

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
Oil Conservation Division
- identical ownership
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

- [D] Other: Specify _____

- [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 SXO
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,
Notification letter is included as Attachment No. 2. + was sent certified Return Receipt. Receipts will be sent to NMOC upon receiving.
- [F] ☐ Waivers are Attached

- [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

ENGR. MGR
Title

6/12/03
Date

Johnroe@dufanproduction.com
e-mail Address

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 June 10, 2003

| | | |
|---|--|---|
| 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 <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other | | WELL API NO. See below |
| 2. Name of Operator Dugan Production Corp. | | 5. Indicate Type of Lease: FEDERAL STATE <input type="checkbox"/> FEE <input type="checkbox"/> |
| 3. Address of Operator P.O. Box 420 Farmington, NM 87499 | | 6. State Oil & Gas Lease No. Federal Lease NM-61 |
| 4. Well Location See below Unit Letter _____ feet from the _____ line and _____ feet from the _____ line Section 34 Township 26N Range 12W NMPM County San Juan | | 7. Lease Name or Unit Agreement Name Rachel |
| | | 8. Well Number #2 & #91 |
| | | 9. OGRID Number 006515 |
| | | 10. Pool name or Wildcat See below |
| 11. Elevation (Show whether DR, RKB, RT, GR, etc.) | | |

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 COMPLETION ☐
OTHER: Surface Commingle Pools w/ identical ownership ☒

SUBSEQUENT REPORT OF:
REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDONMENT ☐
CASING TEST AND 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.

Dugan production proposes to convert the existing gas sales meter for the Rachel No.2 (El Paso meter No.89857) to a central delivery gas sales meter for the Rachel No.2 & No.91 wells. This will require surface commingling of natural gas from the Basin Fruitland Coal & WAW Fruitland Sand-PC Pools. Only natural gas will be commingled & measurement will be on Lease. Dugan Production Corp. operates both wells & all interest ownership is identical.

(i). Well & Lease information is as follows:

| Well Name | API No. | Location | Lease No. | Pool | Spacing Unit |
|--------------|--------------|------------------------------|-----------|------------------------------|--------------------|
| Rachel No.2 | 30-045-22285 | 1550'FSL & 990'FEL(Unit I) | NM-61 | WAW Fruitland Sand-PC(87190) | 160A-SE/4 |
| Rachel No.91 | 30-045-29835 | 1620'FSL & 1760'FWL (Unit K) | NM-61 | Basin Fruitland Coal (71629) | 160A-SW/4-NSP-1866 |

(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 303 B.(3) (a) (iii). A conventional gas allocation meter will be installed at the Rachel No.91 & production for the Rachel No.2 will be computed. Individual well lease fuel plus fuel for the CDP compressor will be determined from equipment specifications & will be included in production determinations.

(iii) Certification of the identical ownership for both wells is presented in attached No.1. The spacing units for both wells encompass only Federal lease NM-61.

(iv) Since all royalty is federal, a copy of this notice is being sent by certified, Return Receipt, mail to the BLM. Copies of the Returned Receipt will be mailed to the NMOCD upon receiving. A copy of the transmittal Sundry notice to the BLM is presented as attachment No.2.

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 6-12-03

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 Will Jones for Lou Strotenberg TITLE DIRECTOR DATE 6/16/03
Conditions of approval, if any. PC-1095

AFFIDAVIT

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UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Attachment
No. 2

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 <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other | | 5. Lease Designation and Serial No. NM-61 |
| 2. Name of Operator Dugan Production Corp. | | 6. If Indian, Allotted or Tribe Name |
| 3. Address and Telephone No. P.O. Box 420, Farmington, NM 87499 (505) 325-1821 | | 7. If Unit or CA, Agreement Designation |
| Location of Well (Footage, Sec., T., R., M., or Survey Description) #2 1550' FSL & 990' FEL (NESE) Section 34, T-26N, R-12W #91 1620' FSL & 1760' FWL (NESW) Section 34, T-26N, R-12W | | 8. Well Name and No. Rachel #2 & #91 |
| | | 9. API Well No. #2-30-045-22285 #91-30-045-29835 |
| | | 10. Field and Pool, or Exploratory Area #2-WAW Fruitland Sand-PC #91-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 | |
|--|---|--|
| <input checked="" type="checkbox"/> Notice of Intent | <input type="checkbox"/> Abandonment | <input type="checkbox"/> Change of Plans |
| <input type="checkbox"/> Subsequent Report | <input type="checkbox"/> Recompile | <input type="checkbox"/> New Construction |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Plugging Back | <input type="checkbox"/> Non-Routine Fracturing |
| | <input type="checkbox"/> Casing Repair | <input type="checkbox"/> Water Shut-Off |
| | <input type="checkbox"/> Altering Casing | <input type="checkbox"/> Conversion to Injection |
| | <input checked="" type="checkbox"/> Other | <input type="checkbox"/> Dispose Water |
| | Surface Commingle | (Note: Report results of multiple completion on Well |
| | Natural Gas-CDP | Completion or Recompile 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 for the Rachel No.2 (El Paso Meter No.89857) to a central delivery gas sales meter for the Rachel No. 2 & 91wells. This will require the Surface Commingling of natural gas from the Basin Fruitland Coal & WAW Fruitland Sand-PC Pools. Only natural gas will be commingled & Measurement will be on lease at the No.2 well. Dugan Production operates both wells & the spacing units for both wells encompass only Federal lease NM-61. The Rachel No.2 is currently shut-in with a cumulative production of 613 mmcf and does not have sufficient pressure to produce into the pipeline which ranges from 50 to 75 PSIA. The Rachel No. 91 was completed 12/12/02 in the Fruitland Coal & will require wellhead compression to produce. It is proposed to deliver gas from the 91 well to the sales meter for the #2 & use one compressor for both wells. This will allow the #2 well to be returned to production & the 91 well to efficiently produce gas from the Fruitland Coal. A copy of Dugan's application to the NMOCD for Surface Commingling is attached to provide additional information about this proposal.

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

Signed John D. Roe Title Engineering Manager Date 6/12/2003
John Roe

(This space for Federal or State office use)

Approved by _____ Title _____ Date _____
Conditions of approval, if any: