

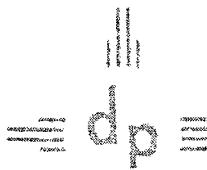
Jones, William V., EMNRD

From: Kurt Fagrelus [kfagrelus@duganproduction.com]
Sent: Friday, September 10, 2010 3:38 PM
To: Jones, William V., EMNRD; Sanchez, Daniel J., EMNRD; Perrin, Charlie, EMNRD; Hayden, Steven, EMNRD
Subject: Request for immediate consent to resume injection into the West Bisti SWD #1 Entrada disposal well
Attachments: West Bisti SWD #1.pdf; West Bisti NMOCD letter.pdf; West Bisti US EPA Demand.pdf; West Bisti Notices.pdf; West Bisti Sundries.pdf; West Bisti Main Letter.pdf; West Bisti Consent.pdf

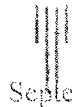
Dear Sirs: Please open the West "Bisti Main Letter" (attachment) first. Hopefully the rest will become self explanatory.

Sincerely,

Kurt Fagrelus
Dugan Production Corp.
709 East Murray Drive
Farmington, New Mexico 87401
505-325-1821 (O), 505-320-8248 (C)
kfagrelus@duganproduction.com



dugan production corp.



September 10, 2010

Dear Mr. Will Jones, Daniel Sanchez, Charlie Perrin and Steve Hayden:

In response to our conversations this morning concerning the Dugan Production West Bisti SWD #1 Entrada salt water disposal well I have included some requested information and materials and ask for immediate consent from the NMOCD to resume injection into the subject well.

The West Bisti SWD #1 is located in the NE/4 of section 35, T26N, and R13W on Navajo Tribal Trust surface with Federal minerals. The well was permitted as an Entrada disposal well in 2007 by the United States Environmental Protection Agency (USEPA), Navajo Nation Environmental Protection Agency (NNEPA) and the New Mexico Oil Conservation Division (NMOCD). The state application and permit received from the NMOCD are attached. At this time, the USEPA claimed primacy, which has now been conveyed over the NNEPA.

Due to well-bore stability problems encountered at the time of completion (flow of unconsolidated formation sand into the well-bore and the precipitation of large amounts of calcium sulfate (CaSO_4) inside of the tubing and casing strings) Dugan was unable to obtain an accurate water sample of true formation water. A water sample was collected just prior to commencement of injection (9,200 ppm TDS) and the analysis was sent to the USEPA and NNEPA.

On September 16, 2008 a letter was received from the USEPA that stated Dugan was in violation by causing contamination of underground drinking water and that they intended to pursue enforcement action to stop injection into the West Bisti SWD #1. Dugan stopped injection into the well on September 17, 2008. The USEPA demand letter is attached.

After shutting the well in, Dugan started to prepare an aquifer exemption application for the Entrada. There were numerous contacts and discussion made with the NMOCD, USEPA and NNEPA offices as to how to prepare the application and where to collect the necessary materials. Different operators and government agencies provided access to their files of water quality, social, water usage and map data to prepare the application.

It was well known at the USEPA, NNEPA and NMOCD offices that Dugan was actively preparing an application for aquifer exemption during the period the well was shut in. The state was asked to provide a supporting letter for the application, however, the request was denied.

During discussions with personnel from the NMOCD Aztec office (January 13, 2010), Dugan was advised that the state permit to inject would expire if injection had not occurred for 1-year. Dugan submitted Sundry notice (January 13, 2010) requesting permission to temporarily abandon the West Bisti SWD #1 well. The Sundry stated the well was shut-in pending approval from the NNEPA to resume injection and was approved until February 1, 2011. A second Sundry was submitted (February 18, 2010) after conducting a MIT to temporarily abandon the

well and the NMOCD issued a TA to expire on February 17, 2015. Both Sundry notices are attached. At that time and up until just yesterday, Dugan assumed that the Sundry Notices protected the state injection permit from expiration.

Once the aquifer exemption was approved, Dugan contacted the NNEPA, NMOCD and Bureau of Land Management (BLM), advised them of our intent to resume injection and also asked for a brief e-mail showing their consent. Consent letters received from the BLM and NNEPA and the response from the NMOCD (request to submit new permit application) are attached.

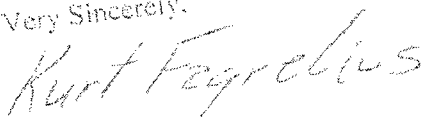
In response to the NMOCD's request for a new permit application, we have attached the original application and would like to note the following:

1. There are no offsetting operators. On the original application Conoco Phillips and Rincó were notified, however, they have no operating rights within the area of review and did not need to be notified in the original application. Also, Conoco Phillips allowed access to company water well data and provided support in the aquifer exemption application process.
2. The West Bisti SWD #1 has been published for public notice three times in the last three years (twice in the local newspaper, numerous times on the local radio station and also on the USEPA web site). There have not been any adverse comments received back. Copies of the notices are attached.
3. Although Dugan committed a costly error by not providing an accurate formation water sample, it was done in order to prevent the loss of a failing well-bore and in order to maintain a safe working environment.
4. Dugan has paid approximately one million dollars in fines and trucking costs (combined) for this error. Currently, charges for trucking water that is pipelined into the West Bisti SWD #1 is running approximately \$35,000 to \$45,000 per month and numerous wells are either shut-in or choked back until injection can resume.

We hereby, respectfully request immediate consent from the NMOCD to resume injection into the West Bisti SWD #1.

If you have any questions or require additional information, please contact me.

Very Sincerely,



Kurt Fagrelus
Vice President, Exploration

APPLICATION FOR AUTHORIZATION TO INJECT

- I. PURPOSE: Secondary Recovery Pressure Maintenance Disposal Storage
Application qualifies for administrative approval? Yes No 11/1/02
- II. OPERATOR: Dugan Production Corp.
ADDRESS: 709 East Murray Drive, Farmington, New Mexico 87401
CONTACT PARTY: Kurt Fagrelus PHONE: 505-325-1821
- III. WELL DATA: Complete the data required on the reverse side of this form for each well proposed for injection.
Additional sheets may be attached if necessary.
- IV. Is this an expansion of an existing project? Yes X No
If yes, give the Division order number authorizing the project: _____
- V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.
- VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.
- VII. Attach data on the proposed operation, including:
1. Proposed average and maximum daily rate and volume of fluids to be injected;
 2. Whether the system is open or closed;
 3. Proposed average and maximum injection pressure;
 4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and,
 5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).
- *VIII. Attach appropriate geologic data on the injection zone including appropriate lithologic detail, geologic name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such sources known to be immediately underlying the injection interval.
- IX. Describe the proposed stimulation program, if any.
- *X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need not be resubmitted).
- *XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.
- XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.
- XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form.
- XIV. Certification: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.
- NAME: Kurt Fagrelus TITLE: V.P. Exploration
SIGNATURE: Kurt Fagrelus DATE: 1/17/2007
E-MAIL ADDRESS: kfagrelus@duganproduction.com
- * If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be resubmitted. Please show the date and circumstances of the earlier submittal: _____

DISTRIBUTION: Original and one copy to Santa Fe with one copy to the appropriate District Office

Application for Authorization to Inject

Dugan Production Corp.

West Bisti SWD #1

General Information

Dugan Production Corp. is hereby, making application for administrative approval to dispose of produced water by underground injection. The proposed disposal site is the West Bisti SWD #1 well, located 2500' FNL & 1855' FEL, Sec. 35, Twn. 26N, Rng. 13W, San Juan Co., NM. Produced water will be injected into the Entrada Sandstone between ~~6915'~~ and ~~7115'~~. The maximum injection pressure will be 1383 psi and the maximum injection rate will be 6,000 barrels of water daily.

The well will be a new drill for the purpose of salt water disposal. The permit to drill is pending. Upon approval, plans are to begin drilling the well in September or October of 2007. Upon approval of this application, an injection test will be conducted. If adequate rates are not found, it may be necessary to stimulate the proposed injection zone or perforate additional zones in the well.

Any change to the plans contained herein, will be approved by the New Mexico Oil Conservation Division prior to implementation.

Application for Authorization to Inject

Dugan Production Corp.

West Bisti SWD #1

Part III. Well Data

A. Tabular Information

1. Name: West Bisti SWD #1
- Location: 2500' FNL & 1855' FEL
Sec. 35, T26N, R13W
San Juan Co., NM
2. Surface Casing: 8-5/8" 24#, J-55 set @ 480'. Cemented with 300-cu.ft. Circulate cement to surface.
Hole size – 12-1/4".

Production Casing: 5-1/2" 17#, N-80 and 15.5# J-55 set @ 7165'.
Cement in three stages with stage tools at 5000' and 1650' using 380 cu.ft. in first stage, 730 cu.ft. in the second stage and 430 cu.ft. in the third stage.
Circulate cement to surface on third stage.
Hole size – 7-7/8".
3. Injection Tubing: 2-7/8", EUE, 6.5#, plastic lined tubing.
4. Packer: Baker Model AD-1 tension packer, plastic lined, will be set at 6865' or 50' above the upper most perforation.

B. Additional Information

1. Injection Interval: Entrada Sandstone.
2. The injection interval (Entrada 6915' – 7115') will be perforated.
3. The well (West Bisti SWD #1) will be drilled for the purpose of injection.
4. Only the injection interval is to be perforated.
5. Fruitland Coal / Pictured Cliffs Sandstone – Approx. 1150', Gallup Sandstone – Approx. 4595'.

INJECTION WELL DATA SHEET

Side 1

OPERATOR: Dugan Production Corp.

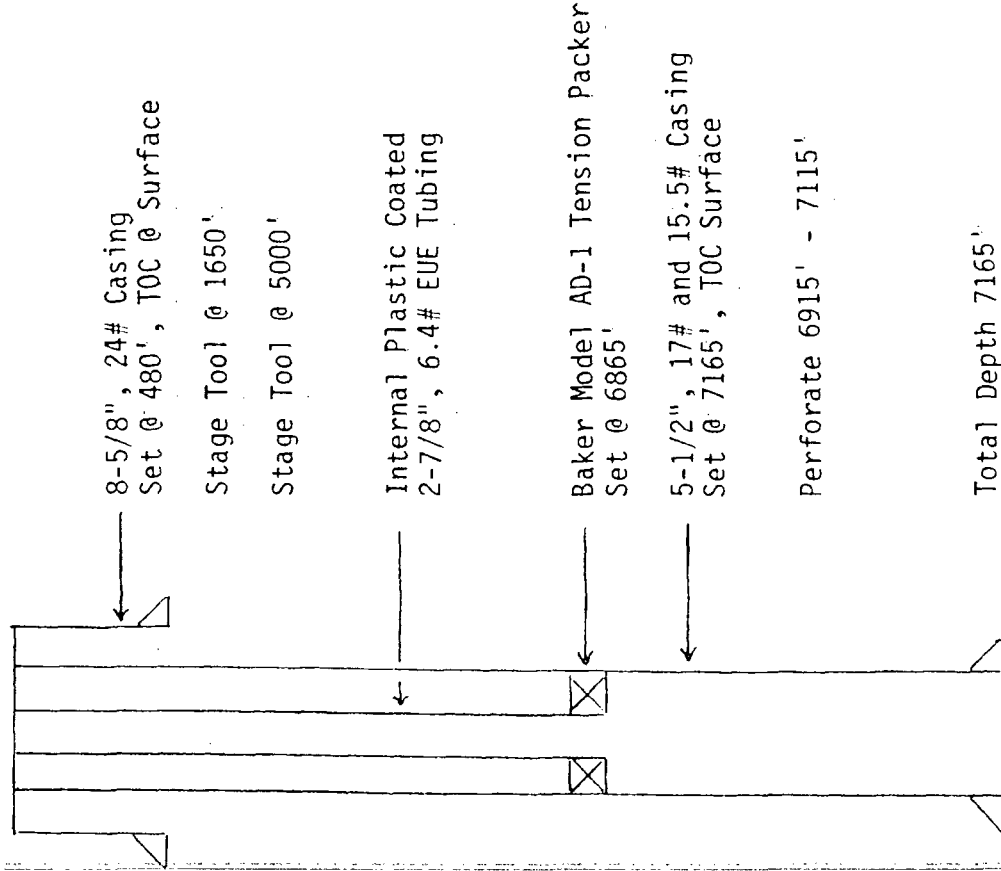
WELL NAME & NUMBER: West Bisti SWD #1

WELL LOCATION: 2500' FNL and 1855' FWL

UNIT LETTER G SECTION 35 TOWNSHIP 26N RANGE 13W

FOOTAGE LOCATION

WELLBORE SCHEMATIC



WELL CONSTRUCTION DATA

Surface Casing

Hole Size: 12-1/4" Casing Size: 8-5/8"
 Cemented with: 220 sx. or 300 ft³
 Top of Cement: Surface Method Determined: Will Circulate

Intermediate Casing

Hole Size: Casing Size:
 Cemented with: sx. or ft³
 Top of Cement: Method Determined:

Production Casing

Hole Size: 7-7/8" Casing Size: 5-1/2"
 Cemented with: 750 sx. or 1540 ft³
 Top of Cement: Surface Method Determined: Will Circulate

Total Depth: 7165'

Injection Interval

6878 7064

feet to

7115

Total Depth 7165'

(Perforated or Open Hole; indicate which)

INJECTION WELL DATA SHEET

Tubing Size: 2-7/8" Lining Material: Plastic

Type of Packer: Baker Model AD-1 set in tension (5-1/2")

Packer Setting Depth: 6865' (50' above uppermost perforation)

Other Type of Tubing/Casing Seal (if applicable): _____

Additional Data

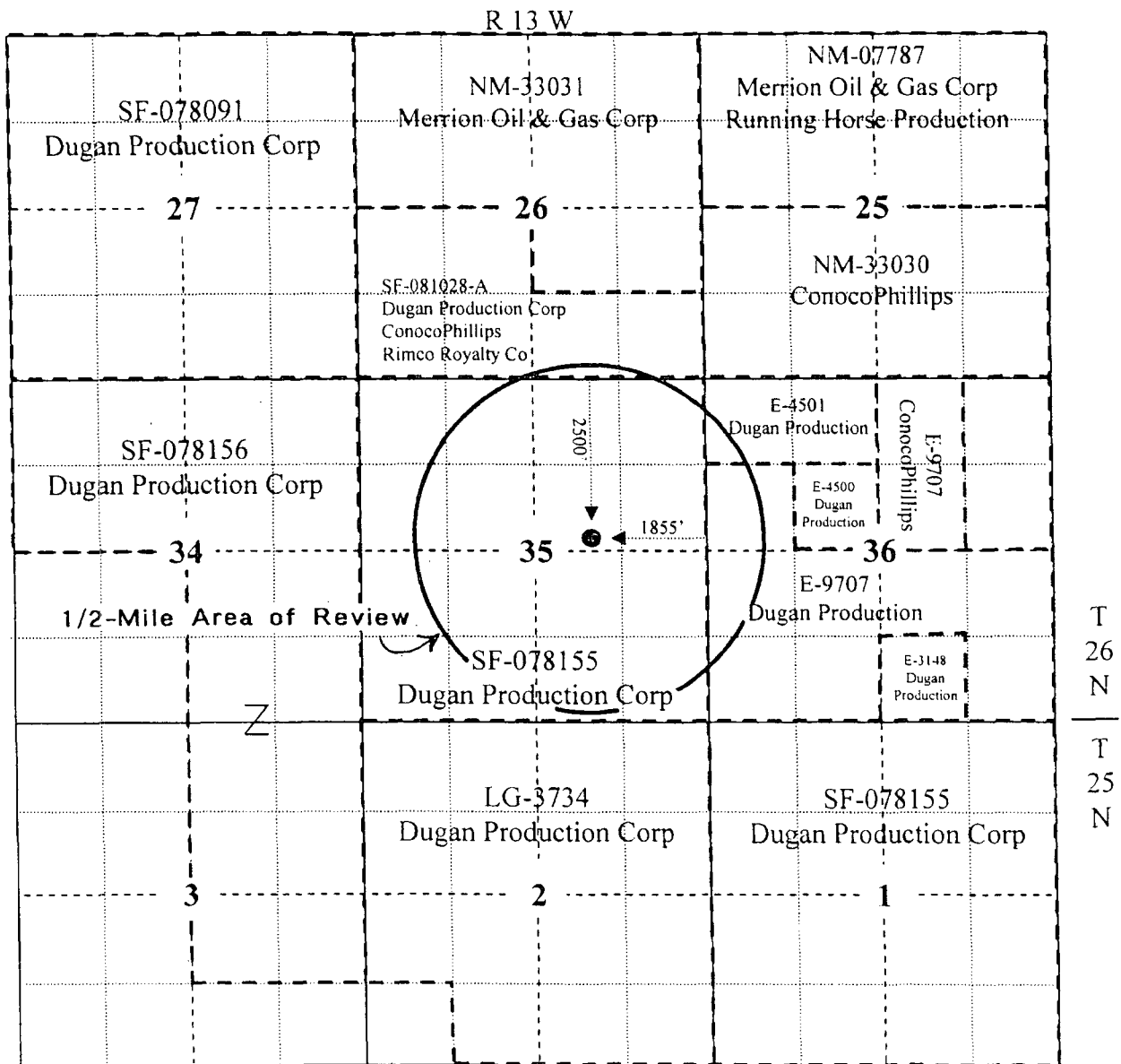
1. Is this a new well drilled for injection? ☒ Yes ☐ No

If no, for what purpose was the well originally drilled? _____

2. Name of the Injection Formation: Entrada Sandstone
3. Name of Field or Pool (if applicable): Not Applicable
4. Has the well ever been perforated in any other zone(s)? List all such perforated intervals and give plugging detail, i.e. sacks of cement or plug(s) used. New well, will be drilled for purpose of injection into Entrada Ss., no other zones will be perf'd
5. Give the name and depths of any oil or gas zones underlying or overlying the proposed injection zone in this area: Fruitland Coal 800', Gallup Ss. 4600'.

Va. Lease Owner Map

OFFSET OPERATOR/LESSEE



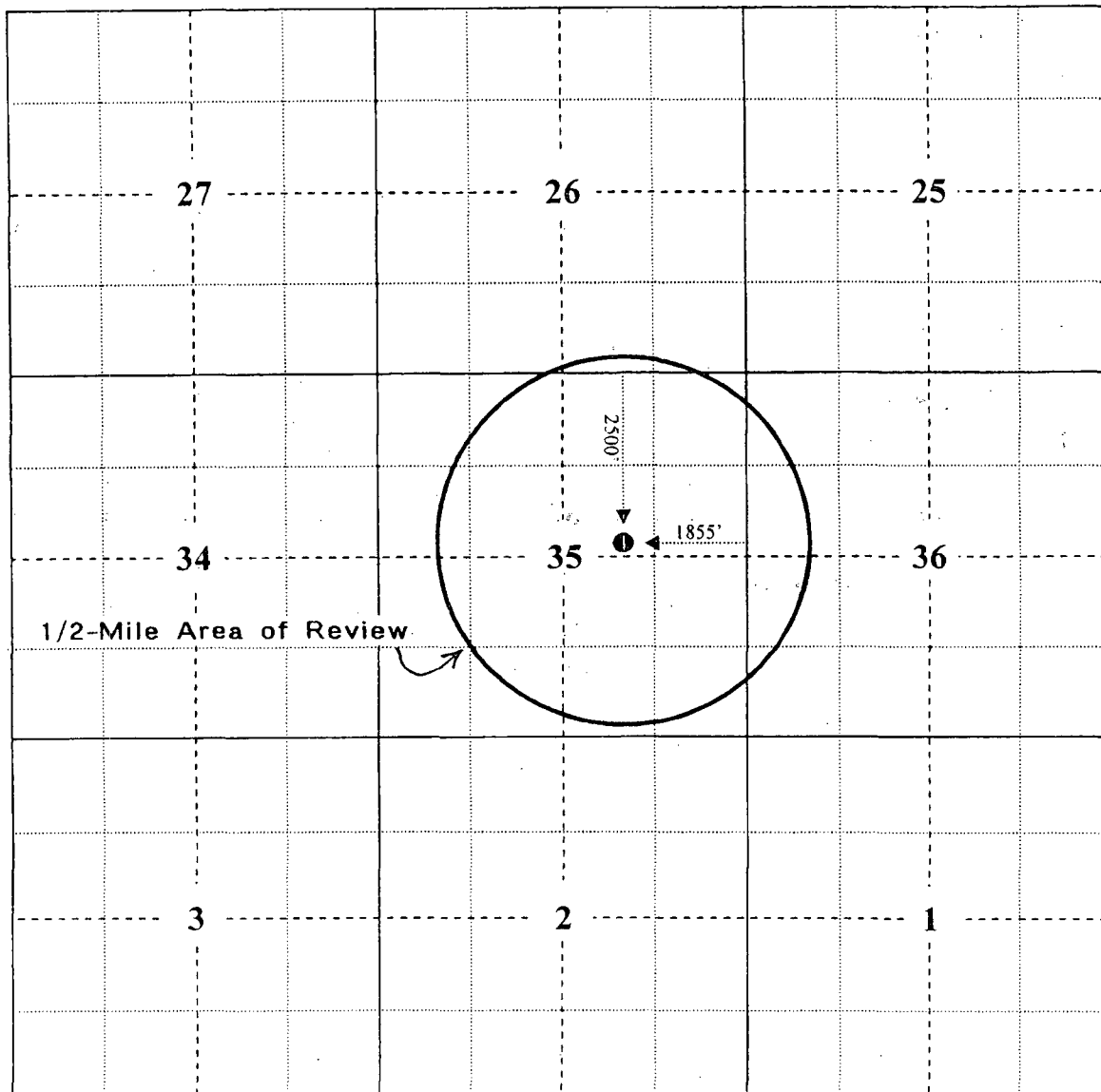
Dugan Production Corp.
West Bisti SWD #1
Sec. 35, T26N, R13W
2500' FNL and 1855' FEL
San Juan County, New Mexico
Salt Water Disposal Application

Vb. Surface Owner Map

SURFACE OWNERSHIP

All Affected Lands are Navajo Tribal Trust Lands

R 13 W



T
26
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25
N

Dugan Production Corp.

West Bisti SWD #1

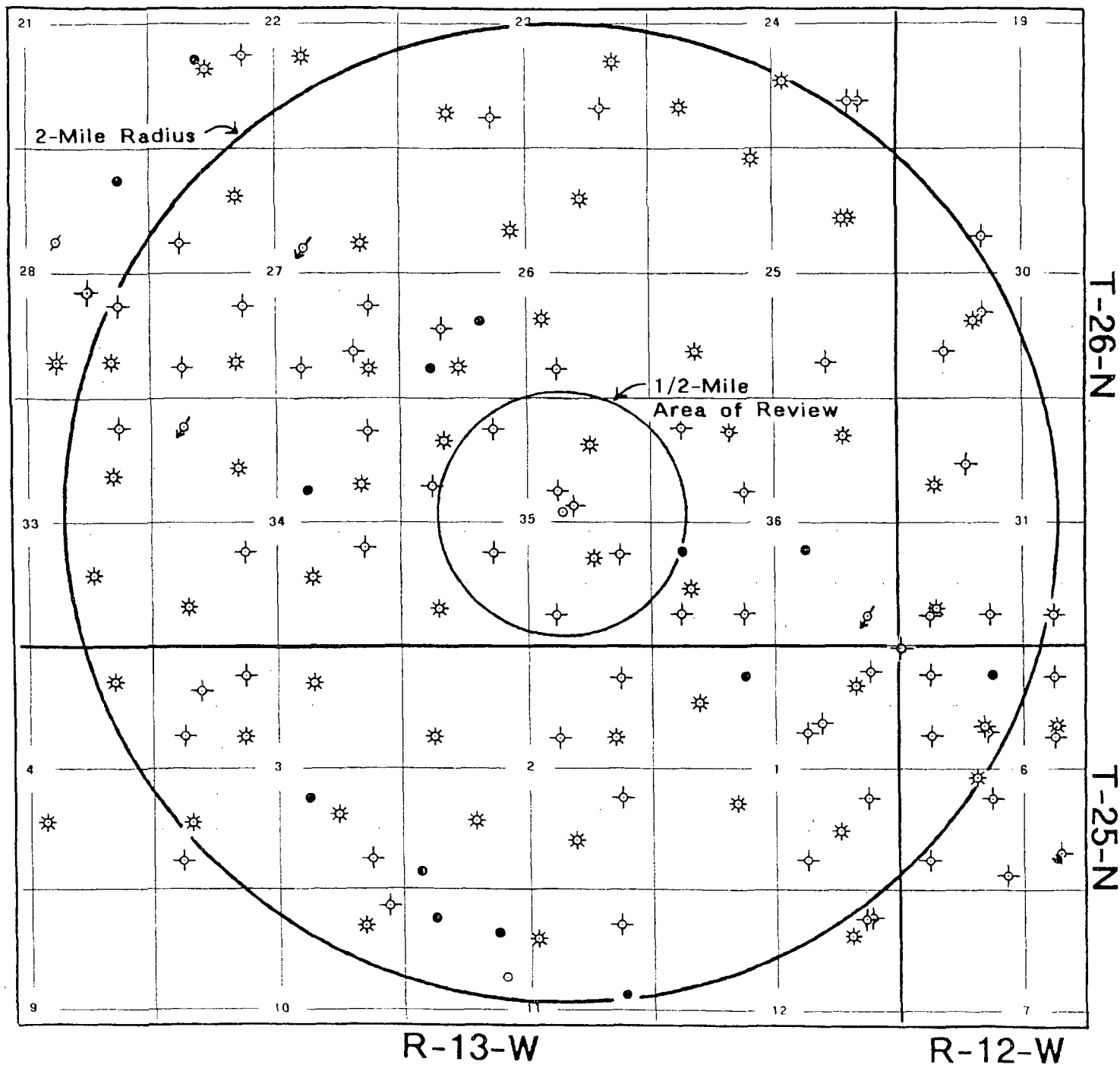
Sec. 35, T26N, R13W

2500' FNL and 1855' FEL

San Juan County, New Mexico

Salt Water Disposal Application

Vc. Well Map



Dugan Production Corp.
West Bisti SWD #1
Sec. 35, T26N, R13W
2500' FNL and 1855' FEL
San Juan County, New Mexico

Salt Water Disposal Application

Application for Authorization to Inject

Dugan Production Corp.

West Bisti SWD #1

Part VI. Data on offset wells

A tabulation of data on all existing, offset wells (shown on the Well Map Part Vc.) that highlights those wells that fall within the 1/2-mile area of review is presented on Attachment VIa. No wells within the area of review penetrate the proposed injection zone.

Application for Authorization to Inject

Dugan Production Corp.

West Bisti SWD #1

Part VII. Operations Plan

1. Average Injection Rate: 5,000 bwpd with a maximum of 6,000 bwpd.
2. The system will be closed.
3. Average Injection Pressure: 1250 psi and the maximum will be 1383 psi.
4. The source of injected water will be produced water from Fruitland Coal and Gallup wells in the area (T25N and T26N, R12W and R13W). Attachment VII-4a., VII-4b. and VII-4c. are analyses of the Fruitland Coal and Gallup water in the immediate area. The water to be injected is compatible with the water in the disposal zone.
5. Injection is for disposal purposes into a zone (Entrada Sandstone) that is not productive of oil or gas within one mile of the proposed injection well. An analysis of the disposal zone water is not available.

ENVIROTECH LABS

Practical Solutions for a Better Environment

CATION / ANION ANALYSIS

FRUITLAND COAL SE/4, Sec.23, T26N, R13W

Client: Dugan Prod. Corp
Sample ID: Paul Revere 91-S
Laboratory Number: 39831
Chain of Custody: 1958
Sample Matrix: Water
Preservative: Cool
Condition: Cool & Intact

Project #: 06094-003
Date Reported: 01-26-07
Date Sampled: 01-23-07
Date Received: 01-24-07
Date Extracted: N/A
Date Analyzed: 01-25-07

Parameter	Analytical Result	Units		
pH	7.56	s.u.		
Conductivity @ 25° C	28,200	umhos/cm		
Total Dissolved Solids @ 180C	16,640	mg/L		
Total Dissolved Solids (Calc)	16,600	mg/L		
SAR	134	ratio		
Total Alkalinity as CaCO3	1,020	mg/L		
Total Hardness as CaCO3	424	mg/L		
Bicarbonate as HCO3	1,020	mg/L	16.72	meq/L
Carbonate as CO3	<0.1	mg/L	0.00	meq/L
Hydroxide as OH	<0.1	mg/L	0.00	meq/L
Nitrate Nitrogen	0.4	mg/L	0.01	meq/L
Nitrite Nitrogen	0.015	mg/L	0.00	meq/L
Chloride	9,500	mg/L	268.00	meq/L
Fluoride	0.57	mg/L	0.03	meq/L
Phosphate	1.0	mg/L	0.03	meq/L
Sulfate	<0.1	mg/L	0.00	meq/L
Iron	0.017	mg/L	0.00	meq/L
Calcium	94.4	mg/L	4.71	meq/L
Magnesium	45.9	mg/L	3.78	meq/L
Potassium	2.75	mg/L	0.07	meq/L
Sodium	6,340	mg/L	275.79	meq/L
Cations			284.35	meq/L
Anions			284.78	meq/L
Cation/Anion Difference			0.15%	

Reference: U.S.E.P.A., 600/4-79-020, "Methods for Chemical Analysis of Water and Wastes", 1983.
Standard Methods For The Examination of Water And Waste Water", 18th ed., 1992.

Comments:

Christine M. Walter
Analyst

John P. O'Leary
Review

ENVIROTECH LABS

Practical Solutions For A Better Environment

CATION / ANION ANALYSIS

FRUITLAND COAL SE/4, Sec. 35, T26N, R13W

Client: Dugan Prod. Corp
Sample ID: Jeter #3S
Laboratory Number: 39833
Chain of Custody: 1958
Sample Matrix: Water
Preservative: Cool
Condition: Cool & Intact

Project #: 06094-003
Date Reported: 01-26-07
Date Sampled: 01-23-07
Date Received: 01-24-07
Date Extracted: N/A
Date Analyzed: 01-25-07

Parameter	Analytical Result	Units		
pH	7.12	s.u.		
Conductivity @ 25° C	15,920	umhos/cm		
Total Dissolved Solids @ 180C	9,640	mg/L		
Total Dissolved Solids (Calc)	9,630	mg/L		
SAR	105	ratio		
Total Alkalinity as CaCO ₃	420	mg/L		
Total Hardness as CaCO ₃	232	mg/L		
Bicarbonate as HCO ₃	420	mg/L	6.88	meq/L
Carbonate as CO ₃	<0.1	mg/L	0.00	meq/L
Hydroxide as OH	<0.1	mg/L	0.00	meq/L
Nitrate Nitrogen	0.9	mg/L	0.01	meq/L
Nitrite Nitrogen	<0.001	mg/L	0.00	meq/L
Chloride	5,600	mg/L	157.98	meq/L
Fluoride	0.68	mg/L	0.04	meq/L
Phosphate	3.2	mg/L	0.10	meq/L
Sulfate	<0.1	mg/L	0.00	meq/L
Iron	67.8	mg/L	2.43	meq/L
Calcium	56.0	mg/L	2.79	meq/L
Magnesium	22.5	mg/L	1.85	meq/L
Potassium	<0.01	mg/L	0.00	meq/L
Sodium	3,690	mg/L	160.52	meq/L
Cations			165.16	meq/L
Anions			165.01	meq/L
Cation/Anion Difference			0.09%	

Reference: U.S.E.P.A., 600/4-79-020, "Methods for Chemical Analysis of Water and Wastes", 1983.
Standard Methods For The Examination of Water And Waste Water", 18th ed., 1992.

Comments:

Christine M. Walter
Analyst

Allen C. Olsen
Review

ENVIROTECH LABS

DRIVING TECHNOLOGIES FOR A BETTER WORLD

CATION / ANION ANALYSIS

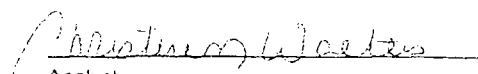
GALLUP SANDSTONE SW/4, Sec. 2, T25N, R13W


Client:	Dugan Prod. Corp	Project #:	06094-003
Sample ID:	Bisti State Coin #1	Date Reported:	01-26-07
Laboratory Number:	39832	Date Sampled:	01-23-07
Chain of Custody:	1958	Date Received:	01-24-07
Sample Matrix:	Water	Date Extracted:	N/A
Preservative:	Cool	Date Analyzed:	01-25-07
Condition:	Cool & Intact		

Parameter	Analytical Result	Units		
pH	7.36	s.u.		
Conductivity @ 25° C	48,100	umhos/cm		
Total Dissolved Solids @ 180C	30,760	mg/L		
Total Dissolved Solids (Calc)	30,840	mg/L		
SAR	205	ratio		
Total Alkalinity as CaCO ₃	560	mg/L		
Total Hardness as CaCO ₃	628	mg/L		
Bicarbonate as HCO ₃	560	mg/L	9.18	meq/L
Carbonate as CO ₃	<0.1	mg/L	0.00	meq/L
Hydroxide as OH	<0.1	mg/L	0.00	meq/L
Nitrate Nitrogen	0.8	mg/L	0.01	meq/L
Nitrite Nitrogen	0.005	mg/L	0.00	meq/L
Chloride	18,400	mg/L	519.06	meq/L
Fluoride	1.36	mg/L	0.07	meq/L
Phosphate	4.4	mg/L	0.14	meq/L
Sulfate	<0.1	mg/L	0.00	meq/L
Iron	1.78	mg/L	0.06	meq/L
Calcium	181	mg/L	9.03	meq/L
Magnesium	43.0	mg/L	3.54	meq/L
Potassium	31.8	mg/L	0.81	meq/L
Sodium	11,840	mg/L	515.04	meq/L
Cations			528.42	meq/L
Anions			528.47	meq/L
Cation/Anion Difference			0.01%	

Reference: U.S.E.P.A., 600/4-79-020, "Methods for Chemical Analysis of Water and Wastes", 1983.
Standard Methods For The Examination of Water And Waste Water", 18th ed., 1992.

Comments:


Analyst


Review

Application for Authorization to Inject

Dugan Production Corp.

West Bisti SWD #1

Part VIII. Geologic Data

The proposed injection interval is the Entrada Sandstone from approximately 6915 – 7115 feet. The only known source of stock water in the area is encountered in existing arroyos at a depth of approximately 35 – 50 feet below the surface. Sources of drinking water include the Ojo Alamo Sandstone at a depth of 75' – 175' and the Mesaverde (Cliff House Sandstone) Interval at a depth of 2040' – 2120'. There are no known drinking water sources below the Mesaverde interval. The expected formation tops in the well are as follows:

Ojo Alamo	75'	Gallup	4595'
Kirtland	175'	Greenhorn	5615'
Fruitland	845'	Graneros	5675'
Pictured Cliffs	1195'	Dakota	5740'
Lewis	1455'	Morrison	5965'
Cliff House	2040'	Bluff	6595'
Menefee	2120'	Todilto	6895'
Point Lookout	3695'	Entrada	6915'
Mancos	3895'	Total Depth	7165'

Part IX. Stimulation Program

Following injection rate tests, it may be necessary to stimulate the Entrada Sandstone by acidizing or fracturing.

Part X. Logging and Test Data

All logs and test data for the injection well will be submitted to the New Mexico Oil Conservation Division in Aztec, NM

Part XI. Fresh Water Samples

A records search and field survey for existing water wells in the vicinity of the proposed disposal well were conducted. One shallow water well and three water supply wells for the Bisti Gallup water flood (all of which have been plugged) were located as follows:

Location	Distance To Proposed Disposal Well	Depth to Water	Water Source	Status
SE/SE S.27, T26N, R13W	1.1 Miles	2545	Mesaverde	P&A
NW/SE S.28, T26N, R13W	2.1 Miles	2020	Mesaverde	P&A
SW/NE S.35, T26N, R13W	0.05 Miles	2540	Mesaverde	P&A
SW/SW S.34, T26N, R13W	1.6 Miles	No Other Information Available		

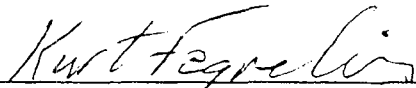
Application for Authorization to Inject

Dugan Production Corp.

West Bisti SWD #1

Part XII. Statement of Geologic and Engineering Data

I have examined all available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground source of drinking water.


Kurt Fagrelus, Geologist

February 1, 2007
Date

Application for Authorization to Inject

Dugan Production Corp.

West Bisti SWD #1

Part XIII. Proof of Notice

Attached are proof's of notice that this application has been sent by certified mail, to the surface owner of the land which the injection well is to be located on and all leasehold operators within one-half mile of the well location. Also, proof of publication is enclosed showing the legal advertisement which was published in the Farmington Daily Times.

AFFIDAVIT OF PUBLICATION

Ad No. 54457

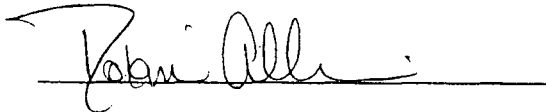
**STATE OF NEW MEXICO
County of San Juan:**

COPY OF PUBLICATION

ROBIN ALLISON, being duly sworn says:
That she is the CLASSIFIED MANAGER of
THE DAILY TIMES, a daily newspaper of
general circulation published in English at
Farmington, said county and state, and that
the hereto attached Legal Notice was
published in a regular and entire issue of the
said DAILY TIMES, a daily newspaper duly
qualified for the purpose within the meaning of
Chapter 167 of the 1937 Session Laws of the
State of New Mexico for publication and
appeared in the Internet at The Daily Times
web site on the following day(s):

Thursday, December 28, 06

And the cost of the publication is \$42.54

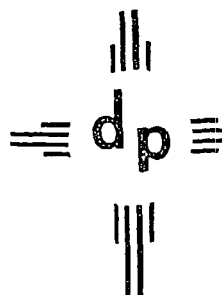


ON 1/4/07 ROBIN ALLISON
appeared before me, whom I know personally
to be the person who signed the above
document.


My Commission Expires Nov. 8, 2008



Legal Notices 152
Dugan Production Corp.,
P.O. Box 420 Farmington, NM 87499 is making application for administrative approval to dispose of produced water by underground injection. Contact person is Kurt Fogrellius, phone 505-326-1821. The proposed disposal site is the West Bisti SWD #1, located 2500' frl & 1855' fcl, Sec. 35, Twn. 26N, Rng. 13W, San Juan Co., NM. Water will be injected into the Entrada Sandstone between 6915' and 7115' below the surface. Maximum injection pressure is 1383 psi. Maximum injection rate is 5,000 barrels of water daily. Any interested parties must file objections or requests for hearing with the Oil Conservation Division 1220' South Saint Francis Drive, Santa Fe, NM 87505 within 15 days.
Legal No. 54457, published in The Daily Times, Farmington, New Mexico on Thursday, December 28, 2006.



dugan production corp.

New Mexico State Land Office – Surface Resources
PO Box 1148
Santa Fe, New Mexico 87504-1148

February 1, 2007

--CERTIFIED MAIL, RETURN RECEIPT REQUESTED--

7005 2570 0001 3773 3729

Re: Notice of Intent to Complete Salt Water Disposal Well

Dear New Mexico State Land Office:

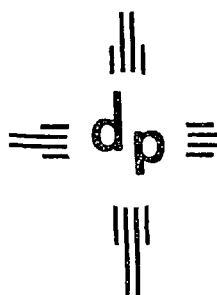
Dugan Production Corp. has filed an application for administrative approval to complete the Bisti SWD #1 (Sec. 35, T26N, R13W, 2500' FNL and 1855' FEL) as a salt water disposal well. Injection will be into the Entrada Sandstone between 6915' and 7115'. A copy of the application is attached.

As a oil and gas interest owner of land adjacent to that which the injection well is located on (Sec. 36, T26N, R13W) the New Mexico State Land Office is being notified of this application. If you wish to object or request the matter for hearing you must contact the New Mexico Oil Conservation Division, 1220 South Saint Francis Drive, Santa Fe, NM 87505 within 15 days.

If you have questions or need additional information concerning this application, please contact me.

Sincerely,

Kurt Fagrelus
Geologist
Attachment



dugan production corp.

Akhtar Zaman
The Navajo Nation Minerals Dept.
P.O. Box 1910
Window Rock, AZ 86515

February 1, 2007

--CERTIFIED MAIL, RETURN RECEIPT REQUESTED--

7005 2570 0001 3773 3804

Re: Notice of Intent to Complete Salt Water Disposal Well

Dear Mr. Zaman:

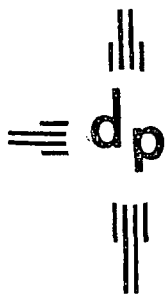
Dugan Production Corp. has filed an application for administrative approval to complete the West Bisti SWD #1 (Sec. 35, T26N, R13W, 2500' FNL and 1855' FEL) as a salt water disposal well. Injection will be into the Entrada Sandstone between 6915' and 7115'. A copy of the application is attached.

As a surface owner of the land the injection well is located on, the Navajo Nation Minerals Dept. is being notified of this application. If you wish to object or request the matter for hearing you must contact the New Mexico Oil Conservation Division, 1220 South Saint Francis Drive, Santa Fe, NM 87505 within 15 days.

If you have questions or need additional information concerning this application, please contact me.

Sincerely,

Kurt Fagrelus
Geologist
Attachment



dugan production corp.

ConocoPhillips Company
Attn: Land Department
P.O. Box 4289
Farmington, NM 87499

February 1, 2007

--CERTIFIED MAIL, RETURN RECEIPT REQUESTED--

7005 2570 0001 3773 3743

Re: Notice of Intent to Complete Salt Water Disposal Well

Dear Conoco Phillips:

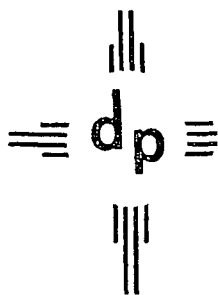
Dugan Production Corp. has filed an application for administrative approval to complete the West Bisti SWD #1 (Sec. 35, T26N, R13W, 2500' FNL and 1855' FEL) as a salt water disposal well. Injection will be into the Entrada Sandstone between 6915' and 7115'. A copy of the application is attached.

As an offsetting operator (Sec. 26, T26N, R13W) you are being notified of this application. If you wish to object or request the matter for hearing you must contact the New Mexico Oil Conservation Division, 1220 South Saint Francis Drive, Santa Fe, NM 87505 within 15 days.

If you have questions or need additional information concerning this application, please contact me.

Sincerely,

Kurt Fagrelius
Geologist



dugan production corp.

Mr. David Mankiewicz
Bureau of Land Management
1235 La Plata Highway
Farmington, NM 87401

February 1, 2007

--CERTIFIED MAIL, RETURN RECEIPT REQUESTED--

7005 2570 0001 3771 3712

Re: Notice of Intent to Complete Salt Water Disposal Well

Dear Mr. Mankiewicz:

Dugan Production Corp. has filed an application for administrative approval to complete the Bisti SWD #1 (Sec. 35, T26N, R13W, 2500' FNL and 1855' FWL) as a salt water disposal well. Injection will be into the Entrada Sandstone between 6915' and 7115'. A copy of the application is attached.

As an oil and gas interest owner of land the injection well is located on, the Bureau of Land Management is being notified of this application. If you wish to object or request the matter for hearing you must contact the New Mexico Oil Conservation Division, 1220 South Saint Francis Drive, Santa Fe, NM 87505 within 15 days.

If you have questions or need additional information concerning this application, please contact me.

Sincerely,

Kurt Fagrelus
Geologist
Attachment



dugan production corp.

Rimco Royalties Co.
P.O. Box 2283
Fort Worth, TX 75081

February 1, 2007

--CERTIFIED MAIL, RETURN RECEIPT REQUESTED--

7005 2570 0001 3773 3781

Re: Notice of Intent to Complete Salt Water Disposal Well

Rimco Royalties Co.:

Dugan Production Corp. has filed an application for administrative approval to complete the West Bisti SWD #1 (Sec. 35, T26N, R13W, 2500' FNL and 1855' FEL) as a salt water disposal well. Injection will be into the Entrada Sandstone between 6915' and 7115'. A copy of the application is attached.

As an offsetting operator (Sec. 26, T26N, R13W) you are being notified of this application. If you wish to object or request the matter for hearing you must contact the New Mexico Oil Conservation Division, 1220 South Saint Francis Drive, Santa Fe, NM 87505 within 15 days.

If you have questions or need additional information concerning this application, please contact me.

Sincerely,

Kurt Fagrelus
Geologist



dugan production corp.

Mr. Charlie Perrin
New Mexico Oil Conservation Division
1000 Rio Bravo Rd
Aztec, New Mexico 87410

February 1, 2007

--CERTIFIED MAIL, RETURN RECEIPT REQUESTED--

7005 2570 0001 3773 3774

Re: Application to Class 2, water disposal well, West Bisti SWD #1, San Juan County, NM

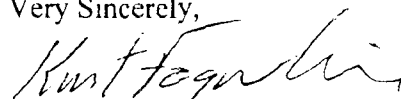
Dear Mr. Charlie Perrin:

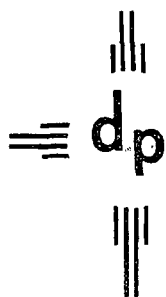
Enclosed, is Dugan Production Corp.'s application for disposal of produced water in the West Bisti SWD #1. In fulfilling the requirements of application, the following materials are provided herein:

1. Form C-108, Application for Authorization to Inject.
2. Tabular and schematic data on proposed injection well.
3. Lease and surface owner maps identifying all wells and leases within 2-miles of proposed injection well with a one-half mile radius circle drawn around the proposed injection well.
4. Data sheet of wells within 2-miles of proposed injection well, highlighting those wells inside one-half mile radius around the injection well.
5. Operations plan for proposed injection well.
6. Water Analysis of produced water to be disposed in proposed injection well (Fruitland Coal and Gallup).
7. Required geologic, stimulation, logging and test data and fresh water data from nearby wells.
8. Signed statement of geologic and engineering data.
9. Proof of notice in the form of notification letters sent to offsetting operators and surface owner and a copy of the Affidavit of Publication of the notice as it appeared in the Farmington Daily Times.

If you have questions or need additional information, please contact me.

Very Sincerely,


Kurt Fagrelus



dugan production corp.

Mr. Will Jones
New Mexico Oil Conservation Division - Engineering Bureau
1220 South Saint Francis Street
Santa Fe, New Mexico 87505

February 1, 2007

2007 FEB 05 PM 5:11

--CERTIFIED MAIL, RETURN RECEIPT REQUESTED--
7005 2570 0001 3773 3767

Re: Application to Class 2, water disposal well, West Bisti SWD #1 San Juan County, NM

Dear Mr. Jones:

Enclosed, is Dugan Production Corp.'s application for disposal of produced water in the West Bisti SWD #1. In fulfilling the requirements of application, the following materials are provided herein:

1. Form C-108, Application for Authorization to Inject.
2. Tabular and schematic data on proposed injection well.
3. Lease and surface owner maps identifying all wells and leases within 2-miles of proposed injection well with a one-half mile radius circle drawn around the proposed injection well.
4. Data sheet of wells within 2-miles of proposed injection well, highlighting those wells inside one-half mile radius around the injection well.
5. Operations plan for proposed injection well.
6. Water Analysis of produced water to be disposed in proposed injection well (Fruitland Coal and Gallup).
7. Required geologic, stimulation, logging and test data and fresh water data from nearby wells.
8. Signed statement of geologic and engineering data.
9. Proof of notice in the form of notification letters sent to offsetting operators and surface owners and a copy of the Affidavit of Publication of the notice as it appeared in the Farmington Daily Times.

If you have questions or need additional information, please contact me.

Very Sincerely,

Kurt Fagrelus

Attachments

Attachments

cc: Mr. Will Jones-New Mexico Oil Cons. Div., 1220 So. St. Francis St., Santa Fe, NM 87505
Mr. David Mankiewicz-Bureau of Land Management, 1235 La Plata Hwy, Farmington, NM 87401
New Mexico State Land Office, PO Box 1148, Santa Fe, NM 87504-1148
Mr. Ahktar Zaman-Navajo Nation Minerals Dept., PO Box 1910, Window Rock, AZ 86515
Attn. Land Department, Conoco Phillips Co.-PO Box 4289, Farmington, NM 87499
Rimco Royalties Co.-PO Box 2283, Fort Worth, TX 75081

cc: Mr. Charlie Perrin-1000 Rio Bravo Rd, Aztec, New Mexico 87410
Mr. David Mankiewicz-Bureau of Land Management, 1235 La Plata Hwy, Farmington, NM 87401
New Mexico State Land Office, PO Box 1148, Santa Fe, NM 87504-1148
Mr. Ahktar Zaman-Navajo Nation Minerals Dept., PO Box 1910, Window Rock, AZ 86515
Attn. Land Department, Conoco Phillips Co.-PO Box 4289, Farmington, NM 87499
Rimco Royalties Co.-PO Box 2283, Fort Worth, TX 75081

Kurt Fagrellius

From: Jim_Lovato@bim.gov
Sent: Friday, September 10, 2010 3:00 PM
To: Kurt Fagrellius
Subject: West Bisti SWD #1

Kurt,

We have reviewed the USEPA Region 9, issuance of an Aquifer Exemption for the Entrada formation in the subject well. We hereby concur with their designation and support future water disposal operations under the conditions outlined in the exemption. Please be advised since this well is on a federal mineral estate under oil and gas lease NMSF078155, all previously issued conditions issued under the AED must be complied with and satisfied in addition to those issued by other agencies having a jurisdiction in this matter.

Let me know if you have any questions or concerns.

Kurt Fagrellius

From: Jones, William V., EMNRD [William.V.Jones@state.nm.us]
Sent: Thursday, September 09, 2010 4:51 PM
To: Kurt Fagrellius
Cc: Hayden, Steven, EMNRD
Subject: FW: Dugan's New Entrada Well

Kurt:

Daniel wants a new OCD disposal permit application since the permit has legally lapsed and was at least a couple of years old.

As far as the C-108, assuming ownership, well location, well construction, has not changed. Just copy the technical info and send in again. Repost in the newspaper and send notice to the affected persons surrounding the well as you did before. If you get waivers or some other indication of agreement, that makes it go faster.

The 15 days we must wait is from the date of the newspaper and other notices.

Please send ASAP and we will get it out promptly.

Congratulations on the aquifer exemption,

Will Jones
New Mexico
Oil Conservation Division
Images Contacts

Confidentiality Notice: This e-mail, including all attachments is for the sole use of the intended recipient(s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure or distribution is prohibited unless specifically provided under the New Mexico Inspection of Public Records Act. If you are not the intended recipient, please contact the sender and destroy all copies of this message. -- This email has been scanned by the Sybari - Antigen Email System.

9/10/2010

Kurt Fagrelus

From: nnepauc1@frontiernet.net
Sent: Tuesday, September 07, 2010 1:32 PM
To: Kurt Fagrelus
Cc: basinger.david@epa.gov
Subject: Fw: West Bisti SWD#1 aquifer exemption signed
Attachments: Dugan AE 3sep10.pdf

Mr. Fagrelus:

I am in receipt of the above-referenced aquifer exemption from USEPA Reg 9 signed 9/3/10 (attached). Pursuant to your telephone inquiry of this morning, Dugan is authorized to resume injection at the West Bisti SWD #1, effective immediately.

In order for Dugan to avoid future enforcement problems, it is imperative that you read, understand, and comply with all of the terms and conditions set forth in NNEPA/UIC injection well Permit NN-17.

William E. Freeman
Sr Hydrologist/Prog Mgr
NNEPA/UIC - Shiprock

----- Original Message -----

From: Basinger.David@epa.gov
To: Bill Freeman
Cc: Kurt Fagrelus
Sent: Tuesday, September 07, 2010 11:36 AM
Subject: West Bisti SWD#1 aquifer exemption signed

The attached was mailed Friday.

Dave Basinger
Environmental Engineer, Underground Injection Control
Water Division, Mail Code WTR-9
U.S. Environmental Protection Agency, Region 9
75 Hawthorne Street
San Francisco, CA 94105-3901
office 415.972.3506
fax 415.947.3545 (include name and mail code)
please consider the environment before printing this

9/10/2010



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION IX
75 Hawthorne Street
San Francisco, CA 94105-3901

9-9-08

CERTIFIED MAIL NO. 7000 1670 0011 9907 4741
RETURN RECEIPT REQUESTED

Mr. Kurt Fagrelus
Vice President, Exploration
Dugan Production Corp.
709 East Murray Drive
P.O. Box 420
Farmington, NM 87499-0420

Re: Notice of Violation (NOV) and Determination of Underground Source of
Drinking Water (USDW), West Bisti Salt Water Disposal (SWD) No. 1 Well,
UIC Permit NN207000003, San Juan County, NM, API No. 3004533828, Lease
No. NMSF-078155

Dear Mr. Fagrelus:

We received and have reviewed Dugan Production Corporation's ("Dugan")
August 20, 2008 request for a 90-day extension to provide additional information in order
to demonstrate that Total Dissolved Solids (TDS) of formation water in the injection
interval of the West Bisti Salt Water Disposal (SWD) No. 1 Well exceeds 10,000 mg/l.
We also received additional information you submitted via email dated August 29, 2008.

Based on our review of the recently submitted information, combined with
information previously provided, including your laboratory analysis of water sampled
during well construction and prior to injection, as well as calculations derived from
additional well logs for nearby wells which you provided, the Entrada formation at this
location qualifies as an Underground Source of Drinking Water (USDW) under 40 CFR
§146.3. Consideration of the additional information provided to date does not
convincingly support an argument to the contrary and does not support granting a further
extension of time for the submittal of relevant new information.

Since the Entrada formation at this location is currently classified as a USDW,
every instance of discharge of fluid from the SWD No. 1 Well into the USDW is a
violation of Part III.A of Dugan's permit, which prohibits injection that "allows the
movement of fluid containing any contaminant into underground sources of drinking
water" from this well. Continued injection also constitutes a violation of 40 CFR §144.12
which prohibits the movement of any contaminated fluid into USDWs. Dugan is
therefore subject to an enforcement action, and penalties, pursuant to Safe Drinking

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SEP 16 2008

Printed on Recycled Paper

Water Act section 1423 and 40 CFR § 144.12(b), as well as permit termination proceedings pursuant to 40 CFR § 144.40. Accordingly, EPA is commencing an enforcement action to stop injection into this formation at this location.

Please direct any questions or comments to me at (415) 972-3971, or you may contact Dave Basinger at (415) 972-3506 or have your attorney call Rich Campbell, Office of Regional Counsel, at (415) 972-3870.

Sincerely,



David Albright
Manager, Ground Water Office

Date Sept 9, 2008

cc: Stephen B. Etsitty, Executive Director, Navajo Nation EPA
William Freeman, Program Manager, Navajo Nation EPA UIC Program
Steve Henke, Manager, Farmington, Field Office, Bureau of Land Management
Bertha Spencer, Regional Realty Officer, Bureau of Indian Affairs, Navajo Region

AFFIDAVIT OF PUBLICATION

Ad No. 54457

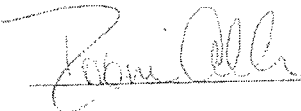
STATE OF NEW MEXICO
County of San Juan:

COPY OF PUBLICATION

ROBIN ALLISON, being duly sworn says:
That she is the CLASSIFIED MANAGER of
THE DAILY TIMES, a daily newspaper of
general circulation published in English at
Farmington, said county and state, and that
the hereto attached Legal Notice was
published in a regular and entire issue of the
said DAILY TIMES, a daily newspaper duly
qualified for the purpose within the meaning of
Chapter 167 of the 1937 Session Laws of the
State of New Mexico for publication and
appeared in the Internet at The Daily Times
web site on the following day(s):

Thursday, December 28, 06

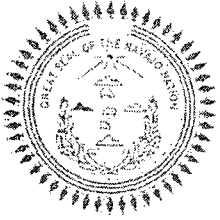
And the cost of the publication is \$42.54



ON _____ ROBIN ALLISON
appeared before me, whom I know personally
to be the person who signed the above
document.

My Commission Expires _____

Legal Notices
Dugan Production Corp.
P.O. Box 420, Farmington, N.M. 87409 is making application for administrative approval and disposal of produced water by underground injection. Contact person is Kurla Stephens, phone 505-326-1821. The proposed disposal site is the Yostish SWD-21 located 2500' int. to 1855' in Sec 35, T2N, 26E, R10W, San Juan Co., N.M. Water will be injected into the Entrada Sandstone between 8915' and 9115' below the surface. Maximum injection pressure is 1363 psi. Maximum injection rate is 5000 barrels of water daily. Any interested parties must file objections or requests for hearing with the Oil Conservation Division, 1220 South Santa Fe Avenue, Santa Fe, NM 87505 within 15 days.
Legal No. 54457, published in The Daily Times, Farmington, New Mexico, on Thursday, December 28, 2006.



NAVAJO NATION ENVIRONMENTAL PROTECTION AGENCY
Underground Injection Control Program
P.O. Box 1999
Shiprock, New Mexico 87420
(505) 368-1040



Dr. Joe Shirley, Jr.
PRESIDENT

Ben Shelley
VICE-PRESIDENT

HAND DELIVERED

May 25, 2010

Kurt Fagrellius, Vice President - Exploration
Dugan Production Corp.
709 E. Murray Drive
P.O. Box 420
Farmington, New Mexico 87499-0420

Re: West Bisti SWD #1, San Juan County, New Mexico
Aquifer Exemption Application

Dear Mr. Fagrellius:

This is to notify you that the Navajo Nation Environmental Protection Agency has reviewed and accepted the above referenced draft aquifer exemption application from Dugan Production Corporation dated December 8, 2009, as the final aquifer exemption application document.

The 30-day public notice regarding this application was posted in the *Farmington Daily Times* on April 7, 2010 and concurrently announced on local radio station *KNDV* in English and Navajo languages. Also sundry other pertinent state, tribal, and federal agencies were sent electronic copies of the aforementioned notice on April 5, 2010. There were no public comments received by this office by the close of the Public Notice period on May 7, 2010.

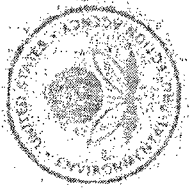
Further action by the NNEPA regarding this aquifer exemption is pending any comments directed to USEPA Region 9's web notice of the proposed administrative penalty settlement relating to the West Bisti SWD #1 injection well (Docket No. UIC-09-2010-0003). The 30-day comment period for this notice closes on June 7, 2010.

If you have any questions you may contact me at the UIC Program office in Shiprock at (505) 368-1041.

Sincerely,

William E. Freeman
Senior Hydrologist / Program Manager
NNEPA UIC Program

KATHY HUNT, a single woman,



Region 9: Compliance and Enforcement

You are here: [EPA Home](#) [Region 9](#) [Compliance and Enforcement](#) [Dugan Production Corp.](#)

Notice of Proposed Settlement of Safe Drinking Water Act Administrative Penalty and Opportunity to Comment in Matter of Dugan Production Corporation

Publish Date: May 6, 2010
Public Comment Closes: June 7, 2010

In the Matter of Dugan Production Corporation, Docket No. UIC-9-2010-0003

EPA is authorized under Sections 1423(c) and 1445(a) of the Safe Drinking Water Act (the "Act"), 42 U.S.C. §§ 300h-2(c), 300h-4(a), to assess administrative penalties against any person who fails to comply with the requirements of regulations enacted in accordance with Section 1422(c) of the Act, 42 U.S.C. § 300h-3(c). This action under Section 1423(c) is conducted in accordance with the "Consolidated Rules of Practice Governing the Administrative Assessment of Civil Penalties, Issuance of Compliance or Corrective Action Orders, and the Revocation, Termination or Suspension of Permits" ("Consolidated Rules"), set forth at 40 C.F.R. Part 22.

Dugan Production Corporation ("Respondent") agrees to the issuance of this Consent Agreement and proposed Final Order ("settlement"). In accordance with Section 1423(c)(3)(B) of the Act, 42 U.S.C. §§ 300h-2(c)(3)(B), EPA is hereby providing public notice of and opportunity to comment on this proposed settlement, recorded in a Consent Agreement and proposed Final Order in the following matter:

In the Matter of: Dugan Production Corporation, Navajo Nation, San Juan County, NM, Docket No. UIC-09-2010-0003

Complainant: Alexis Strauss, Director, Water Division, U.S. EPA, Region 9, 75 Hawthorne St., San Francisco, CA 94105

Respondent: Dugan Production Corporation, Navajo Nation, San Juan County, NM

Description of Business or Activity Conducted by the Respondents: Oil and Gas production

Alleged Violation: Dugan Production Corporation ("Dugan") is allowed to engage in underground injection in accordance with the conditions of their Class II UIC Permit No. NN 207000003 pursuant to the Underground Injection Control Regulations of 40 C.F.R. Parts 124, 144, 145, 146, 147 and 148. EPA and Dugan have entered into a Consent Agreement and proposed Final Order

<http://www.epa.gov/region9/enforcement/pubnotices/pubnotice-dugan-prod.html>

("CA/FO") that will resolve the above referenced action against Dugan Production Corporation (Dugan) for violating the SDWA's Underground Injection Control ("UIC") rules during its construction and operation of a Class II UIC well in the Navajo Nation, New Mexico, and for unauthorized injection of fluids to an Underground Source of Drinking Water ("USDW").

Proposed Settlement Penalty: \$108,500

Date Filed with Regional Hearing Clerk: May 5, 2010

Name, Mailing Address, Telephone Number, and email of Regional Hearing Clerk:

Steven Armsey
U.S. EPA, Region 9
75 Hawthorne Street ORC-1
San Francisco, CA 94105
(415) 972-3919
r9hearingclerk@epa.gov

Please provide the following information along with your comments and submit them in accordance with Part 22: Your full name, mailing address, telephone number, email, the Docket Number (UIC-09-2010-0003), and a concise statement of the basis for and relevant facts supporting any comment for the case to which you are commenting. Persons wishing to comment on this case, including comments on the amount or basis of the proposed penalty, are invited to submit a statement to the EPA Regional Administrator, attention of the Regional Hearing Clerk (address above), within 30 days of the date of this public notice. All comments received within this 30 day period will be considered in the issuance of the final order. If the 30th day of the comment period falls on a Saturday, Sunday or Federal holiday, the deadline shall be extended to the next business day. See 40 C.F.R. 22.7(a). In order to provide opportunity for public comment and in accordance with 40 C.F.R. 22.45(b), EPA will not take final action in this proceeding prior to forty (40) days after issuance of this notice.

For More Information

Persons wishing to receive a copy of Part 22, review the documents filed by the parties in this proceeding, comment upon the proposed penalty assessment, or participate in any hearing that may be held, should contact the Regional Hearing Clerk identified above. Unless otherwise noted the public record for the proceeding is located in the EPA Regional Office at 75 Hawthorne Street, San Francisco, California 94105, and the file will be open for public inspection during normal business hours.

Consent Agreement and Final Order (PDF)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

FORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010

FEB 22 2010

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other <i>SWD</i>		5. Lease Serial No. SF-078155
2. Name of Operator Dugan Production Corp.		6. If Indian, Allottee or Tribe Name
3a. Address P. O. Box 420, Farmington, NM 87400-0420	3b. Phone No. (include area code) 505-325-1821 <i>SWD</i>	7. If Unit of CA/Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) O-sic 35-26N-13W <i>2500' FNL, 1855' FEL</i>		8. Well Name and No. West Bisti SWD #1
		9. API Well No. <i>50-045-35828</i>
		10. Field and Pool or Exploratory Area Entrada
		11. Country or Parish, State San Juan

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input checked="" type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

Conducted MIT to temporarily abandon. Pressure tested 5-1/2" casing to 500# 30 min held ok. Witnessed by Monica Shuford w/ OGD.

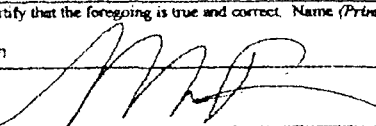
KUEHLING

RCVD MAR 2 '10

OIL CONS. DIV.

DIST. 3

NMOCD T/A EXPIRES 2-11-2015

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed) Mark S Brown		Title Drilling Superintendent
Signature 		Date 02/18/2010

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by	Title	Office
Conditions of approval, if any, are attached. Approval of this notice 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.	<i>WASHINGTON FIELD OFFICE</i>	<i>NY</i>

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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.

(Instructions on page 2)

NMOCD 70

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010**SUNDRY NOTICES AND REPORTS ON WELLS**
*Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.*5. Lease Serial No.
NMSF078155

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

7. If Unit or Co. Agreement, Name and/or No.

1. Type of Well

☐ Oil Well ☐ Gas Well ☒ Other: UNKNOWN OTH8. Well Name and No.
WEST BISTI SWD 1

2. Name of Operator

DUGAN PRODUCTION CORPORATION

Contact: JOHN C ALEXANDER

Mail: johncalexander@duganproduction.com

9. API Well No.

30-045-33828-00-S1

3a. Address

FARMINGTON, NM 87499

3b. Phone No. (include area code)

Ph: 505-325-1821

10. Field and Pool, or Exploratory
SWD ENTRADA

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Sec 35 T26N R13W SWNE 2500FNL 1855FEL

11. County or Parish, and State

SAN JUAN COUNTY, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

TYPE OF ACTION

☒ Notice of Intent☐ Subsequent Report☐ Final Abandonment Notice☐ Acidize☐ Alter Casing☐ Casing Repair☐ Change Plans☐ Convert to Injection☐ Deepen☐ Fracture Treat☐ New Construction☐ Plug and Abandon☐ Plug Back☐ Production (Start/Resume)☐ Reclamation☐ Recomplete☒ Temporarily Abandon☐ Water Disposal☐ Water Shut-Off☐ Well Integrity☐ Other

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Request permission to temporarily abandon the West Bisti SWD 1 wellbore. The well is shut-in waiting on approval from Navajo EPA to begin injection. NMOCD will be notified to conduct a casing pressure test.

TA approved under 2/1/11

Must comply with NMOCD Rules

19.15.25.12, 19.15.25.13 and

19.15.25.14

Notify NMOCD 24 hrs
prior to beginning
operations

RCVD JAN 14 '10

OIL CONS. DIV.

DIST. 3

14. I hereby certify that the foregoing is true and correct.

Electronic Submission #79915 verified by the BLM Well Information System
For DUGAN PRODUCTION CORPORATION, sent to the Farmington
Committed to AFMSS for processing by STEVE MASON on 01/13/2010 (10SXM0061SE)

Name (Printed/Typed) JOHN C ALEXANDER

Title VICE-PRESIDENT

Signature (Electronic Submission)

Date 01/12/2010

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By: STEPHEN MASON

Title: PETROLEUM ENGINEER

Date 01/13/2010

Conditions of approval, if any, are attached. Approval of this notice 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.

Office Farmington

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**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

NMOCD 68

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other: UNKNOWN OTH		5. Lease Serial No. NMSF078155
2. Name of Operator DUGAN PRODUCTION CORPORATION		6. If Indian, Allottee or Tribe Name
Contact: JOHN C ALEXANDER Email: johncalexander@duganproduction.com		7. If Unit or CA/Agreement, Name and/or No.
3a. Address FARMINGTON, NM 87499	3b. Phone No. (include area code) Ph: 505-325-1821	8. Well Name and No. WEST BISTI SWD 1
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 35 T26N R13W SWNE 2500FNL 1855FEL		9. API Well No. 30-045-33828-00-X1
		10. Field and Pool, or Exploratory SWD ENTRADA
		11. County or Parish, and State SAN JUAN COUNTY, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Drilling Operations
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Spud 12-1/4" hole on 11/24/07. Drilled to 489'. Run 8-5/8" 24# J-55 csg. Land @ 477', float collar @ 435' RKB. Cement w/300 sx Type 5 cement w/2% CaCl₂ & 1/4# celloflake/sx (354 cu ft total slurry). Displace w/27.5 bbls water. Circ 15 bbls cement. NU BOP. Pressure test per BLM specs; pressure test csg to 1000#.

RCVD DEC 4 '07
OIL CONS. DIV.
DIST. 3

14. I hereby certify that the foregoing is true and correct. Electronic Submission #57330 verified by the BLM Well Information System For DUGAN PRODUCTION CORPORATION, sent to the Farmington Committed to AFMSS for processing by JIM LOVATO on 12/03/2007 (08JXL0027SE)	
Name (Printed/Typed) JOHN C ALEXANDER	Title VICE-PRESIDENT
Signature (Electronic Submission)	Date 11/29/2007

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

ACCEPTED		JIM LOVATO Title PETROLEUM ENGINEER	Date 12/03/2007
Approved By		Office Farmington	
Conditions of approval, if any, are attached. Approval of this notice 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.			

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**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

NMOCB

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other: UNKNOWN OTH		5. Lease Serial No. NMSF078155
2. Name of Operator DUGAN PRODUCTION CORPORATION		6. If Indian, Allottee or Tribe Name
3a. Address FARMINGTON, NM 87499		7. If Unit or CA/Agreement, Name and/or No.
3b. Phone No. (include area code) Ph: 505-325-1821		8. Well Name and No. WEST BISTI SWD 1
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 35 T26N R13W SWNE 2500FNL 1855FEL		9. API Well No. 30-045-33828-00-X1
10. Field and Pool, or Exploratory SWD ENTRADA		11. County or Parish, and State SAN JUAN COUNTY, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Drilling Operations
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Drill to TD @ 7250' on 12/5/07. Ran 26 jts 5-1/2" 17# L-80 csg & 145 jts 5-1/2" 15-5# J-55 csg in 7-7/8" hole. Land @ 7208', float collar @ 7166'. DV tools @ 4986' & 1647'. Cement 1st stage w/10 bbls mud flush, 10 bbls water, 120 sx Howco Premium Light w/5#/sx Gilsonite & 1/8# Poly E flake/sx cement (228 cu ft slurry). Tail w/190 sx 50/50 Poz Standard w/5# Gilsonite/sx & 1/8# Poly E Flake/sx (247 cu ft slurry). Circ 4 hrs in preparation for 2nd stage, recovered 5 bbls cement. Cemented 2nd stage w/10 bbls mud flush, 10 bbls water, 310 sx Howco Premium Light w/5# Gilsonite/sx & 1/8# Poly E Flake/sx (589 cu ft slurry). Tail w/80 sx 50/50 Poz Standard w/5# Gilsonite/sx & 1/8# Poly E Flake/sx (104 cu ft slurry). Circ 2-1/2 hrs in preparation for 3rd stage, recovered 10 bbls cement. Cemented 3rd stage w/10 bbls mud flush, 10 bbls water, 180 sx Howco Premium Light w/5# Gilsonite/sx & 1/8# Poly E Flake/sx (342 cu ft slurry). Tail w/110 sx 50/50 Poz Standard w/5# Gilsonite/sx & 1/8# Poly E Flake (143 cu ft slurry). Circulated 15 bbls cement to surface. Total all 3 stages 1654 cu ft. Pressure test will be reported on completion sundry.

RCVD DEC 17 '07
OIL CONS. DIV.
DIST. 3

14. I hereby certify that the foregoing is true and correct. Electronic Submission #57525 verified by the BLM Well Information System For DUGAN PRODUCTION CORPORATION, sent to the Farmington Committed to AFMSS for processing by JIM LOVATO on 12/14/2007 (08JM0469S)	
Name (Printed/Typed) JOHN C ALEXANDER	Title VICE-PRESIDENT
Signature (Electronic Submission)	Date 12/12/2007

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By ACCEPTED	JIM LOVATO Title PETROLEUM ENGINEER	Date 12/14/2007
Conditions of approval, if any, are attached. Approval of this notice 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.		Office Farmington

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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.

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

NMOCD



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

MECHANICAL INTEGRITY TEST REPORT

(TA OR UIC)

Date of Test 2-1-08 Operator Dugan Prod. Corp. API # 30-0 45-33828

Property Name West Bist. SWD Well # 1 Location: Unit G Sec 35 Twn 26 Rge 13

Land Type:

State _____
Federal ☒ _____
Private _____
Indian _____

Well Type:

Water Injection _____
Salt Water Disposal ☒ _____
Gas Injection _____
Producing Oil/Gas _____
Pressure observation _____

Temporarily Abandoned Well (Y/N): _____ TA Expires: _____

Casing Pres. 0
Bradenhead Pres. 0
Tubing Pres. 60
Int. Casing Pres. N/A

Tbg. SI Pres. _____
Tbg. Inj. Pres. _____

Max. Inj. Pres. 1383

RCVD FEB 1 '08

OIL CONS. DIV.

Pressured annulus up to 530 psi. for 30 mins. Test passed failed DIST. 3

REMARKS:

top put @ 6878 packer set at 6809
Entrada formation

dropped 8165 in 30 minutes

By Doug Anderson
(Operator Representative)

Witness Monica Kuehling
(NMOCD)

(Position)

Revised 02-11-02

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other: UNKNOWN OTH		5. Lease Serial No NMSF078155
2. Name of Operator DUGAN PRODUCTION CORPORATION		6. If Indian, Allottee or Tribe Name
3a. Address FARMINGTON, NM 87499		7. If Unit or CA/Agreement, Name and/or No.
3b. Phone No. (include area code) Ph: 505-325-1821		8. Well Name and No. WEST BISTI SWD 1
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 35 T26N R13W SWNE 2500FNL 1855FEL		9. API Well No. 30-045-33828-00-X1
		10. Field and Pool, or Exploratory SWD ENTRADA
		11. County or Parish, and State SAN JUAN COUNTY, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Deepen
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Alter Casing
	<input type="checkbox"/> Fracture Treat
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Change Plans
	<input type="checkbox"/> Plug and Abandon
	<input type="checkbox"/> Convert to Injection
	<input type="checkbox"/> Plug Back
	<input type="checkbox"/> Production (Start/Resume)
	<input type="checkbox"/> Reclamation
	<input type="checkbox"/> Recomplete
	<input type="checkbox"/> Temporarily Abandon
	<input type="checkbox"/> Water Disposal
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Well Integrity
	<input checked="" type="checkbox"/> Other Drilling Operations

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Drilled out stage tools
Pressure test casing at 3,000 psi with no leaks
Perforate Entrada Sandstone from 6878'-7064' w/1 spf (total 186' & 191 holes)
Acidize with 2,000 gal. 15% HCL and ball sealers
Swabbed back acid load
Ran 2-7/8" EUE plastic lined tubing with Loc-Set packer
Set packer at 6809'

1376 psi
max

RCVD FEB 6 '08

OIL CONS. DIV.

DIST. 3

8745-1072 (2/6/07)

14. I hereby certify that the foregoing is true and correct.	
Electronic Submission #58398 verified by the BLM Well Information System For DUGAN PRODUCTION CORPORATION, sent to the Farmington Committed to AFMSS for processing by JIM LOVATO on 02/05/2008 (08JXL0048SE)	
Name (Printed/Typed) JOHN C ALEXANDER	Title VICE-PRESIDENT
Signature (Electronic Submission)	Date 02/01/2008

THIS SPACE FOR FEDERAL OR STATE OFFICE USE/CEPTED FOR RECORD

Approved By	ACCEPTED	JIM LOVATO Title PETROLEUM ENGINEER	FEB 05 2008	Date 02/05/2008
Conditions of approval, if any, are attached. Approval of this notice 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.		FARMINGTON FIELD OFFICE BY		

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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.

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

NMOCD

(Other instructions on
reverse side)

Expires: February 28, 1995

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

WELL COMPLETION OR RECOMPLETION REPORT AND LOG*

1 a TYPE OF WELL: OIL WELL <input type="checkbox"/> GAS WELL <input type="checkbox"/> DRY <input type="checkbox"/> OTHER <u>SWD-1072</u>		5 LEASE DESIGNATION AND SERIAL NO. NMSF-078155	
b TYPE OF COMPLETION NEW <input type="checkbox"/> WORK <input type="checkbox"/> DEEP- <input type="checkbox"/> PLUG <input type="checkbox"/> DIFF. <input type="checkbox"/> CENTR. <input type="checkbox"/> OTHER <input checked="" type="checkbox"/> RECEIVED		6 IF INDIAN, ALLOTTEE OR TRIBE NAME RCVD FEB 11 '08	
2 Name of Operator Dugan Production Corp.		7 UNIT AGREEMENT NAME OIL CONS. DIV.	
3 Address and Telephone No P.O. Box 420, Farmington, NM 87499 (505) 325-1821		8 FARM OR LEASE NAME, WELL NO DIST. 3	
4 LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 2500' FNL & 1855' FEL (SW/4 NE/4)		9 API Well No 33828 30-045-34356-0051	
At top prod interval reported below same		10 FIELD AND POOL, OR WILDCAT Basin Fruitland Coal (96436)	
At total depth same		11 SEC. T. R. M., OR BLOCK AND SURVEY OR AREA Unit G	
14 PERMIT NO		DATE ISSUED FEB 05 2008	
15 DATE SPUDDED 11/24/2007		12 COUNTY OR PARISH San Juan	
16 DATE T.D. REACHED 12/5/2007		13 STATE NM	
17 DATE COMPL (Ready to prod) 1/30/2008		18 ELEVATIONS (DF, RKB, RT, GR, ETC)* 6221' GL	
19 ELEV CASINGHEAD		20 TOTAL DEPTH, MD & TVD 7250'	
21 PLUG BACK T.D., MD & TVD 7145'		22 IF MULTIPLE COMPL. HOW MANY*	
23 INTERVALS DRILLED BY TD		24 PRODUCING INTERVAL(S), OF THIS COMPLETION - TOP, BOTTOM, NAME (MD AND TVD)* 6878'-7064' (Entrada)	
25 WAS DIRECTIONAL SURVEY MADE no		26 TYPE ELECTRIC AND OTHER LOGS RUN GR-CNL-CCL	
27 WAS WELL CORED no		28 CASING RECORD (Report all strings set in well)	
29 LINER RECORD		30 TUBING RECORD	
31 PERFORATION RECORD (Interval, size and number) 6878'-7064' w/1 spf (total 186', 191 holes)		32 ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC DEPTH INTERVAL (MD) 6878'-7064' AMOUNT AND KIND OF MATERIAL USED 2000 gals 15% HCL & ball sealers	
33 * PRODUCTION		WELL STATUS (Producing or shut in) Shut in	
DATE FIRST PRODUCTION N/A		PRODUCTION METHOD (Flowing, gas lift, pumping - size and type of pump)	
DATE OF TEST		HOURS TESTED	
CHOKE SIZE		PROD'N FOR TEST PERIOD	
OIL - BBL		GAS - MCF	
WATER - BBL		GAS - OIL RATIO	
FLOW TUBING PRESS		CASING PRESSURE	
CALCULATED 24 - HOUR RATE		OIL - BBL	
GAS - MCF		WATER - BBL	
OIL GRAVITY - API (CORR)		TEST WITNESSED BY FEB 08 2008	
34 DISPOSITION OF GAS (Solt, used for fuel, vented, etc)		35 LIST OF ATTACHMENTS	
36 I hereby certify that the foregoing and attached information is complete and correct as determined from all available records		FARMINGTON FIELD OFFICE	
SIGNED John Alexander		Title Vice-President	
Date 2/1/2008			

*(See Instructions and Spaces for Additional Data on Reverse Side)

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NMOCD

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

5. Lease Serial No.
NMSF078155

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.
WEST BISTI SWD 1

9. API Well No.
30-045-33828-00-S1

10. Field and Pool, or Exploratory
SWD ENTRADA

11. County or Parish, and State
SAN JUAN COUNTY, NM

1. Type of Well
☐ Oil Well ☐ Gas Well ☒ Other: UNKNOWN OTH

2. Name of Operator **DUGAN PRODUCTION CORPORATION** Contact: **JOHN C ALEXANDER**
Email: johncalexander@duganproduction.com

3a. Address
FARMINGTON, NM 87499

3b. Phone No. (include area code)
Ph: 505-325-1821

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Sec 35 T26N R13W SWNE 2500FNL 1855FEL

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Drilling Operations
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Water injection commenced 2/21/2008.

RCVD MAR 19 '08
OIL CONS. DIV.

DIST. 3

3160-4 on file

SWD order 1072

14. I hereby certify that the foregoing is true and correct.

**Electronic Submission #58871 verified by the BLM Well Information System
For DUGAN PRODUCTION CORPORATION, sent to the Farmington
Committed to AFMSS for processing by JIM LOVATO on 03/18/2008 (08JXL0061SE)**

Name (Printed/Typed) **JOHN C ALEXANDER**

Title **VICE-PRESIDENT**

Signature (Electronic Submission)

Date **02/29/2008**

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By

ACCEPTED

JIM LOVATO
Title **PETROLEUM ENGINEER**

Date **03/18/2008**

Conditions of approval, if any, are attached. Approval of this notice 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.

Office **Farmington**

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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.

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

NMOCD *B*

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

5. Lease Serial No.
NMSF078155

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.
WEST BISTI SWD 1

9. API Well No.
30-045-33828-00-S1

10. Field and Pool, or Exploratory
SWD ENTRADA

11. County or Parish, and State
SAN JUAN COUNTY, NM

1. Type of Well
☐ Oil Well ☐ Gas Well ☒ Other: UNKNOWN OTH

2. Name of Operator Contact: JOHN C ALEXANDER
DUGAN PRODUCTION CORPORATION Mail: johncalexander@duganproduction.com

3a. Address
FARMINGTON, NM 87499

3b. Phone No. (include area code)
Ph: 505-325-1821

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Sec 35 T26N R13W SWNE 2500FNL 1855FEL

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplate horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Dugan Production Corp. submits the following amended formation tops:

Ojo Alamo - surface	Mancos - 3888'
Kirtland - 98'	Gallup - 4760'
Fruitland - 854'	Greenhorn - 5611'
Pictured Cliffs - 1224'	Graneros - 5670'
Lewis - 1370'	Dakota - 5691'
Upr Cliff House - 1962'	Morrison - 5924'
Upr Menefee - 2138'	Bluff - 6494'
Lwr Cliff House - 2292'	Todilto - 6850'
Lwr Menefee - 2517'	Entrada - 6878'
Point Lookout - 3724'	Total Depth - 7250'

ROVD APR 10 '08

OIL CONS. DIV.

DIST. 8

SWD-1072

14. Thereby certify that the foregoing is true and correct.

Electronic Submission #59515 verified by the BLM Well Information System
For DUGAN PRODUCTION CORPORATION, sent to the Farmington
Committed to AFMSS for processing by STEVE MASON on 04/09/2008 (08SXM0096SE)

Name (Printed/Typed) JOHN C ALEXANDER

Title VICE-PRESIDENT

Signature (Electronic Submission)

Date 04/08/2008

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By

ACCEPTED

STEPHEN MASON
Title PETROLEUM ENGINEER

Date 04/09/2008

Conditions of approval, if any, are attached. Approval of this notice 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.

Office Farmington

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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.

** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED **

NMOCD

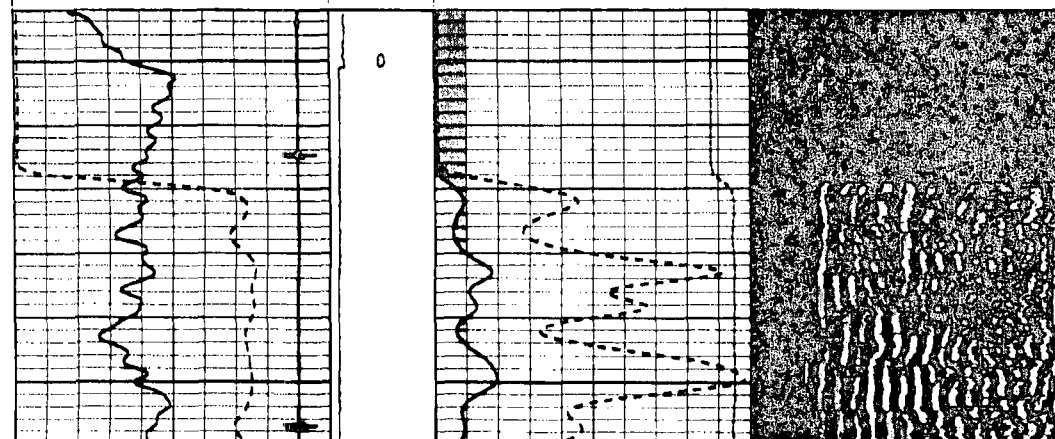
		ACOUSTIC CEMENT BOND LOG RCD JIM 5'08 OIL CONS. DIV.	
Company DUGAN PRODUCTION CORP.			
Well		WEST BISTI #1 SWD	
Field		ENTRADA	
County		SAN JUAN	
State		NM	
Location:		API #: 3004533828	
Permanent Datum Log Measured From Drilling Measured From		2500FTNL & 1855FEL (SMA - NE4) SEC 35 TWP 28N RGE 13W GROUND LEVEL GROUND LEVEL GROUND LEVEL	
Elevation		KB 6221' OF 6221' GL 6221'	
Date 04/07/08 Run Number ONE Depth Driller PACKER 6803 Depth Logger 6797 Bottom Logged Interval SURFACE Top Log Interval 7.875' Open Hole Size WATER Type Fluid N/A Density / Viscosity N/A Max. Recorded Temp. N/A Estimated Cement Top N/A Time Well Ready N/A Time Logger on Bottom T-103 Equipment Number FARMINGTON Location D ORD Recorded By MR. K. F. ACHILLOS Witnessed By MR. JIM WALZGER			
Borehole Record		Tubing Record	
Run Number	Bit	From	To
		Size	Weight
		From	To
Casing Record	Size	Weight	Top
Surface String	8.625"	24#	SURFACE
Prod. String			
Production String	5.5"	15.5#	SURFACE
Liner			Bottom
			477'
			7208'

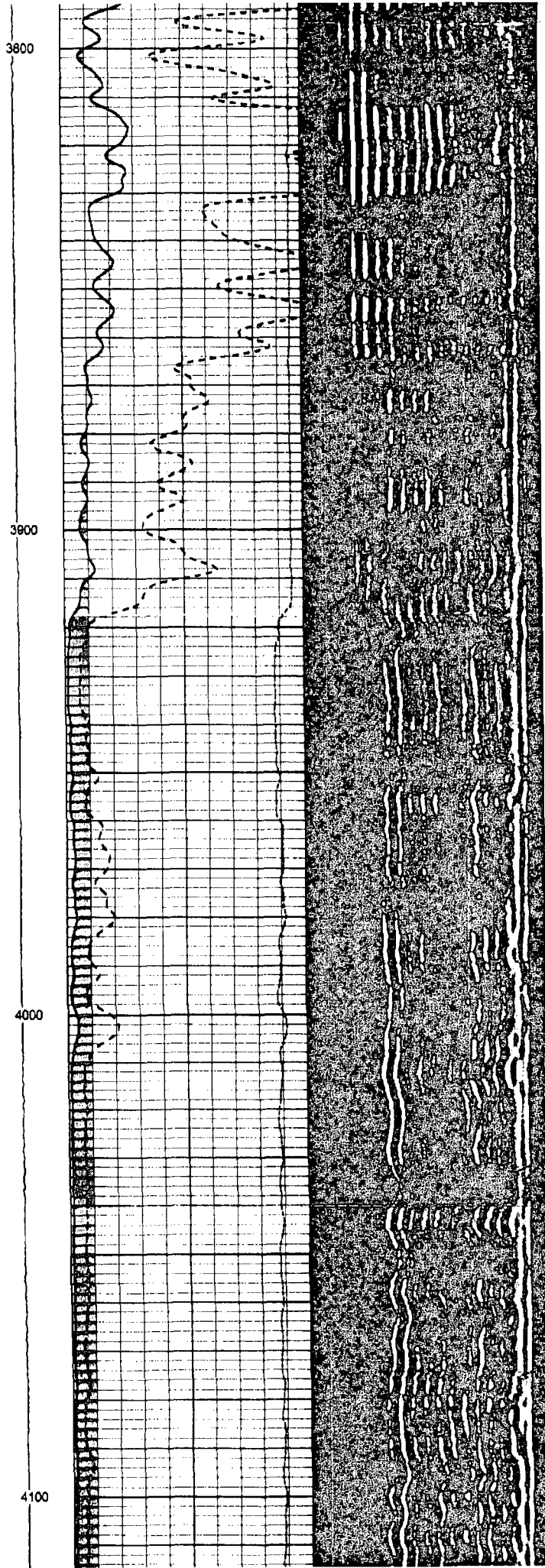
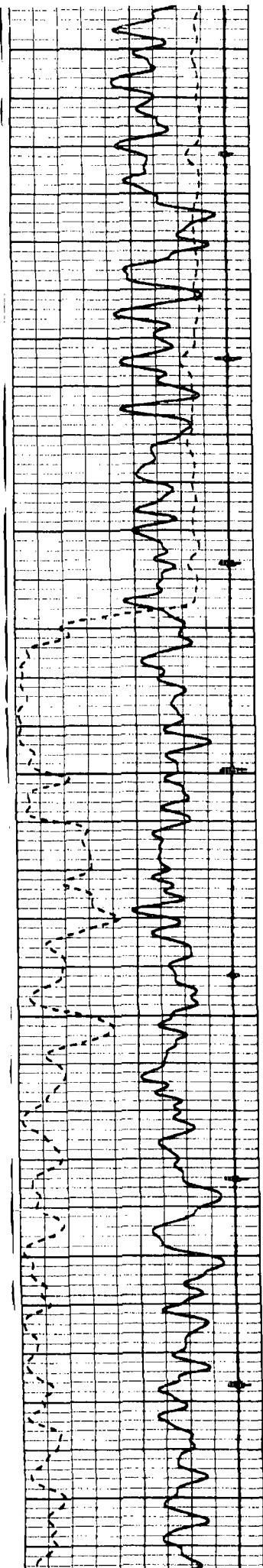
All interpretations are opinions based on inferences from electrical or other measurements and we cannot and do not guarantee the accuracy or correctness of any interpretation, and we shall not, except in the case of gross or willful negligence on our part, be liable or responsible for any loss, costs, damages, or expenses incurred or sustained by anyone resulting from any interpretation made by any of our officers, agents or employees. These interpretations are also subject to our general terms and conditions set out in our current Price Schedule.

Comments

Database File: wb1swdobl.db
 Dataset Pathname: ENT\WB1SWDCBL\run1\pass1
 Presentation Format: cbl_dr
 Dataset Creation: Mon Apr 07 12:46:02 2008 by Log Std Casedhole 05111
 Charted by: Depth in Feet scaled 1:240

0	Gamma Ray (GAPI)	200	WELLOBJ	1200	TT3 (usec)	200	200	Variable Density	1200
0	Collar Locator	1	(b)1500	0	Amplitude (mV)	100			
325	TRAVEL TIME (usec)	225	LTEN	0	Amplified Amplitude (mV)	20			
			(b)1500						

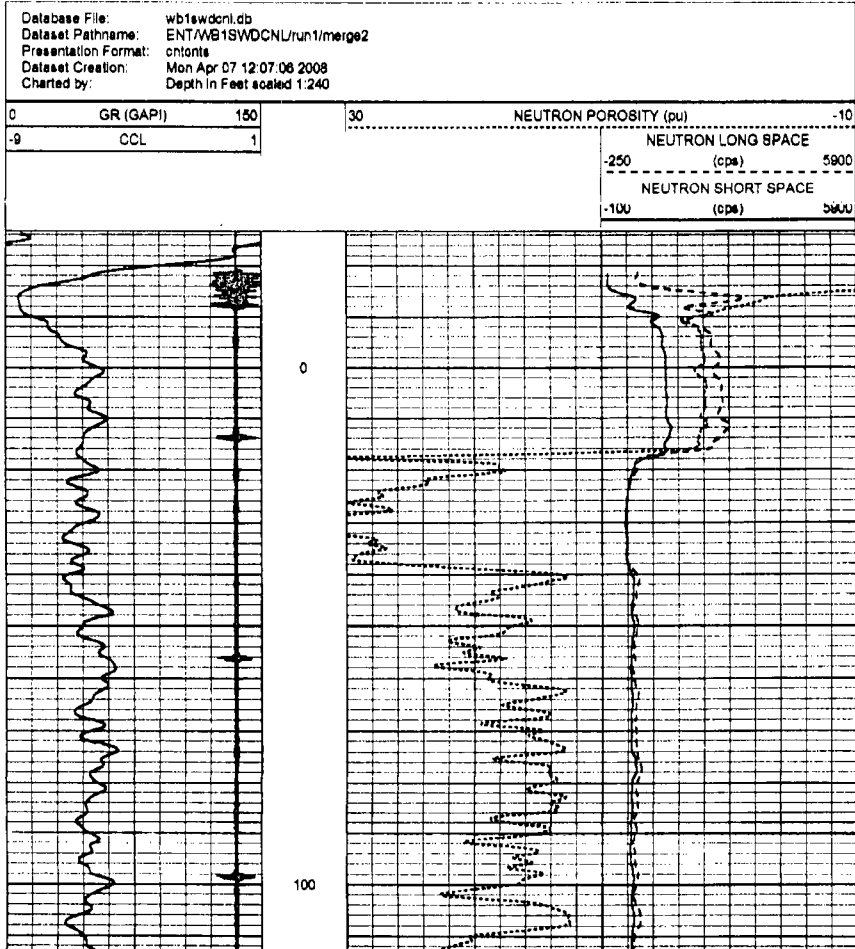


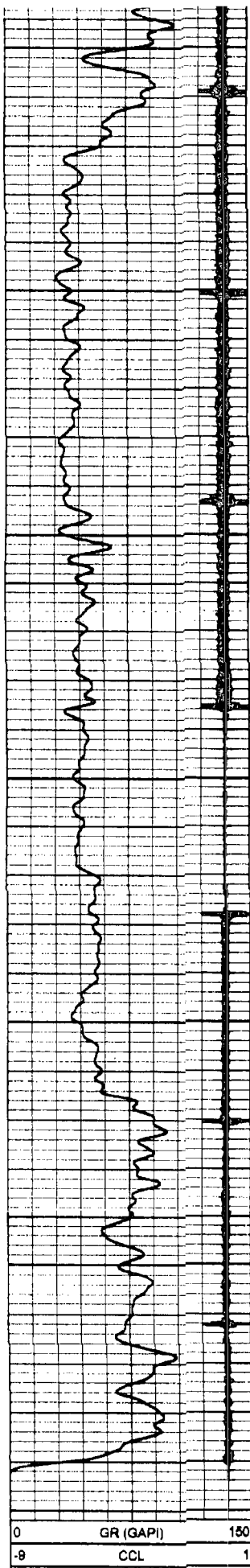


BARSON-DEB WELL LOGGING PERFORMING - WIRELINE SERVICES		CASED HOLE COMPENSATED NEUTRON LOG RCD JUN 5 '08 MLL CMS, DIV. DIST. 3	
Company DUGAN PRODUCTION CORP. Well WEST BISTI #1 SWD Field ENTRADA County SAN JUAN State NM		Company DUGAN PRODUCTION CORP. Well WEST BISTI #1 SWD Field ENTRADA County SAN JUAN State NM	
Location 25007NL & 1865TEL (SW4 - NE4) SEC 35 TWP 26N RGE 13W Permanent Datum Log Measured From GROUND LEVEL Drilling Measured From GROUND LEVEL		AP1 #: 300433928 Elevation 6221' K.B. 6221' D.F. 6221' G.L. 6221'	
Date 04/07/08 Run Number ONE Depth Driver 7165 Depth Logger 7165 Bottom Logged Interval 7165 Top Log Interval SURFACE Depth Interval Size WATER Type Fluid N/A Density / Viscosity N/A Max. Recorded Temp N/A Estimated Cement Top N/A Term Well Ready N/A Term Logger on Bottom T-103 Equipment Number FABRICATION Location D OKED Recorded By MR. JAM WALDER Witnessed By MR. K. FACEY/PLS		Borehole Record Run Number Btl From To Size Weight Turns Record From To Casing Record Surface String 8.625" 248' TOP SURFACE Prod. String 5.5" 15.24' SURFACE Production String 7.00"	

All Interpretations are opinions based on inferences from electrical or other measurements and we cannot and do not guarantee the accuracy or correctness of any interpretation, and we shall not, except in the case of gross or willful negligence on our part, be liable or responsible for any loss, costs, damages, or expenses incurred or sustained by anyone resulting from any interpretation made by any of our officers, agents or employees. These interpretations are also subject to our general terms and conditions set out in our current Price Schedule.

Comments

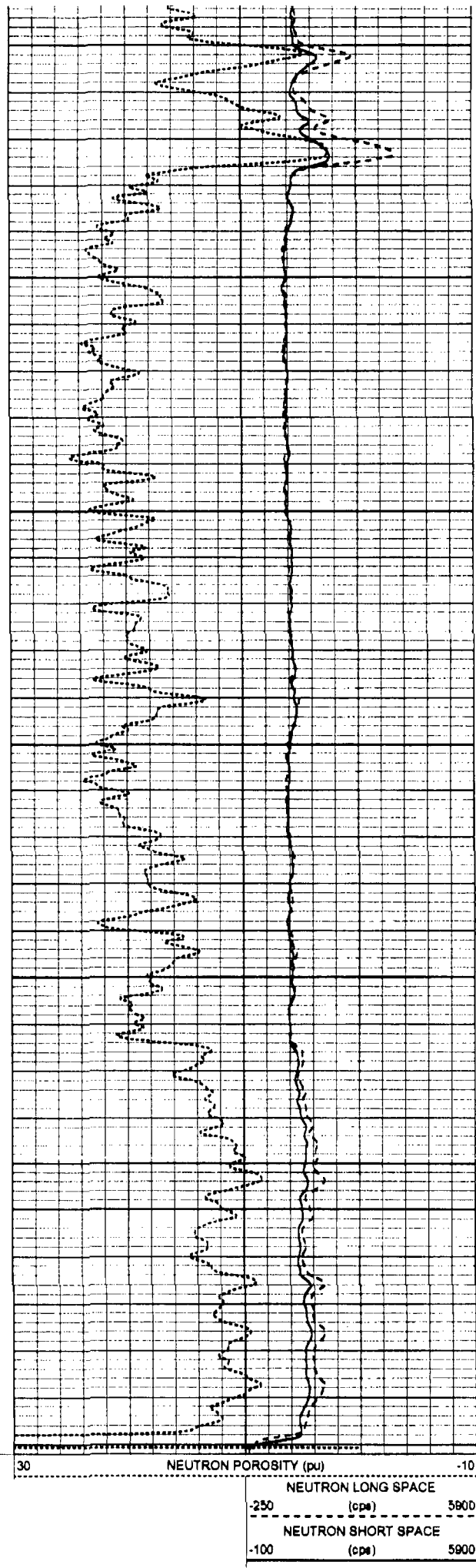




6900

7000

7100



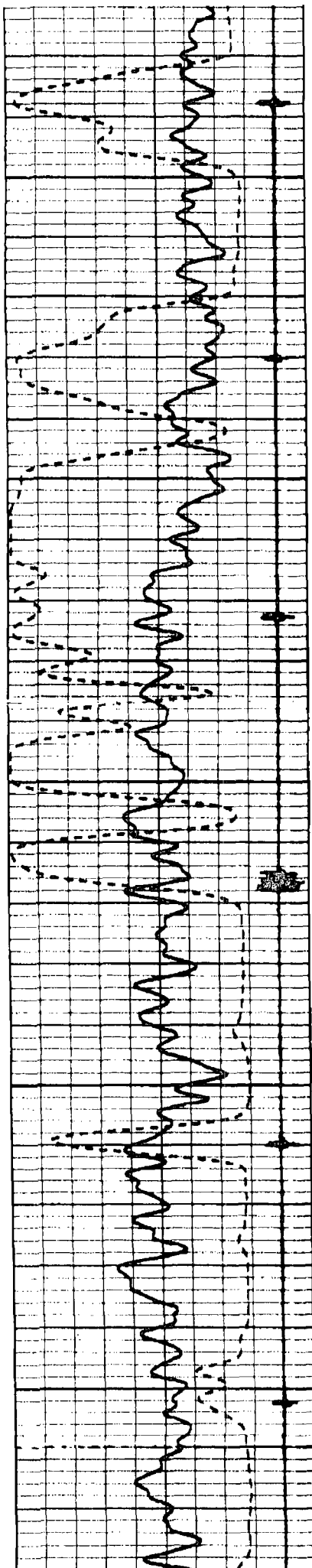
NEUTRON POROSITY (pu)

NEUTRON LONG SPACE

-250 (cps) 5900

NEUTRON SHORT SPACE

-100 (cps) 5900



1500

1600

1700

