

District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Avenue, Artesia, NM 88210  
District III  
1000 Rio Brazos Road, 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-101  
June 16, 2008

Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Submit to appropriate District Office

☐ AMENDED REPORT

**APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE**

<sup>1</sup> Operator Name and Address Dugan Production Corp. 709 East Murray Drive, Farmington, New Mexico 87401		<sup>2</sup> OGRID Number 006515
<sup>3</sup> Property Code 3707	<sup>4</sup> Property Name Holly	<sup>5</sup> API Number 30-045-35279
<sup>6</sup> Proposed Pool 1 Basin Fruitland Coal (71629)		<sup>7</sup> Well No. 90
<sup>8</sup> Proposed Pool 2		

**<sup>7</sup> 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	16	24N	9W		660	South	1,105	West	San Juan

**<sup>8</sup> Proposed 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

**Additional Well Information**

<sup>11</sup> Work Type Code N	<sup>12</sup> Well Type Code G	<sup>13</sup> Cable/Rotary R	<sup>14</sup> Lease Type Code S	<sup>15</sup> Ground Level Elevation 6859' - GL
<sup>16</sup> Multiple No	<sup>17</sup> Proposed Depth 1820-Feet	<sup>18</sup> Formation Fruitland Coal	<sup>19</sup> Contractor Wayne Smith	<sup>20</sup> Spud Date ASAP

**<sup>21</sup> Proposed Casing and Cement Program**

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12-1/4"	8-5/8"	24#	120-Feet	70-cf	Surface
7-7/8"	5-1/2"	14#	1820-Feet	340-cf	Surface

<sup>22</sup> Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

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 1665 - 1675 feet. The  
interval will be fracture stimulated.

RCVD APR 18 '11  
OIL CONS. DIV.  
DIST. 3

<sup>23</sup> I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature:

*Kurt Fagrelus*

Printed name: Kurt Fagrelus

Title: VP-Exploration

E-mail Address: kfagrelus@duganproduction.com

Date: 4-15-2011

Phone: 505-325-1821

**OIL CONSERVATION DIVISION**

Approved by:

*Charles Lee* - 4-21-2011

Title: SUPERVISOR DISTRICT # 3

Approval Date: APR 29 2011

Expiration Date: APR 29 2012

Conditions of Approval Attached ☐

APR 29 2011

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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

☐ AMENDED REPORT

### WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number <b>30045-35279</b>		*Pool Code <b>71629</b>	*Pool Name <b>BASIN FRUITLAND COAL</b>
*Property Code <b>3707</b>	*Property Name <b>HOLLY</b>		*Well Number <b>90</b>
*OGRID No. <b>006515</b>	*Operator Name <b>DUGAN PRODUCTION CORPORATION</b>		*Elevation <b>6859'</b>


#### <sup>10</sup> Surface Location

U. or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	16	24N	9W		660	SOUTH	1105	WEST	SAN JUAN

#### <sup>11</sup> Bottom Hole Location If Different From Surface

U. or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<sup>12</sup> Dedicated Acres <b>320.0 Acres - (S/2)</b>					<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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

<div>15</div> <div>5291.88'</div> <div>5278.68'</div> <div>5287.92'</div> <div>5273.40'</div> <div>1105'</div> <div>660'</div> <div>LAT: 36.30862°N LONG: 107.79977°W DATUM: NAD1983</div>	<div>16</div> <div>Dugan B-10889</div> <div>Dugan V-7918</div> <div>Dugan V-8491</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, 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> 4-14-2011 Signature Date Kurt Fagrelus Printed Name</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: MARCH 29, 2011 Signature and Seal of Professional Surveyor</p> <div><p><b>JASON C. EDWARDS</b> Certificate Number 15269</p></div>