

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
Budget Bureau No. 1004-0135  
Expires: March 31, 1993

**SUNDRY NOTICES AND REPORTS ON WELLS**

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

**SUBMIT IN TRIPLICATE**

1. Type of Well

☐ 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)

950' FNL & 1100' FEL (NE/4 NE/4)  
Unit A, Sec. 9, T30N, R14W

5. Lease Designation and Serial No.

NM-113433

6. If Indian, Allotted or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Cutie Patutie #90

9. API Well No.

30 045 33504

10. Field and Pool, or Exploratory Area

Basin Fruitland Coal  
Harper Hill Fruitland Sand-PC

11. County or Parish, State

San Juan, NM

12. CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

- ☒ 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

Application to downhole  
commingle

(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 Harper Hill Fruitland Sand-Pictured Cliffs and the Basin Fruitland Coal gas pools upon completing the Cutie Patutie No. 90. The spacing units for both pools (E/2 for Fruitland Coal and NE/4 for Fruitland Sand-Pictured Cliffs) encompass only one federal lease (NM-113433) and 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 2215AZ



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

Signed

John D. Roe  
John D. Roe

Title

Engineering Manager

Date

4/12/2006

(This space for Federal or State office use)

Approved by

Matt Halbert

Title

PET ENG

Date

4/19/06

Conditions of approval, if any.

OPERATOR ✓

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

|                                                                                                           |
|-----------------------------------------------------------------------------------------------------------|
| WELL API NO.<br>30-045-33504                                                                              |
| 5. Indicate Type of Lease - <i>FEDERAL</i><br>STATE <input type="checkbox"/> FEE <input type="checkbox"/> |
| 6. State Oil & Gas Lease No.<br>Federal Lease NM-113433                                                   |
| 7. Lease Name or Unit Agreement Name<br><br>Cutie Patutie                                                 |
| 8. Well Number<br>90                                                                                      |
| 9. OGRID Number<br>006515                                                                                 |
| 10. Pool name or Wildcat<br>Basin FR 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 87499-0420

#### 4. Well Location

Unit Letter A : 950 feet from the North line and 1100 feet from the East line  
Section 9 Township 30N Range 14W NMPM San Juan County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)  
5608' GL

**Pit or Below-grade Tank Application (For pit or below-grade tank closures, a form C-144 must be attached)**

Pit Location: UL\_\_\_\_Sect\_\_\_\_Twp\_\_\_\_Rng\_\_\_\_ Pit type\_\_\_\_ Depth to Groundwater\_\_\_\_ Distance from nearest fresh water well\_\_\_\_  
Distance from nearest surface water\_\_\_\_ Below-grade Tank Location UL\_\_\_\_Sect\_\_\_\_Twp\_\_\_\_Rng\_\_\_\_ ;  
feet from the \_\_\_\_\_ line and \_\_\_\_\_ feet from the \_\_\_\_\_ line

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

**NOTICE OF INTENTION TO:**

|                       |                          |                     |                          |
|-----------------------|--------------------------|---------------------|--------------------------|
| PERFORM REMEDIAL WORK | <input type="checkbox"/> | PLUG AND ABANDON    | <input type="checkbox"/> |
| TEMPORARILY ABANDON   | <input type="checkbox"/> | CHANGE PLANS        | <input type="checkbox"/> |
| PULL OR ALTER CASING  | <input type="checkbox"/> | MULTIPLE COMPLETION | <input type="checkbox"/> |

OTHER: Downhole commingle

## SUBSEQUENT REPORT OF:

|                         |                          |                 |                          |
|-------------------------|--------------------------|-----------------|--------------------------|
| REMEDIAL WORK           | <input type="checkbox"/> | ALTERING CASING | <input type="checkbox"/> |
| COMMENCE DRILLING OPNS. | <input type="checkbox"/> | PLUG AND        | <input type="checkbox"/> |
| CASING TEST AND         | <input type="checkbox"/> | ABANDONMENT     |                          |
| CEMENT JOB              |                          |                 |                          |

OTHER:

13. 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. This well was spudded on 3-7-06 and 5-1/2" casing cemented at 1370'. The Basin Fruitland Coal was perforated 1020'-26' & 1160'-73'. The Harper Hill Fruitland Sand-PC was perforated 1038'-42'; 1125'-31' & 1175'-80'. Both intervals will be fracture stimulated. It is proposed that both intervals be downhole commingled to clean up stimulation fluids and then produced.

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

3. Perforated intervals: Basin Fruitland Coal 1020'-26' & 1160'-73'. Harper Hill Fruitland Sand-PC 1038'-42'; 1125'-31' & 1175'-80'.

