

Submit 1 Copy 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  
October 13, 2009

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

WELL API NO. 30-045-35013

5. Indicate Type of Lease  
STATE ☐ FEE ☒

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name  
Federal I Com

8. Well Number 102 S

9. OGRID Number 06515

10. Pool name or Wildcat  
Harper Hill Fruitland Sand-PC  
Basin Fruitland Coal

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  
PO Box 420 Farmington, NM 87499

4. Well Location

Unit Letter I : 2365 feet from the South line and 1220 feet from the East line  
Section 12 Township 29N Range 14W NMPM County San Juan

11. Elevation (Show whether DR, RKB, RT, GR, etc.)  
5401 GR

12. 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 COMPL ☐  
DOWNHOLE COMMINGLE ☒

OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐  
COMMENCE DRILLING OPNS. ☐ P. AND A ☐  
CASING/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 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

This well was spudded on 10/11/10 and 5 1/2" casing cemented @ 1252'. We currently plan to complete intervals within the Harper Hill Fruitland Sand-Pictured Cliffs and the Basin Fruitland Coal gas pools. In addition, we plan to fracture stimulate the perforations in both pools simultaneously. 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 down hole commingling.

3. Perforated intervals: Basin Fruitland Coal 952'-960', 990'-995', 1052'-1060' & 1068'-1074'. Harper Hill Fruitland Sand-PC 980'-984', 1002'-1006', 1026'-1030', 1044'-1047', 1062'-1064' & 1079'-1084'.

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 12 FR Coal wells, 13 Fruitland Sand-PC wells and 7 downhole commingled wells were evaluated.

Proposed Allocation	Fruitland Coal	Fruitland Sand/Pictured Cliffs
Gas	53%	47%
Water	53%	47%

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 is not identical for both zones. Dugan Production holds 37.4% of the Fruitland Sand-PC plus 56.1% of the Fruitland Coal working interest. Notice of this application was sent to all interest owners by certified mail, return receipt.

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

RECD DEC 16 '10

OIL CONS. DIV.

DIST. 3

DHC 3500 AZ

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 12/15/2010  
John D. Roe johndroe@duganproduction.com 505-325-1821

Type or print name E-mail address: PHONE:

For State Use Only

APPROVED BY: Charles H. [Signature] TITLE Deputy Oil & Gas Inspector, District #3 DATE 1-14-11

Conditions of Approval (if any):