



dugan production corp.

CERTIFIED
RETURN RECEIPT REQUESTED

November 11, 1988

TO: Offsetting Operators or Owners
(See attached list)

RE: Application for Administrative Approval
Non-Standard 160 Acre Spacing Unit
Western Federal #9 Well
T26N, R11W
Section 7: NW/4
San Juan County, NM

Gentlemen:

Dugan Production Corp., (Dugan) is making application to the New Mexico Oil Conservation Division, (NMOCD) for administrative approval of a non-standard spacing unit, for the captioned well, consisting of the NW/4 of Section 7, T26N, R11W, to comply with the rules of Order No. R-8768.

Dugan completed the referenced well on August 9, 1979, in the South Gallegos Pool, spaced 160 acres. The well was drilled on USA lease Number SF - 078897-A and communitized with USA lease SF - 078897 covering the NW/4 of said Section 7. Dugan was designated operator under Communitization Agreement SCR-323 approved effective 10/1/79.

The NMOCD under case No. 9420, Order NO. R-8768, established the Basin-Fruitland Coal Gas Pool providing for 320 acre spacing for wells producing from Fruitland Coal seams, effective November 1, 1988.

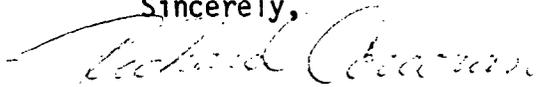
As provided for in the rules of the above mentioned Order, we are giving notice to you as either the operator or owner (or Trustee) of the offsetting acreage, of our application.

We are enclosing a copy of our letter of application and location plat for your reference. Any operator or owner that objects to the administrative granting of the subject non-standard spacing unit should provide notice to the NMOCD within 20 days of our making application. We would also appreciate any such party to also notify Dugan.

Offsetting Operators or Owners
November 11, 1988
Page 2 of 2

Should you need additional information regarding our application, please
feel free to contact me.

Sincerely,

A handwritten signature in cursive script, appearing to read "Richard Corcoran".

Richard Corcoran
Landman

RC/dh

Enc.

Navajo Tribal Council
P.O. Box 2010
Window Rock, Arizona 86515
Attn: Akhtar Azaman, Director
Navajo Tribal Minerals Dept.

J. P. McHugh & Associates
650 South Cherry Street, #1225
Denver, CO 80222

Bureau of Land Management
Farmington Resources and Tribal Leases
1235 La Plata Highway
Farmington, NM

Sent City to Carmie Bunch 11/30



dugan production corp.

CERTIFIED
RETURN RECEIPT REQUESTED

November 16, 1988

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

RE: Administrative Approval
160 Acre Spacing Unit
Western Federal #9 Well
T26N, R11W
Section 7: NW/4
San Juan County, NM

Gentlemen:

Dugan Production Corp., hereby requests administrative approval for a 160 acre non-standard spacing unit consisting of the NW/4 of Section 7, T26N, R11W, under the rules of Order No. R-8768.

By certified mail, return receipt requested, we have provided all operators or owners offsetting the subject non-standard spacing unit with a copy of this letter application. A copy of the offset operator or owner notice along with a list of names and addresses of all operators notified is attached for your information. Upon receiving the "return receipts", we will provide you with a copy for your records.

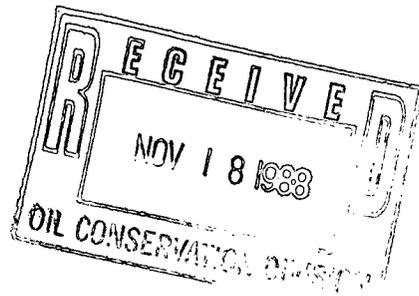
Should you have questions regarding our application, please feel free to contact me at the letterhead address.

Respectfully,

Richard Corcoran
Landman

RC/dh

Enc.



November 29, 1988

New Mexico Oil Conservation Division
310 Old Santa Fe Trail
Room 206
Santa Fe, New Mexico 87503

Attn: Mr. William LeMay

Re: Dugan's Application for
Non-Standard Spacing Unit
NW/4-Sec. 7-26N-11W
San Juan Co., New Mexico

Gentlemen:

Reference is made to an application filed by Dugan Production Company for administrative approval of a non-standard spacing unit covering the NW/4 of Section 7-26N-11W.

Please be advised that Jerome P. McHugh, an offsetting leasehold owner, has no objection to Dugan's request for administrative approval of a non-standard spacing unit covering the NW/4-Section 7-26N-11W.

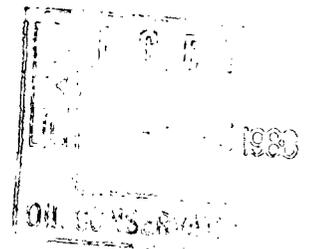
Very truly yours,


Kent C. Craig

KCC:ls

cc: Mr. Rich Corcoran
Dugan Production Corp.

Jerome P. McHugh & Associates
Operating Affiliate: Nassau Resources, Inc.
650 South Cherry, Suite 1225
Denver, Colorado 80222
(303) 321-2111



NO. OF COPIES RECEIVED	4
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SANTA FE	1
FILE	
U.S.G.S.	
LAND OFFICE	
TRANSPORTER	OIL
	GAS
OPERATOR	
PRORATION OFFICE	

NEW MEXICO OIL CONSERVATION COMMISSION
REQUEST FOR ALLOWABLE
AND
AUTHORIZATION TO TRANSPORT OIL AND NATURAL GAS

Form C-104
Supersedes Old C-104 and C-110
Effective 1-1-65

API 30-045-23504

I. OPERATOR

Operator: Dugan Production Corp.

Address: Box 208, Farmington, NM 87401

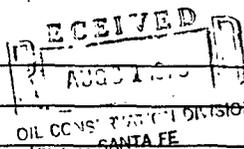
Reason(s) for filing (Check proper box) Other (Please explain)

New Well Change in Transporter of: Oil Dry Gas

Recompletion Casinghead Gas Condensate

Change in Ownership

If change of ownership give name and address of previous owner _____



II. DESCRIPTION OF WELL AND LEASE

Lease Name: Western Federal Well No.: 9 Pool Name, including Formation: South Gallegos Fruitland Kind of Lease: State, Federal or Fee Fed Lease No.: SF 078897A

Location: Unit Letter E; 1820 Feet From The North Line and 820 Feet From The West Line of Section 7 Township 26N Range 11W, NMPM, San Juan County

III. DESIGNATION OF TRANSPORTER OF OIL AND NATURAL GAS

Name of Authorized Transporter of Oil or Condensate Address (Give address to which approved copy of this form is to be sent) _____

Name of Authorized Transporter of Casinghead Gas or Dry Gas Address (Give address to which approved copy of this form is to be sent) Box 990, Farmington, NM 87401

If well produces oil or liquids, give location of tanks. Unit Sec. Twp. Rge. Is gas actually connected? When

No

If this production is commingled with that from any other lease or pool, give commingling order number: _____

IV. COMPLETION DATA

Designate Type of Completion - (X)	Oil Well	Gas Well	New Well	Workover	Deepen	Plug Back	Same Res'v.	Diff. Res'v.
		X	X					
Date Spudded <u>7-16-79</u>	Date Compl. Ready to Prod. <u>8-9-79</u>	Total Depth <u>1480'</u>	P.B.T.D. <u>1422'</u>					
Elevations (DF, RKB, RT, GR, etc.) <u>6054' GR</u>	Name of Producing Formation <u>Fruitland</u>	Top Oil/Gas Pay <u>1126</u>	Tubing Depth <u>1260'</u>					
Perforations <u>1278-1282 1126-1131</u>			Depth Casing Shoe					

TUBING, CASING, AND CEMENTING RECORD

HOLE SIZE	CASING & TUBING SIZE	DEPTH SET	SACKS CEMENT
<u>7-7/8"</u>	<u>5-1/2"</u>	<u>30'</u>	<u>6 SX</u>
<u>4-3/4"</u>	<u>2-7/8"</u>	<u>1472'</u>	<u>100 SX</u>
	<u>1-1/4"</u>	<u>1260'</u>	

V. TEST DATA AND REQUEST FOR ALLOWABLE OIL WELL (Test must be after recovery of total volume of load oil and must be equal to or exceed top allowable for this depth or be for full 24 hours)

Date First New Oil Run To Tanks	Date of Test	Producing Method (Flow, pump, gas lift, etc.)	
Length of Test	Tubing Pressure	Casing Pressure	Choke Size
Actual Prod. During Test	Oil-Bble.	Water-Bble.	Gas-MCF

GAS WELL

Actual Prod. Test-MCF/D <u>136</u>	Length of Test <u>3 hrs</u>	Bble. Condensate/MMCF -----	Gravity of Condensate <u>OIL CON. COM. DIST. 3</u>
Testing Method (pilot, back pr.) <u>Back pressure</u>	Tubing Pressure (shut-in) <u>266 SI</u>	Casing Pressure (shut-in) <u>266 SI</u>	Choke Size <u>5/8"</u>

VI. CERTIFICATE OF COMPLIANCE

I hereby certify that the rules and regulations of the Oil Conservation Commission have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

Thomas A. Dugan (Signature)
Petroleum Engineer (Title)

8-16-79 (Date)

OIL CONSERVATION COMMISSION

APPROVED AUG 21 1979

BY: Al Bendrick

TITLE: SUPERVISOR DISTRICT # 3

This form is to be filed in compliance with RULE 1104.

If this is a request for allowable for a newly drilled or deepened well, this form must be accompanied by a tabulation of the deviation tests taken on the well in accordance with RULE 1111.

All sections of this form must be filled out completely for allowable on new and recompleted wells.

Fill out only Sections I, II, III, and VI for changes of owner, well name or number, or transporter, or other such change of condition.

Separate Forms C-104 must be filed for each pool in multiply completed wells.

EL PASO NATURAL GAS COMPANY
POST OFFICE BOX 990
FARMINGTON, NEW MEXICO

NOTICE OF GAS CONNECTION

DATE September 23, 1980

THIS IS TO NOTIFY THE OIL CONSERVATION COMMISSION THAT CONNECTION FOR PURCHASE OF

GAS FROM Dugan Production Corp.
Operator

Western Federal #9
Well Name

93-223-01 27043-01
Meter Code Site Code

E 7-26-11
Well Unit S-T-R

South Gallegos Fruitland
Pool

El Paso Natural Gas Company
Name of Purchaser

WAS MADE ON 9-9-80,
Date

FIRST DELIVERY 9-9-80
Date

AOF 136

CHOKE 126

RECEIVED
OCT 07 1980
OIL CONSERVATION COMMISSION
SANTA FE

El Paso Natural Gas Company

Purchaser
Original Signed by
Charles A. Thomas

Representative

Assistant Chief Dispatcher

Title

cc: Operator **Farmington**
Oil Conservation Commission - 2
Proration - El Paso

File

RECEIVED
SEP 25 1980
OIL CON. COM.
DIST.

