

Ezeanyim, Richard, EMNRD

From: Tyra Feil <Tyra.Feil@duganproduction.com>
Sent: Monday, June 16, 2014 3:50 PM
To: Ezeanyim, Richard, EMNRD
Cc: John Roe
Subject: Federal B Com #91
Attachments: Richard Ezeznyim ltr 6-16-14.pdf

6/16/14

Hi, Richard.

Attached is a letter from Dugan Production's VP of Land & Exploration which verifies that all production from Dugan's Federal B Com No. 91 will be subject to Communitization Agreement NMNM110404 which consolidates all interest owners in the subject well into a common interest ownership. Since only production from the Federal B Com No. 91 will be measured at the off-lease sales meter, there will be no dissimilar interest or notice issues for our off-lease measurement application. ✓

Please let me know if you need additional information.

Sincerely,

John Roe
Dugan Production Corp.
P O Box 420
Farmington, NM 87499-0420
505-325-1821 – phone
johnroe@duganproduction.com

Submit 1 Copy To Appropriate District
Office
District I - (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II - (575) 748-1283
811 S. First St., Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV - (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
Revised August 1, 2011

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

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.)		WELL API NO. 30-045-35232
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other		5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator Dugan Production Corp.		6. State Oil & Gas Lease No. Federal Lease NM019411
3. Address of Operator P O Box 420, Farmington, NM 87499-0420 505-325-1821		7. Lease Name or Unit Agreement Name Federal B Com
4. Well Location Unit Letter <u>K</u> : <u>1355</u> feet from the <u>South</u> line and <u>2040</u> feet from the <u>West</u> line Section <u>31</u> Township <u>30N</u> Range <u>11W</u> NMPM San Juan County		8. Well Number 91
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 5871' GL		9. OGRID Number 006515
		10. Pool name or Wildcat Basin Fruitland Coal

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 ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER: Off-lease measurement & sale of gas ☒

OTHER: OLM-88 ☐

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.

Reviewed by Rt
Dugan Production Corp. requests approval for the off-lease measurement & sale of gas. The well is on Federal Lease NM-019411 and the W/2 spacing unit consists of two Federal leases (NM-019411, NM-0175788), plus one Fee lease and is subject to Communitization Agreement NMNM110404. Federal Sundry Form 3160-5 dated 6/10/14 is attached with details.

Recommend Approval 6/23/14

This approval is subject to LIKE approval by BLM.

Spud Date:

Rig Release Date:

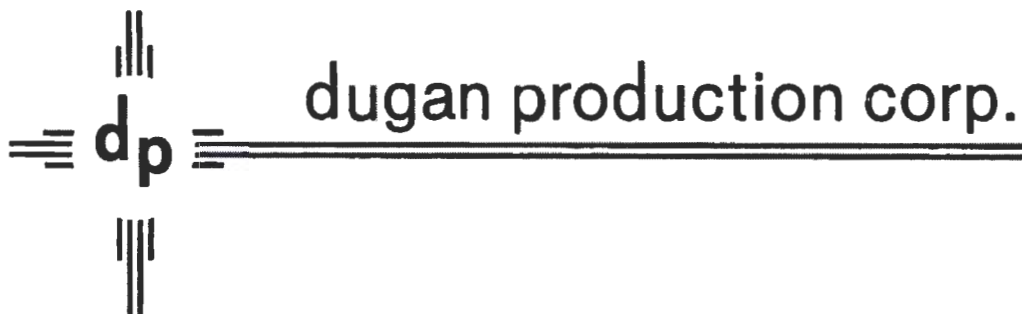
I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE John D. Roe TITLE Engineering Manager DATE June 10, 2014

Type or print name John D. Roe E-mail address: johndroe@duganproduction.com PHONE: 505-325-1821

For State Use Only

APPROVED BY: [Signature] TITLE Director DATE 6/24/14
Conditions of Approval (if any):



June 16, 2014

Mr. Richard Ezeanyim, Bureau Chief
Engineering & Geologic Services
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Re: Dugan Production's Off-Lease Measurement Application
Federal B Com No. 91
API No. 30-045-35232
Basin Fruitland Coal
Unit K, Section 31, T-30N, R-11W
San Juan County, NM

Dear Mr. Ezeanyim,

I am writing as Dugan's Land Manager to verify that the subject well is currently being drilled and upon completion in the Basin Fruitland Coal pool will have a west half spacing unit which will include two Federal leases (NM-019411 & NM-0175788), plus one Fee lease. All three leases will be communitized by **Communitization Agreement NMNM110404** which will produce a common ownership for the subject well. Since only production from the Federal B Com No. 91 will be measured at the proposed off-lease sales meter, there will not be any commingling of dissimilar interests and thus there is no notice requirement.



