

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

1850' FSL & 1850' FWL

At proposed prod. zone

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

approx. 1 1/2 miles NE of Nageezi Trading Post, NM

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drlg. unit line, if any)

790'

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

N/A

16. NO. OF ACRES IN LEASE

321.16

19. PROPOSED DEPTH

1820'

17. NO. OF ACRES ASSIGNED
TO THIS WELL

160.59

20. ROTARY OR CABLE TOOLS

Rotary

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

6861' GL DRILLING OPERATIONS AUTHORIZED ARE

23. SUBJECT TO COMPLIANCE WITH ATTACHED
"GENERAL REQUIREMENTS" PROPOSED CASING AND CEMENTING PROGRAM

22. APPROX. DATE WORK WILL START*

ASAP

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
8-3/4"	7"	23#	90'	27 cubic feet circ. to surface
5-1/8"	2-7/8"	6.5#	1820'	339 cubic feet circ. to surface

Plan to drill with as little mud as possible, using the slim-hole technique to test the Fruitland Pictured Cliffs formation. Plan to run IES log and if the well appears productive, will set 2-7/8" casing, cemented to surface. Will selectively perforate possibly frac, and clean out after frac.

Gas is not dedicated.

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 7-21-87

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY _____ TITLE _____

CONDITIONS OF APPROVAL, IF ANY:

APPROVED
AS AMENDED

AUG 12 1987

/s/ J. Stan McKee

AREA MANAGER

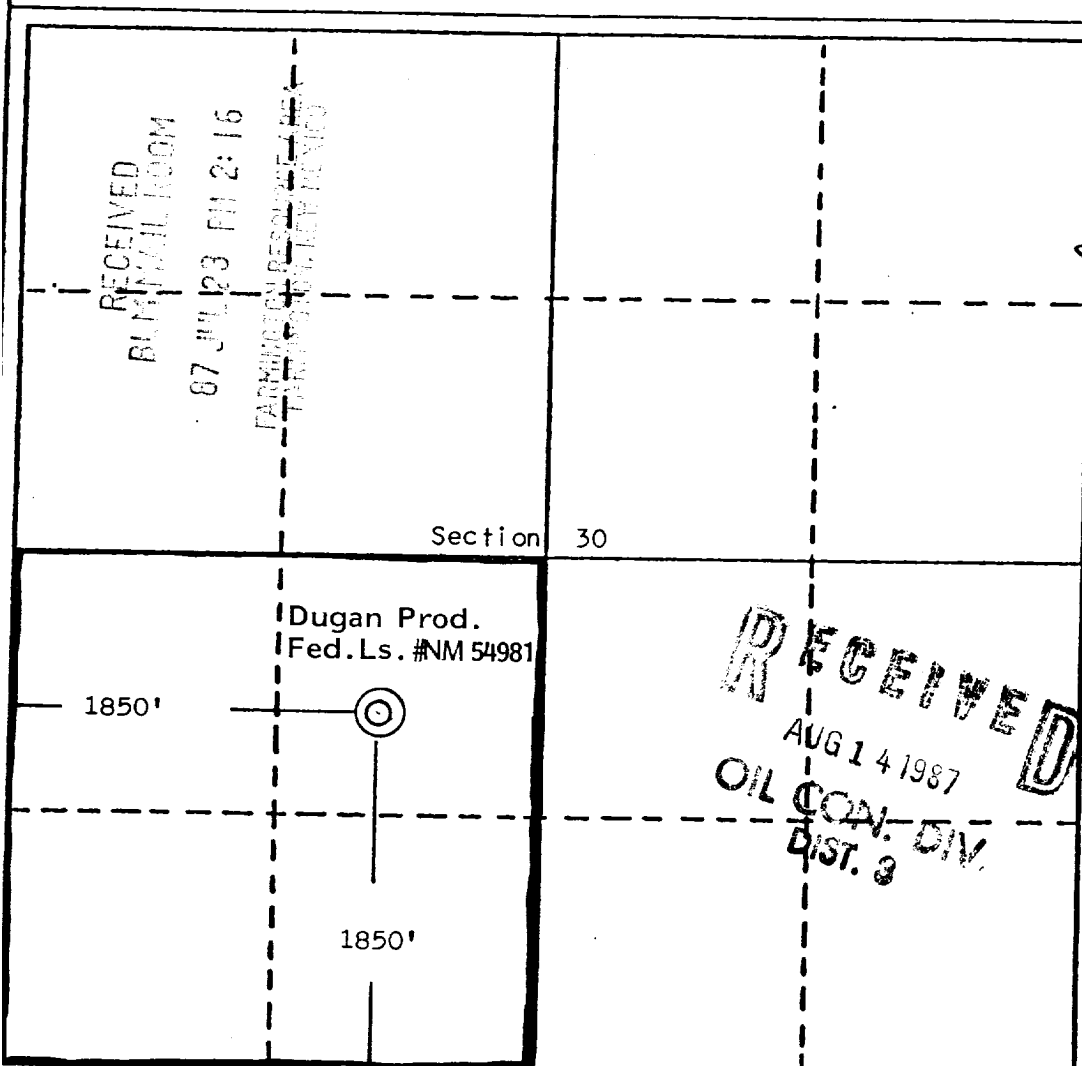
*See Instructions On Reverse Side

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

Operator Dugan Production Corporation			Lease Sheba Temple		Well No. 1
Unit Letter K	Section 30	Township 24 North	Range 8 West	County San Juan	
Actual Footage Location of Well: 1850 feet from the South line and 1850 feet from the West line					
Ground Level Elev. 6861	Producing Formation Fruitland/Pictured Cliffs		Pool W.C. PC Undesignated FR	Dedicated Acreage: 160.59 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 _____

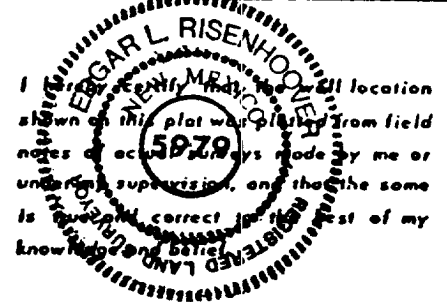
If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____
 No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Division.



