

UNITED STATES DEPARTMENT OF THE INTERIOR GEOLOGICAL SURVEY

30-045-25937

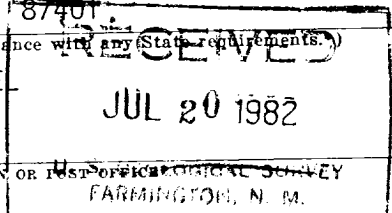
APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK DRILL [X] DEEPEN [] PLUG BACK []
b. TYPE OF WELL OIL WELL [] GAS WELL [X] OTHER [] SINGLE ZONE [] MULTIPLE ZONE []

2. NAME OF OPERATOR DUGAN PRODUCTION CORP.

3. ADDRESS OF OPERATOR P O Box 208, Farmington, NM 87401

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 1850' FNL - 1850' FEL At proposed prod. zone



5. LEASE DESIGNATION AND SERIAL NO. NM 16595

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME Gem of Gibraltar

9. WELL NO. 1

10. FIELD AND POOL, OR WILDCAT Undesignated Dakota

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA G Sec 9 T30N R14W

12. COUNTY OR PARISH San Juan 13. STATE NM

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE 7 miles NE of Fruitland, NM

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest Crlg. unit line, if any) 530'

16. NO. OF ACRES IN LEASE 240

17. NO. OF ACRES ASSIGNED TO THIS WELL E 320

18. DISTANCE FROM PROPOSED* LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 1/2 mi. SW

19. PROPOSED DEPTH 6100'

20. ROTARY OR CABLE TOOLS Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.) 5596' GL; 5608 RKB

22. APPROX. DATE WORK WILL START* Aug 10, 1982

23. PROPOSED CASING AND CEMENTING PROGRAM

Table with 5 columns: SIZE OF HOLE, SIZE OF CASING, WEIGHT PER FOOT, SETTING DEPTH, QUANTITY OF CEMENT. Rows include 12-1/4" hole with 8-5/8" casing and 7-7/8" hole with 4-1/2" casing.

Plan to drill with spud mud to set surface casing. Will then drill with water-mud-gel mixture to test the Dakota Formation. We plan to run induction and density logs and, if the Dakota appears productive, will set 4 1/2" casing, selectively perforate, frac, clean out after frac, and complete well using 1 1/2" tubing.

GAS NOT DEDICATED.



IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, 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 Jerry McHugh TITLE Landman DATE 7-15-82 (This space for Federal or State office use)

PERMIT NO. APPROVAL DATE

APPROVED BY TITLE CONDITIONS OF APPROVAL, IF ANY: ok7

AUG 1 1982 [Signature]

OIL CONSERVATION DIVISION

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

Form C-102
Revised 10-1-78

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

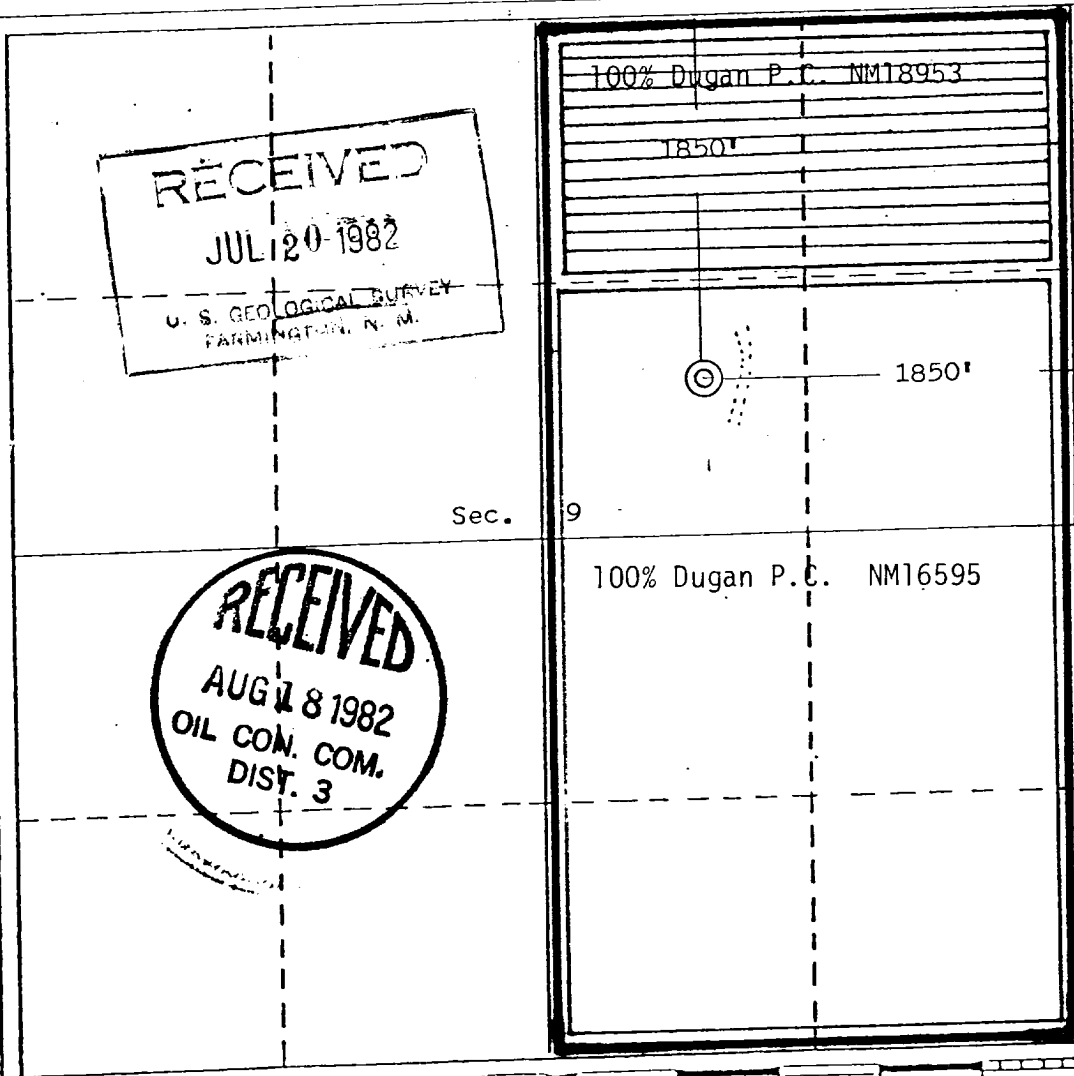
Operator Dugan Production Corporation			Lease Gem of Gibraltar		Well No. 1
Unit Letter G	Section 9	Township 30 North	Range 14 West	County San Juan	
Actual Footage Location of Well:					
1850 feet from the North		line and	1850 feet from the East		line
Ground Level Elev. 5596	Producing Formation Dakota		Pool Basin Undesignated Dakota		Dedicated Acreage: E 320 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 Division.



CERTIFICATION

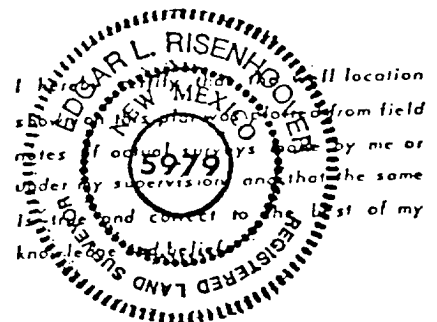
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name Jerry McHugh
Jerry McHugh

Position
Landman

Company
Dugan Production Corp.

Date
7-15-82

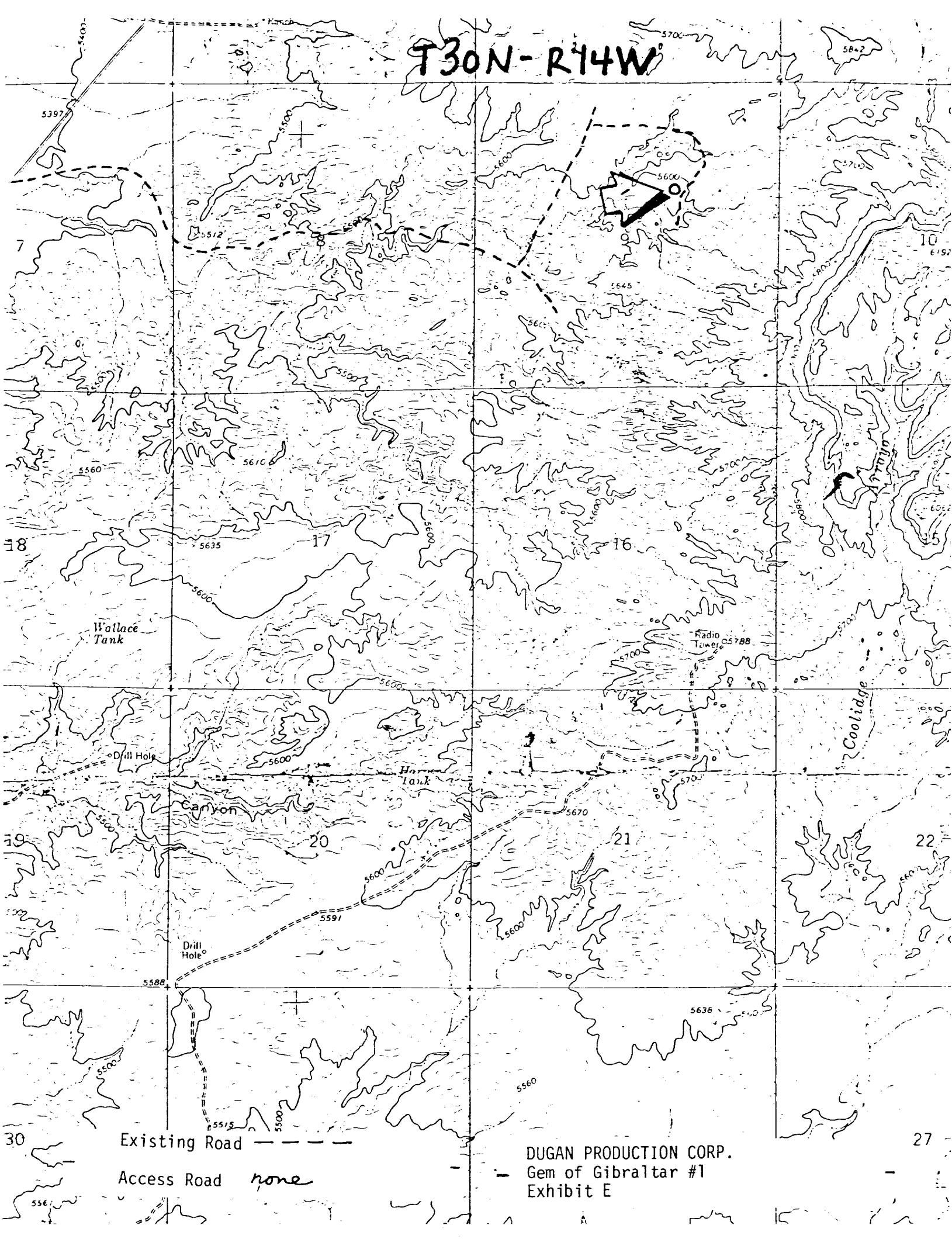


Date Surveyed
July 10, 1982

Registered Professional Engineer
and/or Land Surveyor

Edgar L. Risenhoover
Certificate No. 5979
Edgar L. Risenhoover, L.S.

T30N-R14W



Existing Road - - - - -

Access Road *none*

DUGAN PRODUCTION CORP.
Gem of Gibraltar #1
Exhibit E