

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

Form C-101
June 16, 2008

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

Submit to appropriate District Office

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 Property Code 13868	⁴ Property Name Henry	⁵ API Number 30-045-34922
⁶ Proposed Pool 1 Harper Hill Fruitland Sand Pictured Cliffs		⁶ Proposed Pool 2

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
L	36	30N	14W		2,200	South	660	West	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

Additional Well Information

¹¹ Work Type Code N	¹² Well Type Code G	¹³ Cable/Rotary R	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 5553' -GL
¹⁶ Multiple No	¹⁷ Proposed Depth	¹⁸ Formation Pictured Cliffs Ss	¹⁹ Contractor Wayne Smith	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-Feet	70-cf	Surface
7"	5-1/2"	14#	1350-Feet	210-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 Sand and Pictured Cliffs Sandstone will be completed from approximately 850 - 1250 feet. The interval will be fracture stimulated.

RCVD MAR 11 '09
OIL CONS. DIV.
DIST. 3

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 VP-Exploration

E-mail Address kfagrelus@duganproduction.com

Date 3-9-2009 Phone 505-325-1821

OIL CONSERVATION DIVISION

Approved by *[Signature]*

Title DEPUTY OIL & GAS INSPECTOR, DIST. 3

Approval Date MAR 19 2009 Expiration Date MAR 19 2011

Conditions of Approval Attached

[Handwritten initials] MAR 19 2009 *[Handwritten signature]*

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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 30045-34922		*Pool Code 78160	*Pool Name HARPER HILL FRUITLAND SAND PICTURED CLIFFS
*Property Code 13868	*Property Name OX HENRY		*Well Number 2
*GRID No 006515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 5553'

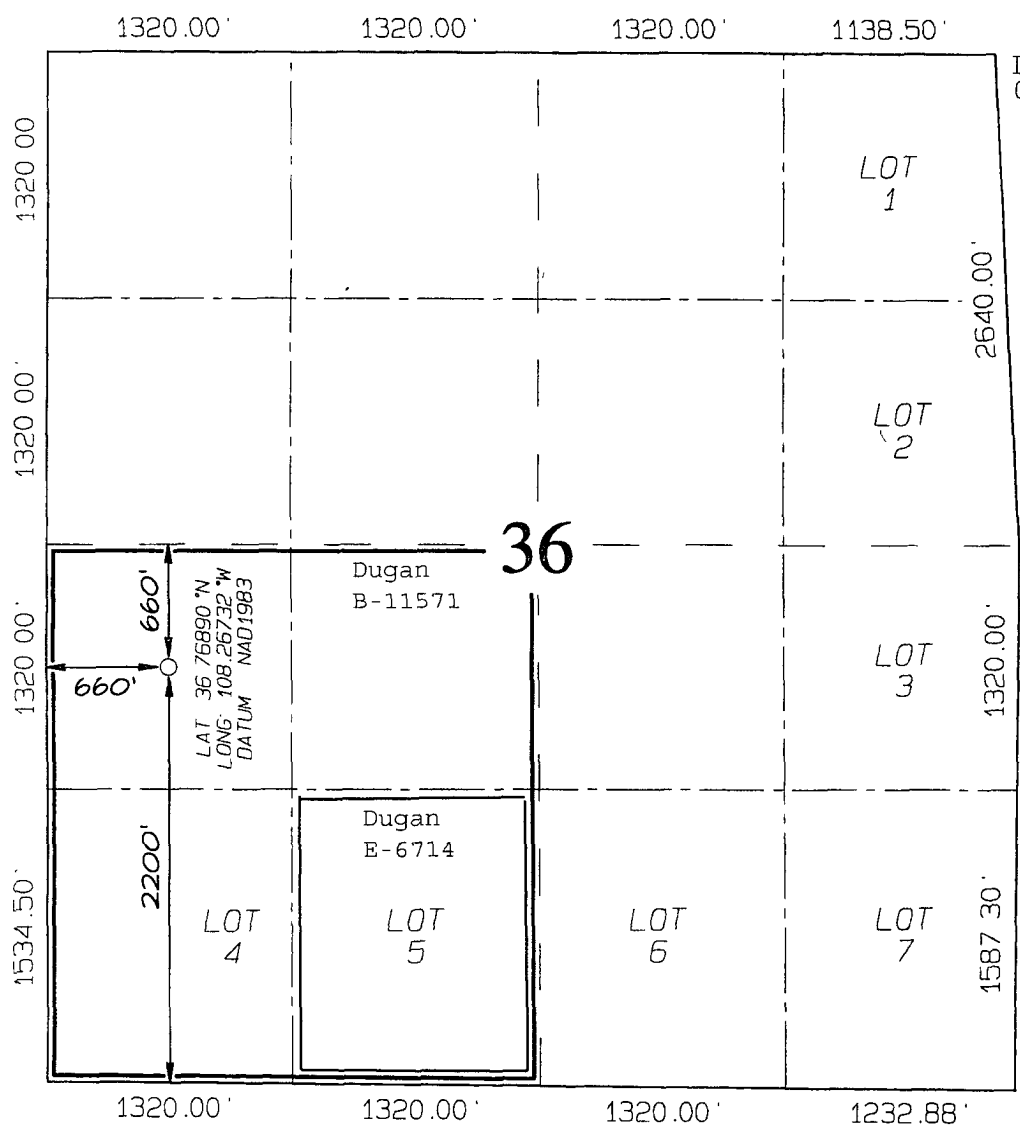
¹⁰ Surface Location

UL or lot no	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	36	30N	14W		2200	SOUTH	660	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
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¹² Dedicated Acres 173.80 Acres - SW/4	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No
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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

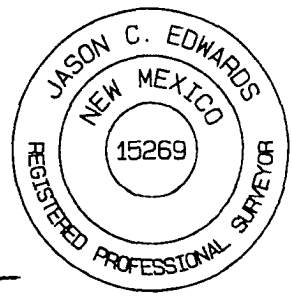
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this 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

Kurt Fagrelius 3-9-2009
Signature Date
Kurt Fagrelius
Printed Name

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: FEBRUARY 13, 2009
Signature and Seal of Professional Surveyor



JASON C. EDWARDS
Certificate Number 15269