

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK
DRILL DEEPEN 100-225-00 M 9:53

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

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)
At surface 2373' FSL & 1280' FWL (NW/4 SW/4)
At proposed prod. zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
Approx. 6 mi W of Carson Trading Post, NM

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)
267'

16. NO. OF ACRES IN LEASE
160

17. NO. OF ACRES ASSIGNED TO THIS WELL
320

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.
approx. 600'

19. PROPOSED DEPTH
1200'

20. ROTARY OR CABLE TOOLS
Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
6118' GR (est)

22. APPROX. DATE WORK WILL START*
ASAP

5. LEASE DESIGNATION AND SERIAL NO.
NOG-9909-1355

6. IF INDIAN, ALLOTTEE OR TRIBE NAME
Navajo Allotment

7. UNIT AGREEMENT NAME
28891

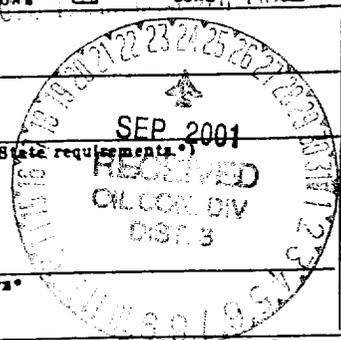
8. FARM OR LEASE NAME, WELL NO.
Hermitage Com #90

9. AP WELL NO.
30 045-30094

10. FIELD AND POOL, OR WILDCAT
Basin Fruitland Coal

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
Unit L
Sec. 33, T26N, R12W

12. COUNTY OR PARISH 13. STATE
San Juan NM



23. 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'	50 sx (59 cu ft.) circ. to surf.
6-1/4"	4 1/2"	10.5#	1200'	140 sx (235 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 application is subject to technical and procedural review pursuant to 43 CFR 3105.3 and appeal pursuant to 43 CFR 3105.4.

DRILLING OPERATIONS AUTHORIZED ARE SUBJECT TO COMPLIANCE WITH ATTACHED GENERAL REQUIREMENTS

24. 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.

SIGNED Sherman P. Dugan TITLE Vice President DATE 12-20-99
(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

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 J.L. TITLE _____ DATE 9-20-1

*See Instructions On Reverse Side

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 30094		* Pool Code 71629	* Pool Name Basin Fruitland Coal
* Property Code 28891	* Property Name Hermitage Com		* Well Number 90
* OGRID No. 006515	* Operator Name Dugan Production Corporation		* Elevation 6118' 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
L	33	26N	12W	L	2373	South	1280	West	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

* Dedicated Acres 320	* Joint or Infill	* Consolidation Code	* 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

<p>6</p>	<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</p> <p><i>Sherman E. Dugan</i></p> <p>Signature Sherman E. Dugan Printed Name Vice-President Title Date</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>May 13, 1998 Date of Survey</p> <p>Signature and Seal of Professional Surveyor </p> <p>Edgar L. Wisenhoover Certificate Number</p>

5 BLM 1 File
UNITED STATES
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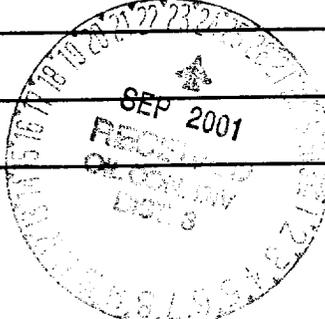
FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT -" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Designation and Serial No. NOG-9909-1355
2. Name of Operator Dugan Production Corp.		6. If Indian, Allotted or Tribe Name Navajo Allotted
3. Address and Telephone No. P.O. Box 420, Farmington, NM 87499 (505) 325 - 1821		7. If Unit or CA, Agreement Designation
Location of Well (Footage, Sec., T., R., M., or Survey Description) 2373' FSL & 1280' FWL (NW/4 SW/4) Unit L, Sec. 33, T26N, R12W, NMPM		8. Well Name and No. Hermitage Corn #90
12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA		9. API Well No. 30 045
		10. Field and Pool, or Exploratory Area Basin Fruitland Coal
		11. County or Parish, State San Juan, NM



TYPE OF SUBMISSION	TYPE OF ACTION	
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment	<input type="checkbox"/> Change of Plans
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion	<input type="checkbox"/> New Construction
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Altering Casing	<input type="checkbox"/> Conversion to Injection
	<input checked="" type="checkbox"/> Other <u>Change of plans</u>	<input type="checkbox"/> Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

Change bit size for 7" surface casing from 9-7/8" to 8-3/4".

2001 JUL 11 11:11:45
 070

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

Signed Terry Kochis Title Engineer Date 7/9/2001

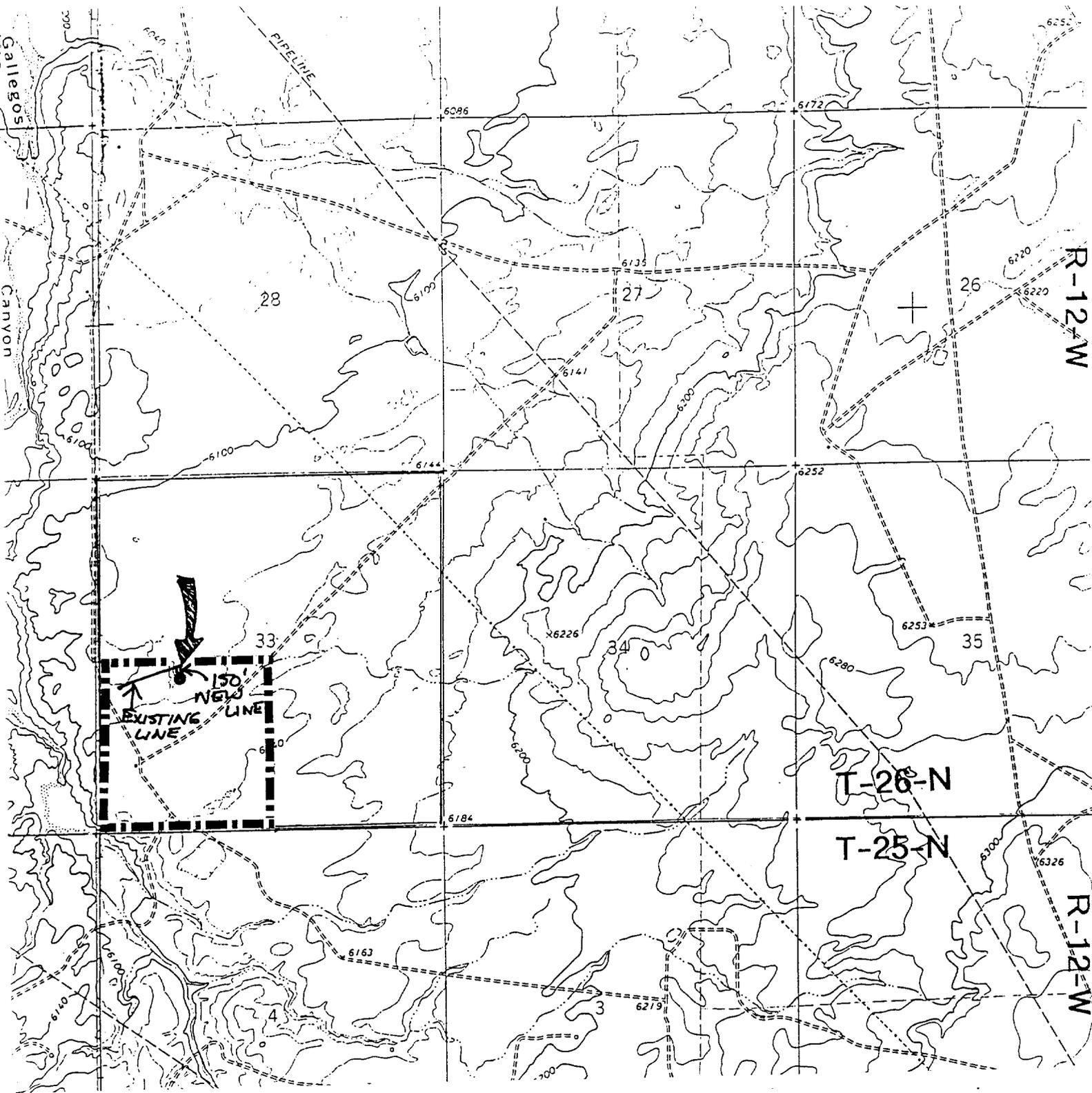
(This space for Federal or State office use)

Approved by Jim Lovato Title _____ Date SEP 20 2001

Conditions of approval, if any:

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.

*See Instruction on Reverse Side



Existing Roads

Exhibit E

Proximity of nearest town or reference pt.
 Approx. 6 mi. W of Carson Trading Post, NM

Type of surface dirt

Conditions good

Other _____

Reference map: USGS map Carson Trading Post, NM & Moncisco Wash, NM
DUGAN PRODUCTION CORP.
HERMITAGE 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.
 No new access is required

WELLHEAD EQUIPMENT:

Huber 7" x 4-1/2" casing head, 1000#WP, tested to 2000#

Huber 4-1/2" x 2-7/8" tubing head, 1000# WP, tested to 2000#

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

No abnormal pressures or hazardous zones are anticipated.

Annual 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 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.

The anticipated bottom hole pressure for this well is estimated to be approximately 325 psi.

The average mud weight is anticipated to be in the range of 8.6 to 9.5 lb/gal.

Dugan Prod.Corp. Office & Radio Dispatch:	325-1821
	Kurt Fagrelus 325-4327
John Alexander 325-6927	Mark Brown 327-3632
Sherman Dugan 327-3121	John Roe 326-1034