

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM-10561
1b. Type of Well: <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other: INJ <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator DUGAN PRODUCTION CORP.		7. If Unit or CA Agreement, Name and No.
Contact: KURT FAGRELIUS E-Mail: kfagrellius@duganproduction.com		8. Lease Name and Well No. BIG FIELD SWD#9
3a. Address 709 EAST MURRAY DRIVE FARMINGTON, NM 87401	3b. Phone No. (include area code) Ph: 505.325.1821 Fx: 505.327.4613	9. API Well No. 3004532258
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface NWSW 1960FSL 660FWL 36.48440 N Lat, 108.18100 W Lon At proposed prod. zone		10. Field and Pool, or Exploratory SALT WATER DISPOSAL WELL SWD; Entrada
14. Distance in miles and direction from nearest town or post office* APPROX. 5-MILES NORTH OF FARMINGTON, NM		11. Sec., T., R., M., or Blk. and Survey or Area L Sec 15 T30N R14W Mer NMP SME: BLM
15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 660'	16. No. of Acres in Lease 1397.16	12. County or Parish SAN JUAN
18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft. APPROX. 1000'	19. Proposed Depth 7500 MD	13. State NM
21. Elevations (Show whether DF, KB, RT, GL, etc.) 5733 GL	22. Approximate date work will start 05/01/2004	17. Spacing Unit dedicated to this well NA
		20. BLM/BIA Bond No. on file
		23. Estimated duration 15-DAYS

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification
6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature <i>Kurt Fagrellius</i>	Name (Printed/Typed) KURT FAGRELIUS	Date 03/26/2004
Title GEOLOGIST		
Approved by (Signature) <i>[Signature]</i>	Name (Printed/Typed)	Date 6-18-04
Title AFM	Office FFO	

Application approval does not warrant or certify the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

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.

Additional Operator Remarks:

Drill and complete produced water disposal well. Disposal interval is the Entrada Sandstone.
Permission will be received from the NMOCD prior to placing well into injection service.

District I
PO Box 1980, Hobbs, NM 88241-1980

District II
PO Drawer DD, Artesia, NM 88211-0719

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-32258		*Pool Code 96436	*Pool Name SWDjEntrader
*Property Code 34077	*Property Name BIG FIELD SWD		*Well Number 9
*GRID No. 006515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 5733'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	15	30N	14W		1960	SOUTH	660	WEST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres					¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.		

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<div><p>¹⁶</p><p>5304.42'</p><p>5280.00'</p><p>660'</p><p>1960'</p><p>5305.74'</p><p>15</p></div>	<p>¹⁷ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p><i>Kurt Fagrelus</i></p> <p>Signature</p> <p>Kurt Fagrelus</p> <p>Printed Name</p> <p>Geologist</p> <p>Title</p> <p>4/26/2004</p> <p>Date</p>
	<p>¹⁸ SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>Survey Date: DECEMBER 16, 2003</p> <p>Signature and Seal of Professional Surveyor</p> <div><p>JASON C. EDWARDS</p><p>Certificate Number 15269</p></div>

EXHIBIT B
OPERATIONS PLAN
Big Field SWD #9

APPROXIMATE FORMATION TOPS:

Kirtland	Surface	Gallup	5130'
Fruitland	1000'	Skelly	5388'
Pictured Cliffs	1370'	Greenhorn	5870'
Lewis	1465'	Graneros	5935'
Cliff House	2940'	Dakota	5965'
Menefee	3020'	Morrison	6195'
Point Lookout	3790'	Bluff	6975'
Mancos	4160'	Todilto	7170'
		Entrada	7210'
		Total Depth	7500'

Catch samples every 10 feet from 5900 feet to 6200 and from 7100 to total depth.

LOGGING PROGRAM:

Run IES from total depth to surface and CDL over selected intervals.

