

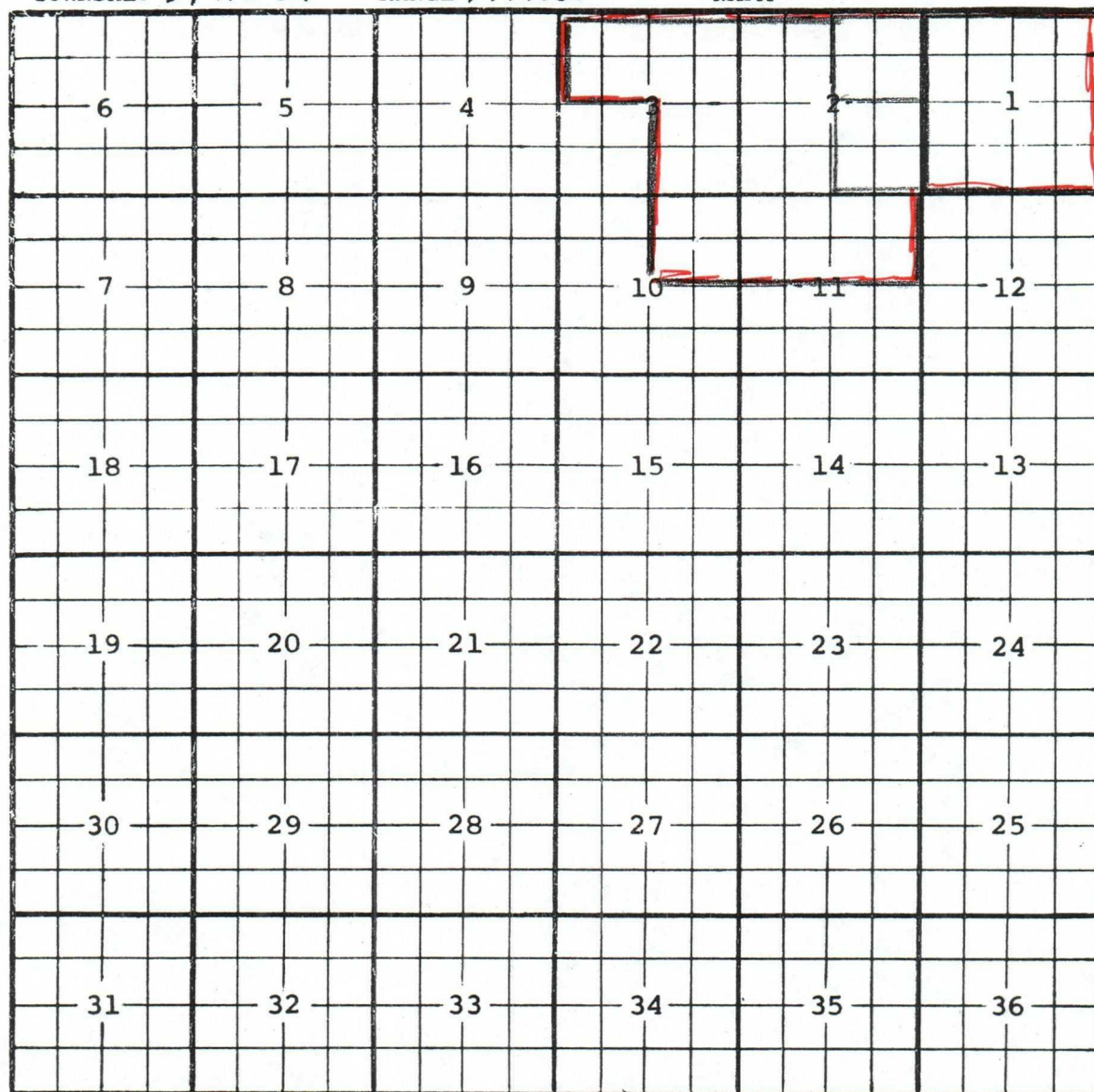
COUNTY San Juan POOL Harper Hill Fruitlands SAND- Pictured Cliffs

POOL <sup>SALE</sup> Harper Hill Fruitland Pictured Cliffs

TOWNSHIP 29 North

RANGE 14 West

NMPM



Description: All Sec. 1 (R-4108, 3-1-71) Ext: ~~NE 1/4~~ NE 1/4 Sec. 2 (R-6056, 8-1-79)

Ext. <sup>SE/4</sup> Sec. 2 (R-6180, 8-1-79) REDESIGNATED (R-8769, 10/17/88)



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**Bill Richardson**  
Governor  
**Joanna Prukop**  
Cabinet Secretary

April 28, 2003

**Lori Wrotenbery**  
Director  
Oil Conservation Division

**Dugan Production Corporation**  
P. O. Box 420  
Farmington, New Mexico 87499-0420  
Attention: **Kurt H. Fagrelus**  
[kfagrelus@duganproduction.com](mailto:kfagrelus@duganproduction.com)

Telefax No. (505) 327-4613

*Administrative Order NSL-4869*

Dear Mr. Fagrelus:

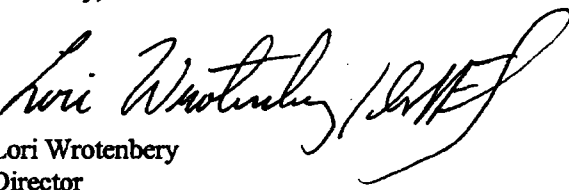
Reference is made to the following: (i) your application dated April 4, 2002 (*administrative application reference No. pKRV0-309853581*); and (ii) the New Mexico Oil Conservation Division's ("Division") records in Santa Fe and Aztec: all concerning Dugan Production Corporation's request to drill its proposed Federal "I" Com. Well No. 9 at an unorthodox Fruitland sand/Pictured Cliffs gas well location 1170 feet from the North line and 2440 feet from the West line (Unit C) of Section 12, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico.

The NW/4 of Section 12 is to be dedicated to this well in order to form a standard 160-acre gas spacing unit for the Undesignated Harper Hill Fruitland Sand-Pictured Cliffs Pool (78160).

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Fruitland sand/Pictured Cliffs gas well location is hereby approved.

Sincerely,

  
Lori Wrotenbery  
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec  
U. S. Bureau of Land Management - Farmington

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

## APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/>			5. LEASE DESIGNATION AND SERIAL NO. SF-078110	
2. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>			6. IF INDIAN, ALLOTTEE OR TRIBE NAME	
3. NAME OF OPERATOR Dugan Production Corp.			7. UNIT AGREEMENT NAME	
4. ADDRESS AND TELEPHONE NO. 709 East Murray Drive, Farmington, New Mexico 87401 (505) 325-1821			8. FARM OR LEASE NAME, WELL NO. Federal I Com #102	
9. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 270' FNL 330' FEL, 36.4450 N Lat, 108.1509 W Lon At proposed prod. zone Same As Above			9. AP WELL NO. 30-045-31792	
10. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE Within Farmington City Limits			10. FIELD AND POOL, OR WILDCAT Basin Fruitland Coal	
11. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drilg. unit line, if any) 270'			11. SEC. T. R. M. OR BLK. AND SURVEY OR AREA A Sec. 12, T29N, R14W	
12. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 2700'			12. COUNTY OR PARISH San Juan	
13. ELEVATIONS (Show whether DF, RT, GR, etc.) 5485' G.L.			13. STATE NM	
14. NO. OF ACRES IN LEASE 2497.51			17. NO. OF ACRES ASSIGNED TO THIS WELL 320.00 (E/2)	
15. PROPOSED DEPTH 1320'			20. ROTARY OR CABLE TOOLS Rotary	
21. APPROX. DATE WORK WILL START ASAP				

## PROPOSED CASING AND CEMENTING PROGRAM

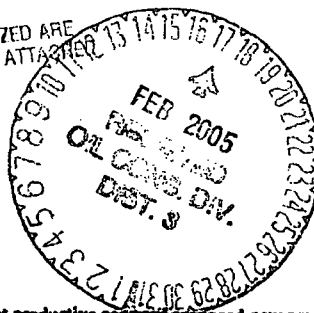
SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
11"	8-5/8"	24#	120'	70-cu. ft.
7"	5-1/2"	14#	1320'	210-cu. ft.
Conductor 20"	13 3/8"		50'	90 Cu FT

A water based gel-mud will be used to drill surface and production casing hole. Standard 2,000 psi BOP will be used to drill production casing hole. The Fruitland Coal will be completed from approximately 1060' - 1160'. The interval will be fractured.

