

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
June 16, 2008

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. 709 East Murray Drive, Farmington, New Mexico 87401		² OGRID Number 006515
		³ API Number 30-043-21109
⁴ Property Code 384666	⁵ Property Name Miller Com	⁶ Well No. 1
⁹ Proposed Pool 1 Basin Fruitland Coal (71629)		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
D	32	22N	7W		1,300	North	900	West	Sandoz

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 N	¹² Well Type Code G	¹³ Cable/Rotary R	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 6630' -GL
¹⁶ Multiple No	¹⁷ Proposed Depth 920-Feet	¹⁸ Formation Fruitland Coal	¹⁹ Contractor Wayne Smith	²⁰ Spud Date ASAP

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12-1/4"	8-5/8"	24#	120-Feet	70-cf	Surface
7"	5-1/2"	14#	920-Feet	145-cf	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.

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 750 - 770 feet. The
interval will be fracture stimulated.

RCVD JAN 26 '11
OIL CONS. DIV.
DIST. 3

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature:

Kurt Fagrelus

Printed name: Kurt Fagrelus

Title: VP-Exploration

E-mail Address: kfagrelus@duganproduction.com

Date: 1/17/2011

Phone: 505-325-1821

OIL CONSERVATION DIVISION

Approved by:

Charles Lee 2-3-11

Title: SUPERVISOR DISTRICT # 3

Approval Date: FEB 03 2011

Expiration Date: FEB 03 2012

Conditions of Approval Attached ☐

FEB 08 2011

District I
1625 N. Franch Dr., Hobbs, NM 88240

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102

Revised October 12, 2005

District II
1301 W. Grand Avenue, Artesia, NM 88210

Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

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

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-043-21109	*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code 384660	*Property Name MILLER COM	*Well Number 1
*GRID No. 006515	*Operator Name DUGAN PRODUCTION CORPORATION	*Elevation 6630'


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
D	32	22N	7W		1300	NORTH	900	WEST	SANDOVAL

¹¹ Bottom Hole Location If Different From Surface

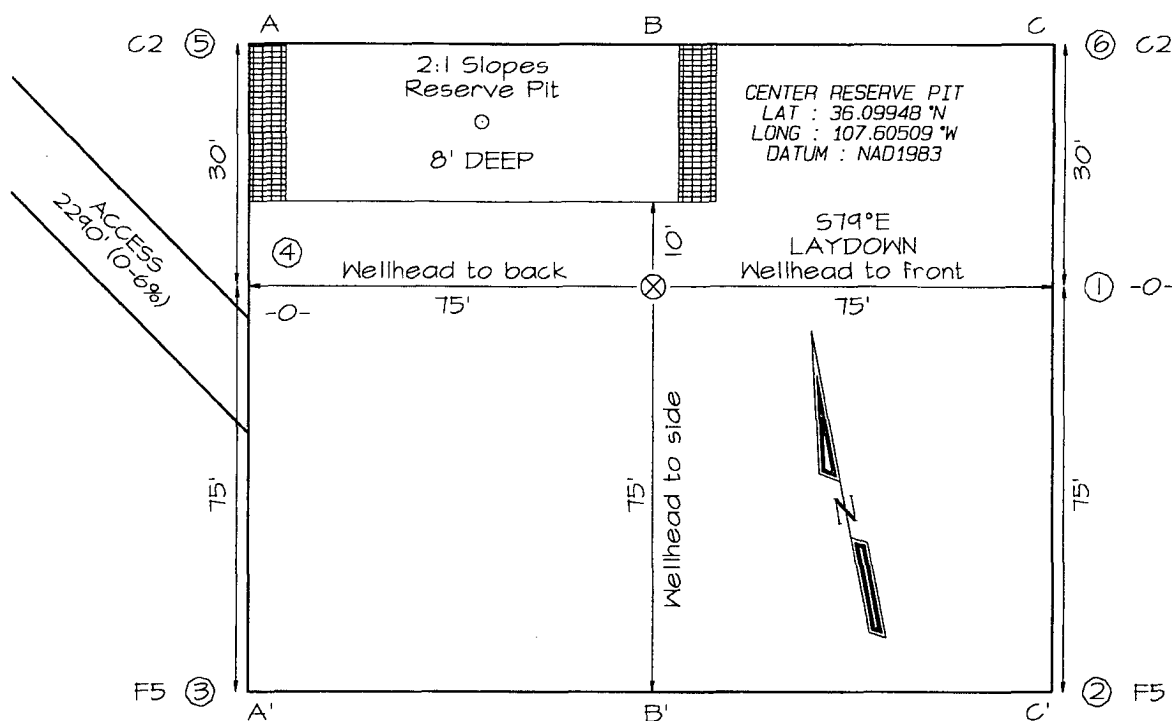
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 320.0 Acres - (W/2)					¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ Order No.

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

<div><p>¹⁶</p><p>5233.80'</p><p>1300'</p><p>900'</p><p>LAT: 36.09942°N LONG: 107.60499°W DATUM: NAD1983</p><p>Dugan V-7847</p><p>5347.32'</p><p>Dugan V-7861</p><p>5324.88'</p><p>5254.26'</p><p>32</p></div>	<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, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p><p><i>Kurt Fagrelus</i> 1/7/2011 Signature Date Kurt Fagrelus Printed Name</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: OCTOBER 30, 2010</p><p>Signature and Seal of Professional Surveyor</p><p></p><p>JASON C. EDWARDS Certificate Number 15269</p></div>
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DUGAN PRODUCTION CORPORATION MILLER COM #1
1300' FNL & 900' FWL, SECTION 32, T22N, R7W, NMPM
SANDOVAL COUNTY, NEW MEXICO GROUND ELEVATION: 6630'

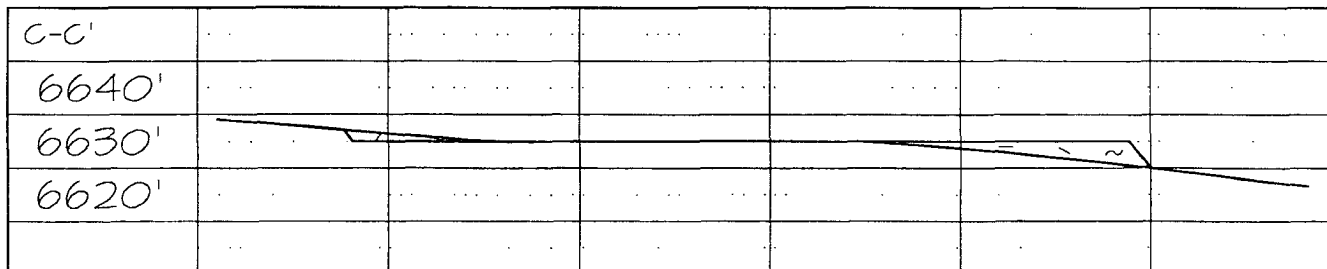
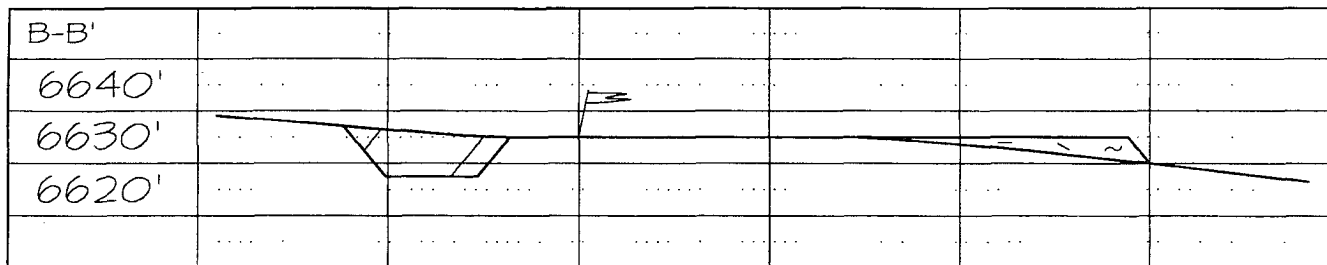
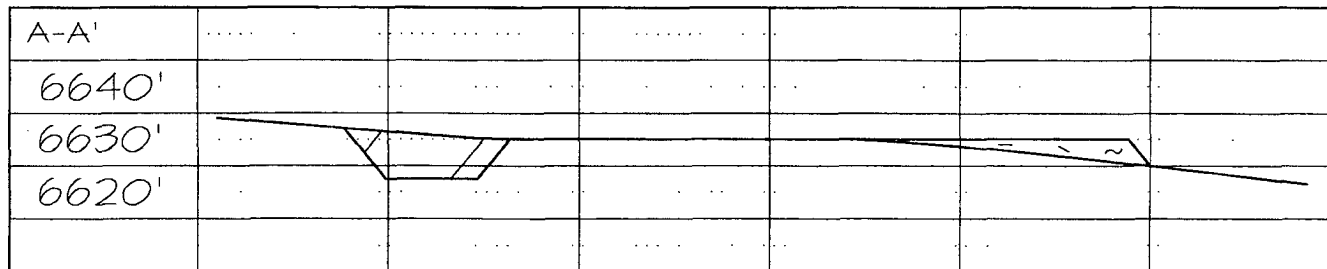
PLAT 3.



LATITUDE: 36.09942° N
LONGITUDE: 107.60499° W
 DATUM: NAD1983

PLAT NOTE:
 SURFACE OWNER
 State of New Mexico

Steel T-Posts have been set to define the Edge of Disturbance limits which are 50' offset from the edge of the staked wellpad.



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