

DATE IN 3/27/06	SUSPENSE	ENGINEER MIKE STOGNER	LOGGED IN 3/27/06	TYPE NSL	APP NO. PTDSD608650736
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] TYPE OF APPLICATION - Check Those Which Apply for [A]
- [A] Location - Spacing Unit - Simultaneous Dedication
☒ NSL ☐ NSP ☐ SD
- Check One Only for [B] or [C]
- [B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR
- [D] Other: Specify _____

- [2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ☐ Does Not Apply

- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
- [B] ☒ Offset Operators, Leaseholders or Surface Owner
- [C] ☐ Application is One Which Requires Published Legal Notice
- [D] ☒ Notification and/or Concurrent Approval by BLM or SLO
 U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] ☒ For all of the above, Proof of Notification or Publication is Attached, and/or, Certified
- [F] ☐ Waivers are Attached

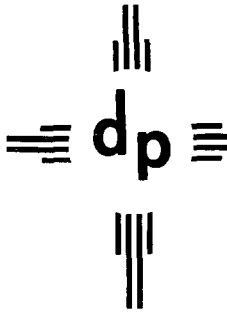
Copy of interest owner notification letter is attached & was sent by mail. Copies of the receipts will be forwarded to NMOC.

- [3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

- [4] CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

John D. Roe	<i>John D. Roe</i>	Engineering Manager	03/24/06
Print or Type Name	Signature	Title	Date
		johnroe@duganproduction.com	
		e-mail Address	



dugan production corp.

March 24, 2006

Mr. Mark Fesmire
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Re: Application for Non-Standard Location
Dugan Production Corp.'s Salge Federal A No. 5
Unit L, Section 33, T-26N, R-13W
Basin Fruitland Coal Gas Pool (Pool No. 71629)
San Juan County, New Mexico

30-045-28578

Dear Mr. Fesmire,

Dugan Production Corp. respectfully requests your administrative approval for the captioned non-standard location.

Dugan Production completed the Salge Federal A No. 5 at an orthodox location in the Bisti Lower Gallup oil pool on 12-12-91. The Gallup completion has ceased to produce and is proposed to be plugged with the wellbore being recompleted in the Basin Fruitland Coal. The wellbore is located 595' from the west line of Section 33 which was an orthodox location for the Bisti Lower Gallup pool but will be unorthodox in the Basin Fruitland Coal since the pool rules require a 660' setback.

Attachment No. 1 presents the leasehold and mineral interest information for Section 32 which is the lands being encroached by our proposed NSL for the Salge Federal A No. 5. All affected interest ownership in Section 32 has been notified of our plans to complete the Basin Fruitland Coal in the Salge Federal A No. 5 and a copy of the notification letter (which was sent by certified mail with a return receipt requested) is presented in Attachment No. 2. Copies of the return receipts will be forwarded to the NMOCD upon receiving them. Dugan Production holds 100% of the working interest in the Salge Federal A No. 5 (along with all of Section 33) and all royalty is federal lease No. SF-078156 which covers all of Section 33. There are no overriding royalty interest owners.

The proposed NSL will allow Dugan Production to salvage the current wellbore for the Salge Federal A No. 5 which is currently not producing in the Gallup completion and is planned for abandonment.

Should you have questions or need additional information, please let me know.

Sincerely,
John D. Roe
John D. Roe
Engineering Manager

JDR/tmf

attachment

cc: BLM - Farmington
NMOCD - Aztec

**DUGAN PRODUCTION CORP.
APPLICATION FOR
NON-STANDARD WELL LOCATION
OFFSET LESSEE/ROYALTY OWNER PLAT**

SALGE FEDERAL A #5


FRUITLAND COAL FORMATION

1730' FSL & 595' FWL

Section 33, Township 26 North, Range 13 West, NMPM

Standard 640-acre Section

*Attachment
No. 1
Pg 1 of 1*

		NM-114386 <u>Lease Owner</u> Burlington Resources Oil & Gas Company <u>Royalty Owner</u> USA	SF-078156 <u>Lease Owner</u> Dugan Production Corp. ✱ <u>Royalty Owner</u> USA	
NM-76867 <u>Lease Owner</u> Elm Ridge Exploration Company, LLC <u>Royalty Owner</u> USA	32			

*Salge Fed. A #96
30-045-32039
1950 FSL -
1895' FWL
Coal Producer
Spd: 12-21-09
1/2 deduction*



dugan production corp.

Attachment

No. 2

pg 1 of 2

March 24, 2006

**CERTIFIED RETURN
RECEIPT REQUESTED**

Burlington Resources Oil & Gas Co.
Attn: Alan Alexander
P. O. Box 4289
Farmington, NM 87499

Elm Ridge Exploration Co., LLC
Attn: Cathy Colby
1974 Corona Street
Denver, CO 80210

Bureau of Land Management
1235 La Plata Highway
Farmington, NM 87401

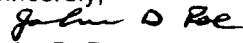
Re: Application for Non-Standard Location
Basin Fruitland Coal Gas Pool
Dugan Production's Salge Federal A No. 5 (API No. 30-045-28578)
NWSW Section 33, T-26N, R-13W
San Juan County, New Mexico

Dear Ladies/Gentlemen,

Dugan Production Corp. is applying to the New Mexico Oil Conservation Division (NMOCD) for a non-standard location (NSL) for our proposed Fruitland Coal completion in the subject well. According to our records, you have either a leasehold or mineral interest ownership in Section 32 of T-26N, R-13W (See Attachment No. 1) which is the acreage being encroached by our proposed NSL, and as such, the special pool rules for the Basin Fruitland Coal require us to notify you.

Dugan Production completed the Salge Federal A No. 5 at an orthodox location in the Bisti Lower Gallup oil pool on 12-12-91. The Gallup completion has ceased to produce and is proposed to be plugged with the wellbore being recompleted in the Basin Fruitland Coal. The wellbore is located 595' from the west line of Section 33 which was an orthodox location for the Bisti Lower Gallup pool but will be unorthodox in the Basin Fruitland Coal since the pool rules require a 660' setback.

Should you have questions or concerns, please let me know. Any unresolved objection should be submitted to the NMOCD within 20 days from the date of this letter and we would appreciate receiving a copy of your objection. The mailing address for the NMOCD is 1220 South St. Francis Drive, Santa Fe, NM 87505.

Sincerely,

John D. Roe
Engineering Manager

JDR/tmf

attachment

cc: NMOCD - Santa Fe

**DUGAN PRODUCTION CORP.
APPLICATION FOR
NON-STANDARD WELL LOCATION
OFFSET LESSEE/ROYALTY OWNER PLAT**

SALGE FEDERAL A #5

FRUITLAND COAL FORMATION

1730' FSL & 595' FWL

Section 33, Township 26 North, Range 13 West, NMPM

*Attachment
No. 1*

*Attachment
No. 2
pg 2 of 2*

	NM-114386 <u>Lease Owner</u> Burlington Resources Oil & Gas Company <u>Royalty Owner</u> USA	SF-078156 <u>Lease Owner</u> Dugan Production Corp. <u>Royalty Owner</u> USA
NM-76867 <u>Lease Owner</u> Elm Ridge Exploration Company, LLC <u>Royalty Owner</u> USA	32	33

UNITED STATES
DEPARTMENT OF THE INTERIOR

GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1. TYPE OF WORK
DRILL ☒ DEEPEN ☐ PLUG BACK ☐

2. TYPE OF WELL
OIL WELL ☒ GAS WELL ☐ OTHER ☐
SINGLE ZONE ☒ MULTIPLE ZONE ☐

3. NAME OF OPERATOR
DUGAN PRODUCTION CORP.

4. ADDRESS OF OPERATOR
P.O. Box 420, Farmington, NM 87499

5. LOCATION OF WELL (Report location clearly and in accordance with any State requirements*)
At surface
1730' FSL S 595' FWL ☒
At proposed prod. zone

6. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
approx. 18 miles South of Farmington, NM

7. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT.
(Also to nearest drg. unit line, if any)
595'

8. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.
1420' From PSA in NE/SW

9. ELEVATIONS (Show whether DP, RT, GR, etc.)
6390' GL; 6402' RKB

10. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	8-5/8"	24#	200'	159 c.f. circ. to surface
7-7/8"	4-1/2"	10.5#	5200'	1663 c.f. circ. to surface

Plan to drill a 12-1/4" hole and set 200' of 8-5/8" OD, 24#, J-55 surface casing; then plan to drill a 7-7/8" hole to total depth with gel-water-mud program to test the Gallup formation. Plan to run IES and CDL logs. If determined productive, will run 4-1/2", 10.5#, J-55 casing with stage tool, selectively perforate, frac, clean out after frac and complete well.

RECEIVED

AUG 1 4 1991

OIL CON. DIV.
DIST. 3

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, 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 Sherman E. Dugan TITLE Vice-President DATE 4-15-91
(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY _____ TITLE _____

CONDITIONS OF APPROVAL, IF ANY:

APPROVED
AS AMENDED

AUG 1 2 1991
J. S. Hall
AREA MANAGER

*See Instructions On Reverse Side

NMOOD

Submit to Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-182
Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

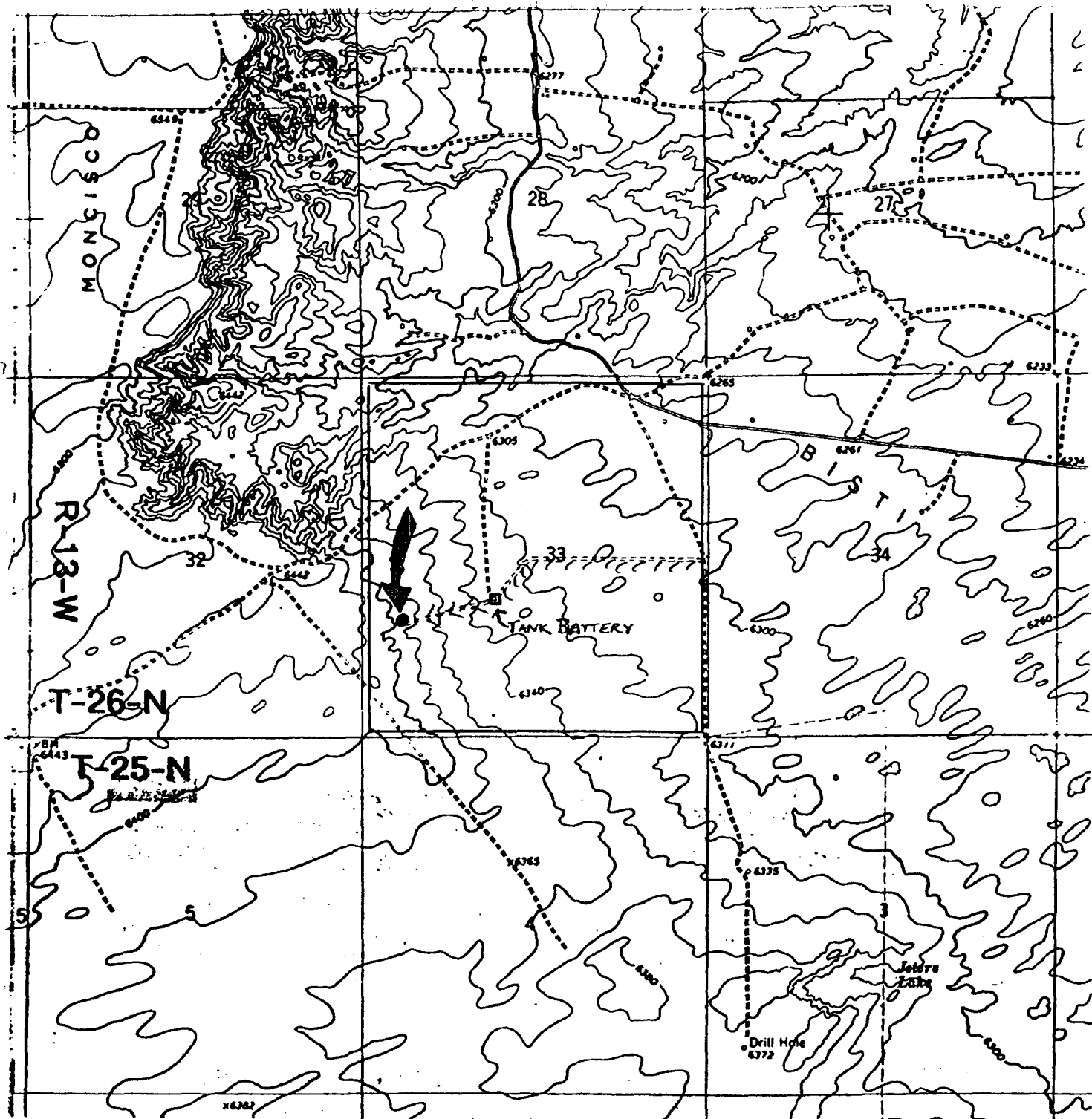
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator Dugan Production Corporation			Lease Salge A Federal		Well No. 5
Unit Letter L	Section 33	Township 26 North	Range 13 West	County San Juan	
Actual Footage Location of Well: 1730 feet from the South line and 595 feet from the West line					
Ground level Elev. 6390'	Producing Formation Gallup		Pool Bisti Lower Gallup		Dedicated Acreage: 80 Acres
<p>1. Outline the acreage dedicated to the subject well by colored pencil or hatch marks on the plat below.</p> <p>2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).</p> <p>3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No If answer is "yes" type of consolidation _____</p> <p>If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____</p> <p>No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.</p>					
<p>Section 33</p> <p>Dugan Production Corp. Federal Ls#SF-078156</p> <p>595'</p> <p>1730'</p>			<p>RECEIVED AUG 14 1991 OIL CON. DIV DIST. 3</p>		
			<p>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>Signature: <i>Sherman E. Dugan</i></p> <p>Printed Name: Sherman E. Dugan</p> <p>Position: Vice-President</p> <p>Company: Dugan Production Corp.</p> <p>Date: 4-15-91</p>		
			<p>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 knowledge and belief.</p> <p>Date Surveyed: February 14, 1991</p> <p>Signature & Seal of Professional Surveyor: <i>Edgar Risenhoover</i></p> <p>Edgar Risenhoover 5979</p>		

0 330 660 990 1320 1650 1980 2310 2640 2000 1500 1000 500 0



Dugan Production Corp. - Salge Federal A #5

Existing Roads

Exhibit E

Vicinity of nearest town or reference pt.
approx. 18 miles South of Farmington, NM

Type of surface dirt

Conditions good

Other _____

Reference map: USGS map Moncisco Wash
1966 and The Pillar 1966

Planned Access Road(s)

Exhibit E

Width 20' Maximum grades 5%

Drainage design as required

Cuts & Fills see diagram

Surfacing material none

↳ Turnouts

≡ Culverts

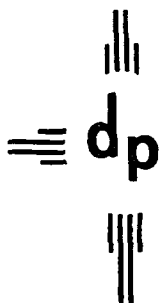
≡ Gates

≡ Cattleguards

/// Fence cuts

↳ Waterbars

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



dugan production corp.

December 26, 1991

New Mexico Oil Conservation Division
1000 Rio Brazos Road
Aztec, NM 87410

Re: DUGAN PRODUCTION CORP.
Salge Federal A #5
1730' FSL & 595' FWL
Sec. 33, T26N, R13W, NMPM
San Juan County, NM

Gentlemen:

This is to certify that deviation tests were run on the captioned well and the following is a true report of those tests:

3/4" @ 90'	3/4" @ 2026'
3/4" @ 200'	1" @ 2525'
3/4" @ 505'	1-1/4" @ 3029'
3/4" @ 700'	1-1/2" @ 3532'
1/4" @ 1025'	1-1/4" @ 4033'
3/4" @ 1557'	1-1/4" @ 4535'
	1/2" @ 5032'

Sincerely,


Jim L. Jacobs

cg

State of New Mexico)
County of San Juan) ss

Subscribed and sworn to before me this 26th day of December, 1991.


Notary Public

My Commission Expires: August 11, 1992.

RECEIVED
DEC 30 1991
OIL CON. DIV.
DIST. 3

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT OIL AND NATURAL GAS

I. Operator
Dugan Production Corp.
Well API No. 30-045-28578
Address
P.O. Box 420, Farmington, NM 87499
Reason(s) for Filing (Check proper box) ☒ New Well ☐ Change in Transporter of:
Recompletion ☐ Oil ☐ Dry Gas ☐
Change in Operator ☐ Casinghead Gas ☐ Condensate ☐
If change of operator give name and address of previous operator
CONFIDENTIAL
DEC 30 1991
OIL CON. DIV.
DIST 2

I. DESCRIPTION OF WELL AND LEASE

Lease Name Salge Federal "A"	Well No. 5	Pool Name, Including Formation Bisti Lower Gallup	Kind of Lease State, Federal or Fee	Lease No. SF-078156
Location Unit Letter L : 1730' Feet From The South Line and 595' Feet From The West Line Section 33 Township 26 N Range 13 W, NMPM, San Juan County				

II. DESIGNATION OF TRANSPORTER OF OIL AND NATURAL GAS

Name of Authorized Transporter of Oil <input checked="" type="checkbox"/> or Condensate <input type="checkbox"/> Giant Refining	Address (Give address to which approved copy of this form is to be sent) P.O. Box 256, Farmington, NM 87499
Name of Authorized Transporter of Casinghead Gas <input type="checkbox"/> or Dry Gas <input type="checkbox"/>	Address (Give address to which approved copy of this form is to be sent)
If well produces oil or liquids, give location of tanks.	Unit Sec. Twp. Rge. Is gas actually connected? When?
L 33 26N 13W no	

If this production is commingling with that from any other lease or pool, give commingling order number.

V. COMPLETION DATA

Designate Type of Completion - (X)	Oil Well XX	Gas Well	New Well XX	Workover	Deepen	Plug Back	Same Res'v	Diff Res'v
Date Spudded 9-9-91	Date Compl. Ready to Prod. 12-12-91	Total Depth 5220'	P.B.T.D. 5171'					
Levations (DF, RKB, RT, GR, etc.) 6390' GL; 6402' RKB	Name of Producing Formation Gallup	Top Oil/Gas Pay 5066'	Tubing Depth 5073'					
Casinghead 5066-5120' Gallup			Depth Casing Shoe 5219' RKB					

TUBING, CASING AND CEMENTING RECORD

HOLE SIZE	CASING & TUBING SIZE	DEPTH SET	SACKS CEMENT
12-1/4"	8-5/8"	217' RKB	159 cf
7-7/8"	4-1/2"	5219' RKB	1960 cf in 2 stages
	2-3/8"	5073'	

III. TEST DATA AND REQUEST FOR ALLOWABLE

III. WELL (Test must be after recovery of total volume of load oil and must be equal to or exceed top allowable for this depth or be for full 24 hours.)
Date First New Oil Run To Tank 12-12-91 Date of Test 12-23-91 Producing Method (Flow, pump, gas lift, etc.) pumping
Length of Test 24 hrs. Tubing Pressure Casing Pressure Choke Size
Actual Prod. During Test Oil - Bbls. Water - Bbls. Gas - MCF
15 BO, 45 BW, Gas TSTM 15 BOPD 45 BWPD** T.S.T.M.***
AS WELL **Water is mainly frac fluid. ***Not enough gas to supply pumping unit engine.
Actual Prod. Test - MCF/D Length of Test Bbls. Condensate/MMCF Gravity of Condensate
Casing Method (pilot, back pr.) Tubing Pressure (Shut-in) Casing Pressure (Shut-in) Choke Size

I. OPERATOR CERTIFICATE OF COMPLIANCE

I hereby certify that the rules and regulations of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

Signature
Jim L. Jacobs Geologist
Printed Name Title
Date 12-26-91 Telephone No. 325-1821

OIL CONSERVATION DIVISION

Date Approved JAN 9 ' 1992
By SUPERVISOR DISTRICT # 3
Title Original Signed by FRANK T CHAVEZ

INSTRUCTIONS: This form is to be filed in compliance with Rule 1104

1) Request for allowable for newly drilled or deepened well must be accompanied by tabulation of deviation tests taken in accordance with Rule 111.

2) All sections of this form must be filled out for allowable on new and recompleted wells.

3) Fill out only Section I, II, III, or IV for changes of operator, well name or number, transporter, or other such change.

4) The production of oil or gas from each pool in multiple completed wells.

Form 3160-5
(June 1990)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

1730' FSL & 595' FWL
Sec. 33, T26N, R13W, NMPMFORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

5. Lease Designation and Serial No.

SF-078156

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Salge Federal A#5

9. API Well No.

30-045-28578

10. Field and Pool, or Exploratory Area

Bisti Lower Gallup

11. County or Parish, State

San Juan, NM

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 T.D. & casing☐ 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.)

T.D. 5220' reached on 9-15-91. Finished laying down drill pipe and collars. Rigged up and ran 115 lbs. 4-1/2" OD, 10.5#, 8 Rd. ST&C wildcat "50" casing (T.E. 5223.89') set at 5219' RKB. Cemented 1st stage with 10 bbls mud flush followed by 250 ex 50-50 pos + 2% gel and 1/4# celloflake per sack (cement slurry 1st stage = 315 cu.ft.). Full mud returns while cementing. Maximum cementing pressure 450 psi. Reciprocated casing OK while cementing. Bumped plug with 1000 psi - float held OK. Dropped opening bomb. Opened stage tool at 4089'. Circulated with rig pump 2-1/2 hrs. Cemented 2nd stage by pumping 10 bbls mud flush followed by 750 ex 65-35 + 12% gel and 1/4# celloflake per sk followed by 50 ex 50-50 pos + 2% gel and 1/4# celloflake per sk (total cement slurry 2nd stage = 1645 cu.ft.). (Total cement slurry both stages = 1960 cu.ft.). Full mud returns while cementing. Maximum cementing pressure 850 psi. Circulated all mud flush and trace of cement to surface. Closed stage tool with 2500 psi - held OK. Turbulence inducing centralizers were placed at 585' and 675' to cover base of Ojo Alamo. Job complete at 5:15 P.M. 9-16-91. Nipped down BOP, set 4-1/2" casing slips, cut off casing and released rig at 7:15 P.M. 9-16-91.

ACCEPTED FOR RECORD

SEP 24 1991

FARMINGTON RESOURCE AREA

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

Signed

Jim L. Jacobs

Title

Geologist

Date

9-18-91

(This space for Federal or State office use)

Approved by

Title

Date

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

Form 3160-5
(June 1990)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

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

1730' FSL & 595' FWL

Sec. 33, T26N, R13W, NMPM

5. Lease Designation and Serial No.

SF-078156

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Salge Federal A#5

9. API Well No.

30-045-28578

10. Field and Pool, or Exploratory Area

Bisti Lower Gallup

11. County or Parish, State

San Juan, NM

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 Spud & casing☐ Change of Plans☐ New Construction☐ Non-Routine Fracturing☐ Water Shut-Off☐ Conversion to Injection☐ Dispose Water

(Note: Report results of multiple completions 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.)

Moved in & rigged up Four Corners Drilling Company Rig #6. Spudded a 12-1/4" hole at 4:30 P.M. 9-9-91. Drilled to 222'. Ran 5 jts. 8-5/8" OD, 24#, 8 Rd, ST&C casing (T.E. 205') set @ 217' RKB. Cemented with 135 sx class "B" cement with 2% CaCl₂ (total cement slurry = 159 cu.ft.). Good mud returns while cementing. Circulated 2 bbls cement to surface. P.O.B. @ 9:00 P.M. 9-9-91. Waited on cement. Nippled up BOP. Pressure tested casing and B.O.P. 1000 psi for 30 minutes - held OK.

ACCEPTED FOR RECORD

SEP 10 1991

FARMINGTON RESOURCE AREA

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

Signed

J. I. Jacobs

(This space for Federal or State office use)

Title

Geologist

BY

Date

9-10-91

Approved by

Conditions of approval, if any:

Title

Date

5 BLM 1 File 1 mba 1 bw lpb 1 lh 1 lc 1 rc 1 mm
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN DUPLICATE*

(See other instructions on reverse side)

Form approved 1 of
Budget Bureau No. 1004-0137
Expires August 31, 1985

WELL COMPLETION OR RECOMPLETION REPORT AND LOG*

1a. TYPE OF WELL: OIL WELL ☒ GAS WELL ☐ DRY ☐ Other _____

b. TYPE OF COMPLETION:

NEW WELL ☒ WORK OVER ☐ DEEP EN ☐ PLUG BACK ☐ DIFF. CENVR ☐ Other _____

2. NAME OF OPERATOR

Dugan Production Corp.

CONFIDENTIAL

3. ADDRESS OF OPERATOR

P.O. Box 420, Farmington, NM 87499 (505) 325-1821

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

At surface 1730' FSL & 595' FWL

At top prod. interval reported below

At total depth

5. LEASE DESIGNATION AND SERIAL NO.

SF-078156

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME

Salge Federal "A"

9. WELL NO.

5

10. FIELD AND POOL, OR WILDCAT

Bisti Lower Gallup

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

Sec. 33, T26N, R13W, NMPM

12. COUNTY OR PARISH

San Juan

13. STATE

NM

15. DATE SPUDDED

9-9-91

16. DATE T.D. REACHED

9-15-91

17. DATE COMPL. (Ready to prod.)

12-12-91

18. ELEVATIONS (OF, RKB, RT, GR, ETC.)*

6390' GL; 6402' RKB

19. ELEV. CASINGHEAD

6390'

20. TOTAL DEPTH, MD & TVD

5220'

21. PLUG, BACK T.D., MD & TVD

5171'

22. IF MULTIPLE COMPL., HOW MANY*

23. INTERVALS DRILLED BY

ROTARY TOOLS

CABLE TOOLS

T.D.

24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)

5066-5120' Gallup

RECEIVED

25. WAS DIRECTIONAL SURVEY MADE

no

26. TYPE ELECTRIC AND OTHER LOGS RUN

Induction Guard Log; Compensated Density; GR-CCL

JAN 3 1992

27. WAS WELL CORED

no

28. CASING RECORD (Report all strings and joints)

CASING SIZE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
8-5/8"	24#	217'RKB	12-1/4"	159 cf "class" B" + 2% CaCl ₂	---
4-1/2"	10.5#	5219'RKB	7-7/8"	1960 cf in 2 stages (1st stage w/250 sx 50-50 post+2% gel & 1/4# celloflake/sk (315 cf). 2nd stage w/750 sx 65-35+12% gel & 1/4# celloflake/sk & 50 sx 50-50 post+2% gel & 1/4# celloflake/sk (1645 cf).	---

29. LINER RECORD

SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
					2-3/8"	5073'	

31. PERFORATION RECORD (Interval, size and number)

5066, 67, 68, 69, 70, 71, 72 with 1 JSPF (7 holes)
5080-85' with 4 JSPF (24 holes);
5102, 11, 12, 13, 14, 18, 19, 20 (8 holes)
Total of 39 holes.

