

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. NM 10758	
b. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME	
2. NAME OF OPERATOR DUGAN PRODUCTION CORP.		7. UNIT AGREEMENT NAME	
3. ADDRESS AND TELEPHONE NO. P.O. Box 420, Farmington, NM 87499		8. FARM OR LEASE NAME, WELL NO. Pittam Pond #5 3807	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 1990' FNL & 1860' FEL (SW/4 NE/4) At proposed prod. zone		9. API WELL NO. 30-045-29599	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 1 1/2 miles north of Fruitland, New Mexico		10. FIELD AND POOL, OR WILDCAT 45450 Meadows Gallup EXT	
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 1860' FEL		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Unit G	
16. NO. OF ACRES IN LEASE 1677.88		12. COUNTY OR PARISH San Juan	
17. NO. OF ACRES ASSIGNED TO THIS WELL 40		13. STATE NM	
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED OR APPLIED FOR, ON THIS LEASE, FT. Approx. 7400' NW of Pittam Pond #1		20. ROTARY OR CABLE TOOLS Rotary	
19. PROPOSED DEPTH 4825'		22. APPROX. DATE WORK WILL START* ASAP	
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 5285' GL (est)			

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	8-5/8"	24#	200'	159 cf circ. to surface
7-7/8"	4-1/2"	10.5#	4825'	1542 cf circ. to surface

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 12-1/4" hole and set 200' of 8-5/8" OD, 24#, J-55 surface casing; then plan to drill a 7-7/8" hole to total depth with gel-water-mud program to test the Gallup formation. Plan to run IES and CDL logs. If determined productive, will run 4-1/2", 10.5#, J-55 casing with stage tool, selectively perforate, frac, clean out after frac and complete well.

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DIST. 3

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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 Sherman E. Dugan TITLE Vice-President DATE 3/24/98
(This space for Federal or State office use)

MAY 11 1998

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 AS/ Denise W. Spencer TITLE _____ DATE MAY 11 1998

*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

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Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

070 FRANKLIN, NM AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-045-29599		2. Pool Code 45450		3. Pool Name Meadows Gallup EXT		
4. Property Code 003807		5. Property Name Pittam Pond			6. Well Number 5	
7. OGRID No. 006515		8. Operator Name Dugan Production Corporation			9. Elevation 5285' Estimated	

