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LAND OFFICE	
OPERATOR	

5A. Indicate Type of Lease
STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
5. State Oil & Gas Lease No.
V-1509

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work				7. Unit Agreement Name	
b. Type of Well DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/> OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>				8. Farm or Lease Name Mary Lou	
2. Name of Operator DUGAN PRODUCTION CORP.				9. Well No. 3	
3. Address of Operator P O Box 208, Farmington, NM 87499				10. Field and Pool, or Wildcat South Bisti-Gallup	
4. Location of Well UNIT LETTER <u>1</u> LOCATED <u>1980</u> FEET FROM THE <u>South</u> LINE AND <u>660</u> FEET FROM THE <u>East</u> LINE OF SEC. <u>32</u> TWP. <u>24N</u> RGE. <u>10W</u> NMPM				12. County San Juan	
19. Proposed Depth 4845'				19A. Formation Gallup	
20. Rotary or C.T. Rotary				21. Elevations (Show whether DF, RT, etc.) 6608' GL; 6620' RKB	
21A. Kind & Status Plug. Bond State Wide				21B. Drilling Contractor 4 Corners Drilling	
22. Approx. Date Work will start Rig Availability				23. PROPOSED CASING AND CEMENT PROGRAM	

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
12-1/4"	8-5/8"	24#	200'	150 cf	surface
7-7/8"	4-1/2"	10.5#	4845'	1325 cf	surface

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

BOP will be used during drilling and completing well.

RECEIVED
MAR 20 1987
OIL CON. DIV.
DIST. 3

APPROVAL EXPIRES 9-21-87
UNLESS DRILLING IS COMMENCED.
SPUD NOTICE MUST BE SUBMITTED
WITHIN 10 DAYS.

ABOVE SPACE DESCRIBE PROPOSED PROGRAM: IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

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

Signed Sherman E. Dugan Title Geologist Date 3-20-87

Sherman E. Dugan
(This space for State Use)

Original Signed by CHARLES GHOLSON

DEPUTY OIL & GAS INSPECTOR, DIST. #3

APPROVED BY _____ TITLE _____ DATE MAR 20 1987

CONDITIONS OF APPROVAL, IF ANY:

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

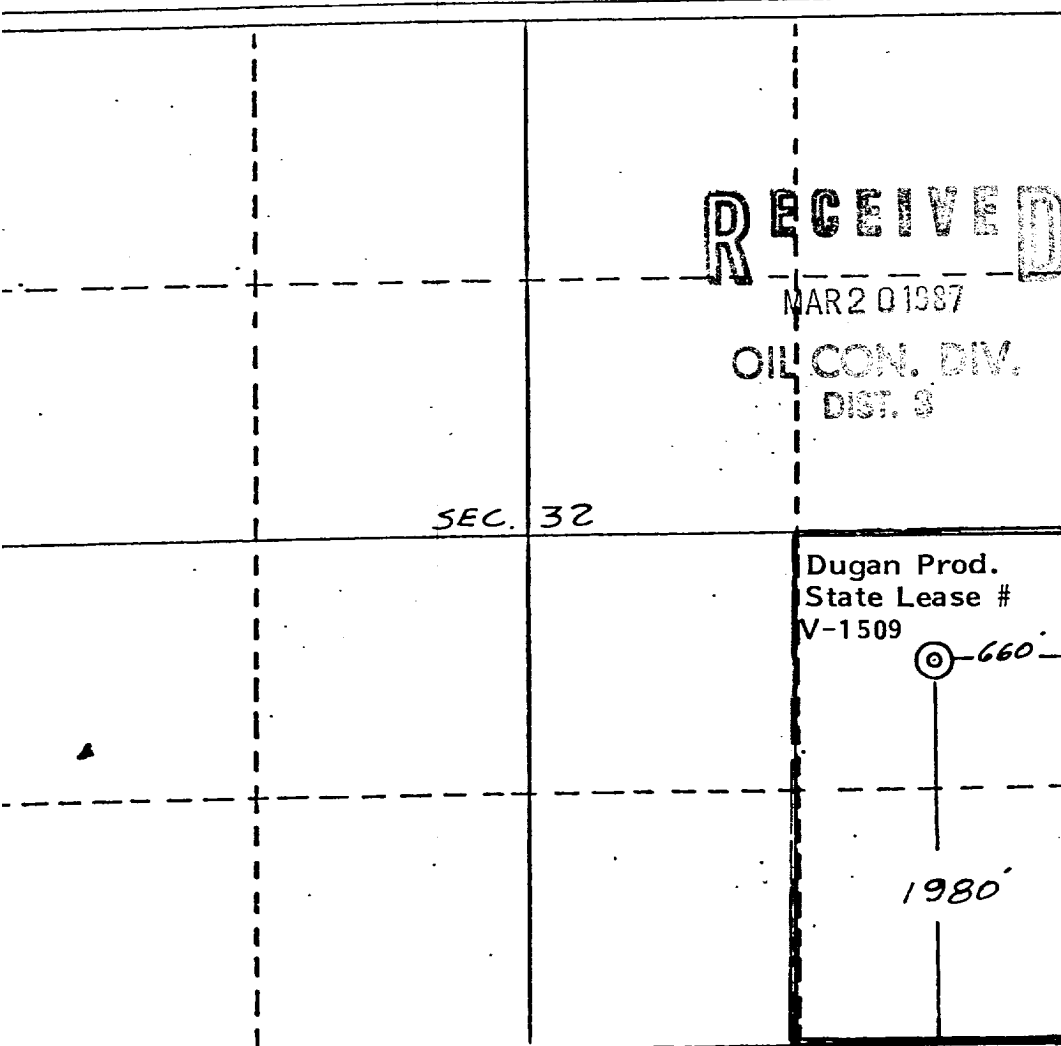
Operator Dugan Production Corporation			Lease Mary Lou			Well No. 3		
Section 1	Section 32	Township 24 North	Range 10 West	County San Juan				
Actual Footage Location of Well: 1980 feet from the South line and 660 feet from the East line								
Bound Level Elev. 6608		Producing Formation Gallup		Pool South Bisti Gallup		Dedicated Acreage: 80 Acres		

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.

Sherman E. Dugan
Name

Sherman E. Dugan

Position

Geologist

Company

Dugan Production Corp.

Date

3-20-87

I have personally located the location shown on this plat was located from field notes of actual survey made by me or under my supervision and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed

March 18, 1987

Registered Professional Engineer
and/or Land Surveyor

Edgar L. Risenhoover
Certificate No. 5979

Edgar L. Risenhoover, L.S.