

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1.a. TYPE OF WORK

DRILL ☐

DEEPEN ☐

Re-entry

b. TYPE OF WELL

Oil ☐

Gas ☐

SINGLE ☐

MULTIPLE ☐

Well ☐

Well ☒

Other ☐

ZONE ☒

ZONE ☐

2. Name of Operator

Dugan Production Corp.

3. Address and Telephone No.

P.O. Box 420, Farmington, NM 87499 (505) 325 - 1821

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

At surface 900' FNL & 900' FEL (NE/4 NE/4)

At proposed prod. zone

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

Approx. 2.5 miles E of Chaco Plant, NM

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.

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

900'

16. NO. OF ACRES IN LEASE

160

17. NO. OF ACRES ASSIGNED
TO THIS WELL

160

NE/4

18. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

approx. 1680' from
DPC's
Mitzi Corn #90

19. PROPOSED DEPTH

1450'

20. ROTARY OR CABLE TOOLS

Rotary

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

6174' GL

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

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 |
|--------------|-------------------------|-----------------|---------------|--------------------|
| | | | | |
| | | | | |

Plan to re-enter drilled, completed, plugged and abandoned Gallegos Gallup well. Existing casing and cement program is as follows:

9-5/8" OD, 36# casing set at 308', cemented to surface with 300 sx of "B" cement

5-1/2" OD, 17# casing set at 5232', 2 stage cement

1st stage: 500 sx 65/35/6 + 150 sx "B" cement

2nd stage: 225 sx 65/35/6 + 150 sx "B" cement

DV tool set at 1921'; circulated 2nd stage to surface

See exhibit "H" for additional information.

Plan to drill out cement plug (see Exhibit "I") 408' to surface, 1073' to 920' and 1387' to 1234', clean out to a total depth of 1450', perforate Pictured Cliffs, frac and complete. If the completion is productive, a buried pipeline will be constructed on the south side of the access road as stipulated in Exhibit "N".

*P&A well originally named Navajo Yaza #1.

In Kaudex

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

Title Vice-President

Date 7/18/2000

Shepherd E. Dugan

(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 */s/ Jim Lovato*

Title

Date

NOV - 6 2000

*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.

NMOC

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-102
Revised October 18, 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

| | | |
|------------------------------------|--|---|
| ¹ API Number 30-045- | ² Pool Code 87190 | ³ Pool Name WAW Fruitland SD/PC |
| ⁴ Property Code | ⁵ Property Name Mitzi | ⁶ Well Number 1 |
| ⁷ OGRID No. 006515 | ⁸ Operator Name Dugan Production Corp. | ⁹ Elevation 6174' - |

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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|----------|
| A | 23 | 26N | 12W | | 900 | North | 900 | East | 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 |
|--------------------------------------|---|----------------------------------|-------|-------------------------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |
| ¹² Dedicated Acres 160 | ¹³ Joint or Infill NE 1/4 | 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

| | | |
|--|---|--|
| | ¹⁷ OPERATOR CERTIFICATION | |
| | <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i> | |
| | | |
| | Signature Sherman E. Dugan Printed Name Vice-President Title July 18, 2000 | |
| Section 23 | ¹⁸ SURVEYOR CERTIFICATION | |
| <i>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.</i> | | |
| Original signed 1/20/1981 by Fred B. Kerr, Jr. Date of Survey | | |
| Signature and Seal of Professional Surveyor | | |
| Certificate Number 3950 | | |

All distances must be from the outer boundaries of the Section.

| | | | | |
|-----------------------------------|--------------------------------------|--------------------------------|---------------------------------------|---------------------------|
| or TENNECO OIL COMPANY | | Lease NAVAJO-YAZZA | | Well No. 1 |
| Letter A | Section 23 | Township 26N | Range 12W | County San Juan |
| Actual Footage Location of Well: | | | | |
| 900 feet from the North line and | | 900 feet from the East line | | |
| Ground Level Elev: 6174 | Producing Formation GALLUP | Pool GALLEGOS GALLUP | Dedicated Acreage: 80 Acres | |

