

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)

1285' FSL & 1400' FWL
Sec. 27, T24N, R10W NMPM

5. Lease Designation and Serial No.

NM-21741

6. If Indian, Allocated or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No

Clementine Com #90

9. API Well No.

30-045-34015

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: 1285' FSL & 1185' FWL, Sec. 27, T24N, R10W

New Location: 1285' FSL & 1400' 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

RCUD APR12'07
OIL CONS. DIV.
DIST. 3

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

Signed

Kurt Fegredo

Title

Geologist

Date

2/15/2007

(This space for Federal or State office use)

Approved by

D. Mankiewicz

Title

AEH

Date

4/9/07

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

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

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

RECEIVED
070 FARMINGTON
AMENDED REPORT
RCVD APR 12 '07

WELL LOCATION AND ACREAGE DEDICATION PLAT OIL CONS. DIV.

API Number		Pool Code 71629	Pool Name BASIN FRUITLAND COAL
Property Code	Property Name CLEMENTINE COM		Well Number 90
GRID No. 006515	Operator Name DUGAN PRODUCTION CORPORATION		Elevation 6659'

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
N	27	24N	10W		1285	SOUTH	1400	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 320.0 Acres - (S/2)					Joint or Infill	Consolidation Code	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


<p>16</p> <p>5206.08'</p> <p>5241.72'</p> <p>27</p> <p>DUGAN NM-21741</p> <p>XTO ENERGY NM-112956</p> <p>NO-G-0502-1720</p> <p>5232.48'</p> <p>1400'</p> <p>1285'</p> <p>LAT: 36.28084°N LONG: 107.88780°W DATUM: NAD1983</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, 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.</p> <p><i>Kurt Fagrelus</i> 2-14-2007 Signature Date Kurt Fagrelus Printed Name</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>Survey Date: DECEMBER 12, 2006</p> <p>Signature and Seal of Professional Surveyor</p> <p></p> <p><i>JASON C. EDWARDS</i> Certificate Number 15269</p>

EXHIBIT A
DEVELOPMENTAL PLAN

Clementine Com #90

Lease #NM-21741

Township 24 North, Range 10 West, NMPM

Section 27, 1285' FSL - 1400' 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.
1100' 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 4,056.8 feet in length (Plat 2A and 2B). 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
Clementine Com #90

APPROXIMATE FORMATION TOPS:

Ojo Alamo	345'
Kirtland	430'
Fruitland	835'
Pictured Cliffs	1135'
Total Depth	1290'

Catch samples every 10 feet from 1000 feet to total depth.

LOGGING PROGRAM:

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

CASING PROGRAM:

Hole Size	Casing Size	Wt./ft.	Setting Depth	Grade and Condition
12-1/4"	8-5/8"	24#	120'	J-55
7"	5-1/2"	14#	1290'	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% CaCl₂.
Circulate to surface.

Production Stage-Cement with 120 cf 2% lodense with
1/4# celloflake/sx followed by 80 cf Class "B" with
1/4# celloflake/sx.
Total cement slurry for production stage is 200 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:

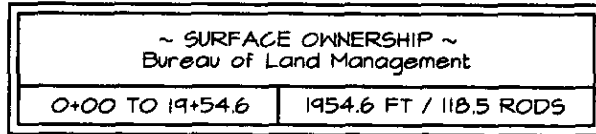
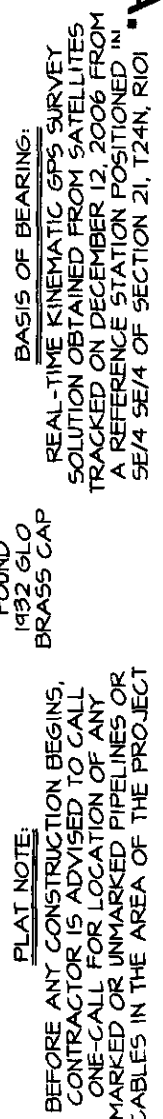
Dugan Prod.Corp. Office & Radio Dispatch: 325-1821

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 2A.