Should you have any questions, please feel free to contact John Roe or me at 505-325-1821.

Thank you for your attention to Dugan's application.

Sincerely,

Kurt Fagrelius
Vice President Land & Exploration

06/17/2014 DATE IN	SUSPENSE	Ecanyim ENGINEER	06/12/2014 LOGGED IN	OLM TYPE	PEH 14163 56661 APP NO.
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement

☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☒ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery

☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

OLM 006515
DUGAN PRODUCTION CORPORATION
30-045-35232
POOL 71629
BASIN FRUITLAND
COAL

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply

[A] ☐ Working, Royalty or Overriding Royalty Interest Owners

[B] ☐ Offset Operators, Leaseholders or Surface Owner

[C] ☐ Application is One Which Requires Published Legal Notice

[D] ☒ Notification and/or Concurrent Approval by BLM or SL
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or, *

[F] ☐ Waivers are Attached

** copy of BLM 3160-5 Sundry notice dated 6/10/14 was attached to NMOED form C-103 application.*

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate and complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

John D. Roe
Print or Type Name

John D. Roe
Signature

Engineering Manager
Title

06/12/14
Date

johnroe@duganproduction.com
e-mail Address

OLM - 88

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS
**Do not use this form for proposals to drill or to re-enter an
abandoned well. Use Form 3160-3 (APD) for such proposals.**

5. Lease Serial No.
NM019411

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE – Other instructions on page 2.

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator
Dugan Production Corp.

3a. Address
P. O. Box 420, Farmington, NM 87499-0420

3b. Phone No. (include area code)
505-325-1821

7. If Unit of CA/Agreement, Name and/or No.
NMNM110404

8. Well Name and No.
Federal B Com #91

9. API Well No.
30-045-35232

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Sec. 31, T30N, R11W NE/4 SW/4 (Unit K), 1355' FSL & 2040' FWL
Lat. 36.765300 Long. 108.033830

10. Field and Pool or Exploratory Area
Basin Fruitland Coal

11. Country or Parish, State
San Juan County, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Off-lease
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	measurement & sale
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	of gas

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

Dugan Production Corp. requests approval for the off-lease measurement & sale of gas which will be necessary to deliver gas from the subject well to Enterprise Field Services at a new meter to be installed at our tie-in to their pipeline in the SWSE of the subject section (Attachment A) as described on attached pipeline survey plats 2A & 2B (Attachments B & C). Current plans are to install a gas/water separator, water storage tank and gas compressor on the well location. Only gas from the subject well will be measured and sold off-lease. Water will be measured and stored on-lease. No condensate or oil is anticipated. There will not be any commingling of production from other wells. The three leases comprising the W/2 spacing unit (Attachment D) are subject to Communitization Agreement NMNM110404. Federal ROW for proposed gas pipeline has been obtained.

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)

John D. Roe

Title Engineering Manager

Signature

John D. Roe

Date 06/10/2014

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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.

