

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

FORM APPROVED

Budget Bureau No. 1004-0135

Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT -" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well

☐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)

1620' FSL & 1610' FEL (NW/4 SE/4)
Unit J, Sec. 24, T26N, R11W, NMPM

5. Lease Designation and Serial No.

SF 078937

6. If Indian, Allotted or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Davis Federal #1E

9. API Well No.

30 045 30714

10. Field and Pool, or Exploratory Area

Basin Dakota/
Gallegos Gallup Associated

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

Application to downhole
commingle☒

Change of Plans

☐

New Construction

☐

Non-Routine Fracturing

☐

Water Shut-Off

☐

Conversion to Injection

☐

Dispose Water

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

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

Dugan Production proposes to downhole commingle production from the Basin Dakota and Gallegos Gallup Associated pools. The 320 acre spacing unit for both pools is the S/2 and encompasses only one federal lease (SF-078937). All royalty interest is federal. Specifics for downhole commingling are presented in the attached application (NMOCD Form C-103).

CONDITIONS OF APPROVAL

Adhere to previously issued stipulations.

DHC 1195 A 2

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

Signed

John D. Roe Title

John D. Roe

Engineering Manager

Date

4/25/2003

(This space for Federal or State office use)

Approved by

Jim Lovato

Title

Date

MAY 15 2003

Conditions of approval, if any:

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

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

Form C-103
Revised March 25, 1999

WELL API NO. 30-045-30714
5. Indicate Type of Lease STATE ☐ FEDERAL ☐ FEE ☐
6. State Oil & Gas Lease No. Federal Lease No. SF-078937
7. Lease Name or Unit Agreement Name: Davis Federal
8. Well No. 1E
9. Pool name or Wildcat Basin Dakota/ Gallegos Gallup Associated
10. Elevation (Show whether DR, RKB, RT, GR, etc.) 6429' RKB

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 : 1620 feet from the South line and 1610 feet from the East line

Section 24 Township 26N Range 11W NMPM San Juan County

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: Downhole commingle ☒

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 recompilation.

The Davis Fed No. 1 E was spudded 4/6/03 and 4-1/2" casing cemented at 6600' on 4/14/03. Dugan Production proposes to perforate and stimulate the indicated productive intervals in the Basin Dakota and Gallegos Gallup Associated pools. Following stimulation, production from both pools will be downhole commingled, the well tested and placed on production.

1&2. NMOCD Order R-11363 established the Basin Dakota (71599) & Gallegos Gallup Associated (26980) pools as pre-approved pools for downhole commingling.

3. The well has not been perforated, however it is Dugan's intention to perforate intervals correlative to the intervals perforated in the Davis Federal No. 1 well, which will be the approximate depths of $\pm 5515'$ to $5566'$ in the Gallup and $\pm 6249'$ to $6320'$ in the Dakota.

4. It is proposed to allocate the commingled production using fixed factors determined from production in Dugan's Davis Federal No. 1 well (Unit L, Sec. 24, T-26N, R-11W) which is also supported by production in offsetting wells (see Attachments No. 1 & 2).

Proposed allocation:

	Gallegos Gallup	Basin Dakota
Gas	- 67%	33%
Condensate	- 57%	43%
Water	- 64%	36%

5. The value of production from either zone will not be reduced but will be maximized as a result of this downhole commingling which will allow larger production equipment to be installed to handle the commingled production as opposed to, separate sets of production equipment for individual zones.

6. The ownership (working, royalty & overriding royalty) is identical for both zones. Dugan 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 April 25, 2003

Type or print name John D. Roe Telephone No. (505) 325-1821
(This space for State use)

APPROVED BY _____ TITLE _____ DATE _____
Conditions of approval, if any:

Attachment No. 1
Proposed Allocation Factors
Dugan Production Corp.'s Davis Federal No. 1E (J-24-26N-11W)
Downhole Commingled Gallegos Gallup & Basin Dakota

Factors based upon production

Dugan's Davis Federal No. 1 (L-24-26N-11W)

<i>Factor</i>	<i>Gas</i>		<i>Condensate</i>		<i>Water</i>	
	<i>GA</i>	<i>DK</i>	<i>GA</i>	<i>DK</i>	<i>GA</i>	<i>DK</i>
Cum. Production (Att. 2, Pg. 1)	68%	32%	57%	43%	64%	36%
Current Prod. (Att. 2, Pg. 1)	67%	33%	51%	49%	58%	42%
Est. Ultimate Rec.(Att. 2, Pg. 3&4)	67%	33%				

① Gas factors based upon current production from Dugan's Davis Federal No. 1 which is a dual completion. Production is surface commingled (Commingling Order PC-936). Current production factors are supported by EUR factors. In addition, current production from 10 Gallup (4 currently active) and 24 Dakota (11 currently active) wells in adjacent sections indicates a gas allocation factor of 59% Gallup and 41% Dakota which is close to the proposed factor.

② Condensate and water allocation factors are proposed from cumulative data since current production is believed to be affected by liquid loading resulting from inefficient lifting.

ATTACHMENT NO. 2
OFFSET WELL DATA
DUGAN PRODUCTION'S DAVIS FEDERAL NO 1E
SECTION 24 & ADJACENT SECTIONS T-26N, R-10 & 11W
SAN JUAN COUNTY, NEW MEXICO

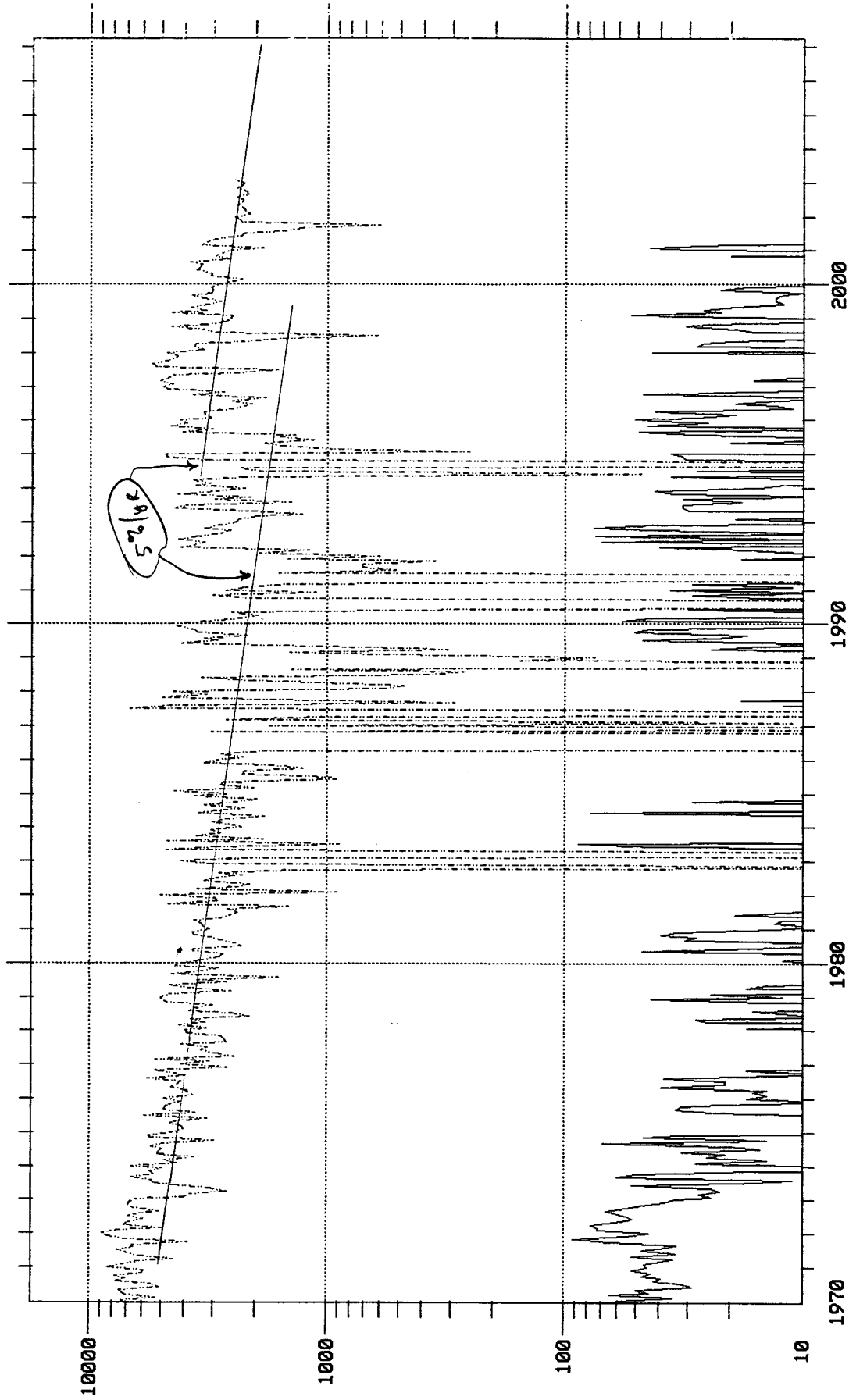
Location	Operator	Well Name	Gallegos Gallup ①				Basin Dakota ①				Remarks
			Cum. Production		Current Production		Cum. Production		Current Production		
			Gas MMCF	Cond. bbl	Gas MCFD	condensate B/MMCF	Gas MMCF	Cond. bbl	Gas MCFD	condensate B/MMCF	
E-24-26N-11W	Dugan Prod.	Platero Navajo #1 *	--	--	--	--	1,983.9	14,361	76	0.1	
L-24-26N-11W	Dugan Prod.	Davis Federal #1 *	2,374.7	10,877	135	1.6	1,095.7	8,106	66	3.1	
J-24-26N-11W	Dugan Prod.	Davis Federal #1E	0.0	0	0	0.0	0.0	0	0	0.0	Drilled & waiting on completion
A-19-26N-10W	Burlington	Huerfano Unit #244E	--	--	--	--	275.4	4,806	0	0.0	
P-19-26N-10W	Burlington	Huerfano Unit #244	--	--	--	--	1,385.6	12,382	0	0.0	P&A 1/95
F-19-26N-10W	Burlington	Huerfano Unit #260 *	--	--	--	--	929.4	7,250	57	13.7	
D-30-26N-10W	Burlington	Huerfano Unit NP #216 *	278.0 **	2,867.0	0	0.0	215.7	2,204	0	0.0	DK P&A 10/91, GA comp. 4/92
G-30-26N-10W	Burlington	Huerfano Unit #225E	--	--	--	--	245.0	2,297	55	15.5	
I-30-26N-10W	Burlington	Huerfano Unit #225	--	--	--	--	3,953.2	43,778	115	9.3	
M-13-26N-11W	Dugan Prod.	Platero Navajo #2	--	--	--	--	1,628.9	12,439	71	1.8	
O-13-26N-11W	Burlington	P. L. Davis #3	--	--	--	--	526.5	5,315	0	0.0	P&A 4/95
F-14-26N-11W	Skelly	O. H. Randel #1	186.8	8,381.0	0	0.0	307.2	5,718	0	0.0	P&A 8/71
O-14-26N-11W	XTO	Berger #5	20.4	3,197.0	56	39.7	1,147.4	11,899	25	3.4	DHC-809AZ
A-23-26N-11W	Beta Dev.	Hawkes Navajo #1	--	--	--	--	595.7	6,853	0	0.0	P&A 3/69
G-23-26N-11W	ConocoPhillips	Nassau #3	389.0	11,335.0	0	0.0	1,211.4	11,062	0	0.0	DHC-1139
J-23-26N-11W	ConocoPhillips	Nassau #3E	--	--	--	--	559.4	4,489	0	0.0	
D-23-26N-11W	XTO	Berger #2	862.8	5,459.0	0	0.0	2,610.6	35,358	0	0.0	P&A 3/80
K-23-26N-11W	XTO	Berger #2E	30.1**	878.0	110	29.2	606.7	3,011	37	2.6	GA compl. 3/02, DHC-799AZ
B-25-26N-11W	Energien Exp.	P. L. Davis #2 *	126.4**	2,203.0	23	4.4	833.2	7,491	0	0.0	DK P&A 3/94, GA comp. 4/94
P-25-26N-11W	Energien Exp.	P. L. Davis #2E	--	--	--	--	398.7	3,694	54	10.8	
L-25-26N-11W	Burlington	P. L. Davis #1	--	--	--	--	1,125.5	12,178	0	0.0	P&A 8/94
A-26-26N-11W	Four Star	P. L. Davis #1	173.2	24.0	0	0.0	342.2	6,115	0	0.0	P&A 10/82
D-26-26N-11W	Four Star	P. L. Davis #1E	--	--	--	--	539.3	4,999	35	6.7	
L-26-26N-11W	Four Star	P. L. Davis #2	137.5	16,185.0	0	0.0	642.2	10,033	0	0.0	P&A 10/88
P-26-26N-11W	Four Star	P. L. Davis #2E	--	--	--	--	426.8	3,713	27	10.5	
Totals			4,578.9	61,406.0	324	74.9	23,585.6	239,551	618	77.5	
Gallup per well average (10 total, 4 active)			458	6,141	81	15.0					
Dakota per well average (24 total, 11 active)							983	9,981	56	7.2	

* - Direct offset to Davis Federal #1E on 160 Acre locations. Production curves attached.
 ** - Recent completion.
 ① Production from IHS/Dwights. Cum. to 12/1/02. Current production is a 12 month average for 12/01 thru 11/02.

Calculated
Oil
Gas
Water

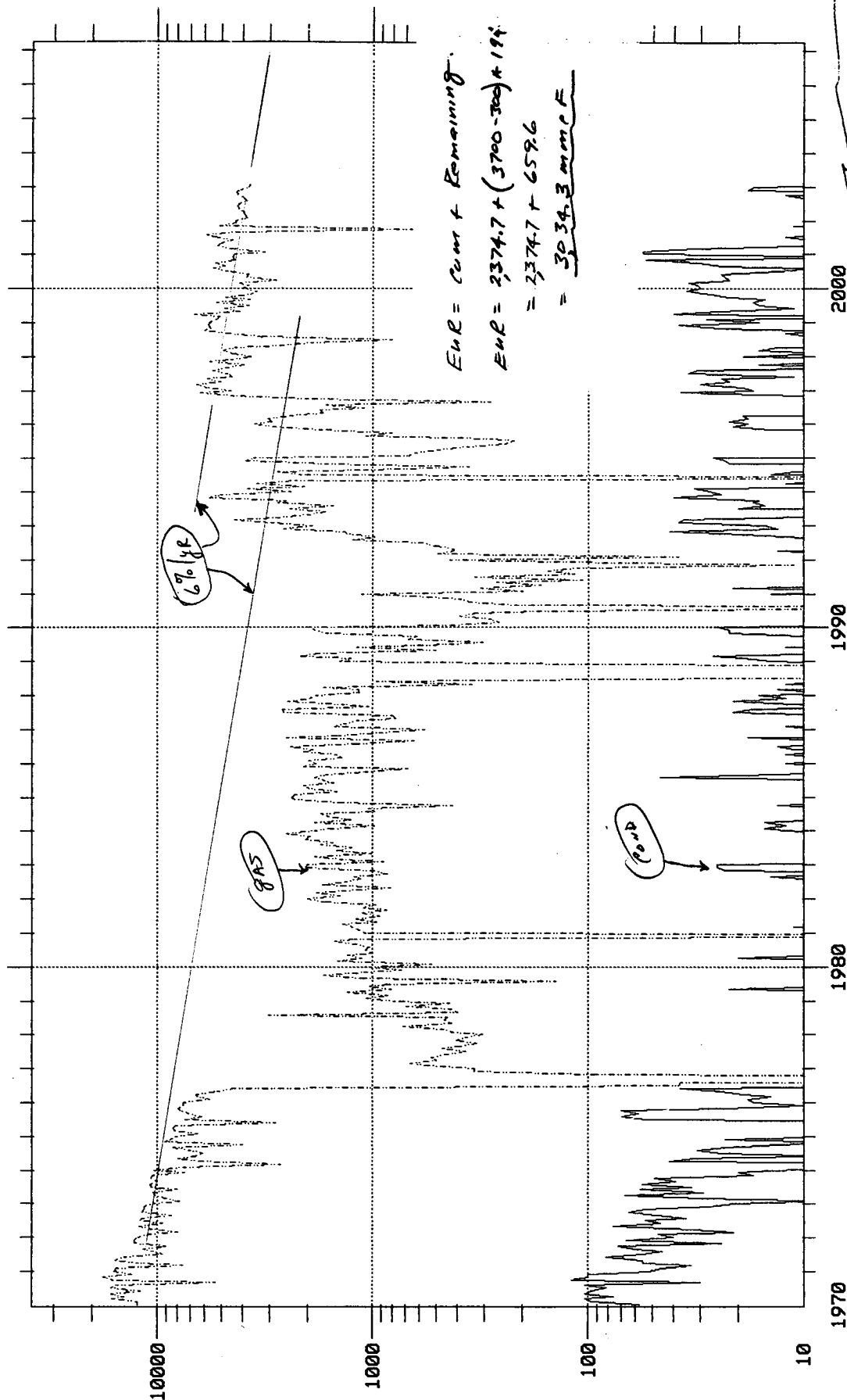
Production
Oil
Gas
Water

DUGAN PRODUCTION CORP.
Production Rate vs Time
BBL/Mo or Mcf/Mo vs Months
Platero Navajo No.1
