

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Avenue, Artesia, NM 88210

District III

1000 Rio Brazos Road, Aztec, NM 87410

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Form C-101

May 27, 2004

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

Submit to appropriate District Office

☐ AMENDED REPORT**APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE**

¹ Operator Name and Address Dugan Production Corp. P. O. Box 420 Farmington, NM 87499-0420		² OGRID Number 006515
³ Property Code 015564		⁴ API Number 30 - 045 - 29158
⁵ Property Name Marley		⁶ Well No. 1
⁹ Proposed Pool 1 Basin Fruitland Coal		¹⁰ Proposed Pool 2

7 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	36	23N	9W		1190	South	1450	West	San Juan

8 Proposed 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

Additional Well Information

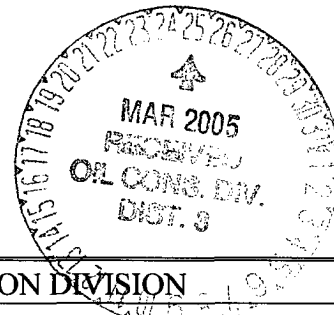
¹¹ Work Type Code P	¹² Well Type Code G	¹³ Cable/Rotary Rotary	¹⁴ Lease Type Code State	¹⁵ Ground Level Elevation 6640'
¹⁶ Multiple No	¹⁷ Proposed Depth 850'	¹⁸ Formation Fruitland Coal	¹⁹ Contractor Dugan	²⁰ Spud Date ASAP
Depth to Groundwater 800'		Distance from nearest fresh water well 9100'		Distance from nearest surface water 675'
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 mils thick Clay <input type="checkbox"/> Pit Volume: 150 bbls Drilling Method: Closed-Loop System <input type="checkbox"/> Fresh Water <input checked="" type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

21 Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
9-1/8"	7"	26#	122'	50 (59 cu ft)	surface
6"	2-7/8"	6.5#	1413'	200 (296 cu ft)	surface

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Plug Chacra zone by spotting Class "B" cement across Chacra top at 1177' from 1227' to 1127'. Chacra perms are 1178'-1270'. Complete Fruitland Coal by perforating 800'-812' with 2 shots/ft. The coal will be acidized with 1,000 gals 15% HCL acid. The zone will be swab tested and most likely hydraulic fractured.

HOLD C104 FOR **N SP**

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines <input checked="" type="checkbox"/> , a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> .		OIL CONSERVATION DIVISION	
Printed name: John Alexander		Approved by: <i>[Signature]</i>	
Title: Vice-President		Title: DEPUTY OIL & GAS INSPECTOR, DIST. 3	
E-mail Address: johncalexander@duganproduction.com		Approval Date: MAR 25 2005 Expiration Date: MAR 25 2006	
Date: March 2, 2005	Phone: 505-325-1821	Conditions of Approval Attached <input type="checkbox"/>	

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 30-045-29158		Pool Code 71629	Pool Name Basin Fruitland Coal
Property Code 015564	Property Name Marley		Well Number 1
OGRID No. 006515	Operator Name Dugan Production Corporation		Elevation 6640' Estimated

10 Surface Location

UL or lot no. N	Section 36	Township 23N	Range 9W	Lot Idn	Feet from the 1190	North/South line South	Feet from the 1450	East/West line West	County San Juan
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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
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12 Dedicated Acres 209.32 320	13 Joint or Infill	14 Consolidation Code	15 Order No.
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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

16				17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief Signature John Alexander Printed Name Vice-President Title March 2, 2005 Date	
Section 36					
Dugan Prod. VA-1121				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. July 12, 1994 Date of Survey Signature and Seal of Surveyor EDGAR L. RIBENHOVER NEW MEXICO 5879 Certificate Number	
1450'					
1190'					