

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM-17781
1b. Type of Well: <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other: CBM <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator DUGAN PRODUCTION CORP.		7. If Unit or CA Agreement, Name and No.
Contact: KURT FAGRELIUS E-Mail: kfagrellius@duganproduction.com		8. Lease Name and Well No. PAUL REVERE COM 95-S
3a. Address 709 EAST MURRAY DRIVE FARMINGTON, NM 87401	3b. Phone No. (include area code) Ph: 505.325.1821 Fx: 505.327.4613	9. API Well No. 3004531975
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface NWSE 1980FSL 1980FEL 36.28190 N Lat, 108.12130 W Lon At proposed prod. zone		10. Field and Pool, or Exploratory BASIN FRUITLAND COAL
14. Distance in miles and direction from nearest town or post office* APPROX. 12-MILES NW OF CARSON TRADING POST, NM		11. Sec., T., R., M., or Blk. and Survey or Area J Sec 22 T26N R13W Mer NMP
15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1980'	16. No. of Acres in Lease 1760.00	12. County or Parish SAN JUAN ✓
18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft. APPROX. 1900'	19. Proposed Depth 1430 MD	13. State NM
21. Elevations (Show whether DF, KB, RT, GL, etc.) 6163 GL	20. BLM/BIA Bond No. on file 320.00 S/P	17. Spacing Unit dedicated to this well
22. Approximate date work will start 01/17/2004	23. Estimated duration 5-DAYS	20. BLM/BIA Bond No. on file

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification
- Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature <i>Kurt Fagrellius</i>	Name (Printed/Typed) KURT FAGRELIUS	Date 10/16/2003
Title GEOLOGIST		
Approved by (Signature) <i>[Signature]</i>	Name (Printed/Typed) AFM	Date 12/3/04
Title AFM	Office FFO	

Application approval does not warrant or certify 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, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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.

Additional Operator Remarks:

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 1230' - 1260'. The interval will be fractured.

This action is subject to technical and procedural review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4

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

NMOC

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

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102

Revised February 21, 1994

Instructions on back

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

District II
PO Drawer 00, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

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

District IV
PO Box 2088, Santa Fe, NM 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-31975		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code 33403	*Property Name PAUL REVERE		*Well Number 95S
*GRID No. 006515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 6163'

¹⁰ Surface Location

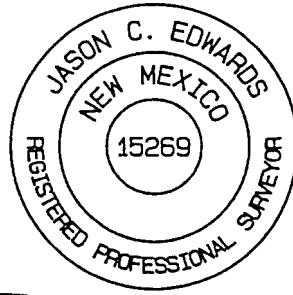
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	22	26N	13W		1980	SOUTH	1980	EAST	SAN JUAN

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 320.0 Acres - (S/2)	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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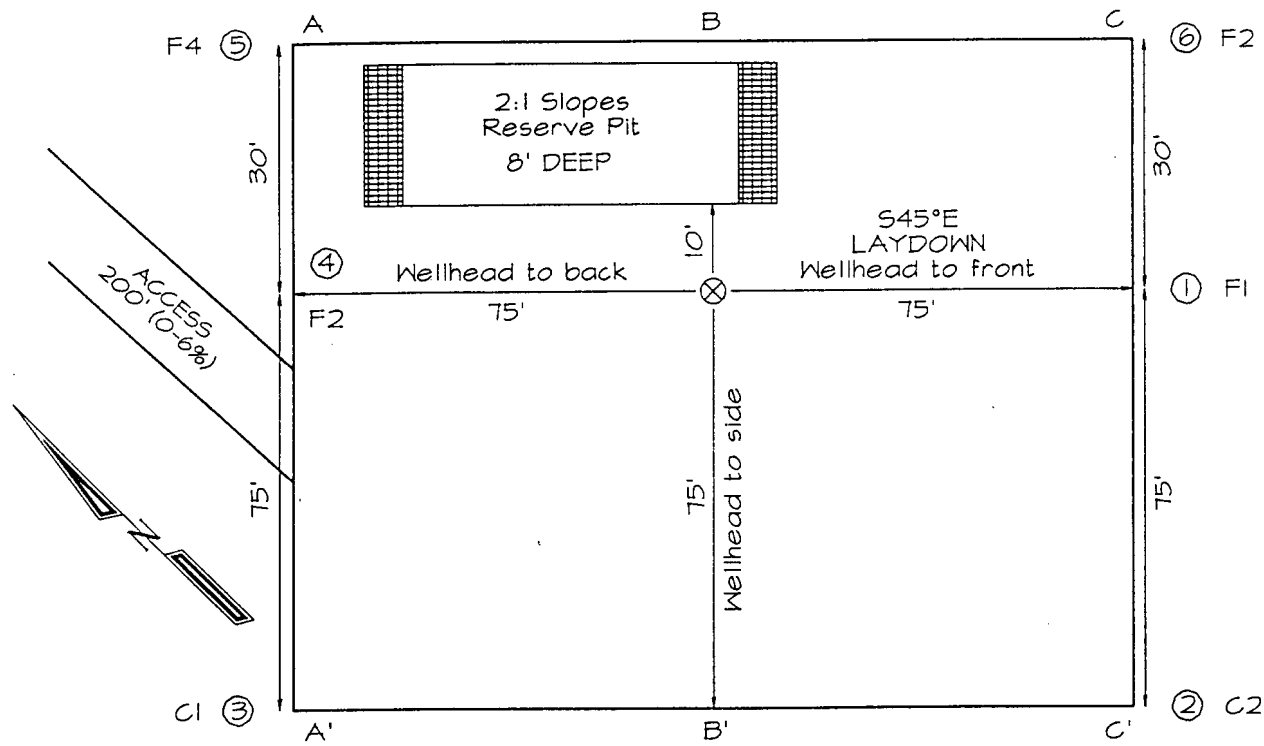
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<div>16</div> <div>RECEIVED 77 OCT 17 PM 4:18 070 Farmington, NM</div> <div>5280.00'</div> <div>5277.36'</div> <div>22 DUGAN NM-17781</div> <div>95</div> <div>MARALEX NM-86086</div> <div>EDWARDS NM-31059</div> <div>5282.64'</div>	<div>17 OPERATOR CERTIFICATION</div> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p>Signature <u>Kurt Fagrelus</u></p> <p>Printed Name <u>Kurt Fagrelus</u></p> <p>Title <u>Geologist</u></p> <p>Date <u>Oct. 16, 2003</u></p> <div>18 SURVEYOR CERTIFICATION</div> <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>Date of Survey: <u>OCTOBER 1, 2003</u></p> <p>Signature and Seal of Professional Surveyor</p> <div></div> <p><u>JASON C. EDWARDS</u> Certificate Number 15269</p>
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DUGAN PRODUCTION CORPORATION PAUL REVERE #95S
 1980' FSL & 1980' FEL, SECTION 22, T26N, R13W, NMPM
 SAN JUAN COUNTY, NEW MEXICO ELEVATION: 6163'

PLAT 3.

LATITUDE: 36°28'19"
 LONGITUDE: 108°12'13"
 DATUM: NAD1927



PLAT NOTE:
 SURFACE OWNER
 Navajo Tribal Trust

A-A'						
6173'						
6163'						
6153'						

B-B'						
6173'						
6163'						
6153'						

C-C'						
6173'						
6163'						
6153'						

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

EXHIBIT B
OPERATIONS PLAN
Paul Revere Com #95-S

APPROXIMATE FORMATION TOPS:

Ojo Alamo	70'	Pictured Cliffs	1280'
Kirtland	150'		
Fruitland	970'	Total Depth	1430'

Catch samples every 10 feet from 1200 feet to total depth.

LOGGING PROGRAM:

Run cased-hole GR-CCL-CNL from total depth to surface.

CASING PROGRAM:

<u>Hole</u> <u>Size</u>	<u>Casing</u> <u>Size</u>	<u>Wt./ft.</u>	<u>Setting</u> <u>Depth</u>	<u>Grade and</u> <u>Condition</u>
9-7/8"	7"	20#	120'	J-55
6-1/4"	4-1/2"	10.5#	1430'	J-55

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. 4-1/2", 10.5#, J-55 production casing will be run and cemented. Cased hole GR-CCL-CNL log will be run. Productive zone will be perforated and fractured. After frac, the well will be cleaned out and production equipment will be installed.

CEMENTING PROGRAM:

Surface: Cement to surface with 70 cf Class B + 2% CaCl₂.
Circulate to surface.

Production Stage-Cement with 142 cf 2%Lodense with
1/4# celloflake/sx followed by 78 cf Class "B" with
1/4# celloflake/sx.
Total cement slurry for production stage is 220 cf.
Circulate cement 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"x4-1/2" casing head, 1000# WP, tested to 2000#.

Huber 4-1/2"x2-7/8" tubing head, 1000# WP, tested to 2000#.

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

(Exhibit D)

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.

Pressure gauge on choke manifold.

2" minimum choke line.

Fill-up line.

Contacts:

Dugan Prod.Corp. Office & Radio Dispatch: 325-1821

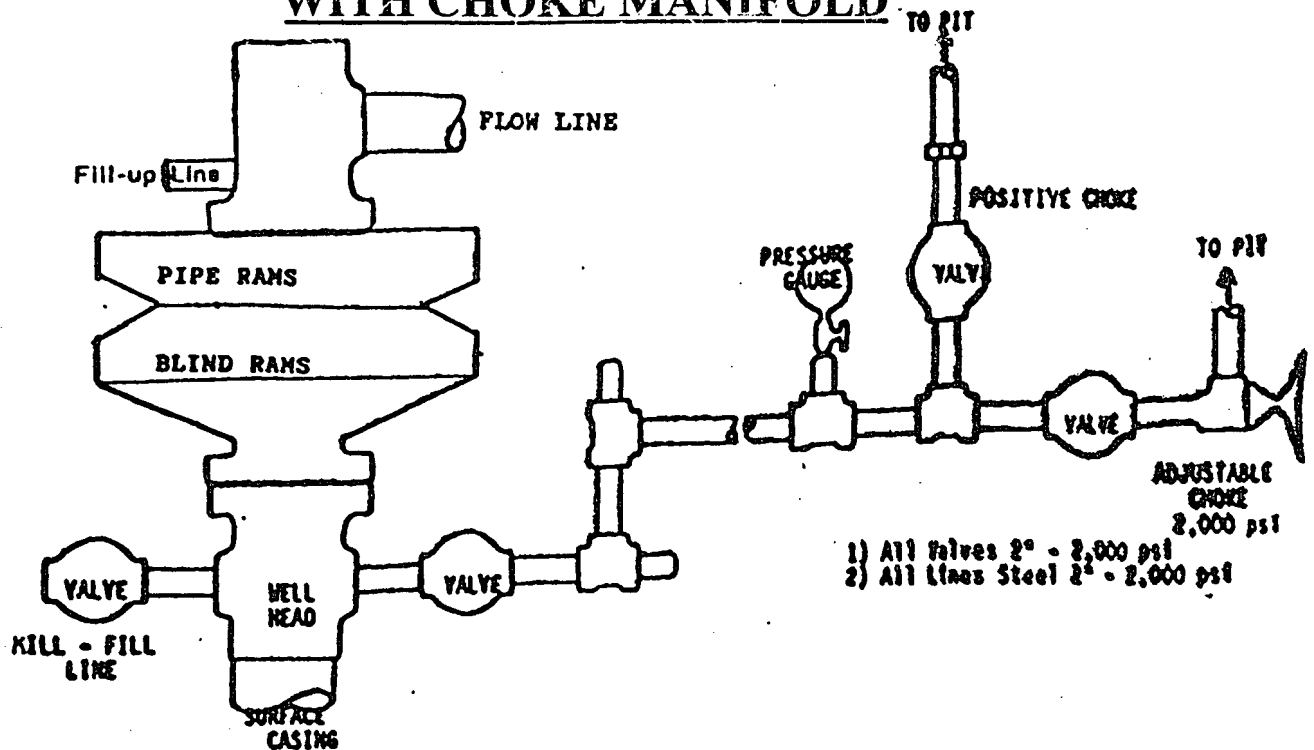
Mark Brown	327-3632 (H)
	320-8247 (M)

Kurt Fagrelus	325-4327 (H)
	320-8248 (M)

John Alexander	325-6927 (H)
	320-1935 (M)

BOP DIAGRAM WITH CHOKE MANIFOLD

EXHIBIT D.

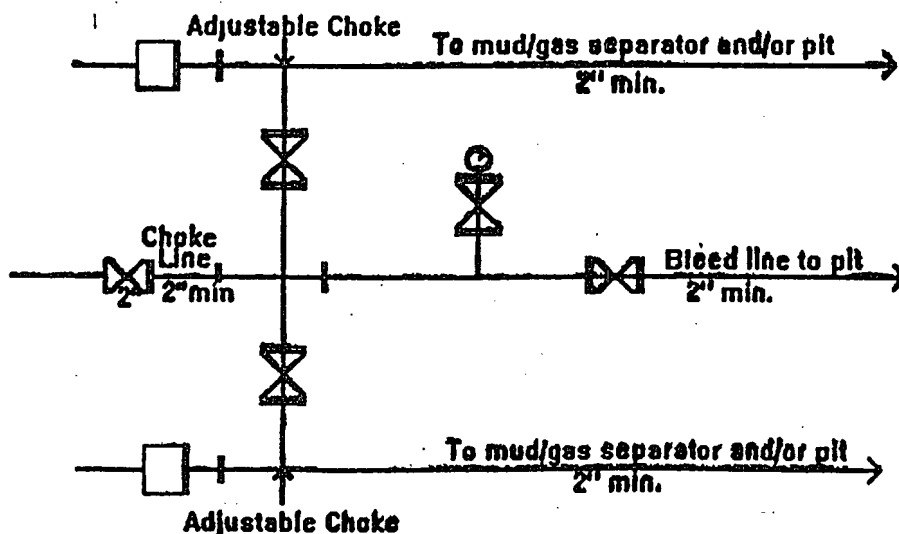


BOP and Related Equipment will include for a 3000 psi system:

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.



2M Choke Manifold Equipment - Configuration May Vary

DUGAN PRODUCTION CORP.

PAUL REVERE COM #95-S

DUSAN PRODUCTION CORPORATION PAUL REVERE #955

1980' FSL & 1980' FEL, SECTION 22, T26N, R13W, N.M.P.M.
SAN JUAN COUNTY, NEW MEXICO

EXHIBIT E.