This action is subject to technical and procedural review pursuant to 43 CFR 3165 and appeal pursuant to 43 CFR 3165.4

DRILLING OPERATIONS AUTHORIZED ARE  
SUBJECT TO COMPLIANCE WITH ATTACHED  
"GENERAL REQUIREMENTS".

HOLD C104 FOR NSL



070 Farmington, NM

2003 JUL 11 PM 3:58

RECEIVED

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout prevention program, if any.

24. SIGNED Kurt H. Ziegler TITLE Geologist DATE June 9, 2003  
(This space for Federal or State office use)

PERMIT NO. \_\_\_\_\_ APPROVAL DATE \_\_\_\_\_  
Application approval 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.  
CONDITIONS OF APPROVAL IF ANY:

APPROVED BY [Signature] TITLE AFM DATE 2-5-05

\*See Instructions On Reverse Side

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.

District I  
PO Box 1980, Hobbs, NM 88241-1980

District II  
PO Drawer 00, Artesia, NM 88211-0719

District III  
1000 Rio Brazos Rd., Aztec, NM 87410

District IV  
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
Energy, Minerals & Natural Resources Department

Form C-102  
Revised February 21, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION  
PO Box 2088  
Santa Fe, NM 87504-2088

RECEIVED  
JUL 11 PM 5:58 AMENDED REPORT

070 Farmington, NM

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-31792		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code 34306	*Property Name FEDERAL I COM		*Well Number 102
*GRID No. 006515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 5485'

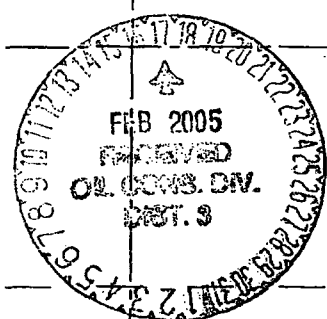
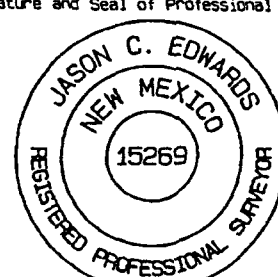
<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	12	29N	14W		270	NORTH	330	EAST	SAN JUAN

<sup>11</sup> 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
<sup>12</sup> Dedicated Acres 320.0 Acres - (E/2)					<sup>13</sup> Joint or Infill		<sup>14</sup> Consolidation Code		<sup>15</sup> Order No.

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

 2643.30' 2641.32' 2646.16' 12 San Juan River 5287.92'	1323.30'	1326.60'	 JASON C. EDWARDS Certificate Number 15269
	DUGAN 100% SF-078110	RICHARDSON FEE	
	LOT 2	LOT 1	
	RICHARDSON 100% Nav.14-20-603-2198		

<sup>17</sup> OPERATOR CERTIFICATION  
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief  
*Kurt Fagrelius*  
Signature  
Kurt Fagrelius  
Printed Name  
Geologist  
Title  
March 31, 2003  
Date

<sup>18</sup> 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.  
Date of Survey: APRIL 23, 2002  
Signature and Seal of Professional Surveyor

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

RECEIVED

070 FARMINGTON NM

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)

270' FNL & 330' FEL (NE/4 NE/4)  
Unit A, Sec. 12, T29N, R14W

5. Lease Designation and Serial No.

SF-078110

6. If Indian, Allotted or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Federal I Com #102

9. API Well No.

30-045-31792

10. Field and Pool, or Exploratory Area

Basin Fruitland Coal

11. County or Parish, State

San Juan, New Mexico

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 in APD  
☐ 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.)

Amend casing program to include conductor pipe as follows:

Conductor pipe 13-3/8", hole size 20". Set at 50' (base of boulders) w/90 cu ft cement circulated to surface.

Surface casing and production casing plans proposed in original APD will not be changed.

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

Signed

Kurt Fagrellus  
Kurt Fagrellus

Title

Geologist

Date

10/11/2004

(This space for Federal or State office use)

Approved by

[Signature]  
Title

AFM

Date

2-15-85

Conditions of approval, if any:

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

NMOC

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)

270' FNL & 330' FEL (NE/4 NE/4)  
Unit A, Sec. 12, T29N, R14W

5. Lease Designation and Serial No.

SF-078110

6. If Indian, Allotted or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Federal I Com #102

9. API Well No.

30-045-31792

10. Field and Pool, or Exploratory Area

Basin Fruitland Coal

11. County or Parish, State

San Juan, New Mexico

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

TYPE OF SUBMISSION

TYPE OF ACTION

☒

Notice of Intent

☐

Abandonment

☐

Change of Plans

☒

Subsequent Report

☐

Recompletion

☐

New Construction

☐

Final Abandonment Notice

☐

Plugging Back

☐

Non-Routine Fracturing

☐

Casing Repair

☐

Water Shut-Off

☐

Altering Casing

☐

Conversion to Injection

☒

Other

Change in APD

☐

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.)

Increase 8-5/8" 24# surface casing depth from 120' to 250'. Adequate cement will be pumped to circulate to surface. Hole size will be 12 1/4".



RECEIVED  
070 FARMINGTON NM  
03 MAR 14 PM 3 33

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

Signed

*John Alexander*  
John Alexander

Title

Vice-President

Date

03/14/2005

(This space for Federal or State office use)

Approved by

*Andrew Brunkey*  
Andrew Brunkey

Title

Pet. Eng

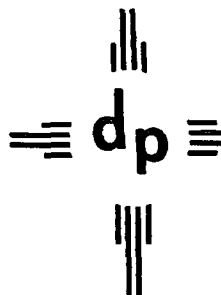
Date

3/22/05

Conditions of approval, if any:

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



dugan production corp.

March 28, 2005

New Mexico Oil Conservation Division  
1000 Rio Brazos Road  
Aztec, NM 87410




**Re: Dugan Production Corp.**  
Federal I Com #102  
API #30 045 31792  
Unit A, Sec. 12, T29N, R14W  
San Juan County, NM

Ladies/Gentlemen:

Below are the deviations reported by the drilling contractor for the subject well:

1/4" @ 500'  
3/4" @ 1000'

Sincerely,

  
John Alexander  
Vice-President

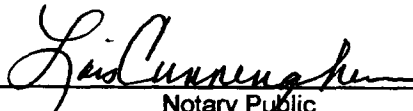
JA/tmf

State of New Mexico)

ss

County of San Juan )

Subscribed and sworn to before me this 28<sup>th</sup> day of March, 2005.

