

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

FEB 19 PM 1:54

5. Lease Designation and Serial No.

NM 19163

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

075 Farmington, NM

SUBMIT IN TRIPLICATE

| | | | |
|-----------------|-----------------------------------|--|--------------------------------|
| 1. Type of Well | <input type="checkbox"/> Oil Well | <input checked="" type="checkbox"/> Gas Well | <input type="checkbox"/> Other |
|-----------------|-----------------------------------|--|--------------------------------|

7. If Unit or CA, Agreement Designation

2. Name of Operator

Dugan Production Corp.

8. Well Name and No.

Turk's Toast 91S

3. Address and Telephone No.

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

9. API Well No.

30 045 30737

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

1765' FSL & 1700' FEL (NE/4 SE/4)
Unit J, Sec. 17, T30N, R14W, NMPM10. Field and Pool, or Exploratory Area
Harper Hill FR Sand PC &
Basin Fruitland Coal11. 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 | <input type="checkbox"/> Dispose Water | |
| | Application to downhole commingle | | |

(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.)

Dugan Production proposes to downhole commingle production from the Harper Hill Fruitland Sand-PC and the Basin Fruitland Coal gas pools upon completing the Turk's Tost No. 91S. The spacing units for both pools encompass only one federal lease (NM-19163) and all royalty interest is federal. Specifics for downhole commingling are presented in the attached application (NMOCD form C-103).

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

Signed John D. Roe Title Engineering Manager Date 2/14/2003

John D. Roe

(This space for Federal or State office use)

Approved by Jim Lovato Title _____ Date _____

Conditions of approval, if any:

MAR 19 2003

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

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

Submit 3 Copies To Appropriate District
Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., 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 and Natural Resources

Form C-103
Revised March 25, 1999

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO.
30-045-30737
5. Indicate Type of Lease *FEDERAL LEASE*
STATE ☐ FEE ☐
6. State Oil & Gas Lease No.
Federal Lease #NM-19163

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A
DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH
PROPOSALS.)

7. Lease Name or Unit Agreement Name:

Turk's Toast

8. Well No.
91S

9. Pool name or Wildcat
Basin Fruitland Coal &
Harper Hill FR Sand PC

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

2. Name of Operator
DUGAN PRODUCTION CORP.

3. Address of Operator
P.O. Box 420 Farmington, NM 87499

4. Well Location
Unit Letter J : 1765 feet from the South line and 1700 feet from the East line
Section 17 Township 30N Range 14W NMPM San Juan County

10. Elevation (Show whether DR, RKB, RT, GR, etc.)
5603' GL

11. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPLETION ☐
OTHER: Downhole Commingle ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDONMENT ☐
CASING TEST AND CEMENT JOB ☐
OTHER: ☐

12. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

This well was spudded on 2-03-03 and 4-1/2" casing cemented at 1308' on 2/7/03. The Fruitland Coal will be perforated at approximately 1040'-1050' & 1150'-1165' and the Pictured Cliffs perforated at \pm 1170'-1190'. Both intervals will be fracture stimulated and the intervals downhole commingled to clean up stimulation fluids and produce both pools.

1&2. NMOCD Order R-11363 established the Basin Fruitland Coal (71629) and Harper Hill Fruitland Sand-Pictured Cliffs (78160) as pre-approved pools for downhole commingling.

3. Proposed perms: Fruitland Coal \pm 1040'-1050' & \pm 1150'-1165'. Pictured Cliffs \pm 1170'-1190'

4. Allocation method: Fixed factors based upon an analysis of production from both pools in the 8 adjacent sections (Ref. Attachment No. 1)

| Proposed Allocation | Fruitland Coal | Pictured Cliffs |
|---------------------|----------------|-----------------|
| Gas | 50% | 50% |
| Water | 50% | 50% |

5. Both pools are anticipated to produce high volumes of water & the proposed downhole commingling is necessary to economically produce both pools. The value of production from either pool, will not be reduced, but will be maximized as a result of this downhole commingling.

6. The ownership (working, royalty and overriding) is identical for both pools. Dugan Production holds 100% of the working interest and all royalty is Federal.

7. A copy of this sundry is being sent to the Bureau of Land Management.

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

SIGNATURE John D. Roe, Jr. TITLE Engineering Manager DATE February 14, 2003.

Type or print name John D. Roe, Jr. Telephone No. (505) 325-1821

(This space for State use)

APPROVED BY _____ TITLE _____ DATE _____
Conditions of approval, if any:

Attachment No. 1
Offset Well Production
Dugan's Turk's Toast No. 90S & 91S
Section 17, T-30N, R-14W
San Juan County, New Mexico

| Operator ① | Well | Location UL-S-T-R | # Months Produced | Average Production - mcf/mo & (# of mo. If less than 12) ② | | | | | | | | |
|------------------|----------------------|----------------------|----------------------|--|------------------|------------------|-------------------|------------------|------------------|------------------|------------------|------------------|
| | | | | Fruitland Coal | | | Fruitland Sand-PC | | | | | |
| | | | | 1st 12 months | 2nd 12 months | 3rd 12 months | 1st 12 months | 2nd 12 months | 3rd 12 months | 1st 12 months | 2nd 12 months | 3rd 12 months |
| ROC | WF State 16 #1 | M-16-30N-14W | 36 | 1034 | 2717 | 2701 | 333 | 401 | 375 | | | |
| ROC | WF State 16 #2 | B-16-30N-14W | 19 | 1597 | 2889 | 3511 (8) | 77 | 16 (7) | | | | |
| ROC | WF State 16 #3 | O-16-30N-14W | 30 | | | | 2234 | 3584 | 4007 (6) | | | |
| ROC | WF State 16 #4 | C-16-30N-14W | 9 | | | | 226 (9) | | | | | |
| DPC | Riviera Com #2 | E-18-30N-14W | 10 | | | | 849 (10) | | | | | |
| DPC | Turk's Toast #9 | P-18-30N-14W | 10 | | | | 249 (10) | | | | | |
| DPC | Turk's Toast Com #92 | N-18-30N-14W | 11 | 601 (11) | | | | | | | | |
| DPC | Turk's Toast #10 | C-19-30N-14W | 9 | | | | 294 (9) | | | | | |
| ROC | WF Federal 20 #1 | N-20-30N-14W | 34 | 1957 | 2498 | 1518 (10) | 320 | 306 | 217 (10) | | | |
| ROC | WF Federal 20 #2 | A-20-30N-14W | 21 | 517 | 218 (9) | | 369 | 342 (9) | | | | |
| ROC | WF Federal 20 #3 | O-20-30N-14W | 21 | | | | 1310 | 864 (9) | | | | |
| ROC | WF Federal 21 #1Y | M-21-30N-14W | 32 | 683 | 489 | 121 (7) | 1568 | 640 | 161 (8) | | | |
| ROC | WF Federal 21 #2 | F-21-30N-14W | 21 | | | | 3494 | 4045 (9) | | | | |
| ROC | WF Federal 21 #3 | O-21-30N-14W | 20 | | | | 3403 | 3756 (8) | | | | |
| | | | | | | | | | | | | |
| Total all wells | | | | 6389 | 8811 | 7851 | 14726 | 13954 | 4760 | | | |
| # wells | | | | 6 | 5 | 4 | 13 | 9 | 4 | | | |
| Average/well | | | | 1065 | 1762 | 1963 | 1133 | 1550 | 1190 | | | |
| % of FC & PC | | | | 48 | 53 | 62 | 52 | 47 | 38 | | | |
| Avg. 1st 2 yrs ③ | | | | 50 | 50 | | 50 | | | | | |

① - ROC - Richardson Operating Co., DPC - Dugan Production Corp.

② - Production data from Dwrights/PI and ONGARD thru October, 2002. All data normalized to 1st month of production. Fruitland Coal production from the Basin Fruitland Coal pool (71629) and Fruitland Sand-PC production from the Harper Hill (78160) and Twin Mounds (86620) Fruitland Sand-Pictured Cliffs pools.

③ - Average of 1st 2 years = 50% Fruitland Coal & 50% Fruitland Sand PC. There is not enough data for time beyond 2 years to support changing the factor.

Conditions of Approval:

Notice of Intent: Down hole commingle

**Dugan Production Corp.
Turks Toast 91S
1765' FSL & 1700' FEL
Sec 17, T30N, R14W**

- 1) Due to the Basin Fruitland Coal and Harper Hill FR Sand - Pictured Cliffs intervals being Close in proximately to each other, and lack of reliable production history to make accurate determinations. You will be given authorization to produce the well with your proposed Allocation factors until April 1, 2004. At the end of period, you will be required to resubmit your allocations factors.