

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1.a. TYPE OF WORK

DRILL ☐DEEPEN ☒

b. TYPE OF WELL

Oil

Well ☒

Gas

Well ☐

Other

SINGLE

ZONE ☒

MULTIPLE

ZONE ☐

2. Name of Operator

Dugan Production Corp.

3. Address and Telephone No.

P.O. Box 420, Farmington, NM 87499 (505) 325-1821

LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)

At surface 2200' FSL & 1400' FEL (NW/4 SE/4)

All proposed prod. zone

same

4. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

Approx. 6.3 miles SW of Chaco Plant, NM

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.

(Also to nearest drig. unit line, if any)

1400' FEL

16. NO. OF ACRES IN LEASE

2240

17. NO. OF ACRES ASSIGNED
TO THIS WELL

80 N/2 SE/4

18. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.Approx. 100'
from DPC's
WBU #130

19. PROPOSED DEPTH

5150'

20. ROTARY OR CABLE TOOLS

Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

6209' GL

22. APPROX. DATE WORK WILL START*

ASAP

23.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADES, SIZES OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
6 1/4"	4 1/2"	10.5#	5150'	1500 cu ft to surface

Plan to re-enter & deepen drilled, completed, temporarily abandoned Menefee Mesaverde water well. Existing casing and cement program is as follows:

7" OD, 23# casing set @ 2599' RKB, cemented with 125 sx regular cement. Calculated TOC @ 1060'.
See exhibit "H" for additional information.

Plan to drill out CIBP (see Exhibit "I") 2020', to a total depth of 5150', perforate Bisti Lower Gallup, frac and complete. If completion is productive, will tie into existing West Bisti pipeline.

This action is subject to technical and
procedural review pursuant to 43 CFR 3160.3
and appeal pursuant to 43 CFR 3160.4.

THIS ACTION IS SUBJECT TO TECHNICAL AND
PROCEDURAL REVIEW PURSUANT TO 43 CFR 3160.3
AND APPEAL PURSUANT TO 43 CFR 3160.4.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED


Terry Kochis

Title Engineer

Date 4/26/2001

(This space for Federal or State office use)

PERMIT NO. _____

APPROVAL DATE

5/9/01

Application approval 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.

CONDITIONS OF APPROVAL, IF ANY:

Approved by _____

Title _____

Date

5/9/01

*See Instructions on Reverse Side

Title 18 U.S.C. Section 1001, makes 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.

W.D. 0104 FOR NSL

NMOOD

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

District II
811 South First, Artesia, NM 88210

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

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-102
Revised October 18, 1994

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

2001 APR 27 PM 2:50

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-13403	² Pool Code 5890	³ Pool Name Bisti Lower Gallup
⁴ Property Code 003594	⁵ Property Name West Bisti	⁶ Well Number 131
⁷ OGRID No. 006515	⁸ Operator Name Dugan Production Corp.	⁹ Elevation 6209' GL


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
J	28	26N	13W		2200	South	1400	East	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 80	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>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i>  Signature Terry Kochis Printed Name Engineer Title April 26, 2001
		Section 28			¹⁸ SURVEYOR CERTIFICATION <i>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.</i> Original signed 4/09/99 by E.V. Echohawk Date of Survey Signature and Seal of Professional Surveyor Certificate Number 1545
		Dugan Prod. SF-078091			

Water Well Location

COMPANY British American Oil Producing Company

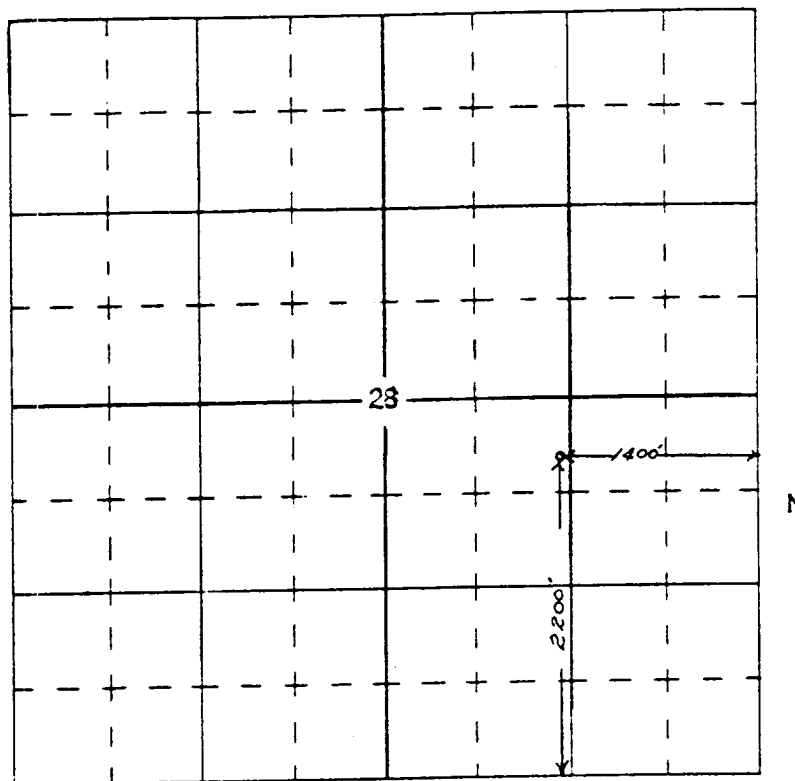
Well Name & No. #2 Lease No. _____

Location 2200 feet from the South line and 1400 from the East line

Being in NW 1/4 Sec 28

Sec. 28, T26 N., R13 W., N.M.P.M., San Juan County, New Mexico.

Ground Elevation _____



Scale -- 4 inches equals 1 mile

Surveyed April 9, 1959

This is to certify that the above plat was prepared from field notes of actual surveys made by me or under my supervision and that the same are true and correct to the best of my knowledge and belief.



Ernest V. Echohawk

Ernest V. Echohawk
Registered Land Surveyor
N. M. Reg. #1545

Four States Oil Field Surveys
Farmington, New Mexico

[illegible]


Exhibit E

Surfacing material none

✓ **Waterbars**

 Culverts

~~Ex~~ Gates

 Cattleguards

 Fence cuts

Access road(s) do/do not cross Fed/Ind land.
Existing road -- no new construction

EXHIBIT B
OPERATIONS PLAN
West Bisti #131

APPROXIMATE FORMATION TOPS (from WBU #129 & WBU #124 logs:)

Ojo Alamo	95'
Kirtland	210'
Fruitland	1,000'
Picture Cliffs	1,305'
Lewis	1,470'
Cliff House	2,086'
Point Lookout	3,750'
Mancos	3,930'
Gallup	4,850'
Total Depth	5,150'

LOGGING PROGRAM:

Catch 10' samples from 4,800' to TD. Run open hole logs IES – CNL – CDL.

CASING PROGRAM:

Plan to re-enter & deepen drilled, completed, and temporarily abandoned Menefee Mesaverde water well. Existing casing and cement program is as follows: 7" OD 23# casing set at 2,599' RKB, cemented w/ 125sx regular cement, calculated TOC at 1,060'. Temporarily abandoned w/ CIBP at 2,020' and 25 sx cement on top to 1,860'.

Plan to drill out CIBP at 2,020' w/ 6 1/4" bit to a total depth of 5,150' with gel – water mud w/ an average mud weight of 8.6 – 9.5 lb/gal to test Gallup formation. Run open hole logs IES – CNL – CDL, run 4 1/2" 10.5# production casing, selectively perforate, frac, clean out after frac, and complete.

The hole size is not smaller the 1 1/2" larger diameter than the casing OD across usable water zones.

Bottom hole pressure for this well is estimated to be less than 500 psi. Anticipate no abnormal pressures or hazard zones.

CEMENTING PROGRAM:

All volumes are contingent upon caliper logs. DV tool approximately at 3,930'.

1st stage w/ 175 sx 50 –50 Posmix 2% gel.

2nd stage cement w/ 550 sx 65/35/12 tailed by 50 sx 50 –50 Posmix 2% gel.

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 the 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 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: Huber 7" X 4 1/2" casinghead, 1,500 psi WP, tested to 3,000 psi.

Tubinghead: Huber 4 1/2" X 2 3/8" tubinghead 1,500 psi WP, tested to 3,000 psi.

BOP and Related Equipment will include for a 2,000 psi system:

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

2" minimum choke line

Fill up line above the upper most preventer

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

CONTACT NUMBERS:

Dugan Prod. – office (505) 325 – 1821

Tom Dugan (505) 325 – 5694

Sherman Dugan (505) 327 – 3121

John Alexander (505) 325 – 6927 mobil (505) 320 – 1935

John Roe (505) 326 – 1034

Kurt Fagrelus (505) 325 – 4327 mobil (505) 320 – 8248

Mark Brown (505) 327 – 3632 mobil (505) 320 – 3247 or 320 – 5707

Terry Kochis (505) 327 – 0532 mobil (505) 320 – 4640