32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
5066-5120'	83,400 gals 30# gelled water
	94,420 lbs. 20-40 sand
	200 gals 7 1/2% HCL
	750 gals 15% HCL, 200 gals 7 1/2% NE HCL

33.*

PRODUCTION

NE HCL

DATE FIRST PRODUCTION

12-12-91*

PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump)

pumping

WELL STATUS (Producing or shut-in)

producing

DATE OF TEST

12-23-91

HOURS TESTED

24

CHOKE SIZE

PROD'N. FOR TEST PERIOD

OIL—BSL.

15

GAS—MCF.

TSTM

WATER—BSL.

45**

GAS-OIL RATIO

TSTM

FLOW, TUBING PRESS.

CASING PRESSURE

CALCULATED 24-HOUR RATE

OIL—BSL.

15

GAS—MCF.

TSTM

WATER—BSL.

OIL GRAVITY-API (CORR.)

40 est.

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.)

Gas TSTM - not enough gas to supply pumping unit engine

TEST WITNESSED BY

Kirkpatrick

35. LIST OF ATTACHMENTS

*1st new oil to tank.

**water is mainly frac fluid

36. I hereby certify that the foregoing and attached information is complete and correct as determined by available records

SIGNED

Jim L. Jacobs

TITLE

Geologist

DATE 12-26-91

*(See Instructions and Spaces for Additional Data on Reverse Side)

37. SUMMARY OF POROUS ZONES: (Show all important zones of porosity and contents thereof; cored intervals; and all drill-stem, tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures, and recoveries):

FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.	GEOLOGIC MARKERS		
				NAME	MEAS. DEPTH	TRUE VERT. DEPTH
				Ojo Alamo	404'	
				Kirtland	647'	
				Fruitland	1083'	
				Pictured Cliffs	1430'	
				Lewis	1523'	
				Chacra	1723'	
				LaVentene	1819'	
				Upper Cliff House	2150'	
				Upper Menefee	2340'	
				Lower Cliff House	2461'	
				Lower Menefee	2550'	
				Point Lookout	3880'	
				Mancos	4027'	
				Gallup	4884'	

Form 3160-5
(June 1990)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

5. Lease Designation and Serial No.

SF-078156

6. If Indian, Allotment or Tribe Name

7. If Unit or CA, Agroquest Designation

8. Well Name and No.

Salge Federal A#5

9. API Well No.

30-045-28578

10. Field and Pool, or Exploratory Area

Bisti Lower Gallup

11. County or Parish, State

San Juan, NM

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

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

1730' FSL & 595' FWL
Sec. 33, T26N, R13W, NMPM

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 Return to Production
-
- ☐
- 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.)

Plan to return Gallup to production. If unsuccessful, will complete in Fruitland Coal or convert to Gallup injection service.

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

Signed

John Alexander
John Alexander

Title

Operations Manager

Date

6/9/95

(This space for Federal or State office use)

Approved by

Conditions of approval, if any:

Title

Date

APPROVED

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

NMOCD

JUN 15 1995

DISTRICT MANAGER

Form 3160-5
(June 1990)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

5. Lease Designation and Serial No.

SF-078156

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Salge Federal A#5

9. API Well No.

30-045-28578

10. Field and Pool, or Exploratory Area

Bisti Lower Gallup

11. County or Parish, State

San Juan, NM

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

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

1730' FSL & 595' FWL

L Sec. 33, T26N, R13W, NMPM

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
- Return to Production
-
- ☐
- 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.)*

It is intended to return the well to production on October 8, 1996.

RECEIVED
BLM
96 OCT -8 PM12:59
070 FARMINGTON, NMRECEIVED
OCT 11 1996OIL FIELD
OCT

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

Signed

Title Operations Manager

Date 10/7/96

(This space for Federal or State office use)

ACCEPTED FOR RECORD

Approved by

Title

Date

Conditions of approval, if any:

OCT 09 1996

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.

NMOC

BY

Form 3160-5
(June 1990)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

1730' FSL & 595' FWL
- Sec. 33, T26N, R13W

FORM APPROVED

Budget Bureau No. 1004-0135

Expires: March 31, 1993

5. Lease Designation and Serial No.

SF - 078156

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Salge Federal A 5

9. API Well No.

30-045-28578

10. Field and Pool, or Exploratory Area

Bisti Lower Gallup

11. County or Parish, State

San Juan, NM

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 Returned to Production
-
- ☐
- 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.)

