

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1 a. 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.

3. Address and Telephone No.

P.O. Box 420, Farmington, NM 87499 (505) 325-1621

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

At surface 660' FNL & 660' FEL (NE/4 NE/4)

At proposed prod. zone

same

5. LEASE DESIGNATION AND SERIAL NO.

NM-92738

6. IF INDIAN, ALLOTTED OR TRIBE NAME

7. UNIT AGREEMENT NAME

29843

8. FARM OR LEASE NAME WELL NO.

Harrison Com #90

9. API Well No.

30-045-31092

10. FIELD AND POOL OR WILDCAT

Basin Fruitland Coal

11. SEC. T. R., M. OR BLK.
AND SURVEY OR AREA

Unit A

Sec. 24, T22N, R9W

12. COUNTY OR PARISH

San Juan

13. STATE

NM

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

Approximately 7 miles SW 44-Store, N.M.

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST

PROPERTY OR LEASE LINE, FT.

660'

(Also to nearest drg. unit line, if any.)

16. NO. OF ACRES IN LEASE

1,040.00

17. NO. OF ACRES ASSIGNED
TO THIS WELL

320 (E/2)

18. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL, DRILLING COMPLETED.

4,000.0'

OR APPLIED FOR ON THIS LEASE, FT.

19. PROPOSED DEPTH

638'

20. ROTARY OR CABLE TOOLS

Rotary

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

6628' G.R.

22. APPROX. DATE WORK WILL START*

ASAP

23.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADES, SIZES OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
8-3/4"	7"	23#	638' 20' 84"	150 cu.ft. circ. to surf.

This action is subject to technical and
procedural review pursuant to 43 CFR 3165.3
and appeal pursuant to 43 CFR 3165.4

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

Plan to drill an 8 3/4" hole with gel-water-mud to the top of the of the Fruitland Coal and set approximately 620' of 7" OD. 23# casing, then plan to air drill open hole through the Fruitland Coal section to a depth of approximately 638'.

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2002 APR 30 PM 3:58
OTC FARMINGTON, NM

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


Kurt Fagrelus

Title Geologist

Date 4/30/2002

(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 - FARM

/s/ David J. Mankiewicz

Approved by

Title

Date

MAY 30

*See Instructions on Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

District I
PO Box 1960, Hobbs, NM 88241-1960

District II
PO Drawer CC, Artesia, NM 88211-0719

District III
1000 Rio Brazos 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

Form C-102
Revised February 21, 1991
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 30-045-31092	*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code 29843	*Property Name HARRISON COM	*Well Number 90
*OGRID No. 006515	*Operator Name DUGAN PRODUCTION CORPORATION	*Elevation 6628'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Ion	Feet from the	North/South line	Feet from the	East/West line	County
A	24	22N	9W		660	NORTH.	660	EAST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ion	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.
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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

<div><p>15</p><p>5295.18'</p><p>2640.66'</p><p>2646.60'</p><p>2650.56'</p><p>2642.64'</p><p>2629.44'</p><p>2644.62'</p><p>24</p><p>NM-92738 DPC-100%</p><p>NM-89099 DPC-100%</p><p>APR 2002</p><p>RECEIVED APR 30 PM 3:58 OIL CONSERVATION DIVISION</p></div>	<div><p>17 OPERATOR CERTIFICATION</p><p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p><p><i>Kurt Fagrelus</i> Signature</p><p><u>Kurt Fagrelus</u> Printed Name</p><p><u>Geologist</u> Title</p><p><u>April 30, 2002</u> Date</p></div>
	<div><p>18 SURVEYOR CERTIFICATION</p><p>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.</p><p>Date of Survey: <u>APRIL 12, 2002</u></p><p>Signature and Seal of Professional Surveyor</p><div><p>JASON C. EDWARDS NEW MEXICO REGISTERED PROFESSIONAL SURVEYOR 15269</p></div><p><u>JASON C. EDWARDS</u> Certificate Number 15269</p></div>

EXHIBIT B
OPERATIONS PLAN
Harrison Com #90

APPROXIMATE FORMATION TOPS:

Kirtland	less than 125'
Fruitland	288'
Pictured Cliffs	640'

Total Depth	638'
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LOGGING PROGRAM: Run cased hole CNL-CDL

Catch samples every 10 feet from 300 feet to total depth.

CASING PROGRAM:

Hole Size	Casing Size	Wt./ft.	Setting Depth	Grade and Condition
8 3/4"	7"	23#	±620'	J-55-new

Plan to drill a 8 3/4" hole with gel-water-mud program to top Fruitland Coal Formation and set 620' of 7" OD, 23#, J-55 casing. The Fruitland Coal will then be drilled with air, open hole to total depth of (638').