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

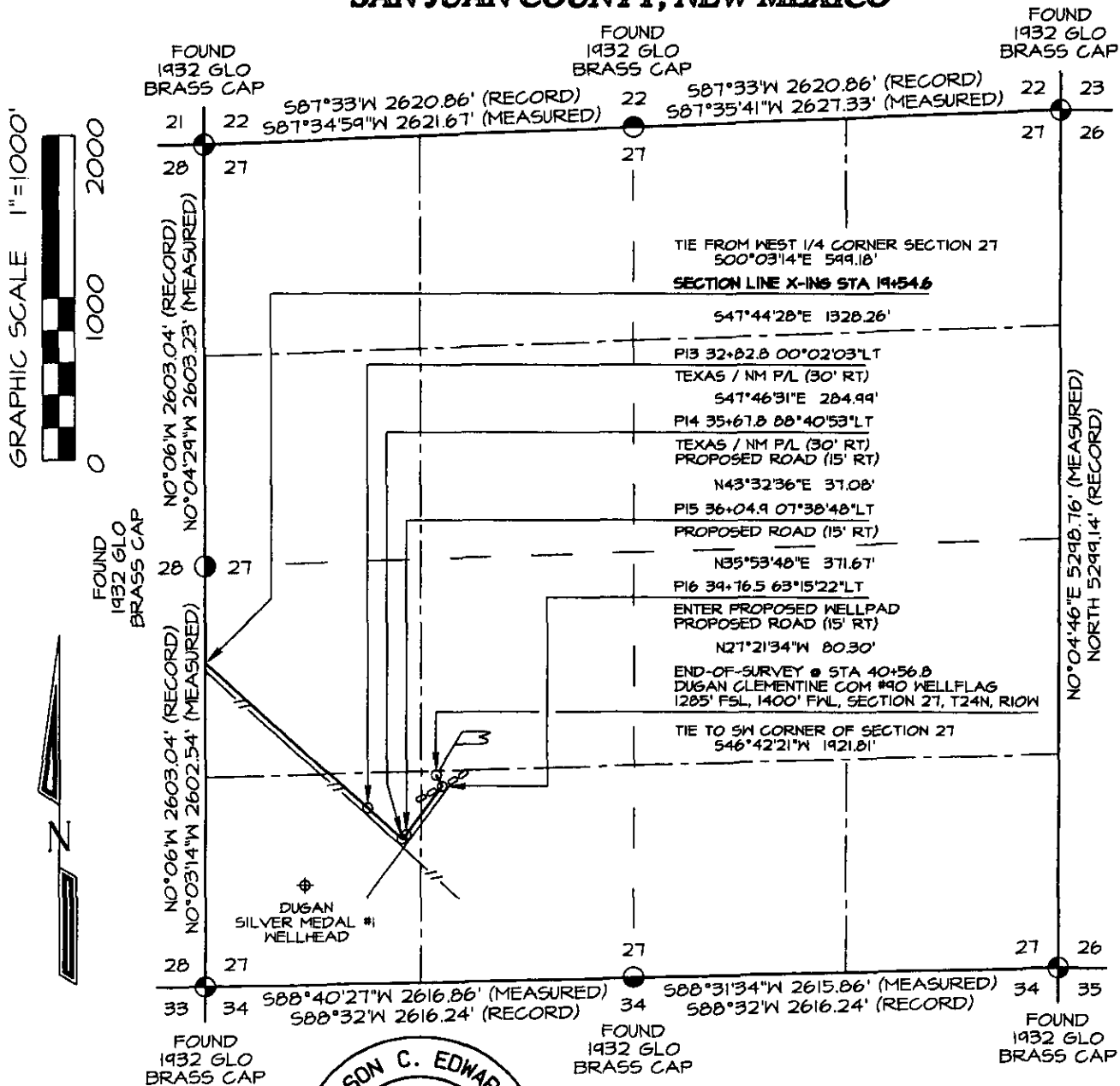
Business Address:
111 East Pinon Street
Farmington, NM 87402
(505) 325-2654 (Office)
(505) 326-5650 (Fax)

SURVEYS, INC.

SHEET 3 OF 5	CHECKED BY: JCE
FILENAME: 240276I	DRAWN BY: SLE

**DUGAN PRODUCTION CORPORATION CLEMENTINE COM #90
PROPOSED PIPELINE SURVEY LOCATED IN THE
SW/4 OF SECTION 27, T24N, R10W, NMPM
SAN JUAN COUNTY, NEW MEXICO**

PLAT 2B.