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

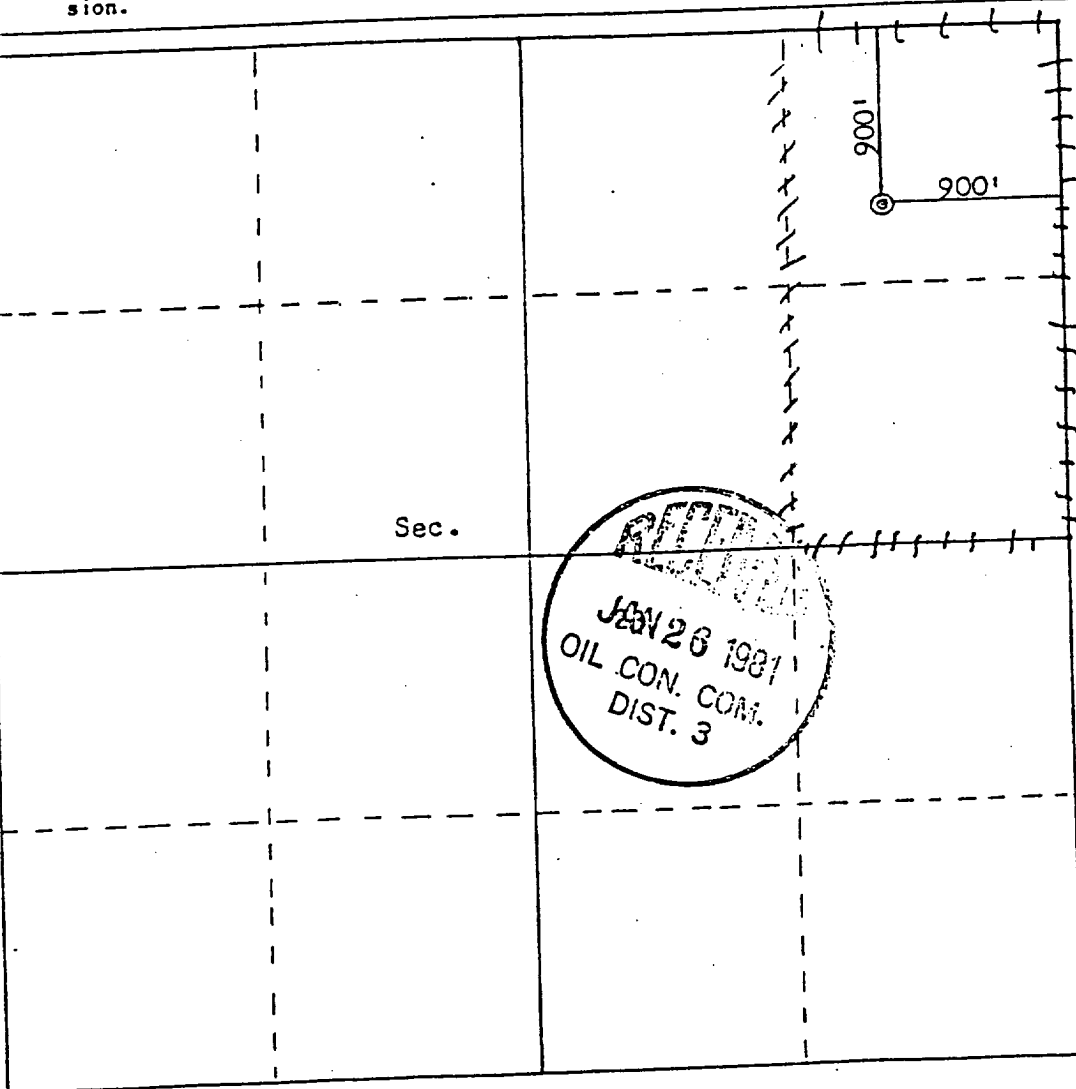
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



Scale: 1"=1000'

CERTIFICATION

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

B.A. Mishler
Name

B.A. MISHLER
Position

SR. PROD. ANALYST
Company

TENNECO OIL CO.
Date

JAN. 20, 1981

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 knowledge and belief.