CEMENTING PROGRAM: All volumes are contingent upon Caliper logs.

Surface: None

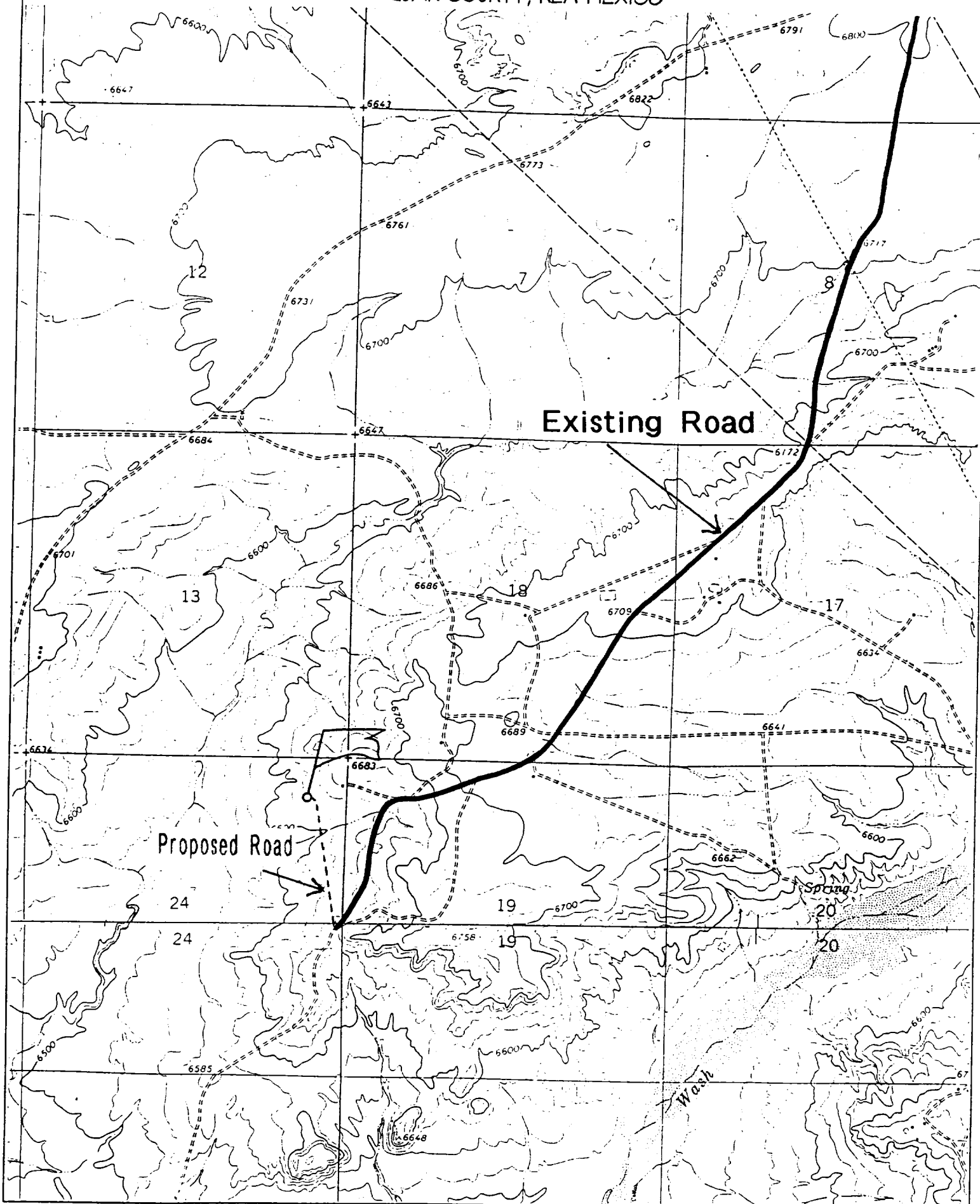
Production Stage - Cement with 150 cu.ft. Class "B" neat. Circulate to surface.

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.

DUGAN PRODUCTION CORPORATION HARRISON COM #90

EXHIBIT C

660' FNL & 660' FEL, SECTION 24, T22N, R9W, N.M.P.M.
SAN JUAN COUNTY, NEW MEXICO



WELLHEAD EQUIPMENT:

Huber 7" x 4-1/2" casing head, 1000#WP, tested to 2000#

Huber 4-1/2" x 2-7/8" tubing head, 1000# WP, tested to 2000#

BOP and Related Equipment will include for a 2000 psi system: Exhibit D

Annual 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

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

Mark Brown (Home) 327-3632 or (Mobile) 320-8247

Kurt Fagrelus (Home) 325-4327 or (Mobile) 320-8248

John Alexander (Home) 325-6927 or (Mobile) 320-1935