UNITED STATES DEPARTMENT OF THE INTERIOR GEOLOGICAL SURVEY

(See other instructions on reverse side)

Blank

WELL COMPLETION OR RECOMPLETION REPORT AND LOG *

5. LEASE DESIGNATION AND SERIAL NO.

SF 078897A

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME

Western Federal

9. WELL NO.

9

10. FIELD AND POOL, OR WILDCAT

South Gallegos Fruitland

11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA

Sec 7 T26N R11W

12. COUNTY OR PARISH

San Juan

13. STATE

NM

1a. TYPE OF WELL: OIL WELL [] GAS WELL [X] DRY [] Other []

b. TYPE OF COMPLETION: NEW WELL [X] WORK OVER [] DEEP-EN [] PLUG BACK [] DIFF. RESVR. [] Other []

2. NAME OF OPERATOR: Dugan Production Corp.

3. ADDRESS OF OPERATOR: Box 208, Farmington, NM 87401

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements):

At surface 1820' FNL - 820' FWL

At top prod. interval reported below

At total depth

14. PERMIT NO. DATE ISSUED

15. DATE SPUNDED 7-16-79 16. DATE T.D. REACHED 7-20-79 17. DATE COMPL. (Ready to prod.) 8-9-79 18. ELEVATIONS (OF, RES, ST, GR, ETC.)* 6054' GR 19. ELEV. CASINGHEAD

20. TOTAL DEPTH, MD & TVD 1480' 21. PLUG, BACK T.D., MD & TVD 1422' 22. IF MULTIPLE COMPL., HOW MANY? Single - Gas 23. INTERVALS DRILLED BY [] ROTARY TOOLS 0-TD [] CABLE TOOLS

24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)* 1278-1282 Fruitland 1126-1131 25. WAS DIRECTIONAL SURVEY MADE No

26. TYPE ELECTRIC AND OTHER LOGS RUN Welex IES and Blue Jet gamma ray correlation & collar log 27. WAS WELL CORED No

CASING RECORD (Report all strings set in well)

Table with 6 columns: CASING SIZE, WEIGHT, LB./FT., DEPTH SET (MD), HOLE SIZE, CEMENTING RECORD, AMOUNT PULLED. Rows include 5-1/2" 14# 30' 7-7/8" 6 sx and 2-7/8" 6.4# 1472' GR 4-3/4" 100 sx.

29. LINER RECORD and 30. TUBING RECORD. LINER RECORD columns: SIZE, TOP (MD), BOTTOM (MD), BAGS CEMENT*, SCREEN (MD). TUBING RECORD columns: SIZE, DEPTH SET (MD), PACKER SET (MD). Rows include 1-1/4" 1260' GR.

31. PERFORATION RECORD (Interval, size and number) 1278-1282 1126-1131 32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC. DEPTH INTERVAL (MD) AMOUNT AND KIND OF MATERIAL USED. See Sundry Notice 8-13-79 for detailed info.

33.* PRODUCTION DATE FIRST PRODUCTION PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump) flowing WELL STATUS (Producing or shut-in) SI

DATE OF TEST 8-16-79 HOURS TESTED 3 hrs CHOKER SIZE 5/8" PROD'N. FOR TEST PERIOD [] OIL—BBL. GAS—MCF. 136 AOF WATER—BBL. GAS-OIL RATIO

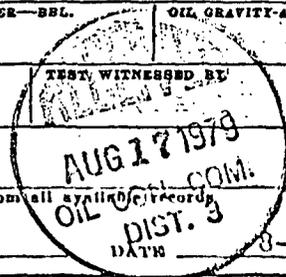
FLOW. TUBING PRESS. 266 SI CASING PRESSURE 266 SI CALCULATED 24-HOUR RATE [] OIL—BBL. GAS—MCF. 136 AOF WATER—BBL. OIL GRAVITY-API (CORR.)

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.)

35. LIST OF ATTACHMENTS

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records.

SIGNED Thomas A. Dugan TITLE Petroleum Engineer



*(See instructions and Spaces for Additional Data on Reverse Side)

acreage correction

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

ok Tully

Form C-102
Supersedes C-128
Effective 1-4-65

All distances must be from the outer boundaries of the Section.

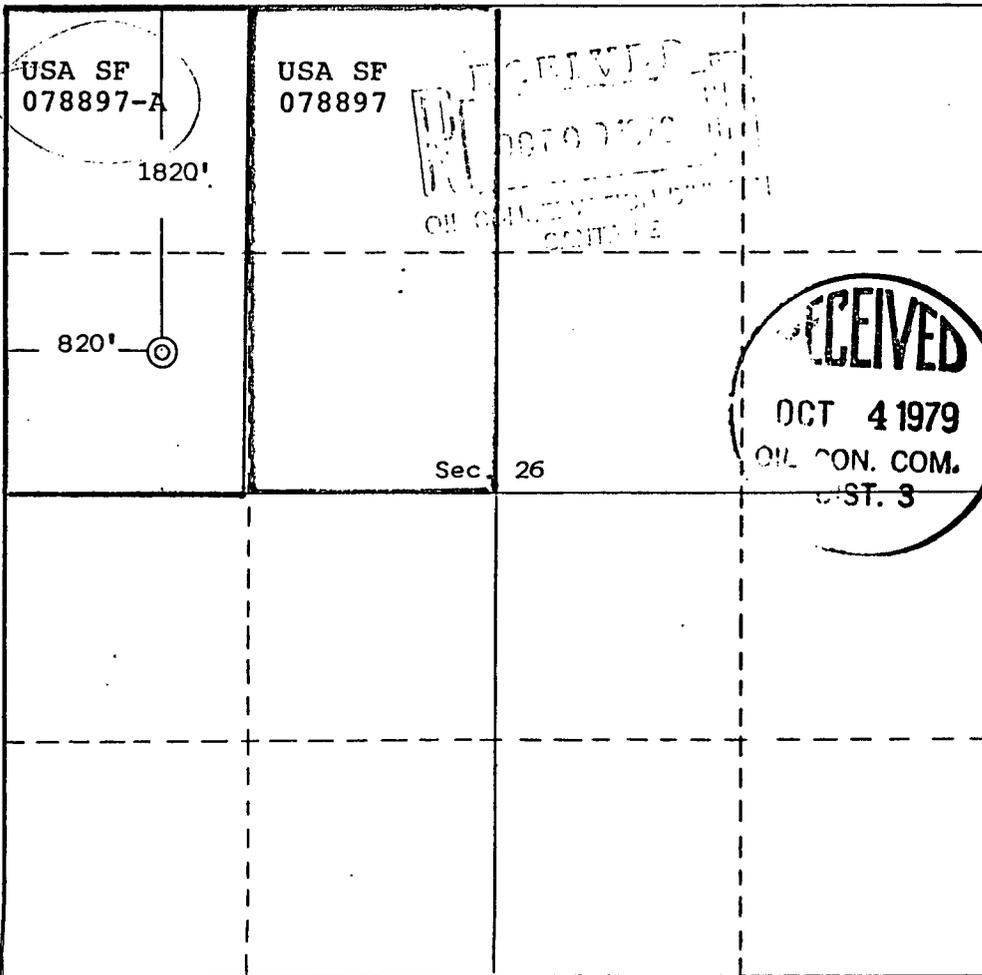
Operator Dugan Production Corporation			Lease Western Federal			Well No. #9		
Unit Letter E	Section 7	Township 26 North	Range 11 West	County San Juan				
Actual Footage Location of Well: 1820 feet from the North line and 820 feet from the West line								
Ground Level Elev. 6054	Producing Formation Fruitland			Pool South Gallegos			Dedicated Acreage: 158.57 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation Plan to communitize

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

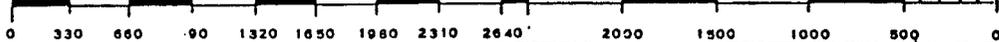
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Richard Tully

Name Richard Tully
Position Landman
Company Dugan Production Corp.
Date 10-3-79

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 knowledge and belief.

Date Surveyed April 17, 1979
Registered Professional Engineer and/or Land Surveyor <i>Edgar L. Risenhoover</i>
Certificate No. 5979
Edgar L. Risenhoover, L.S.



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

Form approved.
Budget Bureau No. 42-R1424.

5. LEASE DESIGNATION AND SERIAL NO.

SF 078897A

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir. Use "APPLICATION FOR PERMIT—" for such proposals.)

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME

Western Federal

9. WELL NO.

9

10. FIELD AND POOL, OR WILDCAT

South Gallegos PC

11. SEC., T., R., M., OR BLK. AND SUBST OR AREA

Sec. 7. T26N R11W

12. COUNTY OR PARISH

San Juan

13. STATE

NM

1. OIL WELL GAS WELL OTHER

2. NAME OF OPERATOR

Dugan Production Corp.

3. ADDRESS OF OPERATOR

Box 234, Farmington, NM 87401

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.* See also space 17 below.)
At surface

1820' FNL - 820' FWL

14. PERMIT NO.

15. ELEVATIONS (Show whether DF, RT, GR, etc.)

6054' GR

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

TEST WATER SHUT-OFF

FRACTURE TREAT

SHOOT OR ACIDIZE

REPAIR WELL

(Other)

PULL OR ALTER CASING

MULTIPLE COMPLETE

ABANDON*

CHANGE PLANS

SUBSEQUENT REPORT OF:

WATER SHUT-OFF

FRACTURE TREATMENT

SHOOTING OR ACIDIZING

(Other)

REPAIRING WELL

ALTERING CASING

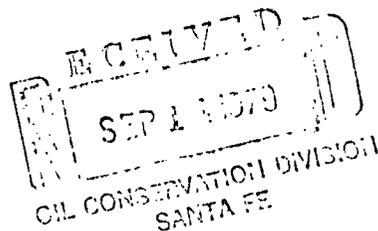
ABANDONMENT*

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

17. 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.)*

8-04-79

Moved in and rigged up FWS swabbing unit. Acidized well w/Allied Services pump truck w/250 gals 15% HCl reg acid. Initial TP 400 psi @ 1-1/2 B/M. Dropped 9 ball sealers 100 psi increase when balls hit perms. Used 2 gals tretolite liquid soap ahead of acid. Swabbed well down. No indication of fluid entry.



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

SIGNED

Jim L. Jacobs
JIM L. JACOBS

TITLE Geologist

DATE 8-13-79

(This space for Federal or State office use)

APPROVED BY

TITLE

DATE

CONDITIONS OF APPROVAL, IF ANY:

nmcc

*See Instructions on Reverse Side

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

Form approved.
Budget Bureau No. 42-R1424.

5. LEASE DESIGNATION AND SERIAL NO.
SF 078897A

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME
Western-Federal

9. WELL NO.
9

10. FIELD AND POOL, OR WILDCAT
South Gallegos PC

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
Sec 7 T26N R11W

12. COUNTY OR PARISH 13. STATE
San Juan NM

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir. Use "APPLICATION FOR PERMIT—" for such proposals.)

1. OIL WELL GAS WELL OTHER

2. NAME OF OPERATOR
Dugan Production Corp.

3. ADDRESS OF OPERATOR
Box 234, Farmington, NM 87401

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.* See also space 17 below.)
At surface 1820' FNL - 820' FWL

14. PERMIT NO.

15. ELEVATIONS (Show whether DF, ST, CR, etc.)
6054' GR

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data:

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
TEST WATER SHUT-OFF <input type="checkbox"/>	PULL OR ALTER CASING <input type="checkbox"/>	WATER SHUT-OFF <input type="checkbox"/>	REPAIRING WELL <input type="checkbox"/>
FRACTURE TREAT <input type="checkbox"/>	MULTIPLE COMPLETE <input type="checkbox"/>	FRACTURE TREATMENT <input checked="" type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
SHOOT OR ACIDIZE <input type="checkbox"/>	ABANDON* <input type="checkbox"/>	SHOOTING OR ACIDIZING <input checked="" type="checkbox"/>	ABANDONMENT* <input type="checkbox"/>
REPAIR WELL <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	(Other) tbg	(Other) <input checked="" type="checkbox"/>

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

17. 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.)*

8-7-79 Moved in FWS swabbing unit. Rigged up and ran 35 jts 1-1/4" 2.4# EUE 8R Cond "B" tbg. TE 1176.41' w/Baker Model "C" invertable packer w/bull plug on btm set @ 1175' GR. First joint above perfs is torch slotted. Ran packer in set down position w/all weight of tbg string. Allied Services acidized perfs 1131-1136 w/250 gals 15% HCl reg. acid. BD pressure 1400 psi treated @ 750 psi @ 1-1/2 B/M.

8-9-79 Foam fraced perfs 1136-1131 and 1278-1282' w/70 quality foam by Western Co. and Newsco. Used total of 131 bbls wtr, 30,000# 10-20 sand, 33 gals adafoam and 174,500 SCF of Nitrogen. Minimum TP 1800 psi, Max 2100 psi, Ave. TP 2000 psi. Dropped 8 ball sealers after 17,500# sand in formation. No ball action. Average IR 4.5 wtr. ISDP 1300 psi, 10 min stdg pressure 1200 psi. Left well SI 45 minutes. Opened to atmosphere through 3/4" choke. Well unloaded considerable sand - making estimated 350-400 MCF after 6 hours w/moderate spray of wtr.

RECEIVED
SEP 13 1979
OIL CONSERVATION DISTRICT
SANTA FE

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

SIGNED Jim L. Jacobs TITLE Geologist DATE 8-13-79

(This space for Federal or State office use)

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

mmcc

SEP 7 1979
OIL CON. COM.
DIST. 8

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

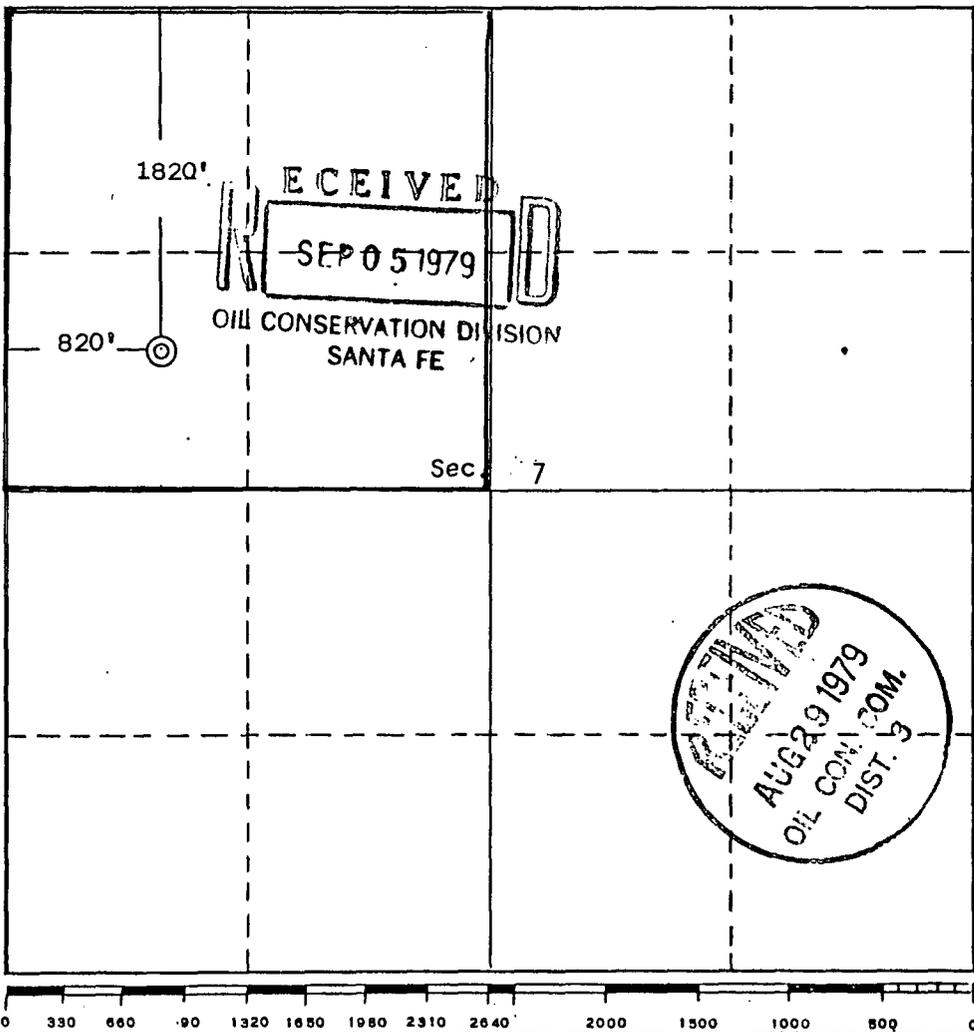
Operator Dugan Production Corporation			Lease Western Federal			Well No. #9		
Unit Letter E	Section 7	Township 26 North	Range 11 West	County San Juan				
Actual Footage Location of Well: 1820 feet from the North line and 820 feet from the West line								
Ground Level Elev. 6054	Producing Formation Fruitland		Pool South Gallegos			Dedicated Acreage: 160 Acres		

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION	
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.	
<i>Richard Tully</i>	
Name	Richard Tully
Position	Landman
Company	Dugan Production Corp.
Date	8-28-79
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 knowledge and belief.	
Date Surveyed	April 17, 1979
Registered Professional Engineer and/or Land Surveyor	
<i>Edgar L. Risenhoover</i>	
Certificate No.	5979
Edgar L. Risenhoover, L.S.	

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

SUBMIT IN TRIPPLICATE*
(Other instructions on reverse side)

Form approved
Budget Bureau No. 42-R1424

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir. Use "APPLICATION FOR PERMIT—" for such proposals.)

1. OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER		5. LEASE DESIGNATION AND SERIAL NO. SF 078897A
2. NAME OF OPERATOR Dugan Production Corp.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME
3. ADDRESS OF OPERATOR Box 234, Farmington, NM 87401		7. UNIT AGREEMENT NAME
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.* See also space 17 below.) At surface 1820' FNL - 820' FWL		8. FARM OR LEASE NAME Western Federal
14. PERMIT NO.	15. ELEVATIONS (Show whether DF, ST, OR, etc.) 6054' GR	9. WELL NO. 9
		10. FIELD AND POOL, OR WILDCAT South Gallegos PC
		11. SEC., T., R. M., OR BLK. AND SURVEY OR AREA Sec. 7, T26N R11W
		12. COUNTY OR PARISH San Juan
		13. STATE NM

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data:

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF	
TEST WATER SHUT-OFF <input type="checkbox"/>	FULL OR ALTER CASING <input type="checkbox"/>	WATER SHUT-OFF <input type="checkbox"/>	REPAIRING WELL <input type="checkbox"/>
FRACTURE TREAT <input type="checkbox"/>	MULTIPLE COMPLETE <input type="checkbox"/>	FRACTURE TREATMENT <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
SHOOT OR ACIDIZE <input type="checkbox"/>	ABANDON* <input type="checkbox"/>	SHOOTING OR ACIDIZING <input type="checkbox"/>	ABANDONMENT* <input checked="" type="checkbox"/>
REPAIR WELL <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	(Other) <u>tbg</u>	

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

17. 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.)*

8-10-79

Moved in and rigged up FWS swabbing unit. Ran 38 jts 1-1/4" OD 2.4# J-55 LOR EUE tbg. TE 1263.05' set @ 1260' GR. Landed tbg and nipped up wellhead. Left tbg open to atmosphere 3 hours. Shut in.

RECEIVED
OIL CONSERVATION DIVISION
SANTA FE

AUG 21 1979
OIL CON. DIVISION
DIST.

18. I hereby certify that the foregoing is true and correct
SIGNED Thomas A. Dugan TITLE Petroleum Engineer DATE 8-14-79

(This space for Federal or State office use)

APPROVED BY _____ TITLE _____ DATE _____
CONDITIONS OF APPROVAL, IF ANY:

SUBMIT IN TRIPPLICATE
 (Other instructions on reverse side)

Form approved
 Budget Bureau No. 42-R1424

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir. Use "APPLICATION FOR PERMIT—" for such proposals.)

1. OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER		6. LEASE DESIGNATION AND SERIAL NO. SF 078897A
2. NAME OF OPERATOR Dugan Production Corp.		7. IF INDIAN, ALLOTTEE OR TRIBE NAME
3. ADDRESS OF OPERATOR Box 234, Farmington, NM 87401		7. UNIT AGREEMENT NAME
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.* See also space 17 below.) At surface 1820' FNL - 820' FWL		8. FARM OR LEASE NAME Western Federal
14. PERMIT NO.	15. ELEVATIONS (Show whether DF, RT, OR, etc.) 6054' GR	9. WELL NO. 9
16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data:		10. FIELD AND POOL, OR WILDCAT South Gallegos PC
NOTICE OF INTENTION TO: TEST WATER SHUT-OFF <input type="checkbox"/> FRACTURE TREAT <input type="checkbox"/> SHOOT OR ACIDIZE <input type="checkbox"/> REPAIR WELL <input type="checkbox"/> (Other) <input type="checkbox"/>		11. SEC. T. R. M. OR BLK. AND SURVEY OR AREA Sec 7 T26N R11W
PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPLETE <input type="checkbox"/> ABANDON* <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/>		12. COUNTY OR PARISH San Juan
WATER SHUT-OFF <input type="checkbox"/> FRACTURE TREATMENT <input type="checkbox"/> SHOOTING OR ACIDIZING <input type="checkbox"/> (Other) <input type="checkbox"/>		13. STATE NM

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data:

TEST WATER SHUT-OFF <input type="checkbox"/>	PULL OR ALTER CASING <input type="checkbox"/>	WATER SHUT-OFF <input type="checkbox"/>	REPAIRING WELL <input type="checkbox"/>
FRACTURE TREAT <input type="checkbox"/>	MULTIPLE COMPLETE <input type="checkbox"/>	FRACTURE TREATMENT <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
SHOOT OR ACIDIZE <input type="checkbox"/>	ABANDON* <input type="checkbox"/>	SHOOTING OR ACIDIZING <input type="checkbox"/>	ABANDONMENT* <input type="checkbox"/>
REPAIR WELL <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	(Other) <input type="checkbox"/>	per <input checked="" type="checkbox"/>

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

17. 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.)*

7-28-79 Moved in and rigged up FWS swabbing unit. Blue Jet rigged up and ran gamma ray correlation and collar log. PBD 1422'. Swabbed 2-7/8" csg down to 1000'. Perf w/2 2-1/8" glass jets per foot 1278-1282 (8 holes) and 1126-1131 (10 holes). Swabbed well down. Very slight show gas with no indication of fluid entry.

JUL 31 1979
 U.S. GEOLOGICAL SURVEY

AUG 2 1979
 OIL COLLAR LOG
 DISC

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

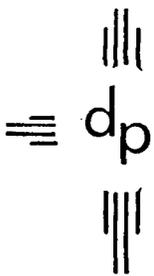
SIGNED Thomas A. Dugan TITLE Petroleum Engineer DATE 7-30-79

(This space for Federal or State office use)

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions on Reverse Side
 MUMOC



dugan production corp.



August 16, 1979

New Mexico Oil Conservation Division
1000 Rio Brazos Road
Aztec, NM 87410

Re: Dugan Production Corp.
Western Federal #9
1820' FNL - 820' FWL
Section 7 T26N R11W
San Juan County, NM

Gentlemen:

This is to certify that deviation tests were run on the captioned well
and the following is a true report of those tests:

1/2° @ 1400'

Sincerely,

Thomas A. Dugan
Thomas A. Dugan
President

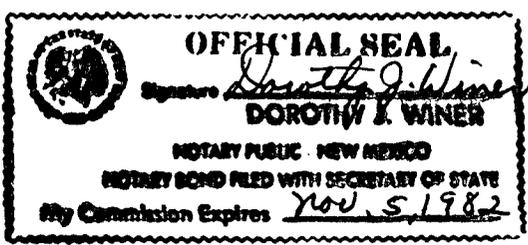


State of New Mexico)
County of San Juan) ss

Subscribed and sworn to before me this 16 day of August, 1979.

Notary Public

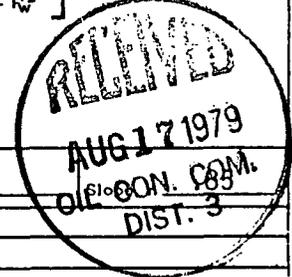
My commission expires November 5, 1982



3-NMOCD 1-Merrion and Bayless 1-Atom, Inc. 1-El Paso 1-File
 NEW MEXICO OIL CONSERVATION COMMISSION
 MULTIPOINT AND ONE POINT BACK PRESSURE TEST FOR GAS WELL

Form O-122
 Revised 9-1-65

Type Test <input checked="" type="checkbox"/> Initial <input type="checkbox"/> Annual <input type="checkbox"/> Special				Test Date 8-16-79											
Company Dugan Production Corp.				Connection											
Pool South Gallegos Fruitland				Formation Fruitland		Unit									
Completion Date 8-9-79		Total Depth 1480'		Plug Back TD 1422'		Elevation 6054' GR									
Farm or Lease Name Western Federal				Well No. 9											
Csg. Size 2-7/8"	Wt. 6.4#	d	Set At 1472'	Perforations: From 1126 To 1282		Unit Sec. Twp. Rge. E 7 26N 11W									
Tbg. Size 1-1/4"	Wt. 2.4#	d	Set At 1260'	Perforations: From Open End To		Unit Sec. Twp. Rge. E 7 26N 11W									
Type Well - Single - Bradenhead - G.G. or G.O. Multiple Single - Gas				Packer Set At		County San Juan									
Producing Thru tbg		Reservoir Temp. °F @		Mean Annual Temp. °F		Baro. Press. - P _a State New Mexico									
L	H	G _g .62 est	% CO ₂	% N ₂	% H ₂ S	Prover	Meter Run Taps								
FLOW DATA				TUBING DATA		CASING DATA		Duration of Flow							
NO.	Prover Line Size	X	Orifice Size	Press. p.s.i.g.	Diff. h _w	Temp. °F	Press. p.s.i.g.		Temp. °F	Press. p.s.i.g.	Temp. °F				
1.							266		266		7 days				
2.															
3.	5/8" pos choke			3		62 ⁰			69		3 hrs				
4.															
5.															
RATE OF FLOW CALCULATIONS															
NO.	Coefficient (24 Hour)	$\sqrt{h_w P_m}$	Pressure P _m	Flow Temp. Factor F _l	Gravity Factor F _g	Super Compress. Factor, F _{pv}	Rate of Flow Q, Mcfd								
1.															
2.															
3.	8.5417		15	.9981	.9837	1.000	126								
4.															
5.															
NO.	P _r	Temp. °R	T _r	Z	Gas Liquid Hydrocarbon Ratio _____ Mcf/bbl.										
1.					A.P.I. Gravity of Liquid Hydrocarbons _____ Deg.										
2.					Specific Gravity Separator Gas _____ X X X X X X X X										
3.					Specific Gravity Flowing Fluid _____ X X X X X										
4.					Critical Pressure _____ P.S.I.A. _____ P.S.I.A.										
5.					Critical Temperature _____ R _____ R										
$P_c = 278$ $P_c^2 = 77,284$ (1) $\frac{P_c^2}{P_c^2 - P_w^2} = 1.0928$ (2) $\left[\frac{P_c^2}{P_c^2 - P_w^2} \right]^n = 1.0783$															
NO.	P ₁ ²	P _w	P _w ²	P _c ² - P _w ²	AOF = Q $\left[\frac{P_c^2}{P_c^2 - P_w^2} \right]^n = 136$										
1.															
2.															
3.		81	6561	70723											
4.															
5.															
Absolute Open Flow				136 Mcfd @ 15.025				Angle of Slope @							
Remarks:															
Approved By Commission:				Conducted By: Hall				Calculated By: Jacobs				Checked By:			



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

SUBMIT IN TRIPPLICATE*
(Other instructions on re-verse side)

Form approved
Budget Bureau No. 42-R1424.

5. LEASE DESIGNATION AND SERIAL NO.
SF 078897A

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME
Western Federal

9. WELL NO.
9

10. FIELD AND POOL, OR WILDCAT
South Gallegos PC

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
Sec 7. T26N R11W

12. COUNTY OR PARISH
San Juan

13. STATE
NM

SUNDRY NOTICES AND REPORTS ON WELLS
(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir. Use "APPLICATION FOR PERMIT—" for such proposals.)

1. OIL WELL GAS WELL OTHER

2. NAME OF OPERATOR
Dugan Production Corp.

3. ADDRESS OF OPERATOR
Box 234, Farmington, NM 87401

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.* See also space 17 below.)
At surface
1820' FNL - 820' FWL

14. PERMIT NO.

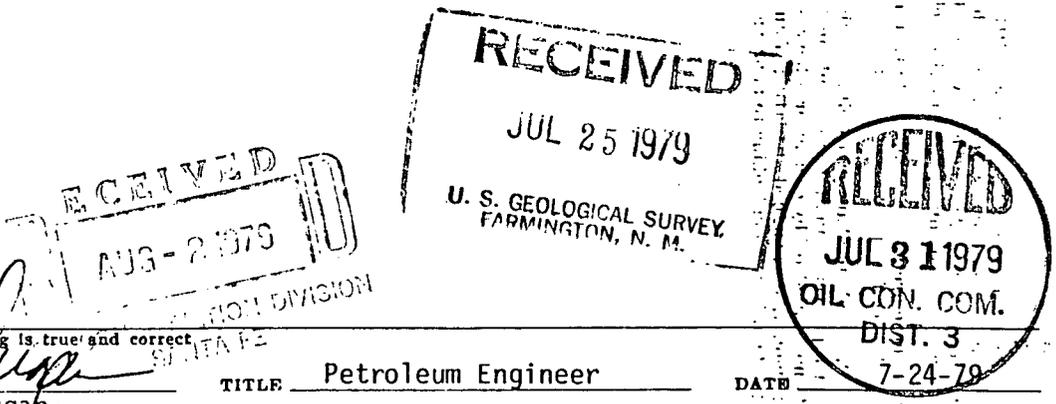
15. ELEVATIONS (Show whether DF, RT, GR, etc.)
6054' GR

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
TEST WATER SHUT-OFF <input type="checkbox"/>	PULL OR ALTER CASING <input type="checkbox"/>	WATER SHUT-OFF <input type="checkbox"/>	REPAIRING WELL <input type="checkbox"/>
FRACTURE TREAT <input type="checkbox"/>	MULTIPLE COMPLETE <input type="checkbox"/>	FRACTURE TREATMENT <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
SHOOT OR ACIDIZE <input type="checkbox"/>	ABANDON* <input type="checkbox"/>	SHOOTING OR ACIDIZING <input type="checkbox"/>	ABANDONMENT* <input checked="" type="checkbox"/>
REPAIR WELL <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	(Other) <u>ESG</u>	
(Other)		(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)	

17. 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.)*

7-21-79 Conditioned hole. Laid down drill pipe. Ran IES log by Welex. Rigged up and ran 49 jts 2-7/8" OD 6.4# 10R NEUE new tbg for csg. TE 1472.77' set @ 1472' GR. Cemented by HOWCO w/50 sx 65-35 plus 12% gel and 1/4# flo cele per sx followed by 50 sx class "B" w/4% gel and 1/4# flo cele per sx. Pre-flushed hole w/150 gals mud flush. Good circulation throughout job. Reciprocated pipe OK while cementing. Bumped plug w/1800 psi. Bled back pressure to 1000 psi. Left SI. POB 5:15 p.m. 7-21-79. Cement did not circulate.



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

SIGNED Thomas A. Dugan TITLE Petroleum Engineer DATE 7-24-79

(This space for Federal or State office use)

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions on Reverse Side

NMOCC

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

SUBMIT IN TRIPPLICATE*
(Other instructions on re-verse side)

Form approved.
Budget Bureau No. 42-R1424.

5. LEASE DESIGNATION AND SERIAL NO.

SF 078897A

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME

Western Federal

9. WELL NO.

9

10. FIELD AND POOL, OR WILDCAT

South Gallegos PC

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA

Sec 7 T26N R11W

12. COUNTY OR PARISH 13. STATE

San Juan

NM

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir. Use "APPLICATION FOR PERMIT—" for such proposals.)

1. OIL WELL GAS WELL OTHER

2. NAME OF OPERATOR
Dugan Production Corp.

3. ADDRESS OF OPERATOR
Box 234, Farmington, NM 87401

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.* See also space 17 below.)
At surface
1820' FNL - 820' FWL

14. PERMIT NO.

15. ELEVATIONS (Show whether DF, RT, GR, etc.)

6054' GR

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

SUBSEQUENT REPORT OF:

TEST WATER SHUT-OFF

PULL OR ALTER CASING

WATER SHUT-OFF

REPAIRING WELL

FRACTURE TREAT

MULTIPLE COMPLETE

FRACTURE TREATMENT

ALTERING CASING

SHOOT OR ACIDIZE

ABANDON*

SHOOTING OR ACIDIZING

ABANDONMENT*

REPAIR WELL

CHANGE PLANS

(Other) spud and surface csg

(Other)

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

17. 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.)*

7-16-79 Moved in and rigged up Morrow Drlg Co. Spudded 7-7/8" hole 7-16-79. Drlg to 30'. Set 29.97' of 5-1/2" surface pipe. Cemented w/6 sx.

7-17-79 Re-cemented surface pipe with 2 sx cement. WOC.

RECEIVED
AUG-23-1979
OIL CONSERVATION DIVISION
SANTA FE

RECEIVED
JUL 25 1979
U. S. GEOLOGICAL SURVEY
FARMINGTON, N. M.
OIL CON. COM.
DIST. 3.

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

SIGNED

Thomas A. Dugan
Thomas A. Dugan

TITLE Petroleum Engineer

DATE

7-24-79

(This space for Federal or State office use)

APPROVED BY

TITLE

DATE

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions on Reverse Side

NMOCE

DEVELOPMENT PLAN

Dugan Production Corp.

Western Federal #9

1. Existing roads and existing wells are shown on attached plat.
2. Planned access from existing road approximately 0' to new location. Will leave natural grass and small vegetation on roadway. Will remove large brush or trees from road. Do not plan to make road grade or bar ditches. Will bottom-out any arroyo we cross and not install culverts.
3. Location of well: 1820' FNL - 820' FWL
Section 7 T26N R11W
San Juan, New Mexico
4. No additional well(s) planned on this lease at this time.
5. Separator and flow line will be located within 50' of wellhead.
6. Water will be secured from El Paso Chaco Plant or Bisti Water Flood.
7. Waste materials will be buried on location or in reserve pit.
8. No permanent camp is planned; trailer house will be used on location while drilling.
9. Do not plan to build airstrip.
10. See attached plat for proposed location layout.
11. A general description of the topography, soil characteristics, geologic features, flora and fauna; other surface-use activities and surface ownership of involved lands, proximity of water, occupied dwellings, archeological, historical or cultural sites can be found in the archeologist's report.
12. Geologic name of surface formation: Undifferentiated Tertiary
13. Estimated tops of important geologic markers:

Ojo Alamo	200'
Kirtland	450'
Fruitland	1100'
Pictured Cliffs	1380'
14. Estimated depths of anticipated water, oil, gas, or other mineral bearing formations which are expected to be encountered:
water 200' ----- Ojo Alamo gas - 1400'-----Pictured Cliffs
15. We do not anticipate to encounter any abnormal pressures or temperatures or any potential hazards such as those associated with hydrogen sulfide.
16. Will clean up location, fill and level pits, level ruts in road, reseed location and road with Seed Mixture #2 and paint equipment with Sandstone Brown.
17. Operator's Representative:
Richard Tully
Box 234
Farmington, NM 87401
18. Certification: The following statement must be signed by the lessee's or operator's field representative who is identified in Item #17 of the Plan:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route; that I am familiar with the conditions which presently exist; that the statements made in this Plan are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by Dugan Production Corp. and its contractors and subcontractors in conformity with this Plan and the terms and conditions under which it is approved.

Date: 5-3-79

Richard Tully
Richard Tully

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

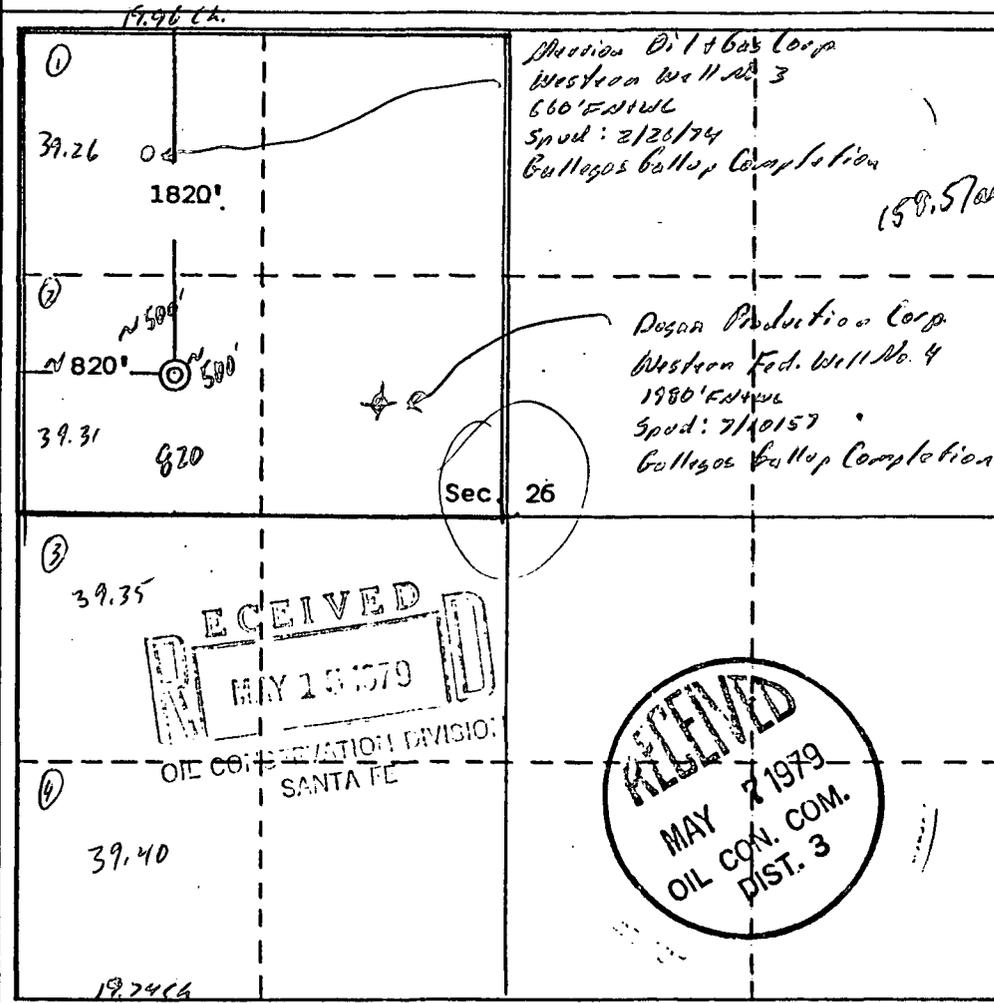
Operator Dugan Production Corporation			Lease Western Federal		Well No. #9
Unit Letter E	Section 7	Township 26 North	Range 11 West	County San Juan	
Actual Footage Location of Well: 1820 feet from the North line and 820 feet from the West line					
Ground Level Elev. 6054	Producing Formation Pictured Cliffs		Pool Wildcat - PC	Dedicated Acreage: 160 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation Plan to communitize SF 078897 and SF 078897 A

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

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

Richard Tully

Name	Richard Tully
Position	Landman
Company	Dugan Production Corp.
Date	5-3-79

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 knowledge and belief.

Date Surveyed	April 17, 1979
Registered Professional Engineer and/or Land Surveyor	<i>Edgar L. Risenhoover</i>

Certificate No.	5979
Edgar L. Risenhoover, L.S.	

UNITED STATES DEPARTMENT OF THE INTERIOR GEOLOGICAL SURVEY

30-045-23504

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK DRILL [X] DEEPEN [] PLUG BACK []
b. TYPE OF WELL OIL WELL [] GAS WELL [X] OTHER [] SINGLE ZONE [] MULTIPLE ZONE []

2. NAME OF OPERATOR Dugan Production Corp.

3. ADDRESS OF OPERATOR Box 234, Farmington, NM 87401

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)* At surface 1820' FNL - 820' FWL At proposed prod. zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 17 miles south of Farmington

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any) 1170'

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 840'

21. ELEVATIONS (Show whether DF, RT, GR, etc.) 6054' GR

23. PROPOSED CASING AND CEMENTING PROGRAM

Table with 5 columns: SIZE OF HOLE, SIZE OF CASING, WEIGHT PER FOOT, SETTING DEPTH, QUANTITY OF CEMENT. Rows include 7-7/8" hole with 5-1/2" casing and 5" hole with 2-7/8" casing.

