

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

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

☐ Oil Well ☒ Gas Well ☐ Other

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 (Footage, Sec., T., R., M., or Survey Description)

1235' FNL & 785' FWL  
Sec. 27, T24N, R10W NMPM

5. Lease Designation and Serial No.

NM-15654

6. If Indian, Allotted or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Twiddlebug Com #90

9. API Well No.

30-045-34016

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

- ☐ Notice of Intent  
☐ Subsequent Report  
☒ Final Abandonment Notice

TYPE OF ACTION

- ☐ Abandonment  
☐ Recompletion  
☐ Plugging Back  
☐ Casing Repair  
☐ Altering Casing  
☒ Other Move location.  
☒ Change of Plans  
☐ New Construction  
☐ Non-Routine Fracturing  
☐ Water Shut-Off  
☐ Conversion to Injection  
☐ 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.)\*

Original location submitted on APD dated October 19, 2006 was moved to address archeology concerns.

Original Location: 1235' FNL & 785' FWL, Sec. 27, T24N, R10W

New Location: 1330' FNL & 1030' FWL, Sec. 27, T24N, R10W

A new C-102, Exhibit A (developmental plan), Exhibit B (operations plan), Plat 2 (pipeline survey), Plat 3 (cut and fill diagram), Exhibit E (topographic map) and NM State Form C-103 are included to reflect the new location. These exhibits replace those submitted with the original APD

RCVD FEB22'07  
OIL CONS. DIV.  
DIST. 3

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

Signed Kurt Fegrelius Title Geologist Date 2/15/2007

(This space for Federal or State office use)

Approved by [Signature] Title APM Date 2/21/07  
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

NMOCD

District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Avenue, Artesia, NM 88210  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals & Natural Resources Department

Form C-102  
Revised October 12, 2005  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code	*Property Name TWIDDLEBUG COM		*Well Number 90
*GRID No. 006515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 6667'

<sup>10</sup> Surface Location

UL or lot no. E	Section 27	Township 24N	Range 10W	Lot Idn	Feet from the 1330	North/South line NORTH	Feet from the 1030	East/West line WEST	County SAN JUAN
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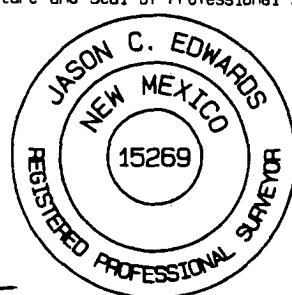
<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
							RCVD FEB 22 '07		
							OIL CONS. DIV.		
<sup>12</sup> Dedicated Acres 320.0 Acres - (N/2)					<sup>13</sup> Joint or Infill		<sup>14</sup> Consolidation Code		<sup>15</sup> Order No. DIST. 3

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 NM-15654	5241.72'	XTO ENERGY NM-112956
	NO-G-0502-1720		
LAT: 36.28799 'N LONG: 107.88908 'W DATUM: NAD1983		27	
5206.08'		5232.48'	

<sup>17</sup> OPERATOR CERTIFICATION  
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.  
*Kurt Fagrelus* 2-14-2007  
Signature Date  
Kurt Fagrelus  
Printed Name

<sup>18</sup> 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.  
Survey Date: DECEMBER 12, 2006  
Signature and Seal of Professional Surveyor  
  