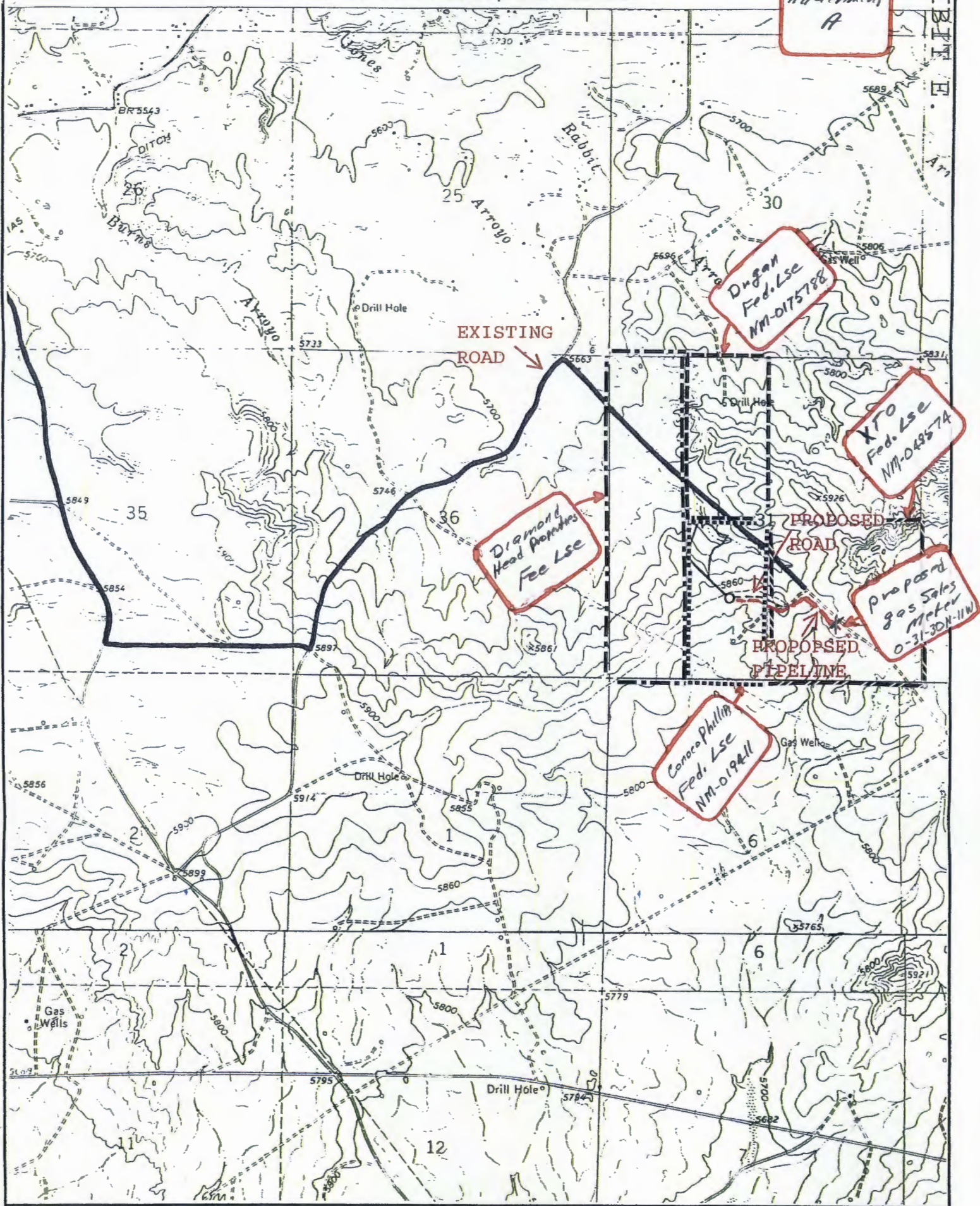
(Instructions on page 2)