PLAT NOTE:
BEFORE ANY CONSTRUCTION BEGINS,
CONTRACTOR IS ADVISED TO CALL
ONE-CALL FOR LOCATION OF ANY
MARKED OR UNMARKED PIPELINES OR
CABLES IN THE AREA OF THE PROJECT

BASIS OF BEARING:
REAL-TIME KINEMATIC GPS SURVEY
SOLUTION OBTAINED FROM SATELLITES
TRACKED ON DECEMBER 12, 2006 FROM
A REFERENCE STATION POSITIONED IN
SE/4 SE/4 OF SECTION 21, T24N, R10W



I, Jason C. Edwards, a registered Professional Surveyor under the laws of the State of New Mexico, hereby certify that this plat was prepared from field notes of an actual survey meeting the minimum requirements of the standards for easement surveys and is true and correct to the best of my knowledge and belief.

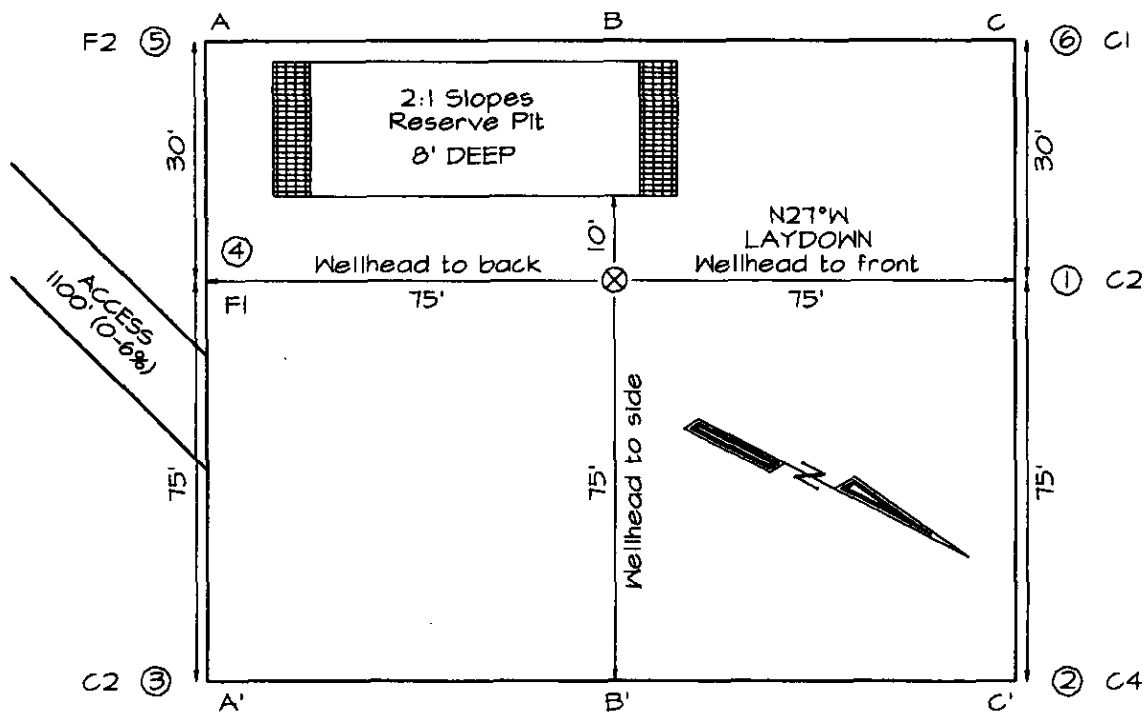
JASON C. EDWARDS Date: February 2, 2007
Jason C. Edwards
New Mexico LS #15269

~ SURFACE OWNERSHIP ~ Bureau of Land Management	
19+54.6 TO 40+56.8	2102.2 FT / 127.4 RODS

Prepared for: DUGAN PRODUCTION P.O. BOX #420 FARMINGTON, NM 87499		Land Surveyor: Jason C. Edwards	CHECKED BY: JCE DRAWN BY: SLE
		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)	
SURVEYS, INC.			SHEET 4 OF 5

DUGAN PRODUCTION CORPORATION CLEMENTINE COM #90
1285' FSL & 1400' FWL, SECTION 27, T24N, R10W, NMPM
SAN JUAN COUNTY, NEW MEXICO ELEVATION: 6659'

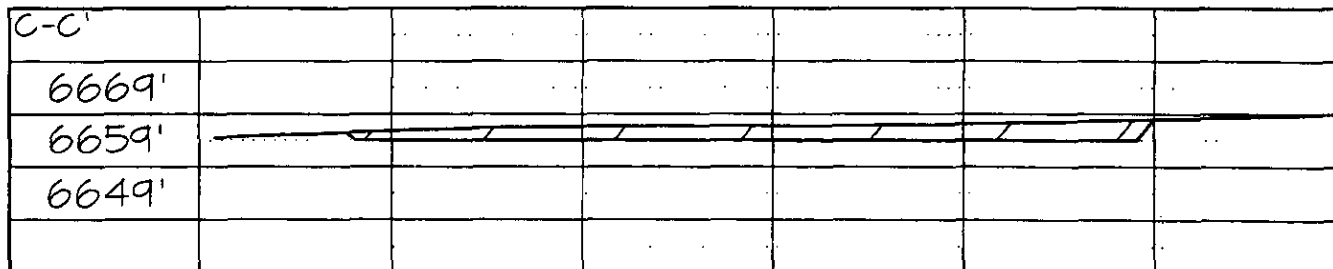
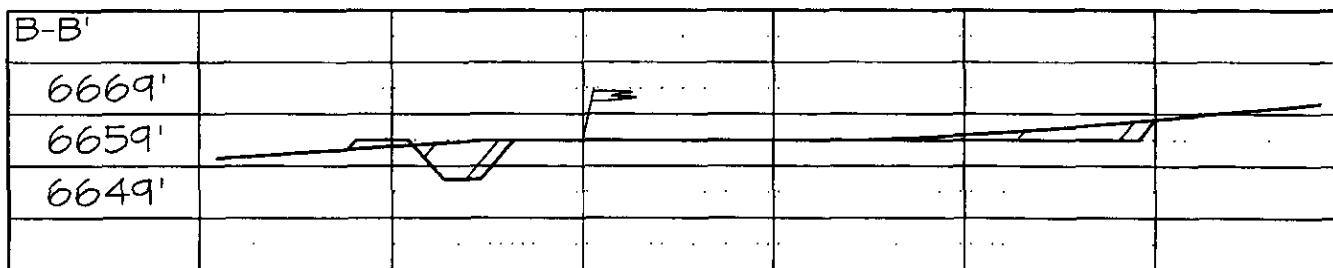
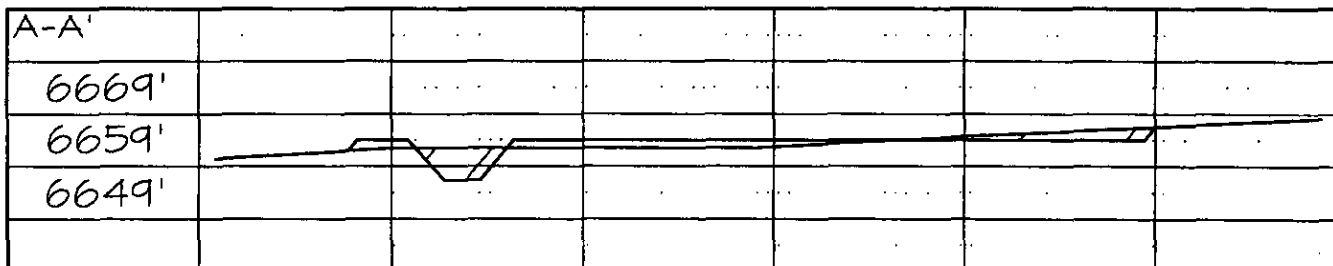
PLAT 3.



LATITUDE: 36.28084° N
LONGITUDE: 107.88780° W
 DATUM: NAD1983

PLAT NOTE:

