

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM 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

☐ Oil
Well☒ Gas
Well☐ Other

2. Name of Operator

Dugan Production Corp.

3. Address and Telephone No.

P.O. Box 420, Farmington, NM 87499 (505) 325 - 1821

Location of Well (Footage, Sec., T., R., M., or Survey Description)

1765' FSL & 1700' FEL (NE/4 SE/4)
Unit J, Sec. 17, T30N, R14W, NMPM

5. Lease Designation and Serial No.

NM 19163

6. If Indian, Allotted or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Turk's Toast 91S

9. API Well No.

30 045 30737

10. Field and Pool, or Exploratory Area

Harper Hill FR Sand PC &
Basin Fruitland Coal

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

- ☒ Notice of Intent
- ☐ Subsequent Report
- ☐ Final Abandonment Notice

TYPE OF ACTION

- ☐ Abandonment
- ☐ Recompletion
- ☐ Plugging Back
- ☐ Casing Repair
- ☐ Altering Casing
- ☒ Other
- ☐ Change of Plans
- ☐ New Construction
- ☐ Non-Routine Fracturing
- ☐ Water Shut-Off
- ☐ Conversion to Injection
- ☐ Dispose Water
- Amend downhole
commingling allocation

(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.)

Downhole commingling of Basin Fruitland Coal (71629) and Harper Hill Fruitland Sand-Pictured Cliffs (78160) in Dugan Production's Turk's Toast No. 91S was approved by the BLM on 3/19/03 with a condition of approval that the proposed allocation factors would be authorized until 4/1/04 at which time they would be reviewed and resubmitted. Attached is a copy of NMOCD Form C-103 which proposes amending the allocation factors as of 4/1/04. In addition, Dugan's initial application dated 2/14/03 proposed gas allocation factors of 50% Fruitland Coal and 50% Pictured Cliffs which were approved by the BLM. The NMOCD approved Dugan's application, but changed the gas allocation factors to 55% Fruitland Coal and 45% Pictured Cliffs. All production prior to 4/1/04 has been reported using the 55/45 split approved by the NMOCD. We now request that the BLM modify their records to reflect the 55/45 allocation used for gas production prior to 4/1/04 and to approve the 49/51 gas gas allocation for production subsequent to 4/1/04 as proposed in the attached application.

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

Signed

John D. Roe

Title

Engineering Manager

Date

6/10/2004

(This space for Federal or State office use)

Approved by

John D. Roe

Title

Petr. Eng

Date

6/21/04

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 Instructions on Reverse Side

Submit 3 Copies To Appropriate District Office
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

Form C-103
Revised March 25, 1999

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

WELL API NO. 30-045-30737
5. Indicate Type of Lease <i>FEDERAL LEASE</i> STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. Federal Lease #NM-19163
7. Lease Name or Unit Agreement Name: Turk's Toast
8. Well No. 91S
9. Pool name or Wildcat Basin Fruitland Coal & Harper Hill FR Sand PC

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 J : 1765 feet from the South line and 1700 feet from the East line
Section 17 Township 30N Range 14W NMPM San Juan County

10. Elevation (Show whether DR, RKB, RT, GR, etc.)
5630' GL

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

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐

TEMPORARILY ABANDON ☐ CHANGE PLANS ☐

PULL OR ALTER CASING ☐ MULTIPLE COMPLETION ☐

OTHER: Amend downhole commingling allocation ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐

COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDONMENT ☐

CASING TEST AND CEMENT JOB ☐

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 recompletion.