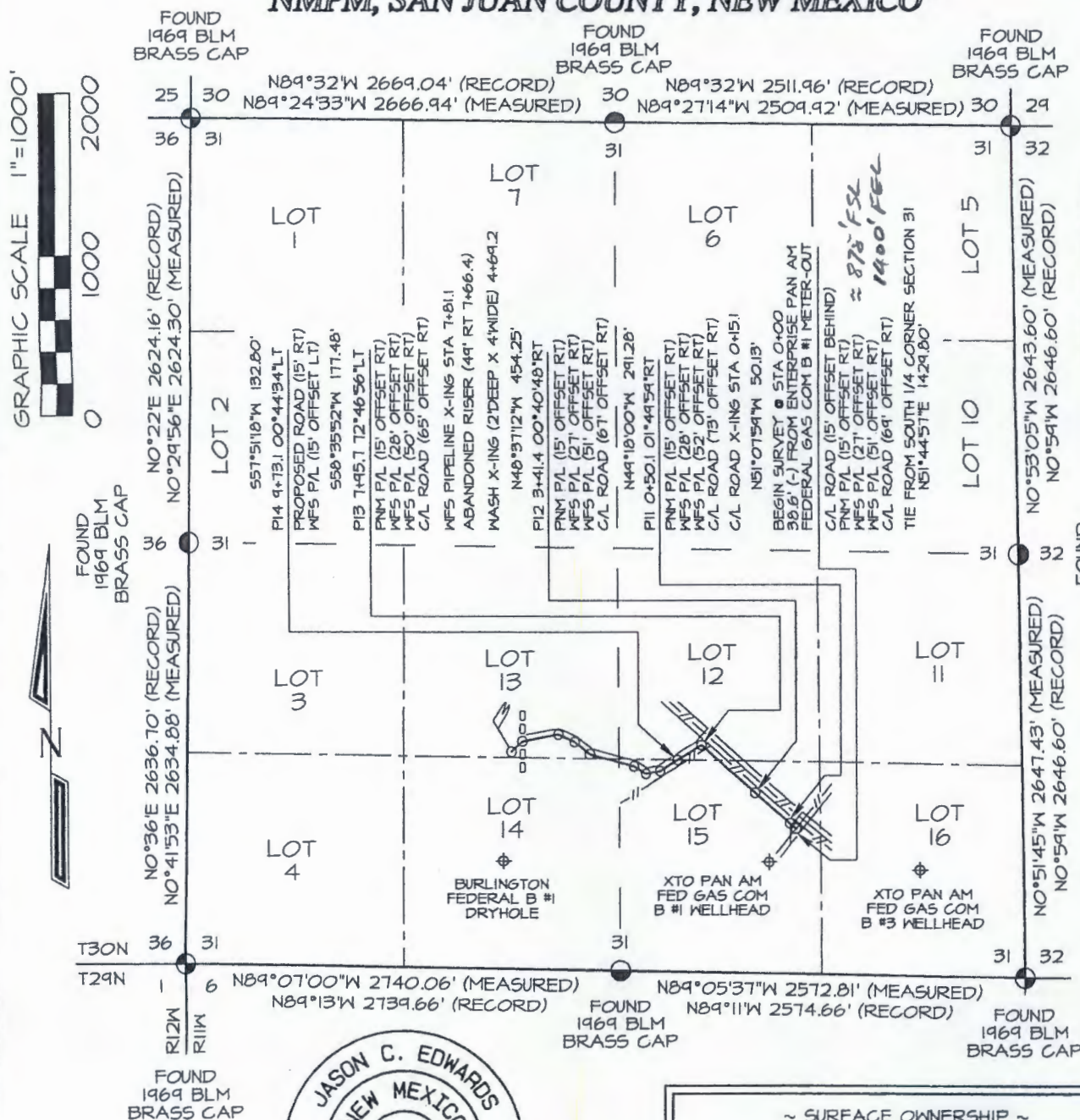
DUGAN PRODUCTION CORPORATION FEDERAL B COM #91

1355' FSL & 2040' FWL, SECTION 31, T30N, R11W, N.M.P.M.
SAN JUAN COUNTY, NEW MEXICO

Attachment
A

EXHIBIT E





FOUND
1969 BLM
BRASS CAP

PLAT NOTE:

REAL-TIME KINEMATIC GPS SURVEY
SOLUTION OBTAINED FROM SATELLITES
TRACKED ON MARCH 2, 2011 FROM A
REFERENCE STATION POSITIONED IN
9E/4 NW/4 OF SECTION 31, T30NRIIW

BEFORE ANY CONSTRUCTION BEGINS, CONTRACTOR IS ADVISED TO CALL ONE-CALL FOR LOCATION OF ANY MARKED OR UNMARKED PIPELINES OR CABLES IN THE AREA OF THE PROJECT

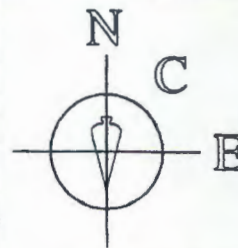
~ SURFACE OWNERSHIP ~
Bureau of Land Management

0+00 TO 21+41.3

2141.3 FT / 129.8 RODS

Prepared For:

DUGAN PRODUCTION
P.O. BOX #420
FARMINGTON, NM 87499



Land Surveyor:
Jason C. Edwards

Mailing Address:
Post Office Box 6612
Farmington, NM 87499

Business Address:
111 East Pinon Street
Farmington, NM 87402
(505) 325-2654 (Office)
(505) 326-5650 (Fax)

CHECKED BY: JCE	SHEET 3 OF 5
DRAWN BY: SLE	FILENAME: 30115163

I, Jason C. Edwards, a registered Professional Surveyor under the laws of the State of New Mexico, hereby certify that this plat was prepared from field notes of an actual survey meeting the minimum requirements of the standards for easement surveys and is true and correct to the best of my knowledge and belief.

JASON C. EDWARDS

Date: March 15, 2011

Jason C. Edwards, P.L.S.
New Mexico L.S. #15269

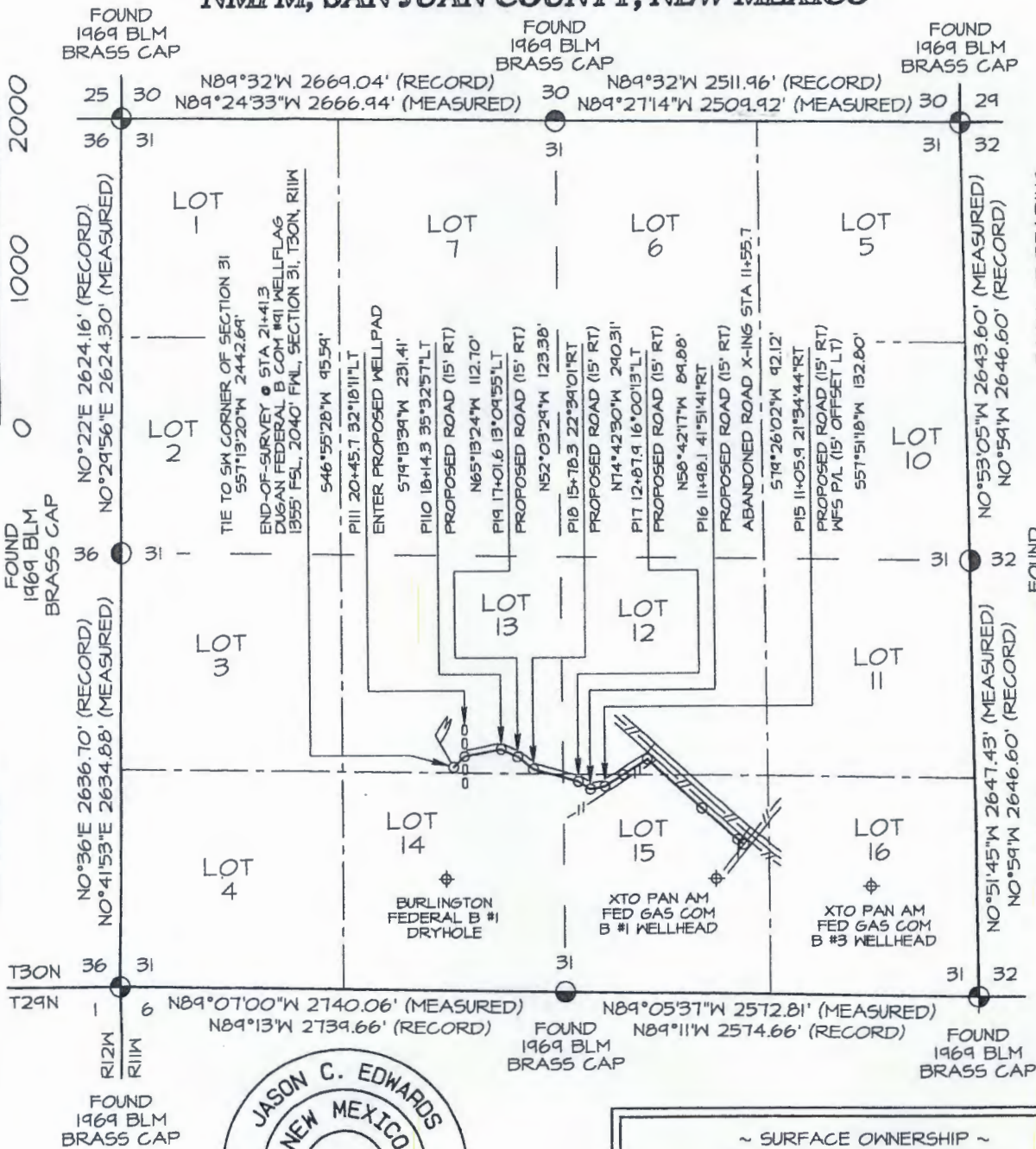
SURVEYS, INC.

Attachment
C

GRAPHIC SCALE 1"=1000'



0 1000 2000



BASIS OF BEARING:

REAL-TIME KINEMATIC GPS SURVEY SOLUTION OBTAINED FROM SATELLITES TRACKED ON MARCH 2, 2011 FROM A REFERENCE STATION POSITIONED IN $41^{\circ}44'N$ $107^{\circ}4'W$ OF SECTION 31, T30N, R11W

FOUND
1969 BLM
BRASS CAP

BEFORE ANY CONSTRUCTION BEGINS, CONTRACTOR IS ADVISED TO CALL ONE-CALL FOR LOCATION OF ANY MARKED OR UNMARKED PIPELINES OR CABLES IN THE AREA OF THE PROJECT

PLAT NOTE:

I, Jason C. Edwards, a registered Professional Surveyor under the laws of the State of New Mexico, hereby certify that this plat was prepared from field notes of an actual survey meeting the minimum requirements of the standards for easement surveys and is true and correct to the best of my knowledge and belief.

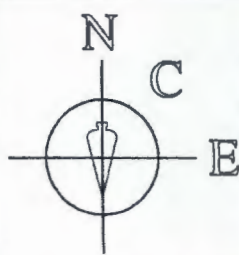
JASON C. EDWARDS Date: March 15, 2011
Jason C. Edwards, P.L.S.
New Mexico L.S. #15269

~ SURFACE OWNERSHIP ~
Bureau of Land Management

0+00 TO 21+41.3	2141.3 FT / 129.8 RODS
-----------------	------------------------

Prepared for:

DUGAN PRODUCTION
P.O. BOX #420
FARMINGTON NM 87499



SURVEYS, INC.

Land Surveyor:
Jason C. Edwards

Mailing Address:
Post Office Box 6612
Farmington, NM 87499

Business Address:
111 East Pinon Street
Farmington, NM 87402
(505) 325-2654 (Office)
(505) 326-5650 (Fax)

SHEET 4 OF 5	CHECKED BY: JCE
FILENAME: 30113164	DRAWN BY: SLE

District I
1625 N. French Dr., Hobbs, NM 88240

District II
1301 W. Grand Avenue, 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 & Natural Resources Department

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

RECEIVED

Form C-102
Revised October 12, 2005
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

Farmington Field Office
Bureau of Land Management

AMENDED REPORT

Attachment
D

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-35232		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code 32170	*Property Name FEDERAL B COM		*Well Number 91
*OGRID No. 006515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 5871'

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	31	30N	11W	13	1355	SOUTH	2040	WEST	SAN JUAN

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
12 Dedicated Acres 334.43 Acres - W/2					13 Joint or Infill I	14 Consolidation Code CA	15 Order No. NMNM 110404		

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

1413.06'				1255.98'				2511.96'			
LOT 1 Markam/Dugan FEE		LOT 7 Dugan NM-0175788		LOT 6		LOT 5		17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division Kurt Fagrelus 1/12/2011 Signature Date Kurt Fagrelus Printed Name			
LOT 2		LOT 8		LOT 9		LOT 10		18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. Survey Date: DECEMBER 12, 2010 Signature and Seal of Professional Surveyor JASON C. EDWARDS NEW MEXICO REGISTERED PROFESSIONAL SURVEYOR 15269 JASON C. EDWARDS Certificate Number 15269			
LOT 3		LOT 13 LAT: 36.76530°N LONG: 108.03383°W DATUM: NAD1983		LOT 12		LOT 11					
LOT 4		COP NM-019411		LOT 15		LOT 16 Federal Lease NM-048574					
1457.94'		1281.72'		2574.65'							