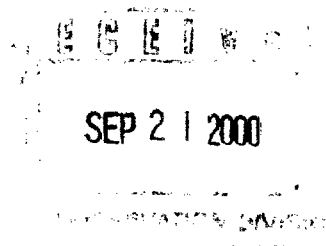


dugan production corp.



September 19, 2000

Ms. Lori Wrotenbery  
New Mexico Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, NM 87505

Re: Dugan Production's Application dated 8/25/00  
Proposed Surface Commingling  
Dugan Production Corp.'s Mucho Deal No. 1 (API No. 30-045-22570)  
Dugan Production Corp.'s Mucho Deal No. 14 (API No. 30-045-30179)  
Unit F, Section 14, T-30N, R-14W  
Federal Leases NM-26052, NM-2555, NM-13213 & NM-15272  
Basin Dakota & Harper Hill Fruitland Sand-Pictured Cliffs gas pools

Dear Ms. Wrotenbery,

Attached, for your consideration of the captioned application is a copy of the BLM's approval dated 9-14-00.

Please let me know should you have questions or need additional information.

Sincerely,

John D. Roe  
Engineering Manager

JDR/tmf

attachment

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

SEP 2000  
RECEIVED

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)

Multiple - see below

5. Lease Designation and Serial No.

NM-26052

6. If Indian, Allotted or Tribe Name

7. If Unit or CA, Agreement Designation

SMR1154

8. Well Name and No.

Mucho Deal CDP

9. API Well No.

Multiple - see below

10. Field and Pool, or Exploratory Area

Basin Dakota/  
Harper Hill FrSd/PC

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

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

TYPE OF ACTION

- ☐ Abandonment  
☐ Recompletion  
☐ Plugging Back  
☐ Casing Repair  
☐ Altering Casing  
☒ Other Surface commingling  
☐ 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.)\*

In the attached application dated 8/25/00, Dugan Production Corp. has proposed to convert the existing gas sales meter for Dugan's Mucho Deal No. 1 to a central delivery sales meter for Dugan's Mucho Deal No. 1 and No. 14 wells. This will require the surface commingling of gas from the Harper Hill Fruitland Sand/PC and Basin Dakota gas pools. Pertinent data for the wells and CDP sales meter is:

Well/Meter	API No.	Location	Lease or CA No.
Mucho Deal No. 1	30-045-22570	SENW-14-30N-14W	NM-CA #SMR1154
Mucho Deal No. 14	30-045-30179	SENW-14-30N-14W	NM-26052
CDP Sales Meter	none	SENW-14-30N-14W	NM-26052

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

Signed John D. Roe Title Engineering Manager Date 8/25/2000  
John D. Roe

(This space for Federal or State office use)

Approved by Ernest G. Bessler Title Manager, BJM J70 Date SEP 14 2000

Conditions of approval, if any: