

Form 3160-3  
(August 1999)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FARM 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.<br>NM-17781                                             |
| 1b. Type of Well: <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other: CBM <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone |                                                                           | 6. If Indian, Alibotee or Tribe Name                                        |
| 2. Name of Operator<br>DUGAN PRODUCTION CORP.                                                                                                                                                                               |                                                                           | 7. If Unit or CA Agreement, Name and No.                                    |
| Contact: KURT FAGRELIUS<br>E-Mail: kfagrelus@duganproduction.com                                                                                                                                                            |                                                                           | 8. Lease Name and Well No.<br>PAUL REVERE 94-S                              |
| 3a. Address<br>709 EAST MURRAY DRIVE<br>FARMINGTON, NM 87401                                                                                                                                                                | 3b. Phone No. (include area code)<br>Ph: 505.325.1821<br>Fx: 505.327.4613 | 9. API Well No.<br>30 04531961                                              |
| 4. Location of Well (Report location clearly and in accordance with any State requirements. *)<br><br>At surface SENW 1800FNL 1900FWL 36.28340 N Lat, 108.11250 W Lon<br><br>At proposed prod. zone                         |                                                                           | 10. Field and Pool, or Exploratory<br>BASIN FRUITLAND COAL                  |
| 14. Distance in miles and direction from nearest town or post office*<br>APPROX. 10-MILES NW OF CARSON TRADING POST, NM                                                                                                     |                                                                           | 11. Sec., T., R., M., or Bk. and Survey or Area<br>Sec 23 T26N R13W Mer NMP |
| 15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)<br>1800                                                                                                | 16. No. of Acres in Lease<br>1760.00                                      | 12. County or Parish<br>SAN JUAN ✓                                          |
| 18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft.<br>2,200'                                                                                                         | 19. Proposed Depth<br>1325 MD                                             | 13. State<br>NM                                                             |
| 21. Elevations (Show whether DF, KB, RT, GL, etc.)<br>6109 GL                                                                                                                                                               | 22. Approximate date work will start<br>01/01/2004                        | 17. Spacing Unit dedicated to this well<br>320.00                           |
| 23. Estimated duration<br>5-DAYS                                                                                                                                                                                            |                                                                           | 20. BLM/BIA Bond No. on file                                                |

**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.<br>2. A Drilling Plan.<br>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).<br>5. Operator certification<br>6. Such other site specific information and/or plans as may be required by the authorized officer. |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

|                                                 |                                        |                    |
|-------------------------------------------------|----------------------------------------|--------------------|
| 25. Signature<br><i>Kurt Fagrelus</i>           | Name (Printed/Typed)<br>KURT FAGRELIUS | Date<br>10/09/2003 |
| Title<br>GEOLOGIST                              |                                        |                    |
| Approved by (Signature)<br><i>H. Markiewicz</i> | Name (Printed/Typed)                   | Date<br>12/3/04    |
| Title<br>AFM                                    | Office<br>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:**

A water based gel-mud will be used to drill surface and production casing hole. Standard 2,000 psi BOP will be used to drill production hole. The Fruitland Coal will be completed from approximately 1165' - 1190'. The interval will be fractured.

This action is subject to technical and procedural requirements of 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4

DRILLING OPERATIONS AUTHORIZED ARE  
SUBJECT TO COMPLIANCE WITH ATTACHED  
"GENERAL REQUIREMENTS".

**OPERATOR**

196C, Hobbs, NM 88241-1980

District II  
PO Drawer 00, Artesia, NM 88211-0719District III  
1000 Rio Brazos Rd., Aztec, NM 87410District IV  
PO Box 2088, Santa Fe, NM 87504-2088State of New Mexico  
Energy, Minerals & Natural Resources Dept.OIL CONSERVATION DIVISION  
PO Box 2088  
Santa Fe, NM 87504-2088Form 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            |                                                | *Pool Code<br>71629 | *Pool Name<br>BASIN FRUITLAND COAL |
| *Property Code<br>3819 | *Property Name<br>PAUL REVERE                  |                     | *Well Number<br>94S                |
| *CGRID No.<br>006515   | *Operator Name<br>DUGAN PRODUCTION CORPORATION |                     | *Elevation<br>6109'                |

