

Form 3160-3
(April 2004)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

2006 MAY 1 AM 11

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

APPLICATION FOR PERMIT TO DRILL OR REENTER

RECEIVED NM-10757

670 FARMINGTON, NM

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No.	
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		8. Lease Name and Well No. Irish Com #5	
2. Name of Operator Dugan Production Corp.		9. API Well No. 30-045-33724	
3a. Address 709 East Murray Drive, Farmington, NM 87401	3b. Phone No. (include area code) 505-325-1821	10. Field and Pool, or Exploratory Waw Fruitland Sd. P.C.	
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 1100' FSL & 660' FWL, Lat. 36.49851, Long. 108.19525 At proposed prod. zone Same as above		11. Sec., T. R. M. or Blk. and Survey or Area M Sec. 11, T26N, R13W NMPM	
14. Distance in miles and direction from nearest town or post office* Approx. 20-miles south of Farmington, New Mexico		12. County or Parish San Juan	13. State NM
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 660 Feet	16. No. of acres in lease 320.0 Acres	17. Spacing Unit dedicated to this well SW/4-160 Acres	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. Approx. 800'	19. Proposed Depth 1400 Feet	20. BLM/BIA Bond No. on file	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) GL-6126'	22. Approximate date work will start* ASAP	23. Estimated duration 5-Days	

24. Attachments

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

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

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

25. Signature <i>Kurt Fagrelius</i>	Name (Printed/Typed) Kurt Fagrelius	Date May 1, 2006
Title Geology		
Approved by (Signature) <i>[Signature]</i>	Name (Printed/Typed) [Name]	Date 8/28/07
Title [Title]	Office [Office]	

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, 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.

*(Instructions on page 2)

HOLD 0104 FOR Change in Status to Irish #3

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 Sand and Pictured Cliffs Sand will be completed from approximately 1100' - 1260'. The interval will be fracture stimulated.

NOTIFY AZTEC OCD 24 HRS.
PRIOR TO CASING & CEMENT

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

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

NMOCD

8

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

District II
PO Drawer 00, 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

2006 MAY 1 AM 11 50
RCVD AUG 30 '07
RECEIVED AMENDED REPORT
070 FARMINGTON OIL CONS. DIV.

WELL LOCATION AND ACREAGE DEDICATION PLAT DIST. 3

¹ API Number 35-045-33724		² Pool Code 87190	³ Pool Name WAW FRUITLAND SAND PICTURED CLIFFS
⁴ Property Code 28965	⁵ Property Name IRISH COM		⁶ Well Number 5
⁷ OGRID No. 006515	⁸ Operator Name DUGAN PRODUCTION CORPORATION		⁹ Elevation 6126'

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
M	11	26N	13W		1100	SOUTH	660	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

¹² Dedicated Acres: 160.0 Acres - (SW/4)
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

	<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>Kurt Fagrelius</i> Signature Kurt Fagrelius</p> <p>Printed Name: Geology Title: May 1, 2006 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>Date of Survey: APRIL 5, 2006</p> <p>Signature and Seal of Professional Surveyor</p> <div style="text-align: center;"> </div> <p>JASON C. EDWARDS Certificate Number 15269</p>

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- 33724
5. Indicate Type of Lease	Federal <input checked="" type="checkbox"/> STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.	Federal NM-10757
7. Lease Name or Unit Agreement Name	Irish Com
8. Well Number	#5
9. OGRID Number	006515
10. Pool name or Wildcat	Waw Fruitland SD. P.C.

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

2. Name of Operator: Dugan Production Corp.

3. Address of Operator: 709 East Murray Drive, Farmington, NM

4. Well Location
 Unit Letter M : 1100 feet from the south line and 660 feet from the west line
 Section 11 Township 26N Range 13W NMPM County San Juan

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
 GL-6126

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:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
OTHER: Reserve pit for drilling (lined) <input checked="" type="checkbox"/>		OTHER. <input type="checkbox"/>	

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 Sand and Pictured Cliffs Sandstone will be completed from approximately 1100' - 1260'. The interval will be fracture stimulated.

RCVD AUG 30 '07
 OIL CONS. DIV.

DIST. 3

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 Geology DATE May 1, 2006
 Kurt Fagrelus kfagrelus@duganproduction.com 505-325-1821
 Type or print name E-mail address: Telephone No.

APPROVED BY: [Signature] TITLE Deputy Oil & Gas Inspector, District #3 DATE SEP 04 2007
 Conditions of Approval (if any):

EXHIBIT B
OPERATIONS PLAN
Irish Com #5

APPROXIMATE FORMATION TOPS:

Ojo Alamo	Surface		
Kirtland	90'	Pictured Cliffs	1250'
Fruitland	940'	Total Depth	1400'

Catch samples every 10 feet from 1100 feet to 1400 feet.