CASING PROGRAM:

Hole Size	Casing Size	Wt./ft.	Setting Depth	Grade and Condition
12-1/4"	8-5/8"	24#	320'	J-55
7"	5-1/2"	15.5#	6400'	K-55
7"	5-1/2"	17#	7500'	K-55

Plan to drill a 12-1/4" hole and set 320' of 8-5/8" OD, 24#, K-55 surface casing. Then plan to drill a 7" hole to total depth with gel-water mud program. 5-1/2", 15.5# (surface to 6400') and 5-1/2", 17# (6400' to 7500') K-55 production casing will be run and cemented. Open hole IES and CDL logs will be run. Injection zone will be perforated and acidized. After completion, the well will be cleaned out and injection equipment will be installed.

CEMENTING PROGRAM:

Surface: Cement to surface with 200 cf Class B + 2% CaCl₂.
Circulate to surface.

Production Stage-Cement with 1300 cf 2%Lodense with

¼# celloflake/sx followed by 650 cf Class "B" with
¼# celloflake/sx.
Total cement slurry for production stage is 1950 cf.
Circulate cement to surface.

An adequate spacer will be pumped ahead of the cement slurry to help prevent mud contamination of the cement. An adequate number of casing centralizers will be run through usable water zones to ensure that casing is centralized through these zones. The adequate number of centralizers will be determined based on API standards. Centralizers to impart a swirling action around the casing will be used just below and into the base of the lowest usable water zone. These devices will assist mud displacement, increase cement bonding potential and create an effective hydraulic seal. A chronological log will be kept which records the pump rate, pump pressure, slurry density, and slurry volume for the cement job. The log will be sent to the BLM after completion of the job.

WELLHEAD EQUIPMENT:

Huber 8-5/8"x5-1/2" casing head, 1000# WP, tested to 2000#.
Huber 5-1/2"x2-7/8" tubing head, 1000# WP, tested to 2000#.

BOP and Related Equipment will include for a 2000 psi system:
(Exhibit D)

Annular preventer, double ram, or 2 rams with one
being blind and one being a pipe ram.

Kill line (2" minimum)

1 kill line valve (2" minimum)

1 choke line valve

2 chokes

Upper kelly cock valve with handle available

Safety valve and subs to fit all drill string
connections in use.

Pressure gauge on choke manifold.

2" minimum choke line.

Fill-up line.

Contacts:

Dugan Prod.Corp. Office & Radio Dispatch: 325-1821

Mark Brown 327-3632 (H)
320-8247 (M)

Kurt Fagrelus 325-4327 (H)
320-8248 (M)

John Alexander 325-6927 (H)
320-1935 (M)

