

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
GEOLOGICAL SURVEY

30-045-26926

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  
1830' FNL & 660' FWL  
At proposed prod. zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\*  
Approximately 8 1/2 miles SW of Blanco Trading Post, NM

15. DISTANCE FROM PROPOSED\* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any) 660'

16. NO. OF ACRES IN LEASE  
160.44

17. NO. OF ACRES ASSIGNED TO THIS WELL  
W 80.2

18. DISTANCE FROM PROPOSED LOCATION\* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. from Montreal #1

19. PROPOSED DEPTH  
4705'

20. ROTARY OR CABLE TOOLS  
Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)  
6567' GL ; 6579' KB

5. LEASE DESIGNATION AND SERIAL NO.  
N00-C-14-20-7309

6. IS INDIAN, ALLOTTEE OR TRIBE NAME  
Navajo AHottee

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME  
Montreal

9. WELL NO.  
2

10. FIELD AND POOL, OR WILDCAT  
South-Bisti Gallup

11. SEC., T., R., M., OR BLM. AND SURVEY OR AREA.  
Sec. 4, T23N, R10W, NMP

12. COUNTY OR PARISH 13. STATE  
San Juan New Mexico

22. APPROX. DATE WORK WILL START\*  
ASAP

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	8-5/8"	24#	200'	159 cubic ft. circ. to surface
7-7/8"	4-1/2"	10.5#	4705'	1507 cubic ft. 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.

Gas is dedicated.

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MAY 27 1988  
OIL CON. DIV.  
DIST. 3

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 Jim L. Jacobs TITLE Geologist DATE 11-10-87

(This space for Federal or State office use)

PERMIT NO. \_\_\_\_\_ APPROVAL DATE \_\_\_\_\_

APPROVED BY \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_

CONDITIONS OF APPROVAL, IF ANY:

NMOCC

\*See Instructions On Reverse Side

for Robert M...  
AREA...

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

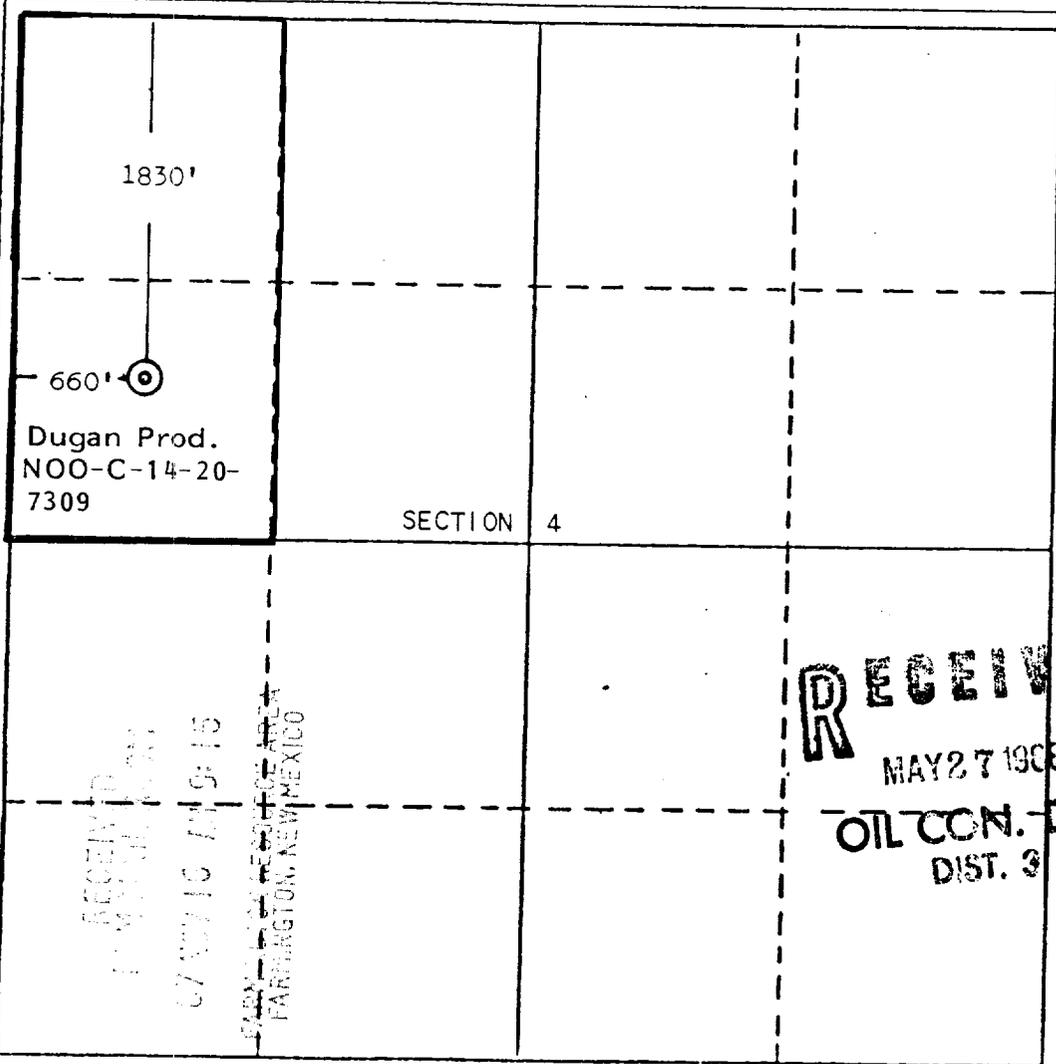
Operator Dugan Production Corporation		Lease Montreal			Well No. 2
Unit Letter E	Section 4	Township 23 North	Range 10 West	County San Juan	
Actual Footage Location of Well: 1830 feet from the North line and 660 feet from the West line					
Ground Level Elev. 6567	Producing Formation Gallup		Pool South Bisti Gallup <del>etc.</del>	Dedicated Acreage: 80 <del>...</del> Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure 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.) \_\_\_\_\_

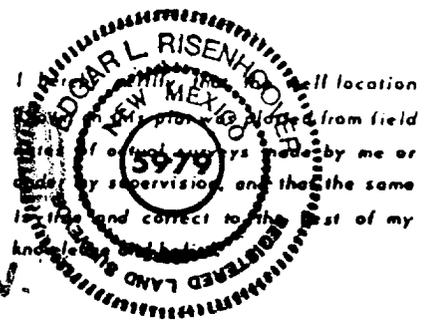
No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Division.



CERTIFICATION

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

*Jim L. Jacobs*  
Name  
Jim L. Jacobs  
Position  
Geologist  
Company  
Dugan Production Corp.  
Date  
11-10-87

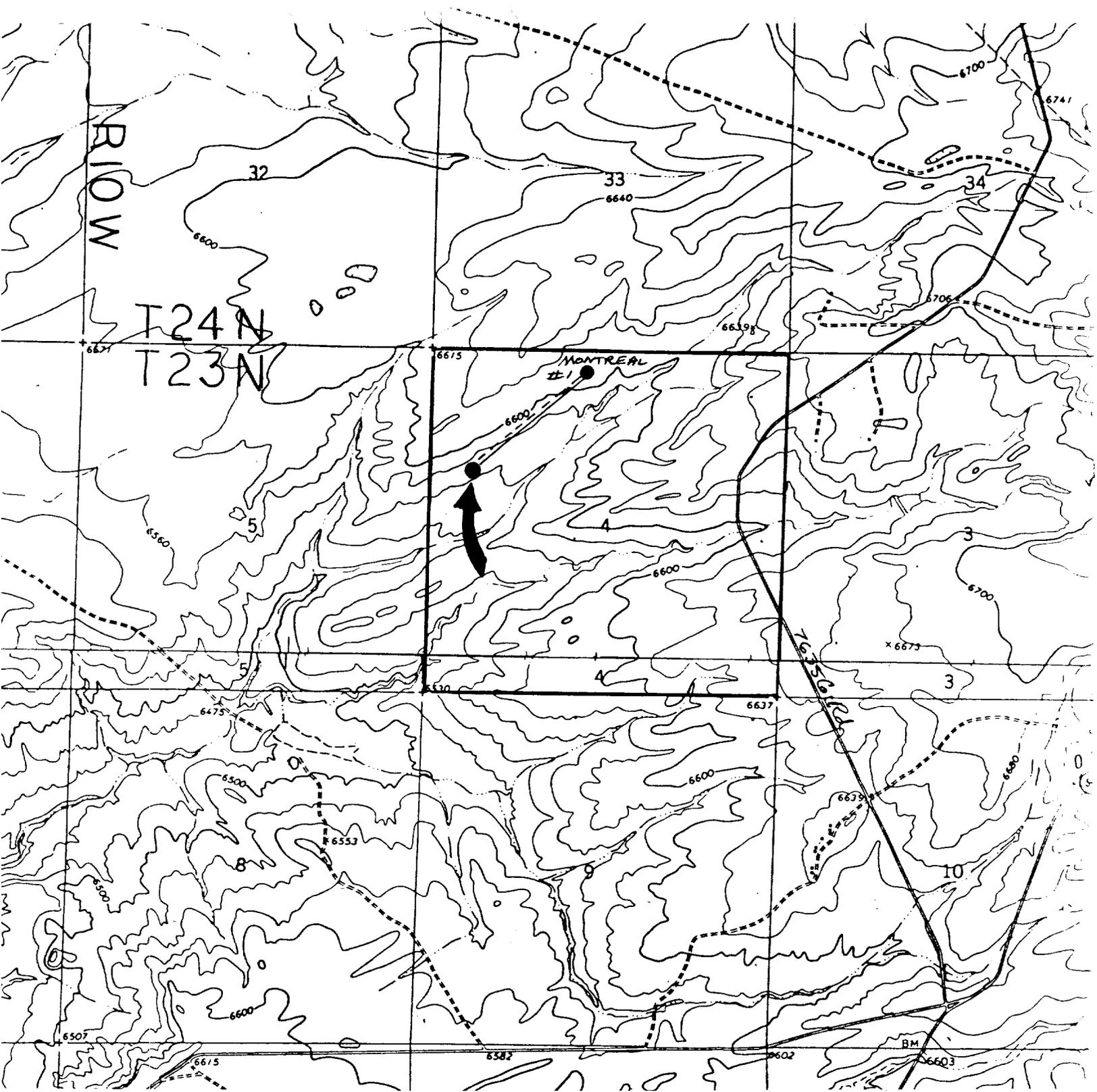


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OIL CON. DIV.  
DIST. 3

RECEIVED  
OCT 16 1987  
FARM & RANCH  
FARMINGTON, NEW MEXICO

Date Surveyed  
October 7, 1987  
Registered Professional Engineer  
and/or Land Surveyor

*Edgar L. Risenhoover*  
Certificate No. 5979



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

Vicinity of nearest town or reference pt.  
approx. 8½ 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 Bonito NW, 1966 (7.5 min series)

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

Width 20' Maximum grades 2%

Drainage design as required

Cuts & Fills see diagram

Surfacing material none

- Turnouts
- Culverts
- Gates
- Cattleguards
- Fence cuts

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

----- Access Road's fluid line