

Expires: February 28, 1995

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

## APPLICATION FOR PERMIT TO DRILL OR DEEPEN

## 1a. TYPE OF WORK

DRILL ☒DEEPEN ☐

## b. TYPE OF WELL

Oil ☐Gas ☐Well ☐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 1440' FNL &amp; 1675' FEL (SW/4 NE/4)

## At proposed prod. zone

same

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

2 mi. W of Hwy 170 &amp; Twin Mounds Bypass

## 15. DISTANCE FROM PROPOSED\*

LOCATION TO NEAREST  
PROPERTY OR LEASE LINE, FT.

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

1440'

## 16. NO. OF ACRES IN LEASE

400

17. NO. OF ACRES ASSIGNED  
TO THIS WELL

320 N/S

## 18. DISTANCE FROM PROPOSED LOCATION\*

TO NEAREST WELL, DRILLING, COMPLETED,  
OR APPLIED FOR, ON THIS LEASE, FT.approx. 450'  
from DPC's  
Jacobs #2

## 19. PROPOSED DEPTH

1410'

## 20. ROTARY OR CABLE TOOLS

Rotary

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

5630' GL

## 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'	70 cu.ft. circ. to surf.
6-1/4"	4 1/2"	10.5#	1410' -	220 cu.ft. circ. to surf.

A water based gel-mud will be used to drill surface and production casing hole. Standard 2,000 psi BOP will be used to drill production hole. The Fruitland Coal will be completed from approximately 1270'-1285'. The interval will be fractured.

This action is subject to technical and  
procedural review pursuant to 43 CFR 3160.3  
and appeal pursuant to 43 CFR 3165.4.

APPROVED FOR THE BUREAU OF LAND MANAGEMENT  
BY: [Signature] DATE: 3/12/2001

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

Kurt Fagrellius  
Kurt Fagrellius

Title Geologist

Date 3/12/2001

(This space for Federal or State office use)

PERMIT NO. \_\_\_\_\_

APPROVAL DATE

4/25/01

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/ Joel Farrell

Title \_\_\_\_\_

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  
P.O. Box 1980, Hobbs, N.M. 88241-1980

State of New Mexico  
Energy, Minerals & Natural Resources Department

Form C-102

Revised February 21, 1994

Instructions on back

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

DISTRICT II  
P.O. Drawer DD, Artesia, N.M. 88211-0719

DISTRICT III  
1000 Rio Brazos Rd., Aztec, N.M. 87410

DISTRICT IV  
PO Box 2088, Santa Fe, NM 87504-2088

OIL CONSERVATION DIVISION

P.O. Box 2088  
Santa Fe, NM 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30 045 30588	<sup>2</sup> Pool Code 71629	<sup>3</sup> Pool Name Basin Fruitland Coal
<sup>4</sup> Property Code 28011	<sup>5</sup> Property Name JACOBS COM	<sup>6</sup> Well Number 90
<sup>7</sup> OGRID No. 006515	<sup>8</sup> Operator Name DUGAN PRODUCTION CORPORATION	<sup>9</sup> Elevation 5630

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	26	30N	14W		1440	NORTH	1675	EAST	SAN JUAN