4. Proposed allocation method: Fixed factors based upon an analysis of production from both pools in a 9 section area adjacent or close to the subject well (Ref. Attachment No. 1). A total of 24 FR Coal wells, 10 PC wells (4 of which are downhole commingled), were evaluated.

| Proposed Allocation | Fruitland Coal | Fruitland Sand/Pictured Cliffs |
|---------------------|----------------|--------------------------------|
|---------------------|----------------|--------------------------------|

|       |                       |                                       |
|-------|-----------------------|---------------------------------------|
|       | <u>Fruitland Coal</u> | <u>Fruitland Sand/Pictured Cliffs</u> |
| Gas   | - 49%                 | 51%                                   |
| Water | - 50%                 | 50%                                   |

5. Both pools are anticipated to produce high volumes of water & the proposed downhole commingling is necessary to economically & efficiently produce both zones. 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 zones. Dugan Production holds 50% of the working interest and all royalty is Federal (Lease No. NM-113433). Merrion Oil & Gas holds 50% WI and will receive a copy of this application.

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. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE John D. Roe TITLE Engineering Manager DATE April 12, 2006  
Type or print name John D. Roe E-mail address: johnroe@duganproduction.com 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 Cutie Patutie Wells Nos. 90 & 90S**  
**Section 9; T-30N; R-14W**  
**San Juan County, New Mexico**

