

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

## APPLICATION FOR PERMIT TO DRILL OR DEEPEN

5. LEASE DESIGNATION AND SERIAL NO.  
NM-628

6. IF INDIAN, ALLOTTED OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME, WELL NO.

Molly Pitcher #4 SWD

9. API Well No.

30-045-30959

10. FIELD AND POOL, OR WILDCAT

SWD Mesaverde

11. SEC., T., R., M., OR BLK.  
AND SURVEY OR AREA

Unit H

Sec. 14, T30N, R14W

12. COUNTY OR PARISH

San Juan

13. STATE

NM

1a. 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 2610' FNL &amp; 425' FEL (SE/4 NE/4)

At proposed prod. zone

same

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

5 miles north of Farmington, NM

15. DISTANCE FROM PROPOSED\*

LOCATION TO NEAREST  
PROPERTY OR LEASE LINE, FT.

425'

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

18. DISTANCE FROM PROPOSED LOCATION\*

TO NEAREST WELL, DRILLING, COMPLETED,  
OR APPLIED FOR, ON THIS LEASE, FT.

950'

16. NO. OF ACRES IN LEASE

4600'

17. NO. OF ACRES ASSIGNED  
TO THIS WELL

20. ROTARY OR CABLE TOOLS

Rotary

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

5967'

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
12-1/4"	8-5/8"	24#	200'	160 cu.ft. circ. to surf.
7-7/8"	5-1/2"	15.5#	4600'	800 cu.ft. circ. to surf.

Drill and complete produced water disposal well. Disposal interval is the Point Lookout member of the Mesaverde Formation. Permission will be received from NMOCD prior to placing well into injection service.

PROPOSED PRODUCED WATER DISPOSAL WELL TO BE DRILLED TO A DEPTH OF 4600' TO 4800' AND COMPLETED IN THE POINT LOOKOUT MEMBER OF THE MESAVERDE FORMATION.

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 12/5/2001

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

4/22/02

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

David J. Markiewicz

Title

AFM

Date

4/22/02

\*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.

District I  
PO Box 1980, Hobbs, NM 88241-1980

District II  
PO Drawer 60, 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>30-045-30954</b>		*Pool Code <b>96160</b>	*Pool Name <b>SWD; <del>BLISS</del> MESAVERDE</b>
*Property Code <b>29715</b>	*Property Name <b>MOLLY PITCHER SWD</b>		*Well Number <b>4</b>
*OGRI No. <b>006515</b>	*Operator Name <b>DUGAN PRODUCTION CORPORATION</b>		*Elevation <b>5967'</b>

#### 10 Surface Location

UL or lot no.	Section	Township	Range	Lot Ion	Feet from the	North/South line	Feet from the	East/West line	County
H	14	30N	14W		2510	NORTH	425	EAST	SAN JUAN

#### 11 Bottom Hole Location If Different From Surface

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

*Dedicated Acres <b>NV acs SWD</b>	*Joint or Infill <b>(F 62)</b>	*Consolidation Code	*Order No.
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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

<div><div>16</div><div>5260.86'</div><div>2610'</div><div>425'</div><div>5280.00'</div><div>5280.00'</div><div>5280.00'</div><div>14</div><div>NM-628</div></div>	<div><b>17 OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. <div><b>Kurt Fagrelus</b> Signature Kurt Fagrelus Printed Name Geologist Title December 6, 2001 Date</div></div>
	<div><b>18 SURVEYOR CERTIFICATION</b> 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. Survey Date: <b>NOVEMBER 10, 2001</b> Signature and Seal of Professional Surveyor <div><div><b>JASON C. EDWARDS</b> NEW MEXICO 15269 REGISTERED PROFESSIONAL SURVEYOR</div><div><b>JASON C. EDWARDS</b> Certificate Number 15269</div></div></div>