Basin Dakota Gas Pool (E-24-26N-11W)



DUGAN PRODUCTION CORP.
 Production Rate vs Time
 BBL/Mo or Mcf/Mo vs Months
 Davis Federal No.1 (Ga)
 Gallegos Gallup Associated Pool (L-24-26N-11)

Production
 Oil
 Gas
 Water

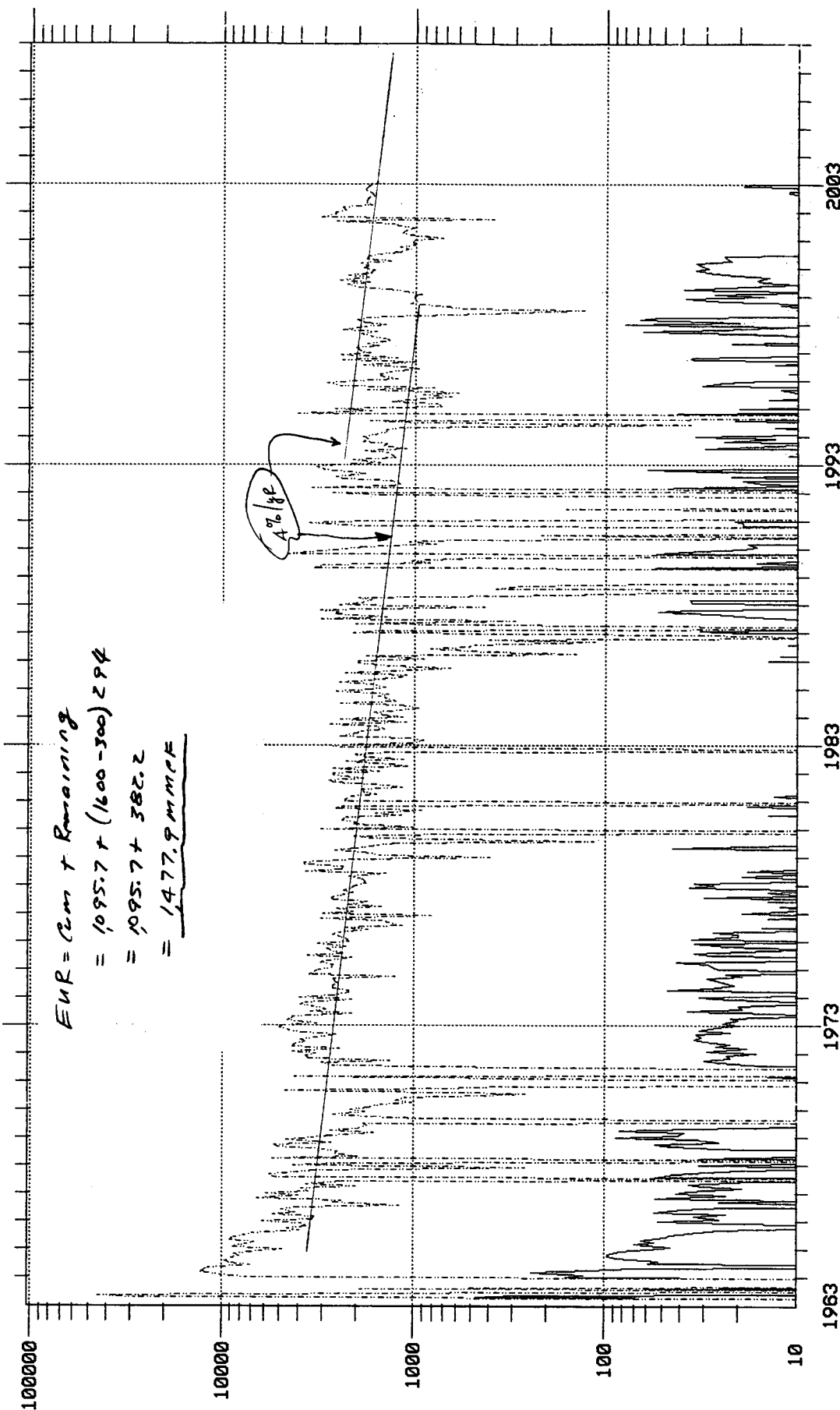


$$\begin{aligned}
 EUR &= Cum + Remaining \\
 EUR &= 2374.7 + (3700 - 300) \times 194 \\
 &= 2374.7 + 659.6 \\
 &= \underline{3034.3 \text{ mmcf}}
 \end{aligned}$$