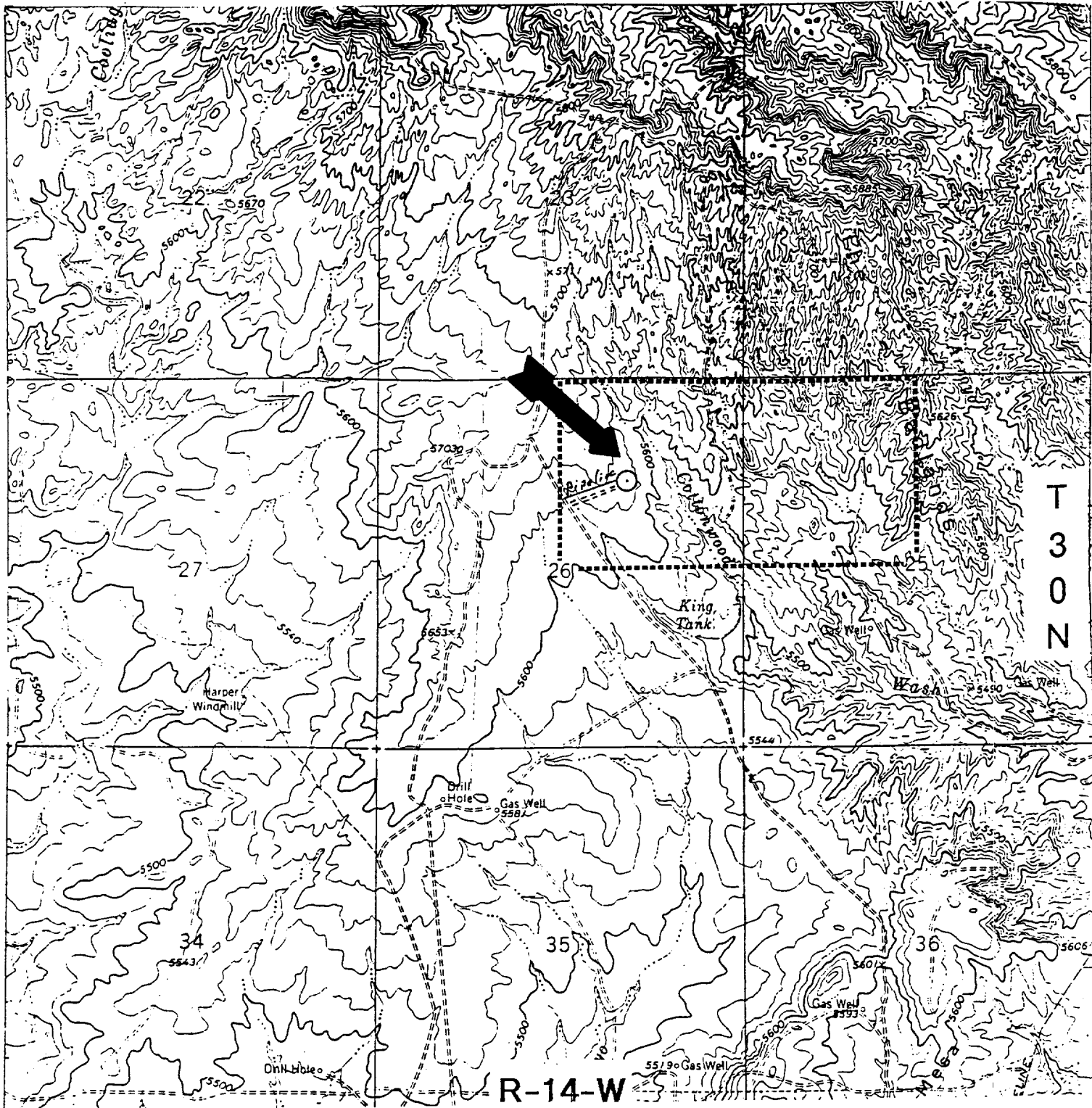
<sup>11</sup> Bottom Hole Location If Different From Surface

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

<sup>12</sup> Dedicated Acres 320 1/2	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No. R-11461
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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

	<p>Dugan Prod. Jim Jacobs NM-33050</p>	<p>Dugan Prod. NM-0206994</p>	<p><sup>17</sup> OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p><i>Kurt Fagrelus</i> Signature Kurt Fagrelus Printed Name Geologist Title March 12, 2001 Date</p>
<p>SECTION 26</p>	<p>SECTION 25</p>	<p>Dugan Prod. NM-28761</p>	<p><sup>18</sup> SURVEYOR CERTIFICATION 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> <p>JANUARY 19, 2001 Date of Survey Signature of Surveyor: <i>Edgar L. Risenhoover</i> Edgar L. Risenhoover NEW MEXICO 6979 PROFESSIONAL SURVEYOR Certificate Number N.M. PLS #5979</p>



**EXHIBIT B**  
**OPERATIONS PLAN**  
*Jacobs Com #90*

**APPROXIMATE FORMATION TOPS:**

Ojo Alamo	surface
Kirtland	surface
Fruitland	935'
Pictured Cliffs	1285'

**Total Depth**            1410'

**LOGGING PROGRAM:** Run cased hole CNL-CDL

Catch samples every 10 feet from 1000 feet to total depth.

**CASING PROGRAM:**

Hole <u>Size</u>	Casing <u>Size</u>	<u>Wt./ft.</u>	<u>Setting Depth</u>	<u>Grade and Condition</u>
9-7/8"	7"	20#	±120'	J-55
6-1/4"	4-1/2"	10.5#	1410'	J-55

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 Fruitland Coal Formation. 4½", 10.5# J-55 casing will be run and cemented. Cased hole CNL-CDL log will be run. Productive zone will be perforated and fractured. After frac the well will be cleaned out and production equipment will be installed.

**CEMENTING PROGRAM:** All volumes are contingent upon Caliper logs.

Surface: Cement with 70 cu.ft. Class "B" neat. Circulate to surface

Production Stage - Cement with 142 cu.ft. 2% Lodense with 1/4# celloflake/sx followed by 78 cu.ft. Class "B" with 1/4# celloflake/sx.  
Total cement slurry for production stage is 220 cu.ft.  
Circulate to surface.

An adequate spacer will be pumped ahead of the cement slurry to help prevent mud contamination of the cement. An adequate number of casing centralizers will be run through usable water zones to ensure that casing is centralized through these zones. The adequate number of centralizers will be determined based on API standards. Centralizers to impart a swirling action around the casing will be used just below and into the base of the lowest usable water zone. These devices will assist mud displacement, increase cement bonding potential and create an effective hydraulic 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:

~~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

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