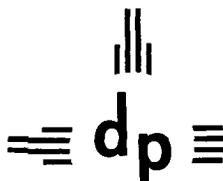


*(NSP-NSL)*



**dugan production corp.** DIVISION  
RECEIVED

96 APR 22 AM 8 52

April 17, 1996

Mr. Michael E. Stogner  
New Mexico Oil Conservation Division  
2040 South Pacheco St.  
Santa Fe, NM 87505

**Re: Application for Administrative Approval of an 80-acre  
Non-Standard Proration Unit for Dugan Production Corp's  
April Surprise #7  
1050' FNL & 1520' FEL (NW/4 NE/4)  
Spacing Unit W/2 NE/4 Section 31, T24N, R9W  
Bisti Lower Gallup Pool  
San Juan County, New Mexico**

Dear Mr. Stogner:

As provided for in Rule No. 4 of the special pool rules for the Bisti Lower Gallup Pool, Dugan Production Corp. hereby requests your administrative approval for an 80-acre non-standard proration unit (W/2 NE/4 Sec. 31, T24N, R9W) for the referenced well.

The non-standard proration unit is necessary to recomplate this pre-existing Dakota test in the Bisti Lower Gallup pool.

By certified mail, return receipt requested, all operators within 2,640 feet of our proposed recompletion have been notified of this application. A copy of the offset operator notice and a list of operators notified are enclosed. After receiving the "return receipts", we will provide you with a copy for your records.

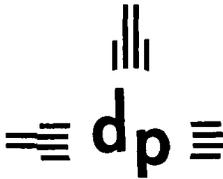
Sincerely,

*Jim L. Jacobs*  
Jim L. Jacobs  
Vice-President

KF/cg

attachs.

cc: Mr. Ernie Busch, NMOCD - Aztec, NM  
BLM - Farmington, NM



# dugan production corp.



April 17, 1996

Via Certified Mail -  
Return Receipt Requested

**TO: OPERATORS WITHIN ½ MILE OF DUGAN PRODUCTION CORP'S  
APRIL SURPRISE #7 RECOMPLETION**

Re: Application for Administrative Approval of an 80-acre  
Non-Standard Proration Unit for Dugan Production Corp's  
April Surprise #7  
1050' FNL & 1520' FEL (NW/4 NE/4)  
Spacing Unit W/2 NE/4 Section 31, T24N, R9W  
Bisti Lower Gallup Pool  
San Juan County, New Mexico

**Operators:**

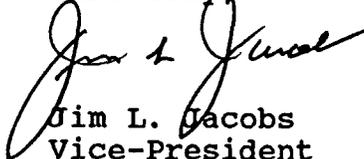
Dugan Production Corp. is applying for administrative approval for an 80-acre non-standard proration unit (W/2 NE/4 Sec. 31, T24N, R9W) for the referenced well to be recompleted in the Bisti Lower Gallup Pool.

We have enclosed copies of our application (BLM 3160-5), well location plat (NMOCD C-102), a production map showing offsetting operators and a list of operators notified.

Any operator within ½ mile of our proposed recompletion that objects to administrative approval for an 80-acre non-standard proration unit should notify the Director of the NMOCD and Dugan Production Corp. within 20 days of our application date.

The non-standard proration unit is necessary to recomplete this pre-existing Dakota test in the Bisti Lower Gallup pool.

Sincerely,



Jim L. Jacobs  
Vice-President

KF/cg

attachs.

Form 3160-5  
(June 1990)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

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

**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

5. Lease Designation and Serial No.

NM 4958

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

April Surprise #7

9. API Well No.

30 045 29293

10. Field and Pool, or Exploratory Area

Basin Dakota

11. County or Parish, State

San Juan, NM

1. Type of Well

Oil Well  Gas Well  Other

2. Name of Operator

Dugan Production Corp.

3. Address and Telephone No.

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

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

1050' FNL & 1520' FEL (NW/4 NE/4)  
Unit B, Sec. 31, T24N, R9W

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 checked="" type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input checked="" type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input type="checkbox"/> Other _____
	<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

(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.)

4/3/96 TIH & clean out casing to 6007'. Perforated Dakota 5943-48' and 5964-70' with 1 JSPF. Acidized perforations with 750 gallons 15% HCL. Swab tested formation.

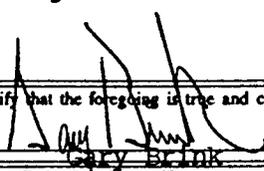
It is intended to permanently plug back to the Gallup formation by setting a cast iron bridge plug at the top of the Dakota at 5770' and capping with 50' cement. The Gallup will be selectively perforated and fractured to evaluate the potential.

Obtained verbal approval from Steve Mason to do this work.

A plat identifying acreage dedicated to the Bisti Lower Gallup Pool is attached and an application for non-standard proration unit is being filed with the NMOCD.

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

Signed



Title

Operations Manager

Date

4/12/96

(This space for Federal or State office use)

Approved by

Title

Date

Conditions of approval, if any:

District I  
 PO Box 1988, Hobbs, NM 88241-1988  
 District II  
 PO Drawer DD, Artesia, NM 88211-0719  
 District III  
 1808 Rio Brazos Rd., Aztec, NM 87410  
 District IV  
 PO Box 2088, Santa Fe, NM 87504-2088

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 29293		Pool Code 05890	Pool Name Bisti Lower Gallup
Property Code 003579	Property Name April Surprise		Well Number 7
OGRID No. 006515	Operator Name Dugan Production Corporation		Elevation 6830' Estimated

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
B	31	24N	9W		1050	North	1520	East	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 80	Joint or Infill	Consolidation Code	Order No.
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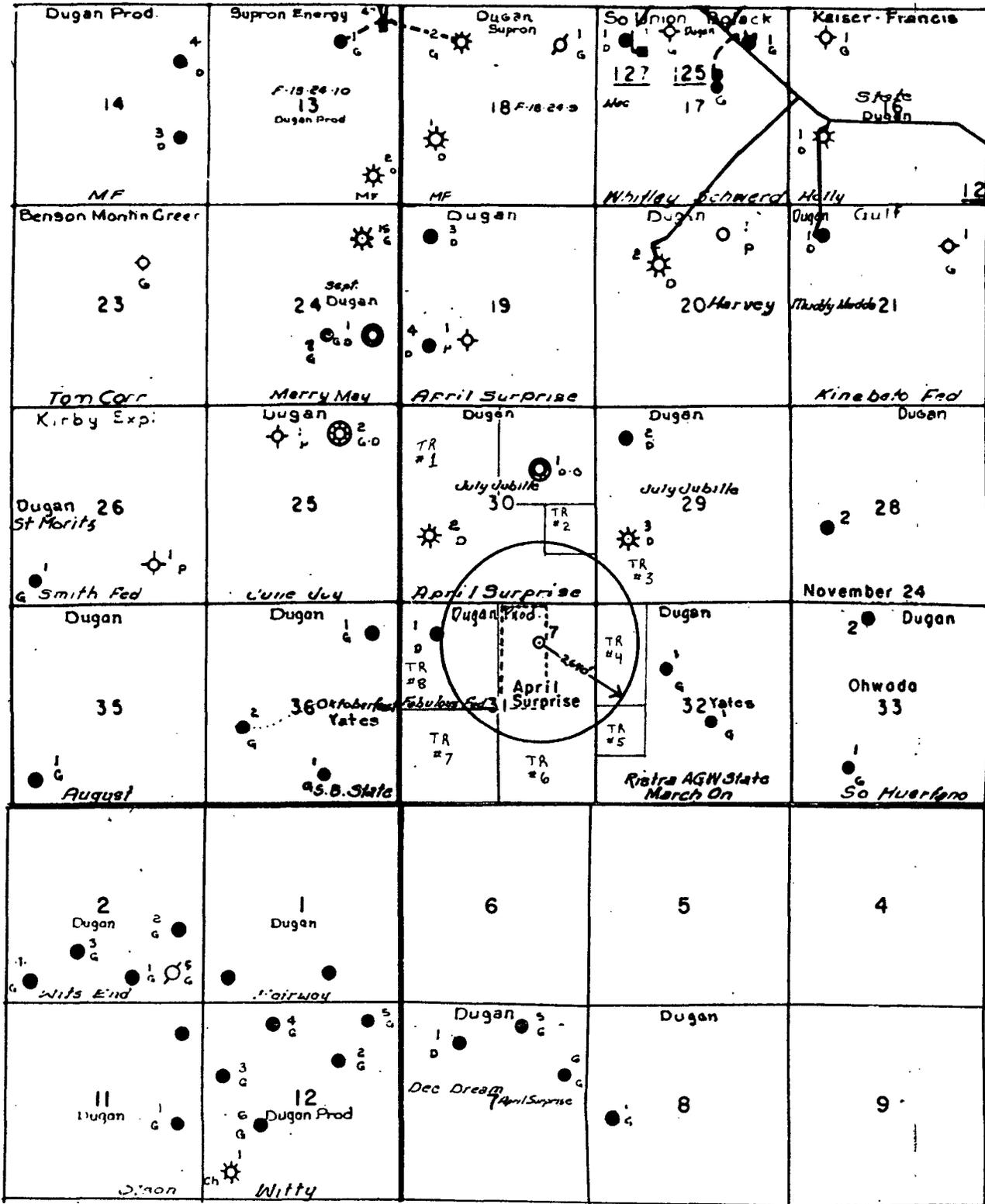
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16 	<b>17 OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.	
	Signature: <i>Jim L. Jacobs</i> Printed Name: <u>Jim L. Jacobs</u> Title: <u>Vice-President</u> Date: <u>4/12/96</u>	
	<b>18 SURVEYOR CERTIFICATION</b> 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.	
	Date of Survey: <u>August 22, 1995</u> Signature and Seal of Professional Surveyor:  Certificate Number: <u>5979</u>	

**Operators of Lease Hold Interest  
Within 2,640' Radius of  
Dugan Production Corp's  
Proposed April Surprise #7 Recompletion  
Unit B, Section 31, T24N, R9W, NMPM  
(Tract Description on Figure No. 1)**

- Tract 1**            Federal Lease NM-4958  
Dugan Production Corp.  
P.O. Box 420  
Farmington, NM 87499
- Tract 2**            Federal Lease NM-10755  
Dugan Production Corp.  
P.O. Box 420  
Farmington, NM 87499
- Tract 3**            Federal Lease NM-24661  
Dugan Production Corp.  
P.O. Box 420  
Farmington, NM 87499
- Tract 4**            State Lease E-4912-20  
Amoco Production Co.  
P.O. Box 800  
Denver, CO 80201
- Tract 5**            State Lease E-6633-2  
W.R. Speer  
P.O. Box 255  
Farmington, NM 87499
- Tract 6**            Federal Lease NM-4958  
Dugan Production Corp.  
P.O. Box 420  
Farmington, NM 87499
- Tract 7**            Federal Lease NM 91522  
Redwolf Production Inc.  
902 San Juan Blvd.  
Farmington, NM 87401
- Tract 8**            Federal Lease NM-51000  
Dugan Production Corp.  
P.O. Box 420  
Farmington, NM 87499

R-10-W R-9-W



T 24 N  
T 23 N

Figure 1  
Dugan Production Corp.  
Application For 80-Acre  
Non-Standard Proration Unit  
W/2 NE/4 Sec. 31, T24N, R9W