"/> a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/>		OIL CONSERVATION DIVISION Approved by: Title: DEPUTY OIL & GAS INSPECTOR, DIST. 3 Approval Date: MAY 05 2008 Expiration Date: MAY 05 2010	
Signature: Printed name: Kurt Fagrelus Title: Geology E-mail Address: kfagrelus@duganproduction.com Date: March 17, 2008 Phone: 505-325-1821			
		Conditions of Approval: Attached <input type="checkbox"/>	

MAY 05 2008
AV

NOTIFY AZTEC OCD 24 HRS.
PRIOR TO CASING & CEMENT B

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State of New Mexico
Energy, Minerals & Natural Resources Department

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

Form C-102
Revised October 12, 2005

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-341093		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code 13625	*Property Name COCHRAN		*Well Number 3
*GRID No. 006515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 6643

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idh	Feet from the	North/South line	Feet from the	East/West line	County
0	16	22N	8W		1195	SOUTH	1380	EAST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idh	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 320.0 Acres - (E/2)					¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.		

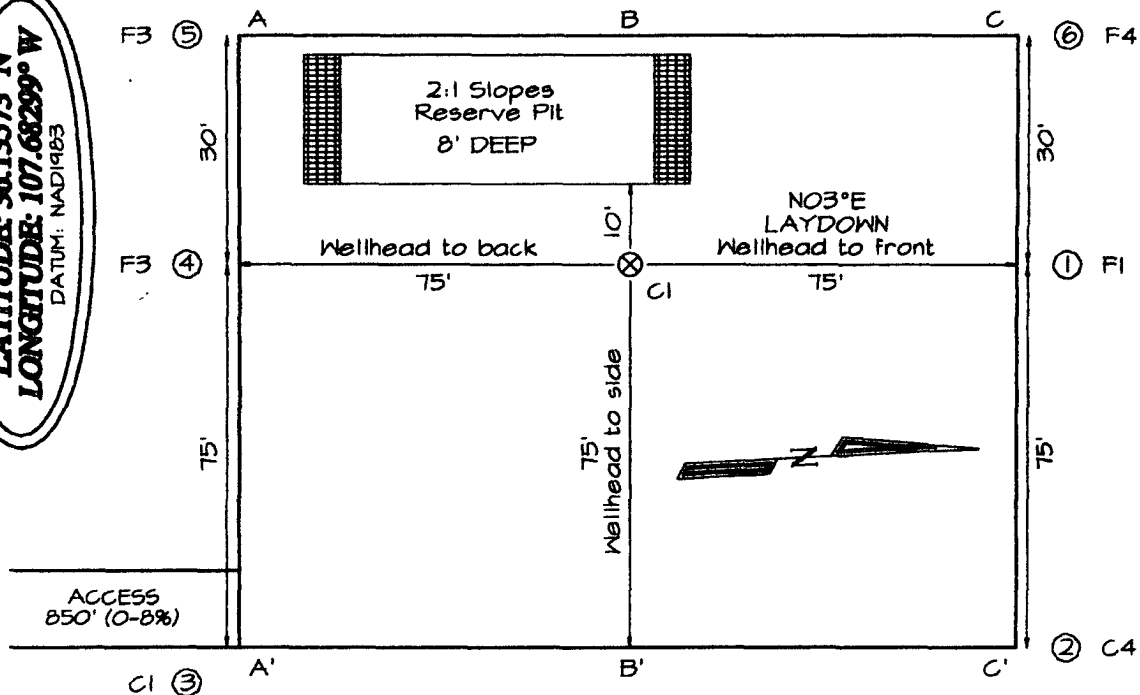
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

15	5257.56'		DUGAN VA-1119	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. <i>Kurt Fagrelus</i> 3/17/2008 Signature Date Kurt Fagrelus Printed Name
	5285.94'			
<div style="text-align: center;">16</div> <div style="text-align: center;">LAT: 36.13573°N LONG: 107.68299°W DATUM: NAD83</div> <div style="text-align: right;">1380' 1195' 1317.69' 1317.69' 2632.74'</div>				

