

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK

DRILL ☒DEEPEN ☐PLUG BACK ☐

b. TYPE OF WELL

OIL
WELL ☒GAS
WELL ☐OTHER ☐SINGLE
ZONE ☒MULTIPLE
ZONE ☐

2. NAME OF OPERATOR

DUGAN PRODUCTION CORP.

3. ADDRESS OF OPERATOR

P.O. Box 208, Farmington, NM 87499

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*

At surface

1980' FNL & 1980' FEL

At proposed prod. zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

Approx. 9 1/2 miles SW of Blanco Trading Post, NM

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.

(Also to nearest drilg. unit line, if any)

1980'

18. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

1867' from

Calgary #88

16. NO. OF ACRES IN LEASE

636.72

19. PROPOSED DEPTH

4665'

17. NO. OF ACRES ASSIGNED
TO THIS WELL

88 79.50

20. ROTARY OR CABLE TOOLS

Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

6550' GL; 6562' RKB

22. APPROX. DATE WORK WILL START*

ASAP

23.

This action is subject to technical and
procedural review pursuant to 43 CFR 3102.2
and approval pursuant to 43 CFR 3102.4DRILLING OPERATIONS AUTHORIZED ARE
SUBJECT TO COMPLIANCE WITH ATTACHED
"GENERAL REQUIREMENTS"

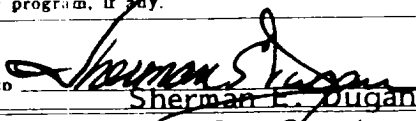
SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	
12-1/4"	8-5/8"	24#	200'	159 cf circ. to surface
7-7/8"	4-1/2"	10.5#	4665'	1472 cf circ. to surface

Plan to drill a 12-1/4" hole and set 200' of 8-5/8" OD, 24#, J-55 surface casing; then plan to drill a 7-7/8" hole to total depth with gel-water-mud program to test Gallup formation. Plan to run IES and CDL logs. If determined productive, will run 4-1/2", 10.5#, J-55 casing, selectively perforate, frac, clean out after frac and complete well.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED


Sherman E. Dugan

TITLE

Geologist

DATE 9-29-87

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

APPROVED BY

TITLE

DATE

CONDITIONS OF APPROVAL, IF ANY:

FOR

NMOCC

*See Instructions On Reverse Side

All distances must be from the outer boundaries of the Section.

Operator Dugan Production Corporation		Lease Calgary		Well No. 2
Unit Letter G	Section 6	Township 23 North	Range 10 West	County San Juan

Actual Footage Location of Well:

