

dugan production corp.

---

September 19, 2000

Ms. Lori Wrotenbery  
New Mexico Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, NM 87505

Re: NMOCD Commingling Order PC-1017  
Surface Commingling & Off-lease Measurement  
Dugan Production Corp.'s Big Field No. 1 (API No. 30-045-22763)  
Dugan Production Corp.'s Big Field No. 5 (API No. 30-045-30182)  
Units P & I, Section 10, T-30N, R-14W  
Federal Lease NM-10561  
Basin Dakota & Harper Hill Fruitland Sand-Pictured Cliffs Gas Pools  
San Juan County, NM

Dear Ms. Wrotenbery,

The captioned commingling order included a stipulation that approval was also required from the Bureau of Land Management. The BLM did approve Dugan's application on 9-14-00 and a copy of the sundry reflecting this approval is attached for your information and file.

Please let me know if you have questions or need additional information.

Sincerely,

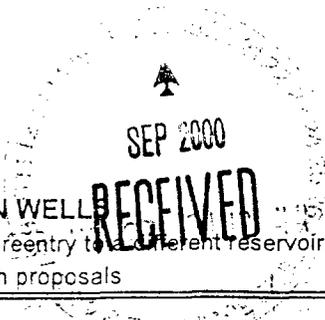
John D. Roe  
Engineering Manager

JDR/tmf

xc: NMOCD - Aztec

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

SUBMIT IN TRIPLICATE

1. Type of Well <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other	5. Lease Designation and Serial No. NM-10561
2. Name of Operator Dugan Production Corp.	6. If Indian, Allotted or Tribe Name
3. Address and Telephone No. P.O. Box 420, Farmington, NM 87499 (505) 325 - 1821	7. If Unit or CA, Agreement Designation
Location of Well (Footage, Sec., T., R., M., or Survey Description) Multiple - see below	8. Well Name and No. Big Field CDP
	9. API Well No. Multiple - see below
	10. Field and Pool, or Exploratory Area Basin Dakota/ Harper Hill FrSd/PC
	11. County or Parish, State San Juan, NM

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 type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input checked="" type="checkbox"/> Other <u>Surface commingling &amp; Off-lease measurement</u>
	<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).\*

In the attached application dated 8/22/00, Dugan Production Corp. has proposed to convert the existing gas sales meter for Dugan's Big Field No. 1 to a central delivery sales meter for Dugan's Big Field No. 1 and No. 5 wells. This will require the surface commingling of gas from the Harper Hill Fruitland Sand/PC and Basin Dakota gas pools. In addition, since the sales meter for the Big Field No. 1 is located approximately 1500' south of the well and on adjacent Federal Lease No. NM-28820, we are also requesting approval for off-lease measurement of natural gas from both wells. Federal Lease No. NM-10561 is the only lease involved and comprises the spacing units for both wells. Pertinent data for the wells and CDP sales meter is:

Well/Meter	API No.	Location	Lease No.
Big Field No. 1	30-045-22763	SESE-10-30N-14W	NM-10561
Big Field No. 5	30-045-30182	NESE-10-30N-14W	NM-10561
CDP Sales Meter	none	NENE-15-30N-14W	NM-28820

*Approved for off-lease measurement and sales of leasehold gas*

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

Signed John D. Roe Title Engineering Manager Date 8/23/2000  
John D. Roe

(This space for Federal or State office use)

Approved by [Signature] Title Engineer BFM SPC Date SEP 14 2000

Conditions of approval, if any:

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

\*See Instruction on Reverse Side

OPERATOR