Plan to drill well using mud as circulating medium to test Pictured Cliffs formation. If productive, plan to set 2-7/8" tubing for casing, selectively perforate, frac, clean out after frac, run 1-1/4" tubing and complete well.

Do not plan to use a blowout preventer while drilling. Will use master valve and stripper head while completing well.

RECEIVED MAY 2 1979 OIL CONSERVATION DIVISION SANTA FE

RECEIVED MAY 7 1979 OIL CON. DIV. DIST. 3

NMERB: Gas not dedicated.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED Richard Tully TITLE Landman DATE 5-3-79

(This space for Federal or State office use)

PERMIT NO. APPROVAL DATE

APPROVED BY TITLE DATE

CONDITIONS OF APPROVAL, IF ANY:

ak Smith

NMOCC

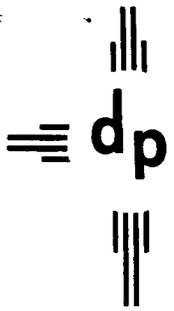
*See Instructions On Reverse Side

(d) In lieu of Paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid parties were notified by registered or certified mail of his intent to form such non-standard unit. The Division Director may approve the application if no such party has entered an objection to the formation of such non-standard unit within 30 days after the Division Director has received the application.

RULE 7. The first well drilled or recompleted on every standard or non-standard unit in the Basin-Fruitland Coal Gas Pool shall be located in the NE/4 or SW/4 of a single governmental section and shall be located no closer than 790 feet to any outer boundary of the proration unit nor closer than 130 feet to any quarter section line nor closer than 10 feet to any quarter-quarter section line or subdivision inner boundary.

RULE 8. The Division Director may grant an exception to the requirements of Rule (7) without hearing when an application has been filed for an unorthodox location necessitated by topographical conditions, the recompletion of a well previously drilled to a deeper horizon, provided said well was drilled at an orthodox or approved unorthodox location for such original horizon, or the drilling of an intentionally deviated horizontal wellbore. All operators or owners of undrilled tracts offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all parties described above or if no objection to the unorthodox location has been entered within 20 days after the Director has received the application.

RULE 9(A). The Division Director shall have the authority to administratively approve an intentionally deviated well in the Basin-Fruitland Coal Gas Pool for the purpose of penetrating the coalbed seams by means of a wellbore drilled horizontally, provided the following conditions are complied with:



dugan production corp.

December 1, 1988

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

RE: Application of Dugan Production Corp. for
Administrative Approval of Non-Standard Spacing Unit
dated November 16, 1988
Basin Fruitland Coal Gas Pool
San Juan County, NM

Gentlemen:

Attached for your file is a copy of the U.S. Postal return receipts that were attached to our November 16, 1988 notice to all operators/owners offsetting the location proposed for the following wells in San Juan County, New Mexico:

Knauff #1 Well	T28N, R10W, Section 31: NW/4
Western Federal #7	T26N, R11W, Section 7: SW/4
Petroleum Inc. Wells	T28N, R15W, Sections 25, 26, 35, 36
Hana #1 Well	T29N, R11W, Section 18: NE/4
Western Federal #9	T26N, R11W, Section 7: NW/4

Having received a receipt for each operator noticed, it is our belief that we have met the notice requirements of the special pool rules for the Basin Fruitland Coal Gas Pool.

Should you need additional information or have questions, please feel free to contact the undersigned.

Sincerely,

Richard Corcoran
Landman

RC/dh

Attach.

Western Federal #9 Well
 T26N, R11W
 Section 7: NW/4
 San Juan County, NM

Offset Operators/Owners:

Navajo Tribal Council
 J. P. McHugh & Associate
 BLM - Tribal Leases

● **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
 Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. Show to whom delivered, date, and addressee's address. (Extra charge)
 2. Restricted Delivery (Extra charge)

3. Article Addressed to: Navajo Tribal Council P.O. Box 2010 Window Rock, AZ 86515 Attn: Akhtar Azaman, Director Navajo Tribal Minerals Dept	4. Article Number P 916 474 607 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise Always obtain signature of addressee or agent and DATE DELIVERED.
5. Signature - Addressee X <i>Akhtar Azaman</i>	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature - Agent X	
7. Date of Delivery NOV 17 1985	

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DH DOMESTIC RETURN RECEIPT

P 916 474 607

RECEIPT FOR CERTIFIED MAIL
 NO INSURANCE COVERAGE PROVIDED
 NOT FOR INTERNATIONAL MAIL
 (See Reverse)

Akhtar Azaman, Director Navajo Tribal Minerals Dept. Navajo Tribal Council P.O. Box 2010	
P.O. State and ZIP Code Window Rock, AZ 86515	
Postage	\$.25
Certified Fee	
Special Delivery Fee	✓ .85
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	.90
Return Receipt showing to whom Date and Address of Delivery	
TOTAL Postage and Fees	\$ 2.00
Postmark or Date	

PS Form 3800, June 1985

Western Fed #9

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
 Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery.

3. Article Addressed to:
 Mr. William J. LeMay, Director
 NM Oil Conservation Division
 P.O. Box 2088
 Santa Fe, NM 87504-2088 ✓

4. Article Number
 P 916 474 604

Type of Service:
 Registered Insured
 Certified COD
 Express Mail

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee
 X *Anna Williams*

6. Signature - Agent
 X

7. Date of Delivery
 11-18-88

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Feb. 1986 DH DOMESTIC RETURN RECEIPT

P 916 474 604
 RECEIPT FOR CERTIFIED MAIL
 NO INSURANCE COVERAGE PROVIDED
 NOT FOR INTERNATIONAL MAIL
 (See Reverse.)

Sent to Mr. William J. LeMay, Dir.
 NM Oil Conservation Division
 Street and No
 P.O. Box 2088
 P.O. State and ZIP Code
 Santa Fe, NM 87504-2088

Postage \$.75
 Certified Fee \$.85
 Special Delivery Fee ✓
 Restricted Delivery Fee
 Return Receipt showing to whom and Date Delivered \$.90
 Return Receipt showing to whom Date and Address of Delivery
 TOTAL Postage and Fees \$ 2.30

Postmark or Date
 11/16/88

Western Fed #9
 PS Form 3800, June 1985

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
 Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery (Extra charge)

3. Article Addressed to:
 Bureau of Land Management
 Farmington Resources & Tribal Leases
 1235 La Plata Highway
 Farmington, NM 87499 ✓
 8749

4. Article Number
 P 916 474 605

Type of Service:
 Registered Insured
 Certified COD
 Express Mail

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee
 X

6. Signature - Agent
 X *[Signature]*

7. Date of Delivery
 11/17/88

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Mar. 1987 U.S.G.P.O. 1987-178-268 DH DOMESTIC RETURN RECEIPT

P 916 474 605
 RECEIPT FOR CERTIFIED MAIL
 NO INSURANCE COVERAGE PROVIDED
 NOT FOR INTERNATIONAL MAIL
 (See Reverse.)

Sent to Bureau of Land Management
 Farmington Resources & Tribal
 Street and No
 1235 La Plata Highway
 P.O. State and ZIP Code
 Farmington, NM 87499 8749

Postage \$.25
 Certified Fee \$.85
 Special Delivery Fee ✓
 Restricted Delivery Fee
 Return Receipt showing to whom and Date Delivered \$.90
 Return Receipt showing to whom Date and Address of Delivery
 TOTAL Postage and Fees \$ 2.90

Postmark or Date
 11/16/88

Western Fed #9
 PS Form 3800, June 1985

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
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1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery (Extra charge)

3. Article Addressed to:
 Jerome P. McHugh & Associates
 650 South Cherry Street, #1225
 Denver, CO 80222 ✓

4. Article Number
 P 916 474 606

Type of Service:
 Registered Insured
 Certified COD
 Express Mail

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee
 X

6. Signature - Agent
 X *[Signature]*

7. Date of Delivery

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Mar. 1987 U.S.G.P.O. 1987-178-268 DH DOMESTIC RETURN RECEIPT

P 916 474 606
 RECEIPT FOR CERTIFIED MAIL
 NO INSURANCE COVERAGE PROVIDED
 NOT FOR INTERNATIONAL MAIL
 (See Reverse.)

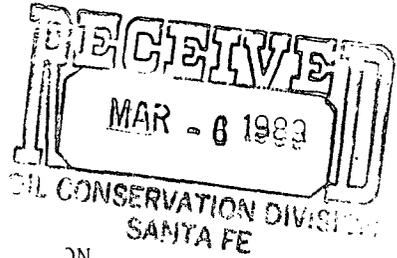
Sent to J. P. McHugh & Associates
 Street and No
 650 S. Cherry St., #1225
 P.O. State and ZIP Code
 Denver, CO 80222

Postage \$.25
 Certified Fee \$.85
 Special Delivery Fee ✓
 Restricted Delivery Fee
 Return Receipt showing to whom and Date Delivered \$.90
 Return Receipt showing to whom Date and Address of Delivery
 TOTAL Postage and Fees \$ 2.90

Postmark or Date
 11/16/88

Western Fed #9
 PS Form 3800, June 1985

W.F. #9



APPROVAL--CE

ON

Pursuant to the authority vested in the Secretary of the Interior under Section 17(j) of the Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j)), and delegated to the Deputy Minerals Managers, Oil & Gas, Minerals Management Service, I do hereby:

- A. Approve the attached communitization agreement covering Lots 1 and 2, E $\frac{1}{2}$ NW $\frac{1}{4}$ (NW $\frac{1}{4}$) section 7, T. 26 N., R. 11 W., N.M.P.M., San Juan County, New Mexico, as to dry gas and associated liquid hydrocarbons producible from the Fruitland formation.
- B. Determine that the Federal lease or leases as to the lands committed to the attached agreement cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located, and that consummation and approval of the agreement will be in the public interest.
- C. Certify and determine that the drilling, producing, rental, minimum royalty and royalty requirements of the Federal lease or leases committed to said agreement are hereby established, altered, changed, or revoked to conform with the terms and conditions of the agreement.

Approved: AUG 16 1982

James W. Shelton
FOR Deputy Minerals Manager, Oil and Gas
Minerals Management Service

Effective: October 1, 1979

Contract No.: SCR-323

FILED OR RECORDED
 BOOK 938 PAGE 333
 SAN JUAN COUNTY, NEW MEXICO
 AUG. 18, 1982
 AT 1:00 O'CLOCK P M
Carol Bentley
 COUNTY CLERK
 DEPUTY *Andrew [unclear]*
Rw 8452 Dec 25 50

COMMUNITIZATION AGREEMENT

Contract No. SCR-323

THIS AGREEMENT entered into as of the 1st day of October, 19 79, by and between the parties subscribing, ratifying or consenting hereto, such parties being hereinafter referred to as "parties hereto",

W I T N E S S E T H :

WHEREAS, the act of February 25, 1920 (41 Stat. 437) as amended and supplemented authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty, or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of this agreement:

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

- 1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

Township 26 North, Range 11 West, N.M.P.M.
Section 7: Lots 1,2, E/2 NW/4
 San Juan County, New Mexico

Containing 158.57 acres, more or less, and this agreement shall extend to and include only the Fruitland formation underlying said lands and the dry gas and associated liquid hydrocarbons, herein referred to as "communitized substances", producible from such formation.

2. Attached hereto, and made a part of this agreement for all purposes, is Exhibit "B", designating the operator of the communitized area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.

3. All matters of operation shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and four (4) executed copies of a designation of successor operator shall be filed with the Area Oil and Gas Supervisor.

4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations.

5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payment of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any Federal lease bearing a sliding-or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any non-communitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day, such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.

7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.

8. The commencement, completion, continued operation or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.

9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.

10. This agreement is effective October 1, 1979 upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or his duly authorized representative, and shall remain in force and effect for a period of two (2) years and for so long thereafter as communitized substances are, or can be, produced from the communitized area in paying quantities; provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction. The two-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.

11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interest until this agreement terminates and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior.

12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is lessor and in the applicable oil and gas regulations of the Department of the Interior.

13. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.

14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.

15. Nondiscrimination. In connection with the performance of work under this agreement, the operator agrees to comply with all of the provisions of Section 202 (1) to (7) inclusive, of Executive Order 11246 (30 F.R. 12319), as amended which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written and have set opposite their respective names the date of execution.

Attest: _____
Barth J. Winer
Assistant Secretary

DUGAN PRODUCTION CORP.
BY: Thomas A. Dugan
Thomas A. Dugan, President

Attest: _____
Secretary

ATOM, INC.
BY: _____
Hugh J. Mitchell, President

Attest: _____
Secretary
J. Gregory Merrion

DEPCO, INC.
BY: _____
President
Robert L. Bayless

Attest: _____

HUSKY OIL COMPANY
BY: _____
President

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Attest: _____

Assistant Secretary

Attest: _____

W. S. Donham
Secretary

Attest: _____

Secretary

J. Gregory Merrion

Attest: _____

DUGAN PRODUCTION CORP. _____

BY: _____

Thomas A. Dugan, President

ATOM, INC. _____

BY: *Hugh J. Mitchell*
Hugh J. Mitchell, President

DEPCO, INC. _____

BY: _____

President

Robert L. Bayless

HUSKY OIL COMPANY _____

BY: _____

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Attest: _____

Assistant Secretary

Attest: _____

Secretary

Attest: _____

Michael D. Shepard
Secretary, Michael D. Shepard

J. Gregory Merrion

Attest: _____

DUGAN PRODUCTION CORP.

BY: _____
Thomas A. Dugan, President

ATOM, INC.

BY: _____
Hugh J. Mitchell, President

DEPCO, INC.

BY: _____
K. G. Ranum, Vice President

Robert L. Bayless

HUSKY OIL COMPANY

BY: _____

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Assistant Secretary

Attest: _____
Secretary

Attest: _____
Secretary
J. Gregory Merrion

Attest: _____
Secretary

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BY: _____
Thomas A. Dugan, President

ATOM, INC.
BY: _____
Hugh J. Mitchell, President

DEPCO, INC.
BY: _____
President

Robert L. Bayless
Robert L. Bayless
HUSKY OIL COMPANY
BY: _____
President

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Attest: _____

Assistant Secretary

Attest: _____

Secretary

Attest: _____

Secretary

J. Gregory Merrion

Attest: _____

W. R. Redmont

DUGAN PRODUCTION CORP.

BY: _____

Thomas A. Dugan, President

ATOM, INC.

BY: _____

Hugh J. Mitchell, President

DEPCO, INC.

BY: _____

President

Robert L. Bayless

HUSKY OIL COMPANY

BY: _____

APPROVED
AS TO FORM
Ent
AS TO COPY

STATE OF)
COUNTY OF) ss.

On this _____ day of _____, 19____, before me personally appeared
J. Gregory Merrion and Robert L. Bayless to me known to be the persons
described in and who executed the foregoing instrument, and acknowledged that they
executed the same as their free act and deed.

Notary Public

My commission expires:

STATE OF NEW MEXICO,
COUNTY OF SAN JUAN ss.

On this 5th day of October, 1979, before me personally appeared
Hugh J. Mitchell to me personally known, who,
being by me duly sworn did say that he is the _____ president of
ATOM, INC, and that the seal affixed
to said instrument is the corporate seal of said corporation and that said instrument
was signed and sealed in behalf of said corporation by authority of its board of
directors, and said Hugh J. Mitchell acknowledged
said instrument to be the free act and deed of said corporation.

[Signature]
Notary Public

My commission expires:
4-6-80

STATE OF)
COUNTY OF) ss.

On this _____ day of _____, 19____, before me personally appeared
J. Gregory Merrion and Robert L. Bayless to me known to be the persons
described in and who executed the foregoing instrument, and acknowledged that they
executed the same as their free act and deed.

Notary Public

My commission expires:

STATE OF COLORADO)
COUNTY OF DENVER) ss.

The foregoing instrument was acknowledged before me this 5th day of May, 1982, by K. G. Ranum, Vice President of DEPCO, Inc., a Delaware corporation, on behalf of said corporation.

WITNESS my hand and official seal.

My commission expires:
September 16, 1984.

Leslyne J. Under
1000 Petroleum Building
110 Sixteenth Street
Denver, Colorado 80202.

STATE OF New Mexico ss.
COUNTY OF San Juan

On this 11th day of October, 1979, before me personally appeared J. Gregory Merrion and Robert L. Bayless to me known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

Eileen Harw
Notary Public

My commission expires:
4-20-80

STATE OF)
COUNTY OF) ss.

On this _____ day of _____, 19____, before me personally appeared _____ to me personally known, who, being by me duly sworn did say that he is the _____ president of _____, and that the seal affixed to said instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and said _____ acknowledged said instrument to be the free act and deed of said corporation.

Notary Public

My commission expires:

STATE OF)
COUNTY OF) ss.

On this _____ day of _____, 19____, before me personally appeared
J. Gregory Merrion and Robert L. Bayless to me known to be the persons
described in and who executed the foregoing instrument, and acknowledged that they
executed the same as their free act and deed.

Notary Public

My commission expires:

STATE OF Colorado)
COUNTY OF Arapahoe) ss.

On this 26th day of October, 1979, before me personally appeared
C.W. Fink to me personally known, who,
being by me duly sworn did say that he is the Vice president of
Husky Oil Company, and that the seal affixed
to said instrument is the corporate seal of said corporation and that said instrument
was signed and sealed in behalf of said corporation by authority of its board of
directors, and said C.W. Fink acknowledged
said instrument to be the free act and deed of said corporation.

Loetta B. Cornelius
Notary Public

My commission expires:

April 18, 1982

EXHIBIT "A"

See Well Location and Acreage Dedication Plat for the communitized area of this agreement reproduced below:

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

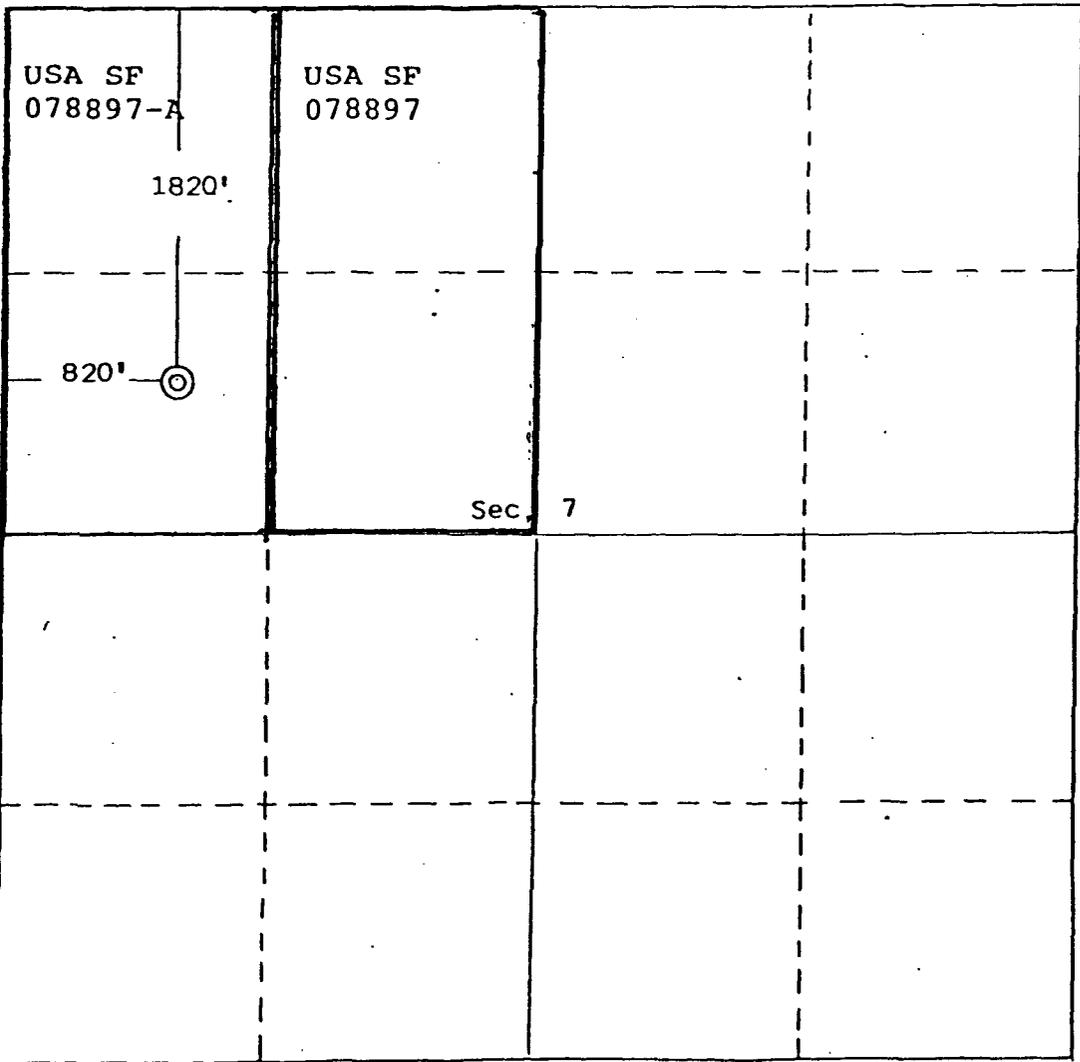
Operator Dugan Production Corporation		Lease Western Federal			Well No. #9
Unit Letter E	Section 7	Township 26 North	Range 11 West	County San Juan	
Actual Footage Location of Well:					
1820 feet from the North line and		820 feet from the West line			
Ground Level Elev. 6054	Producing Formation Fruitland	Pool South Gallegos	Dedicated Acreage: 158.57 Acres		

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation Plan to communitize

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

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

Richard Tully

Name
Richard Tully

Position
Landman

Company
Dugan Production Corp.

Date
10-3-79

I hereby certify that the 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 knowledge and belief.

Date Surveyed
April 17, 1979

Registered Professional Engineer and/or Land Surveyor
Edgar L. Risenhauer

Certificate No. **5979**

EXHIBIT "B"

To Communitization Agreement dated October 1, 1979, embracing:

Township 26 North, Range 11 West, N.M.P.M.
Section 7: Lots 1, 2, E/2 NW/4
San Juan County, New Mexico

Containing 158.57 acres, more or less

Operator of Communitized Area: Dugan Production Corp.

DESCRIPTION OF LEASES COMMITTED

Tract No. 1

Lease Serial Number: USA SF 078897

Lease Date: July 1, 1947

Lease Term: Five Years

Lessor: United States of America

Original Lessee of Record: Sibyl Oneda Holloway

Present Lessee of Record: Dugan Production Corp.

Description of Lands Committed: Township 26 North, Range 11 West, N.M.P.M.
Section 7: E/2 NW/4
San Juan County, New Mexico

Number of Acres: 80

Name and Percent ORRI Owners: See attached Sheet #1

Name and Percent WI Owners: Dugan Production Corp. 100%
P.O. Box 208
Farmington, New Mexico 87401

Tract No. 2

Lease Serial Number: USA SF 078897-A
(Segregated out of SF 078897 effective November 1, 1957)

Lease Date: July 1, 1947

Lease Term: Five Years

Lessor: United States of America

Original Lessee of Record: Sibyl Oneda Holloway

Present Lessee of Record: J. Gregory Merrion, Robert L. Bayless,
Atom, Inc., Husky Oil Company, and
Depco, Inc.

EXHIBIT "B" (Cont'd)

Description of Lands Committed: Township 26 North, Range 11 West, N.M.P.M.
 Section 7: Lots 1 and 2
 San Juan County, New Mexico

Number of Acres: 78.57

Name and Percent ORRI Owners: See attached Sheet #2

Name and Percent WI Owners:

J. Gregory Merrion	30%
Box 1541	
Farmington, New Mexico 87401	
Robert L. Bayless	30%
Box 1541	
Farmington, New Mexico 87401	
Atom, Inc.	40%
Box 1109	
Farmington, New Mexico 87401	

RECAPITULATION

<u>Tract Number</u>	<u>Number of Acres Committed</u>	<u>Percentage of Interest in Communitized Area</u>
1	80.00	50.45%
2	<u>78.57</u>	<u>49.55%</u>
	158.57	100.00%

SHEET #1

Overriding Royalty Interest Owners for USA SF 078897

T. J. Ahern 3701 Kirby Drive, Suite 916 Houston, TX 77006	.33566%
Glenda Earl Ake 2408 Chimney Hill Drive Arlington, TX 76012	.02040%
U. S. Treasury A/C Richard Alexander, Administrator of the Estate of Charles S. Alexander, Deceased Room 3301 New Federal Building 515 Rusk Avenue Houston, TX 77002	.04030%
Hugh G. Alexander, Jr. 2181 Troon Houston, TX 77019	.06118%
Amoco Production Company Box 1953 El Paso, TX 79950	.12237%
Alma B. Anderson 5211 Briar Drive Houston, TX 77056	.09558%
Jerry J. Andrew 408 Longwoods Houston, TX 77024	.14544%
Hazel Bracken #1 Westlane Houston, TX 77019	.00714%
Allison A. Henderson 6410-B Auburn Drive Austin, TX 78723	.00714%
Jean R. Reese #5 Mockingbird Circle Houston, TX 77074	.00714%
Robert Beamon 607 Capitol National Bank Building Houston, TX 77002	.14188%
A. B. Bray 6203 Marquita Dallas, TX 75214	.02447%
Lyle E. Carbaugh 2635 Exxon Building Houston, TX 77002	.00979%
Alto B. Cervin 4020 Republic National Bank Tower Dallas, TX 75201	.06118%

SHEET #1 (Cont'd)

Jack L. Coke 3600 First National Bank Building Dallas, TX 75202	.06118%
Robert C. Coke 6616 Hursey Dallas, TX 75205	.06118%
Grace Keller Ware 53 Carolane Trail Houston, TX 77024	.04588%
Harry B. Botts 12426 Kimberley Lane Houston, TX 77024	.01530%
Hortense F. Davant Estate c/o J. E. Davant 1517 West 5th Avenue Corsicana, TX 75110	.06118%
J. P. Davis Box 131 Edna, TX 77957	.04475%
Jeremy S. Davis 204 Esperson Building Houston, TX 77002	.02804%
Waters S. Davis III 4225 Office Parkway, Suite 103 Dallas, TX 75204	.02804%
Elva Kalb Dumas 3711 San Felipe Road, Apt 9H Houston, TX 77027	.12237%
Robert N. Dumble, Jr. aka Norman Dumble 10014 Locke Lane Houston, TX 77042	.02797%
Albert E. Fagan 254 Maple Valley Road Houston, TX 77027	.07954%
M. E. Fagan Route 1 Inez, TX 77968	.02447%
Fondren Oil Company 738 Houston Natural Gas Building Houston, TX 77002	.12237%
Ella Boyce Fox 9109 Villa Park Circle Dallas, TX 75225	.02040%
W. H. Frederking 1325 Southwest Tower Houston, TX 77002	.04028%

SHEET #1 (Cont'd)

Catherine D. Gauss Bank of New York ATTN: Oil & Gas Group 48 Wall Street New York, NY 10015	.02804%
Mary Ruth Graham, only heir and Executrix of the Estate of W. Wilson Graham 5500 West Purdue Avenue Dallas, TX 75209	.06118%
Laura M. R. Gugenheim 9454 Wilshire Boulevard, Suite 405 Beverly Hills, CA 90210	.06118%
J. D. Hancock 4323 Belclaire Dallas, TX 75205	.01111%
Stanley Harris, Jr. Box 755 Chicago, IL 60690	.12237%
William O. Haslbauer 6833 Colfax Drive Dallas, TX 75231	.02039%
Wilbur E. Hess c/o White, Weld & Co. One Allen Center, Suite 3330 Houston, TX 77002	.12084%
Mary Doll Ingram 2727 Revere, Apt 37 Houston, TX 77006	.08391%
First National Bank of Fort Worth, Trustee U/A for Eula May Johnston, #661 Box 2546 Fort Worth, TX 76101	.24082%
Tom E. Johnson Box 1707 Midland, TX 79701	.01836%
Douglas E. Johnston Securities Corporation 2 Houston Center, Suite 3400 Houston, TX 77002	.04028%
V. A. Johnston Family Trust Katherine Prewett and Mary F. Chesser, Trustees Box 925 Ralls, TX 79357	.06020%
Elva Kalb Dumas and George P. Morgan, Trustees U/W/O E. F. Kalb 3711 San Felipe Road, Apt 9H Houston, TX 77027	.06118%

SHEET #1 (Cont'd)

James J. Johnston 2635 Exxon Building Houston, TX 77002	.14544%
L. B. Kelly, Trustee U/W/O Laurence Corbett Kelly, Deceased c/o M. P. Fredgant, C.P.A. 12327 Santa Monica Boulevard, #102 Los Angeles, CA 90025	.46717%
William R. Kitchell Box 96 Southwest Harbor, ME 04679	.04167%
Gwinn M. Lewis 10919 Wickwild Houston, TX 77024	.05354%
Pattie B. Lundell 10922 Timberglen Houston, TX 77024	.07475%
Thomas V. McMahan Box 497 Houston, TX 77001	.05354%
Ida Mehr 2225 San Felipe Road, Apt 3 Houston, TX 77019	.02238%
Clyde W. Morgan 7048 Lavendale Dallas, TX 75230	.06118%
Pearl N. Nordan 711 NBC Building San Antonio, TX 78205	.06118%
Nordan Trust 711 NBC Building San Antonio, TX 78205	.06118%
L. C. Oldham, Jr. 5651 Willers Way Houston, TX 77056	.02080%
F. S. Oldt 6617 Lakewood Boulevard Dallas, TX 75214	.06118%
First Hutchings-Sealy National Bank of Galveston Trustee U/W of Gladys D. Pearson Box 1500 Galveston, TX 77553	.03059%
Estate of Pearson O. Porter, Jr. c/o Roland Bellard Box 924 League City, TX 77573	.00765%

SHEET #1 (Cont'd)

George R. Reese, Jr. #5 Mockingbird Circle Houston, TX 77074	.02141%
Kathryn Burger Richardson 3236 Candelaria, NE Albuquerque, NM 87107	.00765%
Kathryn Burger Richardson, Life Tenant 3236 Candelaria, NE Albuquerque, NM 87107	.00765%
Rogers-Gibbard Trust Box 436 Sulphur, OK 73086	.06020%
John R. Scott Box 5961 Dallas, TX 75221	.03059%
J. Doyle Smith 2339 Southgate Houston, TX 77025	.00612%
Mildred P. Snowden 8866 Norwood Avenue Chestnut Hill, PA 19118	.01836%
Raybourne Thompson 2100 First City National Bank Houston, TX 77002	.11748%
Union Oil Company of California Box 3100 Midland, TX 79701	.48163%
David B. Heyler, Jr., William T. Walker, Jr., and Security Pacific National Bank, Co-Trustees U/W of William T. Walker, Deceased Trust #2-01434-7-E Box 2253, Terminal Annex Los Angeles, CA 90051	.19579%
Gladys Watford 2635 Exxon Building Houston, TX 77002	.01530%
James A. Williams Box 20489 Houston, TX 77025	.04283%

SHEET #2

Overriding Royalty Interest Owners for USA SF 078897-A

Same as shown on SHEET #1