

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

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

APR 17 PM 1:07

070 Farmington, NM

5. Lease Designation and Serial No.

SF 078431

6. If Indian, Allotted or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Nickson #1

9. API Well No.

30 045 05602

10. Field and Pool, or Exploratory Area

Ballard Pictured Cliffs &  
Basin Fruitland Coal

11. County or Parish, State

San Juan, NM

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)

790' FSL & 1966' FWL (SE/4 SW/4)  
Unit N, Sec. 35, T26N, R8W

## 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 of Plans
- 
- ☐
- New Construction
- 
- ☐
- Non-Routine Fracturing
- 
- ☐
- Water Shut-Off
- 
- ☐
- Conversion to Injection
- 
- ☐
- Dispose Water

Application to downhole  
commingle(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.)

Dugan Production proposed to downhole commingle productin from the Ballard Pictured Cliffs and Basin Fruitland coal gas pools which will allow the currently shut-in Pictured Cliffs completion to be returned to production and the currently shut-in Fruitland Coal completion to be placed on production. The spacing units for both pools (SW/4 & S/2) encompass only one Federal Lease (SF-078431) and all royalty interest is Federal. Specifics for downhole commingling are presented in the attached application (NMOCD Form C-103).

CONDITIONS OF APPROVAL  
Adhere to previously issued stipulations.

DHC 115/AZ

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

Signed

John D. Roe

Title

Engineering Manager

Date

3/14/2003

(This space for Federal or State office use)

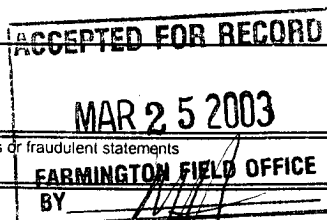
Approved by

/s/ Jim Lovato

Title

Conditions of approval, if any:

MAR 25 2003



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

NMOCD

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  
Revised March 25, 1999

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

|   |
|---|
| WELL API NO.<br>30-045-05602  |
| 5. Indicate Type of Lease <i>FEDERAL LEASE</i><br>STATE <input type="checkbox"/> FEE <input type="checkbox"/> |
| 6. State Oil & Gas Lease No.<br>Federal Lease #SF-078431  |
| 7. Lease Name or Unit Agreement Name:<br><br>Nickson  |
| 8. Well No.<br>1  |
| 9. Pool name or Wildcat<br>Basin Fruitland Coal &<br>Ballard Pictured Cliffs                                  |

|   |
|---|
| 4. Well Location<br>Unit Letter <u>N</u> : <u>790</u> feet from the <u>South</u> line and <u>1966'</u> feet from the <u>West</u> line<br><br>Section <u>35</u> Township <u>26N</u> Range <u>8W</u> NMPM San Juan County |
| 10. Elevation (Show whether DR, RKB, RT, GR, etc.)<br>7011' GL  |

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

4. Well Location  
Unit Letter N : 790 feet from the South line and 1966' feet from the West line  
  
Section 35 Township 26N Range 8W NMPM San Juan County

10. Elevation (Show whether DR, RKB, RT, GR, etc.)  
7011' GL

11. 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: Downhole Commingling ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐

COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDONMENT ☐

CASING TEST AND CEMENT JOB ☐

OTHER: ☐

12. 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 recompilation.

The Pictured Cliffs completion last produced during 1988 & has potential to produce 30 mcf/d (Ref. Attachment No. 1). The Pictured Cliffs was temporarily abandoned and the Fruitland Coal completed 1-29-97. During completion, gas was being produced but at rates too small to measure. Shut in pressure would build up to 92 PSIA and a water rate of 14 BWPD tested. We anticipate initial gas production under continuous operations to be  $\pm 3$  mcf/d, with potential to increase as dewatering occurs in the coal.

1&2. NMOCD Order R-11363 established the Basin Fruitland Coal (71629) and Ballard Pictured Cliffs (71439) as preapproved pools for downhole commingling.

3. Perforated intervals: Fruitland Coal 2620'-26', 2649'-51', 2661'-64', 2675'-77', 2715'-16', 2722'-25'. Pictured Cliffs 2734'-38', 2780'-2800'.

4. Allocation method: Fixed factors based upon an production tests (Ref. Attachment No. 2)

| Proposed Allocation | Fruitland Coal | Pictured Cliffs |
|---------------------|----------------|-----------------|
| Gas                 | - 9%           | 91%             |
| Water               | - 80%          | 20%             |

5. The value of production from either zone will not be reduced, but will be maximized as a result of this downhole commingling. Production from the Pictured Cliffs completion was marginally economic and is currently shut-in. Production from the Fruitland Coal is not economic on its own and has been shut-in since completion. Commingled downhole, both zones will hopefully produce volumes sufficient to maintain economic operations and thus this downhole commingling will allow the Pictured Cliffs completion to be returned to production and the Fruitland Coal completion to be placed on production.

6. The ownership (working, royalty and overriding) is identical for both zones. Dugan Production holds 99.00% of the working interest and all royalty is Federal.

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

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 March 13, 2003

Type or print name John D. Roe Telephone No. (505) 325-1821

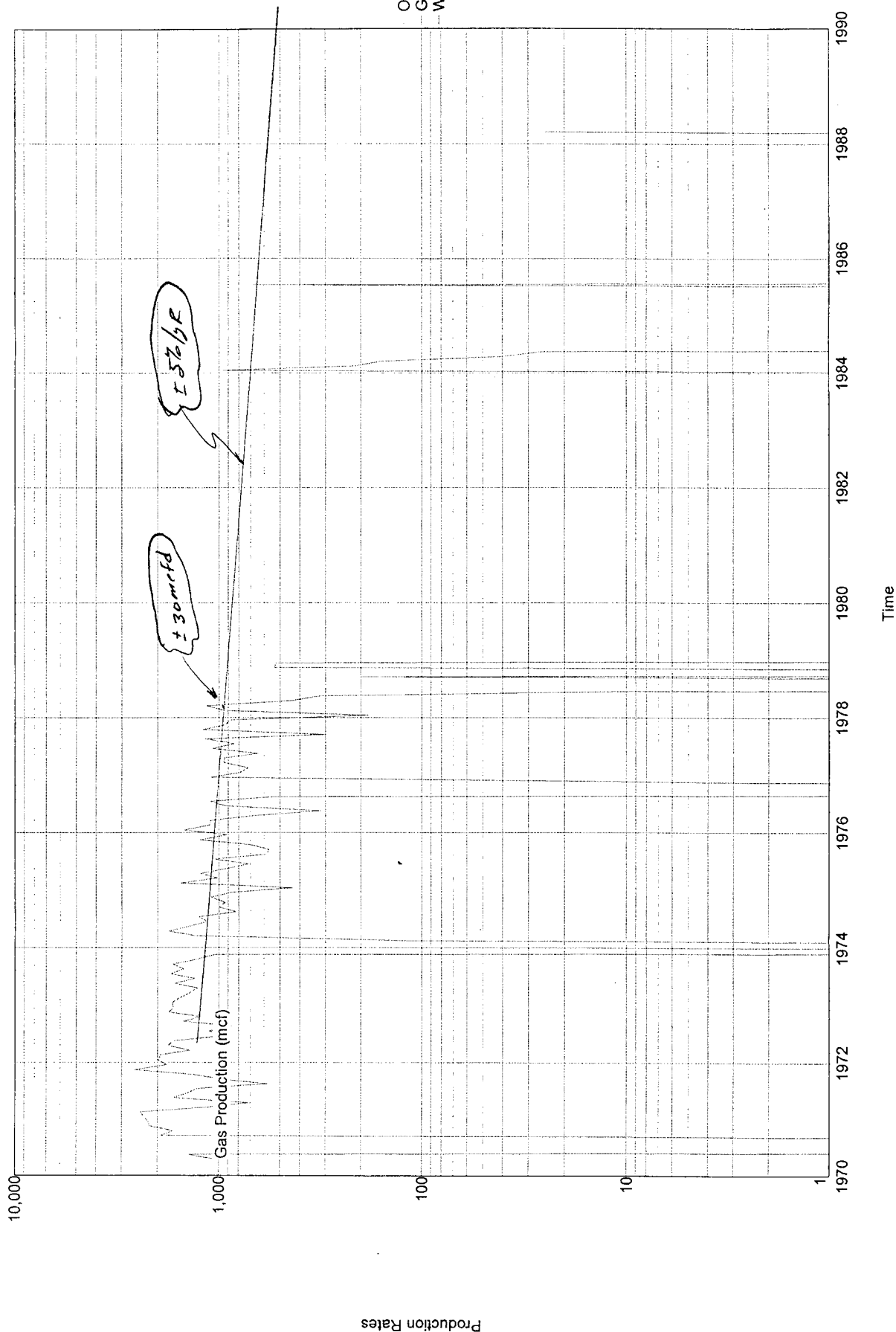
(This space for State use)

APPROVED BY \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_

Conditions of approval, if any:

Lease Name: NICKSON  
County, State: SAN JUAN, NM  
Operator: DUGAN PRODUCTION CORPORATION  
Field: BALLARD  
Reservoir: PICTURED CLIFFS  
Location: 35 26N 8W SE SW

# NICKSON - BALLARD



## Attachment No. 2

### Ballard Pictured Cliffs Completion

From production graph, (Attachment No. 1) production was declining @  $\pm 5\%$ /year and at the time the well ceased to produce regularly (1978), production was averaging  $\pm 30$  mcf/d. Periodic testing between 1978 & 1988 indicated potential existed for  $\pm 30$  mcf/d, however the well would not flow continuously. During the Fruitland Coal completion efforts, a casing leak was discovered and repaired. Upon receiving approvals to downhole commingle the Fruitland Coal and Pictured Cliffs the Nickson No. 1 will be acidized prior to returning to production in anticipation of restoring Pictured Cliffs productivity to  $\pm 30$  mcf/d.

### Basin Fruitland Coal Completion

The Fruitland Coal was completed on 1-29-97 testing a gas and water rate of TSTM and 14 BWPD, respectively. Subsequent resting efforts have indicated pressure will build up to 92 PSIA, gas production is present and water rates of 6 to 10 BWPD are anticipated. It is anticipated that once commingled with the Pictured Cliffs and placed on production, natural gas production will be 1 to 5 mcf/d and will increase as dewatering occurs in the coal. For allocation of production, a gas rate of  $\pm 3$  mcf/d is believed to be realistic. It should be noted that all interest in both completions is identical.

| <u>Proposed Allocation:</u> | <u>Gas</u>      | <u>Water</u>   |
|-----------------------------|-----------------|----------------|
| Basin Fruitland Coal        | 3 mcf/d (9%)    | 8 BWPD (80%)   |
| Ballard Pictured Cliffs     | 30 mcf/d (91%)  | 2 BWPD (20%)   |
| <u>Total</u>                | <u>33 mcf/d</u> | <u>10 BWPD</u> |