Production
Oil
Gas
Water

DUGAN PRODUCTION CORP.
Production Rate vs Time
Bbl/Mo or Mcf/Mo vs Months
Davis Federal No.1 (DK)
Basin Dakota Gas Pool (L-24-26N-11W)

$$\begin{aligned}
 EUR &= Cum + Remaining \\
 &= 1095.7 + (1600 - 300) 294 \\
 &= 1095.7 + 382.2 \\
 &= \underline{1477.9 \text{ MMCF}}
 \end{aligned}$$



2003

1993

1983

1973

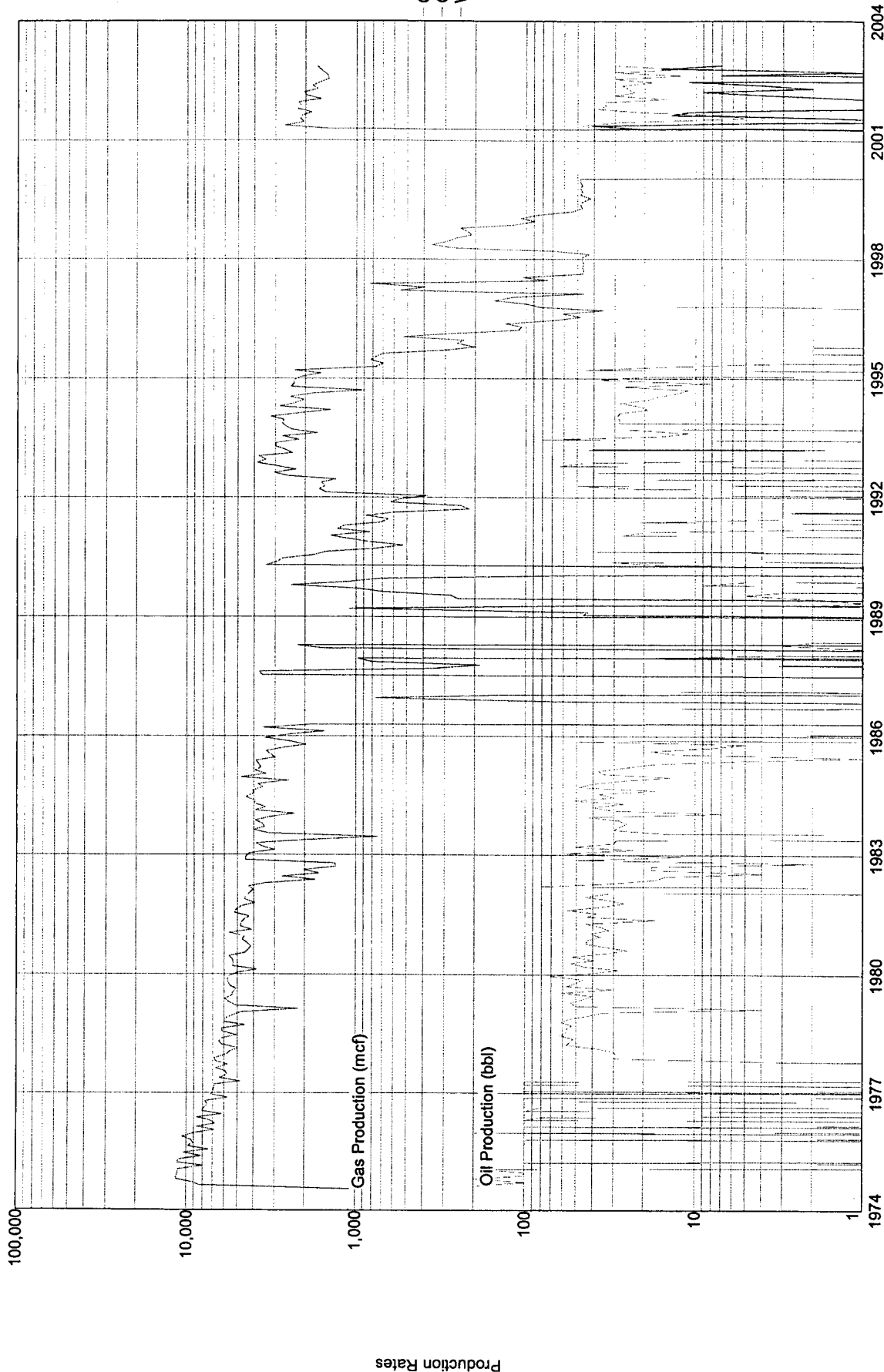
1963

Attachment No. 2
Pg 4 of 9

Lease Name: HUERFANO UNIT
County, State: SAN JUAN, NM
Operator: BURLINGTON RESOURCES O&G CO LP
Field: BASIN
Reservoir: DAKOTA
Location: 19 26N 10W NW SE NW

