(This space for Federal or State office use)

PERMIT NO.

SUBMIT IN TRIPLICATE\*

FORM APPROVED

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT  APPLICATION FOR PERMIT TO DRILL OR DEEPEN	(July 1992)				(Other instruction	is on	OMB NO. 1004-	0136	
BUREAU OF LAND MANAGEMENT  APPLICATION FOR PERMIT TO DRILL OR DEEPEN  APPLICATION FOR PERMIT TO DRILL OR DEEPEN  DEEPE		UNITE	D STATES		reverse side)		Expires: February 2	28, 1995	
APPLICATION FOR PERMIT TO DRILL OR DEEPEN  DRILL X  DRILL X  DRILL X  DEEPEN  DRILL X  DRILL X  DRILL X  DEEPEN  DRILL X  DEEPEN  DRILL X		DEPARTMENT OF THE INTERIOR					5. LEASE DESIGNATION AND SERIAL NO.		
DRILL X DEEPEN D		BUREAU OF	LAND MANAGEN	IENT			NM-628		
DEEPEN DE		APPLICATION FOR P	ERMIT TO DRILL O	OR DEEPE	N		6. IF INDIAN, ALLOTTED OR TRIBE	NAME	
Oil Gas Well X Other 2006 X 20	1.a. TYPE OF WORK	DRILL	DEEPEN				7. UNIT AGREEMENT NAME	<del></del>	
Molly Pitcher #90  2 Aurer of Demotion  Dugan Production Corp.  3 Agricultural of Production Corp.  3 Agricultural of Production Corp.  10 Agricultural of Production Corp.  10 PRD AM FOOL, OR ALLOCATION OF MALE (Proof boater laters and in accordance with any State movements)  As surface.  1725' FNL & 1640' FEL (SW/4 NE/4)  4 Section From Market 1725' FNL & 1640' FEL (SW/4 NE/4)  4 Section From Market 1725' FNL & 1640' FEL (SW/4 NE/4)  4 Section From Market 1725' FNL & 1640' FEL (SW/4 NE/4)  4 Section From Market 1725' FNL & 1640' FEL (SW/4 NE/4)  5 Similes nonth of Farmington, NM  13 SESTANCE AND ARROPHST (SW/4 NE/4)  14 SESTANCE AND ARROPHST (SW/4 NE/4)  15 SESTANCE AND ARROPHST (SW/4 NE/4)  16 SESTANCE AND ARROPHST (SW/4 NE/4)  17 SESTANCE FROM PROPOSED CASTER OF ARROPHST (SW/4 NE/4)  18 SESTANCE FROM PROPOSED CASTER OF ARROPHST (SW/4 NE/4)  19 SESTANCE FROM PROPOSED CASTER OF ARROPHST (SW/4 NE/4)  19 SESTANCE FROM PROPOSED CASTER OF ARROPHST (SW/4 NE/4)  19 SESTANCE FROM PROPOSED CASTER OF ARROPHST (SW/4 NE/4)  19 SESTANCE FROM PROPOSED CASTER OF ARROPHST (SW/4 NE/4)  19 SESTANCE FROM PROPOSED CASTER OF ARROPHST (SW/4 NE/4)  10 SERVE FROM PROPOSED CASTER OF ARROPHST (SW/4 NE/4)  21 SECTION OF THE SERVE FROM PROPOSED CASTER OF ARROPHST (SW/4 NE/4)  22 SECTION OF THE SERVE FROM PROPOSED CASTER OF ARROPHST (SW/4 NE/4)  3 SET OF FOLE SW/4 NE/4'  10 SERVE FROM PROPOSED CASTER OF ARROPHST (SW/4 NE/4)  20 # 120' 70 cu, ft. circ. to surf.  4 Walter based gel-mud will be used to drill surface and production casting hole. Standard 2,000 psi BOP will be used to drill production hole. The Fruitland Coal will be completed from approximately  10 SESTANCE PROPOSED PROPO		Gas	S	INGLE			8. FARM OR LEASE NAME, WELL NO	3771	
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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: Nel Devid J. Menkiewicz:tie Date APR 22

\*See Instructions on Reverse Side

APPROVAL DATE

01. 12.5 60 - 12.5 - -22.5 NM 68241-1980

State of New Mexico Eneng. Minemals & Natural Resources Department

Revised February 21, 199 Instructions on back

OIL CONSERVATION DIVISION PO Box 2088 Santa Fe, NM 87504-2088

Submit to Abbrophiate District Office State Lease - 4 Cobies Fee Lease - 3 Copies

District IV PO 80x 2088. Santa Fe. NM 87504-2088

Dist Lit II PJ D awar ED, Antesia, NM 88211-0719

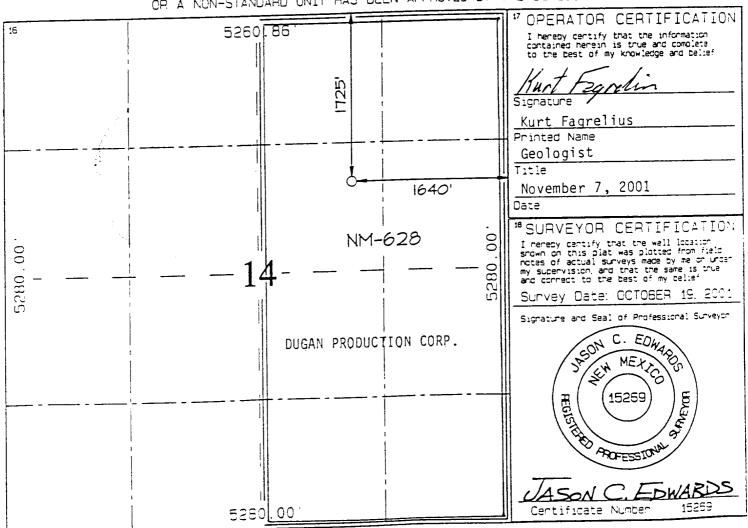
District III 1000 Rip Brazos Rd., Aztac, NM 87410

