

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1. a. TYPE OF WORK

DRILL ☐DEEPEEN ☐RE-ENTER ☒

b. TYPE OF WELL

Oil ☐Gas ☐Other ☒SINGLE ☐MULTIPLE ☐Well ☐Well ☐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

1,120' FSL & 1,120' FEL

At proposed prod. zone

same

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

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.

1,120'

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

16. NO. OF ACRES IN LEASE

N/A
2492.5117. NO. OF ACRES ASSIGNED
TO THIS WELLN/A
318.45

18. DISTANCE FROM PROPOSED LOCATION*

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

750'

19. PROPOSED DEPTH

3,500'

20. ROTARY OR CABLE TOOLS

N/A

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

5,476' GL

22. APPROX. DATE WORK WILL START*

Sec. 3, T29N, R14W

12. COUNTY OR PARISH

San Juan

13. STATE

NM

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADES, SIZES OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
	Details attached			

This well was completed as a Dakota production well. It was plugged and abandoned. Plan to re-enter the well. The production casing will be re-connected to the surface, cement plugs cleaned out, and the Mesa Verde prepared for injection.

An application has been made to NMOCD for permission to use this well for disposal purposes.

NO SWD # 5-2-2
DRILLING OPERATIONS AUTHORIZED ARE
SUBJECT TO COMPLIANCE WITH ATTACHEL
"GENERAL REQUIREMENTS"

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

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



Vice-President

Date 2/14/2002

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

4/16/02

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

David J. Mankiewicz

Title

AFM

Date

APR 16

*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.

OIL CONSERVATION DIVISION

P. O. BOX 2048

SANTA FE, NEW MEXICO 87501

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENTForm C-107
Revised 10-1-79

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

Operator DUGAN PRODUCTION CORP.			Lease LOCKE		Well No. I SWD
Unit Letter P	Section 3	Township 29N	Range 14W	County San Juan	
Actual Footage Location of Well: 1120 feet from the South line and 1120 feet from the East line					
Ground Level Elev: 5476 GL	Producing Formation		Pool 94160 SWD; Mesavende		Dedicated Acreage: 0

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 Commission.

Sec.		SF-078110	
50		3	
		1120'	
		1120'	

Scale: 1"=1000'

CERTIFICATION

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

Name

John Alexander

Position

Vice-President

Company

Dugan Production Corp.

Date

February 14, 2002

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 knowledge and belief.

Date Surveyed

January 5, 1983

Registered Professional Engineer and Land Surveyor

Fred E. Kerr Jr.

Certificate No. 4382

3950

FORM 24-11

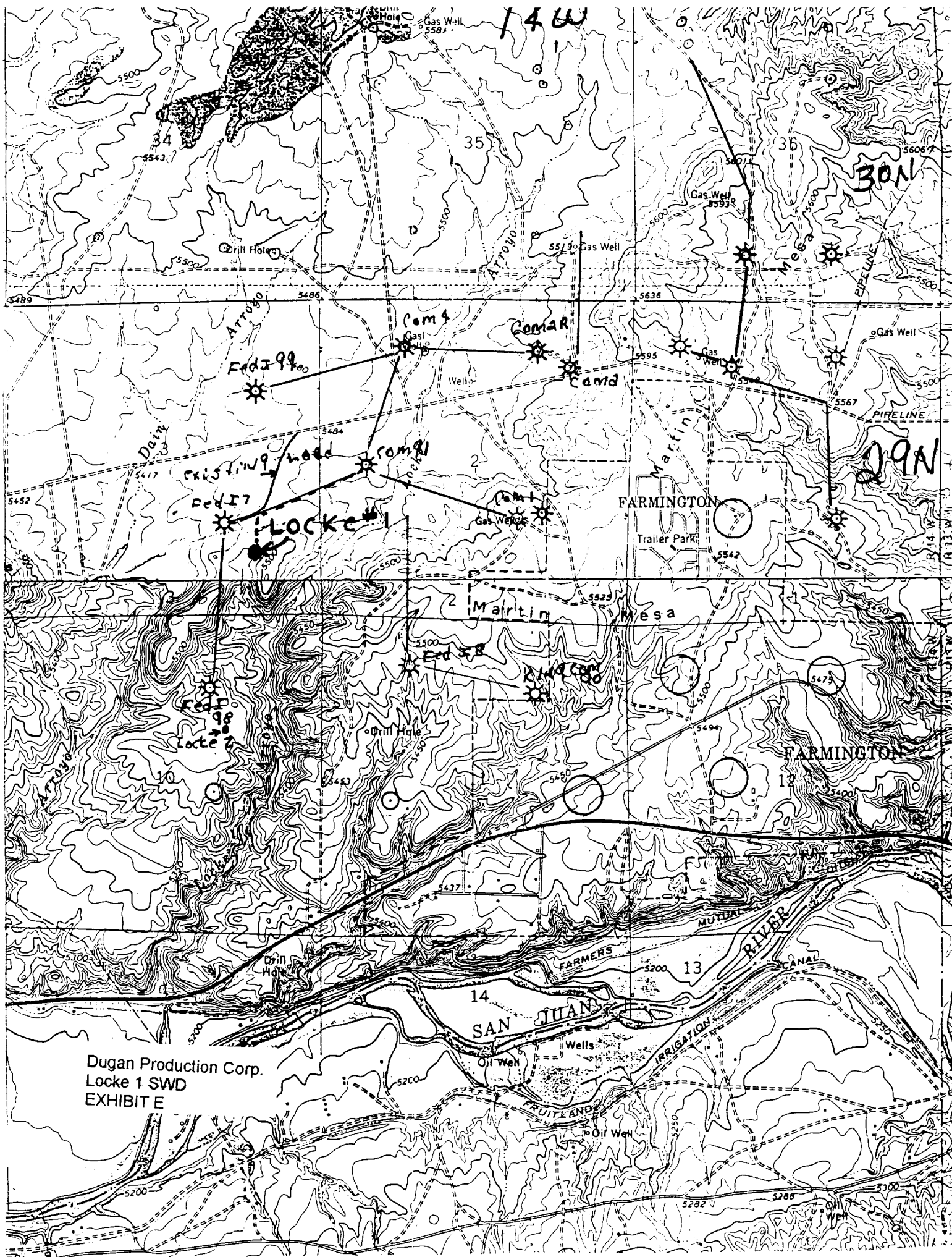


EXHIBIT B
OPERATIONS PLAN

Locke 1 SWD

Sec. 3, T-29-N, R-14-W, NMPM
1120' FSL - 1120' FEL
San Juan County, New Mexico

FORMATION TOPS From Completion Report:

Kirtland	surface
Fruitland	700'
Pictured Cliffs	1020'
Lewis	1150'
Chacra	1668'
Cliff House	2560'
Point Lookout	3515'
Gallup	4750'
Dakota	5616'
Total Depth	6000'

LOGGING PROGRAM: No logs will be run.

CASING PROGRAM:

This is an existing well. Following is the original casing and cement information:

Hole Size	Casing Size	Wt./Ft.	Setting Depth	Grade
12-1/4	8-5/8	24	236	J-55
7-7/8	4-1/2	10.5	5988	J-55

CEMENTING PROGRAM:

Surface: 189 Cu. Ft. Class B with 3% CaCl₂. Circulated to surface.

Production Casing:

- Stage1: 276 cu. ft. Class B 50/50, 6% gel, tail with 13 cu. ft. Class B, 2% CaCl₂.
Stage 2: Stage Tool at 3810'. 730 cu. ft. Class B 50/50, 6% gel, tail with 59 cu. ft. Class B, 2% CaCl₂.
Stage 3: Stage Tool at 2453'. 201 cu. ft. Class B 50/50, 6% gel, tail with 59 cu. ft. Class B, 2% CaCl₂.

The well will be re-entered by removing the dry hole marker. The production casing will be re-attached to the surface and well heads installed. The cement used to plug the well will be drilled out to below the Mesaverde. The Mesaverde will be perforated and used to dispose of salt water.

WELLHEAD EQUIPMENT:

Huber 8-5/8" x 4-1/2" casing head, 1000#WP, tested to 2000#

Huber 4-1/2" x 2-3/8" tubing head, 2000# WP, tested to 2000#

A conventional 7-1/16" 2000 psi blowout preventer will be installed on the production casing during the workover. No choke manifold will be used. All operations will be inside existing production casing.

Dugan Prod. Corp. Office & Radio Dispatch: 325-1821

Kurt Fagrelus 325-4327 Mark Brown 327-3632

John Alexander 325-6927 John Roe 326-1034