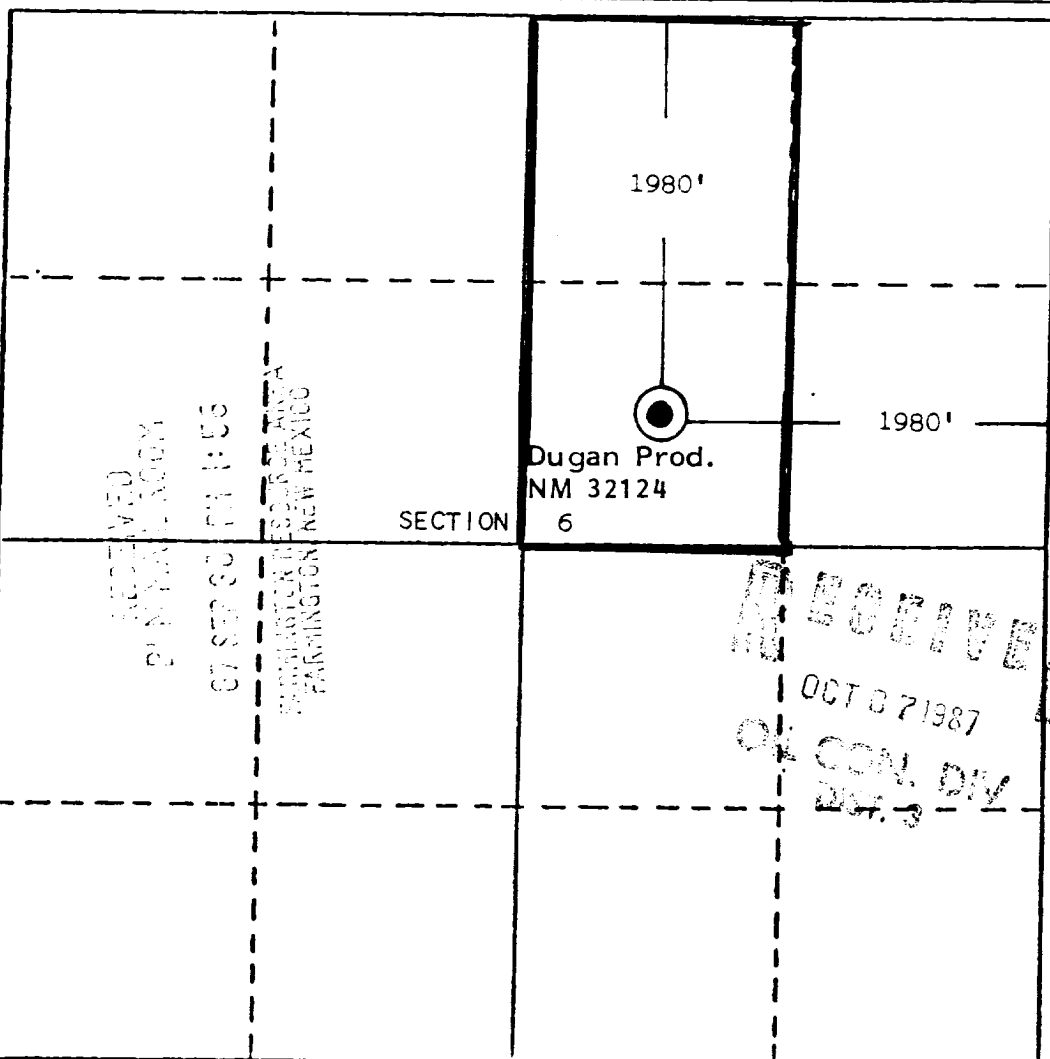
1980 feet from the North line and 1980 feet from the East line	Ground Level Elev. 6550	Producing Formation Gallup	Pool South Bisti Gallup <i>EX</i>	Dedicated Acreage: 80 79.88 Acres
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1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Division.

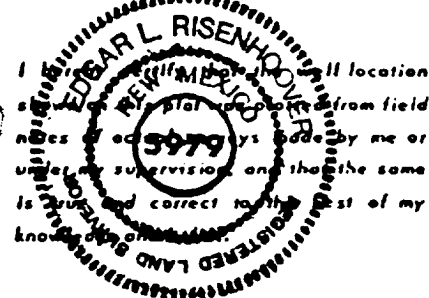


CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name
Sherman E. Dugan
Position
Geologist
Company
Dugan Production Corp.

