Form 3160-3 (July 1992) 5 BLM 1 File

SUBMIT IN TRIPLICATE* (Other instructions on reverse side)

FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

5. LEASE DESIGNATION AND SERIAL NO.: NM-19403

6. IF INDIAN, ALLOTTED OR TRIBE NAME:

7. UNIT AGREEMENT NAME:

1.a. TYPE OF WORK: DRILL [X] DEEPEN [ ]

b. TYPE OF WELL: Oil Well [ ] Gas Well [X] Other — SINGLE ZONE [X] MULTIPLE ZONE [ ]

8. FARM OR LEASE NAME, WELL NO.: Riviera Com #2 28961

2. Name of Operator: Dugan Production Corp.

9. API Well No.: 30-045- 30732

3. Address and Telephone No.: P.O. Box 420 , Farmington, NM 87499 (505) 325 - 1821

10. FIELD AND POOL , OR WILDCAT: Twin Mounds FR Sand PC

LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)

At surface: 1350' FNL & 660' FWL (SW/4 NW/4)

At proposed prod. zone: same

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: Unit E, Sec. 18, T30N, R14W

OCT 2001 RECEIVED OIL CON. DIV. DIST. 3

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: 6 miles north of Kirtland, New Mexico

12. COUNTY OR PARISH: San Juan

13. STATE: NM

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)	16. NO. OF ACRES IN LEASE	17. NO. OF ACRES ASSIGNED TO THIS WELL
660'	400	160 (NW/4)

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.	19. PROPOSED DEPTH	20. ROTARY OR CABLE TOOLS
3000'	1060'	Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 5387' 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
6¼"	4½"	10.5#	1060'	160 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 935'-945'. 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 preventer program, if any.

24. SIGNED Kurt Fagrelius Kurt Fagrelius Title Geologist Date 7/11/2001

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE 10/5/01

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/ V.R. Balderaz Title _____ Date OCT - 5

*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
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

¹API Number	²Pool Code	³Pool Name	
30 045 30732	86620	Twin Mounds Fruitland Sand Pictured Cliffs	
⁴Property Code 28961	⁵Property Name RIVIERA COM		⁶Well Number 2
⁷OGRID No. 006515	⁸Operator Name DUGAN PRODUCTION CORPORATION		⁹Elevation 5387'

¹⁰ Surface Location

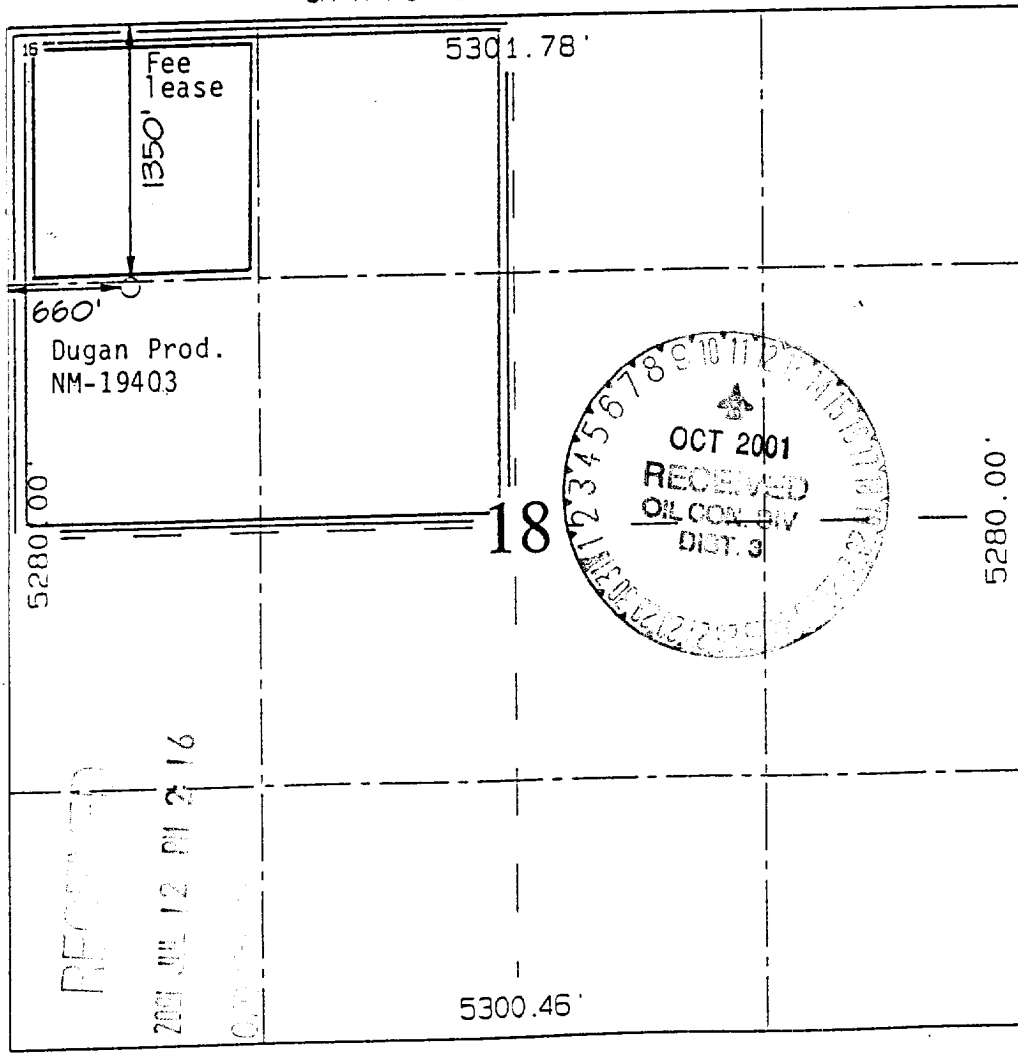
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	18	30N	14W		1350	NORTH	660	WEST	SAN JUAN

