

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II
811 South First St., Artesia, NM 88210-2835

DISTRICT III
1000 Rio Brazos Rd, Aztec, NM 87410-1693

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-A
New 3-12-96

OIL CONSERVATION DIVISION

2040 S. Pacheco
Santa Fe, New Mexico 87505-6429

APPROVAL PROCESS:

Administrative Hearing

EXISTING WELLBORE

YES NO

APPLICATION FOR DOWNHOLE COMMINGLING

Operator Dugan Production Corp. Address P.O. Box 420, Farmington, NM 87499

Lease KR No. 6 Wall No. N-19-T27N-R13W Unit Ltr. - Sec - Twp - Rge San Juan County

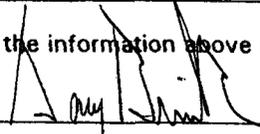
OGRID NO. 006515 Property Code 003736 API NO. 30 045 22691 Spacing Unit Lease Types: (check 1 or more)
Federal State (and/or) Fee

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zone	Lower Zone
1. Pool Name and Pool Code	Basin Fruitland Coal - 71629		WAW FR Sand PC 87190
2. Top and Bottom of Pay Section (Perforations)	1314-25'		1339-46'
3. Type of production (Oil or Gas)	Gas		Gas
4. Method of Production (Flowing or Artificial Lift)	Flowing		Flowing
5. Bottomhole Pressure Oil Zones - Artificial Lift: Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated Or Measured Original	a. (Current)	a.	a. 121
	b. (Original) 200 Est.	b.	b. 251
6. Oil Gravity (°API) or Gas BTU Content			
7. Producing or Shut-In?	Not yet completed		Producing
Production Marginal? (yes or no) * If Shut-In, give date and oil/gas/water rates of last production Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data * If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Yes		Yes
	Date: Rates:	Date: Rates:	Date: Rates:
	Date: Rates: 0/1/0 Est.	Date: Rates:	Date: 8/96 Rates: 0/3/0
8. Fixed Percentage Allocation Formula - % for each zone	Oil: % Gas: 25 %	Oil: % Gas: %	Oil: % Gas: 75 %

9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.
10. Are all working, overriding, and royalty interests identical in all commingled zones? Yes No
If not, have all working, overriding, and royalty interests been notified by certified mail? Yes No
Have all offset operators been given written notice of the proposed downhole commingling? Yes No
11. Will cross-flow occur? Yes No If yes, are fluids compatible, will the formations not be damaged, will any cross-flowed production be recovered, and will the allocation formula be reliable. Yes No (If No, attach explanation)
12. Are all produced fluids from all commingled zones compatible with each other? Yes No
13. Will the value of production be decreased by commingling? Yes No (If Yes, attach explanation)
14. If this well is on, or communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application. Yes No
15. NMOCD Reference Cases for Rule 303(D) Exceptions: ORDER NO(S). _____

16. ATTACHMENTS:
* C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
* Production curve for each zone for at least one year. (If not available, attach explanation.)
* For zones with no production history, estimated production rates and supporting data.
* Data to support allocation method or formula.
* Notification list of all offset operators.
* Notification list of working, overriding, and royalty interests for uncommon interest cases.
* Any additional statements, data, or documents required to support commingling.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