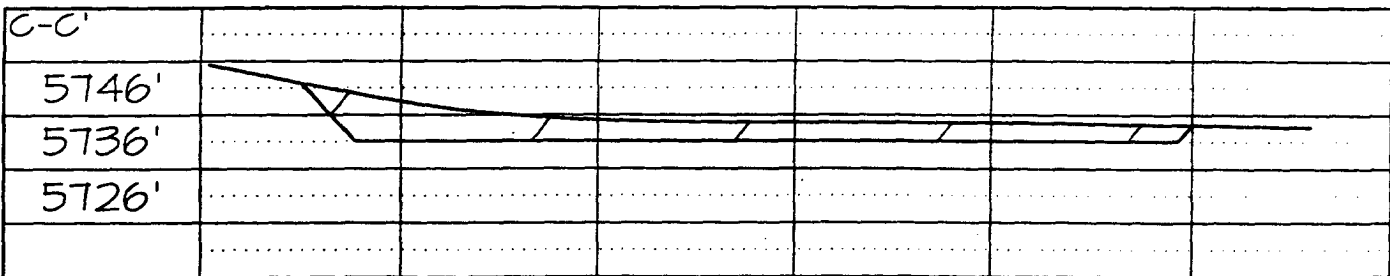
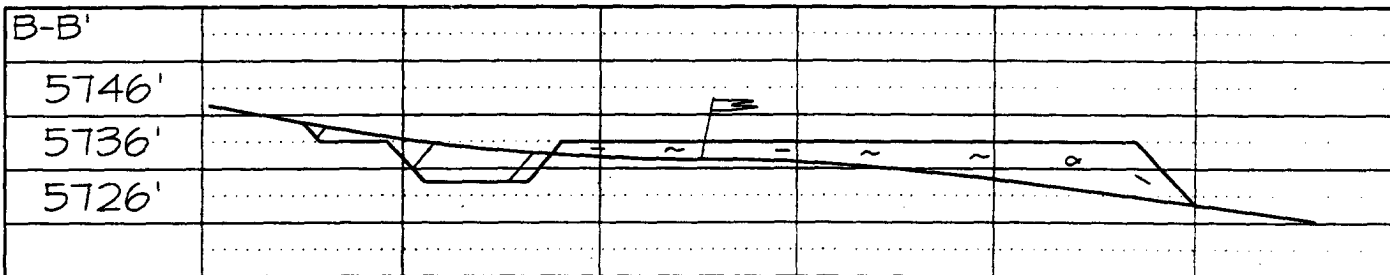
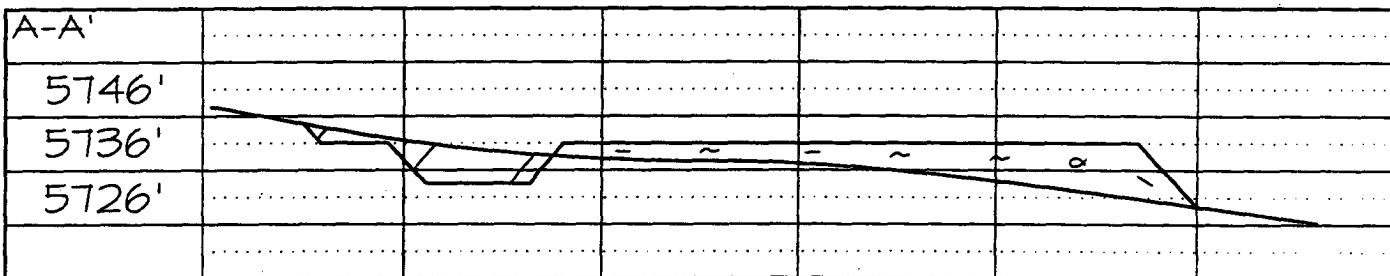
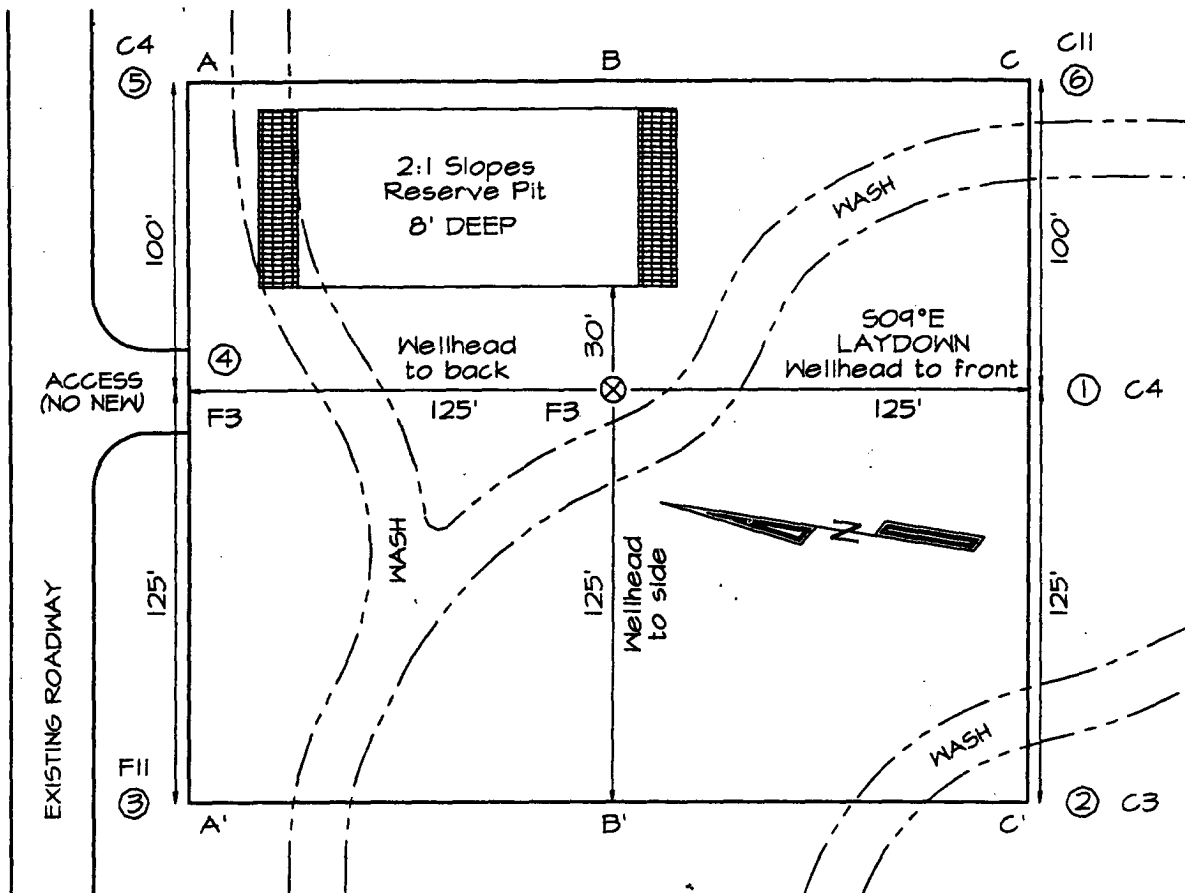
DUGAN PRODUCTION CORPORATION BIG FIELD SWD #9
1960' FSL & 660' FWL, SECTION 15, T30N, R14W, NMPM
SAN JUAN COUNTY, NEW MEXICO ELEVATION: 5733'

