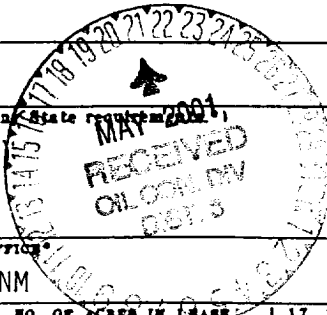


UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/>			5. LEASE DESIGNATION AND SERIAL NO. NOG-9909-1356		
b. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/>			6. IF INDIAN, ALLOTTEE OR TRIBE NAME Navajo Allottee		
2. NAME OF OPERATOR DUGAN PRODUCTION CORP.			7. TRACT AGREEMENT NAME 54		
3. ADDRESS AND TELEPHONE NO. P.O. Box 420, Farmington, NM 87499			8. FARM OR LEASE NAME, WELL NO. Mitzi Com #90 28060		
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements) At surface 2510' FNL & 1380' FEL (SW/4 NE/4)			9. AP WELL NO. 30 045 - 30093		
At proposed prod. zone			10. FIELD AND POOL, OR WILDCAT Basin Fruitland Coal		
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* Approx. 4 mi NW of Carson Trading Post, NM			11. SEC., T., R., M., OR ELEC. AND SURVEY OR AREA Unit G Sec. 23, T26N, R12W		
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any) 130'			12. COUNTY OR PARISH 13. STATE San Juan - NM		
16. NO. OF ACRES IN LEASE 160			17. NO. OF ACRES ASSIGNED TO THIS WELL 320 E/2		
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. N/A			20. ROTARY OR CABLE TOOLS Rotary		
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 6242' GR (est) -			22. APPROX. DATE WORK WILL START* ASAP		



PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
9-7/8"	7"	20#	120'	60sx (71 cu.ft.) circ. to surf.
6-1/4"	4 1/2"	10.5#	1495 -	145sx (245 cu.ft.) circ. to surf.

Plan to drill a 9-7/8" hole and set 120' of 7" OD, 20#, J-55 surface casing; then plan to drill a 6-1/4" hole to total depth with gel-water-mud program to test the Fruitland Coal 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.

This action is in strict compliance with procedural requirements of 43 CFR 3105.3 and appeal pursuant to 43 CFR 3105.4.

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

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zones 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 Sherman E. Dugan TITLE Vice President DATE 12/20/99
(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE 5/18/01

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 /s/ Lee Ottani TITLE _____ DATE _____

*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.

NMOCD

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 30093		* Pool Code 71629	* Pool Name Basin Fruitland Coal
* Property Code 013851	* Property Name Mitzi Com		* Well Number 90
* OGRID No. 006515	* Operator Name Dugan Production Corporation		* Elevation 6242' Estimated

10 Surface Location

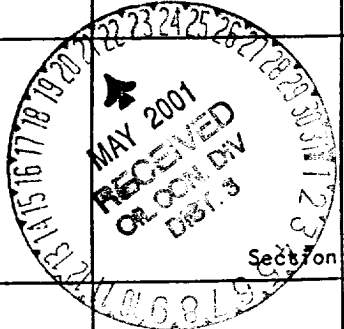
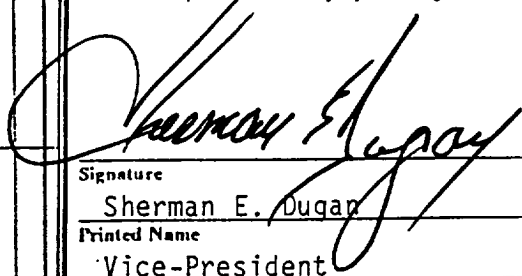
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	23	26N	12W	G	2510	North	1380	East	San Juan