*JASON C. EDWARDS*  
Certificate Number 15269

**EXHIBIT A**  
**DEVELOPMENTAL PLAN**

Twiddlebug Com #90

Lease #NM-15654

Township 24 North, Range 10 West, NMPM

Section 27, 1330' FNL - 1030' FWL

San Juan County, New Mexico

1. Existing roads are shown on Exhibit E.  
Plan to improve and maintain existing roads as required.
2. Planned access road(s) are shown on Exhibit E.
  - A. New or reconstructed road(s), if any, were centerline flagged at the time of location staking.  
800' of new road construction is needed.
3. Location of existing wells is shown on Exhibit F.
4. Location of Existing and/or Proposed Facilities:
  - A. Existing facilities owned or controlled by Lessee/Operator are shown on Exhibit F.
  - B. New facilities, in the event of production, are shown on Exhibit F. Construction materials and methods: Materials obtained on site; anticipated new production facilities are shown on Plat #1. Protective measures and devices to protect livestock and wildlife: As required.
  - C. Plan for rehabilitation of disturbed areas no longer needed for operations after construction completed:  
As required.
  - D. Pipeline will follow proposed road and will be 2,380.0 feet in length (Plat 2). A 2" water and 4" gas pipeline will be constructed.
5. Location and Type of Water Supply:
  - A. Location and type of water supply: Produced water.
  - B. Method of transporting water: Water truck.
  - C. Water well is not to be drilled on lease.
6. Source of Construction Materials:
  - A. Materials are to be obtained on site.
  - B. These materials are to be used as follows: Level location, build pits (Plat 3).
7. Methods for Handling Waste Disposal:
  - A. Waste materials will be contained/disposed of as follows:
    - 1) Cuttings: Reserve pit.
    - 2) Drilling fluids: Reserve pit.

- 3) Produced fluids (oil, water): Test tank and/or reserve pit.
  - 4) Sewage: Drilling Contractor will provide facilities.
  - 5) Trash: Facilities will be provided as required.
  - 6) Operator will be responsible for proper cleanup when the rig is moved.
  - 7) Reserve pits will be fenced on three sides during the drilling operations and on four sides when the rig is moved from location.
8. Ancillary Facilities: No permanent camp is planned; temporary trailer house may be utilized while drilling. No airstrip is planned.
9. Well Site Layout is shown on Exhibit C. Pits are to be lined.
10. Plans for restoration of surface upon completion of operations:
- A. Location will be leveled, re-contoured, and restored as needed.
  - B. Re-vegetation and rehabilitation, including abandoned access roads, will be completed per instructions from the surface management agency.
  - C. Pits will be fenced as required and so maintained until cleanup.
  - D. Rehabilitation operations will be commenced as soon as practically possible and completed soon thereafter.
11. Other Information:
- A. Other surface use activities and surface ownership of all involved lands: Federal, grazing.
12. Lessee's or Operator's Representative:

Kurt Fagrelus  
Dugan Production Corp.  
P.O. Box 420  
Farmington, NM 87499

13. Certification: The following statement must be signed by the Lessee's or Operator's Field Representative who is identified in Item #12 of this Developmental Plan.

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in this Plan are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by Operator and its Contractors and Subcontractors in conformity with the Plan and the terms and conditions under which it is approved.

By: Kurt Fagrelus Date: February 14, 2007  
Kurt Fagrelus

**EXHIBIT B**  
**OPERATIONS PLAN**  
Twiddlebug Com #90

**APPROXIMATE FORMATION TOPS:**

Ojo Alamo	395'
Kirtland	480'
Fruitland	885'
Pictured Cliffs	1185'
<b>Total Depth</b>	<b>1335'</b>

Catch samples every 10 feet from 1100 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>
12-1/4"	8-5/8"	24#	120'	J-55
7"	5-1/2"	14#	1335'	J-55

Plan to drill a 12-1/4" hole and set 120' of 8-5/8" OD, 24#, J-55 surface casing. Then plan to drill a 7" hole to total depth with gel-water mud program to test the Fruitland Coal. 5-1/2", 14#, 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% CaCl<sub>2</sub>.  
Circulate to surface.

Production Stage-Cement with 135 cf 2% lodense with  
1/4# celloflake/sx followed by 85 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 8-5/8"x5-1/2" casing head, 1000# WP, tested to 2000#.

Huber 5-1/2"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:**

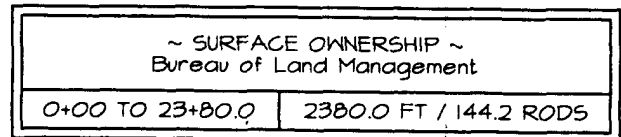
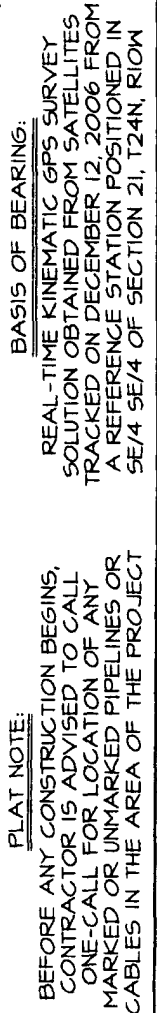
Dugan Prod.Corp. Office & Radio Dispatch: 325-1821

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

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

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

## PLAT 2.



Prepared for:  
DUGAN PRODUCTION  
P.O. BOX #420  
FARMINGTON NM 87499



**Land Surveyor:**  
**Jason C. Edwards**

**Mailing Address:**  
Post Office Box 6612  
Farmington, NM 87499

**Business Address:**  
111 East Pinon Street  
Farmington, NM 87402  
(505) 325-2654 (Office)  
(505) 326-5650 (Fax)

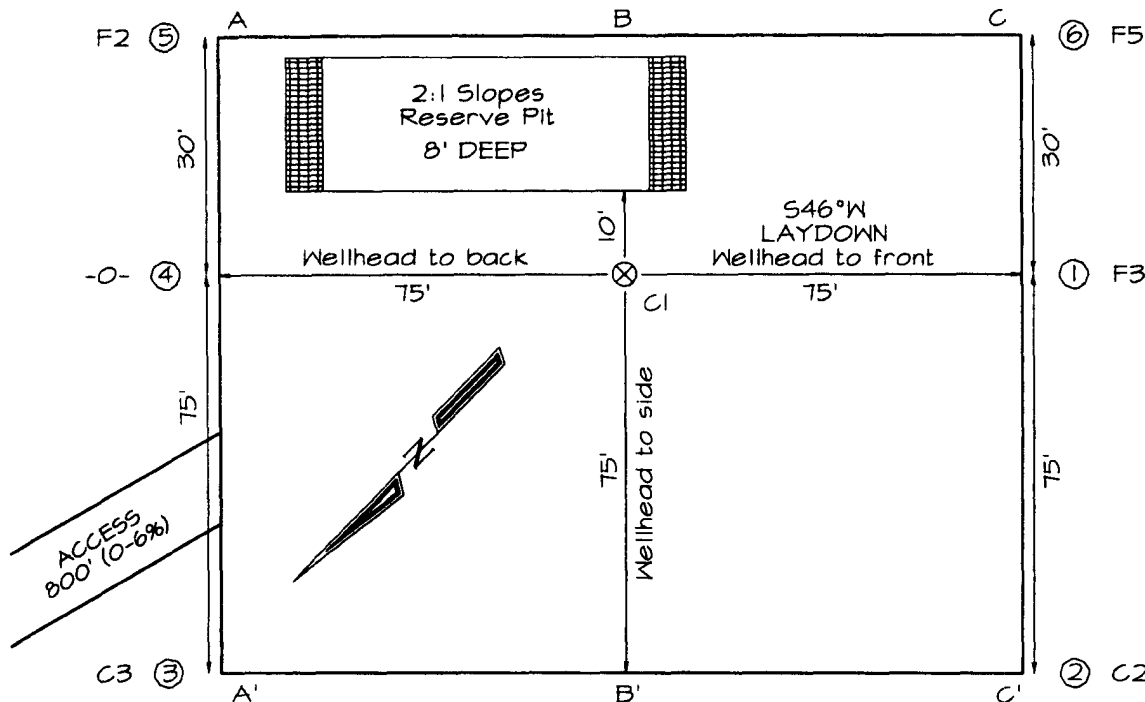
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**DUGAN PRODUCTION CORPORATION TWIDDLEBUG COM #90**  
**1330' FNL & 1030' FWL, SECTION 27, T24N, R10W, NMPM**  
**SAN JUAN COUNTY, NEW MEXICO ELEVATION: 6667'**

