

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENTRECEIVED  
BLM

## APPLICATION FOR PERMIT TO DRILL OR DEEPEN

5. LEASE DESIGNATION AND SERIAL NO.  
NM 33025

6. IF INDIAN, ALLOTTED OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME, WELL NO.

Hugh Lake #90

9. API Well No.

30 045

10. FIELD AND POOL, OR WILDCAT

Basin Fruitland Coal

11. SEC., T., R., M., OR BLK.  
AND SURVEY OR AREA

Unit M

Sec. 33, T27N, R12W

12. COUNTY OR PARISH

San Juan

13. STATE

NM

1a. TYPE OF WORK

DRILL ☒DEEPEN ☐

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b. TYPE OF WELL

Oil ☐  
Well ☐Gas ☐  
Well ☒

Other

SINGLE ☐MULTIPLE ☐ZONE ☒ZONE ☐

2. Name of Operator

Dugan Production Corp.

3. Address and Telephone No.

P.O. Box 420, Farmington, NM 87499 (505) 325 - 1821

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

At surface 890' FSL &amp; 905' FWL (SW/4 SW/4)

At proposed prod. zone

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

Approx. 8 miles NW of Carson Trading Post, NM

15. DISTANCE FROM PROPOSED\*

LOCATION TO NEAREST

PROPERTY OR LEASE LINE, FT.

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

890'

16. NO. OF ACRES IN LEASE

640

17. NO. OF ACRES ASSIGNED  
TO THIS WELL

W/320

18. DISTANCE FROM PROPOSED LOCATION\*

TO NEAREST WELL, DRILLING, COMPLETED,

OR APPLIED FOR, ON THIS LEASE, FT.

approx. 4886' from

DPC

Hugh Lake #2

19. PROPOSED DEPTH

1380'

20. ROTARY OR CABLE TOOLS

Rotary

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

5946' GL (est)

22. APPROX. DATE WORK WILL START\*

ASAP

## 23. PROPOSED CASING AND CEMENTING PROGRAM

| SIZE OF HOLE | GRADES, SIZES OF CASING | WEIGHT PER FOOT | SETTING DEPTH | QUANTITY OF CEMENT              |
|--------------|-------------------------|-----------------|---------------|---------------------------------|
| 9-7/8"       | 7"                      | 20#             | 120'          | 60 sx (71 cu ft) circ to surf   |
| 6-1/4"       | 4-1/2"                  | 10.5#           | 1380'         | 135 sx (225 cu ft) circ to surf |

Plan to drill a 9-7/8" hole and set 120' of 7" OD, 20#, J-55 surface casing; then plan to drill a 6-1/4" hole to total depth with gel-water-mud program to test the Fruitland Coal 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.

This action is subject to technical and procedural review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4.

DRILLING OPERATIONS AUTHORIZED ARE  
SUBJECT TO COMPLIANCE WITH  
ATTACHED "GENERAL REQUIREMENTS"

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, 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 J. Dugan Title Vice-President Date 8/20/98

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

Approved by /s/ Duane W. SpencerTitle Team Lead, Petroleum Management

Date

\*See Instructions on Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

NMOCD

District I  
PO Box 1980, Hobbs, NM 88241-1980  
District II  
PO Drawer DD, Artesia, NM 88211-0719  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
PO Box 2088  
Santa Fe, NM 87504-2088

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Form C-102  
Revised February 21, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

|                              |  |   |  |                                     |                                |
|------------------------------|--|---|--|-------------------------------------|--------------------------------|
| 1 API Number<br>30 045 29829 |  | 2 Pool Code<br>71629                            |  | 3 Pool Name<br>Basin Fruitland Coal |                                |
| 4 Property Code<br>24278     |  | 5 Property Name<br>Hugh Lake                    |  |                                     | 6 Well Number<br>90            |
| 7 OGRID No.<br>006515        |  | 8 Operator Name<br>Dugan Production Corporation |  |                                     | 9 Elevation<br>5946' Estimated |

10 Surface Location

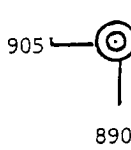
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County   |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|----------|
| M             | 33      | 27N      | 12W   | M       | 890           | South            | 905           | West           | San Juan |