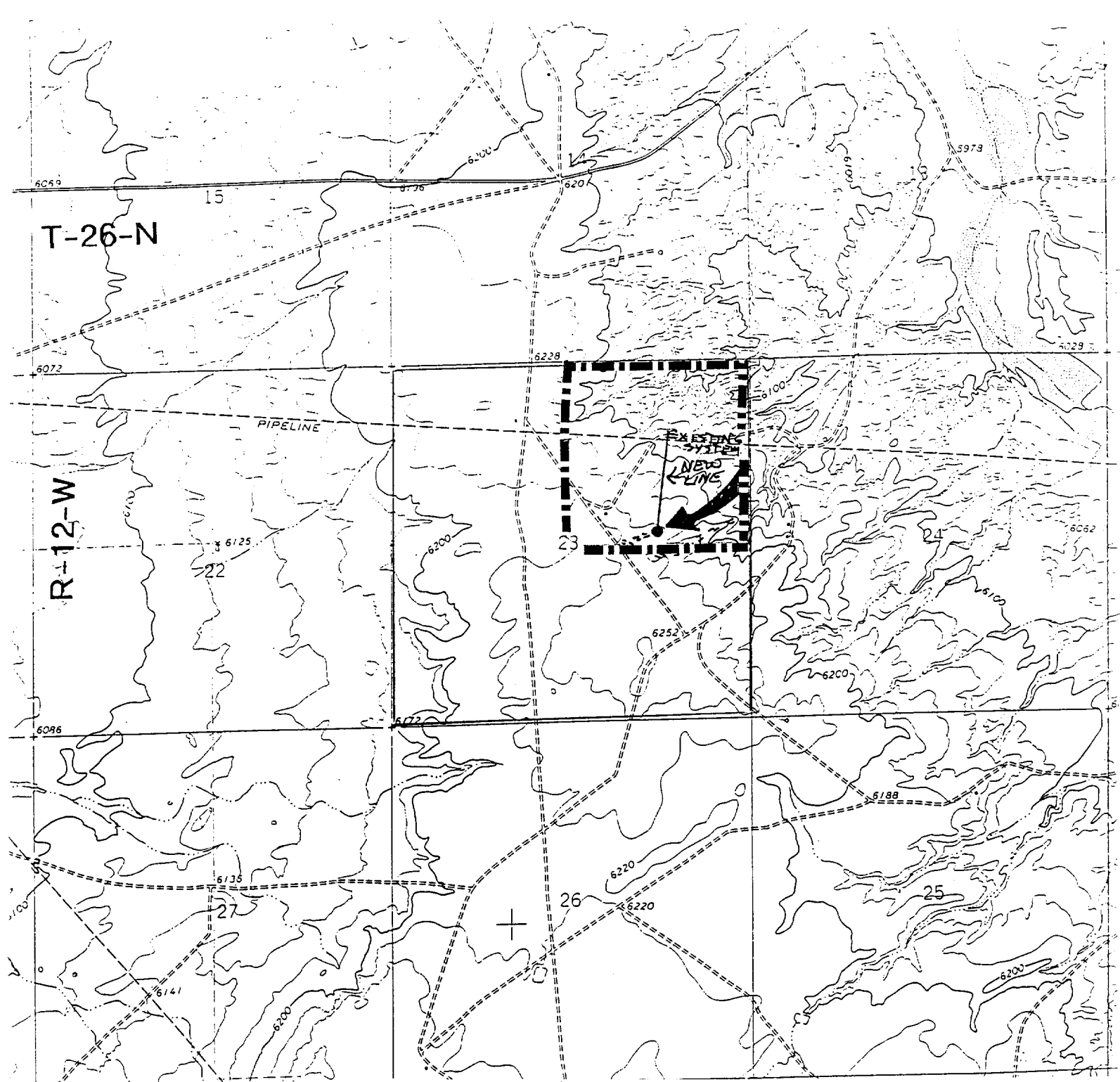
11 Bottom Hole Location If Different From Surface

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 320 E/2	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  Section 23	Dugan Production NOG-9909-1356 2510'	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief  Signature Sherman E. Dugan Printed Name Vice-President Title Date
	Dugan Prod. NM 55113 1380'	



Existing Roads

Exhibit E

vicinity of nearest town or reference pt.
Approx. 4 mi NW of Carson Trading Post, NM

type of surface dirt

conditions good

other _____

reference map: USGS map Carson Trading Post, NM

DUGAN PRODUCTION CORP - MITZI COM #90

Planned Access Road(s)