Downhole commingling of Basin Fruitland Coal (71629) and Harper Hill Fruitland Sand-Pictured Cliffs (78160) in Dugan Production Corp.'s Turk's Toast No. 91S was approved by the NMOCD on 2/19/03. Order No. DHC1114AZ was issued with fixed gas allocation factors of 55% to the Fruitland Coal and 45% to the Pictured Cliffs. The water production was split 50/50. The Bureau of Land Management (BLM) also approved Dugan's application with a condition of their approval being that the allocation factors be reviewed and resubmitted for production after April 1, 2004. Attachment No. 1 presents a summary of production for all Fruitland Coal and Fruitland Sand-Pictured Cliff completions in Section 17 plus the eight adjacent sections. Data for 24 wells (13 Fruitland Coal plus 16 Fruitland Sand-PC) is presented. The average gas allocation factors for this data (four wells having produced for up to four years) is as follows:

Proposed Allocation Factors beginning 4/1/04:			
	Fruitland Coal	Fruitland Sand/PC	Current Factors
Gas	49%	51%	55% Coal 45% PC
Water	50%	50%	50% Coal 50% PC

The ownership (working, royalty and overriding) is identical for both pools. Dugan Production Corp. holds 100% of the working interest and all royalty is federal. A copy of this sundry is being sent to the BLM.

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 June 10, 2004

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

(This space for State use)

APPROVED BY _____ TITLE _____ DATE _____

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	1/04 DHC ③ %FC/%PC	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	4th 12 months	1st 12 months	2nd 12 months	3rd 12 months	4th 12 months
DPC	High Dollar Com #90	N-8-30N-14W	16		877	1488 (4)						
DPC	Poles Paradise #91	P-8-30N-14W	0									
DPC	Poles Paradise #90	M-9-30N-14W	0									
ROC	WF State 16 #1	M-16-30N-14W	51	49/51	1034	2717	2701	2656	333	401	375	888
ROC	WF State 16 #2	B-16-30N-14W	47	49/51	1597	2889	3207	4721 (11)	77	14	0	0 (11)
ROC	WF State 16 #3	O-16-30N-14W	44						2251	4144	4470	5358 (8)
ROC	WF State 16 #4	C-16-30N-14W	27						254	628	248 (3)	
DPC	Turk's Toast #90	K-17-30N-14W	16		128	232 (4)						
DPC	Turk's Toast #90S	E-17-30N-14W	11	55/45	816 (11)				667 (11)			
DPC	Turk's Toast #91	G-17-30N-14W	16		783	2617 (4)						
DPC	Turk's Toast #91S	J-17-30N-14W	11	55/45	1553 (11)				1270 (11)			
DPC	Riviera Com #2	E-18-30N-14W	28						991	3020	4720 (4)	
DPC	Riviera Com #90	G-18-30N-14W	12		1359							
DPC	Turk's Toast #9	P-18-30N-14W	28						249	497	2618 (4)	
DPC	Turk's Toast Com #92	N-18-30N-14W	28		631	786	914 (4)					
DPC	Turk's Toast #10	C-19-30N-14W	27						301	235	340 (3)	
DPC	Turk's Toast #93	G-19-30N-14W	4		769 (4)							
ROC	WF Federal 20 #1	N-20-30N-14W	49	49/51	1957	2498	1681	1141	320	306	234	606
ROC	WF Federal 20 #2	A-20-30N-14W	36	49/51	517	221	823		369	359	609	
ROC	WF Federal 20 #3	O-20-30N-14W	36						1429	966	647	
ROC	WF Federal 21 #1Y	M-21-30N-14W	51	50/50	374	619	219	210	1284	577	187	212
ROC	WF Federal 21 #2	F-21-30N-14W	36						3494	3989	2935	
ROC	WF Federal 21 #3	O-21-30N-14W	35						3403	4201	4708 (11)	
CAL	Hoover #2	A-21-30N-14W	7						4855 (7)			
Total all wells					12,395	14,064	9,545	8,728	21,547	19,337	22,091	6,264
# wells					13	9	6	4	16	13	12	4
Average/well					953	1,563	1,591	2,182	1,347	1,487	1,841	1,566
% of FC & PC					41	51	46	58	59	49	54	42
Avg. 1st 4 yrs					49				51			

① - ROC - Richardson Operating Co., DPC - Dugan Production Corp., CAL - Calpine Natural Gas, LP

② - Production data from Dwrights/PI and ONGARD thru January, 2004 for ROC & CAL and thru 4/04 for DPC.

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 - Downhole commingling factors for January 2004. % gas to Fruitland Coal and % gas to Fruitland Sand/Pictured Cliffs