

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

RCVD NOV 6 '06  
OIL CONS. DIV.  
DIST. 3

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)

No. 90  
1600' FNL & 790' FEL (SE/4 NE/4)  
Unit H, Sec. 3, T26N, R13W, NMPM

No. 90S  
1850' FNL & 1850' FWL (SE/4 NW/4)  
Unit F, Section 3, T26N, R13W, NMPM

5. Lease Designation and Serial No.  
NM 37912 & NM-1336

6. If Indian, Allotted or Tribe Name

7. If Unit or CA, Agreement Designation

NMNM103090

8. Well Name and No.

Kingfish Com #90 & #90S

9. API Well No.

30-045-29832 & 30-045-32987

10. Field and Pool, or Exploratory Area

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

TYPE OF ACTION

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

- ☐ Abandonment  
☐ Recompletion  
☐ Plugging Back  
☐ Casing Repair  
☐ Altering Casing  
☒ Other

Surface Commingle  
Natural gas & CDP Sales

- ☐ 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 convert the existing gas sales meter and compressor for the Kingfish Com No. 90 (Enterprise Field Services Meter No. 98208) to a central delivery gas sales meter and compressor for the Kingfish Com No. 90 & 90S wells. This will require the surface commingling of natural gas from these two wells. The No. 90 well was completed in the Basin Fruitland Coal (71629) gas pool on 9-27-00 and the No. 90S is currently being completed in the Basin Fruitland Coal gas pool as an infill to the No. 90. Only natural gas will be commingled. Measurement will be on lease at the Kingfish Com No. 90. Dugan Production operates both wells and the N/2 spacing unit for both wells is common and includes federal leases NM-37912 plus NM-1336 under CA No. NMNM103090. Production currently averages  $\pm 95$  mcf/d from the No. 90 and approximately 200 mcf/d is anticipated from the No. 90S. The proposed CDP will allow the Kingfish Com No. 90S to utilize the compressor currently installed for the Kingfish Com No. 90. A copy of Dugan's application to the NMOCD for surface commingling is attached to provide additional information about this proposal.

CTB 563

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

Signed John D. Roe Title Engineering Manager Date

(This space for Federal or State office use)

Approved by Nancy R. Gibson Title Prod. Acct. Tech Date

Conditions of approval, if any:

APP 7/21/2006

SEP 12 2006

9-12-06

Mg

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 Instruction on Reverse Side

NMOCD

8/11/06

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  
May 27, 2004

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

|   |
|---|
| WELL API NO.<br>See below   |
| 5. Indicate Type of Lease <i>FEDERAL</i><br>STATE <input type="checkbox"/> FEE <input type="checkbox"/> |
| 6. State Oil & Gas Lease No.<br>See Below   |
| 7. Lease Name or Unit Agreement Name<br><br>Kingfish Com  |
| 8. Well Number<br>90 & 90S  |
| 9. OGRID Number<br>006515   |
| 10. Pool name or Wildcat<br>Basin Fruitland Coal  |

|   |  |
|---|--|
| <b>SUNDRY NOTICES AND REPORTS ON WELLS</b><br>(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 <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other   |  |
| 2. Name of Operator<br>Dugan Production Corp.   |  |
| 3. Address of Operator<br>P. O. Box 420, Farmington, NM 87499-0420  |  |
| 4. Well Location F 1850 North 1850 West<br>Unit Letter H : 1600 feet from the North line and 790 feet from the East line<br>Section 3 Township 26N Range 13W NMPM San Juan County                             |  |
| 11. Elevation (Show whether DR, RKB, RT, GR, etc.)  |  |

|  |                          |
|--|--------------------------|
| Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/> |                          |
| Pit type   | Depth to Groundwater     |
| Pit Liner Thickness:   | Below-Grade Tank: Volume |

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

|   |  |
|---|--|
| <b>NOTICE OF INTENTION TO:</b><br>PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/><br>TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/><br>PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/> | <b>SUBSEQUENT REPORT OF:</b><br>REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/><br>COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/><br>CASING/CEMENT JOB <input type="checkbox"/> |
| OTHER: Application to surface commingle – identical ownership <input checked="" type="checkbox"/>   | OTHER: <input type="checkbox"/>  |

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. Dugan Production proposes to convert the existing gas sales meter and compressor for the Kingfish Com No. 90 (Enterprise Field Services Meter No. 98208) to a central delivery gas sales meter and compressor for the Kingfish Com No. 90 & No. 90S wells. This will require surface commingling of natural gas from these two wells. The No. 90 was completed in the Basin Fruitland Coal (71629) gas pool on 9-27-00 and the No. 90 is currently being completed in the Basin Fruitland Coal gas pool as an infill to the No. 90. Only natural gas will be commingled & measurement will be on lease at the Kingfish Com No. 90. Dugan Production operates both wells and all interest ownership is identical.

