

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 ☐

5. LEASE DESIGNATION AND SERIAL NO.

SF-078110

6. IF INDIAN, ALLOTTED OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME, WELL NO.

Federal I #98

9. API Well No.

30-045-30180

10. FIELD AND POOL, OR WILDCAT

Basin Fruitland Coal

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

Sec. 10-T29N-R14W

12. COUNTY OR PARISH

San Juan

13. STATE

NM

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

1200' FNL & 1850' FEL

At proposed prod. zone

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

Approx. 2 mi W of Twin Mound Bypass & Highway 170

15. DISTANCE FROM PROPOSED\*

LOCATION TO NEAREST

PROPERTY OR LEASE LINE, FT.

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

1200'

16. NO. OF ACRES IN LEASE

2,555.47

17. NO. OF ACRES ASSIGNED  
TO THIS WELL

320 E/R

18. DISTANCE FROM PROPOSED LOCATION\*

TO NEAREST WELL, DRILLING, COMPLETED,

OR APPLIED FOR, ON THIS LEASE, FT.

650'

19. PROPOSED DEPTH

1085'

20. ROTARY OR CABLE TOOLS

Rotary

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

GL 5441'

22. APPROX. DATE WORK WILL START\*

ASAP

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#	1085'	115 sx (184 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 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.

This action is subject to the Bureau's  
procedural review pursuant to 43 CFR 3165.3  
and appeal pursuant to 43 CFR 3165.4.

ONLY THE APPROVED AND AUTHORIZED ARE  
ALLOWED TO SIGN WITH ATTACHED  
CENTRAL RECORDING

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 [Signature] Title Vice-President Date 2/29/2000  
(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/ Charlie Beecham

Title Term Land, Petroleum Management

Date 2/29/2000

\*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.

OK

CTP

NAOCD

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

1 API Number 30-045- 30180		2 Pool Code 71629		3 Pool Name Basin Fruitland Coal		
4 Property Code 003682		5 Property Name Federal I			6 Well Number 98	
7 OGRID No. 006515		8 Operator Name Dugan Production Corporation			9 Elevation 5441'	

10 Surface Location

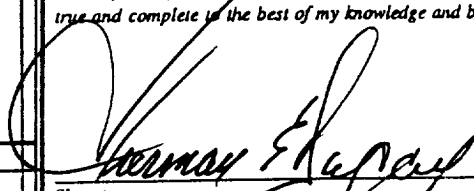
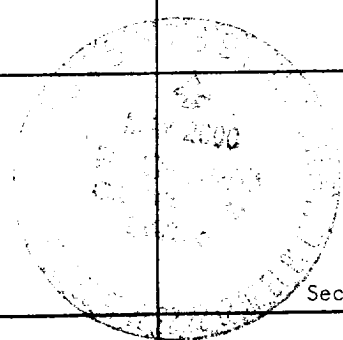

UL or lot no. B	Section 10	Township 29N	Range 14W	Lot Idn B	Feet from the 1200	North/South line North	Feet from the 1850	East/West line East	County San Juan
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11 Bottom Hole Location If Different From Surface

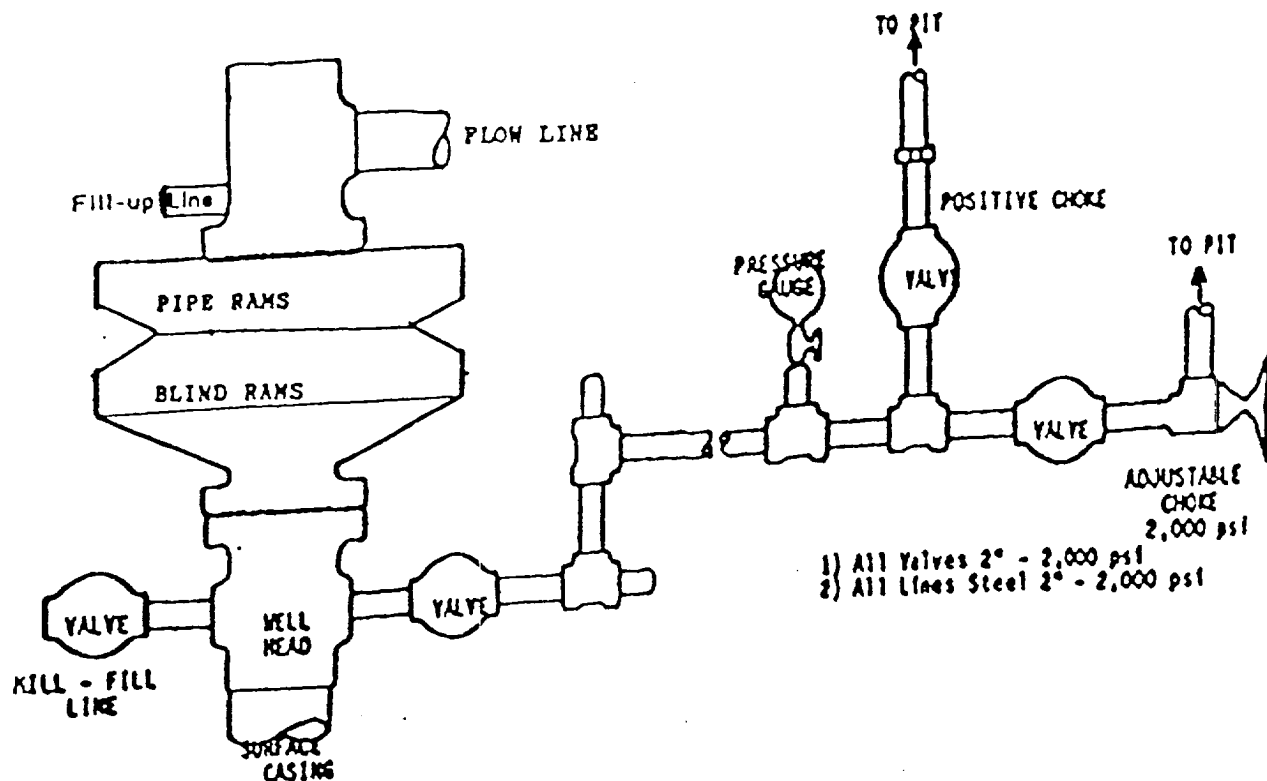
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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12 Dedicated Acres 320	13 Joint or Infill	14 Consolidation Code	15 Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16				17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief  Signature Sherman E. Dugan Printed Name Vice-President Title February 29, 2000 Date			
 Section 10				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. February 7, 2000 Date of Survey Signature and Seal of Professional Surveyor:  Edgar L. Risenhoover Certificate Number 5979			
SF-078110 DPC- 100%							

# B.O.P. WITH CHOKE MANIFOLD

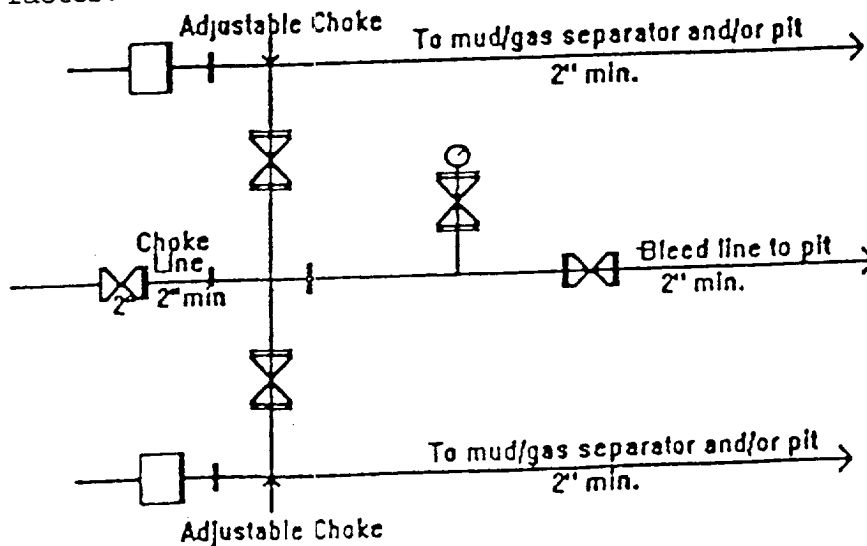


BOP and Related Equipment will include for a 2000 psi system:

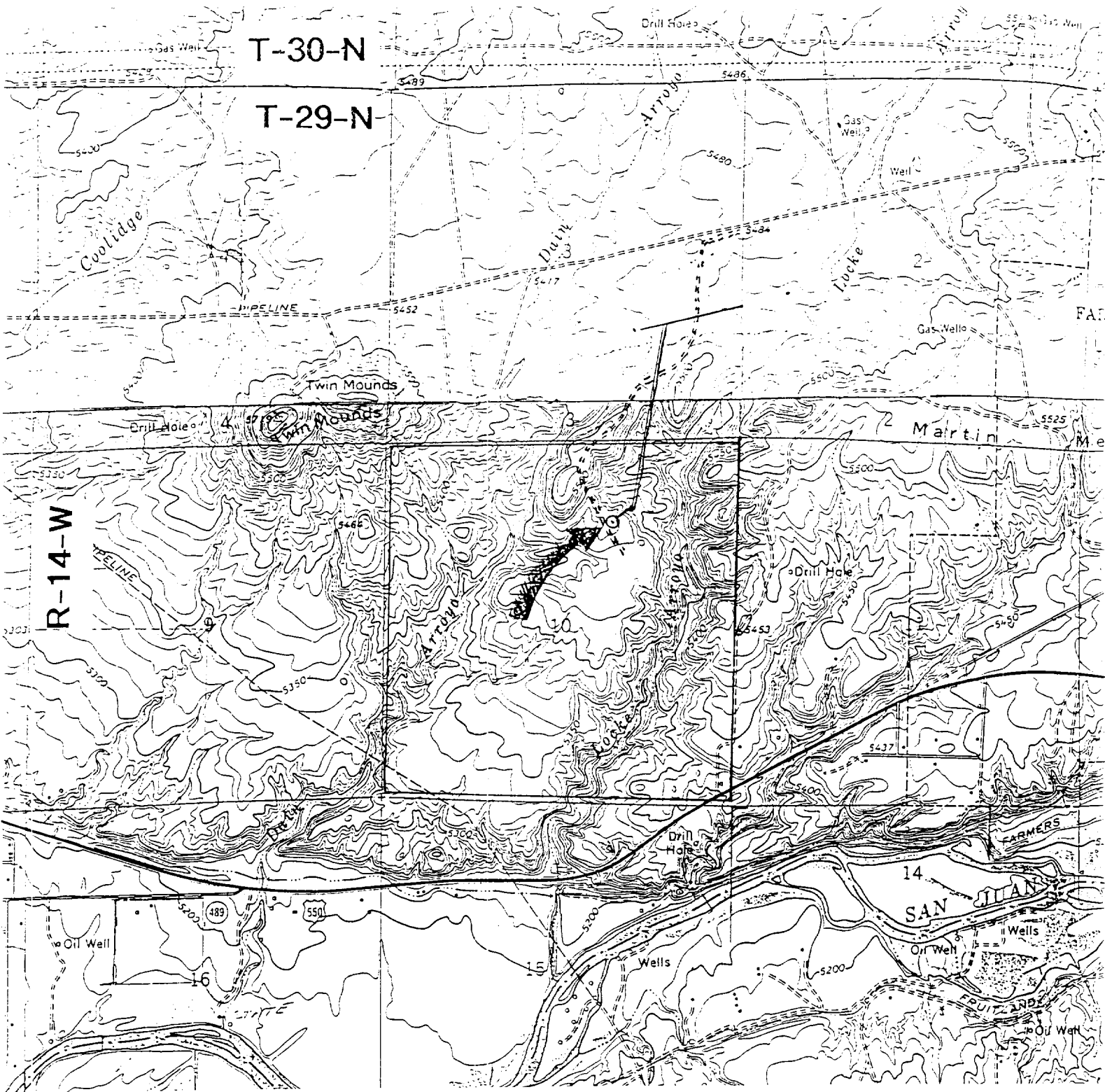
## 2000 PSI DOUBLE RAM BLOWOUT PREVENTER

- 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.



20 Choke Manifold Equipment - Configuration May Vary



# Existing Roads

## Exhibit E

## Planned Access Road(s)

## Exhibit E

Vicinity of nearest town or reference pt.  
 Approx. 1 mi W. of Farmington, NM

Type of surface dirt

Conditions good

Other \_\_\_\_\_

Reference map: USGS map Kirtland, NM  
and Young's Lake, NM

Dugan Production Corp. - Federal I #98

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 not cross Fed land.  
 No new access required.