

Expires: February 28, 1995

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1.a. TYPE OF WORK

DRILL

☒

DEEPEEN

☐

b. TYPE OF WELL

Oil

☐

Gas

☒

Other

SINGLE

ZONE

☒

MULTIPLE

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

1560' FSL & 1605' FEL

At proposed prod. zone

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

Approx. 2 mi W of Circle S Store, Hwy 170, & 6480

15. DISTANCE FROM PROPOSED\*

LOCATION TO NEAREST  
PROPERTY OR LEASE LINE, FT.

935'

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

18. DISTANCE FROM PROPOSED LOCATION\*

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

Apprx 2350'  
from DPC's  
Fed I #99

16. NO. OF ACRES IN LEASE

2,555.47

17. NO. OF ACRES ASSIGNED  
TO THIS WELL

160

SE 1/4

19. PROPOSED DEPTH

1115'

20. ROTARY OR CABLE TOOLS

Rotary

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

GL 5455'

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'	50 sx (59 cu.ft.) circ. to surf.
6-1/4"	4 1/2"	10.5#	1115'	115 sx (184 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 Sand/Pictured Cliffs 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 3163.3  
and appeal pursuant to 43 CFR 3163.4.

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

*Charlie Beecham*

Title Vice-President

Date 3/6/2000

(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/ Charlie Beecham**

Title

**Team Lead, Petroleum Management**

Date

**MAY - 4 2000**

\*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.

OK

*CD*

MMOCO

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

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 30-045-30181		2 Pool Code 78160		3 Pool Name Harper Hill Fruitland Sand/PC	
4 Property Code 003682		5 Property Name Federal 1			6 Well Number 7
7 OGRID No. 006515		8 Operator Name Dugan Production Corporation			9 Elevation 5455'

10 Surface Location

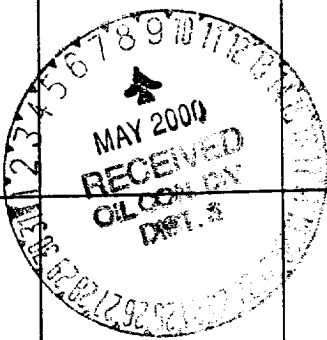
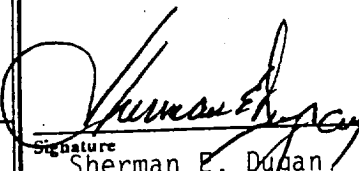

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	3	29N	14W	J	1560	South	1605	East	San Juan

11 Bottom Hole Location If Different From Surface

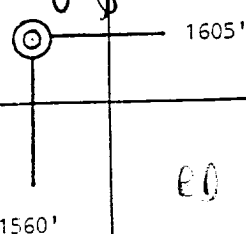
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres 160 SE 1/4	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

<div>16</div> <div></div> <div>Section 3</div>				<div>17 OPERATOR CERTIFICATION</div> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <div>Signature: </div> <div>Printed Name: Sherman E. Dugan</div> <div>Title: Vice-President</div> <div>Date: February 29, 2000</div>	
				<div>18 SURVEYOR CERTIFICATION</div> <p>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.</p> <div>Date of Survey: February 7, 2000</div> <div>Signature and Seal of Professional Surveyor: </div> <div>Edgar L. Risen, Professional Surveyor, #5979</div> <div>Certificate Number</div>	

SF-078110  
DPC - 100%



1560'

1605'

EO

seal. A chronological log will be kept which records the pump rate, pump pressure, slurry density, and slurry volume for the cement job. The log will be sent to the BLM after completion of the job.

**WELLHEAD EQUIPMENT:**

Huber 7" x 4-1/2" casing head, 1000#WP, tested to 2000#  
Huber 4-1/2" x 2-7/8" tubing head, 1000# WP, tested to 2000#

BOP and Related Equipment will include for a 2000 psi system:

No abnormal pressures or hazardous zones are anticipated.

Annual preventer, double ram, or 2 rams with one being blind and one being a pipe ram

Kill line (2" minimum)

1 kill line valve (2" minimum)

