

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 ☒DEEPEN ☐

b. TYPE OF WELL

Oil ☐Well ☐Gas ☐Well ☒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 810' FNL &amp; 1980' FWL (NE/4 NW/4)

At proposed prod. zone same

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

4 1/2 miles north of Kirtland, NM

15. 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

1840

17. NO. OF ACRES ASSIGNED  
TO THIS WELL

160 (NW/4)

18. DISTANCE FROM PROPOSED LOCATION\*

TO NEAREST WELL, DRILLING, COMPLETED,

OR APPLIED FOR, ON THIS LEASE, FT.

500'

19. PROPOSED DEPTH

1132'

20. ROTARY OR CABLE TOOLS

Rotary

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

5547 550' 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
8-3/4"	7"	20#	120'	70 cu ft - circ to surface
6 1/4"	4 1/2"	10.5#	1132'	170 cu ft - circ to surface

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 Pictured Cliffs Sandstone will be completed from approximately 1007'-1027'. The interval will be fractured.

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 prevention program, if any.

24. SIGNED Kurt Fagrellius Title Geologist Date 7/6/2001  
Kurt Fagrellius

(This space for Federal or State office use)

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

APPROVAL DATE 12/11/01

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 [Signature]Title AFMDate 12/11/01

\*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.

NMOCE

K

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENTFORM APPROVED  
Budget Bureau No. 1004-0135  
Expires: March 31, 1993

## SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir:  
Use "APPLICATION FOR PERMIT -" for such proposals

SUBMIT IN TRIPLICATE

## 1. Type of Well

☐ Oil  
Well☒ Gas  
Well☐ Other

## 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 (Footage, Sec., T., R., M., or Survey Description)

810' FNL & 1980' FWL (NE/4 NW/4)  
Unit C, Sec. 19, T30N, R14W

## 5. Lease Designation and Serial No.

NM-19163

## 6. Indian, Allotted or Tribe Name

## 7. If Unit or CA, Agreement Designation

## 8. Well Name and No.

Turk's Toast #10

## 9. API Well No.

30 045

## 10. Field and Pool, or Exploratory Area

Harper Hill  
Twin Mounds FR Sand PC

## 11. County or Parish, State

San Juan, New Mexico

## 12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

## TYPE OF SUBMISSION

- ☒ Notice of Intent
- ☐ Subsequent Report
- ☐ Final Abandonment Notice

## TYPE OF ACTION

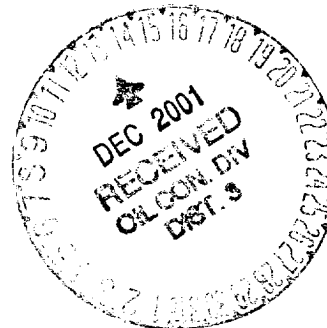
- ☐ Abandonment
- ☐ Recompletion
- ☐ Plugging Back
- ☐ Casing Repair
- ☐ Altering Casing
- ☒ Other Move proposed location
- ☐ Change of Plans
- ☐ New Construction
- ☐ Non-Routine Fracturing
- ☐ Water Shut-Off
- ☐ Conversion to Injection
- ☐ Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

## 13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)\*

Move proposed location to: 660' FNL & 1980' FWL  
Unit C, Section 19, T30N, R14W (NE/4 NW/4)  
San Juan County, New Mexico.

Attachments: Revised C-102, Elevations &amp; Topo Map



## 14. I hereby certify that the foregoing is true and correct

Signed

Kurt Fagrellius  
Kurt Fagrellius

Title

Geologist

Date

12/3/2001

(This space for Federal or State office use)

Approved by

[Signature]  
AFM

Title

Date

12/11/01

Conditions of approval, if any:

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.

\*See Instruction on Reverse Side

NMOC

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

*API Number <b>30-045-30724</b>		*Pool Code <b>78160</b>	*Pool Name <b>HARPER HILL FRUITLAND SAND PICTURED CLIFFS</b>
*Property Code <b>3865</b>	*Property Name <b>TURKS TOAST</b>		*Well Number <b>10</b>
*GRID No. <b>006515</b>	*Operator Name <b>DUGAN PRODUCTION CORPORATION</b>		*Elevation <b>5547'</b>

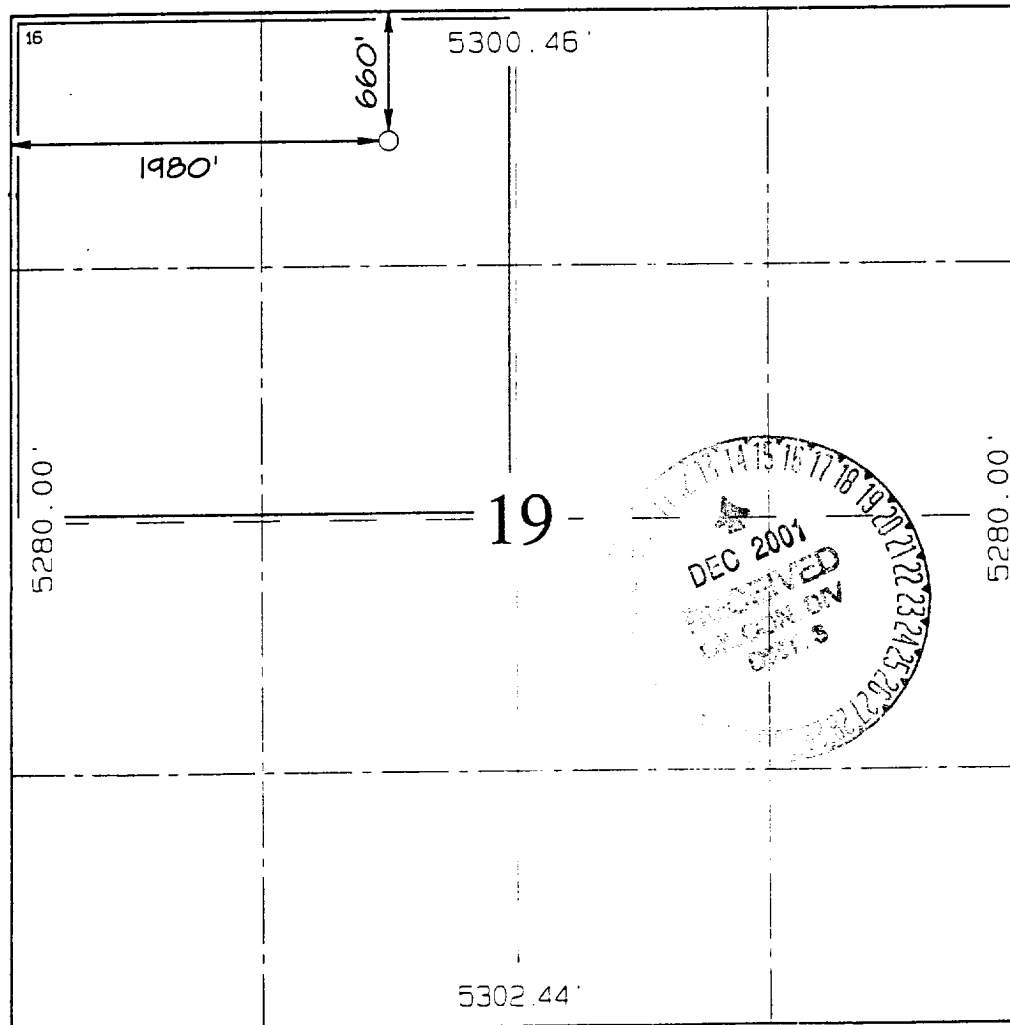
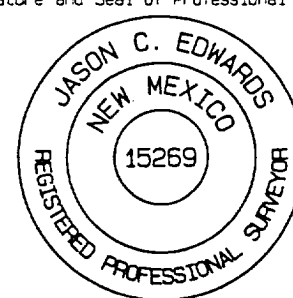
<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>C</b>	<b>19</b>	<b>30N</b>	<b>14W</b>		<b>660</b>	<b>NORTH</b>	<b>1980</b>	<b>WEST</b>	<b>SAN JUAN</b>