PLAT 3.

LATITUDE: 36°48'44"
LONGITUDE: 108°18'10"
 DATUM: NAD1927

PLAT NOTE:

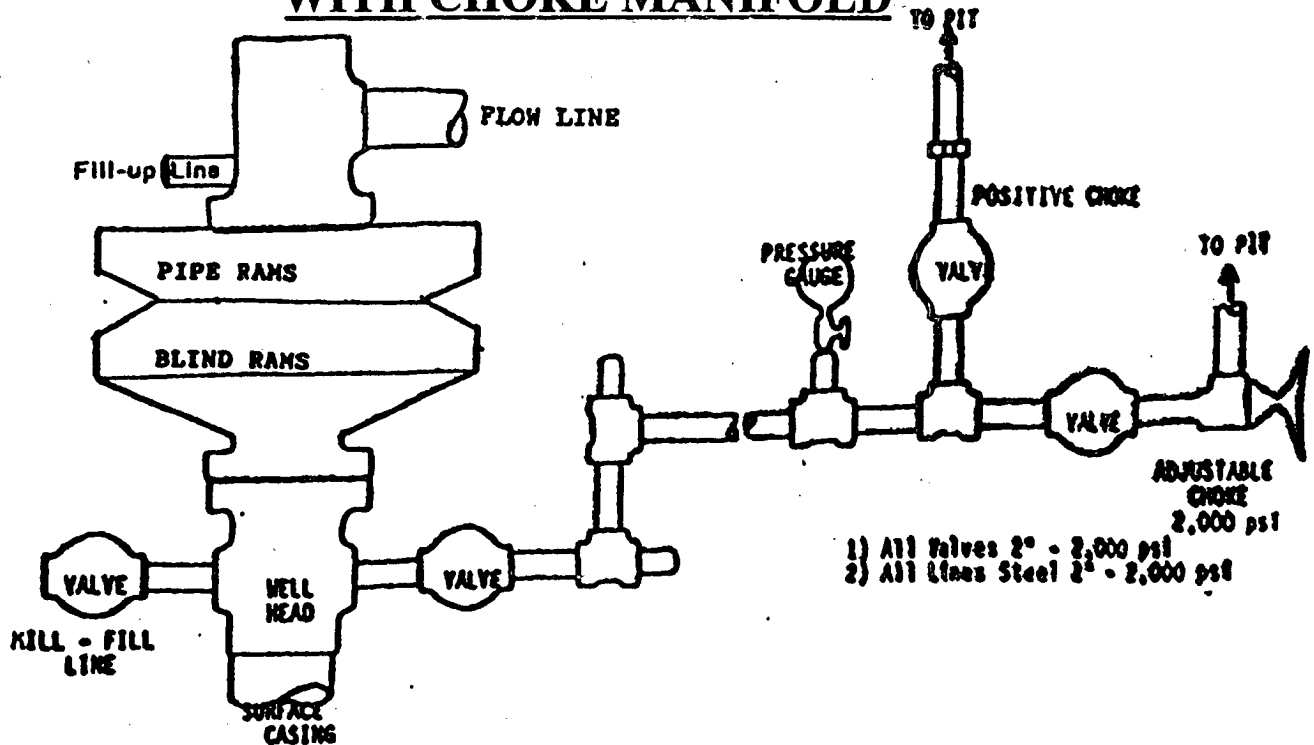
SURFACE OWNER
 Bureau of Land
 Management