10. Surface Location

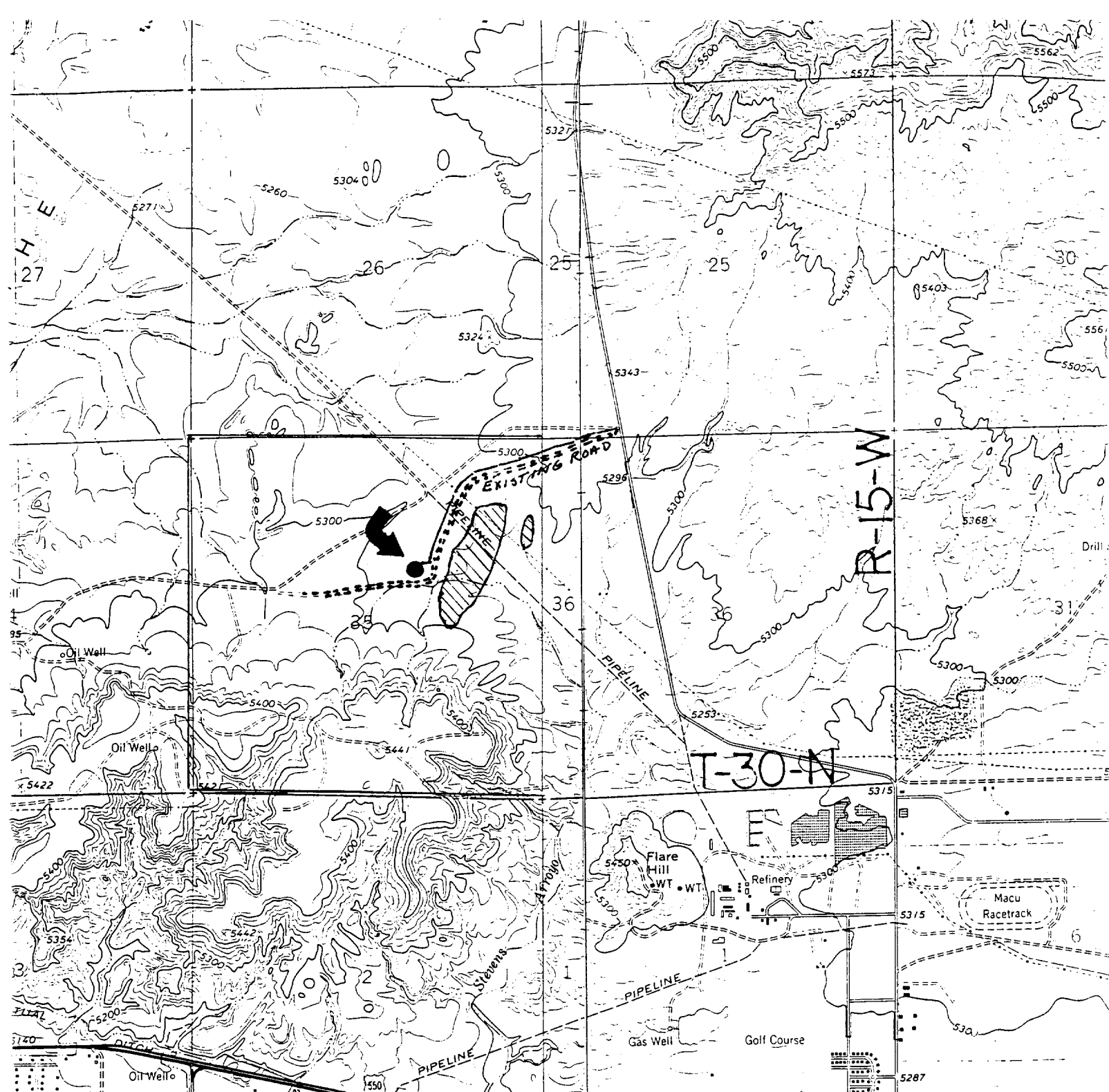
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	35	30N	15W	G	1990	North	1860	East	San Juan

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
12. Dedicated Acres 40		13. Joint or Infill		14. Consolidation Code		15. Order No.			

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

<p>16</p> <p>1990'</p> <p>1860'</p> <p>Dugan Prod. NM 10758</p> <p>Section 35</p> <p>RECEIVED MAY 13 1998 OIL CON. DIV. DIST. 3</p>					<p>17. OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p><i>Sherman E. Dugan</i> Signature Sherman E. Dugan Printed Name Vice-President Title March 24, 1998 Date</p>				
					<p>18. SURVEYOR CERTIFICATION</p> <p>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</p> <p>Febr 24 1998 Date of Survey Signature of Professional Surveyor Edgar L. Risenhoover Certificate Number 5979</p> <p>EDGAR L. RISENHOVER NEW MEXICO PROFESSIONAL SURVEYOR 5979</p>				



Existing Roads

Vicinity of nearest town or reference pt.
1 1/2 miles north of Fruitland, New Mexico

Type of surface dirt and gravel

Conditions good to very good

Other No access road required

Reference map: USGS map

NOS/NOAA Photorevised 1979, Waterflow, NM

Recorded arch. sites.
 see BHP Report #95 (1)021F
Exhibit E

Planned Access Road(s) Exhibit E

No access roads required
Width Maximum grades

Drainage design as required

Cuts & Fills as required

Surfacing material none

☒ Turnouts ☒ Waterbars

☒ Culverts

☒ Gates

☒ Cattleguards

☒ Fence cuts ☒ Access Road & Pipeline

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