DATE IN 1.23.12	SUSPENSE	ENGINEER WVJ	LOGGED IN 1.23.12	TYPE SWD	APP NO. 1202330310

PTGW

1318

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505

Dugan

St. Moritz SWD #2

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

26-24N-10W

30-045-35281

Santaan

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☒ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

[2] **NOTIF CATION REQUIRED TO:** - Check Those Which Apply, or ☐ Does Not Apply

[A] ☐ Working, Royalty or Overriding Royalty Interest Owners

[B] ☒ Offset Operators, Leaseholders or Surface Owner

[C] ☐ Application is One Which Requires Published Legal Notice

[D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] ☐ Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Kurt Fagrelius	Kurt Fagrelius	VP-Land and Exploration	1-7-2012
Print or Type Name	Signature	Title	Date

kfagrelius@msn.com
e-mail Address

dugan production corp.

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

January 19, 2012

--CERTIFIED MAIL, RETURN RECEIPT REQUESTED—
7007-3020-0000-2100-4329

Re: Application to Class 2, water disposal well, St. Moritz SWD #2 San Juan Co., NM

Dear Mr. Jones:

Enclosed is Dugan Production Corp.'s application for disposal of produced water in the St. Moritz SWD #2. 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 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 injection well (Fruitland Coal).
7. Required geologic, stimulation, logging, 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 require additional information, please contact me.

Very Sincerely,

Kurt Fagrelius
VP-Land and Exploration

Attachments

709 E. MURRAY DR. • P. O. BOX 420 • FARMINGTON, N.M. 87499-0420 • PHONE: (505) 325-1821 • FAX# (505) 327-4613

cc:

Mr. Charlie Perrin-New Mexico Oil Conservation Division, 1000 Rio Brazos Rd, Aztec, NM 87410 (Cet. Mail 7007-3020-0000-2100-4343).

Mr. David Mankiewicz-Bureau of Land Management, 1235 La Plata Hwy, Farmington, NM 87401 (Cert. Mail 7007-3020-0000-2100-4336).

Ms. Bertha Spencer-Bureau of Indian Affairs, P.O. Box 1060, Gallup, NM 87305 (Cert. Mail 7007-3020-0000-2100-4350).

Mr. Albert Bond-Farmington Indian Minerals Department, 1235 La Plata Hwy, Suite B, Farmington, NM 87401 (Cert. Mail 7007-3020-0000-2100-4367).

Mr. Mike Anaya-New Mexico State Land Office, 310 Old Santa Fe Trail, Santa Fe, NM 87504 (Cert. Mail 7007-3020-0000-2100-4374).

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

FORM C-108
Revised June 10, 2003

APPLICATION FOR AUTHORIZATION TO INJECT

I. PURPOSE: _____ Secondary Recovery _____ Pressure Maintenance __X__ Disposal _____ Storage
Application qualifies for administrative approval? _____ Yes _____ No

II. OPERATOR: Dugan Production Corp.

ADDRESS: 709 East Murray Drive, Farmington, New Mexico 87401

CONTACT PARTY: Kurt Fagrelius 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: Not Applicable

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 Fagrelius TITLE: VP - Land and Exploration

SIGNATURE: Kurt Fagrelius DATE: 1-7-2012

E-MAIL ADDRESS: kfagrelius@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

III. WELL DATA

A. The following well data must be submitted for each injection well covered by this application. The data must be both in tabular and schematic form and shall include:

(1) Lease name; Well No.; Location by Section, Township and Range; and footage location within the section.

(2) Each casing string used with its size, setting depth, sacks of cement used, hole size, top of cement, and how such top was determined.

(3) A description of the tubing to be used including its size, lining material, and setting depth.

(4) The name, model, and setting depth of the packer used or a description of any other seal system or assembly used.

Division District Offices have supplies of Well Data Sheets which may be used or which may be used as models for this purpose. Applicants for several identical wells may submit a "typical data sheet" rather than submitting the data for each well.

B. The following must be submitted for each injection well covered by this application. All items must be addressed for the initial well. Responses for additional wells need be shown only when different. Information shown on schematics need not be repeated.

(1) The name of the injection formation and, if applicable, the field or pool name.

(2) The injection interval and whether it is perforated or open-hole.

(3) State if the well was drilled for injection or, if not, the original purpose of the well.

(4) Give the depths of any other perforated intervals and detail on the sacks of cement or bridge plugs used to seal off such perforations.

(5) Give the depth to and the name of the next higher and next lower oil or gas zone in the area of the well, if any.

XIV. PROOF OF NOTICE

All applicants must furnish proof that a copy of the application has been furnished, by certified or registered mail, to the owner of the surface of the land on which the well is to be located and to each leasehold operator within one-half mile of the well location.

Where an application is subject to administrative approval, a proof of publication must be submitted. Such proof shall consist of a copy of the legal advertisement which was published in the county in which the well is located. The contents of such advertisement must include:

(1) The name, address, phone number, and contact party for the applicant;

(2) The intended purpose of the injection well; with the exact location of single wells or the Section, Township, and Range location of multiple wells;

(3) The formation name and depth with expected maximum injection rates and pressures; and,

(4) A notation that interested parties must file objections or requests for hearing with the Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico 87505, within 15 days.

NO ACTION WILL BE TAKEN ON THE APPLICATION UNTIL PROPER PROOF OF NOTICE HAS BEEN SUBMITTED.

NOTICE: Surface owners or offset operators must file any objections or requests for hearing of administrative applications within 15 days from the date this application was mailed to them.

Application for Authorization to Inject

Dugan Production Corp.

St. Moritz SWD #2

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 St. Moritz SWD #2 well, located 2200' FSL & 1780' FEL of Section 26, Township 24 North, Range 10 West, San Juan County, New Mexico. Produced water will be injected into the Entrada Sandstone between 6842 and 7070'. The maximum injection pressure will be 1368-psi and the maximum injection rate will be 6,000-barrels of water daily.

The well is a new drill for the purpose of salt water disposal. The well was permitted and drilled on October 13, 2011. 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.

St. Moritz SWD #2

Part III. Well Data

A. Tabular Information

1. Name: St. Moritz SWD #2

Location: 2200' FSL & 1780' FEL
Sec. 26, T24N, R10W
San Juan Co., NM

2. Surface Casing: 9-5/8", 36#, J-55 set @ 352'. Cemented with 248-ft^3. Circulate cement to surface.
Hole size – 12-1/4"

Production Casing: 7", 23# (4,431') and 26# (2,746') set @ 7175'. Cement in two stages with stage tool at 3,880' using 654-ft^3 in first stage and 1,248- ft^3 in second stage. Circulate cement to surface.
Hole size – 8-3/4".

Injection Tubing: 3-1/2" J-55 EUE 9.3 lb/ft Internally Plastic Coated tubing

Packer: Arrow model 1X, 7" Nickel Plated packer will be set in tension at 6792' or 50' above the upper most perforation.

B. Additional Information

1. Injection Interval: Entrada Sandstone.

2. The injection interval (Entrada 6842 - 7070) will be perforated.

3. The well (St. Moritz SWD #2) was drilled for the purpose of injection into the Entrada Sandstone.

4. Only the injection interval is to be perforated.

5. Fruitland Coal / Pictured Cliffs Sandstone – Approx. 1250', Gallup -Approx. 4634' and Dakota Sandstone – Approx. 5710'.

Side 1

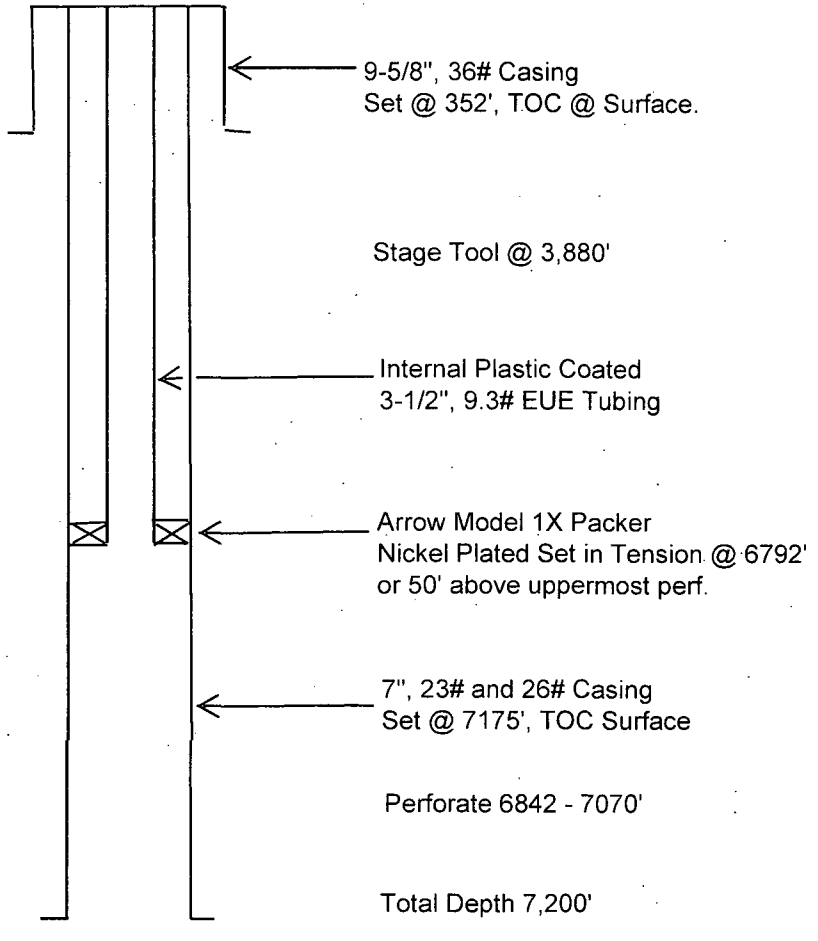
INJECTION WELL DATA SHEET

OPERATOR: Dugan Production Corp.

WELL NAME & NUMBER: St. Moritz SWD #2

WELL LOCATION:	2200' FSL & 1780' FEL	J	26	T24N	R10W
	FOOTAGE LOCATION	UNIT LETTER	SECTION	TOWNSHIP	RANGE

WELLBORE SCHEMATIC



WELL CONSTRUCTION DATA

Surface Casing

Hole Size: 12-1/4" Casing Size: 9-5/8", 36#, J-55

Cemented with: 200 sx. *or* 248 ft^3

Top of Cement: Surface Method Determined: Circulated to Surface

Intermediate Casing

Hole Size: _____ Casing Size: _____

Cemented with: _____ sx. *or* _____ ft^3

Top of Cement: _____ Method Determined: _____

Production Casing

Hole Size: 8-3/4" Casing Size: 7", 26# & 23#, J-55

Cemented with: 873 sx. *or* 1902 ft^3

Top of Cement: Surface Method Determined: Circulated to Surface

Total Depth: 7200'

Injection Interval

6842 feet - to 7070

(Perforated or Open Hole; indicate which)

Side 2

INJECTION WELL DATA SHEET

Tubing Size: 3-1/2", J-55 EUE, 9.3# Lining Material: Internally Plastic Coated

Type of Packer: Arrow model 1X, 7" Nickel Plated Packer

Packer Setting Depth: 6792' or 50' above the upper-most perforation.

Other Type of Tubing/Casing Seal (if applicable): Not Applicable

Additional Data

1. Is this a new well drilled for injection? X 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

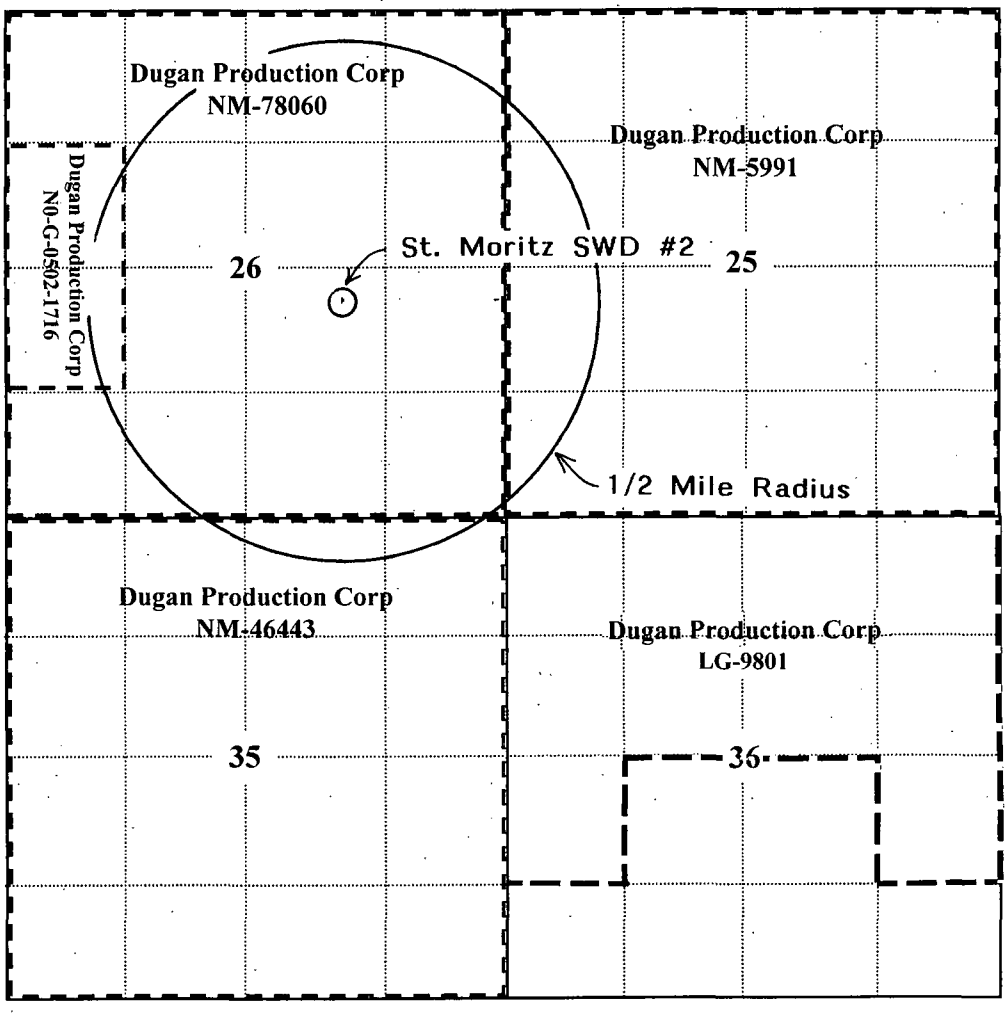
4. Has the well ever been perforated in any other zone(s)? List all such perforated intervals and give plugging detail, i.e. sacks of cement or plug(s) used. New well drilled for the purpose of injection into Entrada Sandstone, no other zones will be perforated.

5. Give the name and depths of any oil or gas zones underlying or overlying the proposed injection zone in this area: Fruitland Coal / Pictured Cliffs 1240 - 1380', Gallup 4634 - 5200', Dakota Sandstone 5706 - 5948'.

Va. Lease Owner Map

TOWNSHIP 24 NORTH, RANGE 10 WEST
SAN JUAN COUNTY, NEW MEXICO

OFFSET OPERATOR/LESSEE



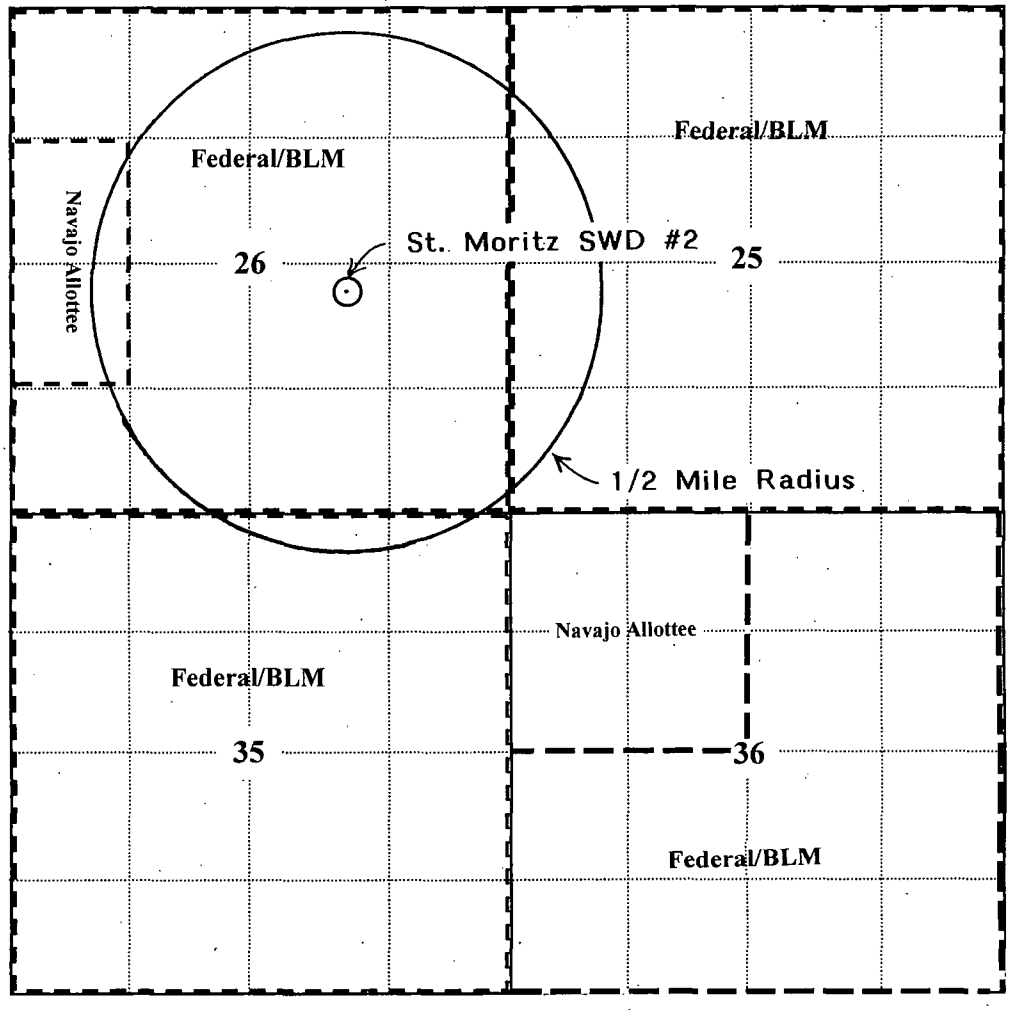
Dugan Production Corp.
St. Moritz SWD #2
Sec. 26, T24N, R10W
2200' FSL & 1780' FEL
San Juan County, New Mexico

Salt Water Disposal Application

Vb. Surface Owner Map

TOWNSHIP 24 NORTH, RANGE 10 WEST
SAN JUAN COUNTY, NEW MEXICO

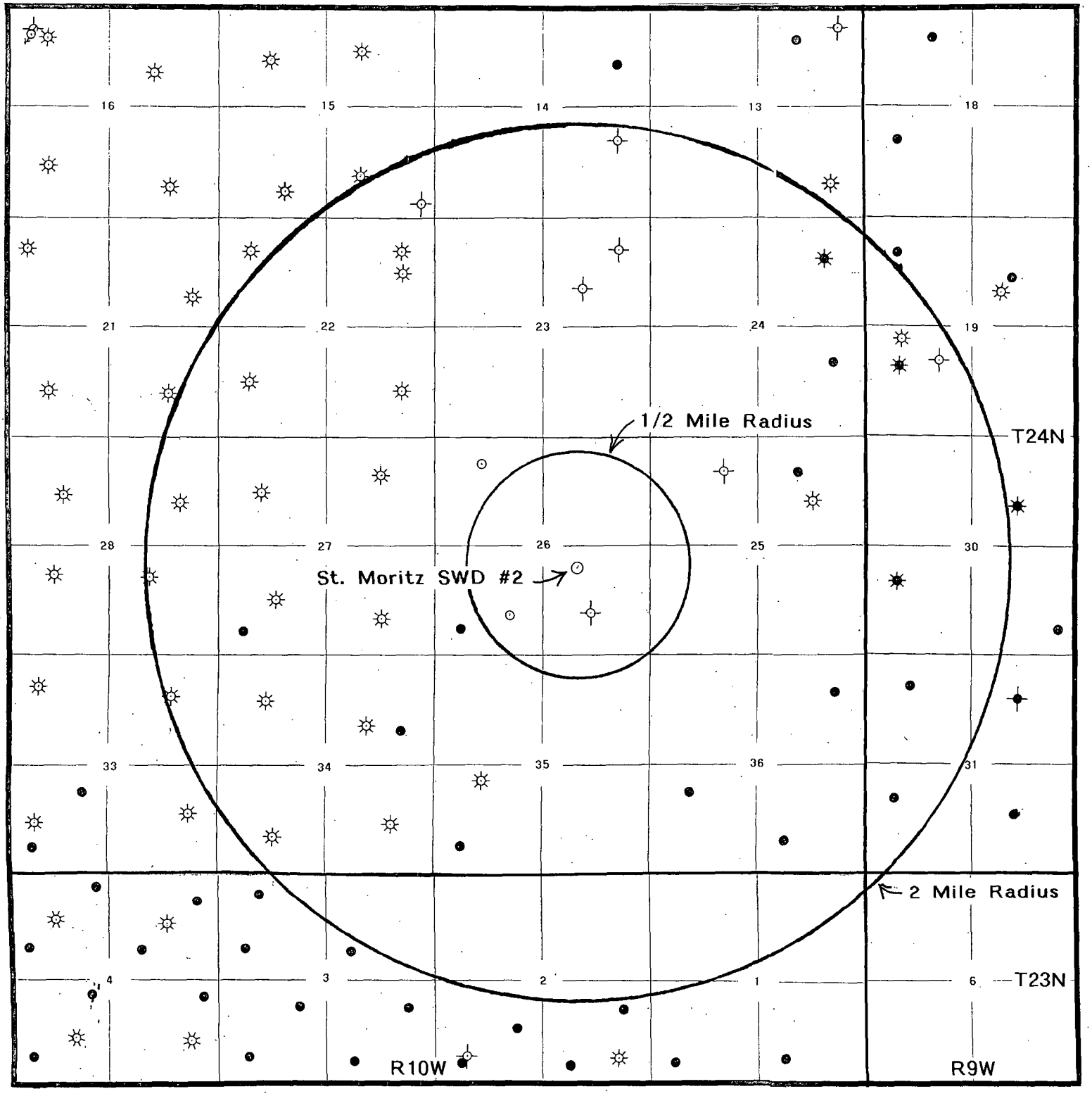
SURFACE OWNERSHIP



Dugan Production Corp.
St. Moritz SWD #2
Sec. 26, T24N, R10W
2200' FSL & 1780' FEL
San Juan County, New Mexico

Salt Water Disposal Application

Vc. Well Map



Dugan Production Corp.
St. Moritz SWD #2
Sec. 26, T24N, R10W
2200' FSL & 1780' FEL
San Juan County, New Mexico

Salt Water Disposal Application

Application for Authorization to Inject

Dugan Production Corp.

St. Moritz SWD #2

Part VI. Data on offset wells

A tabulation of data on all existing, offset wells (shown on the Well Map Part Vc.) which highlights those wells that fall within the ½-mile area of review is presented on Attachment Via. No wells within the area of review penetrate the proposed injection zone.

Attachment VIa. Tabulation of data on offset wells.

Dugan Production Corp., St. Moritz SWD #2, S.26, T24N, R10W

OPERATOR	WELL_NAME	WELL_NO	TWN	RGE	SEC	UL	FTAGE_NS	FTAGE_EW	STATUS	POOL	FORM	TD
DUGAN PRODUCTION CORP	BIG YAZZIE	1	23N	9W	06	B	660/N	1980/E	CO	BISTI GALLUP SOUTH	GL	4990
DUGAN PRODUCTION CORP	FAIRWAY	1	23N	10W	01	M	660/S	660/W	CO	SOUTH BISTI GALLUP	GL	4960
DUGAN PRODUCTION CORP	CHAMP	9	23N	10W	01	O	790/S	1980/E	CO	SOUTH BISTI GALLUP	GL	4989
DUGAN PRODUCTION CORP	WIT'S END	1	23N	10W	02	O	660/S	1980/E	CO	SOUTH BISTI GALLUP	GL	4922
DUGAN PRODUCTION CORP	WIT'S END	2	23N	10W	02	I	1980/S	660/E	CO	SOUTH BISTI GALLUP	GL	5018
DUGAN PRODUCTION CORP	WIT'S END	3	23N	10W	02	K	1500/S	1980/W	CO	SOUTH BISTI GALLUP	GL	4898
DUGAN PRODUCTION CORP	WIT'S END	4	23N	10W	02	M	660/S	660/W	CO	SOUTH BISTI GALLUP	GL	4870
DUGAN PRODUCTION CORP	WIT'S END	5	23N	10W	02	M	790/S	790/W	PA	PICTURED CLIFFS	PC	1210
DUGAN PRODUCTION CORP	WITS END	6	23N	10W	02	P	700/S	765/E	CO	WITTY SPRINGS PC	PC	1320
DUGAN PRODUCTION CORP	BRONZE MEDAL	1	23N	10W	03	D	490/N	970/W	CO	SOUTH BISTI GALLUP	GL	4825
DUGAN PRODUCTION CORP	BRONZE MEDAL	2	23N	10W	03	E	1830/N	670/W	CO	SOUTH BISTI GALLUP	GL	4830
DUGAN PRODUCTION CORP	JIM THORPE	1	23N	10W	03	G	1900/N	2060/E	CO	SOUTH BISTI GALLUP	GL	4870
DUGAN PRODUCTION CORP	OLYMPIC	1	23N	10W	03	I	1980/S	660/E	CO	SOUTH BISTI GALLUP	GL	4895
DUGAN PRODUCTION CORP	OLYMPIC	2	23N	10W	03	O	660/S	1980/E	CO	SOUTH BISTI GALLUP	GL	4810
DUGAN PRODUCTION CORP	OLYMPIC	3	23N	10W	03	K	1980/S	1980/W	CO	SOUTH BISTI GALLUP	GL	4824
DUGAN PRODUCTION CORP	OLYMPIC	4	23N	10W	03	M	810/S	810/W	CO	SOUTH BISTI GALLUP	GL	4776
DUGAN PRODUCTION CORP	LAKE PLACID	1	23N	10W	04	I	2310/S	330/E	CO	SOUTH BISTI GALLUP	GL	4800
DUGAN PRODUCTION CORP	MONTREAL	1	23N	10W	04	C	330/N	2310/W	CO	SOUTH BISTI GALLUP	GL	4800
DUGAN PRODUCTION CORP	MONTREAL	2	23N	10W	04	E	1830/N	660/W	CO	SOUTH BISTI GALLUP	GL	4705
DUGAN PRODUCTION CORP	MARATHON	1	23N	10W	04	A	630/N	550/E	CO	SOUTH BISTI GALLUP	GL	4825
DUGAN PRODUCTION CORP	MARATHON	2	23N	10W	04	G	1830/N	1830/E	CO	SOUTH BISTI GALLUP	GL	4770
DUGAN PRODUCTION CORP	MARATHON COM	90	23N	10W	04	A	1205/N	1265/E	CO	BASIN FRUITLAND COAL	FT	1210
DUGAN PRODUCTION CORP	MARATHON COM	91	23N	10W	04	D	1130/N	1290/W	CO	BASIN FRUITLAND COAL	FT	1190
DUGAN PRODUCTION CORP	SQUAW VALLEY	1	23N	10W	04	K	2310/S	2210/W	CO	SOUTH BISTI GALLUP	GL	4760
DUGAN PRODUCTION CORP	SQUAW VALLEY	2	23N	10W	04	M	810/S	730/W	CO	SOUTH BISTI GALLUP	GL	4640
DUGAN PRODUCTION CORP	SQUAW VALLEY	90	23N	10W	04	N	1250/S	1800/W	CO	BASIN FRUITLAND COAL	FT	1140
DUGAN PRODUCTION CORP	SQUAW VALLEY	91	23N	10W	04	P	1150/S	660/E	CO	BASIN FRUITLAND COAL	FT	1220
ENERGEN RESOURCES CORP	F-18-24-9	2	24N	09W	18	C	990/N	1650/W	CO	BISTI LOWER GALLUP	LG	5640
DUGAN PRODUCTION CORP	MF	1	24N	09W	18	L	1820/S	690/W	CO	BISTI LOWER GALLUP	LG	6500
DUGAN PRODUCTION CORP	APRIL SURPRISE	3	24N	09W	19	D	840/N	790/W	CO	BISTI LOWER GALLUP	LG	6500
DUGAN PRODUCTION CORP	APRIL SURPRISE	1	24N	09W	19	K	1740/S	1850/W	PA	PICTURED CLIFFS	PC	1742
DUGAN PRODUCTION CORP	APRIL SURPRISE	90	24N	09W	19	L	2370/S	930/W	CO	BASIN FRUITLAND COAL	FT	1720
DUGAN PRODUCTION CORP	APRIL SURPRISE	4	24N	09W	19	L	1710/S	830/W	CO	BASIN DAKOTA	DK	6340
DUGAN PRODUCTION CORP	APRIL SURPRISE	4	24N	09W	19	L	1710/S	830/W	CO	BISTI LOWER GALLUP	LG	6340
DUGAN PRODUCTION CORP	BITSILI	1	24N	09W	19	G	1470/N	1780/E	CO	BISTI LOWER GALLUP	GL	6490

Wells within 1/2-mile area of review are shaded (grey). No wells within the area of review penetrate the proposed injection zone.

OPERATOR	WELL_NAME	WELL_NO	TWN	RGE	SEC	UL	FTAGE_NS	FTAGE_EW	STATUS	POOL	FORM	TD
DUGAN PRODUCTION CORP	BITSILI COM	90	24N	09W	19	G	1860/N	1975/E	CO	BASIN FRUITLAND COAL	FT	1755
DUGAN PRODUCTION CORP	JULY JUBILEE	1	24N	09W	30	G	1650/N	1520/E	CO	BASIN DAKOTA	DK	6245
DUGAN PRODUCTION CORP	JULY JUBILEE	1	24N	09W	30	G	1650/N	1520/E	CO	BISTI LOWER GALLUP	LG	6245
DUGAN PRODUCTION CORP	APRIL SURPRISE	2	24N	09W	30	L	1850/S	800/W	CO	BISTI LOWER GALLUP	LG	6210
DUGAN PRODUCTION CORP	APRIL SURPRISE	2	24N	09W	30	L	1850/S	800/W	TA	BASIN DAKOTA	DK	6210
DUGAN PRODUCTION CORP	APRIL SURPRISE	8	24N	09W	30	P	680/S	470/E	CO	BISTI LOWER GALLUP	LG	5280
DUGAN PRODUCTION CORP	APRIL SURPRISE	7	24N	09W	31	B	1050/N	1520/E	ZA	BASIN DAKOTA	DK	6078
DUGAN PRODUCTION CORP	APRIL SURPRISE	7	24N	09W	31	B	1050/N	1520/E	CO	BISTI LOWER GALLUP	LG	6078
DUGAN PRODUCTION CORP	APRIL SURPRISE	9	24N	09W	31	J	1500/S	1600/E	CO	BISTI GALLUP SOUTH	GL	5100
DUGAN PRODUCTION CORP	FABULOUS FEB	1	24N	09W	31	D	790/N	1120/W	CO	BISTI LOWER GALLUP	LG	6065
DUGAN PRODUCTION CORP	JANUARY JAMBOREE	1	24N	09W	31	L	1825/S	715/W	CO	S BISTI GALLUP	GP	5140
SKELLY OIL COMPANY	EAST BISTI UNIT	119	24N	10W	13	A	660/N	66O/E	PA	BISTI LOWER GALLUP	GL	5604
ENERGEN RESOURCES CORP	F-13-24-10	1	24N	10W	13	B	990/N	1650/E	CO	BISTI LOWER GALLUP	LG	5640
DUGAN PRODUCTION CORP	MF	2	24N	10W	13	P	790/S	790/E	CO	BASIN DAKOTA	DK	6456
DUGAN PRODUCTION CORP	MF	4	24N	10W	14	H	1520/N	790/E	CO	BISTI LOWER GALLUP	GL	6400
DUGAN PRODUCTION CORP	MF	3	24N	10W	14	I	1850/S	790/E	PA	DAKOTA	DK	6300
DUGAN PRODUCTION CORP	MF	3	24N	10W	14	I	1850/S	790/E	PA	BISTI LOWER GALLUP	LG	6300
COLEMAN O&G INC	JUNIPER 15	22	24N	10W	15	F	1475/N	1310/W	CO	BASIN FRUITLAND COAL	FT	1670
COLEMAN OIL & GAS INC	JUNIPER 15	24	24N	10W	15	N	660/S	1660/W	CO	BASIN FRUITLAND COAL	FT	1575
COLEMAN OIL & GAS INC	JUNIPER 15	31	24N	10W	15	B	1200/N	1800/E	CO	BASIN FRUITLAND COAL	FT	1710
COLEMAN OIL & GAS INC	JUNIPER 15	34	24N	10W	15	O	1050/S	1800/E	CO	BASIN FRUITLAND COAL	FT	1565
BK PETROLEUM INC	MISSION FEDERAL	1	24N	10W	15	P	330/S	330/E	PA	MESAVERDE	PL	3880
COLEMAN O&G INC	JUNIPER SWD	1	24N	10W	16	D	880/N	730/W	CO	MESAVERDE	MV	4125
COLEMAN O&G CO	JUNIPER 16	11	24N	10W	16	D	975/N	1075/W	CO	BASIN FRUITLAND COAL	FT	1550
TENNECO OIL CO	MONUMENT	2	24N	10W	16	D	800/N	800/W	PA	DAKOTA	DK	6190
COLEMAN OIL & GAS INC	JUNIPER 16	14	24N	10W	16	M	1310/S	1200/W	CO	BASIN FRUITLAND COAL	FT	1473
COLEMAN O&G INC	JUNIPER 16	32	24N	10W	16	G	1750/N	1545/E	CO	BASIN FRUITLAND COAL	FT	1640
COLEMAN O&G INC	JUNIPER 16	44	24N	10W	16	P	800/S	1200/E	CO	BASIN FRUITLAND COAL	FT	1590
COLEMAN OIL & GAS INC	JUNIPER 21	11	24N	10W	21	D	1125/N	660/W	CO	BASIN FRUITLAND COAL	FT	1420
COLEMAN OIL & GAS INC	JUNIPER 21	14	24N	10W	21	M	1100/S	1165/W	CO	BASIN FRUITLAND COAL	FT	1405
COLEMAN OIL & GAS INC	JUNIPER 21	42	24N	10W	21	H	1900/N	660/E	CO	BASIN FRUITLAND COAL	FT	1500
COLEMAN OIL & GAS INC	JUNIPER 21	44	24N	10W	21	P	1100/S	1200/E	CO	BASIN FRUITLAND COAL	FT	1505
DUGAN PRODUCTION CORP	RODEO ROSIE	1	24N	10W	22	A	790/N	790/E	CO	BISTI LOWER GALLUP	LG	6094
DUGAN PRODUCTION CORP	RODEO ROSIE	90	24N	10W	22	L	1340/S	760/W	CO	BASIN FRUITLAND COAL	FT	1515
DUGAN PRODUCTION CORP	RODEO ROSIE	90S	24N	10W	22	P	1150/S	800/E	CO	BASIN FRUITLAND COAL	FT	1490

Wells within 1/2-mile area of review are shaded (grey). No wells within the area of review penetrate the proposed injection zone.

OPERATOR	WELL NAME	WELL NO	TWN	RGE	SEC	UL	FTAGE NS	FTAGE EW	STATUS	POOL	FORM	TD
DUGAN PRODUCTION CORP	PHOEBE COM	90	24N	10W	22	D	800/N	800/W	CO	BASIN FRUITLAND COAL	FT	1600
DUGAN PRODUCTION CORP	PHOEBE COM	90S	24N	10W	22	A	1300/N	800/E	CO	BASIN FRUITLAND COAL	FT	1515
TESORO PETROLEUM CORP	EL DROPO	1	24N	10W	23	A	800/N	800/E	PA	MORRISON	MR	6302
B M G DRILLING CORP	TOM CORR	1	24N	10W	23	G	1700/N	1715/E	PA	GALLUP	GP	5320
DUGAN PRODUCTION CORP	SEPTEMBER	15	24N	10W	24	A	990/N	990/E	CO	BISTI LOWER GALLUP	LG	6460
DUGAN PRODUCTION CORP	SEPTEMBER	15	24N	10W	24	A	990/N	990/E	CO	BASIN DAKOTA	DK	6460
DUGAN PRODUCTION CORP	MERRY MAY	1	24N	10W	24	I	1850/S	790/E	CO	BISTI LOWER GALLUP	LG	6210
DUGAN PRODUCTION CORP	JUNE JOY	2	24N	10W	25	B	790/N	1670/E	CO	BISTI LOWER GALLUP	LG	6175
DUGAN PRODUCTION CORP	JUNE JOY	1	24N	10W	25	C	790/N	1850/W	PA	PICTURED CLIFFS	PC	1535
DUGAN PRODUCTION CORP	JUNE JOY	90	24N	10W	25	H	1550/N	1295/E	CO	BASIN FRUITLAND COAL	FT	1580
DUGAN PRODUCTION CORP	ST MORITZ	1	24N	10W	26	M	660/S	660/W	CO	SOUTH BISTI GALLUP	GL	5023
DUGAN PRODUCTION CORP	ST MORITZ SWD	2	24N	10W	26	J	2200/S	1780/E	NC	ENTRADA	ENT	7200
DUGAN PRODUCTION CORP	ST MORITZ	90	24N	10W	26	N	980/S	1880/W	LOC	BASIN FRUITLAND COAL	FT	
DUGAN PRODUCTION CORP	ST MORITZ	91	24N	10W	26	D	660/N	1145/W	LOC	BASIN FRUITLAND COAL	FT	
KIRBY EXPLORATION CO	SMITH FEDERAL	1	24N	10W	26	O	1020/S	1450/E	PA	PICTURED CLIFFS	PC	1450
DUGAN PRODUCTION CORP	CLEMENTINE COM	90	24N	10W	27	N	1285/S	1400/W	CO	BASIN FRUITLAND COAL	FT	1365
DUGAN PRODUCTION CORP	CLEMENTINE COM	90S	24N	10W	27	P	900/S	1290/E	CO	BASIN FRUITLAND COAL	FT	1400
DUGAN PRODUCTION CORP	SILVER MEDAL	1	24N	10W	27	M	620/S	620/W	CO	SOUTH BISTI GALLUP	GL	4952
DUGAN PRODUCTION CORP	TWIDDLEBUG COM	90	24N	10W	27	E	1330/N	1030/W	CO	BASIN FRUITLAND COAL	FT	1380
DUGAN PRODUCTION CORP	TWIDDLEBUG COM	90S	24N	10W	27	A	900/N	1300/E	CO	BASIN FRUITLAND COAL	FT	1460
COLEMAN OIL & GAS INC	JUNIPER COM 28	42	24N	10W	28	H	1600/N	950/E	CO	BASIN FRUITLAND COAL	FT	1331
COLEMAN OIL & GAS INC	JUNIPER COM 28	22	24N	10W	28	F	1375/N	1520/W	CO	BASIN FRUITLAND COAL	FT	1345
DUGAN PRODUCTION CORP	DINGER	90	24N	10W	28	J	1900/S	1635/E	CO	BASIN FRUITLAND COAL	FT	1330
DUGAN PRODUCTION CORP	DINGER	90S	24N	10W	28	L	1950/S	1290/W	CO	BASIN FRUITLAND COAL	FT	1300
DUGAN PRODUCTION CORP	GOLD MEDAL	2	24N	10W	33	K	1980/S	1980/W	CO	SOUTH BISTI GALLUP	GL	4834
DUGAN PRODUCTION CORP	GOLD MEDAL	4	24N	10W	33	M	660/S	810/W	CO	SOUTH BISTI GALLUP	GL	4800
DUGAN PRODUCTION CORP	GOLD MEDAL	92S	24N	10W	33	D	800/N	900/W	CO	BASIN FRUITLAND COAL	FT	1280
DUGAN PRODUCTION CORP	GOLD MEDAL	93S	24N	10W	33	I	1500/S	700/E	CO	BASIN FRUITLAND COAL	FT	1265
DUGAN PRODUCTION CORP	GOLD MEDAL	93	24N	10W	33	M	1280/S	900/W	CO	BASIN FRUITLAND COAL	FT	1280
DUGAN PRODUCTION CORP	GOLD MEDAL	92	24N	10W	33	A	1000/N	1200/E	CO	BASIN FRUITLAND COAL	FT	1370
DUGAN PRODUCTION CORP	GOLD MEDAL	1	24N	10W	34	H	1750/N	830/E	CO	SOUTH BISTI GALLUP	GL	6050
DUGAN PRODUCTION CORP	GOLD MEDAL	94	24N	10W	34	G	1700/N	1700/E	CO	BASIN FRUITLAND COAL	FT	1410
DUGAN PRODUCTION CORP	GOLD MEDAL	94S	24N	10W	34	D	1200/N	1200/W	CO	BASIN FRUITLAND COAL	FT	1400
DUGAN PRODUCTION CORP	MARTINEZ BEGAY COM	1	24N	10W	34	P	1200/S	1000/E	CO	BASIN FRUITLAND COAL	FT	1335
DUGAN PRODUCTION CORP	MARTINEZ BEGAY COM	2	24N	10W	34	N	895/S	1330/W	CO	BASIN FRUITLAND COAL	FT	1280