Huerfano Unit #260-DK

HUERFANO UNIT - BASIN

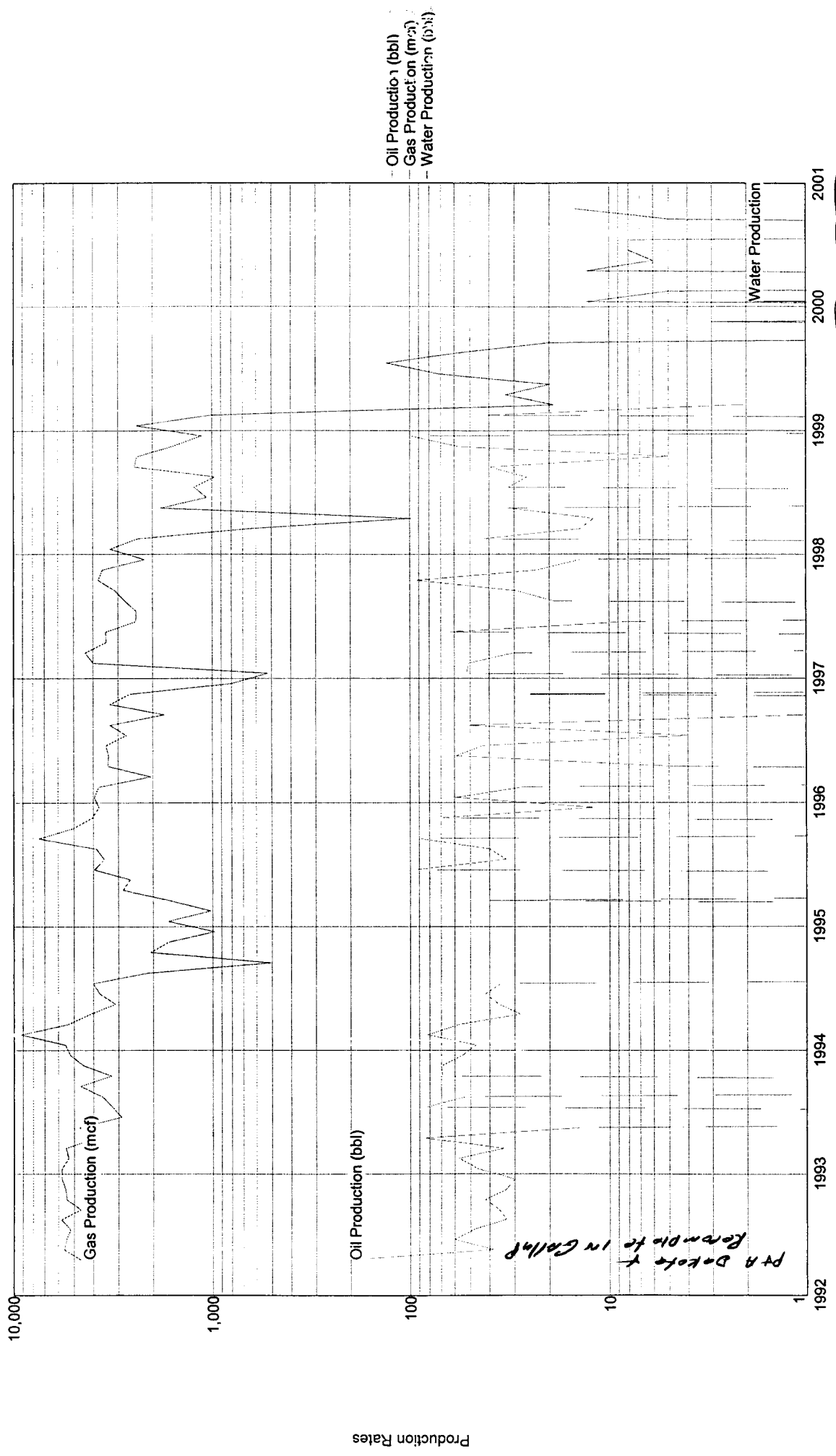


Attachment No 2
Pg 5 of 9

Lease Name: HUERFANO UNIT NP
 County, State: SAN JUAN, NM
 Operator: BURLINGTON RESOURCES O&G CO LP
 Field: GALLEGOS
 Reservoir: GALLUP
 Location: 30 26N 10W SE NW NW

