

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENTFORM 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-91522
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		7. If Unit or CA Agreement, Name and No.
2. Name of Operator DUGAN PRODUCTION CORP.		8. Lease Name and Well No. JANUARY JAMBOREE #1 33337
Contact: KURT FAGRELIUS E-Mail: kfagrelus@duganproduction.com		9. API Well No. 30-045-31229
3a. Address 709 EAST MURRAY DRIVE FARMINGTON, NM 87401	3b. Phone No. (include area code) Ph: 505.325.1821 Fx: 505.327.4613	10. Field and Pool, or Exploratory BISTI GALLUP SOUTH
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface NWSW 1825FSL 715FWL At proposed prod. zone		11. Sec., T., R., M., or Blk. and Survey or Area L Sec 31 T24N R9W Mer NMP
14. Distance in miles and direction from nearest town or post office* APPROX. 7 MILES SW OF BLANCO TRADING POST		12. County or Parish SAN JUAN
15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 715		13. State NM
16. No. of Acres in Lease 161.09		17. Spacing Unit dedicated to this well 81.33 w/ 5W/4
18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft. 2,900'		20. BLM/BIA Bond No. on file
19. Proposed Depth 5065 MD		23. Estimated duration 7-DAYS
21. Elevations (Show whether DF, KB, RT, GL, etc.) 6833 GL		22. Approximate date work will start 04/30/2003

## 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 Fagrelus</i>	Name (Printed/Typed) KURT FAGRELIUS	Date 10/07/2002
Title GEOLOGIST		
Approved by (Signature) <i>David J. Mankiewicz</i>	Name (Printed/Typed)	Date JAN - 6 2004
Title Office		

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.

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

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

## Additional Operator Remarks:

Plan to drill a 12-1/4" hole and set 200' of 8-5/8" OD, 24#, J-55 surface casing. Then plan to drill a 7-7/8" hole to total depth with gel-water mud program to test the Gallup Formation. Plan to run IES and CDL logs. If determined productive, will run 4-1/2", 10.5#, J-55 casing, selectively perforate, frac, clean out after frac and complete well.

NMOC

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

District II  
PO Drawer 00, 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

2002 OCT -7 PM 4:11

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number <b>30-045-31229</b>		*Pool Code <b>5860</b>	*Pool Name <b>BISTI, S-GALLUP (0)</b>
*Property Code <b>33337</b>	*Property Name <b>JANUARY JAMBOREE</b>		*Well Number <b>1</b>
*OGRID No. <b>006515</b>	*Operator Name <b>DUGAN PRODUCTION CORPORATION</b>		*Elevation <b>6833'</b>

<sup>10</sup> Surface Location

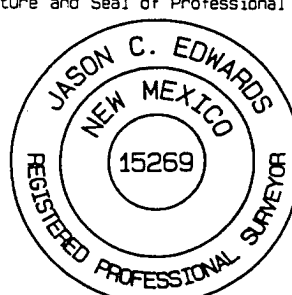
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	31	24N	9W		1825	SOUTH	715	WEST	SAN JUAN

<sup>11</sup> 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

<sup>12</sup> Dedicated Acres <b>81.33 ACRES - W/2 SW/4</b>	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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

<sup>16</sup> 1330.56'  LOT 1	1320.00'	2640.66'	<sup>17</sup> OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief  <u>Kurt Fagrelis</u> Signature <u>Kurt Fagrelis</u> Printed Name <u>Geologist</u> Title <u>October 6, 2002</u> Date
LOT 2			
4.62'	31	2625.48'	<sup>18</sup> 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: <u>OCTOBER 3, 2002</u> Signature and Seal of Professional Surveyor   <u>JASON C. EDWARDS</u> Certificate Number 15269
DUGAN PROD. 100% NM-91522			
715'		2645.94'	
LOT 4			
1825'			
1335.84'	1308.78'	2653.20'	

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

**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.**

FORM APPROVED  
OMB NO. 1004-0135  
Expires: November 30, 2000

5. Lease Serial No.  
NMNM91522

6. If Indian, Allottee or Tribe Name

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

**SUBMIT IN TRIPLICATE - Other instructions on reverse side.**

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

8. Well Name and No.  
JANUARY JAMBOREE 1

2. Name of Operator  
DUGAN PRODUCTION CORPORATION

Contact: KURT FAGRELIUS  
E-Mail: kfagrelus@duganproduction.com

9. API Well No.  
30-045-31229-00-X1

3a. Address  
P. O. BOX 420  
FARMINGTON, NM 874990420

3b. Phone No. (include area code)  
Ph: 505.325.1821  
Fx: 505.327.4613

10. Field and Pool, or Exploratory  
BISTI

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

Sec 31 T24N R9W NWSW 1825FSL 715FWL

11. County or Parish, and State

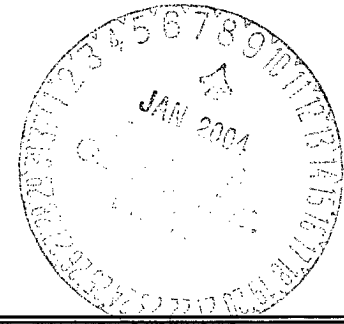
SAN JUAN COUNTY, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" 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 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	Change to Original A
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	PD

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.)

Plan to change surface casing setting depth to 320' and cement volume to 200 cf of Class B circulated to surface.



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

**Electronic Submission #15882 verified by the BLM Well Information System  
For DUGAN PRODUCTION CORPORATION, sent to the Farmington  
Committed to AFMSS for processing by Adrienne Garcia on 11/08/2002 (03AXG0230SE)**

Name (Printed/Typed) KURT FAGRELIUS

Title GEOLOGIST

Signature (Electronic Submission)

Date 11/07/2002

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

**/s/ David J. Mankiewicz**

Approved By

Title

**JAN - 6 2004**  
Date

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

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.

**\*\* REVISED \*\* REVISED \*\* REVISED \*\* REVISED \*\* REVISED \*\* REVISED \*\* REVISED \*\* REVISED \*\***

**NMOC**

**EXHIBIT B**  
**OPERATIONS PLAN**  
*January Jamboree #1*

**APPROXIMATE FORMATION TOPS:**

Ojo Alamo	515'	Cliff House	2025'
Kirtland	615'	Menefee	2580'
Fruitland	980'	Point Lookout	3705'
Pictured Cliffs	1275'	Mancos	3845'
Lewis	1440'	Gallup	4540'
		<b>Total Depth</b>	<b>5065'</b>

Catch samples every 10 feet from 4500 feet to total depth.

**LOGGING PROGRAM:**

IES and CDL logs will be run from total depth to surface.

**CASING PROGRAM:**

<u>Hole</u> <u>Size</u>	<u>Casing</u> <u>Size</u>	<u>Wt./ft.</u>	<u>Setting</u> <u>Depth</u>	<u>Grade and</u> <u>Condition</u>
12-1/4	8-5/8	24#	<del>200'</del> 5065'	J-55
7-7/8	4-1/2	10.5#	5,065	J-55

Plan to drill a 12-1/4" hole and set 200' of 8-5/8" OD, 24#, J-55 surface casing. Then plan to drill a 7-7/8" hole to total depth with gel-water mud program to test Gallup Formation. Plan to run IES and CDL logs. If determined productive, will run 4-1/2", 10.5#, J-55 production casing, selectively perforate, frac, clean out after frac and complete well.

**CEMENTING PROGRAM:**

Surface Cement to surface with 125 cf Class B + 2% CaCl<sub>2</sub>.  
Circulate to surface.

1<sup>st</sup> Stage Cement with 265 sx 50/50 "B" Poz with 2% gel + 1/4# flocele/sk (300 cf).  
Total cement slurry for 1<sup>st</sup> state is 335 cf.  
Projected top for 1<sup>st</sup> stage is 3900'.

2<sup>nd</sup> Stage Cement with 590 sx 65/35 "B" Poz with 12% gel + 1/4# flocele/sk (1200 cf) followed by 50 sx 50/50 "B" Poz with 2% gel + 1/4# flocele/sk (100 cf).  
Circulate to surface.  
Total cement slurry for 2<sup>nd</sup> stage is 1300 cf.  
Total cement for both stages is 1635 cf.

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:**

Casinghead 8-5/8" X 4-1/2" 2000# WP-screwed wellhead.  
Tubinghead 4-1/2" X 2-3/8" 2000#WP-screwed wellhead.

**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)