Exhibit E

Width 20' Maximum grades _____

Drainage design _____ as required

Cuts & Fills _____ as required

Surfacing material none

Turnouts

Culverts

Gates

Cattleguards

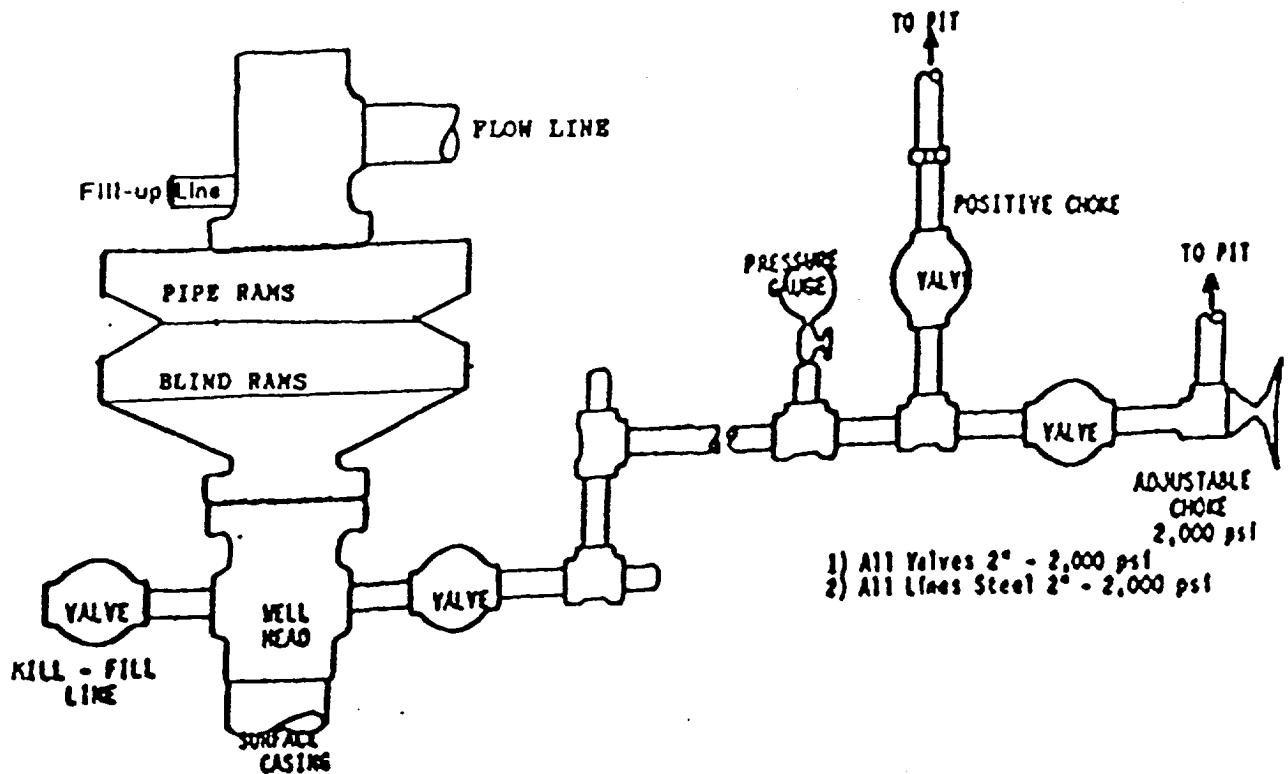
Fence cuts

Waterbars

Access Road &
Pipeline

Access road(s) do do not cross Fed/Ind land.

B.O.P. WITH CHOKE MANIFOLD



BOP and Related Equipment will include for a 2000 psi system:

2000 PSI DOUBLE RAM BLOWOUT PREVENTER

Kill line (2" minimum)

1 kill line valve (2" minimum)

1 choke line valve

2 chokes

Upper kelly cock valve with handle available

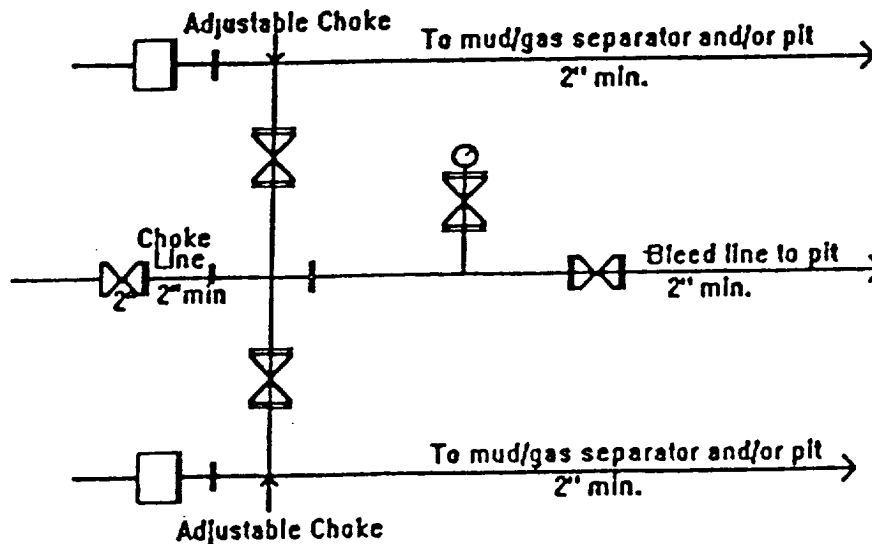
Safety valve and subs to fit all drill string connections in use

Pressure gauge on choke manifold

2" minimum choke line

Fill-up line above the uppermost preventer

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



2U Choke Manifold Equipment - Configuration May Vary

DUGAN PRODUCTION CORP.
MITZI COM #90
EXHIBIT D