DUGAN PRODUCTION CORPORATION COCHRAN #3
1195' FSL & 1380' FEL, SECTION 16, T22N, R8W, NMPM
SAN JUAN COUNTY, NEW MEXICO ELEVATION: 6643'

CUT AND FILL DIAGRAM

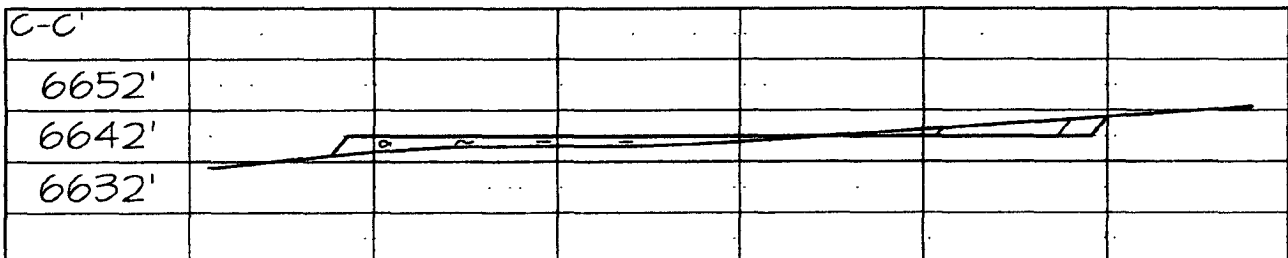
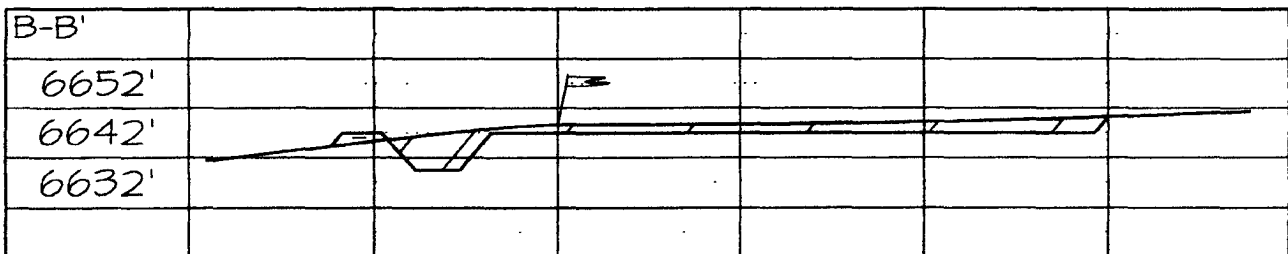
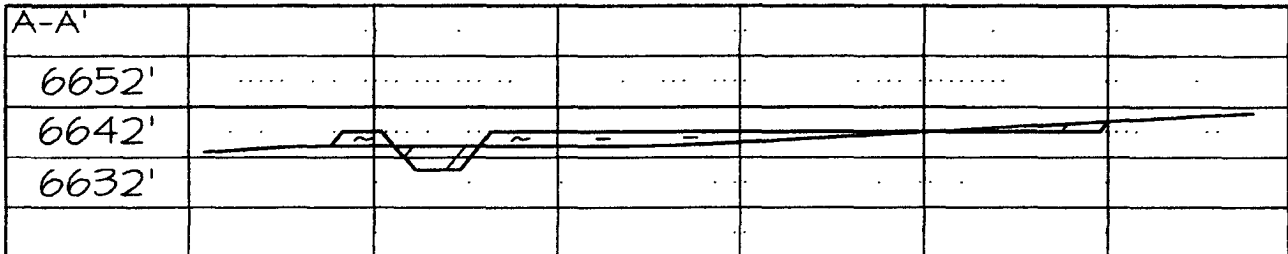
LATITUDE: 36.13573° N
 LONGITUDE: 107.68299° W
 DATUM: NAD1983



PLAT NOTE:

SURFACE OWNER
 State of New Mexico

DUGAN PIPELINES
 (GAS & WATER)



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