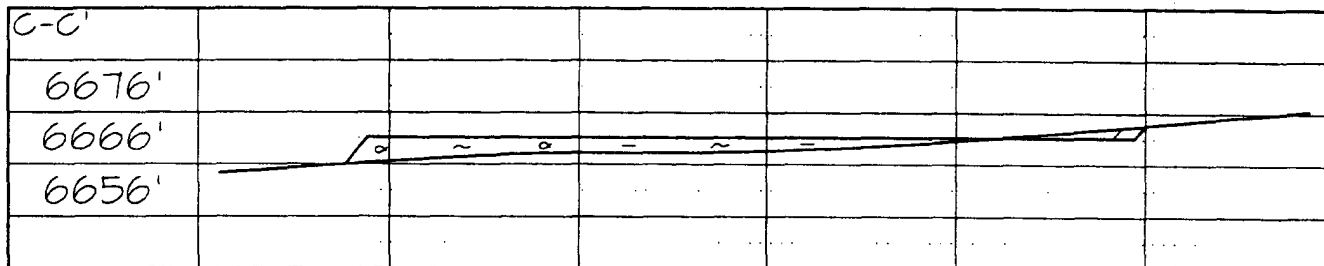
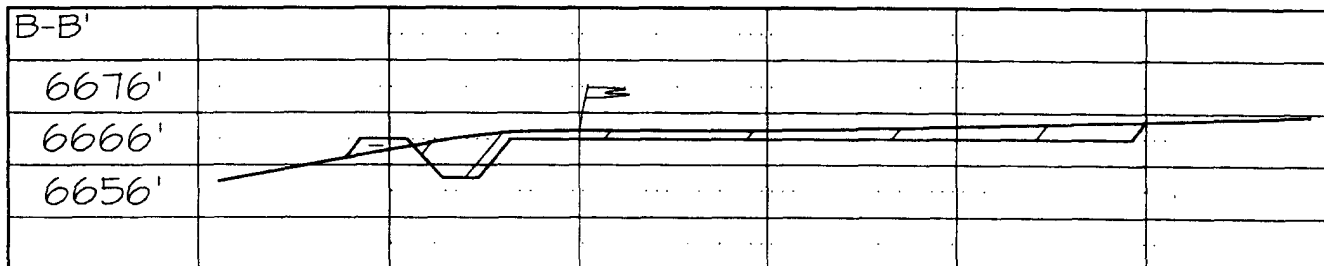
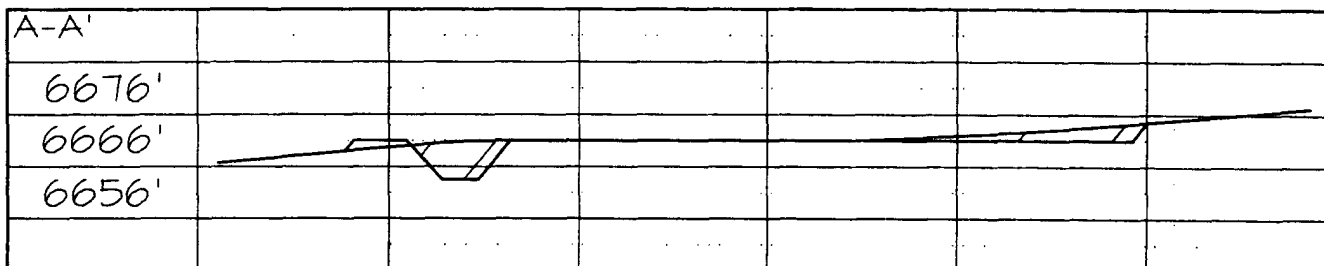
**PLAT 3.**

**LATITUDE: 36.28799° N**  
**LONGITUDE: 107.88908° W**  
 DATUM: NAD1983



PLAT NOTE:

\*SURFACE OWNER\*  
 Bureau of Land  
 Management



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

DUGAN PRODUCTION CORPORATION TWIDDLEBUG COM #90

1330' FNL & 1030' FNL, SECTION 27, T24N, R10W, N.M.P.M.  
SAN JUAN COUNTY, NEW MEXICO

EXHIBIT E.