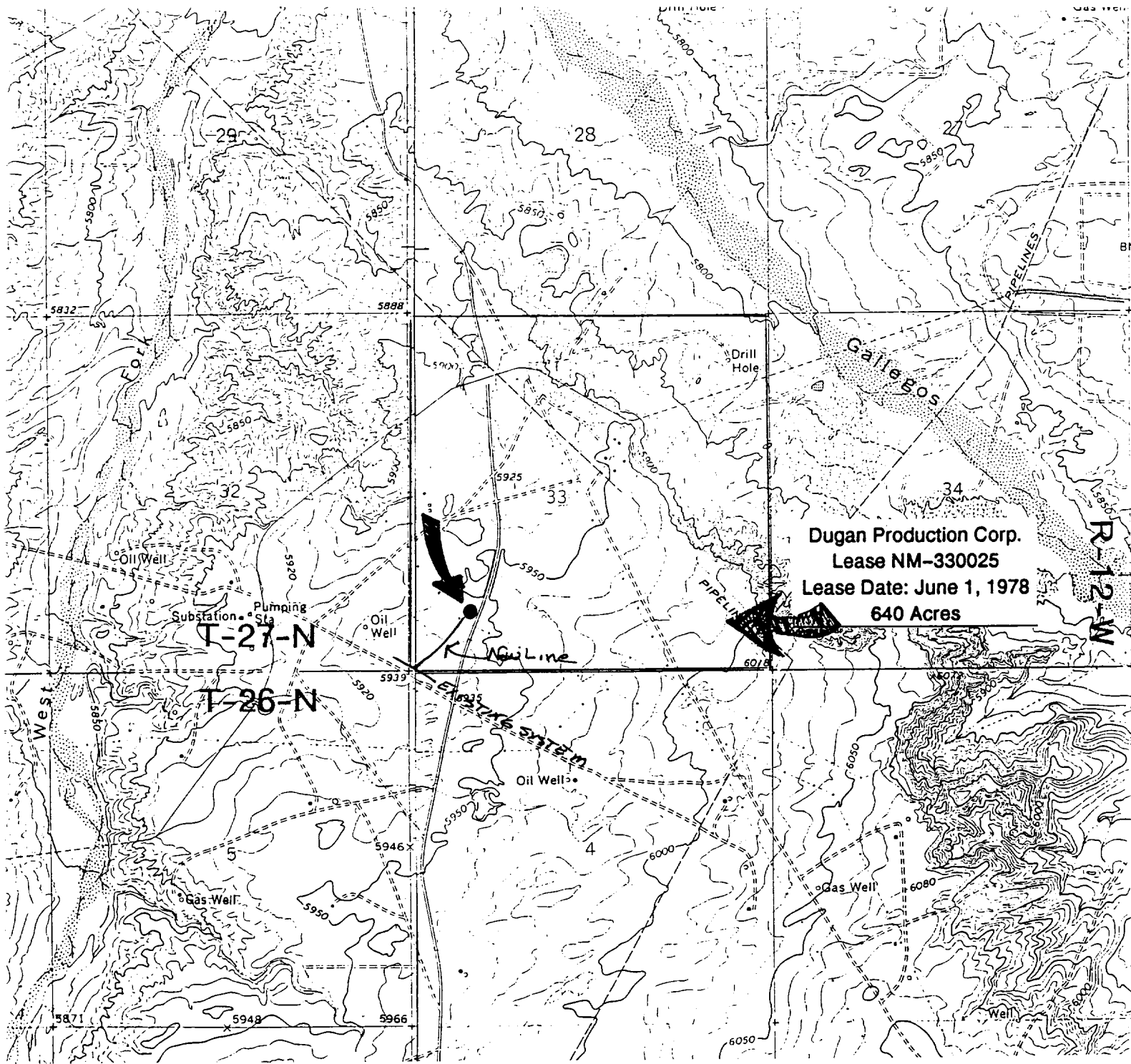
11 Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
|               |         |          |       |         |               |                  |               |                |        |

|                           |                    |                       |              |
|---------------------------|--------------------|-----------------------|--------------|
| 12 Dedicated Acres<br>320 | 13 Joint or Infill | 14 Consolidation Code | 15 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

|   |  |  |  |   |  |
|---|--|--|--|---|--|
| 16  |  |  |  | 17 OPERATOR CERTIFICATION<br>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief<br><br>Signature <u>Sherman E. Dugan</u><br>Printed Name <u>Sherman E. Dugan</u><br>Title <u>Vice-President</u><br>Date <u>8/31/98</u>  |  |
| Section 33  |  |  |  | 18 SURVEYOR CERTIFICATION<br>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.<br><br>March 8, 1998<br>Date of Survey<br>Signature and Seal of <u>Edgar L. Risenhoover</u><br>Certificate Number 5979 |  |
| DUGAN PRODUCTION CORP.<br>NM-33025  |  |  |  |   |  |
|  |  |  |  |   |  |



|  |  |   |                               |                  |
|--|--|---|-------------------------------|------------------|
| <u>Existing Roads</u>  |  | <u>Exhibit E</u>                                | <u>Planned Access Road(s)</u> | <u>Exhibit E</u> |
| Locality of nearest town or reference pt.<br>approx. 8 mi. NW of Carson Trading Post, NM                                     |  |   |                               |                  |
| Type of surface <u>dirt</u>  |  |   |                               |                  |
| Conditions <u>good</u>   |  |   |                               |                  |
| Other _____  |  |   |                               |                  |
| Reference map: <u>USGS map Hugh Lake, NM (10' contour intervals) &amp; Gallegos Trading Post, NM (10' contour intervals)</u> |  |   |                               |                  |
| <u>DUGAN PROD. CORP. - HUGH LAKE #90</u>   |  |   |                               |                  |
| Width <u>20'</u>   |  | Maximum grades _____                            |                               |                  |
| Drainage design _____  |  | as required                                     |                               |                  |
| Cuts & Fills _____   |  | as required                                     |                               |                  |
| Surfacing material _____   |  | none  |                               |                  |
| <input checked="" type="checkbox"/> Turnouts   |  | <input checked="" type="checkbox"/> Waterbars   |                               |                  |
| <input checked="" type="checkbox"/> Culverts   |  | <input type="checkbox"/> Access Road & Pipeline |                               |                  |
| <input checked="" type="checkbox"/> Gates  |  | <input type="checkbox"/>                        |                               |                  |
| <input checked="" type="checkbox"/> Cattleguards   |  | <input type="checkbox"/>                        |                               |                  |
| <input checked="" type="checkbox"/> Fence cuts   |  | <input type="checkbox"/>                        |                               |                  |
| Access road(s) <u>do</u> /do not cross Fed/ <u>Ind</u> land.   |  |   |                               |                  |
| No new access is required.   |  |   |                               |                  |