

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1. a. TYPE OF WORK

DRILL ☒

DEEPEEN ☐

b. TYPE OF WELL

Oil ☐

Gas ☐

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 1488' FNL & 1106' FEL (SE/4 NE/4)

At proposed prod. zone

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

Approx. 2 miles west of Twin Mounds Bypass & Highway 170

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST

PROPERTY OR LEASE LINE, FT.

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

1106'

16. NO. OF ACRES IN LEASE

2492.51

17. NO. OF ACRES ASSIGNED

TO THIS WELL

320

18. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL, DRILLING, COMPLETED,

OR APPLIED FOR, ON THIS LEASE, FT.

Approx 7500'

from

Federal I #3

19. PROPOSED DEPTH

1150'

20. ROTARY OR CABLE TOOLS

Rotary

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

5468' GL

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'	50 sx (59 cu ft) circ to surf
6-1/4"	4-1/2"	10.5#	1150'	120 sx (194 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 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 Coal 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

Title Vice-President

Date 9/22/99

Sherman E. Dugan

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

OCT 25 1999

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/ Joe Hewitt

Title

Date

OCT 25 1999

*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

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, 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, 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 30 045 29989		* Pool Code 71629	* Pool Name Basin Fruitland Coal
* Property Code 003682	* Property Name Federal 1		* Well Number 99
* OGRID No. 006515	* Operator Name Dugan Production Corporation		* Elevation 5468

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot 1da	Feet from the	North/South line	Feet from the	East/West line	County
H	3	29N	14W	H	1488	North	1106	East	San Juan

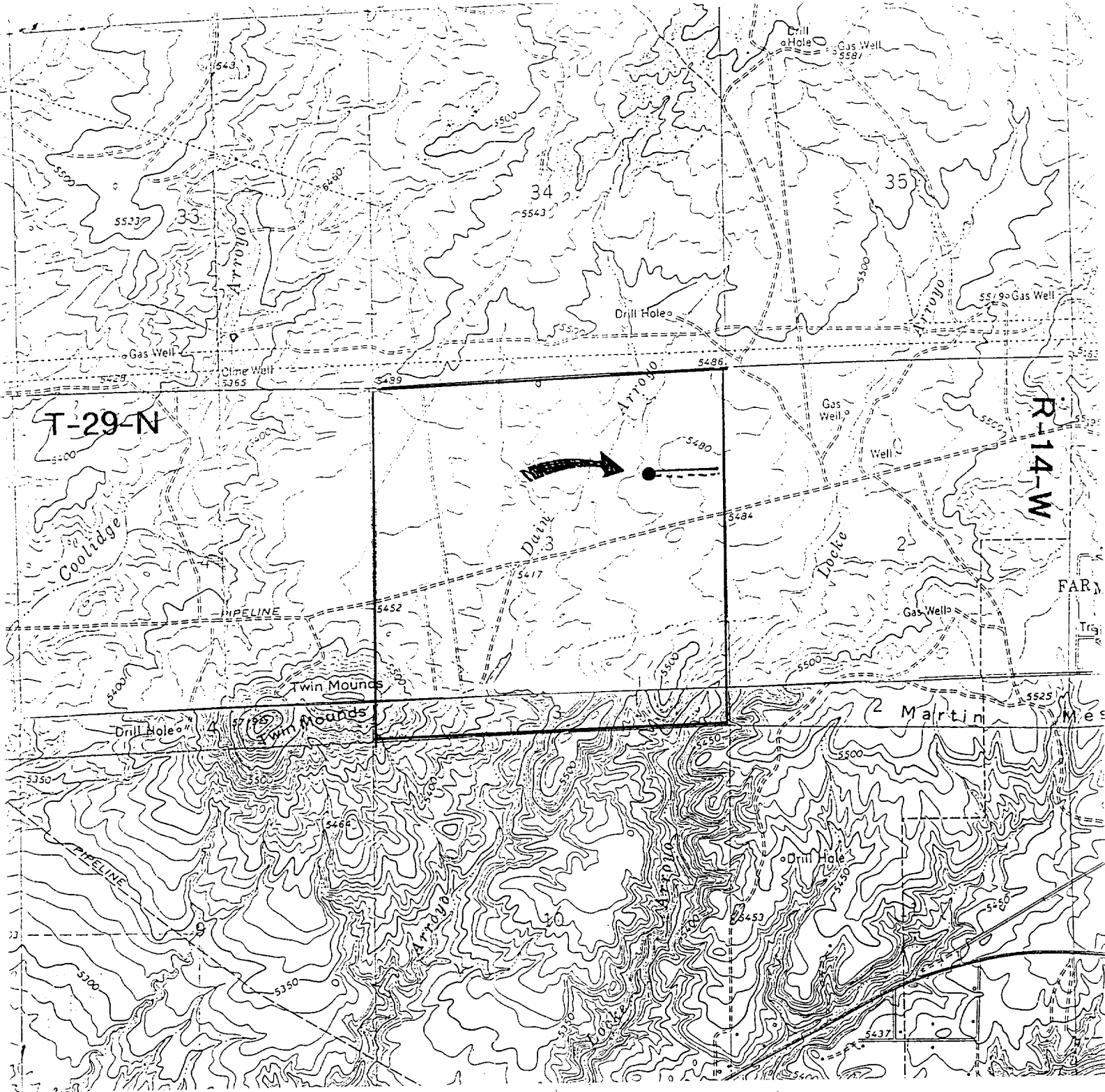
¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot 1da	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres 320 3/8-45	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

16	RECEIVED OCT 27 1999 OIL & GAS DIV SANTA FE, NM	DPC SF-078110 Section 3	1488'
			1106'
			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>9-22-99</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>August 31, 1999</u> Signature and Seal of Professional Surveyor: <u>Edgar A. Risenhoover</u> Certificate Number: <u>5979</u>



Existing Roads

Exhibit E

vicinity of nearest town or reference pt.
 Approx. 3 mi. W of Circle S Store, La Plata Hwy

type of surface dirt

conditions good

other

reference map: USGS map Youngs Lake, NM 1963;
Photo revised 1979; Kirtland, NM

FEDERAL PRODUCTION CODE - FEDERAL T #991

Planned Access Road(s) Exhibit E

Width 25' Maximum grades 2%

Drainage design as required

Cuts & Fills as required

Surfacing material none

Turnouts Waterbars

Culverts

Gates

Cattleguards Access Road & Pipeline

Fence cuts

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

Note: Twin Mounds Bypass is not indicated on