

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL ☒DEEPEN ☐

b. TYPE OF WELL

OIL
WELL ☐GAS
WELL ☒

OTHER

SINGLE
ZONE ☒MULTIPLE
ZONE ☐

2. NAME OF OPERATOR

DUGAN PRODUCTION CORP. 6515

3. ADDRESS AND TELEPHONING

P.O. Box 420, Farmington, NM 87499

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*

At surface

790' FNL & 1850' FEL (NW/4 NE/4)
At proposed prod. zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

approx. 4 miles northeast of Counselors Trading Post

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drig. unit line, if any)

790'

16. NO. OF ACRES IN LEASE

160.32

17. NO. OF ACRES ASSIGNED
TO THIS WELL

160.32

18. DISTANCE FROM PROPOSED LOCATION*
TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

only well

on this lease

19. PROPOSED DEPTH

2375'

20. ROTARY OR CABLE TOOLS

Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

6828' GL (est)

22. APPROX. DATE WORK WILL START*

ASAP

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

| SIZE OF HOLE | GRADE, SIZE OF CASING | WEIGHT PER FOOT | SETTING DEPTH | QUANTITY OF CEMENT |
|--------------|-----------------------|-----------------|---------------|----------------------------------|
| 9-7/8" | 7" | 20# | 120' | 50 sx (59 cf) circ. to surface |
| 6-1/4" | 4 1/2" | 10.5# | 2375' | 145 sx (245 cf) circ. to surface |

Plan to drill a 9-7/8" hole and set 120' of 7" OD, 20#, J-55 surface casing;
then plan to drill a 6 1/4" hole to total depth with gel-water-mud program to
test the Pictured Cliffs formation. Plan to run IES and CDL logs. If determined
productive, will run 4 1/2", 10.5#, J-55 casing, selectively perforate, frac, clean
out after frac and complete well.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or
deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED

Sherman E. Dugan

TITLE Vice-President

DATE 10/1/96

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

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:

APPROVED BY

TITLE

DATE

OCT 24 1996

DISTRICT MANAGER

*See Instructions On Reverse Side

District I
PO Box 1988, Hobbs, NM 88241-1988
District II
PO Drawer DU, Artesia, NM 88211-0719
District III
1000 Rio Bravo Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

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

RECEIVED

Form C-102
Revised February 21, 1994
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 30-039-25603 | | Pool Code 71439 | Pool Name Ballard Pictured Cliffs |
| Property Code 19739 | Property Name Lilly | | Well Number 1 |
| OGRID No. 006515 | Operator Name Dugan Production Corporation | | Elevation 6828' Estimated |

10 Surface Location

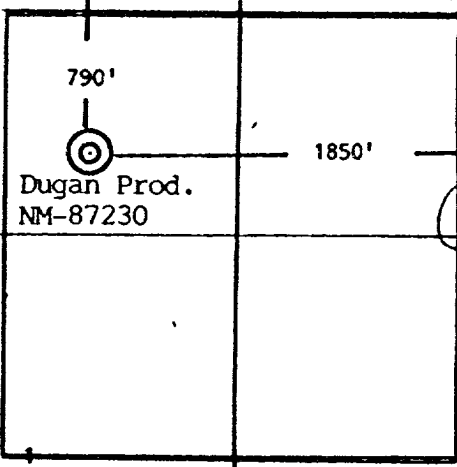
| UL or lot no. | Section | Township | Range | Lot Ida | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|------------|
| B | 1 | 23N | 6W | | 790 | North | 1850 | East | Rio Arriba |

11 Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township | Range | Lot Ida | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

| | | | |
|---------------------------|-----------------|--------------------|-----------|
| Dedicated Acres 160.32 | Joint or Infill | Consolidation Code | 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

| | | | |
|----|---------|--|--|
| 16 | Section |  | 17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief Signature: <u>Sherman E. Dugan</u> Printed Name: <u>Sherman E. Dugan</u> Title: <u>Vice-President</u> Date: <u>10/1/96</u> |
| | | | 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. Date of Survey: <u>September 10, 1996</u> Signature: <u>Edgar L. Risenhooper</u> Certificate Number: <u>5979</u> |
| | | | |
| | | | |

Existing Roads

Exhibit E

Planned Access Road(s)

Exhibit E

Vicinity of nearest town or reference pt.
approx. 4 miles NE of Counselors Trading Post

Type of surface dirt

Conditions good

Other _____

Reference map: USGS map Tafoya Canyon,
Quad

Width 20' Maximum grades 3%

Drainage design as required

Cuts & Fills as required

Surfacing material none

Turnouts

Culverts

Gates

Cattleguards

Fence cuts

Waterbars

Access Road &
Pipeline

Access road(s) (do) do not cross (Fed) Ind land.

DUGAN PRODUCTION CORP. - Lilly #1

