

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

RECEIVED

AUG 08 2008

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

Bureau of Land Management  
Farmington Field Office

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 <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other	5 Lease Designation and Serial No NM-33025
2 Name of Operator Dugan Production Corp.	6 If Indian, Allotted or Tribe Name RCVD AUG 12 '08 OIL CONS. DIV.
3 Address and Telephone No. P.O. Box 420, Farmington, NM 87499 (505) 325 - 1821	7 If Unit or CA, Agreement Designation DIST. 3
Location of Well (Footage, Sec., T., R., M., or Survey Description) 890' FSL & 905' FWL (SW/4 SW/4) Unit M, Sec. 33, T27N, R12W	8 Well Name and No Hugh Lake #90
	9 API Well No 30 045 29829
	10 Field and Pool, or Exploratory Area 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	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input checked="" type="checkbox"/> Other On-Lease CDP Gas Sales
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Dispose Water

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 proposed to convert the existing gas sales meter for Dugan's Hugh Lake No. 90 (Enterprise Meter No. 98921) to a four well CDP gas sales meter for Dugan Production's Hugh Lake 90, 91, 91S & future infill to No. 90. All four wells are located on Federal Lease NM-33025, are (or will be) completed in the Basin Fruitland Coal gas pool (OCD Pool No. 71629) and all interest ownership is common. Attachment No. 1 presents the proposed facility diagram and well information. All wells will be rod pumped with fluid (water & dissolved gas) from the tubing going to a common separator located on the Hugh Lake 90 location. The water will be stored on the No. 90 location in one or two above grade tanks with disposal by water truck to an authorized water disposal facility. All gas recovered at the separator will be measured using an allocation meter and will be delivered to the CDP compressor for sale. Separator gas volumes will be allocated to each well for production reporting based upon produced water volumes. Gas volumes from the tubing/casing annulus will be metered at each well location using conventional gas allocation meters and will be delivered to the CDP compressor located on the No. 90 location. The CDP sales volumes and revenues will be allocated to each well based upon allocation meter volumes. The gas sales meter will continue to be operated and maintained by Enterprise Field Services. Attachment No. 2 presents the proposed CDP.

14 I hereby certify that the foregoing is true and correct

Signed John D. Roe Title Engineering Manager Date 8/7/2008  
John D. Roe

(This space for Federal or State office use)

Approved by Petr. Eng Title Petr. Eng Date 8/11/08  
Conditions of approval, if any.

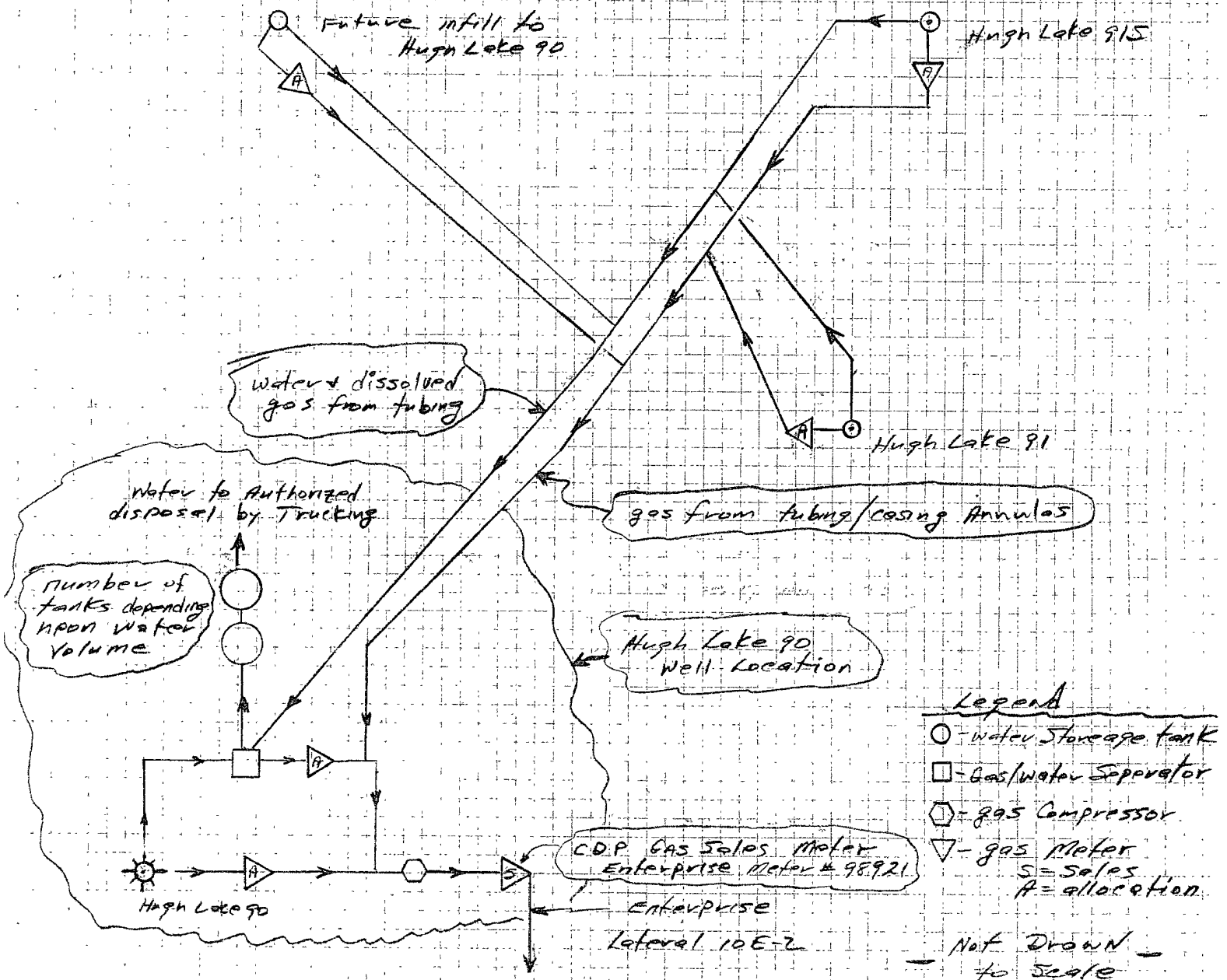
Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction

\*See Instruction on Reverse Side

NMOCD

Attachment No. 1  
Facility Diagram  
 Proposed Hugh Lake 90 CDP  
 Section 33, T-27N, R-12W  
 Federal Lease NM-33025

Well Name	API NO.	Location	Pool	SPACING UNIT
Hugh Lake 90	30-045-29829	890' FSL + 905' FWL	Basin Fr. Coal	W/2-320.0
" " 90 infill	Location	NW/4	" " "	W/2 "
" " 91	30-045-33834	2300' FSL + 1720' FWL	" " "	E/2-320.01
" " 915	30-045-33824	1645' FSL + 1130' FWL	" " "	E/2 "



Dugan Production Corp.  
Federal Lease NM-33022

Dugan Production Corp.  
Federal Lease NM-33021

Dugan Production Corp.  
Federal Lease NM-33025

Enterprise Field Services Line

NAPI Farm Field

NAPI Water Canal

Enterprise Bisti Compressor

Enterprise Field Services  
Lateral 10 E-2

Drill Hole

Hugh Lake 2

Coaly 90 Sales Meter

West Fork 90

West Fork 90 Sales Meter

Coaly 90

Hugh Lake 90 Infill

Drill Hole

Hugh Lake 91S

Hugh Lake 91

Hugh Lake 90

CDP Sales Meter

Oil Well

Oil Well

Gas Well

Gas Well

R-12W

T  
27  
N

T  
26  
N

Attachment No. 2  
Dugan Production Corp.  
Proposed Hugh Lake 90 CDP  
CDP location - Enterprise Meter No. 98921  
SWSW 33, T-27N, R-12W  
(current sales meter for Hugh Lake 90)  
Hugh Lake & Gallegos Trading Post Topo Maps