(i) Well & lease information is as follows:

| Well Name            | API No. | Lease/CA#           | Spacing Unit | Current Production     |
|----------------------|---------|---------------------|--------------|------------------------|
| Kingfish Com No. 90  | 29832   | NM-37912/NMNM103090 | N/2-319.56A  | 95 mcf                 |
| Kingfish Com No. 90S | 32987   | NM-1336/NMNM103090  | N/2-319.56A  | ±200 mcf (anticipated) |

(ii) Commingled gas volumes (mcf & mmBTU) measured at the CDP sales meter will be allocated to each well using the "subtraction method" described in Section 303B.(3)(a)(iii). An allocation meter will be installed on the No. 90S and will be maintained by Dugan Prod. Production for the Kingfish Com No. 90 will be computed. Fuel for lease equipment and the CDP compressor will be determined from equipment specifications and included in production determinations.

(iii) Certification of the identical ownership for both wells is Attachment No. 1. The spacing units for both wells is common and includes federal leases NM-37912 plus NM-1336 under CA No. NMNM103090.

(iv) Since the royalty is federal, a copy of this notice is being sent to the BLM by certified return-receipt. Copy of the return receipt will be mailed to the NMOCD upon receiving. A copy of the sundry to the BLM is Attachment No 2.

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 July 21, 2006  
Type or print name John D. Roe E-mail address: johnroe@duganproduction.com Telephone No. (505)325-1821

**For State Use Only**

APPROVED BY: \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_  
Conditions of Approval (if any): \_\_\_\_\_

## AFFIDAVIT

STATE OF NEW MEXICO )  
 ) SS.  
COUNTY OF SAN JUAN )

Attachment No. 1  
NMCD Form C-103 dated 7/31/06  
Application of Dugan Prods.  
Surface Commingle Ntl. Gas  
Dugan's King Fish Com  
No. 90 + 905

Skip Fraker, a Land Manager presently employed by Dugan Production Corp. being duly sworn on his oath, states that he is familiar with the following described property, to-wit:

Township 26 North, Range 13 West, NMPM  
Section 3: N/2

|      |              |               |
|------|--------------|---------------|
| NW/4 | USA NM-1336  | Federal Lease |
| NE/4 | USA NM-37912 | Federal Lease |

King Fish Com #90 & 90S      Basin Fruitland Coal Wells      N/2    319.56 acres

and that he is also familiar with the aforementioned lands and leases and has knowledge that said lands and leases are operated by Dugan Production Corp. Affiant states that said lands and leases have identical ownership in the drilling proration units for said wells. The ownership in these lands are identical as to owners and percentage of ownership for all working interest, royalty interest and overriding royalty interest owners in the above captioned wells. Affiant further states that no change in ownership has occurred and that Dugan Production Corp. has not sold, leased or otherwise made any commitments to affect a change in ownership of the aforementioned lands.

Further, affiant saith not.



Skip Fraker, Registered Landman #62101

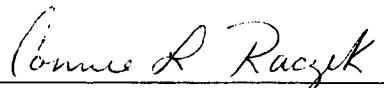
## ACKNOWLEDGEMENT

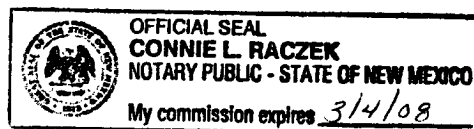
STATE OF NEW MEXICO )  
 ) SS.  
COUNTY OF SAN JUAN )

BEFORE ME, the undersigned, a notary public in and for the county and state aforesaid, on this the 20<sup>th</sup> day of July, 2006, personally appeared Skip Fraker, to me personally known to be the identical person who executed the within and foregoing instrument and acknowledged to me that he executed the same as his free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the day and year first above written.

My commission expires: 3/4/08

  
Notary Public



UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

Attachment  
No. 2

FORM APPROVED  
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Expires: March 31, 1993

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Natural gas & CDP Sales
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Signed John D. Roe Title Engineering Manager Date 7/21/2006  
John D. Roe

(This space for Federal or State office use)

Approved by \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_

Conditions of approval, if any: