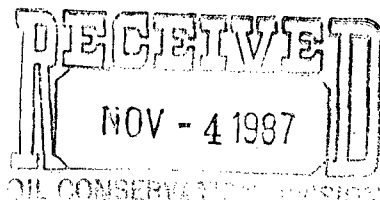




dugan production corp.



October 30, 1987



Mr. William LeMay
New Mexico Oil Conservation Division
P O Box 2088
Santa Fe, NM 87504-2088

Re: Request for Administrative Approval for Downhole Commingling
Dugan Production Corp.
Phillips No. 1
C.A. No. NM015P35-87C-337
SE/4 NE/4 Section 5, T24N, R9W, NMPM
San Juan County, New Mexico
Undesignated Pictured Cliffs Gas Pool and
Undesignated Fruitland Gas Pool

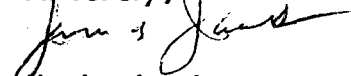
Dear Mr. LeMay:

We are writing to request administrative approval for downhole commingling of the above captioned well. The pools to be commingled are the Undesignated Fruitland (SJ) and the Undesignated Pictured Cliffs (SJ). We are requesting approval under NMOCD Order No. R-5359, Authorizing Commingling of Fruitland and Pictured Cliffs Production in a Certain Area in San Juan County, New Mexico, January 25, 1977.

The above captioned well was completed on October 7, 1987 with an initial potential of 61 MCFD. The well was perforated with 10 holes in the Fruitland formation (1704-13') and 4 holes in the Pictured Cliffs formation (1714-17'). It was frac'd with a total of 18,000 gallons 70 quality foam and 10,280 lbs 12/20 sand and 131,530 SCF nitrogen.

Dugan Production is expecting the Fruitland formation to produce approximately 48 to 50 MCFD with pressures in the 365 psi range. From our experience in the area, we anticipate production from the Pictured Cliffs to be 12 to 13 MCFD with pressures of approximately 380 psi.

Sincerely,


Jim L. Jacobs
Geologist

BW/cg

cc: NMOCD - Aztec



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE

GARREY CARRUTHERS
GOVERNOR

1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-6178

Date: 11/4/87

Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87504-2088

Re: Proposed MC _____
Proposed DHC x _____
Proposed NSL _____
Proposed SWD _____
Proposed WFX _____
Proposed PMX _____

DNC-688

Gentlemen:

I have examined the application dated 11/2/87
for the Ongun Prod. Corp. Phillips #1
Operator Lease & Well No.

H-5-27N-9W and my recommendations are as follows:
Unit, S-T-R

Approve

Yours truly,

Frank D. [Signature]