Huerfano Unit- NP 12/16/01

HUERFANO UNIT NP - GALLEGOS



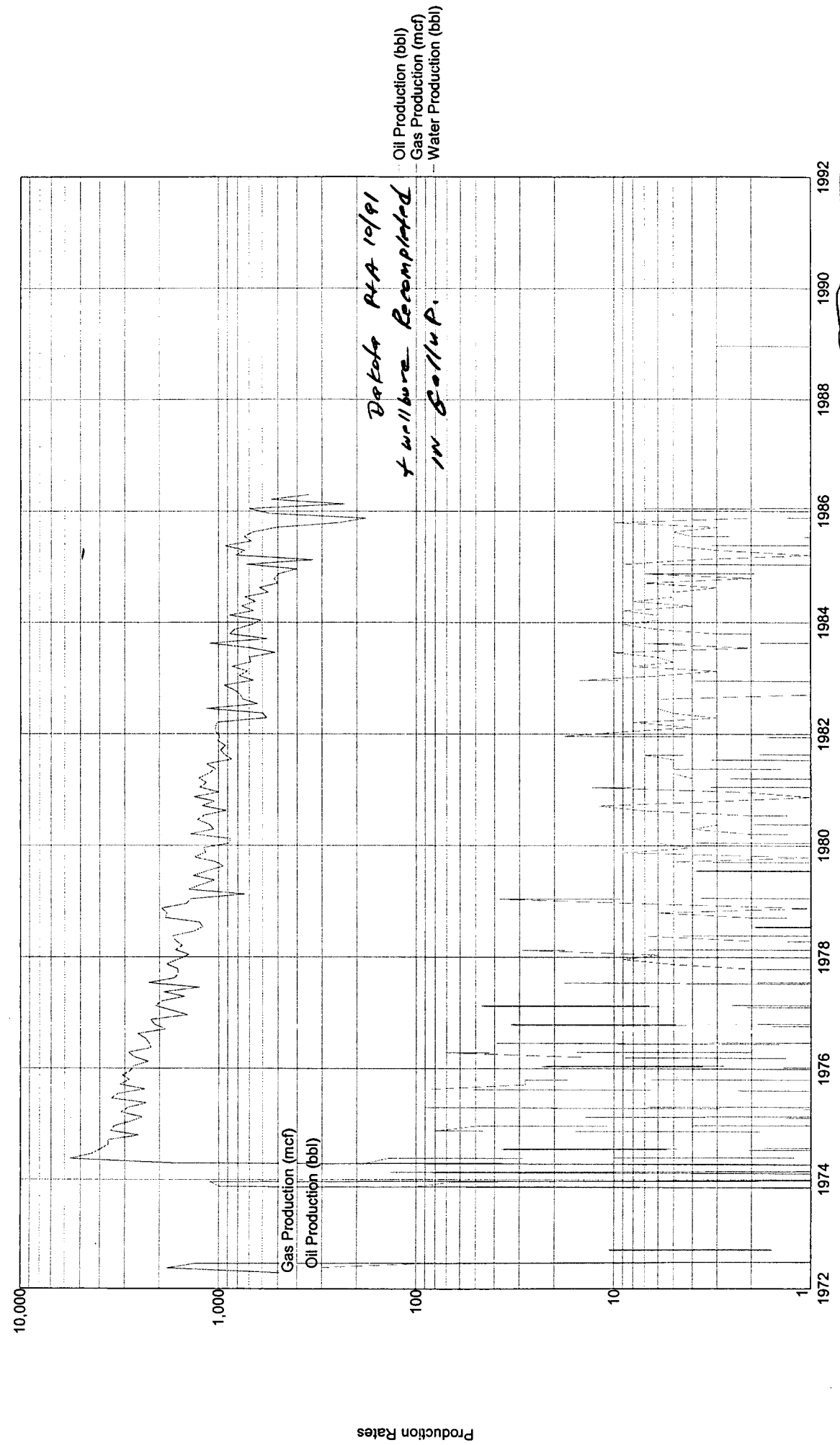
PT A Dakota in Gallup

*Attachment No 2
PS 6 of 9*

Lease Name: HUERFANO UNIT NP
County: State: SAN JUAN, NM
Operator: MERIDIAN OIL INCORPORATED
Field: BASIN
Reservoir: DAKOTA
Location: 30 26N 10W SE NW NW