  
Notary Public

My Commission Expires: 03/07/07

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB NO. 1004-0135  
Expires: November 30, 2000

**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.*

**SUBMIT IN TRIPLICATE - Other instructions on reverse side.**

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

DUGAN PRODUCTION CORPORATION

Contact: TYRA M FEIL

Email: tyrafeil@duganproduction.com

3a. Address

P. O. BOX 420  
FARMINGTON, NM 874990420

3b. Phone No. (include area code)

Ph: 505-325-1821

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Sec 12 T29N R14W NENE 270FNL 330FEL

5. Lease Serial No.  
NMSF078110

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.  
FEDERAL I COM 102

9. API Well No.  
30-045-31792-00-X1

10. Field and Pool, or Exploratory  
BASIN FRUITLAND COAL

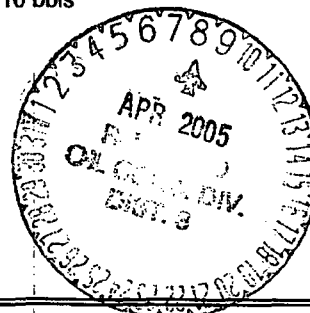
11. County or Parish, and State  
SAN JUAN COUNTY, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input 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 checked="" 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 Well Spud
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

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 shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Spud 12-1/4" hole @ 1130 hrs 3-16-05. Run 8-5/8" 24# J-55 csg. Land @ 259'. Cement w/180 sx Class "B" neat w/2% CaCl2 w/1/4# celloflake (212 cu ft total). Displace w/15 water. Circ 10 bbls cement. Pressure test csg to 600#, held.



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

Electronic Submission #55456 verified by the BLM Well Information System  
For DUGAN PRODUCTION CORPORATION, sent to the Farmington  
Committed to AFMSS for processing by ADRIENNE BRUMLEY on 04/05/2005 (05AXB1028SE)

Name (Printed/Typed) JOHN C ALEXANDER

Title VICE-PRESIDENT

Signature (Electronic Submission)

Date 03/24/2005

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By

**ACCEPTED**

ADRIENNE BRUMLEY  
Title PETROLEUM ENGINEER

Date 04/05/2005

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 Farmington

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.

**\*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\***



UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

**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.*

FORM APPROVED  
OMB NO. 1004-0135  
Expires: November 30, 2000

5. Lease Serial No.  
NMSF078110

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.  
FEDERAL I COM 102

9. API Well No.  
30-045-31792-00-X1

10. Field and Pool, or Exploratory  
BASIN FRUITLAND COAL

11. County or Parish, and State  
SAN JUAN COUNTY, NM

**SUBMIT IN TRIPLICATE - Other instructions on reverse side.**

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

DUGAN PRODUCTION CORPORATION

Contact: TYRA M FEIL

Email: tyrafeil@duganproduction.com

3a. Address

P. O. BOX 420  
FARMINGTON, NM 874990420

3b. Phone No. (include area code)

Ph: 505-325-1821

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

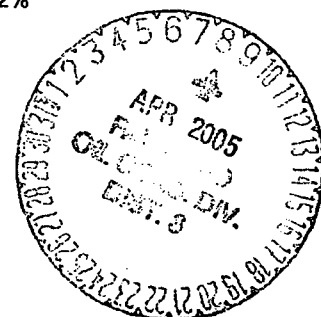
Sec 12 T29N R14W NENE 270FNL 330FEL

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input 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 checked="" 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 Drilling Operations
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

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 shall 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 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Drill to TD @ 1320' on 3-23-05. Run 5-1/2" 15.5# J-55 8rd csg. Set @ 1315'. Cement w/75 sx 2% Lodense w/1/4# celloflake/sx. Tail w/60 sx Class "B" neat w/1/4# celloflake/sx (total 225.3 cu ft). Circulate 10 bbls cement.



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

Electronic Submission #55519 verified by the BLM Well Information System  
For DUGAN PRODUCTION CORPORATION, sent to the Farmington  
Committed to AFMSS for processing by ADRIENNE BRUMLEY on 04/05/2005 (05AXB1030SE)

Name (Printed/Typed) JOHN C ALEXANDER

Title VICE-PRESIDENT

Signature (Electronic Submission)

Date 03/28/2005

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved By

**ACCEPTED**

ADRIENNE BRUMLEY  
Title PETROLEUM ENGINEER

Date 04/05/2005

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 Farmington

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**\*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\***

**NMOC**

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.

709 East Murray Drive, Farmington, NM 505-325-1821

Location of Well (Footage, Sec., T., R., M., or Survey Description)

Sect. 12, T29N, R14W 270' FNL & 330' FEL

5. Lease Designation and Serial No.

SF-078110

6. If Indian, Allotted or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Federal I Com #102

9. API Well No.

30-045-31792

10. Field and Pool, or Exploratory Area

Basin Fruitland Coal

11. County or Parish, State

San Juan Co., NM

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

TYPE OF SUBMISSION

TYPE OF ACTION

☒

Notice of Intent



Abandonment



Change of Plans



Subsequent Report



Recompletion



New Construction



Final Abandonment Notice



Plugging Back



Non-Routine Fracturing



Casing Repair



Water Shut-Off



Altering Casing



Conversion to Injection



Other

Add a zone.



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.)

Original APD submitted 06/09/2003 and approved 02/15/2005 was for a Basin Fruitland Coal completion. With this Sundry Notice, the operator proposes to complete the Harper Hill Fruitland Sand Pictured Cliffs interval also. The Pictured Cliffs and Fruitland Sand and Fruitland Coal will be down-hole commingled. Under separate notice an application to commingle the zones will be filed.

A C-102 reflecting the NE/4-160 acreage dedicated to the Harper Hill Fruitland Sand Pictured Cliffs pool is attached.

CONDITIONS OF APPROVAL

Adhere to previously issued stipulations.

HOLD C-102 FOR NSL to PC

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

Signed

Kurt Fegrdine

Geology

Date

May 13, 2005

This space for Federal or State office use

Approved by

Title

Date

Conditions of approval, if any.

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

RMOC

RECEIVED  
MAY 17 PM 2 12  
709 FARMINGTON

District I  
PO Box 1980, Hobbs, NM 88241-1980

District II  
PO Drawer 00, Artesia, NM 88211-0719

District III  
1000 Rio Brazos Rd, Aztec, NM 87410

District IV  
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
PO Box 2088  
Santa Fe, NM 87504-2088

Form C-102  
Revised February 21, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

### WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-31792		*Pool Code 78160	*Pool Name Harper Hill Fruitland Sand Pictured Cliffs
*Property Code	*Property Name FEDERAL I COM		*Well Number 102
*OGRID No. 006515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 5485'

#### <sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	12	29N	14W		270	NORTH	330	EAST	SAN JUAN

#### <sup>11</sup> 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

<sup>12</sup> Dedicated Acres 160.0 Acres (NE/4)	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
---	-------------------------------	----------------------------------	-------------------------

