

5 INXOCD 1 FILE  
DISTRICT I  
P.O. Box 1988, Hobbs, NM 88241-1988

DISTRICT II  
P.O. Drawer 60, Artesia, NM 88211-4729

DISTRICT III  
1000 San Bruno Road, Alamogordo, NM 87418

State of New Mexico  
Energy, Minerals & Natural Resources Department

Form C-134  
Originated 12/23/91

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

Submit original and 4 copies to the  
appropriate district office.

APPLICATION FOR APPROVAL TO USE AN ALTERNATE GAS MEASUREMENT METHOD  
Rule 403.B(1) or (2)

Operator Name: Dugan Production Corp. Operator No. 006515  
Operator Address: P.O. Box 420, Farmington, NM 87499  
Lease Name: Latex Type: State      Federal X Fee       
Location: Well No. 1: A-9-25N-10W, well No. 2: L-9-25N-10W, CPD: N-3-25N-10W  
Pool: Basin Fruitland Coal  
Requested Effective Time Period: Beginning upon approval Ending Until terminated

APPROVAL PROCEDURE: RULE 403.B.(1)

Please attach a separate sheet with the following information:

- 1) A list of the wells (including well name, number, ULSTR location, and API No.) included in this application.
- 2) A one year production history of each well included in this application (showing the annual and daily volumes).
- 3) The established or agreed-upon daily producing rate for each well and the effective time period.
- 4) Designate wells to be equipped with a flow device (required for wells capable of producing 5 MCF per day or more).
- 5) The gas transporter(s) connected to each well.

APPROVAL PROCEDURE: RULE 403.B.(2)

Please attach a separate sheet with the following information.

A separate application is required for each Central Point Delivery (CPD).

Working interest, royalty and overriding royalty ownership must be common for all wells to be connected to the subject CPD.

- 1) An ownership plat showing a description of the lease and all of the wells to be produced through this CPD.
  - a) List the wells which will be metered separately, including API No.
  - b) List the wells which will not be metered separately, including API No.
- 2) Describe the proposed method of allocating production from non-metered wells.
- 3) A one year production history of the wells which will not be metered showing the annual and daily volumes.
- 4) The gas transporter(s) connected to this CPD.

RECEIVED  
AUG 18 1997  
OIL CON. DIV.  
DIST. 3

Applicant will be responsible for filing OCD Form C-111 for the CPD.

OPERATOR

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: John D. Roe 8/14/97

Printed Name & Title: John D. Roe, Eng. Manager

OIL CONSERVATION DIVISION

This approval may be cancelled at anytime that operating conditions indicate that re-tests may be necessary to prevent waste and protect correlative rights.

Approved Until: further notice

By: [Signature]

Title: SUPERVISOR DISTRICT # 3

Attachment to NMOCD Form C-136  
Dugan Production Corp.  
Application for Latex No. 1 & No. 2 CPD  
NMOCD Rule 403.B. (2)

1. Ownership Plat and Well Description

Wells not metered separately.

<u>Well</u>	<u>Well Location</u>	<u>API No.</u>
Latex No. 1	Unit A, Sec. 9, T25N, R10W	30-045-29244
Latex No. 2	Unit L, Sec. 9, T25N, R10W	30-045-29448

Ownership Plat - NMOCD form C-102 for Latex No. 2 attached, with well #1 added.

2. Proposed Allocation of Production.

Each well will be tested annually using Dugan's portable test unit to establish MCFD + BCPD + BWPD. No liquid hydrocarbon production is anticipated. Individual well tests will be used to compute allocation factors based upon the proportion each well's individual test rate bears to the total test rates for all wells connected to the CPD. Commingled gas volumes, BTU's and revenues recorded at the CPD will be allocated to individual wells using MCFD factors. Commingled water volumes will be allocated using BWPD factors.

3. One Year Production History.

<u>Well No.</u>	<u>12 Months Production 7/96 - 6/97</u>				<u>Daily Avg. Last 12 months</u>		
	<u>Gas</u> <u>MCF</u>	<u>Condensate</u> <u>BBL.</u>	<u>Water</u> <u>BBL.</u>	<u>Days</u>	<u>MCFD</u>	<u>BCPD</u>	<u>BWPD</u>
Latex No. 1*	11,722	0	1356	323	36.3	0	4.20
Latex No. 2**	0	0	0	0	0	0	0

4. CPD Gas Transporter - El Paso Field Services.

\*1st production = 8-6-96-data is for 11 months

\*\*Well completed 7-9-97. Well not 1st delivered - anticipate production to be similar to well No. 1.

District I  
PO Box 1908, Elkhart, NM 88241-1908  
District II  
PO Drawer 640, Artesia, NM 88211-0719  
District III  
1000 Rio Grande Rd., Aztec, NM 87410  
District IV  
PO Box 21082, Santa Fe, NM 87504-2082

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
PO Box 2088  
Santa Fe, NM 87504-2088

Form C-102

Revised February 21, 1994

Instructions on back

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30 045 - Z 944 B		Pool Code 71629	Pool Name Basin Fruitland Coal
Property Code 017014	Property Name Latex		Well Number 2
OCRID No. 006515	Operator Name Dugan Production Corp		Elevation 6542' Estimated

Ownership  
Plat  
Form C-136  
Attachment

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
L	9	25N	10W		1700	South	790	West	San Juan

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 320		Joint or Infill		Consolidation Code		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

<p>16</p> <p>990'</p> <p>Latex No. 1</p> <p>990'</p> <p>Dugan production Corp. NM-86080</p> <p>Section 9</p> <p>Dugan Production - NM-86080</p> <p>790'</p> <p>Latex No. 2</p> <p>1700'</p>	<p>17 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><i>Sherman E. Dugan</i> Signature Sherman E. Dugan Printed Name Vice-President Title 3/6/97 Date</p>
	<p>18 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 belief.</p> <p>February Date of Survey Signature and EDGAR L. RISENHOVER NEW MEXICO PROFESSIONAL SURVEYOR 5979 Certificate Number 5979</p>