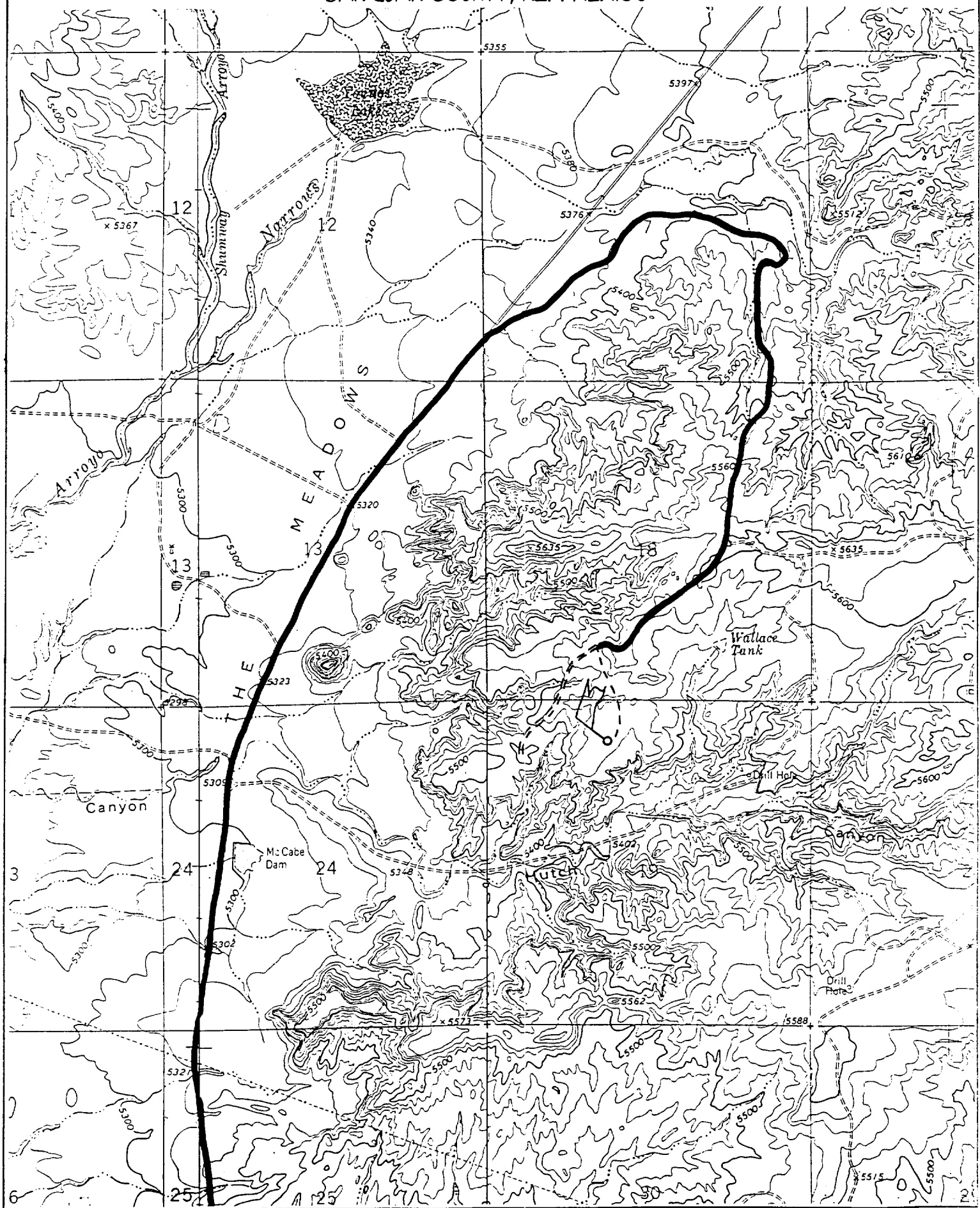
<sup>11</sup> Bottom Hole Location If Different From Surface

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 <b>160 ACRES (NW/4)</b>					<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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

	<p><sup>17</sup> OPERATOR CERTIFICATION</p> <p>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 <b>Kurt Fagrelus</b> Printed Name <b>Geologist</b> Title <b>12/03/01</b> Date</p>
	<p><sup>18</sup> SURVEYOR CERTIFICATION</p> <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> <p>Survey Date: <b>DECEMBER 3, 2001</b></p> <p>Signature and Seal of Professional Surveyor</p> <p> <b>JASON C. EDWARDS</b> Certificate Number <b>15269</b></p>

660' FNL & 1980' FWL, SECTION 19, T30N, R14W, N.M.P.M.  
SAN JUAN COUNTY, NEW MEXICO



**EXHIBIT B**  
**OPERATIONS PLAN**  
*Turk's Toast #10*

**APPROXIMATE FORMATION TOPS:**

Kirtland	surface
Fruitland	565'
Pictured Cliffs	1007'
<b>Total Depth</b>	<b>1132'</b>

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

Catch samples every 10 feet from 600 feet to total depth.

**CASING PROGRAM:**

Hole <u>Size</u>	Casing <u>Size</u>	<u>Wt./ft.</u>	Setting <u>Depth</u>	Grade and <u>Condition</u>
8-3/4"	7"	20#	±120'	J-55-new
6-1/4"	4-1/2"	10.5#	±1132'	J-55-new

Plan to drill a 8-3/4" 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 Sand/Pictured Cliffs Sandstone 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 110 cu.ft. 2% Lodense with 1/4# celloflake/sx followed by 60 cu.ft. Class "B" with 1/4# celloflake/sx.  
Total cement slurry for production stage is 170 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. If no Ojo Alamo is present, no centralizers will be run on surface casing. 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