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#	1400'	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 Sand and Pictured Cliffs Sandstone. 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
¼# celloflake/sx followed by 95 cf Class "B" with
¼# celloflake/sx.
Total cement slurry for production stage is 215 cf.
Circulate cement to surface.

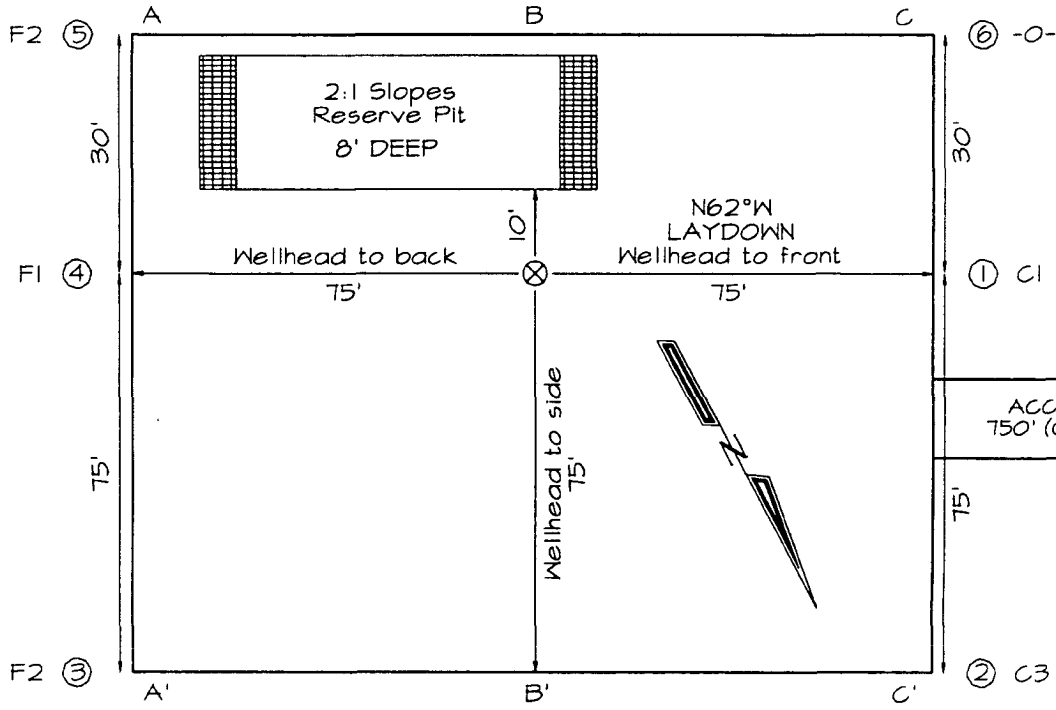
An adequate spacer will be pumped ahead of the cement slurry to help prevent mud contamination of the cement. An adequate number of casing centralizers will be run through usable water zones to ensure that casing is centralized through these zones. The adequate number of centralizers will be determined based on API standards. Centralizers to impart a swirling action around the casing will be used just below and into the base of the

DUGAN PRODUCTION CORPORATION IRISH #5
1100' FSL & 660' FWL, SECTION 11, T26N, R13W, NMPM
SAN JUAN COUNTY, NEW MEXICO ELEVATION: 6126'

PLAT 3.

LATITUDE: 36.49851° N
LONGITUDE: 108.19525° W
 DATUM: NAD1983

PLAT NOTE:
 SURFACE OWNER
 Navajo Tribal Trust



A-A'						
6136'						
6126'						
6116'						

B-B'						
6136'						
6126'						
6116'						