Date
9-29-87

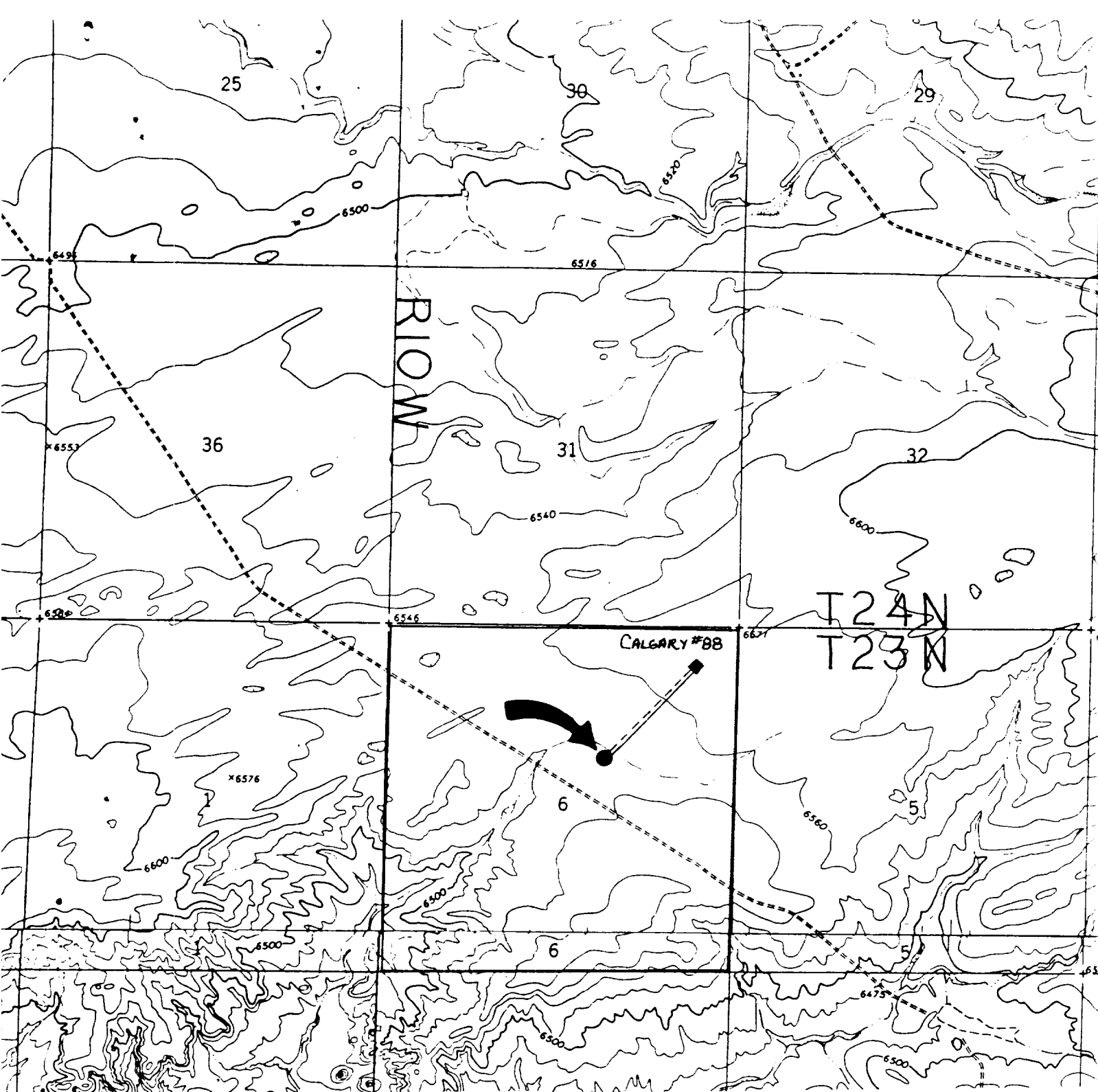


Date Surveyed
September 15, 1987

Registered Professional Engineer
and/or Land Surveyor

Edgar L. Risenhoover

Certificate No. 5979
Edgar L. Risenhoover, L.S.



DUGAN PRODUCTION CORP. - Calgary #2
Existing Roads Exhibit E

Vicinity of nearest town or reference pt.
9½ miles SW of Blanco Trading Post, NM

Type of surface dirt

Conditions good

Other _____

Reference map: USGS map: Huerfano Trading
Post SW, 1966 (7.5 min series) and Pueblo
Post NW, 1966 (7.5 min series)

DUGAN PRODUCTION CORP. - Calgary #2
Planned Access Road(s) Exhibit E

Width 20' Maximum grades 1%

Drainage design as required

Cuts & Fills See Cut & Fill Diagram

Surfacing material None

☒ Turnouts

☐ Culverts

☐ Gates

☐ Cattleguards

☐ Fence cuts

Will run parallel with
fluids gathering line
to Calgary #88

Access road(s) do / do not cross Fed Ind land.

--- Access Road & Buried Fluids Line