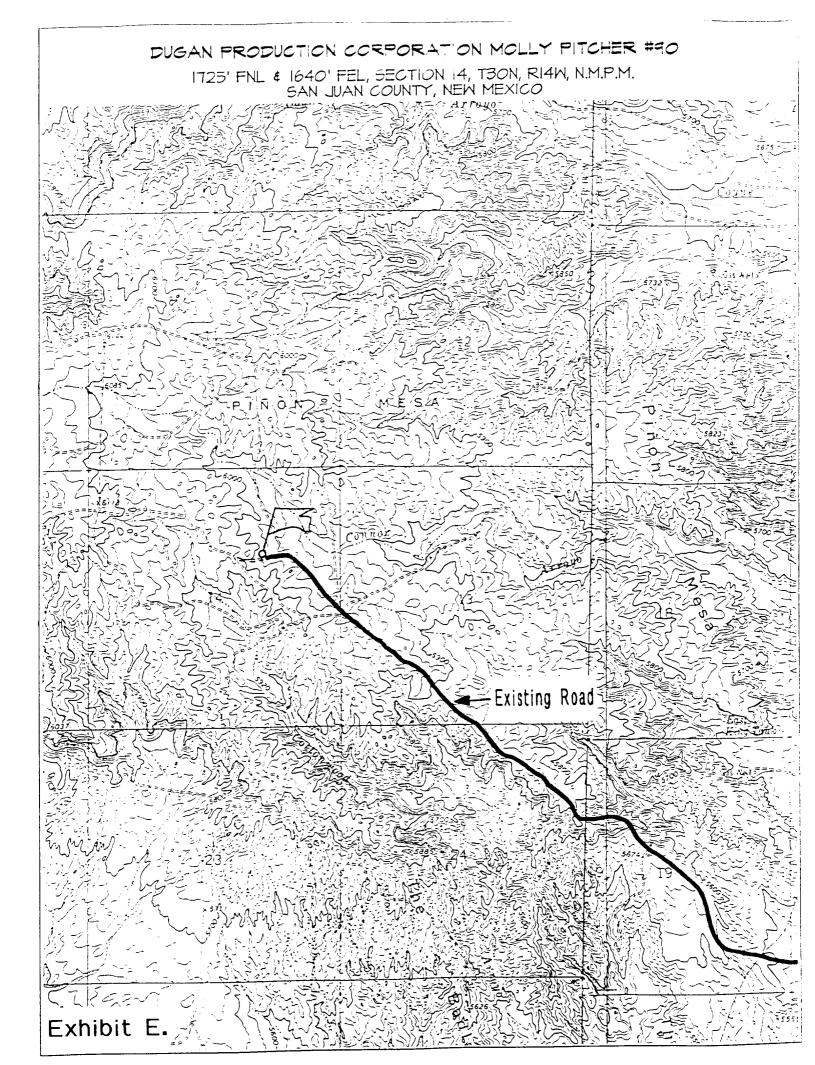
AMENDED REPORT

# WELL LOCATION AND ACREAGE DEDICATION PLAT

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14FI Number 1Foot Cook			E CALL EDUTE AND COAL							
30 045 <b>30 930</b> 71529				'Procenty Name MOLLY PITCHER			) · · · · · · · · · · · · · · · · · · ·	*Well Number		
777/ 709915 No. 005515 DUGAN					*Coerator Name PRODUCTION CORPORATION				*Elevation 5984	
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ul or lot no.	Section 14	Township 30N	Parge 14W	Lat ion	1725	NORTH	1640	EAST	SAN JUAN	
		11 [	Ottom	Hole L	_ocation I	f Different	From Sunf	face East/West line	Country	
Litt. on lot no	Section	1041311.2				14 Consolidation Code	<sup>3</sup> Order No.			
12 Dedicated Acres	32	O Acre	s (E/2	?)	Doint on Infill	C suitació das				
					TO COMPLETE	ON LINTT! ALL	INTERESTS H	HAVE BEEN CO	NSOL TOATED	

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





## EXHIBIT B OPERATIONS PLAN

Molly Pitcher #90

### APPROXIMATE FORMATION TOPS:

Ojo Alamo/McDermott - surface Fruitland - 1220 - 1330' Pictured Cliffs - 1699'

Total Depth - 1825'

LOGGING PROGRAM: Run cased hole CNL-CDL

Catch samples every 10 feet from 1550 feet to total depth.

#### CASING PROGRAM:

Hole Cas	ing	Setting	Grade and	
Size	Size	<u>Wt./ft.</u>	<u>Depth</u>	<u>Condition</u>
8-3/4"	7"	20#	±120'	J-55-new
6-1/4"	4-1/2"	10.5# ±	±1825'	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 Coal Formation. 4%", 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 170 cu.ft. 2% Lodense with 1/4# celloflake/sx followed by 110 cu.ft. Class "B" with 1/4# celloflake/sx.

Total cement slurry for production stage is 280 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 Fagrelius 325-4327 Mark Brown 327-3632 John Alexander 325-6927 John Roe 326-1034