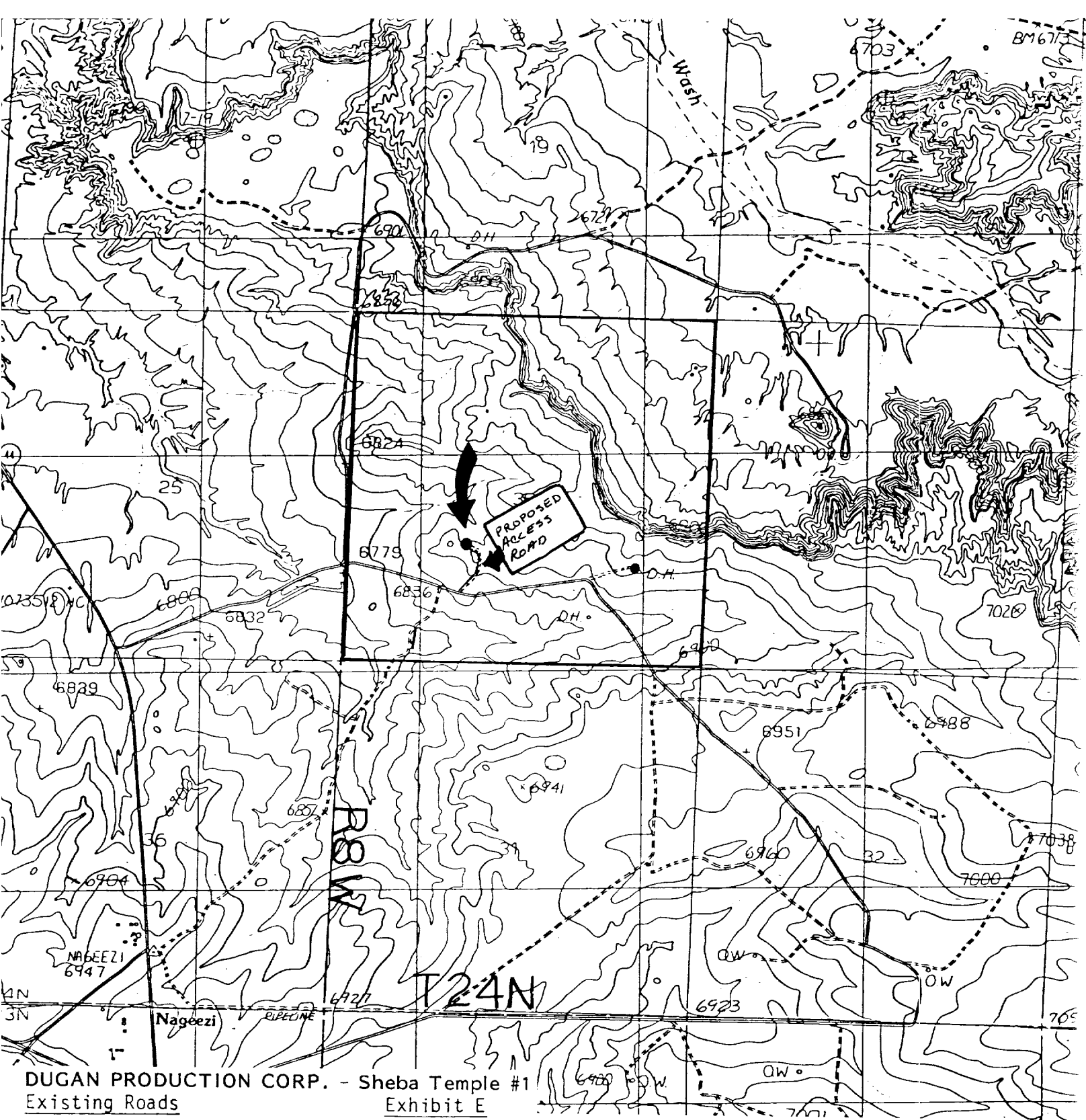
CERTIFICATION

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

Name
Sherman E. Dugan
Position
Geologist
Company
Dugan Production Corp.
Date
7-21-87



Date Surveyed
July 10, 1987
Registered Professional Engineer and/or Land Surveyor
Edgar L. Risenhoover
Certificate No. 5979
Edgar L. Risenhoover, L.S.



Vicinity of nearest town or reference pt.
1½ miles NE of Nageezi Trading Post, NM

Type of surface dirt

Conditions good

Other _____

Reference map: USGS map , Crow Mesa West,
1985

Planned Access Road(s)

Exhibit E

Width 20' Maximum grades 4%

Drainage design as required

Cuts & Fills see diagram

Surfacing material none required

Turnouts

Culverts

Gates

Cattleguards

Fence cuts

--- Access Road