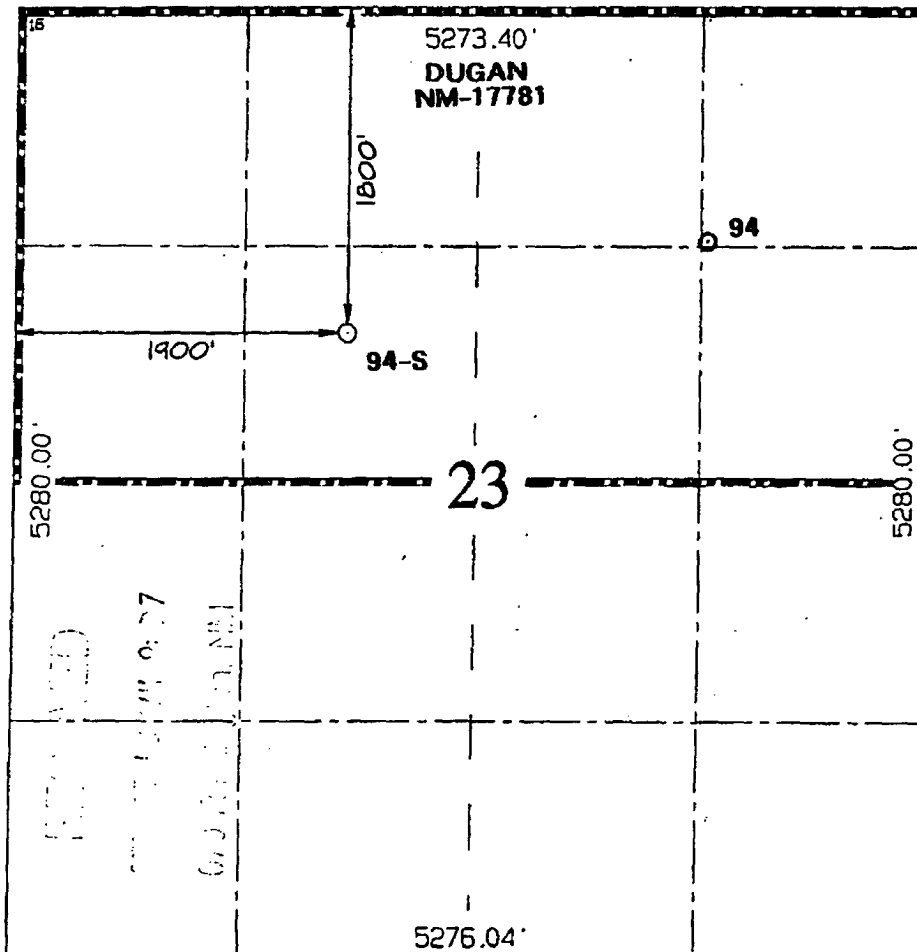
## 10 Surface Location

| UL or lot no. | Section | Township | Range | Lot 10n | Feet from the | North/South line | Feet from the | East/West line | County   |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|----------|
| F             | 23      | 26N      | 13W   |         | 1800          | NORTH            | 1900          | WEST           | SAN JUAN |

## 11 Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township | Range | Lot 10n | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
|               |         |          |       |         |               |                  |               |                |        |

|                                           |                    |                       |              |
|-------------------------------------------|--------------------|-----------------------|--------------|
| 12 Dedicated Acres<br>320.0 Acres - (N/2) | 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

## 17 OPERATOR CERTIFICATION

I hereby certify that the information  
contained herein is true and complete  
to the best of my knowledge and belief

Signature

*Kurt Fagrelus*

Printed Name

Kurt Fagrelus

Title

Geologist

Date

Oct. 11, 2003

## 18 SURVEYOR CERTIFICATION

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.

Survey Date: SEPTEMBER 30, 2003

Signature and Seal of Professional Surveyor

*JASON C. EDWARDS*

Certificate Number 15269