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

<div><p><sup>16</sup></p><p>2643.30'</p><p>1323.30'</p><p>1326.60'</p><p>270'</p><p>330'</p><p>2556.84'</p><p>2598.42'</p><p>5287.92'</p><p>2426.16'</p><p>2641.32'</p><p>LOT 2</p><p>LOT 1</p><p>LOT 3</p><p>San Juan River</p><p>DPC-100% SF-078110</p><p>LANCE FEE</p><p>12</p><p>RECEIVED 2005 MAY 17 PM 2 12</p></div>	<div><p><sup>17</sup> OPERATOR CERTIFICATION</p><p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p><p><i>Kurt Fagrelus</i> Signature Kurt Fagrelus</p><p>Printed Name Geology</p><p>Title may 10, 2005</p><p>Date</p></div> <div><p><sup>18</sup> SURVEYOR CERTIFICATION</p><p>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.</p><p>Date of Survey: APRIL 23, 2002</p><p>Signature and Seal of Professional Surveyor</p><div><p><b>JASON C. EDWARDS</b> Certificate Number 15269</p></div></div>
---	---

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  
March 4, 2004

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

WELL API NO. 30-045- <u>31792</u>
5. Indicate Type of Lease - FEDERAL STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. Federal: SF-078110
7. Lease Name or Unit Agreement Name Federal I Com
8. Well Number 102
9. OGRID Number 006515
10. Pool name or Wildcat 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  
P. O. Box 420, Farmington, NM 87499-0420

4. Well Location

Unit Letter A : 270 feet from the North line and 330 feet from the East line

Section 12 Township 29N Range 14W NMPM County San Juan

11. Elevation (Show whether DR, RKB, RT, GR, etc.)  
5485' GL

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

Pit Location: UL A Sect 12 Twp 29N Rng 14W Pit type Lined Reserve Pit Depth to Groundwater >100' Distance from nearest fresh water well 3600'

Distance from nearest surface water 500' 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 ☐ PLUG AND ABANDON ☐

TEMPORARILY ABANDON ☐ CHANGE PLANS ☐

PULL OR ALTER CASING ☐ MULTIPLE COMPLETION ☐

OTHER: Supplement to APD For Rule 50 Compliance ☒

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.

APD Dated 6/9/03 did not include pit and tank information for NMOCD Rule 50 compliance. During drilling and completion a lined reserve pit will exist. Upon completion, no pits will be needed at the well. All production will be transferred by pipeline to Dugan Production's Tabor Gathering System. Reserve pit will be assessed for closure requirements. If appropriate, the excess liner will be removed and disposed of at an authorized disposal site, the pit fluids allowed to evaporate and the pit covered and contoured. NMOCD guidelines will be followed until a general permit is secured.

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 20, 2004

Type or print name John D. Roe E-mail address: johnroe@duganproduction.com Telephone No. 325-1821

(This space for State use)

APPROVED BY [Signature] TITLE DEPUTY OIL & GAS DISTRICT SUPERVISOR DATE JUL 23 2004  
Conditions of approval, if any:

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  
March 4, 2004

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

WELL AP# NO 30-045- <u>31792</u>
5. Indicate Type of Lease - FEDERAL STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. Federal: SF-078110
7. Lease Name or Unit Agreement Name Federal I Com
8. Well Number 102
9. OGRID Number 006515
10. Pool name or Wildcat Basin Fruitland Coal

**SUNDY 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 : 270 feet from the North line and 330 feet from the East line  
Section 12 Township 29N Range 14W NMPM County San Juan

11. Elevation (Show whether DR, RKB, RT, GR, etc.)  
5485' GL

Pit or Below-grade Tank Application (For pit or below-grade tank closures, a form C-144 must be attached)  
Pit Location: UL A Sect 12 Twp 29N Rng 14W Pit type Lined Reserve Pit Depth to Groundwater >100' Distance from nearest fresh water well 3600'  
Distance from nearest surface water 450' 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:	SUBSEQUENT REPORT OF:
PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/> PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPLETION <input type="checkbox"/>	CASING TEST AND CEMENT JOB <input type="checkbox"/>
OTHER: Supplement to APD For Rule 50 Compliance <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.

Sundry dated 7/20/04 provided supplemental APD information for NMOCD Rule 50 compliance. The distance to nearest surface water is being revised to reflect an ephemeral drainage not initially considered.

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 November 11, 2004

Type or print name John D. Roe E-mail address: johnroe@duganproduction.com Telephone No. 325-1821

(This space for State use)

APPROVED BY [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 2 DATE NOV 12 2004  
Conditions of approval, if any:



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

Bill Richardson  
Governor  
Joanna Prukop  
Cabinet Secretary

Lori Wrotenbery  
Director  
Oil Conservation Division

May 12, 2003

Dugan Production Corporation  
P. O. Box 420  
Farmington, New Mexico 87499-0420  
Attention: Kurt H. Fagrelius  
[kfagrelius@duganproduction.com](mailto:kfagrelius@duganproduction.com)

Telefax No. (505) 327-4613

30-045-31792

*Administrative Order NSL-4880*

Dear Mr. Fagrelius:

Reference is made to the following: (i) your application dated April 4, 2002 (*administrative application reference No. pKRV0-309853720*); (ii) the New Mexico Oil Conservation Division's ("Division") initial response by letter from Mr. Michael E. Stogner, Engineer/Chief Hearing Officer in Santa Fe on April 15, 2003 requesting additional information concerning affected offsetting parties; (iii) your response by telefax on April 21, 2003 with attachments showing that the additional required notice had been properly submitted; (iv) your telephone conversation with Mr. Stogner on Monday afternoon, April 21, 2003; and (v) the Division's records in Santa Fe and Aztec: all concerning Dugan Production Corporation's ("Dugan") request for an exception to the well location requirements [Rule 7 (a) (1)] provided within the "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*," as promulgated by Division Order No. R-8768, as amended, for Dugan's proposed Federal "T" Com. Well No. 102 to be drilled 270 feet from the North line and 330 feet from the East line (Lot 4/Unit A) of irregular Section 12, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico.

The E/2 equivalent of irregular Section 12 is to be dedicated to this well in order to form a standard 320-acre, more or less, stand-up gas spacing unit for the Basin-Fruitland Coal (Gas) Pool (71629).

This application has been duly filed under the provisions of: (i) Rule 7 (b) of the "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*"; (ii) Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission ("Commission") in Case No. 12119 on August 12, 1999; and (iii) Rule 1207.A (2), revised by Division Order No. R-11205, issued by the Commission in Case No. 12177 on June 17, 1999.

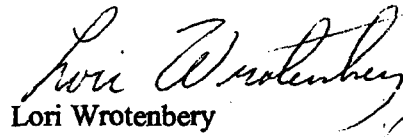
By the authority granted me under the applicable provisions of the special pool rules governing the Basin-Fruitland Coal (Gas) Pool and Division Rule 104.F (2), the above-described

Administrative Order NSL-4880  
Dugan Production Corporation  
May 12, 2003  
Page 2

---

unorthodox coal gas well location is hereby approved.

Sincerely,



Lori Wrotenbery  
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division – Aztec  
U. S. Bureau of Land Management - Farmington

Appl. completed on 4-21  
5-12-03

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

APR - 7 2003

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 \_\_\_\_\_

- [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 SLO  
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

- [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.

Kurt Fagrelus  
Print or Type Name

*Kurt Fagrelus*  
Signature

Geologist  
Title

3/31/03  
Date

kfagrelus@duganproduction.com  
e-mail Address





# dugan production corp.



April 4, 2003

**Certified – 7001 1940 0003 1548 2533**

Mr. Michael E. Stogner  
New Mexico Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Re: Application for Administrative Approval of  
Unorthodox Location for Dugan Production Corp.'s Federal I Com #102  
Unit A, Section 12, T29N, R14W  
270' FNL & 330' FEL (E/2 - 320)

Dear Mr. Stogner:

Dugan Production hereby requests approval for an unorthodox location for the referenced well. Attached for your reference are the following exhibits:

1. Well location and acreage dedication plat (NMOCD Form C-102)
2. Topographic map
3. Offsetting operator map

The unorthodox location is necessary due to topographic conditions.

