

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL ☒DEEPEN ☐

2001 MAR 13 PM 3:44

b. TYPE OF WELL

Oil ☐Gas ☐Well ☐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 2320' FNL & 1850' FEL

At proposed prod. zone

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

Approx. 3 miles Northeast of EPNG Chaco Plant, NM

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.

790'

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

16. NO. OF ACRES IN LEASE

160.00

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.approx. 1325' from
DPC's San Juan
R" Federal #1

19. PROPOSED DEPTH

1435'

20. ROTARY OR CABLE TOOLS

Rotary

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

6005' GL

22. APPROX. DATE WORK WILL START*

ASAP

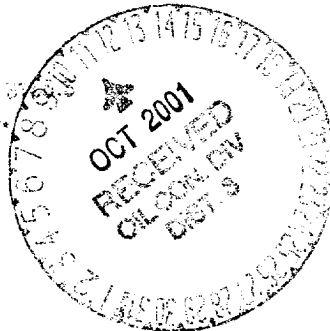
23.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADES, SIZES OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
9-7/8" 8 3/4"	7"	20#	120'	40 sx (48 cu.ft.) circ. to surf.
6-1/4"	4 1/2"	10.5#	1435'	125 sx (218 cu.ft.) circ. to surf.

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 1300'-1315'. The interval will be fractured.

This document is subject to the
procedural review pursuant to 43 CFR 3105.4
and appeal pursuant to 43 CFR 3105.4.



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

Kurt Fagrellius
Kurt Fagrellius

Title Geologist

Date 3/12/2001

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

10/5/01

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/ V.R. Balderaz

Title

Date

OCT - 5

*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

K

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

1 API Number 30 045 <u>30589</u>		2 Pool Code 71629		3 Pool Name Basin Fruitland Coal	
4 Property Code <u>28966</u>		5 Property Name San Juan "R" Federal Com			6 Well Number 90
7 OGRID No. 006515		8 Operator Name Dugan Production Corporation			9 Elevation 5995'

10 Surface Location

UL or lot no. G	Section 12	Township 26N	Range 12W	Lot Idn	Feet from the 2320	North/South line North	Feet from the 1850	East/West line East	County San Juan
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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 <u>5/2</u>		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

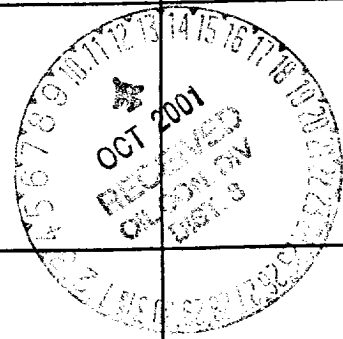
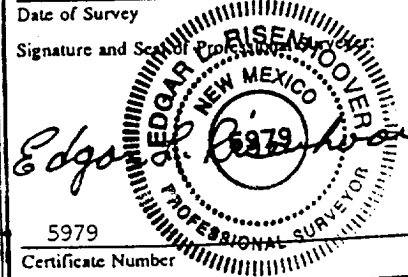
16			Dugan Prod. Jim Jacobs NM-37910	
			2320'	
			1850'	
17 OPERATOR CERTIFICATION				
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief				
Signature <u>Kurt Fagrelius</u>				
Printed Name Kurt Fagrelius				
Title Geologist				
Date 3/2/01				
18 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.				
September 1, 1999				
Date of Survey				
Signature and Seal 				
5979				
Certificate Number				

EXHIBIT B
OPERATIONS PLAN

San Juan "R" Federal Com #90

APPROXIMATE FORMATION TOPS:

Ojo Alamo	200'
Kirtland	390'
Fruitland	1080'
Pictured Cliffs	1315'

Total Depth	1435'
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LOGGING PROGRAM:

Catch samples every 10 feet from 1050 feet to total depth.

CASING PROGRAM:

Hole Size	Casing Size	Wt./ft.	Setting Depth	Grade and Condition
8 3/4" 9-7/8"	7"	20#	±90' 120'	J-55
6-1/4"	4-1/2"	10.5#	1435'	J-55

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

Plan to drill a 9-7/8" hole and set 90' 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 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.

CEMENTING PROGRAM: All volumes are contingent upon Caliper logs.

Surface: Cement with 40 sx (48 cu.ft.) Class "B" neat. Circulate to surface

Production Stage - Cement with 75 sx (159 cu.ft.) 2% Lodense with 1/4# celloflake/sx followed by 50 sx (59 cu.ft.) Class "B" with 1/4# celloflake/sx.
Total cement slurry for production stage is 218 cu.ft.
Circulate to surface.

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:

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:

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

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM 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

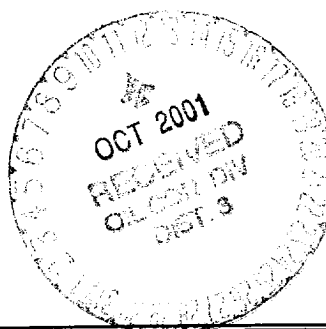
SUBMIT IN TRIPLICATE

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Designation and Serial No. NM 37910
2. Name of Operator Dugan Production Corp.		6. If Indian, Allotted or Tribe Name
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) 2320' FNL & 1850' FEL (SW/4 NE/4) Unit G, Sec. 12, T26N, R12W, NMPM		8. Well Name and No. San Juan R Federal Com #90
		9. API Well No. 30 045
		10. Field and Pool, or Exploratory Area Basin Fruitland Coal
		11. County or Parish, State San Juan, NM

12. CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA	
TYPE OF SUBMISSION	TYPE OF ACTION
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input checked="" type="checkbox"/> Other <u>Change of plans</u>
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<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".

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

Signed Terry Kochis Title Engineer Date 7/9/2001

Terry Kochis

(This space for Federal or State office use)

Approved by _____ Title _____ Date 10/5/01

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