

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Ave., Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO.
30-045-30771

5. Indicate Type of Lease *FEDERAL LEASE*
STATE ☐ FEE ☐

6. State Oil & Gas Lease No.
Federal Lease #NM-19163

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" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well:
Oil Well ☐ Gas Well ☒ Other ☐

2. Name of Operator
DUGAN PRODUCTION CORP.

3. Address of Operator
P.O. Box 420 Farmington, NM 87499

4. Well Location
Unit Letter E : 1335 feet from the North line and 935 feet from the West line
Section 17 Township 30N Range 14W NMPM San Juan County

10. Elevation (Show whether DR, RKB, RT, GR, etc.)
5537' GL

11. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK ☐	PLUG AND ABANDON ☐	REMEDIAL WORK ☐	ALTERING CASING ☐
TEMPORARILY ABANDON ☐	CHANGE PLANS ☐	COMMENCE DRILLING OPNS. ☐	PLUG AND ABANDONMENT ☐
PULL OR ALTER CASING ☐	MULTIPLE COMPLETION ☐	CASING TEST AND CEMENT JOB ☐	
OTHER: Downhole Commingle ☒		OTHER: ☐	

12. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompilation.

04C 1115A2
This well was spudded on 2-10-03 and 4-1/2" casing will be cemented at a total depth of $\pm 1140'$. The Fruitland Coal will be perforated at approximately 900'-910' & 995'-1010' and the Pictured Cliffs perforated at $\pm 1015'$ -1025'. Both intervals will be fracture stimulated and the intervals downhole commingled to clean up stimulation fluids and produce both pools.

1&2. NMOCD Order R-11363 established the Basin Fruitland Coal (71629) and Harper Hill Fruitland Sand-Pictured Cliffs (78160) as pre-approved pools for downhole commingling.

3. Proposed perms: Fruitland Coal $\pm 900'$ -910' & $\pm 995'$ -1010'. Pictured Cliffs $\pm 1015'$ -1025'

4. Allocation method: Fixed factors based upon an analysis of production from both pools in the 8 adjacent sections (Ref. Attachment No. 1)

Proposed Allocation	Fruitland Coal <i>55%</i>	Pictured Cliffs <i>45%</i> by Dugans figures
Gas	- 50%	50%
Water	- 50%	50%

5. Both pools are anticipated to produce high volumes of water & the proposed downhole commingling is necessary to economically produce both pools. The value of production from either pool, will not be reduced, but will be maximized as a result of this downhole commingling.

6. The ownership (working, royalty and overriding) is identical for both pools. Dugan Production holds 100% of the working interest and all royalty is Federal.

7. A copy of this sundry is being sent to the Bureau of Land Management.

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

SIGNATURE John D. Roe TITLE Engineering Manager DATE February 14, 2003

Type or print name John D. Roe, Jr. Telephone No. (505) 325-1821

(This space for State use)

APPROVED BY [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. #3 DATE FEB 19 2003

Conditions of approval, if any:

Attachment No. 1
Offset Well Production
Dugan's Turk's Toast No. 90S & 91S
Section 17, T-30N, R-14W
San Juan County, New Mexico

Operator ①	Well	Location UL-S-T-R	# Months Produced	Average Production - mcf/mo & (# of mo. if less than 12) ②					
				Fruitland Coal			Fruitland Sand-PC		
				1st 12 months	2nd 12 months	3rd 12 months	1st 12 months	2nd 12 months	3rd 12 months
ROC	WF State 16 #1	M-16-30N-14W	36	1034	2717	2701	333	401	375
ROC	WF State 16 #2	B-16-30N-14W	19	1597	2889	3511 (8)	77	16 (7)	
ROC	WF State 16 #3	O-16-30N-14W	30				2234	3584	4007 (6)
ROC	WF State 16 #4	C-16-30N-14W	9				226 (9)		
DPC	Riviera Com #2	E-18-30N-14W	10				849 (10)		
DPC	Turk's Toast #9	P-18-30N-14W	10				249 (10)		
DPC	Turk's Toast Com #92	N-18-30N-14W	11	601 (11)					
DPC	Turk's Toast #10	C-19-30N-14W	9				294 (9)		
ROC	WF Federal 20 #1	N-20-30N-14W	34	1957	2498	1518 (10)	320	306	217 (10)
ROC	WF Federal 20 #2	A-20-30N-14W	21	517	218 (9)		369	342 (9)	
ROC	WF Federal 20 #3	O-20-30N-14W	21				1310	864 (9)	
ROC	WF Federal 21 #1Y	M-21-30N-14W	32	683	489	121 (7)	1568	640	161 (8)
ROC	WF Federal 21 #2	F-21-30N-14W	21				3494	4045 (9)	
ROC	WF Federal 21 #3	O-21-30N-14W	20				3403	3756 (8)	

Total all wells	6389	8811	7851	14726	13954	4760
# wells	6	5	4	13	9	4
Average/well	1065	1762	1963	1133	1550	1190
% of FC & PC	48	53	62	52	47	38
Avg. 1st 2 yrs ③	50	53	61	50	45	45

① - ROC - Richardson Operating Co., DPC - Dugan Production Corp.

② - Production data from Dwrights/PI and ONGARD thru October, 2002. All data normalized to 1st month of production. Fruitland Coal production from the Basin Fruitland Coal pool (71629) and Fruitland Sand-PC production from the Harper Hill (78160) and Twin Mounds (86620) Fruitland Sand-Pictured Cliffs pools.

③ - Average of 1st 2 years = 50% Fruitland Coal & 50% Fruitland Sand PC. There is not enough data for time beyond 2 years to support changing the factor.