The subject well is located inside the Farmington city limits. Existing, commercial and industrial developments occupy all favorable topographic and orthodox areas within the proration unit.

By certified mail, a copy of this application and request for administrative approval has been sent to all Fruitland Coal offsetting operators, the Bureau of Land Management and the City of Farmington.

Please contact me if you have any questions or need additional information.

Sincerely,

Kurt Fagrelus  
Geologist

Attachments



## dugan production corp.

---

Cc:

Bureau of Land Management – 1235 La Plata Hwy., Farmington, NM 87401

(Certified Return Receipt Requested – 7001 1940 0003 1548 2601)

NMOCD - 1000 Rio Brazos Road, Aztec, NM 87410

(Certified Return Receipt Requested – 7001 1940 0003 1548 2632)

City of Farmington – 800 Municipal Drive, Farmington, NM 87401

(Certified Return Receipt Requested – 7001 1940 0003 1548 2571)

Richardson Operating Company – 501 Airport Drive, Suite 119, Farmington, NM 87401

(Certified Return Receipt Requested – 7001 1940 0003 1548 2557)

Elliott Hall Co. – P.O. Box 1231, Ogden, Ut. 84402-1231

(Certified Return Receipt Requested – 7001 1940 0003 1548 2588)

Elliott Industries Ltd. Partnership - 500 No. Kentucky Ave., Roswell, NM 87201

(Certified Return Receipt Requested – 7001 1940 0003 1548 2595)

District I  
PO Box 980, Hobbs, NM 88241-1980

District II  
PO Drawer DD, Artesia, NM 88211-0719

District III  
1000 Rio Brazos Rd., Aztec, NM 87410

District IV  
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
PO Box 2088  
Santa Fe, NM 87504-2088

Form C-102  
Revised February 21, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number		*Pool Code 71629	*Pool Name <del>BASIN FRUITLAND COAL</del>
*Property Code	*Property Name FEDERAL I COM		*Well Number 102
*GRID No. 006515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 5485'

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	12	29N	14W		270	NORTH	330	EAST	SAN JUAN

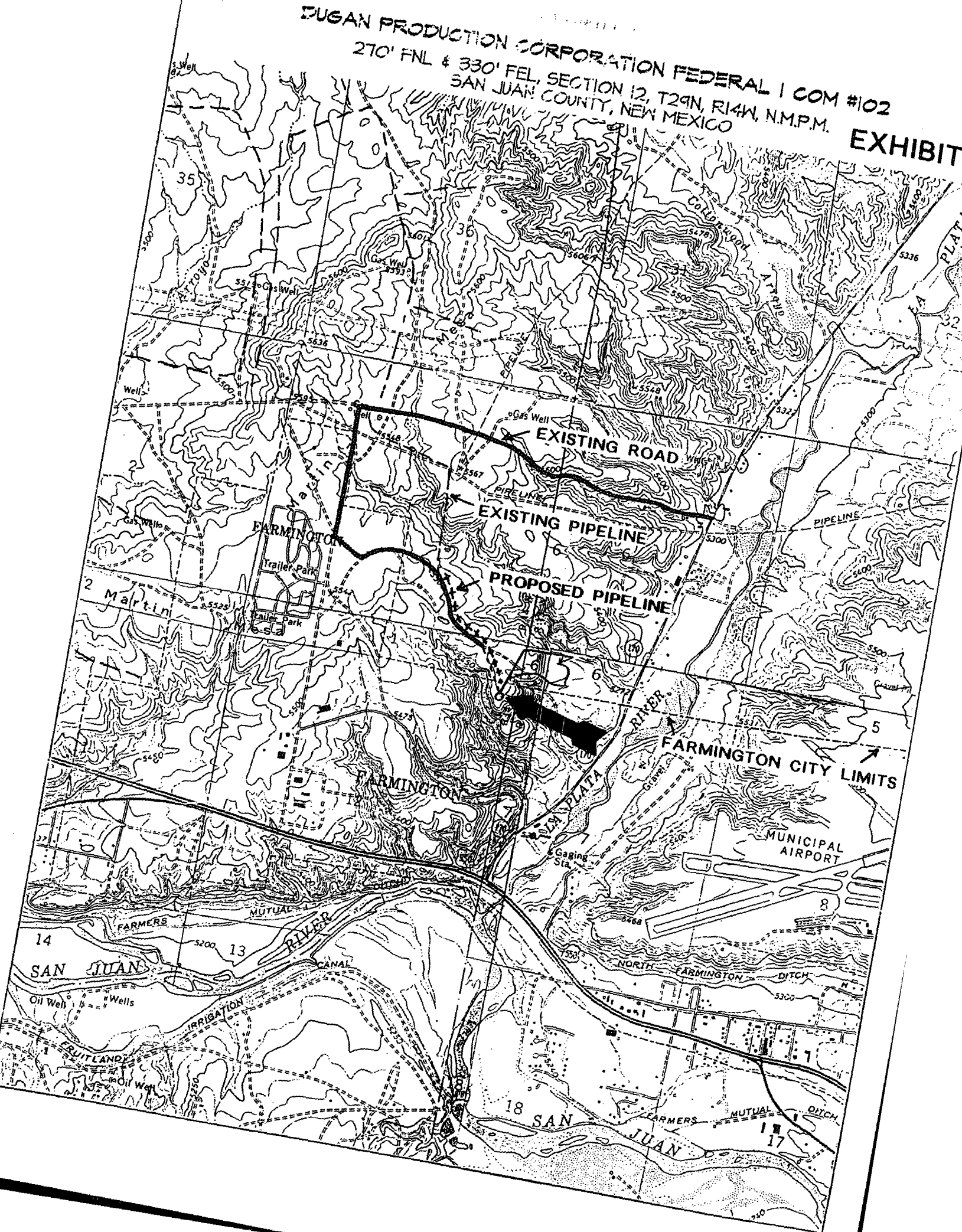
<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<sup>12</sup> Dedicated Acres 320.0 Acres - (E/2)					<sup>13</sup> Joint or Infill		<sup>14</sup> Consolidation Code		<sup>15</sup> Order No.

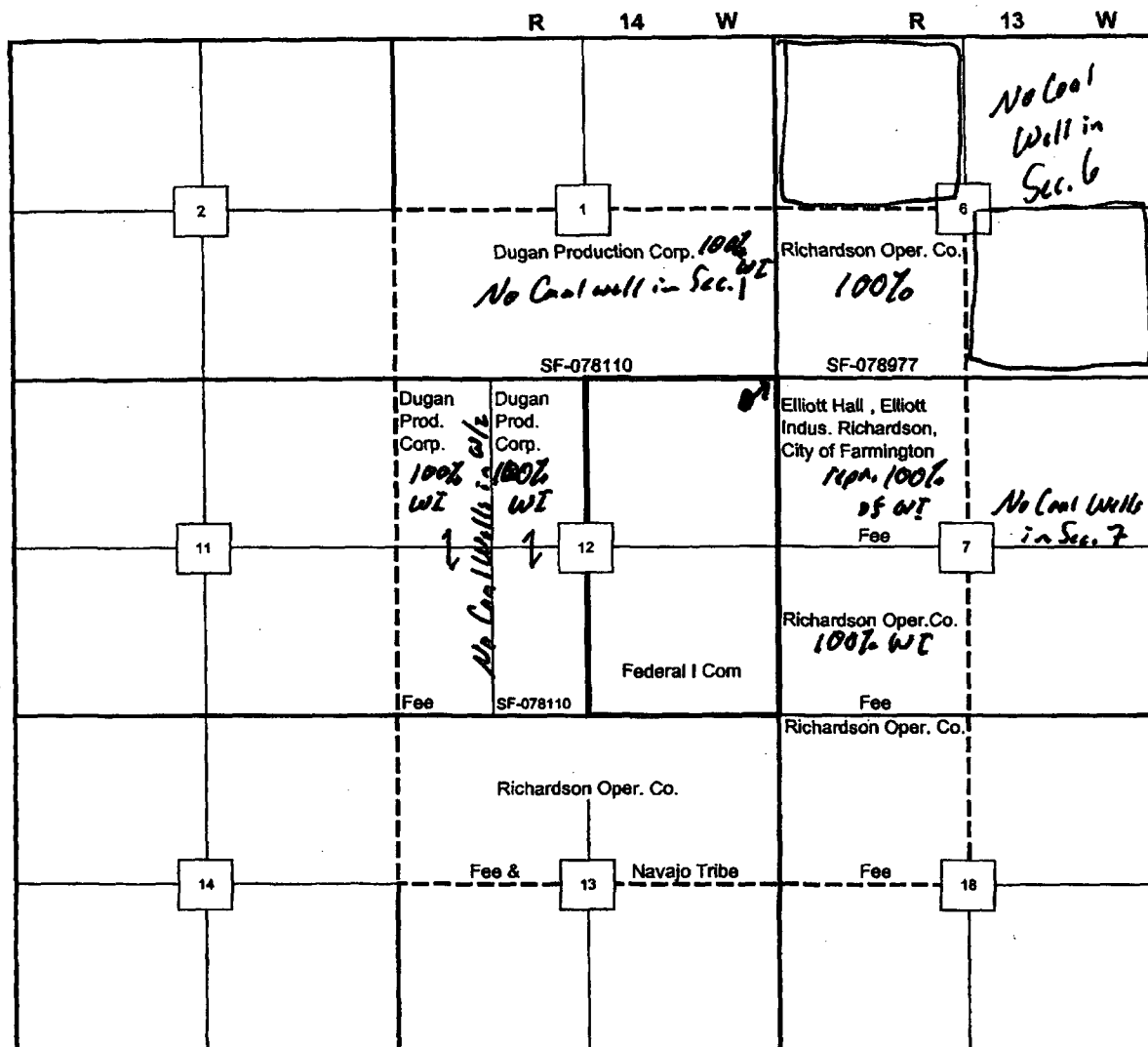
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<sup>17</sup> OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. <i>Kurt Fagrelus</i> Signature Kurt Fagrelus Printed Name Geologist Title March 31, 2003 Date	
	<sup>18</sup> 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. Date of Survey: APRIL 23, 2002 Signature and Seal of Professional Surveyor  JASON C. EDWARDS Certificate Number 15269	

**EXHIBIT**



**T  
2  
9  
N**



## Offsetting Operators and Mineral Owners Map

### All Offsetting Operators are Working Interest owners

☐ Spacing Unit

**Offsetting notification area**

**Stogner, Michael**

---

**From:** Hayden, Steven  
**Sent:** Friday, April 11, 2003 3:01 PM  
**To:** Stogner, Michael  
**Cc:** Charlie Perrin (E-mail)  
**Subject:** RE: Dugan's 2 NSL appl.

Mike,

As per our phone discussion, I will get out in the area of the two Dugan NSL applications early next week to check on the availability of standard locations.

Steve

-----Original Message-----

**From:** Stogner, Michael  
**Sent:** Friday, April 11, 2003 2:44 PM  
**To:** Chavez, Frank  
**Cc:** Hayden, Steven; Perrin, Charlie  
**Subject:** Dugan's 2 NSL appl.

I have received and reviewed two NSL applications from Dugan for their: (i) Federal "I" Com. #1; and (ii) Federal "I" #9, both in Section 12-T29N-R14W. My review of aerial photos indicate there are locations available for both wells a standard locations within the respectful pools. The cover letters for both applications, being somewhat sketchy, indicate Aztec was provided copies. Before I denied them or request more information I thought I would check with Aztec for comments.

*Monday, April 14, 2003*  
*1:29 PM*

*voice mail message from Steve Hayden*

- included both location and sound staker.*
- area has lots of build-up and rough terrain. appl. are legitimate and should be approved.*

*MS.*

CMD : ONGARD  
 OG5SECT INQUIRE LAND BY SECTION

04/11/03 13:12:47  
 ODOMES -TQBW  
 PAGE NO: 1

Sec : 12 Twp : 29N Rng : 14W Section Type : NORMAL

D	C	B	4
40.00	40.00	40.00	39.02
Fee owned	Federal owned	Federal owned	Federal owned
E	F	G	H
40.00	40.00	40.00	40.00
Fee owned	Federal owned	Federal owned	Federal owned

PF01 HELP PF02 PF03 EXIT PF04 GOTO PF05 PF06  
 PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

CMD :  
OG5SECT

ONGARD  
INQUIRE LAND BY SECTION

04/11/03 13:13:03  
OGOMES -TQBW  
PAGE NO: 2

Sec : 12 Twp : 29N Rng : 14W Section Type : NORMAL

L		K		5		6		I	
40.00		40.00		4.80		4.76		40.00	
Federal owned		Federal owned		Federal owned		Federal owned		Federal owned	
M		7		8		9		1	
40.00		37.67 24.13		15.53 40.34 24.13		6.12 40.34 24.13		6.12 40.34 24.13	
Federal owned		Federal owned		Federal owned		Federal owned		Federal owned	

PF01 HELP PF02 PF03 EXIT PF04 GOTO PF05 PF06  
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12





# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

Joanna Prukop  
Cabinet Secretary

April 15, 2003

Lori Wrotenbery

Director

Oil Conservation Division

**Dugan Production Corporation**  
**P. O. Box 420**  
**Farmington, New Mexico 87499-0420**

**Attention: Kurt H. Fagrelus**

*Re: Administrative application for an exception to the well location provisions of the Basin-Fruitland Coal (Gas) Pool for Dugan Production Corporation's proposed Federal "I" Com. Well No. 102 to be drilled at an unorthodox coal gas well location within the E/2 equivalent of Section 12, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico, being a standard 320-acre, more or less, stand-up gas spacing unit for the Basin-Fruitland Coal (Gas) Pool, 270 feet from the North line and 330 feet from the East line (Lot 4/Unit A) of irregular Section 12.*

Dear Mr. Fagrelus:

This letter acknowledges your administrative application dated April 4, 2003 for the above described well to be drilled at an unorthodox coal gas well location in the Basin-Fruitland Coal (Gas) Pool. The Division received your application on April 7, 2003, and assigned it **NMOCD administrative application reference No. pKRV0-309853720**. Please refer to this number in future correspondence with the Division.

My preliminary review indicates that the information provided in your application is not sufficient to process an administrative order at this time. It appears that your application is incomplete with respect to notice. Please refer to: (i) Rule 7 (b) of the "*Special Rules and Regulations for the Basin-Fruitland Coal (Gas) Pool*," as promulgated by Division Order No. R-8768, as amended; and (ii) Division Rule 1207.A (2), see copies attached. The introduction sentence for Division Rule 1207.A (2) (a) states:

*"Affected persons are the following persons owning interests in the adjoining spacing units".*

According to the information provided Richardson Operating Company owns 100% of the working interest in the SW/4 of Section 6, Township 29 North, Range 13 West, NMPM, San Juan County, New Mexico. This 160-acre area is not representative of a "spacing unit" in the Basin-Fruitland Coal (Gas) Pool. Since, as alluded to earlier, there is no coal gas well and established spacing unit, either lay-down or stand-up, in Section 6; the working interest underlying both the NW/4 and SE/4 of Section 6 are required to be notified in order to complete this application.

**Dugan Production Corporation**  
**April 15, 2003**  
**Page 2**

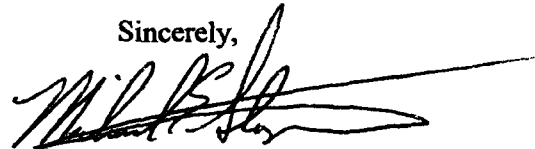
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Since the submitted information is insufficient to review, the application was ruled as incomplete on April 15, 2003. Please submit the above stated information by Thursday, April 24, 2003.

The Division cannot proceed with your application until the required information is submitted. Upon receipt, the Division will continue to process your application. The additional information can be faxed to (505) 476-3471, or mailed to the Division in Santa Fe. If the necessary information is not submitted, your application will be returned to you.

Should you have any questions concerning this matter, please contact me in Santa Fe at (505) 476-3465 or e-mail me at "[mstogner@state.nm.us](mailto:mstogner@state.nm.us)." Thank you.

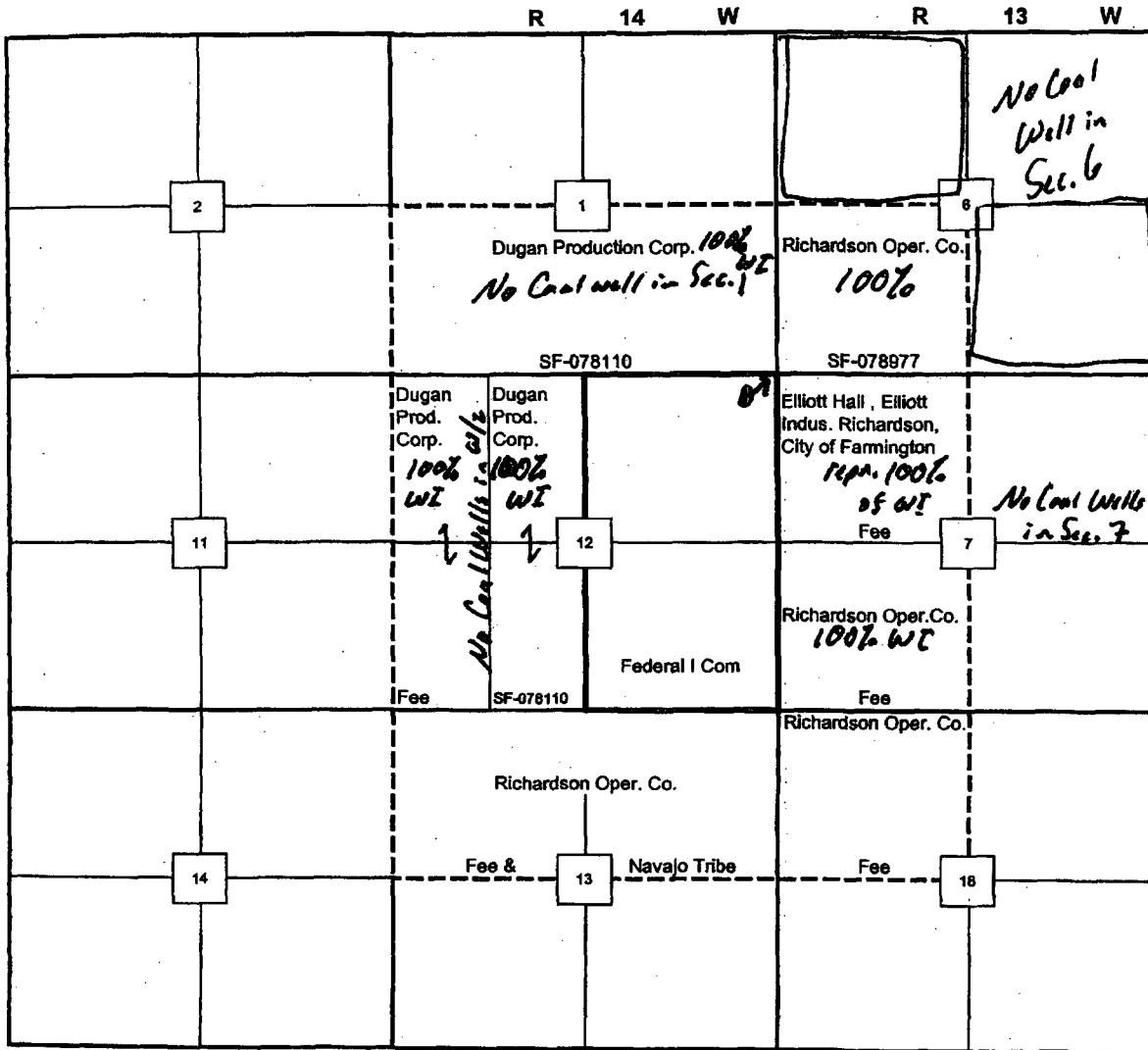
Sincerely,



Michael E. Stogner  
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division – Aztec  
William F. Carr, Legal Counsel for Dugan Production Corporation - Santa Fe

DUGAN PRODUCTION CORP.  
Federal I Com # 102  
Application for Unorthodox Location  
Basin Fruitland Coal Pool



Offsetting Operators and Mineral Owners Map  
All Offsetting Operators are Working Interest owners

 Spacing Unit

 Offsetting notification area

*New Suspense Date**5-12-03**p KRVO-309853720***DUGAN PRODUCTION CORP.**

P.O. BOX 420  
FARMINGTON, NM 87499-0420  
505-325-1821  
505-327-4513 (FAX)

DATE: April 21, 2003

TO: Michael E. Stogner

COMPANY: New Mexico Oil Conservation Division

FAX NO (505) 476-3471 <sup>3462</sup>

You should receive 5 page(s) including this cover sheet. If you did not receive all pages or are unable to read any pages, please contact:

FROM: Kurt Fagrelus TELEPHONE NO. (505)325-1821

Dear Michael E. Stogner:

In regards to Administrative Application Reference No. pKRVO-309853720 I have enclosed the following materials required to make the referenced application complete:

- 1) Cover letter of complete application sent by certified mail to two additional offsetting Fruitland Coal operators (Questar Exploration and Ocean Energy).
- 2) Certified Return Receipt numbers for above operators notified.
- 3) Revised Offsetting Operators and Mineral Owners Map for application cited above.

If you have any questions or need additional information, please contact me.

Very Sincerely, Kurt Fagrelus

*4-21-03  
3:30 AM Kurt F. called for  
a new Sox # for the Dis.  
He was also informed a new  
suspense date would be  
assigned based on this  
new notice.*

**dugan production corp.**

April 21, 2003

Certified -- 7001 1940 0003 1548 2533

Mr. Michael E. Stogner  
New Mexico Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Re: **Administrative Application Reference No. pKRVO-309853720**  
**Application for Administrative Approval of**  
**Unorthodox Location for Dugan Production Corp.'s Federal I Com #102**  
**Unit A, Section 12, T29N, R14W**  
**270' FNL & 330' FEL (E/2 - 320)**

Dear Mr. Stogner:

Enclosed, you will find additional information required to process the application referenced above.

Two additional Fruitland Coal offsetting operators (Questar Exploration and Ocean Energy) have been sent by certified mail, a copy of the complete application and request for administrative approval. A copy of the cover letter sent to these operators, the respective Certified Return Receipt numbers and a revised Offsetting Operators and Mineral Owners Map (all offsetting operators are working interest owners) are enclosed for your review.

Please contact me if you have any questions or need additional information.

Sincerely,

Kurt Fagrelus  
Geologist

Attachments

**dugan production corp.**

April 21, 2003

Certified - 7001 1940 0003 1548 2533

Mr. Michael E. Stogner  
New Mexico Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Re: Application for Administrative Approval of  
Unorthodox Location for Dugan Production Corp.'s Federal I Com #102  
Unit A, Section 12, T29N, R14W  
270' FNL & 330' FEL (E/2 - 320)

Dear Mr. Stogner:

Dugan Production hereby requests approval for an unorthodox location for the referenced well. Attached for your reference are the following exhibits:

1. Well location and acreage dedication plat (NMOCD Form C-102)
2. Topographic map
3. Offsetting operator map

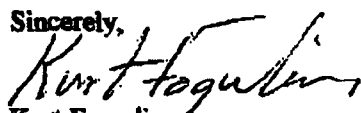
The unorthodox location is necessary due to topographic conditions.

The subject well is located inside the Farmington city limits. Existing, commercial and industrial developments occupy all favorable topographic and orthodox areas within the proration unit.

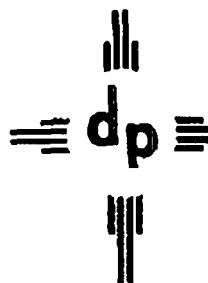
By certified mail, a copy of this application and request for administrative approval has been sent to all Fruitland Coal offsetting operators, the Bureau of Land Management and the City of Farmington.

Please contact me if you have any questions or need additional information.

Sincerely,

  
Kurt Fagrelius  
Geologist

Attachments

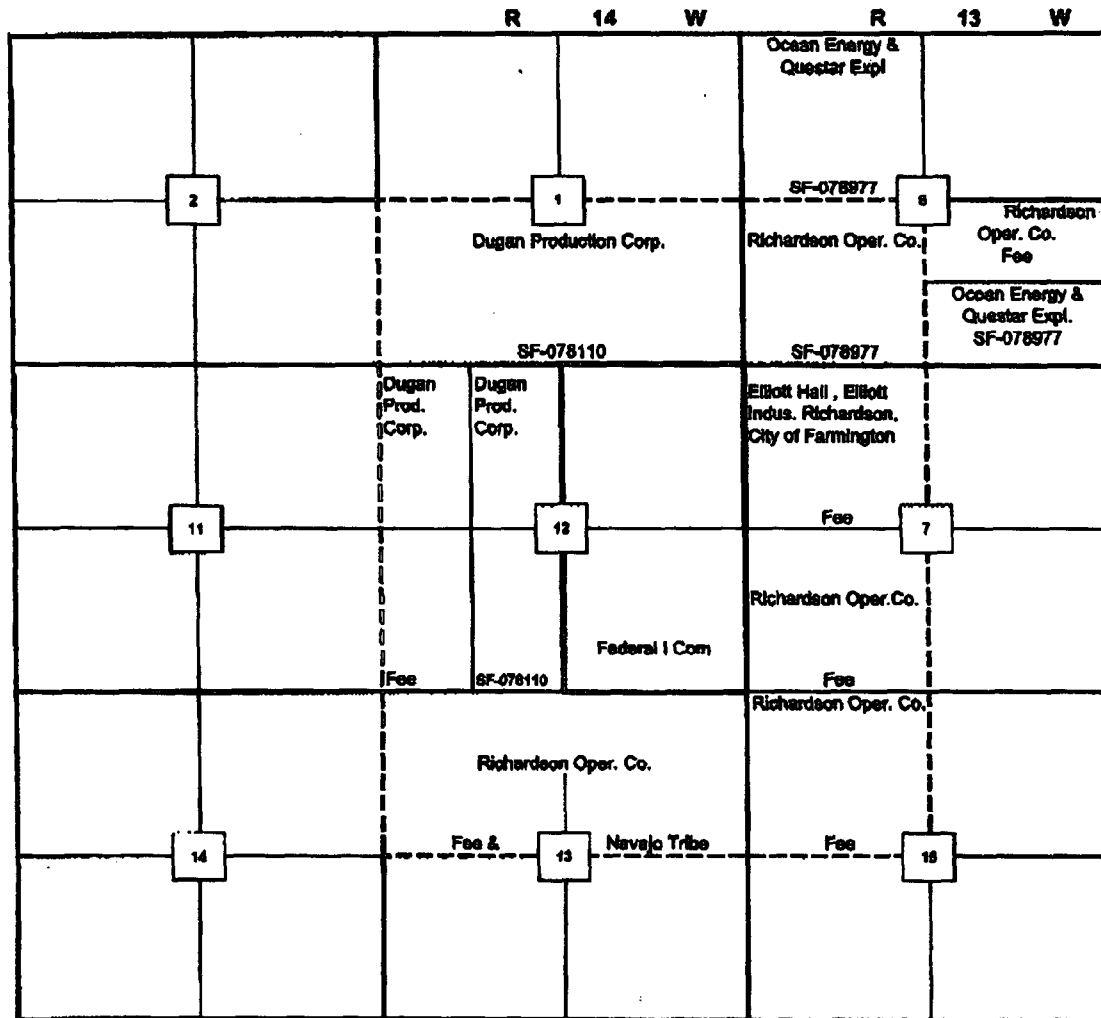


# dugan production corp.

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**Cc:****Bureau of Land Management – 1235 La Plata Hwy., Farmington, NM 87401****(Certified Return Receipt Requested – 7001 1940 0003 1548 2601)****NMOCD - 1000 Rio Brazos Road, Aztec, NM 87410****(Certified Return Receipt Requested – 7001 1940 0003 1548 2632)****City of Farmington – 800 Municipal Drive, Farmington, NM 87401****(Certified Return Receipt Requested – 7001 1940 0003 1548 2571)****Richardson Operating Company – 501 Airport Drive, Suite 119, Farmington, NM 87401****(Certified Return Receipt Requested – 7001 1940 0003 1548 2557)****Elliott Hall Co. – P.O. Box 1231, Ogden, Ut. 84402-1231****(Certified Return Receipt Requested – 7001 1940 0003 1548 2588)****Elliott Industries Ltd. Partnership - 500 No. Kentucky Ave., Roswell, NM 87201****(Certified Return Receipt Requested – 7001 1940 0003 1548 2595)****Questar Exploration and Production Co. - 1050 17<sup>th</sup> Street, Suite 500, Denver, Co 80202****(Certified Return Receipt Requested – 7001 1940 0003 1548 3202)****Ocean Energy – 1001 Fannin, Suite 1600, Houston, Tx 77002-6794****(Certified Return Receipt Requested – 7001 1940 0003 1548 3196)**

DUGAN PRODUCTION CORP.  
Federal I Com # 102 Well  
Application for Unorthodox Location  
Basin Fruitland Coal Pool  
San Juan County, New Mexico



Offsetting Operators and Mineral Owners Map  
All Offsetting Operators are Working Interest owners

 Spacing Unit

 Offsetting notification area