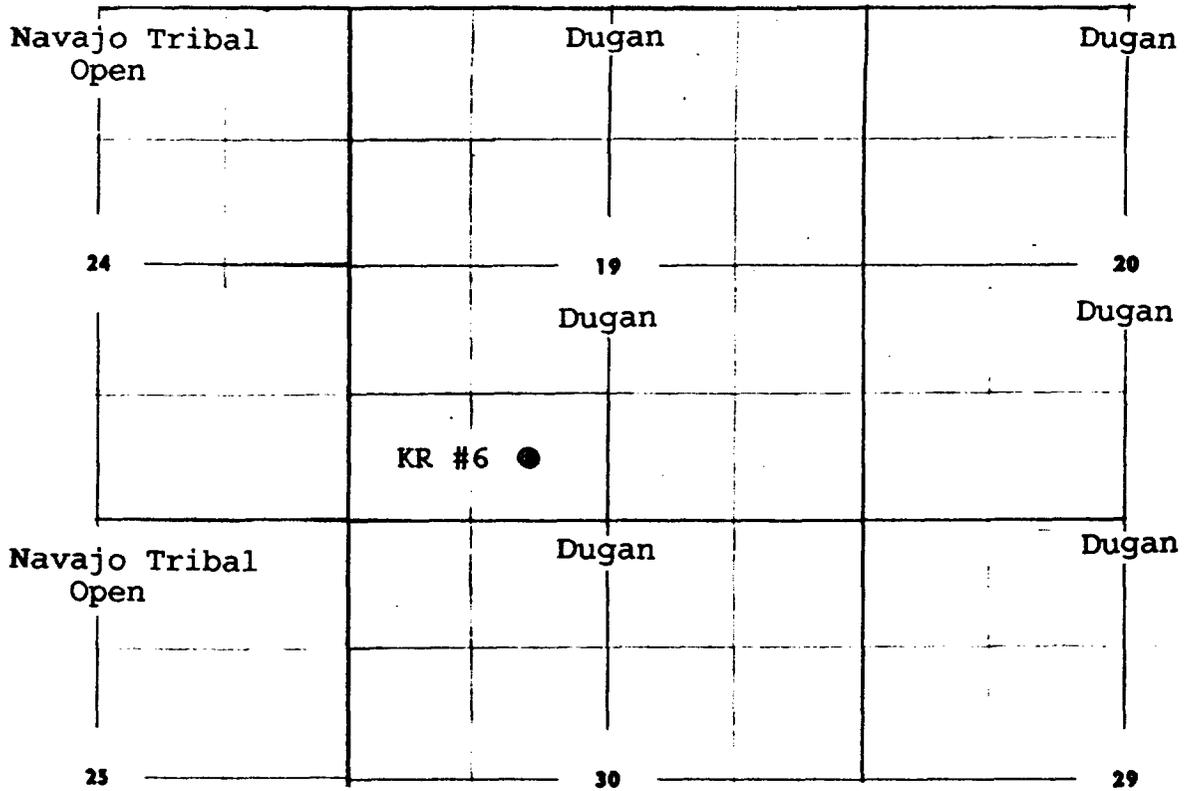
SIGNATURE  TITLE Operations Manager/
Petroleum Engineer DATE 10/24/96

TYPE OR PRINT NAME Gary Brink TELEPHONE NO. (505) 325-1821

Application For Downhole Commingling
Offsetting Operators
Basin Fruitland Coal-WAW Fruitland Sand PC
Dugan Production Corp.

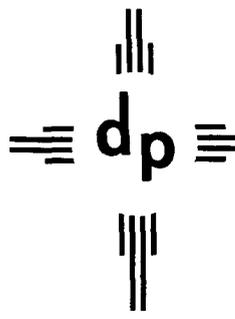
KR #6

Unit N, Sec. 19, T 27 N, R 13 W
San Juan Co. N.M.

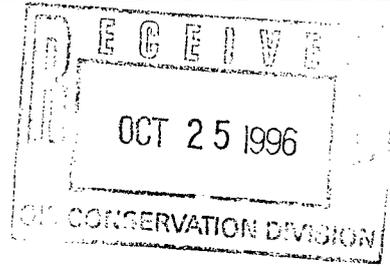


DHC 11/14/96

1402



dugan production corp.



October 24, 1996

Mr. Bill LeMay, Director
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505

**Re: Application for Administrative Approval to Downhole Commingle
Dugan Production Corp's KR #6
Unit N, Section 19, T-27N, R-13W
Basin Fruitland Coal and WAW Fruitland Sand PC
San Juan County, NM**

Dear Mr. LeMay,

Attached please find our application for administrative approval to complete the Basin Fruitland Coal, fracture stimulate it along with the Pictured Cliffs and downhole commingle the production within the existing WAW Fruitland Sand PC wellbore in our KR #6 well.

Production decline curves and C-102s for each zone, Form C-107A and a map showing all offsetting operators are attached.

A copy of the application is being submitted to all offset operators by certified mail.

Sincerely,

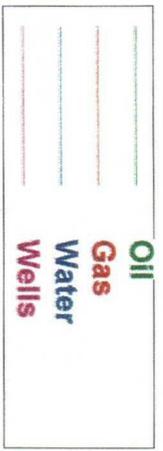
Gary Brink
Operations Manager

GWB/cg

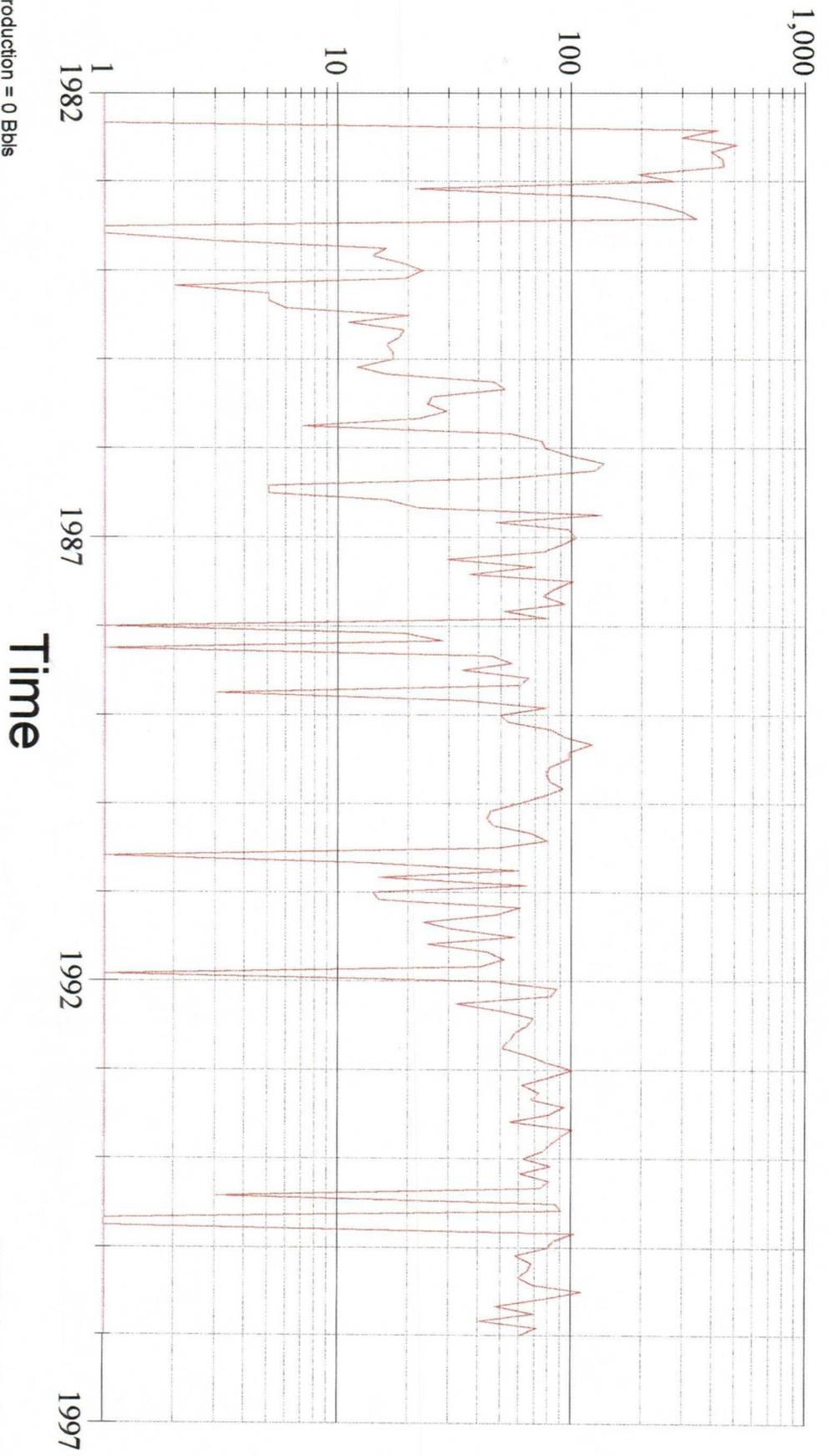
encs.

cc: NMOCD, Aztec
BLM, Farmington
Navajo Nation, Window Rock

BBI/Mo or Mcf/Mo

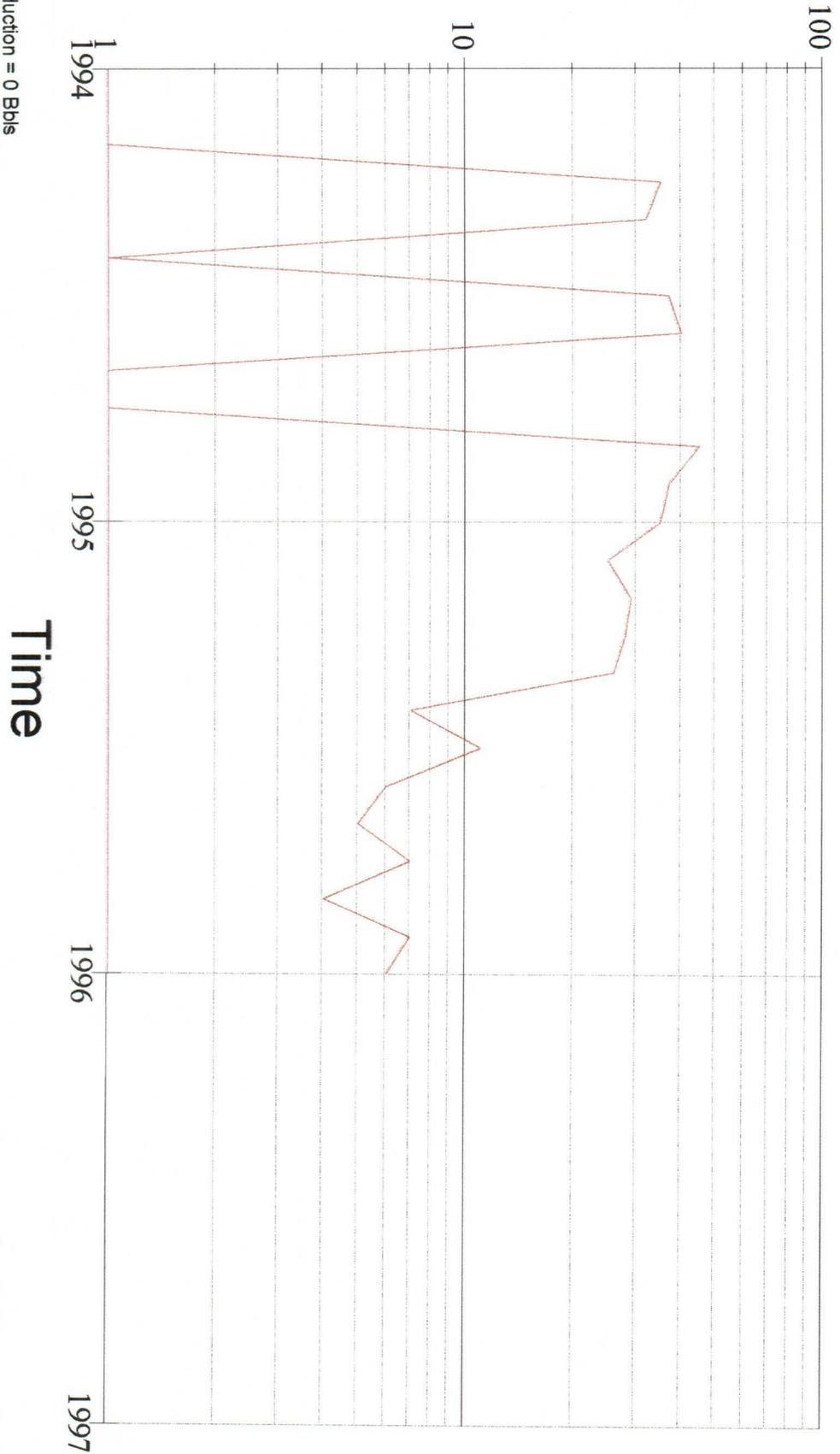
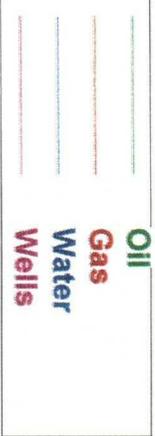


Field: WAW
Lease: K R | Well #6
Operator: DUGAN PRODUCTION CORPORATION
Production Rate vs Time
For the Period 06/1982 to 01/1996 | API: 30045226910000



Reported Oil Production = 0 Bbls
Reported Gas Production = 11,883 Mcf
Reported Water Production = 0 Bbls

BBI/Mo or Mcf/Mo



Reported Oil Production = 0 Bbls
 Reported Gas Production = 423 Mcf
 Reported Water Production = 0 Bbls

Field: BASIN
Lease: K R | Well #4
Operator: DUGAN PRODUCTION CORPORATION
 Production Rate vs Time
 For the Period 04/1994 to 01/1996 | API: 30045226940000

District I
 PO Box 1988, Hobbs, NM 88241-1988
 District II
 PO Drawer DD, Artesia, NM 88211-0719
 District III
 1600 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

1 API Number 30 045 22691		2 Pool Code 71629		3 Pool Name Basin Fruitland Coal	
4 Property Code 003736		5 Property Name KR			6 Well Number 6
7 OGRID No. 006515		8 Operator Name Dugan Production Corp.			9 Elevation 6137' GL