Well Placed on Production

Time 5 pm

Date Nov. 25, 1997

Type of Production

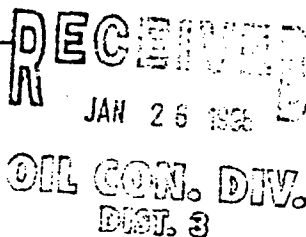
Crude Oil X

Crude Oil & Casinghead Gas

Natural Gas

Natural Gas & Entrained Liquid Hydrocarbons

Communitization Agreement Number



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

Signed

Louanna Hanbary

Title Production Report Supervisor

Date 1/16/98

(This space for Federal or State office use)

Approved by

Conditions of approval, if any:

Title

Date

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

NLM

FARMINGTON DISTRICT OFFICE

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)

1730' FSL & 595' FWL
Sec. 33, T26N, R13W, NMPM

5. Lease Designation and Serial No.

SF 078156

6. If Indian, Allotted or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Salge Federal A #5

9. API Well No.

30 045 28578

10. Field and Pool, or Exploratory Area

Bisti Lower Gallup

11. County or Parish, State

San Juan, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION	
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment	<input type="checkbox"/> Change of Plans
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion	<input type="checkbox"/> New Construction
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Altering Casing	<input type="checkbox"/> Conversion to Injection
	<input checked="" type="checkbox"/> Other <u>Convert to injection</u>	<input type="checkbox"/> 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.)

Plan to submit application to convert this well to waterflood service. We request that the well remain shut-in while the application is submitted and processed.

THIS APPROVAL EXPIRES MAR 15 2001

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

Signed



John Alexander

Title

Vice-president

(This space for Federal or State office use)

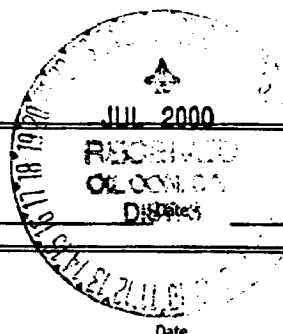
Approved by

Title

Date

7/17/2000

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

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)

1730' FSL & 595' FWL
Sec. 33, T26N, R13W, NMPM

5. Lease Designation and Serial No.

SF 078156

6. If Indian, Allotted or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Salge Federal A #5

9. API Well No.

30 045 28578

10. Field and Pool, or Exploratory Area

Bisti Lower Gallup

11. County or Parish, State

San Juan, NM

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 Long term shut-in
- ☐ 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.)*

Request continuation of long term shut-in status. A decision on conversion of the subject well to injection service is postponed pending the outcome of attempts to convert wells within the West Bisti Unit to injection. Difficulty in conversion of wells within the unit have been compounded by NAPI surface control and USEPA regulations.

THIS APPROVAL EXPIRES JUL 01 2001

2001 FEB 29 PM 3:10

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

Signed

John Alexander
John Alexander

Vice-president

Date

3/28/2001

(This space for Federal or State office use)

Approved by

Title

Date

4/2/01

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM 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)

1730' FSL & 595' FWL

Sec. 33, T26N, R13W, NMPM



5. Lease Designation and Serial No.

SF 078156

6. If Indian, Allotted or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Salge Federal A #5

9. API Well No.

30 045 28578

10. Field and Pool, or Exploratory Area

Bisti Lower Gallup

11. County or Parish, State

San Juan, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION	
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment	<input type="checkbox"/> Change of Plans
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion	<input type="checkbox"/> New Construction
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Altering Casing	<input type="checkbox"/> Conversion to Injection
	<input checked="" type="checkbox"/> Other Long term shut-in	<input type="checkbox"/> 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.)*

Request continuation of long term shut-in status. A decision on conversion of the subject well to injection service is postponed pending the outcome of attempts to convert wells within the West Bisti Unit to injection. Difficulty in conversion of wells within the unit have been compounded by NAPI surface control and USEPA regulations.

THIS APPROVAL EXPIRES NOV 01 2001

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

Signed

John Alexander
John Alexander

Title

Vice-president

Date

7/27/2001

(This space for Federal or State office use)

Approved by

Title

Date

8/31/01

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

BLM/DO

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED

Budget Bureau No. 10C4-0135

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
WellGas
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)

1730' FSL & 595' FWL
Sec. 33, T26N, R13W, NMPM

5. Lease Designation and Serial No.

SF 078156

6. If Indian, Allotted or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Salge Federal A #5

9. API Well No.

30 045 28578

10. Field and Pool, or Exploratory Area

Bisti Lower Gallup

11. County or Parish, State

San Juan, NM

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

Mechanical Integrity Test



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.)

Pressure tested casing @ 500 psi - held for 30 minutes; passed MIT.

Test performed by Terry Kochis, Dugan Production. Test completed on April 15, 2002.

Request 1/2 year shut-in as temporarily abandoned.

(See back)

THIS APPROVAL EXPIRES MAY 01 2003

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

Signed

Terry Kochis

Title

Petroleum Engineer

Date

April 17, 2002

Terry Kochis

(This space for Federal or State office use)

Approved by

Title

PE

Date

4/25/02

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0135
Expires: November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side.		5. Lease Serial No. NMSF078156
		6. If Indian, Allottee or Tribe Name
		7. If Unit or CA/Agreement, Name and/or No.
1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		8. Well Name and No. SALGE FEDERAL A 5
2. Name of Operator DUGAN PRODUCTION CORPORATION		9. API Well No. 30-045-28578-00-S1
3a. Address P. O. BOX 420 FARMINGTON, NM 874990420	3b. Phone No. (include area code) Ph: 505.325.1821 Fx: 505.327.4613	10. Field and Pool, or Exploratory BISTI
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 33 T26N R13W NWSW 1730FSL 0595FWL 36.44206 N Lat, 108.23073 W Lon		11. County or Parish, and State SAN JUAN COUNTY, NM

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

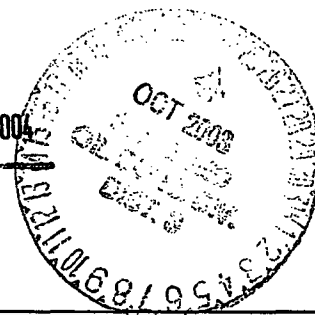
TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Shut-In Notice
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Well will be converted to water disposal. Application now being submitted to BLM, EPA and NMOCD. Previous objections from offsetting operators are resolved. Well will remain shut-in until applications are approved.

THIS APPROVAL EXPIRES

OCT 31 2004



14. Thereby certify that the foregoing is true and correct.	
Electronic Submission #24146 verified by the BLM Well Information System For DUGAN PRODUCTION CORPORATION, sent to the Farmington Committed to AFMSS for processing by STEVE MASON on 10/22/2003 (04SXM1067SE)	
Name (Printed/Typed) JOHN ALEXANDER	Title VICE PRESIDENT
Signature (Electronic Submission)	Date 10/10/2003

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By STEPHEN MASON	Title PETROLEUM ENGINEER	Date 10/22/2003
Conditions of approval, if any, are attached. Approval of this notice 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.		
Office Farmington		

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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.

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

NMOCD

✓

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0135
Expires: November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

5. Lease Serial No.
NMSF078156

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.
SALGE FEDERAL A 5

9. API Well No.
30-045-28578-00-S1

10. Field and Pool, or Exploratory
BISTI LOWER GALLUP

11. County or Parish, and State
SAN JUAN COUNTY, NM

1. Type of Well
☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator
DUGAN PRODUCTION CORPORATION

Contact: JOHN ALEXANDER
E-Mail: johnalexander@duganproduction.com

3a. Address
P. O. BOX 420
FARMINGTON, NM 874990420

3b. Phone No. (include area code)
Ph: 505.325.1821
Fx: 505.327.4613

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Sec 33 T26N R13W NWSW 1730FSL 0595FWL
36.44206 N Lat, 108.23073 W Lon

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other ShutIn Notice
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomple horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Operator requests that this well continue its shut-in status pending conversion to water disposal service. We are dealing with the necessary rights-of-way to gather produced water at this location. This well is within the NAPI area of operation making acquisition of the necessary gathering line permissions very time consuming. Our level of drilling and completion activity has not made this project a high priority. We do realize that the rules concerning shut-in wells are important. We will make every effort to acquire the necessary permissions and complete this work within the next 12 months.



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

**Electronic Submission #35941 verified by the BLM Well Information System
For DUGAN PRODUCTION CORPORATION, sent to the Farmington
Committed to AFMSS for processing by STEVE MASON on 09/13/2004 (04SXM2009SE)**

Name (Printed/Typed) JOHN ALEXANDER Title VICE PRESIDENT

Signature (Electronic Submission) Date 09/10/2004

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By STEPHEN MASON Title PETROLEUM ENGINEER Date 09/13/2004

Conditions of approval, if any, are attached. Approval of this notice 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.

Office Farmington

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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.

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

NMOCD

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM 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)

1730' FSL & 595' FWL
Sec. 33, T26N, R13W, NMPM

5. Lease Designation and Serial No.

SF 078156

6. If Indian, Allotted or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Salge Federal A #5

9. API Well No.

30 045 28578

10. Field and Pool, or Exploratory Area

Bisti Lower Gallup

11. County or Parish, State

San Juan, NM

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

TYPE OF SUBMISSION

TYPE OF ACTION

☒ Notice of Intent

☐ Subsequent Report

☐ Final Abandonment Notice

☐ Abandonment

☒ Recompletion

☐ Plugging Back

☐ Casing Repair

☐ Altering Casing

☐ Other

☐ 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.)*

1. Spot a cement plug from BP set @ 5,000' to 4,830' to cover the Gallup.
2. Spot a cement plug from 2,200' to 2,100' to cover the top of the Mesaverde.
3. Perf, acidize and fracture the Basin Fruitland Coal.
4. Run tbg, pump and rods.
5. Return well to production.

We are currently awaiting pipeline ROW approval from the Navajo Tribe.



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

Signed

Darin Steed

Title

Petroleum Engineer

Date

October 19, 2005

Darin Steed

(This space for Federal or State office use)

Approved by

Original Signed: Stephen Mason

Title

Date

NOV 01 2005

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

NMUCD

District I French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Revised June 10, 2005
Form C-102
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies
☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-28578	² Pool Code 71629	³ Pool Name Basin Fruitland Coal
⁴ Property Code	⁵ Property Name Salge Federal A	⁶ Well Number 5
⁷ OGRID No. 006515	⁸ Operator Name Dugan Production Corp	⁹ Elevation 6,390' GR

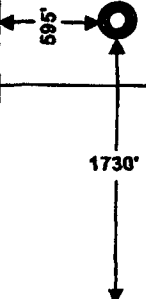
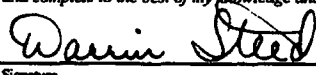
¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	33	26N	13W		1,730'	South	595'	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 320	¹³ Joint or Infill	¹⁴ Consolidation Code		¹⁵ 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

¹⁶ 					¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i>  Signature Darrin Steed Printed Name Petroleum Engineer Darrinsteed@duganproduction.com Title and E-mail Address October 18, 2005 Date ¹⁸ SURVEYOR CERTIFICATION <i>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.</i> Date of Survey Signature and Seal of Professional Surveyor: Original signed by Edgar L. Risenhoover, L.S. 5979 Certificate Number