1 choke line valve

2 chokes

Upper kelly cock valve with handle available

Safety valve and subs to fit all drill string connections in use

Pressure gauge on choke manifold

2" minimum choke line

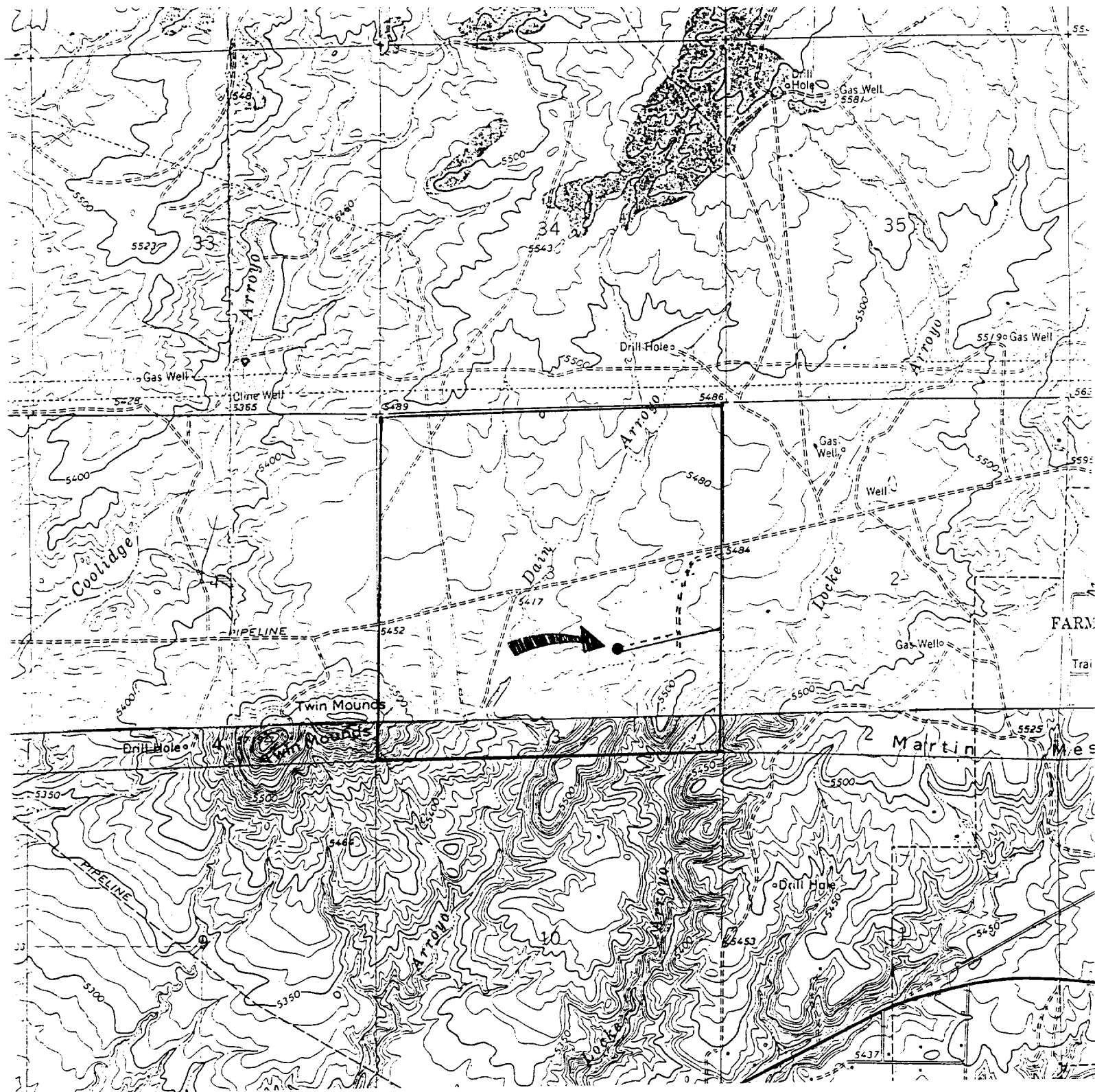
Fill-up line above the uppermost preventer

BOP equipment will be tested as required in Section III A.1 of Onshore Order 2, plus a 30% safety factor.

The anticipated bottom hole pressure for this well is estimated to be approximately 305 psi.

The average mud weight is anticipated to be in the range of 8.6 to 9.5 lb/gal.

Dugan Prod.Corp. Office & Radio Dispatch:	325-1821
Kurt Fagrelus	325-4327
John Alexander 325-6927	Mark Brown 327-3632
Sherman Dugan 327-3121	John Roe 326-1034



Existing Roads Federal I #7 Exhibit E  
DUGAN PRODUCTION CORP.  
 Vicinity of nearest town or reference pt.  
Approx 2 mi W of Circle S Store on Twin  
Mound by-pass #6480  
 Type of surface dirt  
 Conditions good  
 Other \_\_\_\_\_  
 Reference map: USGS map Youngs Lake, NM

Planned Access Road(s) Exhibit E  
 Width 20' Maximum grades 1%  
 Drainage design as required  
 Cuts & Fills as required  
 Surfacing material none  
☒ Turnouts ☒ Waterbars  
☒ Culverts  
☒ Gates  
☒ Cattleguards  
☒ Fence cuts ☒ Access Road & Pipeline

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