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5A. Indicate Type of Lease  
STATE ☒ FEE ☐  
5. State Oil & Gas Lease No.  
LG-3924

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work  
DRILL ☒ DEEPEN ☐ PLUG BACK ☐  
b. Type of Well  
OIL WELL ☒ GAS WELL ☐ OTHER ☐ SINGLE ZONE ☒ MULTIPLE ZONE ☐  
2. Name of Operator  
DUGAN PRODUCTION CORP.  
3. Address of Operator  
P O Box 208, Farmington, NM 87499  
4. Location of Well  
UNIT LETTER B LOCATED 330 FEET FROM THE North LINE  
AND 1650 FEET FROM THE East LINE OF SEC. 36 TWP. 23N RGE. 7W NMPM  
12. County  
Sandoval  
19. Proposed Depth  
5800'  
19A. Formation  
Gallup  
20. Rotary or C.T.  
Rotary  
21. Elevations (Show whether DE, RT, etc.)  
7284' GL; 7296' RKB  
21A. Kind & Status Plug. Bond  
State Wide Bond  
21B. Drilling Contractor  
Four Corners Drilling  
22. Approx. Date Work will start  
Fall 1986

13. PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
12-1/4"	8-5/8"	24#	200'	150 cf	surface
7-7/8"	4-1/2"	10.5#	5800'	1864 cf	surface

Plan to drill a 12-1/4" hole and set 200' of 8-5/8" OD, 24#, J-55 surface casing; then plan to drill a 7-7/8" hole to total depth with gel-water-mud program to test Gallup 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.

BOP will be used during drilling and completing well.

APPROVAL EXPIRES 2-25-87  
UNLESS DRILLING IS COMMENCED.  
SPUD NOTICE MUST BE SUBMITTED  
WITHIN 10 DAYS.

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AUG 25 1986

OIL CON. DIV.

DIST. 3

ABOVE SPACE DESCRIBE PROPOSED PROGRAM; IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

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

Signed Sherman E. Dugan Title Geologist Date 8-20-86  
(This space for State Use)

APPROVED BY [Signature] TITLE SUPERVISOR DISTRICT #1 DATE AUG 25 1986

CONDITIONS OF APPROVAL, IF ANY:

Form C-102  
Revised 10-1-78

Edgar L. Risenhoover  
Certificate No. 5979  
Edgar L. Risenhoover, L.S.

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5a. Indicate Type of Lease State <input checked="" type="checkbox"/> Fee <input type="checkbox"/>
5. State Oil & Gas Lease No. LG-3924

SUNDRY NOTICES AND REPORTS ON WELLS (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.)	
1. OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER- <input type="checkbox"/>	7. Unit Agreement Name
2. Name of Operator DUGAN PRODUCTION CORP.	8. Farm or Lease Name Kenny
3. Address of Operator P O Box 208, Farmington, NM 87499	9. Well No. 1
4. Location of Well UNIT LETTER <u>B</u> <u>330</u> FEET FROM THE <u>North</u> LINE AND <u>1650</u> FEET FROM <u>East</u> LINE, SECTION <u>36</u> TOWNSHIP <u>23N</u> RANGE <u>7W</u> NMPM.	10. Field and Pool, or Wildcat Lybrook Gallup Ext.
15. Elevation (Show whether DF, RT, GR, etc.) 7284' GL; 7296' RKB	12. County Sandoval

16. Check Appropriate Box To Indicate Nature of Notice, Report or Other Data	
NOTICE OF INTENTION TO:	SUBSEQUENT REPORT OF:
PERFORM REMEDIAL WORK <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	CASING TEST AND CEMENT JOBS <input type="checkbox"/>
OTHER <input type="checkbox"/>	OTHER <u>Spud, Surface Casing, Pressure Test</u> <input checked="" type="checkbox"/>
PLUG AND ABANDON <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
CHANGE PLANS <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>

17. 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.

Moved in and rigged up Four Corners Drilling Company rig #7.  
Spudded a 12 $\frac{1}{4}$ " hole at 12:30 P.M. 9-16-86. Drilled to 200'.  
Ran 7 jts. 8-5/8" OD, 24#, 8 Rd, ST&C casing (T.E. 182.93')  
set @ 195' RKB. Cemented with 135 sacks (159.3 cf) class "B"  
plus 2% CaCl<sub>2</sub>. P.O.B. at 4:30 P.M. 9-16-86. Circulated  
1 bbl cement to surface. Waited on cement 12 hours and pressure  
tested casing & BOP to 600 psi for 30 minutes - held OK.

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SEP 18 1986

18. I hereby certify that the information above is true and complete to the best of my knowledge and belief.		
SIGNED <u>Jim L. Jacobs</u>	TITLE <u>Geologist</u>	DATE <u>9-17-86</u>
APPROVED BY <u>Original Signed by FRANK T. CHAVEZ</u>	TITLE <u>SUPERVISOR DISTRICT #3</u>	DATE <u>SEP 18 1986</u>
CONDITIONS OF APPROVAL, IF ANY:		