Huerfano Unit - NP #216 DR

HUERFANO UNIT NP - BASIN

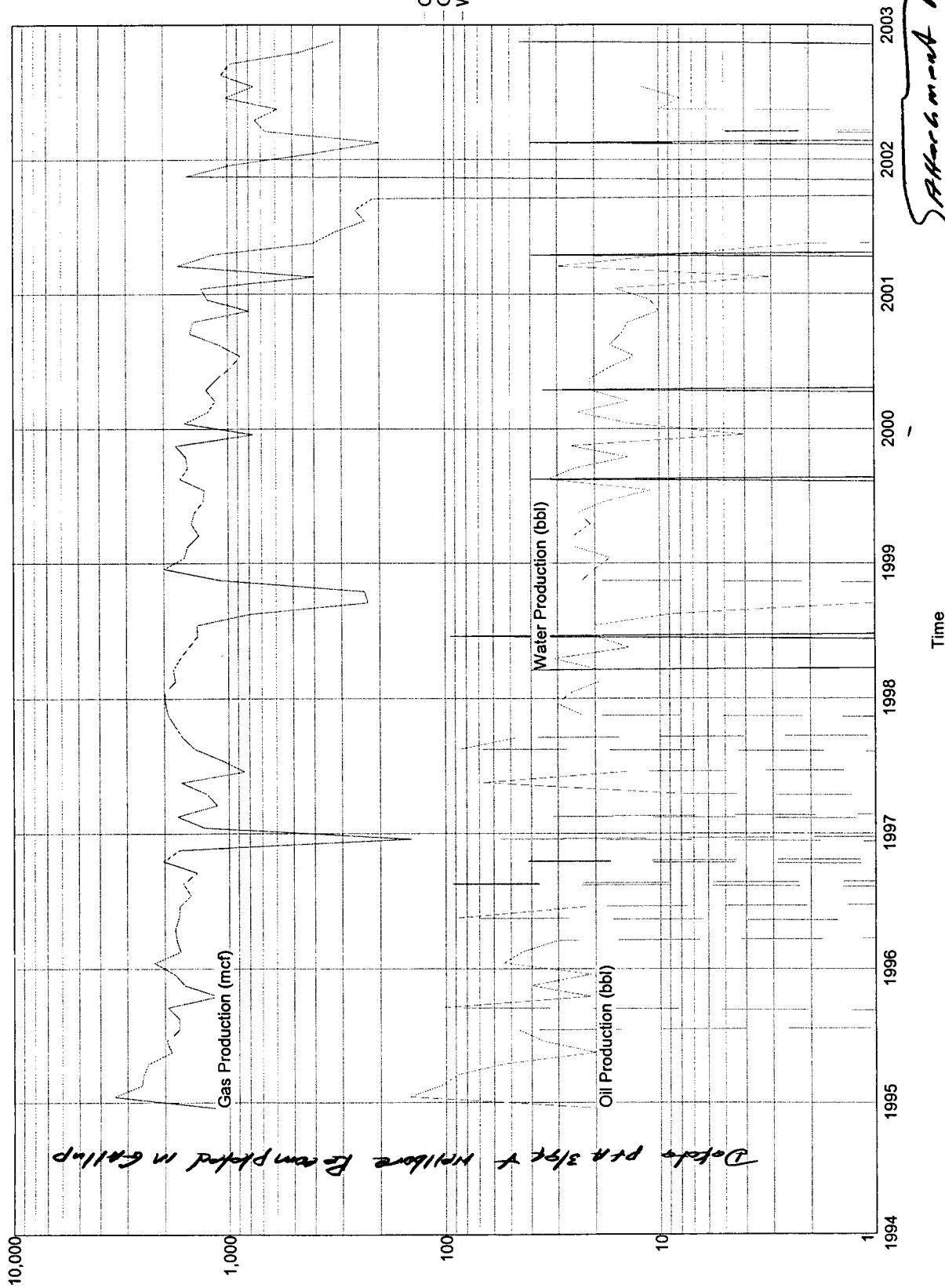


Attachment No 2
pg 7 of 9

Lease Name: P L DAVIS
County, State: SAN JUAN, NM
Operator: ENERGEN RESOURCES CORPORATION
Field: GALLEGOS
Reservoir: GALLUP
Location: 25 26N 11W SE NW NE

P.L. Davis #2 GA

P L DAVIS - GALLEGOS

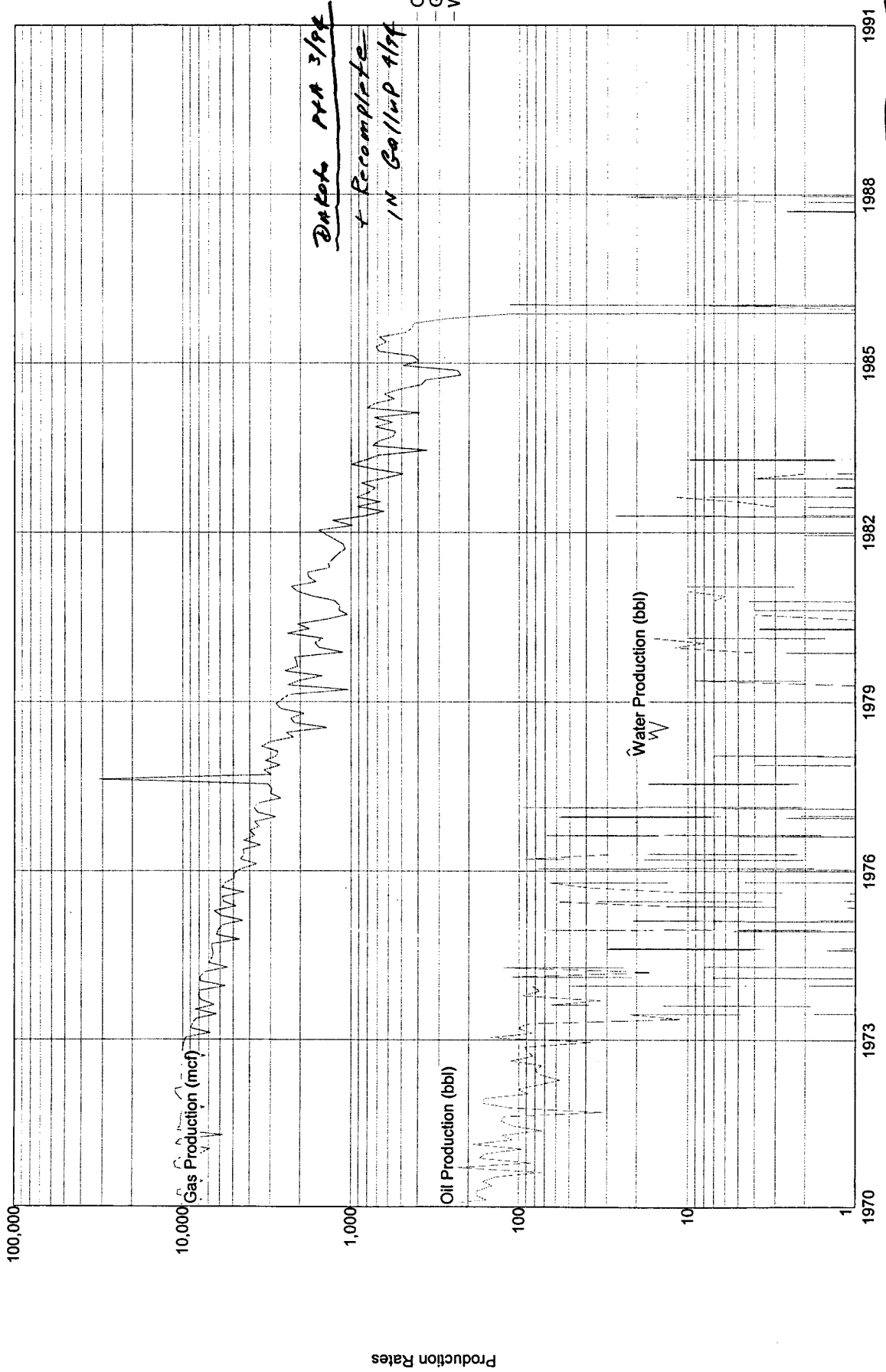


Attachment No. 2
Pg 8 of 9

Lease Name: P L DAVIS
 County, State: SAN JUAN, NM
 Operator: BURLINGTON RESOURCES O&G CO LP
 Field: BASIN
 Reservoir: DAKOTA
 Location: 25 26N 11W SE NW NE

P.L. Davis #2 DK

P L DAVIS - BASIN



Attachment No. 2
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