Wells within 1/2-mile area of review are shaded (grey). No wells within the area of review penetrate the proposed injection zone.

OPERATOR	WELL NAME	WELL NO.	TWN	RGE	SEC	UL	FTAGE NS	FTAGE EW	STATUS	POOL	FORM	TD
DUGAN PRODUCTION CORP	AUGUST	90	24N	10W	35	L	2255/S	1170/W	SI	BASIN FRUITLAND COAL	FT	1335
DUGAN PRODUCTION CORP	AUGUST	1	24N	10W	35	M	660/S	660/W	CO	SOUTH BISTI GALLUP	GL	4985
DUGAN PRODUCTION CORP	OKTOBERFEST	1	24N	10W	36	A	900/N	750/E	CO	SOUTH BISTI GALLUP	GL	5250
DUGAN PRODUCTION CORP	OKTOBERFEST COM	2	24N	10W	36	L	1980/S	990/W	CO	SOUTH BISTI GALLUP	GL	5120
YATES PETROLEUM CORP	SQUASH BLOSSOM STATE	1	24N	10W	36	O	760/S	1980/E	CO	SOUTH BISTI GALLUP	GL	5200

Wells within 1/2-mile area of review are shaded (grey). No wells within the area of review penetrate the proposed injection zone.

Application for Authorization to Inject

Dugan Production Corp.

St. Moritz SWD #2

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. The average injection pressure: 1100 psi and the maximum will be 1368-psi.

4. The source of injected water will be produced water from Fruitland Coal wells in the area (T23N and T24N, R9W and R10W. Attachments VII-4a., VII-4b. and VII-4c. are analyses of the Fruitland Coal 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 water is not available.

Green Analytical Laboratories
dzufelt@greenanalytical.com p: 970.247.4220 f: 970.247.4227 75 Suttle Street Durango, CO 81303
www.GreenAnalytical.com

Dugan Production Corporation	Project: Production Water	
709 E. Murray Dr	Project Name / Number: [none]	**Reported:**
Farmington NM, 87401	Project Manager: Kurt Fagrelius	01/18/12 16:22

Martinez Begay Com #1 (P) Sec. 34, T24N, R10W

1201038-05 (Water)

Analyte	Result	Reporting Limit	Units	Dilution	Analyzed	Method	Notes	Analyst
General Chemistry								
Alkalinity, Bicarbonate	**760**	10.0	mg/L	1	01/12/12	2320 B		ABP
Alkalinity, Carbonate	**20.0**	10.0	mg/L	1	01/12/12	2320 B		ABP
Alkalinity, Hydroxide	ND	10.0	mg/L	1	01/12/12	2320 B		ABP
Alkalinity, Total	**780**	10.0	mg/L	1	01/12/12	2320 B		ABP
Chloride	**7600**	10.0	mg/L	50	01/13/12	4500Cl B		ABP
Conductivity	**25600**	10.0	uS/cm	1	01/10/12	2510 B		MJV
Fluoride	**0.346**	0.200	mg/L	1	01/10/12	4500F C		ABP
Nitrate/Nitrite as N	ND	0.040	mg/L	2	01/12/12	353.2	Q3	KLJ
pH	**7.65**		pH Units	1	01/10/12	150.1	H4	MJV
Phosphorus, Total	**0.236**	0.100	mg/L	2	01/12/12	365.3	Q3	KLJ
SAR	**112**		[blank]	1	01/18/12	Calculation		DJZ
Sulfate	ND	10.0	mg/L	1	01/17/12	4500SO4		ABP
TDS	~~13100~~	10.0	mg/L	1	01/10/12	160.1/2540C		ABP
Dissolved Metals by ICP								
Calcium	**98.3**	10.0	mg/L	10	01/12/12	200.7		JLM
Hardness	**370**	66.2	mg/L	10	01/12/12	Calc		JLM
Iron	ND	0.500	mg/L	10	01/12/12	200.7		JLM
Magnesium	**30.2**	10.0	mg/L	10	01/12/12	200.7		JLM
Potassium	**36.0**	10.0	mg/L	10	01/12/12	200.7		JLM
Sodium	**4940**	10.0	mg/L	10	01/12/12	200.7		JLM
Cation/Anion Balance	**-.97**							

Green Analytical Laboratories

Debbie Zufelt

Debbie Zufelt, Reports Manager

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www.GreenAnalytical.com

Dugan Production Corporation	Project: Production Water	
709 E. Murray Dr	Project Name / Number: [none]	**Reported:**
Farmington NM, 87401	Project Manager: Kurt Fagrelius	01/18/12 16:22

Marathon. Com #90 (A) Sec. 4, T23N, R16W

1201038-04 (Water)

Analyte	Result	Reporting Limit	Units	Dilution	Analyzed	Method	Notes	Analyst
General Chemistry								
Alkalinity, Bicarbonate	**376**	10.0	mg/L	2	01/12/12	2320 B		ABP
Alkalinity, Carbonate	ND	10.0	mg/L	2	01/12/12	2320 B		ABP
Alkalinity, Hydroxide	ND	10.0	mg/L	2	01/12/12	2320 B		ABP
Alkalinity, Total	**376**	10.0	mg/L	2	01/12/12	2320 B		ABP
Chloride	**7400**	10.0	mg/L	50	01/13/12	4500Cl B		ABP
Conductivity	**23200**	10.0	uS/cm	1	01/10/12	2510 B		MJV
Fluoride	**0.708**	0.200	mg/L	1	01/10/12	4500F C		ABP
Nitrate/Nitrite as N	ND	0.040	mg/L	2	01/12/12	353.2	Q3	KLJ
pH	**7.75**		pH Units	1	01/10/12	150.1	H4	MJV
Phosphorus, Total	**0.504**	0.100	mg/L	2	01/12/12	365.3	Q3	KLJ
SAR	**115**		[blank]	1	01/18/12	Calculation		DJZ
Sulfate	ND	10.0	mg/L	1	01/17/12	4500SO4		ABP
TDS	**12400**	10.0	mg/L	1	01/10/12	160.1/2540C		ABP
Dissolved Metals by ICP								
Calcium	**94.0**	10.0	mg/L	10	01/12/12	200.7		JLM
Hardness	**320**	66.2	mg/L	10	01/12/12	Calc		JLM
Iron	ND	0.500	mg/L	10	01/12/12	200.7		JLM
Magnesium	**20.7**	10.0	mg/L	10	01/12/12	200.7		JLM
Potassium	**145**	10.0	mg/L	10	01/12/12	200.7		JLM
Sodium	**4740**	10.0	mg/L	10	01/12/12	200.7		JLM
Cation/Anion Balance	**.31**							

Green Analytical Laboratories

Debbie Zufelt

Debbie Zufelt, Reports Manager

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www.GreenAnalytical.com

Dugan Production Corporation	Project: Production Water	
709 E. Murray Dr	Project Name / Number: [none]	**Reported:**
Farmington NM, 87401	Project Manager: Kurt Fagrelius	01/18/12 16:22

Squaw Valley #91 - KF

1201038-03 (Water)

