

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

30-45-27094

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

5. LEASE DESIGNATION AND SERIAL NO.
NM-10561

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME
Atlantis

9. WELL NO.
4

10. WELLS AND POOL, OR WILDCAT
Wildcat
Fruitland/Pictured Cliffs

11. SEC. T, R. M., OR S.E.
AND SURVEY OR AREA
B
Sec. 3, T30N, R14W, NMPM

12. COUNTY OR PARISH
San Juan

13. STATE
NM

1a. TYPE OF WORK
DRILL DEEPEN PLUG BACK

b. TYPE OF WELL
OIL WELL GAS WELL OTHER SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR
DUGAN PRODUCTION CORP.

3. ADDRESS OF OPERATOR
P.O. Box 5820, Farmington, NM 87499-5820

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*
At surface
850' FNL & 1800' FEL
At proposed prod. zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
approx. 6 miles North of Kirtland, NM

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any)
480'

16. NO. OF ACRES IN LEASE
1397.16

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.
75' from DPC's proposed Atlantis #2

19. PROPOSED DEPTH
1240'

20. ROTARY OR CABLE TOOLS
Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
5641' GL

22. APPROX. DATE WORK WILL START*
After completion of Atlantis #2

DRILLING OPERATIONS AUTHORIZED ARE SUBJECT TO COMPLIANCE WITH ATTACHED PROPOSED CASING AND CEMENTING PROGRAM GENERAL REQUIREMENTS

This action is subject to technical and procedural review pursuant to 43 CFR 3160 and appeal pursuant to 43 CFR 3185.4.

QUANTITY OF CEMENT
40 cu. ft. circ. to surface
208 cu. ft. circ. to surface

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH
9-3/4"	7"	20#	±90'
6-1/4"	4-1/2"	10.5#	1240'

Plan to drill a 9-3/4" hole and set ±90' 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 Fruitland/Pictured Cliffs formations. 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.

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SEP 26 1988
OIL CON. DIV
DIST. 3

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zones 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 Jim L. Jacobs TITLE Geologist DATE 8-11-88
(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY _____ TITLE _____

CONDITIONS OF APPROVAL, IF ANY:

[Handwritten signature]

for Robert Moore

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.

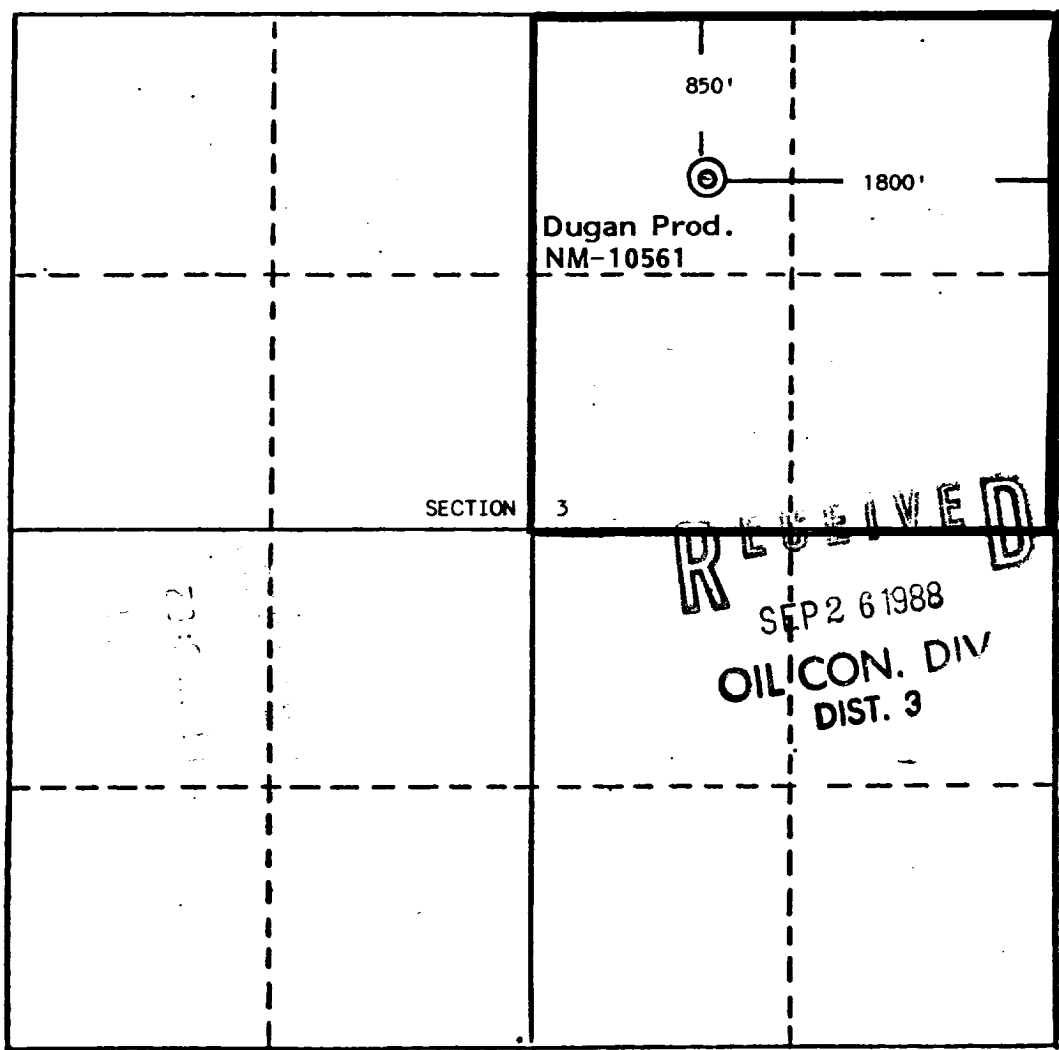
Operator Dugan Production Corporation		Lease Atlantis		Well No. 4
Unit Letter B	Section 3	Township 30 North	Range 14 West	County San Juan
Actual Footage Location of Well 850 feet from the North line and 1800 feet from the East line				
Ground Level Elev. 5641	Producing Formation Fruitland/Pictured Cliffs		Pool Wildcat	Dedicated Acreage: 160 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.