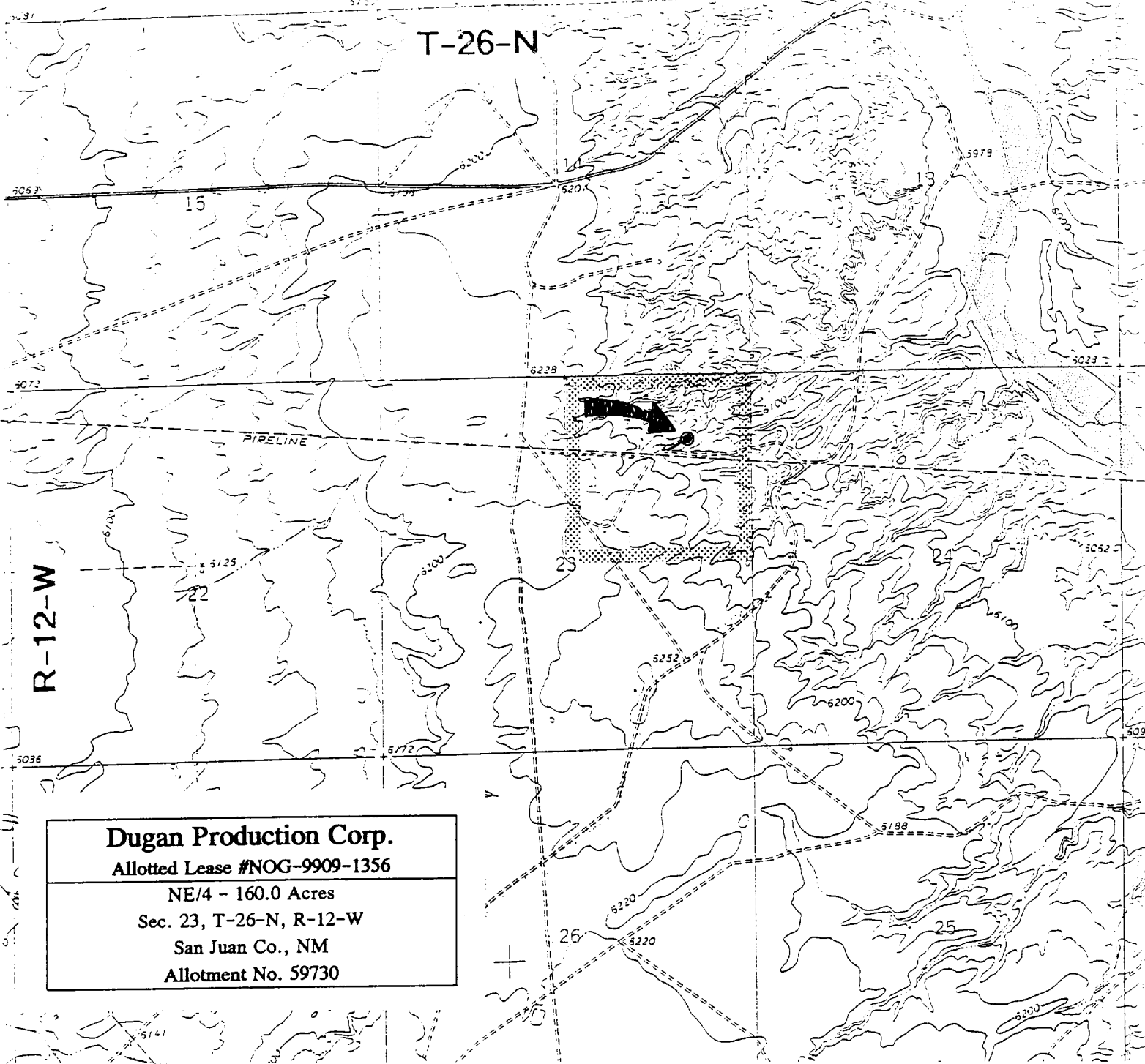
Date Surveyed

January 20, 1981

Registered Professional Engineer
and
Assistant Surveyor

Fred B. Kern Jr.
Certificate No.

3950



Dugan Production Corp.

Allotted Lease #NOG-9909-1356

NE/4 - 160.0 Acres
Sec. 23, T-26-N, R-12-W
San Juan Co., NM
Allotment No. 59730

Existing Roads

Exhibit E

Vicinity of nearest town or reference pt.
Approx. 2.5 mi. E of EPNG Chaco Plant

Type of surface dirt

Conditions good

Other _____

Reference map: USGS map Carson Trading Post, NM

DUGAN PRODUCTION CORP.

MITZI #1

Planned Access Road(s)

Exhibit E

Width _____ Maximum grades _____

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.
Existing road -- no new construction

EXHIBIT B **OPERATIONS PLAN**

Mitzi #1

APPROXIMATE FORMATION TOPS (from Navajo Yazza #1 logs):

| | |
|-----------------|---------|
| Ojo Alamo | surface |
| Kirtland | 360' |
| Fruitland | 1037' |
| Pictured Cliffs | 1307' |

Total Depth 1450'

LOGGING PROGRAM: Will use previous logs.

CASING PROGRAM: See Exhibit H

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CEMENTING PROGRAM: See Exhibit "H".

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:

No abnormal pressures or hazardous zones are anticipated.

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 above the uppermost preventer

BOP equipment will be tested as required in Section III A.1 of Onshore Order 2, plus a 30% safety factor.

The anticipated bottom hole pressure for this well is estimated to be approximately 390 psi.

The average mud weight is anticipated to be in the range of 8.6 to 9.5 lb/gal.

| | |
|---|------------------------|
| Dugan Prod.Corp. Office & Radio Dispatch: | 325-1821 |
| | Kurt Fagrelus 325-4327 |
| John Alexander 325-6927 | Mark Brown 327-3632 |
| Sherman Dugan 327-3121 | John Roe 326-1034 |