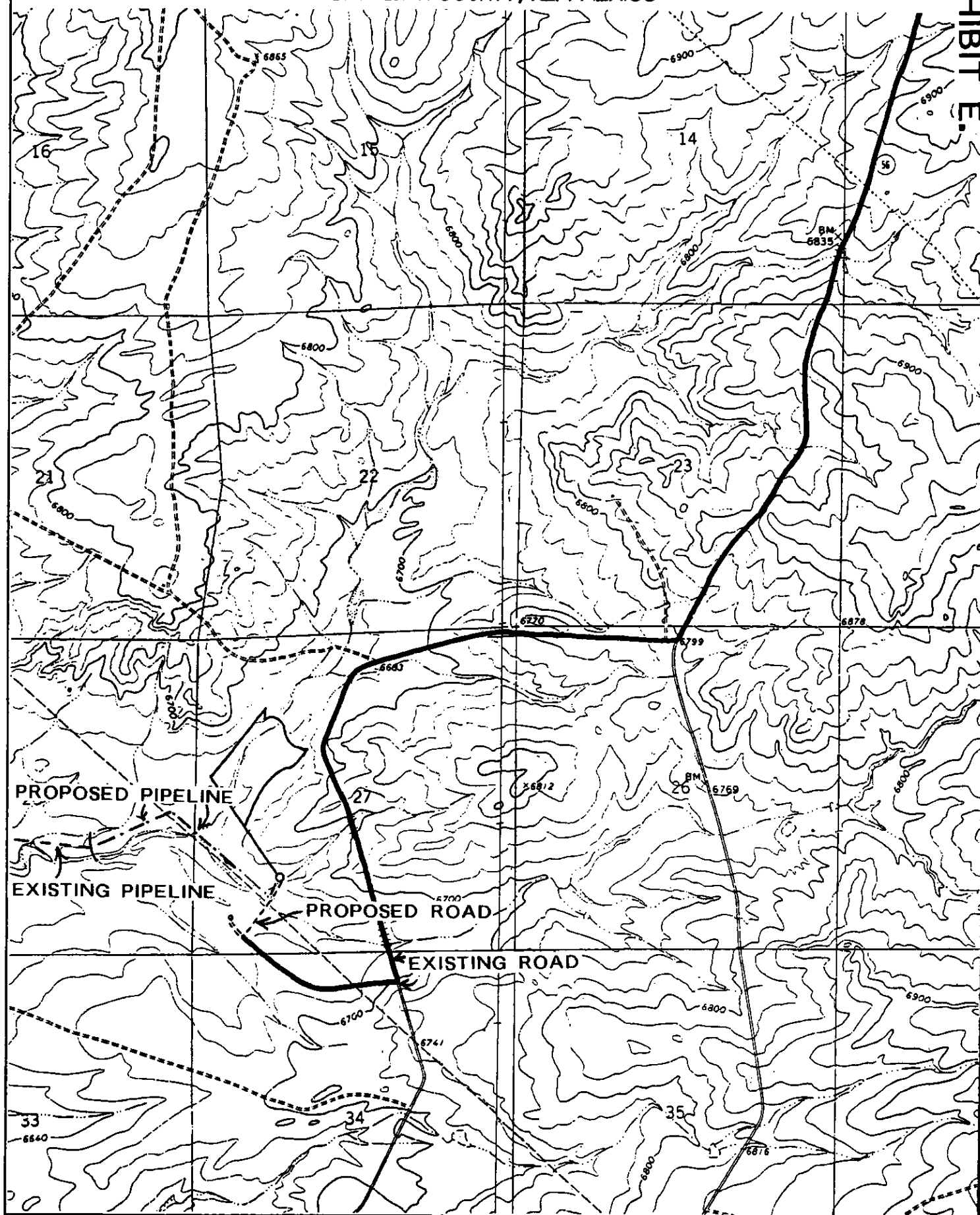
SURFACE OWNER
 Bureau of Land
 Management



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 CLEMENTINE COM #90
1285' FSL & 1400' FWL, SECTION 27, T24N, R10W, N.M.P.M.
SAN JUAN COUNTY, NEW MEXICO

EXHIBIT E.



Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., 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 and Natural Resources

Form C-103
May 27, 2004

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

WELL API NO.
30-045-
5. Indicate Type of Lease *Federal Lease*
STATE ☐ FEE ☐ Fed X
6. State Oil & Gas Lease No.
Federal NM- 21741

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well ☐ Gas Well ☒ Other

7. Lease Name or Unit Agreement Name
Clementine Corn

8. Well Number

#90

2. Name of Operator
Dugan Production Corp.

9. OGRID Number
006515

3. Address of Operator
P. O. Box 420, Farmington, NM 87499-0420

10. Pool name or Wildcat
Basin Fruitland Coal

4. Well Location

Unit Letter N : 1285 feet from the South line and 1400 feet from the West line
Section 27 Township 24N Range 10W NMPM San Juan County, New Mexico

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
6659' GL

Pit or Below-grade Tank Application ☒ or Closure ☐

Pit type Drilling, Depth to Groundwater +100', Distance from nearest fresh water well +1000', Distance from nearest surface water +200'

Pit Liner Thickness: 12 mil, Below-Grade Tank: Volume bbls; Construction Material Synthetic

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER: Reserve pit for drilling (lined) ☒

OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

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. The interval will be fracture stimulated.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Kurt Fagrelus TITLE Geologist DATE February 14, 2007

Type or print name Kurt Fagrelus E-mail address: kfagrelus@duganproduction.com Telephone No. 505-325-1821

For State Use Only

APPROVED BY: _____ TITLE _____ DATE _____

Conditions of Approval (if any)