| Operator ①                | Well                 | Location<br>UL-S-T-R | # Months<br>Produced | 12/05<br>DHC ③<br>%FC/%PC | Average Production - mcf/mo & (# of mo. If less than 12) ② |                  |                  |                  |                  |                  |                   |                  |                  |                  |                  |                  |
|---------------------------|----------------------|----------------------|----------------------|---------------------------|------------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|-------------------|------------------|------------------|------------------|------------------|------------------|
|                           |                      |                      |                      |                           | Fruitland Coal                                             |                  |                  |                  |                  |                  | Fruitland Sand-PC |                  |                  |                  |                  |                  |
|                           |                      |                      |                      |                           | 1st 12<br>months                                           | 2nd 12<br>months | 3rd 12<br>months | 4th 12<br>months | 5th 12<br>months | 1st 12<br>months | 2nd 12<br>months  | 3rd 12<br>months | 4th 12<br>months | 5th 12<br>months | 1st 12<br>months | 2nd 12<br>months |
| DPC                       | Big Field Com #93    | N-3-30N-14W          | 6                    |                           | 8,235(6)                                                   |                  |                  |                  |                  |                  |                   |                  |                  |                  |                  |                  |
| DPC                       | Atlantis Com #4S     | O-3-30N-14W          | 6                    |                           | 2,326(6)                                                   |                  |                  |                  |                  |                  |                   |                  |                  |                  |                  |                  |
| DPC                       | Atlantis #4          | B-3-30N-14W          | 12                   |                           | 327                                                        |                  |                  |                  |                  |                  |                   |                  |                  |                  |                  |                  |
| DPC                       | Nice Com #92         | N-4-30N-14W          | 9                    |                           | 676(9)                                                     |                  |                  |                  |                  |                  |                   |                  |                  |                  |                  |                  |
| DPC                       | Nice Com #91         | O-4-30N-14W          | 8                    |                           | 2,152(8)                                                   |                  |                  |                  |                  |                  |                   |                  |                  |                  |                  |                  |
| DPC                       | High Dollar Com #90  | N-8-30N-14W          | 35                   |                           | 966                                                        | 1,821            | 1,377(11)        |                  |                  |                  |                   |                  |                  |                  |                  |                  |
| DPC                       | Pole's Paradise #91  | P-8-30N-14W          | 20                   |                           | 312                                                        | 1,305(8)         |                  |                  |                  |                  |                   |                  |                  |                  |                  |                  |
| DPC                       | Pole's Paradise #90S | E-9-30N-14W          | 8                    |                           | 2,663(8)                                                   |                  |                  |                  |                  |                  |                   |                  |                  |                  |                  |                  |
| DPC                       | Pole's Paradise #90  | M-9-30N-14W          | 20                   |                           | 855                                                        | 1,372            |                  |                  |                  |                  |                   |                  |                  |                  |                  |                  |
| DPC                       | Big Field #91Y       | K-10-30N-14W         | 36                   |                           | 4,555                                                      | 3,275            | 918              |                  |                  |                  |                   |                  |                  |                  |                  |                  |
| DPC                       | Big Field #90        | A-10-30N-14W         | 35                   |                           | 2,445                                                      | 1,331            | 727(11)          |                  |                  |                  |                   |                  |                  |                  |                  |                  |
| DPC                       | Big Field #91S       | E-10-30N-14W         | 8                    |                           | 3,961(8)                                                   |                  |                  |                  |                  |                  |                   |                  |                  |                  |                  |                  |
| DPC                       | Big Field #5         | I-10-30N-14W         | 62                   |                           | 3,477                                                      | 6,068            | 6,124            | 12,041           | 8080*            |                  |                   |                  |                  |                  |                  |                  |
| DPC                       | Big Field #7         | M-10-30N-14W         | 16                   |                           | 1,968                                                      | 6,190(4)         |                  |                  |                  |                  |                   |                  |                  |                  |                  |                  |
| DPC                       | Mr. Nona 15 #1       | E-15-30N-14W         | 245                  |                           | 295(2)                                                     |                  |                  |                  |                  |                  |                   |                  |                  |                  |                  |                  |
| DPC                       | Big Field #92        | K-15-30N-14W         | 13                   | -④                        | 1,670                                                      | 3,151(1)         |                  |                  |                  | 4,849            | 7,611             | 4,843            | 2,166(9)         |                  |                  |                  |
| DPC                       | Big Field #92S       | O-15-30N-14W         | 13                   |                           | 167                                                        | 226(1)           |                  |                  |                  |                  |                   |                  |                  |                  |                  |                  |
| LOC                       | Ms. Nona #2          | A-15-30N-14W         | 61/77                | 49.0/51.0 ⑤               | 2,995                                                      | 5,886            | 4,004            | 4,987            | 1,579            | 2,931            | 3,252             | 1,369            | 1,146            | 3,885*           |                  |                  |
| DPC                       | Big Field #8         | M-15-30N-14W         | 9                    |                           |                                                            |                  |                  |                  |                  | 1,077(9)         |                   |                  |                  |                  |                  |                  |
| DPC                       | Big Field #6         | I-15-30N-14W         | 37                   |                           |                                                            |                  |                  |                  |                  | 6,836            | 11,999            | 3,053            | 3,084(1)         |                  |                  |                  |
| LOC                       | WF State 16-2        | B-16-30N-14W         | 68/15                |                           | 1,816                                                      | 2,911            | 3,345            | 4,750            | 3052*            | 55               | 16(3)             |                  |                  |                  |                  |                  |
| LOC                       | WF State 16-1        | M-16-30N-14W         | 74/74                | 49.0/51.0 ⑥               | 1,034                                                      | 2,717            | 2,701            | 2,656            | 2074*            | 333              | 401               | 375              | 889              | 2,222*           |                  |                  |
| LOC                       | WF State 16-3        | O-16-30N-14W         | 67                   |                           |                                                            |                  |                  |                  |                  | 2,251            | 4,144             | 4,470            | 4,894            | 2,407*           |                  |                  |
| LOC                       | WF State 16-4        | C-16-30N-14W         | 43                   |                           |                                                            |                  |                  |                  |                  | 467              | 485               | 2,447            | 9707(7)          |                  |                  |                  |
| DPC                       | Turks Toast #91      | G-17-30N-14W         | 35                   |                           | 947                                                        | 2,176            | 2,231(11)        |                  |                  |                  |                   |                  |                  |                  |                  |                  |
| DPC                       | Turks Toast #90      | K-17-30N-14W         | 35                   |                           | 149                                                        | 260              | 332(11)          |                  |                  |                  |                   |                  |                  |                  |                  |                  |
| DPC                       | Turks Toast #90S     | E-17-30N-14W         | 30/30                | 49.0/51.0 ⑦               | 878                                                        | 1,058            | 823(6)           |                  |                  | 763              | 1,101             | 857(6)           |                  |                  |                  |                  |
| DPC                       | Turks Toast #91S     | I-17-30N-14W         | 30/30                | 49.0/51.0 ⑧               | 1,699                                                      | 2,307            | 1,392(6)         |                  |                  | 1,496            | 2,398             | 1,454(6)         |                  |                  |                  |                  |
| Total all wells           |                      |                      |                      |                           | 46,568                                                     | 42,054           | 23,974           | 24,134           | 14,785           | 21,058           | 31,407            | 18,868           | 21,888           | 8,514            |                  |                  |
| # wells                   |                      |                      |                      |                           | 24                                                         | 16               | 11               | 4                | 4                | 10               | 9                 | 8                | 6                | 3                |                  |                  |
| Average/well              |                      |                      |                      |                           | 1,940                                                      | 2,628            | 2,179            | 6,034            | 3,696            | 2,106            | 3,490             | 2,359            | 3,648            | 2,838            |                  |                  |
| % of FC & PC              |                      |                      |                      |                           | 47.9                                                       | 43.0             | 48.0             | 62.3             | 56.6             | 52.1             | 57.0              | 52.0             | 37.7             | 43.3             |                  |                  |
| Avg. 1st 5 yrs            |                      |                      |                      |                           |                                                            |                  | 51.6             |                  |                  |                  |                   | 48.4             |                  |                  |                  |                  |
| Total excluding DHC wells |                      |                      |                      |                           | 39,962                                                     | 30,086           | 15,054           | 16,791           | 11,132           | 15,535           | 24,255            | 14,813           | 19,854           | 2,407            |                  |                  |
| # wells                   |                      |                      |                      |                           | 20                                                         | 12               | 7                | 2                | 2                | 6                | 5                 | 4                | 4                | 1                |                  |                  |
| Average/well              |                      |                      |                      |                           | 1,998                                                      | 2,507            | 2,151            | 8,396            | 5,566            | 2,589            | 4,851             | 3,703            | 4,964            | 2,407            |                  |                  |
| % of FC & PC              |                      |                      |                      |                           | 43.6                                                       | 34.1             | 36.7             | 62.8             | 69.8             | 56.4             | 65.9              | 63.3             | 37.2             | 30.2             |                  |                  |
| Avg. 1st 5 yrs            |                      |                      |                      |                           |                                                            |                  | 49.4             |                  |                  |                  |                   | 50.6             |                  |                  |                  |                  |

