

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

30-045-2276

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
 Box 234, Farmington, NM 87401

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
 At surface 810' FNL - 1450' FWL
 At proposed prod. zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 7 miles north of Farmington, New Mexico

10. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any) 810'

16. NO. OF ACRES IN LEASE 320

17. NO. OF ACRES ASSIGNED TO THIS WELL 160

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. approx. 1/2 mile

19. PROPOSED DEPTH 1850

20. ROTARY OR CABLE TOOLS Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.) 5720 GR

22. APPROX. DATE WORK WILL START* 12-18-77

5. LEASE DESIGNATION AND SERIAL NO.
 NM 030555A

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME
 Five of Diamonds

9. WELL NO.
 1

10. FIELD AND POOL, OR WILDCAT
 Wildcat - Pictured Cliff

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
 Sec. 10, T30N, R13W

12. COUNTY OR PARISH 13. STATE
 San Juan NM

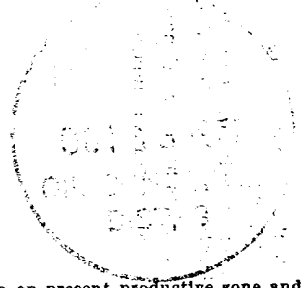
23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
8-3/4"	7"	20#	60'	15 sx
5"	2-7/8"	6.4#	1820'	100 sx

Plan to drill well using mud as circulating medium to test Pictured Cliffs formation. If productive, plan to set 2-7/8" tubing for casing, selectively perforate, frac, clean out after frac, run 1-1/4" tubing, and complete well.

Do not plan to use a blowout preventer while drilling. Will use master valve and stripper head while completing well.

NMERB Requirement: Gas 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 Thomas A. Dugan TITLE Petroleum Engineer DATE 10-14-77

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

OKal

OCT 17 1977

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

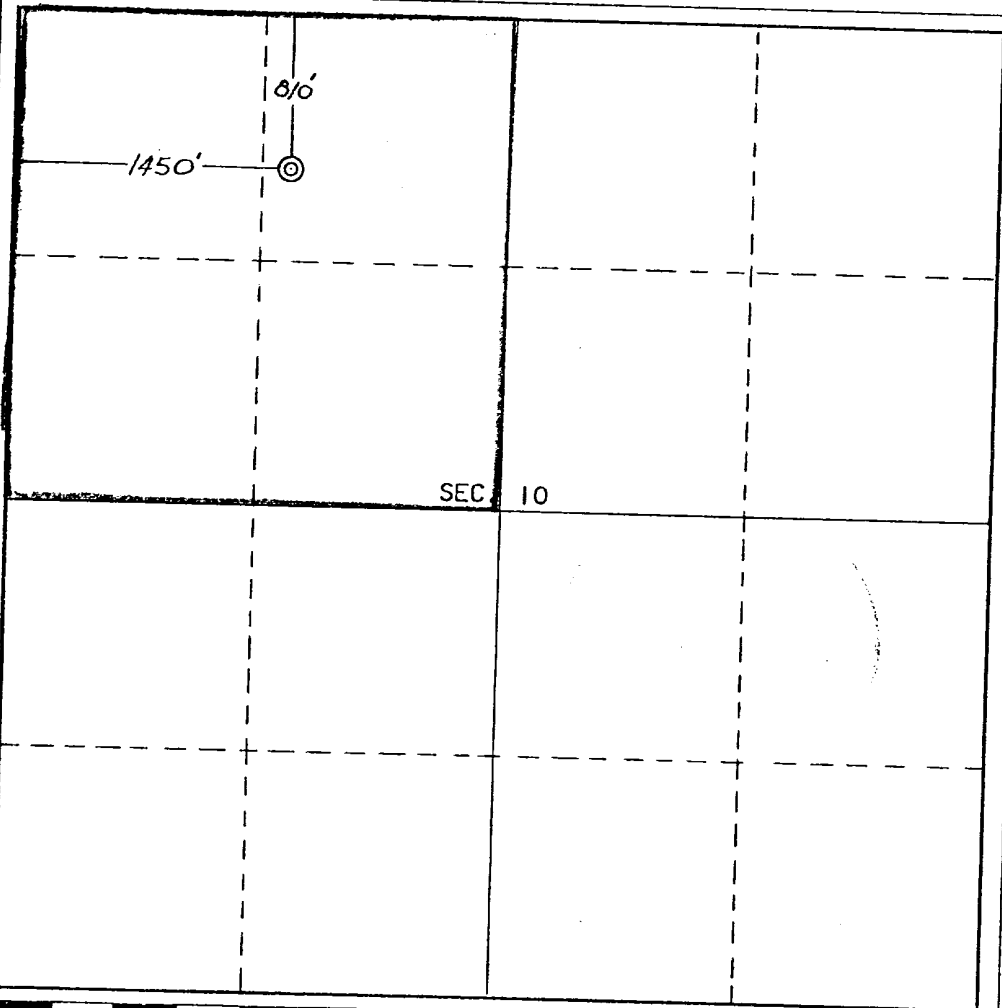
All distances must be from the outer boundaries of the Section.

Operator Dugan Production Corporation			Lease Five of Diamonds			Well No. 1
Unit Letter C	Section 10	Township 30 North	Range 13 West	County San Juan		
Actual Footage Location of Well: 810 feet from the North line and 1450 feet from the West line						
Ground Level Elev. 5689	Producing Formation Pictured Cliffs		Pool Wildcat	Dedicated Acreage: 160		Acres

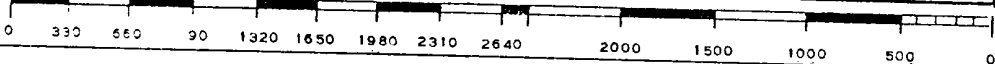
1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is 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.

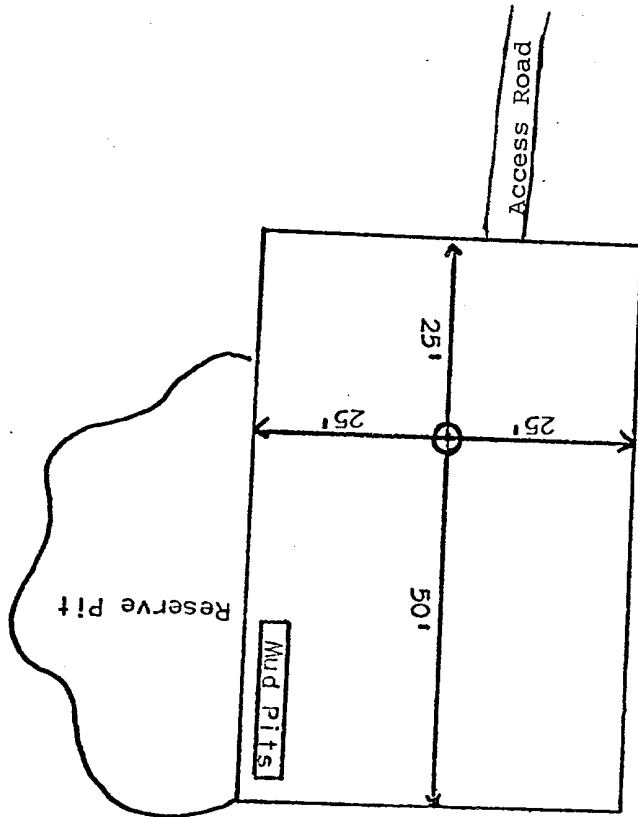


CERTIFICATION	
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.	
<i>Thomas A. Dugan</i>	
Name	Thomas A. Dugan
Position	Petroleum Engineer
Company	Dugan Production Corp.
Date	10-14-77
Date Surveyed	September 18, 1977
Registered Professional Engineer and/or Land Surveyor	
<i>E.V. Echohawk</i>	
Certificate No.	3602
E.V. Echohawk LS	



Proposed Location Layout

Five of Diamonds



DEVELOPMENT PLAN

Dugan Production Corp.

Five of Diamonds

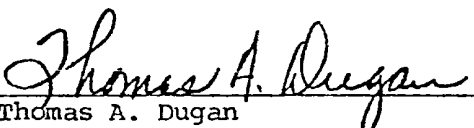
1. Existing roads are shown on attached plat.
2. Planned access from existing road approximately 1000' to new location. Will leave natural grass and small vegetation on roadway. Will remove large brush or trees from road. Do not plan to make road grade or bar ditches. Will bottom-out any arroyo we cross and not install culverts.
3. Location of well: 810' FNL - 1450' FWL
Section 10, T30N, R13W
San Juan County, New Mexico
4. One additional well(s) planned on this lease at this time.
5. Separator and flow line will be located within 50' of wellhead.
6. Water will be secured from San Juan River.
7. Waste materials will be buried on location or in reserve pit.
8. No permanent camp is planned; trailer house will be used on location while drilling.
9. Do not plan to build airstrip.
10. See attached plat for proposed location layout.
11. Will clean up location, fill and level pits, level ruts in road, reseed location and road with Seed Mixture #2 and paint equipment with #34127.
Pinon Juniper Green
12. Operator's Representative:
Thomas A. Dugan
Box 234
Farmington, New Mexico 87401
13. Certification: The following statement must be signed by the lessee's or operator's field representative who is identified in Item #12 of the Plan:

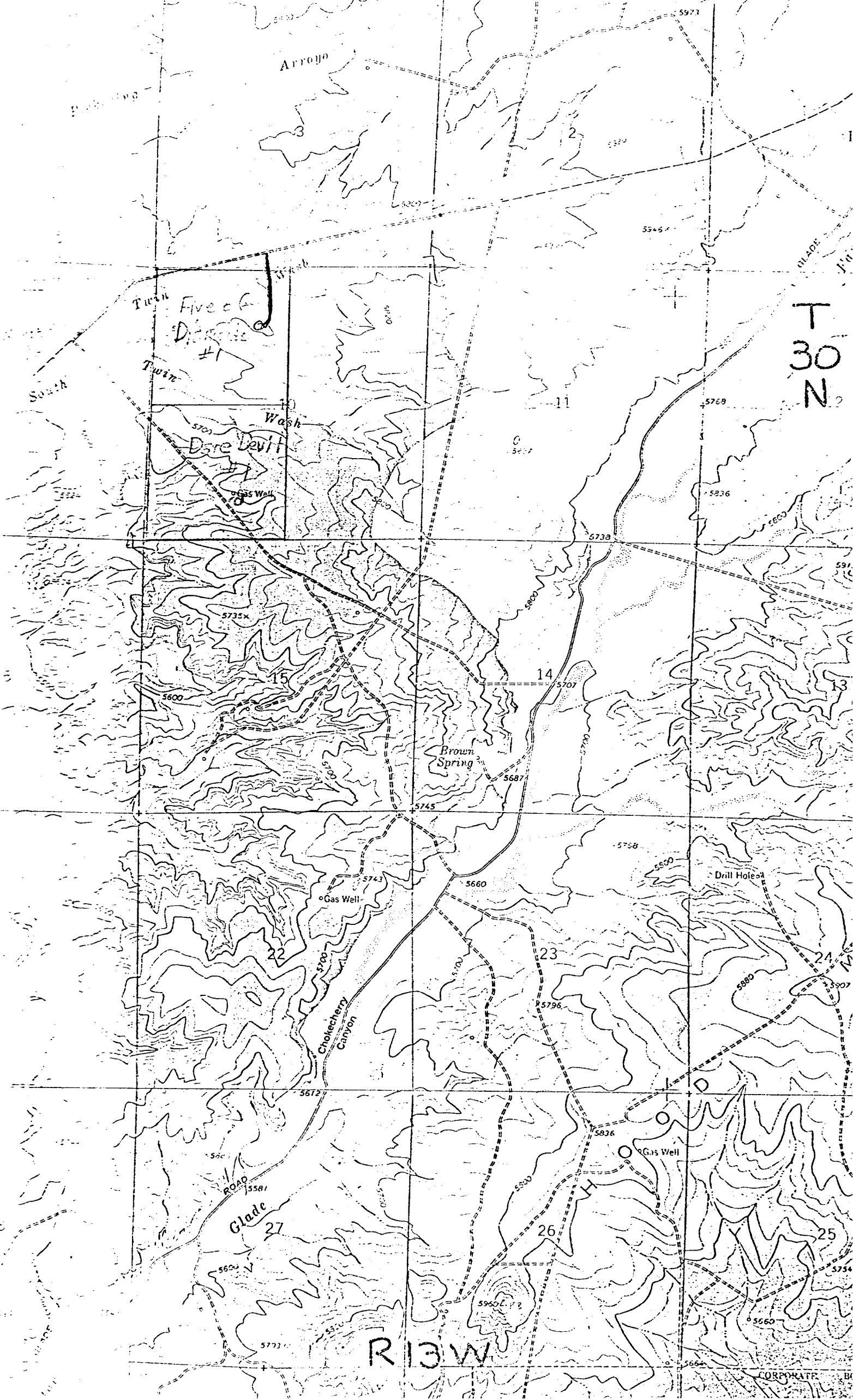
I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route; that I am familiar with the conditions which presently exist; that the statements made in this Plan are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by _____

Dugan Production Corp.

and its contractors and subcontractors in conformity with this Plan and the terms and conditions under which it is approved.

Date: 10-14-77


Thomas A. Dugan
Professional Petroleum Engineer



Twin Five of District #1

T
30
N

R
13
W

Arroyo

Dare Devil Wash

Brown Spring

Cholecherry Canyon

Glade

Drill Hole

Gas Well

Gas Well

Gas Well

ROAD 5581

CORPORATE