

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1. a. TYPE OF WORK

DRILL ☐DEEPEEN ☐

98 SEP -2 AM 9:01

b. TYPE OF WELL

Oil ☐Gas ☐Well ☐Well ☒Other ☐SINGLE ☐MULTIPLE ☐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 1800' FSL & 800' FWL (NW/4 SW/4)

At proposed prod. zone

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

Approx. 2 miles SE of EPNG Chaco Plant, NM

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST

PROPERTY OR LEASE LINE, FT.

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

800'

16. NO. OF ACRES IN LEASE

480

17. NO. OF ACRES ASSIGNED

TO THIS WELL

160

18. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL, DRILLING, COMPLETED,

OR APPLIED FOR, ON THIS LEASE, FT.

approx. 2887' from

DPC

Leah Marie #1

19. PROPOSED DEPTH

1380'

20. ROTARY OR CABLE TOOLS

Rotary

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

6200' GL (est)

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
9-7/8"	7"	20#	120'	60 sx (71 cu ft) circ to surf
6-1/4"	4-1/2"	10.5#	1380'	135 sx (225 cu ft) circ to surf

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 Fruitland Sand/PC 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.

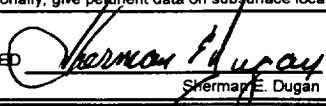
This action is subject to technical and procedural review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4.

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

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 8/28/98

(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/ Duane W. Spencer Title Team Lead, Petroleum Management

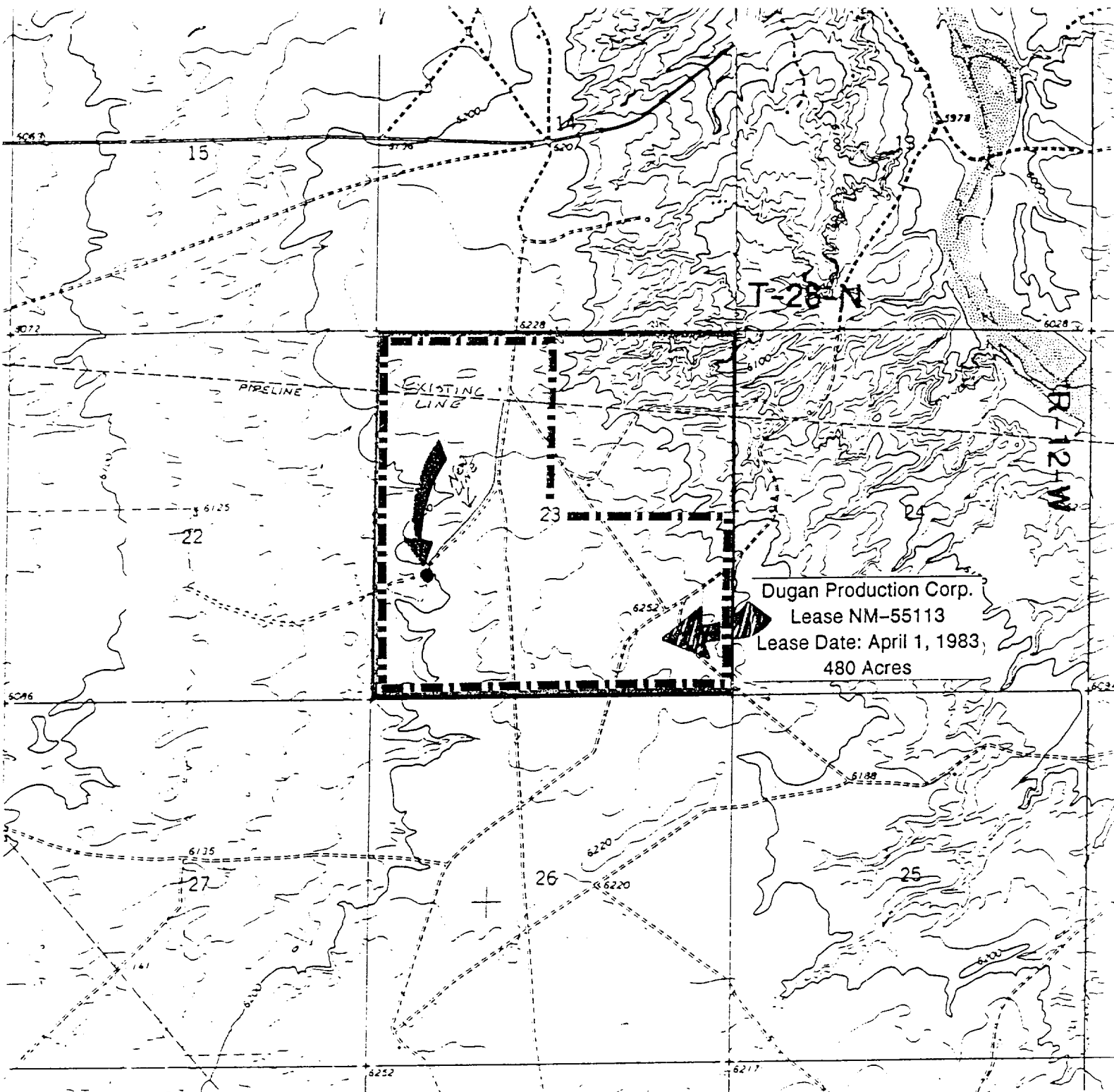
Date

*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.

NMOCD

16					<p align="center">RECEIVED</p> <p align="center">FEB 22 1999</p> <p align="center">OIL CON. DIV.</p> <p align="center">DIST. 3</p>
					<p>17 OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i></p> <p><i>Sherman E. Dugan</i></p> <hr/> <p>Signature _____</p> <p>Sherman E. Dugan</p> <hr/> <p>Printed Name _____</p> <p>Agent _____</p> <hr/> <p>Title _____</p> <p>8/31/98</p> <hr/> <p>Date _____</p>
Section		23		<p>18 SURVEYOR CERTIFICATION</p> <p><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></p> <p>JULY 23, 1990</p> <hr/> <p>Date of Survey _____</p> <p>Signature and Seal of Professional Surveyer:</p> <p align="center">ORIGINAL</p> <p align="center">SIGNED BY</p> <p align="center">Edgar L. Risenhoover #5979</p> <hr/>	
<p>800'</p> <p>1800'</p>					



Existing Roads

Exhibit E

ALL CONSTRUCTION ON LEASE

Vicinity of nearest town or reference pt.
approx. 2 miles SE of EPNG Chaco Plant

Type of surface dirt

Conditions good

Other _____

Reference map: USGS map - Carson Trading
Post 1966

Planned Access Road(s)

Exhibit E

Width _____ Maximum grades _____

Drainage design _____

Cuts & Fills _____

Surfacing material _____

☐ Turnouts

☐ Culverts

☐ Gates

☐ Cattleguards

☐ Fence cuts

Waterbars

**NO NEW ACCESS
ROAD REQUIRED**

Access road(s) do/do not cross ☒ Fed/Ind lar

DUGAN PRODUCTION CORP. - Leah Marie #2