Note: Contractor should call One-Call for location of any marked or unmarked buried pipelines or cables on well pad and/or access road at least two (2) working days prior to construction

BOP DIAGRAM WITH CHOKE MANIFOLD

EXHIBIT D.



BOP and Related Equipment will include for a 2000 psi system:

2000 PSI DOUBLE RAM BLOWOUT PREVENTER

Kill line (2" minimum)

1 kill line valve (2" minimum)

1 choke line valve

2 chokes

Upper kelly cock valve with handle available

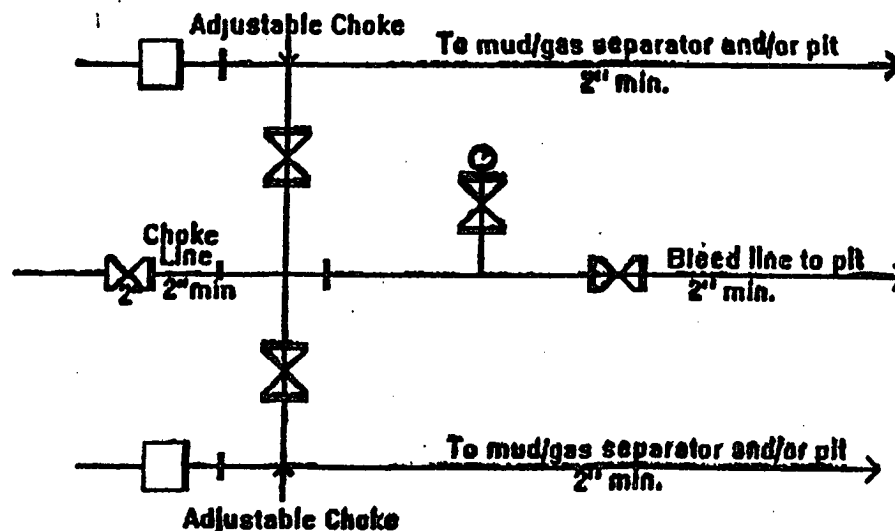
Safety valve and subs to fit all drill string connections in use

Pressure gauge on choke manifold

2" minimum choke line

Fill-up line above the uppermost preventer

BOP equipment will be tested as required in Section III A.1 of Onshore Order 2, plus a 30% safety factor.



2M Choke Manifold Equipment - Configuration May Vary

DUGAN PRODUCTION CORP.

BIG FIELD SWD #9