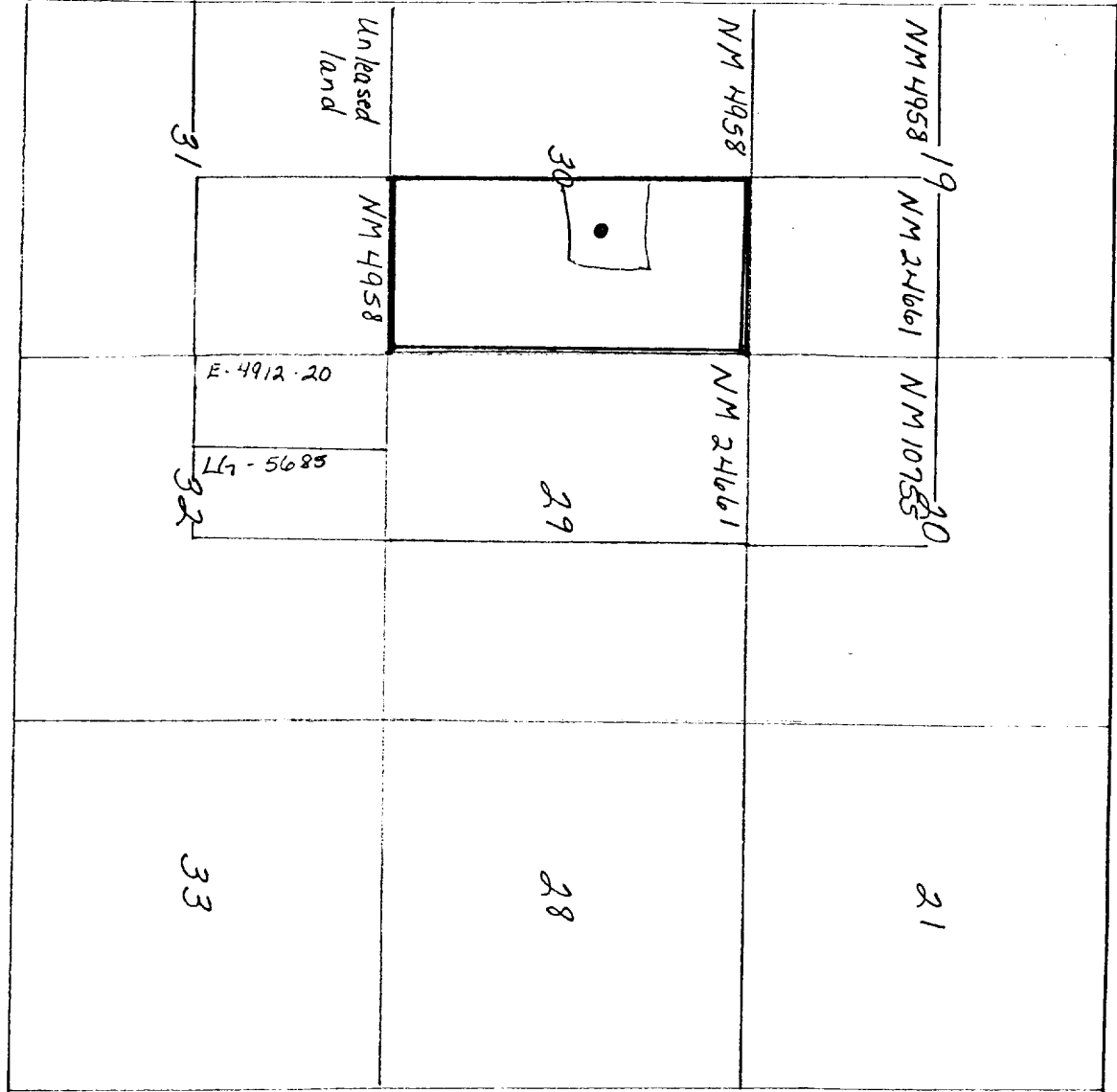


OFF-SET OPERATORS AND LEASES
T-24-N, R-9-W

- Sec. 19: SW/4
Dugan Production Corp.
USA NM 4958
- Sec. 30: W/2
Dugan Production Corp.
USA NM 4958
- Sec. 31: NW/4
Unleased Federal Lands
- Sec. 19: SE/4
Southern Union Exploration
USA NM 24661
- Sec. 31: NE/4
Dugan Production Corp.
USA NM 4958
- Sec. 20: SW/4
Dugan Production Corp.
USA NM 10755
- Sec. 29: W/2
Southern Union Exploration
USA NM 24661
- Sec. 32: W/2 NW/4
Tenneco Oil Company
State of NM E-4912-20
- Sec. 32: S/2 NW/4
Questo Petroleum, Inc.
State of NM LG-5685



DUGAN PRODUCTION CORP.
July Jubilee #1
USA NM 24661
NE/4 Sec. 30 T-24-N, R-9-W

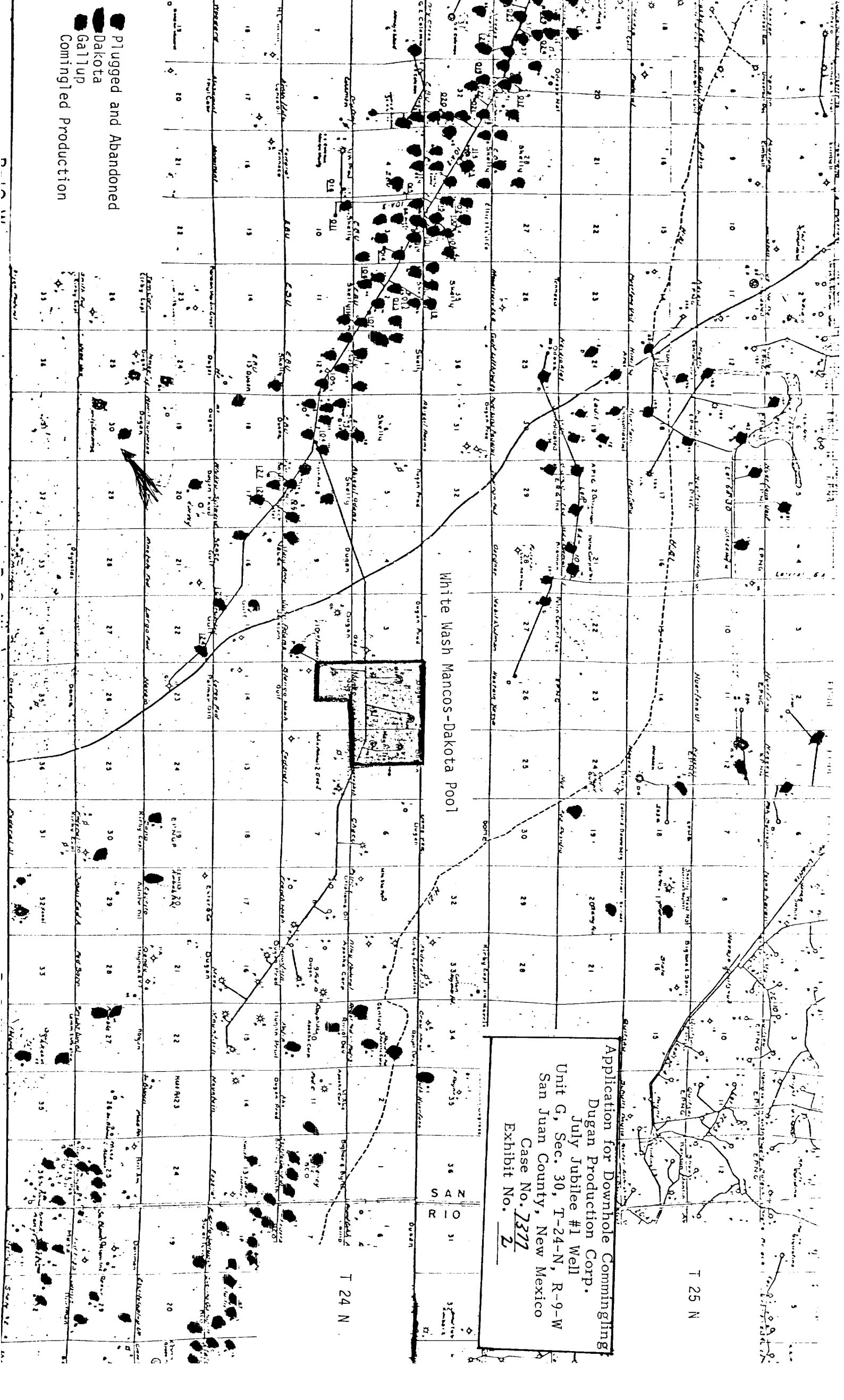
File

Application for Downhole Commingling
Dugan Production Corp.
July Jubilee #1 Well
Unit G, Sec. 30, T-24-N, R-9-W
San Juan County, New Mexico
Case No. 7572
Exhibit No. 1

Plugged and Abandoned
Dakota
Gallup
Continued Production

White Wash Mancos-Dakota Pool

Application for Downhole Commingling
Dugan Production Corp.
July Jubilee #1 Well
San Juan County, New Mexico
Case No. 7377
Exhibit No. 2



dugan production corp.

Application for Downhole Commingling
Dugan Production Corp.
July Jubilee #1 Well
Unit G, Sec. 30, T-24-N, R-9-W
San Juan County, New Mexico
Case No. 7377
Exhibit No. 3

DUGAN PRODUCTION CORP.

July Jubilee #1

1650' FNL - 1520 FEL NSL

Sec 30 T24N R9W

San Juan County, NM

(1650) 23.0

MORNING REPORT

- 6-29-81 Moved in and rigged up Four Corners Drlg. Co. Rig #5.
Spudded 12 $\frac{1}{4}$ " hole at 12:15 p.m. 6-28-81. Drilled to
225'. Ran 7 jts. 8-5/8" OD, 24#, 8 Rd, ST&C csg. T.E. 207'
set at 219' RKB.* Cement circ. approx. 1 $\frac{1}{2}$ bbls.) P.O.B. at
4:45 p.m. 6-28-81. Present operation drilling at 380'.
*Cemented with 135 sx Class B w/ 2% CaCl.
5 hrs - MI & RU
1-1/4 hrs - drill rat & mouse holes
3-1/2 hrs - drilling
1-1/2 hrs - run and cement surface csg.
11-1/2 hrs - W.O.C.
1/4 hrs - test B.O.P. - 800 psi. Held OK
1 hr - rig service
- 6-30-81 2602' - Drlg. w/ wtr. $\frac{1}{2}^{\circ}$ at 859'; $\frac{1}{2}^{\circ}$ at 1359'; 3/4 $^{\circ}$ at 1655',
3/4 $^{\circ}$ at 2166'
1-3/4 hrs - trip
20-3/4 hrs - drilling
1/2 hr - rig service
1 hr - survey
- 7-1-81 3656 - Trip 3/4 $^{\circ}$ at 2692; 3/4 $^{\circ}$ at 3187; 1 $^{\circ}$ at 3356'
5-3/4 hrs - trip
16-1/4 hrs - drlg.
1/2 hr - rig service
3/4 hr - survey
3/4 hr - cut drilling line
- 7-2-81 4515' - Drlg. MW 9.1 Vis 32 W.L. 9.2
3/4 $^{\circ}$ at 3189'; 1 $^{\circ}$ at 3656'; 1 $^{\circ}$ at 4156'
1-1/4 hrs - trip
21-1/4 hrs - drlg
3/4 hr - rig service
3/4 hr - survey

DUGAN PRODUCTION CORP.

July Jubilee #1

Page 2

- 7-3-81 5000' - Drlg. Wt. 9.2 Vis 36 W.L. 10.0
1-3/4° at 4663; 2° at 4763
5 hrs - trip
17-3/4 hrs - drlg.
1/2 hr - rig service
3/4 hr - survey
- 7-4-81 Drilling at 5516' Wt. 9.1 Vis 35 W.L. 9.2
1-3/4° at 5323'
22-3/4 hrs - drlg.
3/4 hr - rig service
1/2 hr - survey
- 7-5-81 Drilling at 6019' Wt. 9.2 Vis 35 W.L. 8.0
2° at 5821'
22-3/4 hrs - drlg.
3/4 hrs - rig service
1/2 hr - survey
- 7-6-81 TD 6237' Wt. 9.4 Vis 70 W.L. 6.8
2° at 6237'
2 hrs - trip
18-1/2 hrs - drlg.
3/4 hr - rig service
3/4 hr - short trip
2 hrs - circ.
- 7-7-81 6245' - Circulating between stages.
2-3/4 hrs - trip
3 hrs - circ.
8-1/2 hrs - logging
4-1/2 hrs - lay down drilling pipe
3-1/4 hrs - run 4-1/2" casing
1-1/4 hrs - cement first stage P.O.B. @ 5:15 AM 7-7-81
3/4 hr - open D.V. tool and circ.
- 7-8-81 Ran 156 jts. 4 1/2" 10.5#, K-55, 8 Rd, ST&C csg. T.E. 6251.07 set at 6247' RKB. Circulated 30 min. Rigged up Halliburton. Pumped 10 bbls mud flush. Cemented 1st stage with 250 sx class B w/ 4% gel & 1/4# flocele per sk followed by 150 sx class B w/ 1/4# flocele per sk. Reciprocated pipe/ OK and had good mud returns. Bumped plug; dropped bomb to open stage tool at 4222'. Circulated w/ rig pump for 2 1/2 hrs. Total slurry 1st stage 564.5 Cu Ft. Pumped 10 bbls mud flush. Cemented 2nd stage w/ 400 sx 65-35 pos w/ 12% gel & 1/4# flocele per sk followed by 100 sx class B w/ 4% gel & 1/4# flocele per sk. Total slurry 2nd stage 1203 Cu Ft. P.O.B. at 7:30 a.m. 7-7-81. Good circ. throughout job. Set clips & cut off casing. Release rig at 8:30 a.m. 7-7-81.

DAILY REPORT

8-11-81 MI & RU MTK Rig #2. T.I.H. w/ 3-7/8" rock bit to reach stage tool at 4222' in csg. talley. Tagged cement above D.V. tool, 3' in on #128 - 4208' RKB.

Drilled out 12-15' cement and the D.V. tool. S.D.F.W.

8-12-81 T.I.H. w/ bit to tag bottom-fill at ±6180'. P.O.O.H. w/ bit. Rig up Jetronics. Ran GR & CCL from 6179 to 5850 and from 5350 to 4850. Perforated 6148 to 6158 w/ 10 shots .35 inch in diameter, 1 jspf, 10 ft.

T.I.H. w/ Baker Model "R" 4½" packer.

8-13-81 MTK Rig #2
Set packer w/ 185 jts. tbgs. above it at 6122 ft. Swabbed down. Rig up Cementer's Inc. Pumped 300 gal 15% HCL ahead of 25.5 bbl water flush. This broke from ±2000 psi initially to ±1650 psi treating pressure at 2 BPM.

Well continued to flow back. Swabbed well down. Kicked off - making gas audibly. Shut in for night.

8-14-81 310 psi on tbgs. Opened well up and flowed to pit. Flowed for 50 mins. w/ heavy mist of oil and water. Made 1 swab run and brought 6 bbls of oil and water. Made 4 more swab runs w/ approx. 15-85 oil-water concentration. Rig down swab tools and unseat Baker hydrostatic head. P.O.O.H. w/ tbgs. and packer. Shut well in over night.

8-15-81 Rig up Western Co. and Fracture Dakota formation using Mini-Max III-30 gel w/ 2% hydrocarbon phase as follows:

5,000 gal fluid pad
3,000 gal fluid w/ 1 ppg 20-40 sand
3,000 gal fluid w/ 2 ppg 20-40 sand
5,000 gal fluid w/ 3 ppg 20-40 sand
4,116 gal slick water flush

Total fluid: 16,000 gals Mini-Max III-30 gel w/ 320 gals condensate, 16 gals Aquaflo, 16 gals x-cide, 25# B-5, 4116 gals slickwater w/ 10# FR-2

Total sand: 24,000# 20-40 mesh

Treating Pressures: Max 3700 psi, Min 3150 psi, Ave 3700 psi
ISDP ±2000 psi, 15 min shut-in pressure 1650 psi
Injection Rate 31 BPM

Shut well in and wait 4 hrs for gel to decompose. Rig up Jetronics Perforating gun was wired in reverse, causing gun to be fired out

8-15-81 of zone (5224-30 interval perforated erroneously).
(Cont.)

Perforate Gallup formation using 3-1/8" hollow carrier gun at 5008, 5009, 5010, 5011, 5012, 5013, 5014, 5015, 5016, 5026, 5027, 5028, 5029, 5030, 5031, 5032, 5033, 5034, 5035, 5036, 5037, 5038, 5039, 5040, 5041, 5042, 5100, 5101, 5102, 5103, 5104, 5105, 5106, 5107, 5181, 5182, 5183, 5184, 5185, 5186, 5187, 5212, 5213, 5214, 5215, 5216, 5217, 5218, 5230, 5231, 5232, 5233, 5234 for a total of 52 holes. Rig up Western Co. and Slickwater Fracture the Gallup Formation as follows:

5,000 gal pad
70,000 gal w/ 1 ppg 20-40 sand
3,486 gal flush

Total fluid: 78,486 gals slick water w/ 190# FR-2 and 79 gals Aquaflo.

Total sand: 70,000# 20-40 mesh

Treating Pressures: Max 2800 psi, Min 1200 psi, Ave 1600 psi
ISDP \pm 900 psi, 10 min. shut in pressure 700 psi
Ave Injection Rate \pm 48 BPM

Well shut in till Aug. 17, 1981.

8-17-81 Opened well up. Well dead. T.I.H. w/ tbg. and seat nipple. Tag sand at 5980' RKB. Rig up pump and pit to clean out sand. Pumped \pm 60 bbls of water till circulation was established. Circulated large amounts of green oil. Wait on water truck. Unable to get pump started. Shut down for repairs.

8-18-81 Repair pump. Circulate sand from well bore. Unable to gain full circulation. Wait on water truck. Continue circulating sand from 5980' to 6185' RKB. Pumped approx. 275 bbls of water into Gallup formation while circulating sand from well bore.

Ran 186 jts. of 2-3/8", 4.7#, J-55, 8 Rd, EUE tubing. T.E. ~6141.97' set at 6151' RKB. Nipple down B.O.P. and flange up wellhead. Well was dead but left open to pit over night.

8-19-81 Well dead. Casing pressure TSTM. Swabbed well for 9 hrs. Lowered fluid level to 1500'. Shows of oil and gas with each run. Gas shows getting stronger with each run. Shut well in over night.

8-20-81 Shut-in pressure 250 psi equalized. Opened well to pit thru tubing. Flowed for about 20 minutes. Swabbed well for 4 hours. Shows of oil and gas w/ each run. Well would flow gas for approx. 30-45 secs. after the last 5 swab runs.

Release rig at 1:30 p.m. Rig down.

8-21-81 Move in and rig up Action Well Service Rig #9.

Csg. 375 psi, tbg. 400 psi
Opened well up; flowed oil and water for approx. 15-20 mins.
Made 28 swab runs, recovered ±112 bbls of oil and water.
Fluid level stayed at 1300' all day. Shut well in w/ 350 psi csg. pressure.

8-22-81 Csg. 450 psi, tbg. 400 psi. Opened well up. Flowed oil and water for approx. 15 mins. Made 40 swab runs. Recovered ±160 bbls of oil and water. Fluid level rose from 1300' to 900' during day. Shut well in w/ 500 psi csg. pressure.

8-27-81 Set 300 bbl. tank and 3 phase high pressure production unit.
S.I. Tbg. 900 psi; Csg. 900 psi.
Open well. Flowed 10 bbls oil - died. Shut well in.

8-28-81 Flowed well 1 hr. - died. Made 9 bbls oil, 5 bbls water.
Equalized tubing. and csg. Shut well in.

8-29-81 Open well - prod. 5 bbls oil. Shut well in.

8-30-81 Shut in

8-31-81 Open well. Flowed 17 bbls oil, 10 bbls frac water.