

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

2003 FEB 19 PM

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

070 Farmington

6. If Indian, Allotted or Tribe Name

NM

SUBMIT IN TRIPLICATE

1. Type of Well

☐Oil
Well☒Gas
Well☐

Other

7. If Unit or CA, Agreement Designation

2. Name of Operator

Dugan Production Corp.

8. Well Name and No.

Turk's Toast 90S

3. Address and Telephone No.

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

9. API Well No.

30 045 30771

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

1335' FnL & 935' FWL (SW/4 NW/4)

Unit E, Sec. 17, T30N, R14W, NMPM

10. Field and Pool, or Exploratory Area

Harper Hill FR Sand PC &
Basin Fruitland Coal

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

Application to downhole
commingle☐

Change of Plans

☐

New Construction

☐

Non-Routine Fracturing

☐

Water Shut-Off

☐

Conversion to Injection

☐

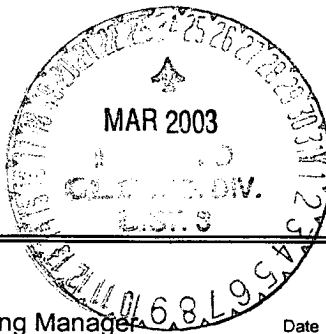
Dispose Water

(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.)

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. 90S. 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).

NGC 1115AZ

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

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

Signed

John D. Roe
John D. Roe

Title

Engineering Manager

Date

2/14/2003

(This space for Federal or State office use)

Approved by

/s/ Jim Lovato

Title

Date

MAR 19 2003

Conditions of approval, if any:

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

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

Form C-103
Revised March 25, 1999

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.) 1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other <input type="checkbox"/>		WELL API NO. 30-045-30771
2. Name of Operator DUGAN PRODUCTION CORP.		5. Indicate Type of Lease <i>FEDERAL LEASE</i> STATE <input type="checkbox"/> FEE <input type="checkbox"/>
3. Address of Operator P.O. Box 420 Farmington, NM 87499		6. State Oil & Gas Lease No. Federal Lease #NM-19163
4. Well Location Unit Letter <u>E</u> : <u>1335</u> feet from the <u>North</u> line and <u>935</u> feet from the <u>West</u> line Section <u>17</u> Township <u>30N</u> Range <u>14W</u> NMPM San Juan County		7. Lease Name or Unit Agreement Name: Turk's Toast
10. Elevation (Show whether DR, RKB, RT, GR, etc.) 5537' GL		8. Well No. 90S
		9. Pool name or Wildcat Basin Fruitland Coal & Harper Hill FR Sand PC

11. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data	
NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPLETION <input type="checkbox"/> OTHER: Downhole Commingle <input checked="" type="checkbox"/>	SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> PLUG AND ABANDONMENT <input type="checkbox"/> CASING TEST AND CEMENT JOB <input type="checkbox"/> OTHER: <input type="checkbox"/>

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 recompilation.

This well was spudded on 2-10-03 and 4-1/2" casing will be cemented at a total depth of $\pm 1140'$. The Fruitland Coal will be perforated at approximately 900'-910' & 995'-1010' and the Pictured Cliffs perforated at $\pm 1015'$ -1025'. 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 $\pm 900'$ -910' & $\pm 995'$ -1010'. Pictured Cliffs $\pm 1015'$ -1025'
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 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 Dwigths/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 90S
1335' FNL & 935' FWL
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.