Jim L. Jacobs
Name

Jim L. Jacobs
Position

Geologist

Dugan Production Corp.
Company

8-11-88
Date

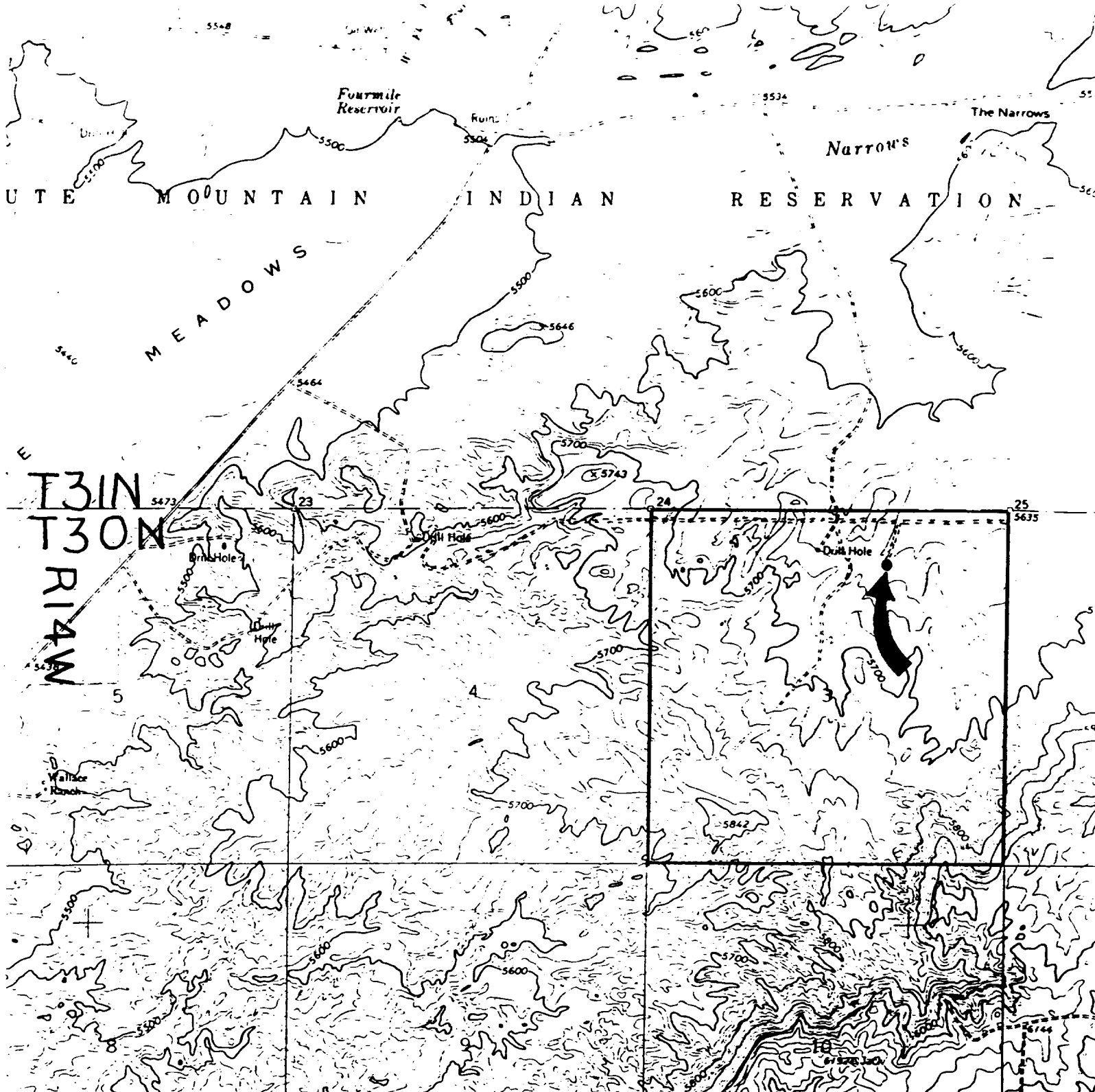
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DIST. 3



July 18, 1988
Date Surveyed

Registered Professional Engineer and/or Land Surveyor

Edgar L. Risenhoover
Certificate No. 5978



Existing Roads

Exhibit E

Planned Access Road(s)

Exhibit E

Vicinity of nearest town or reference pt.
Approx. 6 miles North of Kirtland, NM

Width _____ Maximum grades _____

Type of surface dirt

Drainage design _____

Conditions good

Cuts & Fills _____

Other _____

Surfacing material _____

Reference map: USGS map Young's Lake
N3645-W10815/7.5, 1963, photorevised 1979

- Turnouts
- Culverts
- Gates
- Cattleguards
- Fence cuts
- Waterbars

**NO ACCESS ROAD
REQUIRED**

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