DUGAN PRODUCTION CORPORATION MOLLY PITCHER SWD #4

2610' FNL & 425' FEL, SECTION 14, T30N, R14W, N.M.P.M.  
SAN JUAN COUNTY, NEW MEXICO

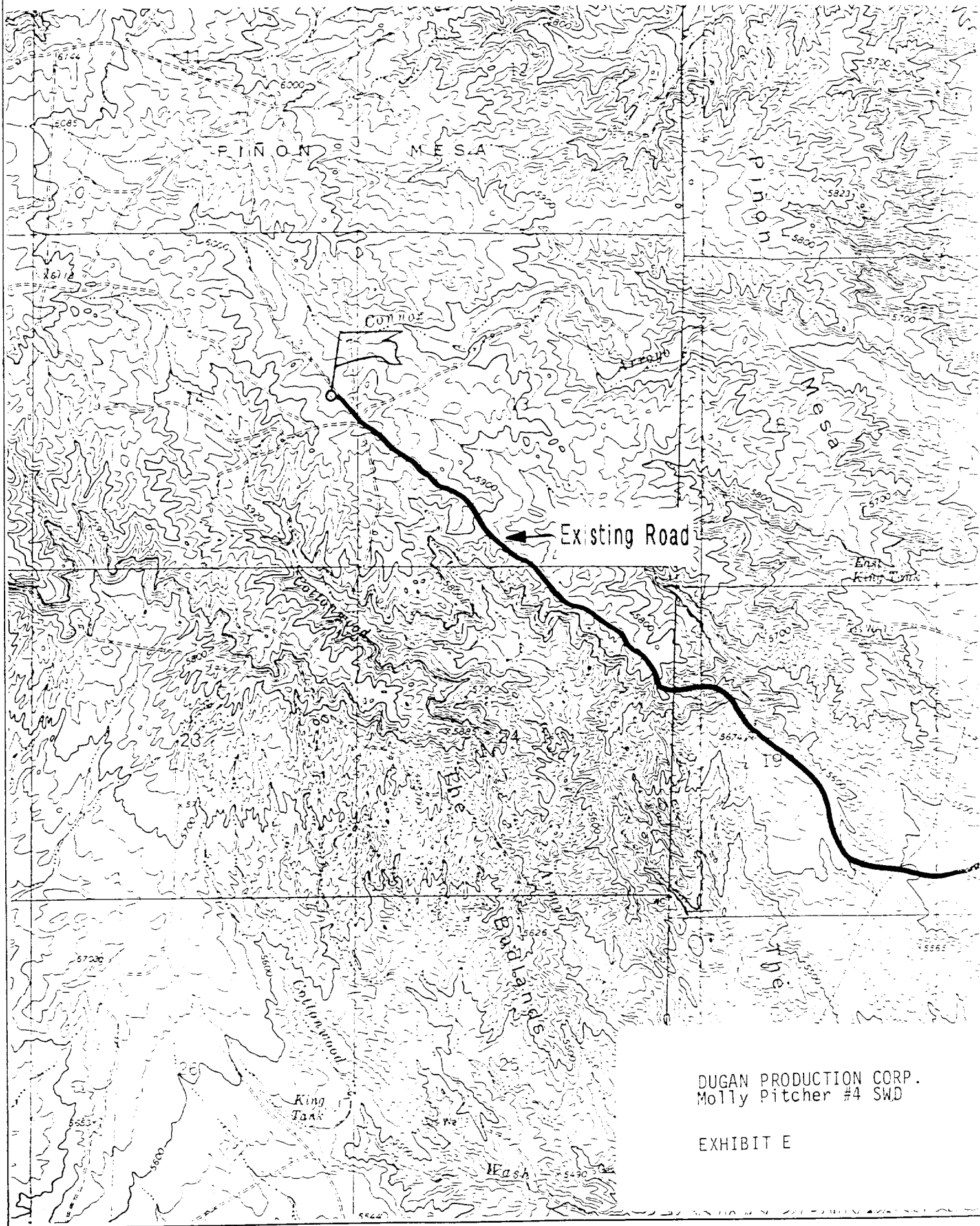


EXHIBIT B  
OPERATIONS PLAN  
Molly Pitcher #4 SWD

APPROXIMATE FORMATION TOPS:

Ojo Alamo/McDermott	surface	Chacra	2,460'
Kirtland	less than 200'	Mesaverde	2,770'
Fruitland	1,380'	Cliff House	3,235'
Pictured Cliffs	1,705'	Menetee	3,380'
Lewis	1,790'	Point Lookout	4,150'
Huerfanito Bentonite	2,415'	Mancos	4,465'

Total Depth      4,600'

LOGGING PROGRAM: Run IES

Catch samples every 10 feet from 3,200 feet to total depth.

CASING PROGRAM:

Hole	Casing		Setting	Grade and
<u>Size</u>	<u>Size</u>	<u>Wt./ft.</u>	<u>Depth</u>	<u>Condition</u>
12-1/4"	8-5/8"	24#	200'	J-55
7-7/8"	5-1/2"	15.5#	4,600'	J-55

Plan to drill a 12-1/4" hole and set 200' of 8-5/8", 24#, J-55 surface casing; then plan to drill a 7-7/8" hole to total depth with gel-water-mud program. IES logs will be run and 5-1/2", 15.5#, J-55 casing will be run. The injection zone will be perforated and acidized. After completion, the well will be cleaned out and injection equipment will be installed.

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

Surface: Cement with 160 cu.ft. Class "B" + 2% CaCl<sub>2</sub>. Circulate to surface. Cement 5-1/2" production pipe w/ 600 cu. ft. 65/35 Pozmix with 6% gel, followed by 200 cu. ft. Class B + 2% CaCl<sub>2</sub>. 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 8-5/8" x 5-1/2" casing head, 1000#WP, tested to 2000#  
Huber 5-1/2" 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	Mark Brown 327-3632
John Alexander 325-6927	John Roe 326-1034