Notes:

- ① - DPC = Dugan Production Corp., LOC = Lance Oil & Gas Co.
- ② - Production data from Dwrights/PI and ONGARD thru December 2005. 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 Fruitland Sand-Pictured Cliffs gas pool (78160).
  - \* - production data exists beyond 5 years, however only the 1st 5 years is presented.
- ③ - Downhole commingling factors for December 2005. % of commingled gas from Fruitland Coal and % of commingled gas from Fruitland Sand/Pictured Cliffs.
- ④ - Mr. Nona 15 No. 1 (API No. 30-045-30318) was not downhole commingled as of 12/05. Production 12/01 thru 10/05 was from the Harper Hill Fruitland Sand-Pictured Cliffs pool and production during 11 & 12/05 was from the Basin Fruitland Coal pool. In a sundry dated 10/07/05, the operator presents intentions to downhole commingle production from the Basin Fruitland Coal and Harper Hill Fruitland Sand-Pictured Cliffs pools.
- ⑤ - Ms. Nona No. 2 (API No. 30-045-22764) - Administrative Order DHC-2367 issued 7/1/99 authorized downhole commingling of production from Basin Fruitland Coal and Harper Hill Fruitland Sand-Pictured Cliffs gas pools. Allocation of commingled production to be based upon computing Harper Hill pool production using an exponential decline of 7% and the formula  $\text{base rate} \times e^{-Dt}$  and then subtracting from the total to get Fruitland Coal production. This formula appears to have been used thru 7/03 and beginning with 8/03, fixed factors of 49.0% Fruitland Coal and 51.0% Fruitland Sand-Pictured Cliffs have been used.
- ⑥ - WF State 16 No. 1 (API No. 30-045-29750) - Administrative Order DHC-2433 issued approximately August 1999 authorized downhole commingling of production from Basin Fruitland Coal and Harper Hill Fruitland Sand-Pictured Cliffs gas pools. Allocation of commingled production to be based upon computing Harper Hill pool production using an exponential decline of 7% and the formula  $\text{base rate} \times e^{-Dt}$  and then subtracting from the total to get Fruitland Coal production. This formula appears to have been used thru 7/03 and beginning with 8/03, fixed factors of 49.0% Fruitland Coal and 51.0% Fruitland Sand-Pictured Cliffs have been used.
- ⑦ - Turks Toast No. 90S (API No. 30-045-30771) - Administrative Order DHC-1115AZ issued 2/19/03 authorized downhole commingling of production from Basin Fruitland Coal and Harper Hill Fruitland Sand-Pictured Cliffs gas pools. Allocation of commingled production to be based upon fixed factors of 55% Fruitland Coal and 45% Fruitland Sand-Pictured Cliffs for the 1st year and amended to 49% Fruitland Coal and 51% Fruitland Sand-Pictured Cliffs as of 4/1/04.
- ⑧ - Turks Toast No. 91S (API No. 30-045-30737) - Administrative Order DHC-1114AZ issued 2/19/03 authorized downhole commingling of production from Basin Fruitland Coal and Harper Hill Fruitland Sand-Pictured Cliffs gas pools. Allocation of commingled production to be based upon fixed factors of 55% Fruitland Coal and 45% Fruitland Sand-Pictured Cliffs for the 1st year and amended to 49% Fruitland Coal and 51% Fruitland Sand-Pictured Cliffs as of 4/1/04.