Analyte	Result	Reporting Limit	Units	Dilution	Analyzed	Method	Notes	Analyst
General Chemistry								
Alkalinity, Bicarbonate	**480**	10.0	mg/L	10	01/12/12	2320 B		ABP
Alkalinity, Carbonate	**20.0**	10.0	mg/L	10	01/12/12	2320 B		ABP
Alkalinity, Hydroxide	ND	10.0	mg/L	10	01/12/12	2320 B		ABP
Alkalinity, Total	**500**	10.0	mg/L	10	01/12/12	2320 B		ABP
Chloride	**7250**	10.0	mg/L	50	01/13/12	4500Cl B		ABP
Conductivity	**23600**	10.0	uS/cm	1	01/10/12	2510 B		MJV
Fluoride	**0.650**	0.200	mg/L	1	01/10/12	4500F C		ABP
Nitrate/Nitrite as N	ND	0.040	mg/L	2	01/12/12	353.2	Q3	KLJ
pH	**7.82**		pH Units	1	01/10/12	150.1	H4	MJV
Phosphorus, Total	**0.642**	0.100	mg/L	2	01/12/12	365.3	Q3	KLJ
SAR	**98.7**		[blank]	1	01/18/12	Calculation		DJZ
Sulfate	ND	10.0	mg/L	1	01/16/12	4500SO4		ABP
TDS	**12000**	10.0	mg/L	1	01/10/12	160.1/2540C		ABP
Dissolved Metals by ICP								
Calcium	**118**	10.0	mg/L	10	01/12/12	200.7		JLM
Hardness	**389**	66.2	mg/L	10	01/12/12	Calc		JLM
Iron	ND	0.500	mg/L	10	01/12/12	200.7		JLM
Magnesium	**22.7**	10.0	mg/L	10	01/12/12	200.7		JLM
Potassium	**97.8**	10.0	mg/L	10	01/12/12	200.7		JLM
Sodium	**4470**	10.0	mg/L	10	01/12/12	200.7		JLM
Cation/Anion Balance	**-2.01**							

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Debbie Zufelt

Debbie Zufelt, Reports Manager

Application for Authorization to Inject

Dugan Production Corp.

St. Moritz SWD #2

Part VIII. Geologic Data

The proposed injection interval is the Entrada Sandstone from approximately 6842 – 7070 feet below the surface.

The main source of stock water in the region is encountered in valley-fill deposits in existing arroyos at shallow depths of approximately 15 – 50 feet below the surface and stock tanks constructed on surface shale in the upper reaches and confluences of arroyos. The disposal well is not located in an arroyo. The closest arroyo is 300-feet south of the disposal well and there is a stock tank located 900-feet east and upslope from the proposed disposal well.

There are no known drinking water sources below the Mesaverde interval. The formation tops in the well are as follows:

Nacimiento	Surface	Skelly	4738
Ojo Alamo	518	Greenhorn	5612
Kirtland	600	Graneros	5670
Fruitland	841	Dakota	5706
Pictured Cliffs	1265	Morrison	5948
Lewis	1408	Bluff	6200
Cliff House	2006	Todilto	6836
Menefee	2580	Entrada	6851
Point Lookout	3698	Chinle	7077
Mancos	3821	Total Depth	7200
Gallup	4634		

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 water well is located 8,950-feet southeast of the proposed disposal well in the SW/4 of the SE/4 of section 36, T24N, R10W. This well was drilled to a total depth of 442-feet and the depth to water was reported at 284-feet. No other information is available on the well.

Application for Authorization to Inject

Dugan Production Corp.

St. Moritz SWD #2

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 betwee4n the disposal zone and any underground source of drinking water.

Kurt Fagrelius

Kurt Fagrelius, VP-Land and Exploration (Geologist)

January 7, 2012
Date

Application for Authorization to Inject

Dugan Production Corp.

St. Moritz SWD #2

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. 66991

STATE OF NEW MEXICO
County of San Juan:

JOHN ELCHERT, being duly sworn says: That HE is the PUBLISHER 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):

Friday, December 2, 2011

And the cost of the publication is $59.19

ON 12/14/11 JOHN ELCHERT appeared before me, whom I know personally to be the person who signed the above document.

Christine Sellers

My Commission Expires –

OFFICIAL SEAL
CHRISTINE SELLERS
Notary Public
State of New Mexico
My Comm. Expires 11/05/15

COPY OF PUBLICATION

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 Fagrelius, phone 505-325-1821. The proposed disposal site is the St. Moritz SWD#2 located 2200' FSL & 1780' FEL, Sec 26, Twn. 24N, Rng. 10W, San Juan Co., NM. Water will be injected into the Entrada Sandstone between the depths of approximately 6842' and 7070' below the surface. Maximum injection pressure is 1365-psi. Maximum injection rate is 6,000 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 20-days.

Legal No. 66991 published in The Daily Times on Dec. 2, 2011.

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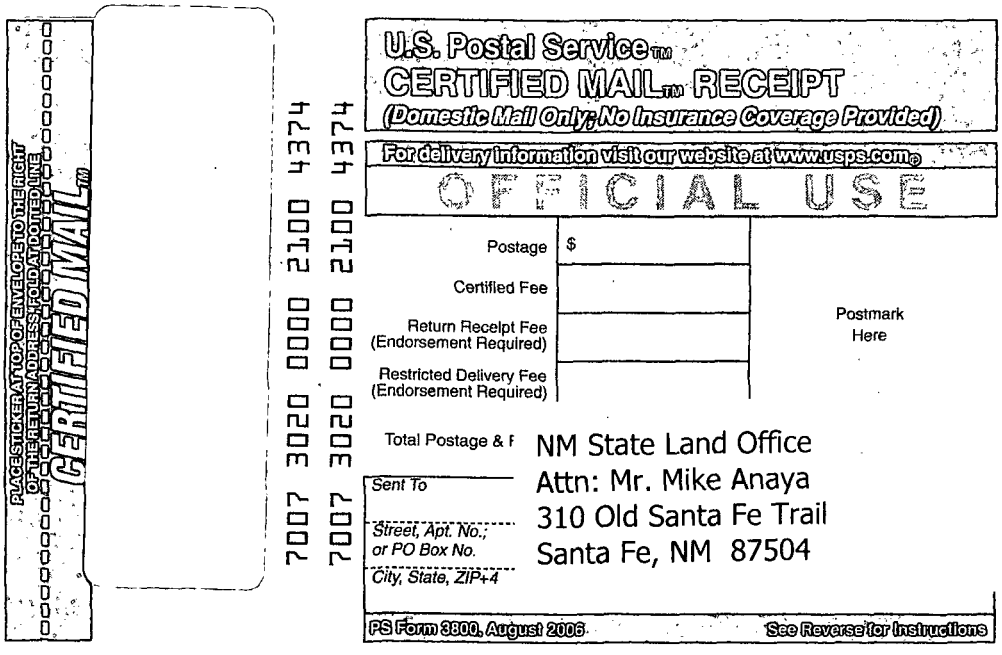
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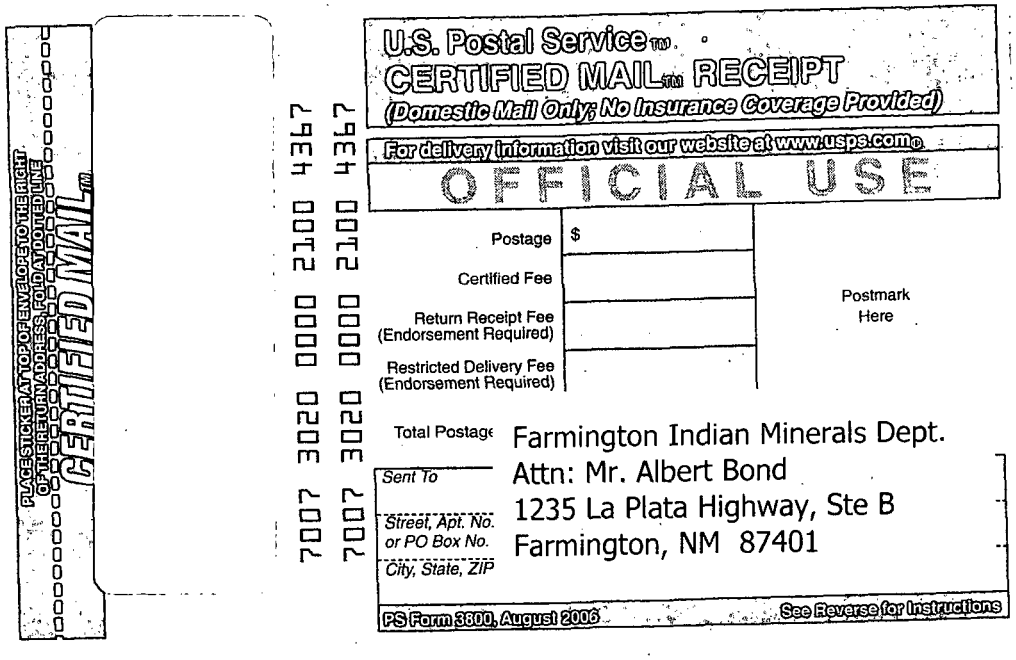
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Total Postag	

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Sent To
Street, Apt. No. or PO Box No.
City, State, ZIP+4

NM Oil Conservation Division
Attn: Mr. Charlie Perrin
1000 Rio Brazos Rd.
Aztec, NM 87410

PS Form 3800, August 2006 See Reverse for Instructions

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT OF THE RETURN ADDRESS, FOLD AT DOTTED LINE

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City, State, ZIP+4

NM Oil Conservation Division
Attn: Will Jones
1220 S. St. Francis Street
Santa Fe, NM 87505

PS Form 3800, August 2006 See Reverse for Instructions

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT OF THE RETURN ADDRESS, FOLD AT DOTTED LINE

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Restricted Delivery Fee (Endorsement Required)	
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Sent To
Street, Apt. No.; or PO Box No.
City, State, ZIP+4

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

PS Form 3800, August 2006 See Reverse for Instructions

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT OF THE RETURN ADDRESS, FOLD AT DOTTED LINE

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Sent To
Street, Apt. No.; or PO Box No.
City, State, ZIP+4

Bureau of Indian Affairs
Attn: Ms. Bertha Spencer
PO Box 1060
Gallup, NM 87305

PS Form 3800, August 2006 See Reverse for Instructions

Dugan Production Corp.
St. Moritz SWD #2
Sec. 26, T24N, R9W, NMPM
2200' FSL & 1780' FEL
San Juan County, New Mexico

Salt Water Disposal Application
Proof of Notification

SENDER: COMPLETE THIS SECTION

- ☐ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- ☐ Print your name and address on the reverse so that we can return the card to you.
- ☐ Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

NM Oil Conservation Division
Attn: Will Jones
1220 S. St. Francis Street
Santa Fe, NM 87505

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X ☐ Agent ☐ Addressee

B. Received by (Printed Name) C. Date of Delivery
Corey C. 1-20-12

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☑ No

CORONADO STATION SANTA FE NM 87508 JAN 20 2012 USPS

3. Service Type
☐ Certified Mail ☐ Express Mail
☐ Registered ☑ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Transfer from service label) 7007 3020 0000 2100 4329

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

SENDER: COMPLETE THIS SECTION

- ☑ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- ☑ Print your name and address on the reverse so that we can return the card to you.
- ☑ Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

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

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X ☐ Agent ☐ Addressee

B. Received by (Printed Name) C. Date of Delivery
Sin Key 1/20/12

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
☐ Certified Mail ☐ Express Mail
☐ Registered ☑ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Transfer from service label) 7007 3020 0000 2100 4336

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

SENDER: COMPLETE THIS SECTION

- ■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- ■ Print your name and address on the reverse so that we can return the card to you.
- ■ Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

NM Oil Conservation Division
Attn: Mr. Charlie Perrin
1000 Rio Brazos Rd.
Aztec, NM 87410

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X ☐ Agent ☐ Addressee

B. Received by (Printed Name) C. Date of Delivery
Brandon Powell 1/20/12

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
☐ Certified Mail ☐ Express Mail
☐ Registered ☑ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Transfer from service label) 7007 3020 0000 2100 4343

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

Dugan Production Corp.
St. Moritz SWD #2
Sec. 26, T24N, R9W, NMPM
2200' FSL & 1780' FEL
San Juan County, New Mexico

Salt Water Disposal Application
Proof of Notification

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Farmington Indian Minerals Dept.
Attn: Mr. Albert Bond
1235 La Plata Highway, Ste B
Farmington, NM 87401

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X [signature] ☐ Agent ☐ Addressee

B. Received by (Printed Name) Sinky C. Date of Delivery 1/26/12

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
☐ Certified Mail ☐ Express Mail
☐ Registered ☑ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Transfer from service label) 7007 3020 0000 2100 4367

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Bureau of Indian Affairs
Attn: Ms. Bertha Spencer
PO Box 1060
Gallup, NM 87305

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X [signature] ☐ Agent ☐ Addressee

B. Received by (Printed Name) C. Date of Delivery 1/26/12

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
☐ Certified Mail ☐ Express Mail
☐ Registered ☑ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Transfer from service label) 7007 3020 0000 2100 4350

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

NM State Land Office
Attn: Mr. Mike Anaya
310 Old Santa Fe Trail
Santa Fe, NM 87504

SANTA FE NM 87501 JAN 20 2012 USPS

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X [signature] ☐ Agent ☐ Addressee

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
☐ Certified Mail ☐ Express Mail
☐ Registered ☑ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Transfer from service label) 7007 3020 0000 2100 4374

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

Injection Permit Checklist (11/15/2010)

2/10/12

WFX____ PMX____ SWD 1315 Permit Date ~~2/3/12~~ UIC Qtr (T)(F)(M)

Wells 1 Well Name(s): St. MORITZ SWD #2

API Num: 30-0 45-35281 Spud Date: ~~NOT SPUD~~ 12/1/11 New/Old: N (UIC primacy March 7, 1982)

Footages 2200 FSL/1780 FEL Unit J Sec 26 Twp 24N Rge 10W County San JUAN

General Location: 15 mi N. of CHACO, + 9 mi W of Nageezi

Operator: DUGAN PRODUCTION CORP. Contact Kurt Fagrelius

OGRID: 6515 RULE 5.9 Compliance (Wells) 4/9/10 (Finan Assur) OK IS 5.9 OK? OK

Well File Reviewed ✓ Current Status: New Permit ~~Not Drilled~~

Planned Work to Well: perf / inject

Diagrams: Before Conversion____ After Conversion____ Elogs in Imaging File: No Logs (only Cased Hole Logs Planned)

Well Details:	Sizes Hole.....Pipe	Setting Depths	Stage Tool	Cement ~~Sacks~~	Determination Method
New __Existing __Surface	12 1/4 9 5/8	352'		248 ft³	
New__Existing __Interm	~~8~~				
New__Existing __LongSt	8 3/4 7	7178'	3880	654 cf / 1248 cf	
New__Existing __ Liner		(7200' TD)			
New__Existing __ OpenHole					

Depths/Formations:	Depths, Ft.	Formation	Tops?
? Formation(s) Above	5796 / 6851	DKTA / Eaton	✓ / ✓
Injection TOP:	6842	ENTRADA	Max. PSI 1368 OpenHole___ Perfs ✓
Injection BOTTOM:	7070	"	Tubing Size 3½ Packer Depth 6792'
Formation(s) Below	7077	Chinle	✓

6842 / 6784

~~Capitan Reef?~~ ___ (~~Potash?~~ ___ ~~Noticed?~~ ___) [~~WIPP?~~ ___ ~~Noticed?~~ ___] ~~Salado Top/Bot~~ ___ ~~Cliff House?~~ ___

Fresh Water: Depths: 284' To 442' Formation Nacimiento / Tertiary Wells? NO Analysis? ~~NR~~ Affirmative Statement ✓

Disposal Fluid Analysis? ✓ Sources: ~~Gallup~~ / FRC / DKTA

? **Disposal Interval: Analysis?** ___ Production Potential/Testing: ✓

Notice: Newspaper Date 12/2/11 (1/20/12) ✓ Surface Owner BLM Mineral Owner(s) BLM

RULE 26.7(A) Affected Persons: (NONE)

AOR: Maps? ✓ Well List? ✓ Producing in Interval? NO Wellbore Diagrams? —

.....Active Wells 0 Repairs? — WhichWells? —

.....P&A Wells 0 Repairs? — Which Wells? —

Issues: No openHole Log — no SWAB Test Request Sent ____ Reply: ____