10 Surface Location

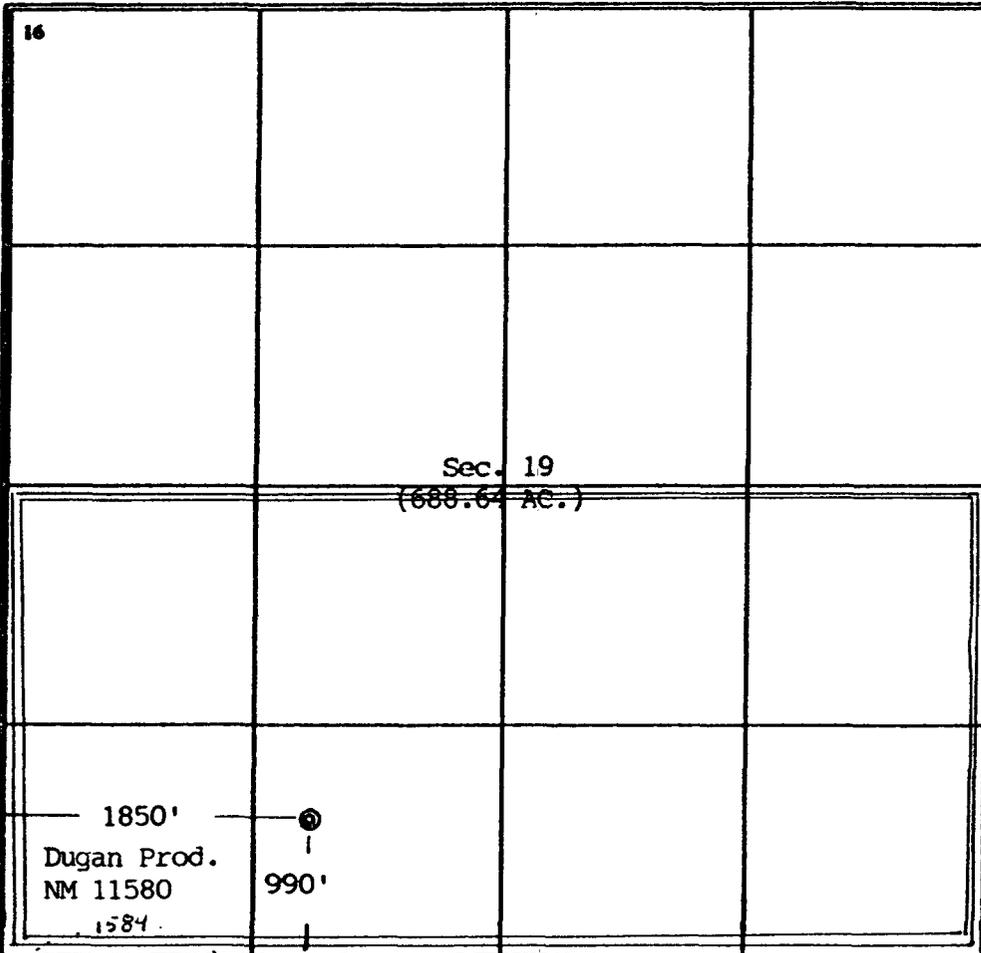
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
N	19	27N	13W		990	South	1850	West	San Juan

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

12 Dedicated Acres 344.64	13 Joint or Infill	14 Consolidation Code	15 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



17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

Signature
 Gary Brink
 Printed Name
 Operations Manager
 Title
 10/24/96
 Date

18 SURVEYOR CERTIFICATION

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.

August 7, 1977
 Date of Survey
 Signature and Seal of Professional Surveyer:
 Original plat signed by
 EV Echohawk, L.S.
 3602
 Certificate Number

District I
 PO Box 1988, Hobbs, NM 88241-1988
 District II
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' Property Code 003736		' Property Name KR			' Well Number 6
' OGRID No. 006515		' Operator Name Dugan Production Corp.			' Elevation 6137' GL

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
N	19	27N	13W		990	South	1850	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

¹² Dedicated Acres 184.64	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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16 Sec. 19 (688.64 AC.)		¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i> Signature Gary Brink Printed Name Operations Manager Title 10/24/96 Date
		¹⁸ SURVEYOR CERTIFICATION <i>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.</i> August 7, 1977 Date of Survey Signature and Seal of Professional Surveyer: Original plat signed by EV Echohawk, L.S. 3602 Certificate Number