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	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
160 ACRES (NW/4)			

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



¹⁷ OPERATOR CERTIFICATION

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

Kurt Fagrelius
Signature

Kurt Fagrelius
Printed Name

Geologist
Title

July 11, 2001
Date

¹⁸ 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.

JUNE 8, 2001
Date of Survey

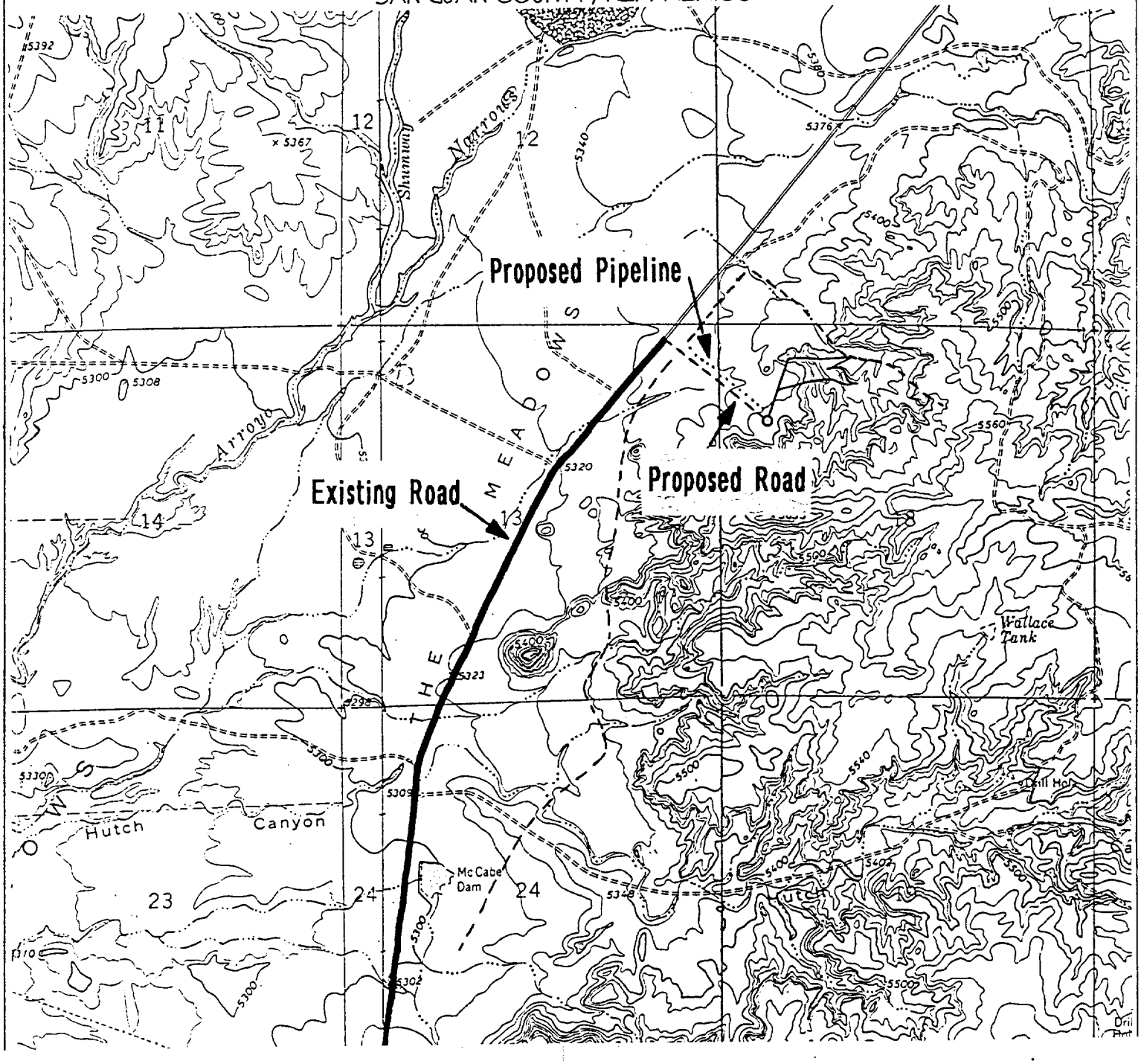
Signature and Seal of Professional Surveyor

NEALE C. EDWARDS
NEW MEXICO
6857
REGISTERED PROFESSIONAL SURVEYOR

Certificate Number 6857

DUGAN PRODUCTION CORPORATION RIVIERA #2

1350' FNL & 660' FWL, SECTION 18, T30N, R14W, N.M.P.M.
SAN JUAN COUNTY, NEW MEXICO



Existing Roads — Exhibit E

Vicinity of nearest town or reference pt.
6 miles north of Kirtland, New Mexico

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
Culverts
Gates
Cattleguards
Fence cuts
Waterbars
Access Road & Pipeline

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

EXHIBIT B
OPERATIONS PLAN
Riviera Com #2

APPROXIMATE FORMATION TOPS:

Kirtland	surface
Fruitland	550'
Pictured Cliffs	935'
Total Depth	1060'

LOGGING PROGRAM: Run cased hole CNL-CDL

Catch samples every 10 feet from 500 feet to total depth.

CASING PROGRAM:

Hole Size	Casing Size	Wt./ft.	Setting Depth	Grade and Condition
8-3/4"	7"	20#	±120'	J-55-new
6-1/4"	4-1/2"	10.5#	±1060'	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.

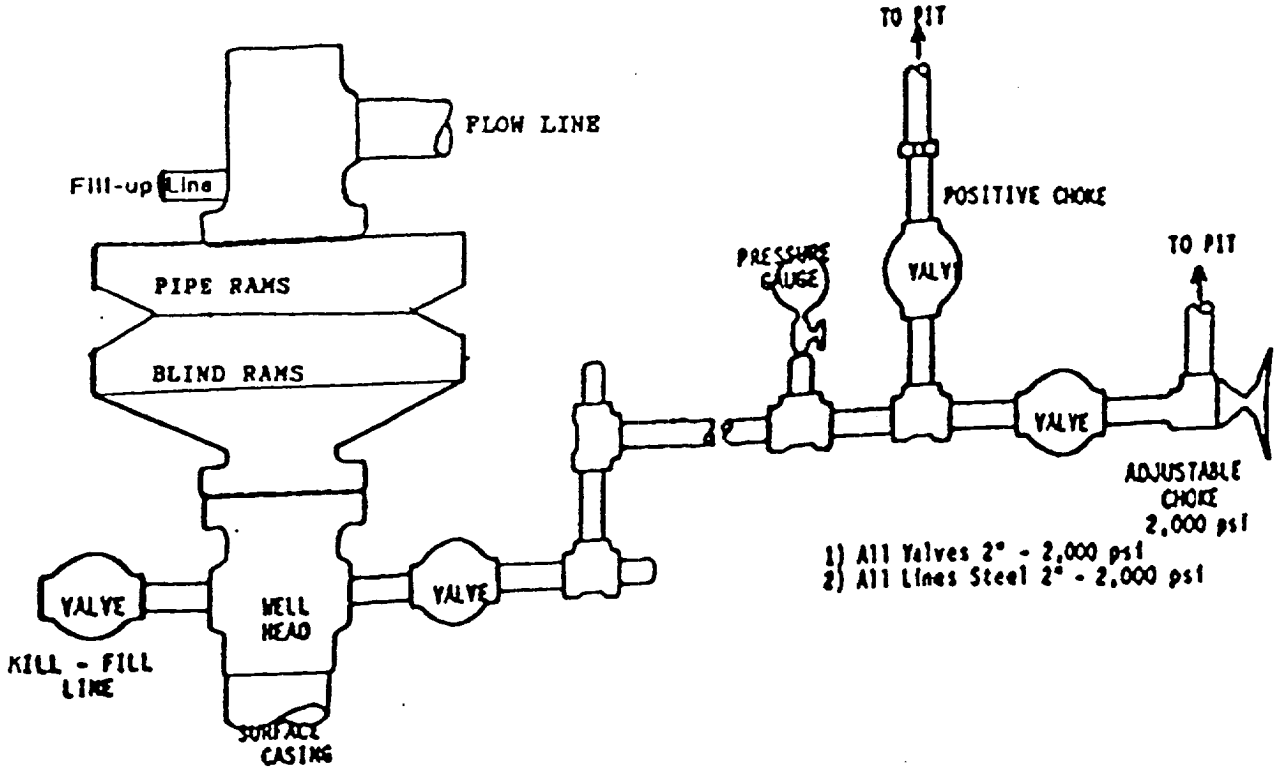
CEMENTING PROGRAM: All volumes are contingent upon Caliper logs.

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

Production Stage - Cement with 105 cu.ft. 2% Lodense with 1/4# celloflake/sx followed by 55 cu.ft. Class "B" with 1/4# celloflake/sx.
Total cement slurry for production stage is 160 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.

B.O.P. WITH CHOKE MANIFOLD

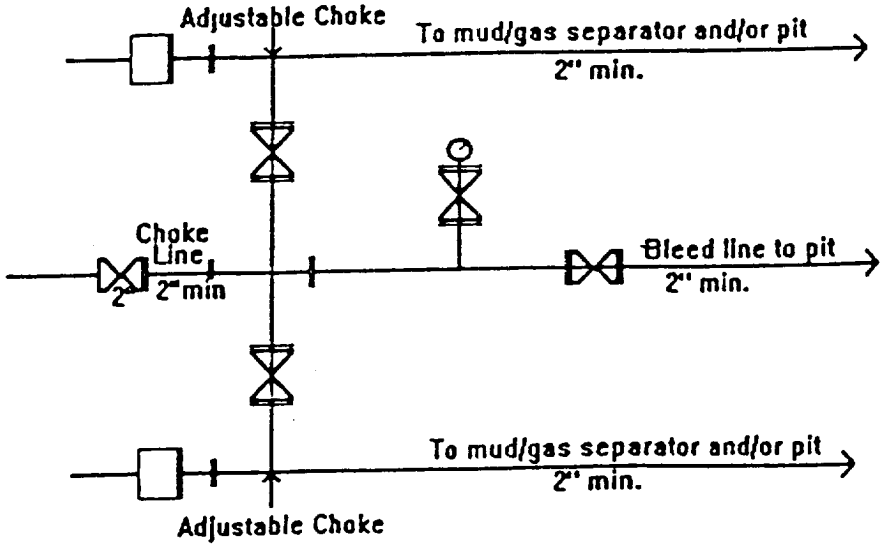


BOP and Related Equipment will include for a 2000 psi system:

2000 PSI DOUBLE RAM BLOWOUT PREVENTER

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.



2M Choke Manifold Equipment - Configuration May Vary

DUGAN PRODUCTION CORP.
RIVIERA COM #2
EXHIBIT D