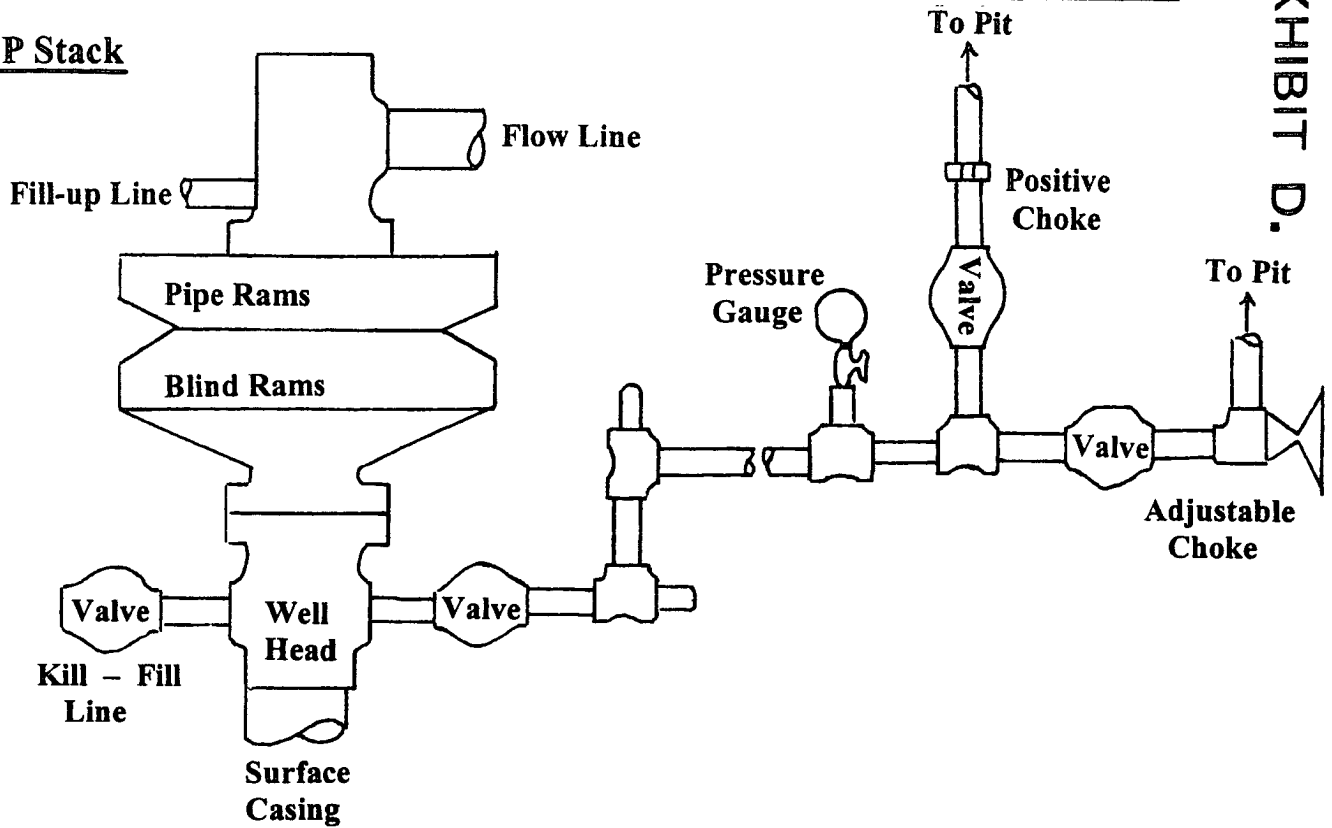
C-C'						
6136'						
6126'						
6116'						

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

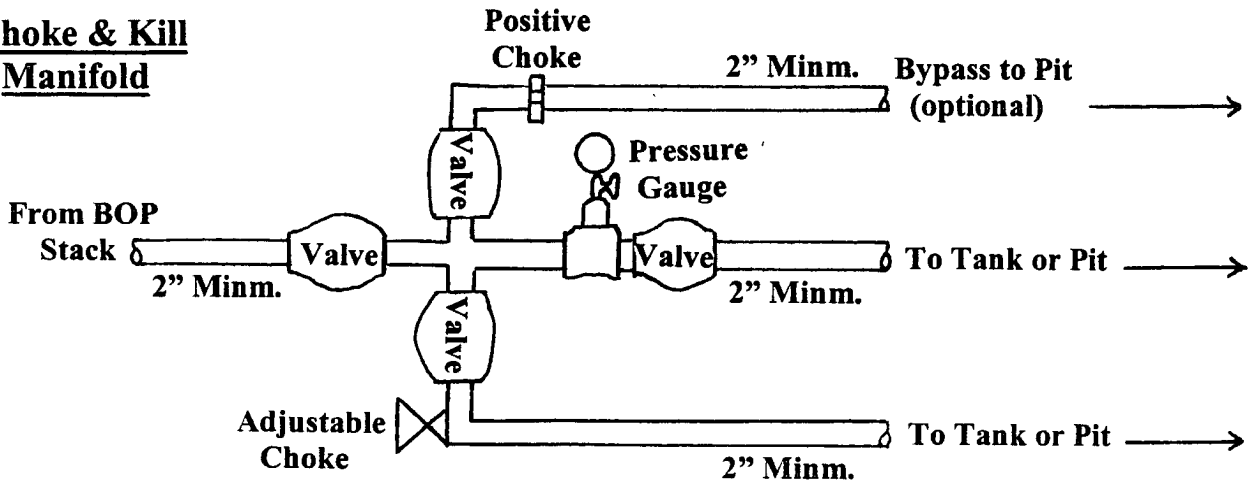
Well Control Equipment Schematic for 2,000 psi BOP

EXHIBIT D.

BOP Stack



Choke & Kill Manifold



Working Pressure for all equipment is 2,000 psi or greater

DUGAN PRODUCTION CORP.
IRISH COM #5