

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

070 FARMINGTON NM

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 #101

9. API Well No.

30 045 31785

10. Field and Pool, or Exploratory Area

Harper Hill Fruitland Sand PC/
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)

650' FSL & 2085' FWL (SE/4 SW/4)
Unit N, Sec. 1, T29N, R14W, NMPM

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

Application to downhole
commingle



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.)

Dugan Production proposes to downhole commingle production from the Harper Hill Fruitland Sand-Pictured Cliffs and the Basin Fruitland Coal gas pools upon completing the Federal I No. 101. The spacing units for both pools (S/2 for Fruitland Coal and SW/4 for Fruitland Sand/Pictured Cliffs) encompass only one federal lease (SF-078110) and all royalty interest is federal. Specifics for downhole commingling are presented in the attached application (NMOCD Form C-103).

DHC 1947 AZ

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

Signed

John D. Roe

Title

Engineering Manager

Date

07/22/2005

(This space for Federal or State office use)

Approved by

John L. Lohs

Title

Petr. Eng

Date

8/10/05

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

NMOCD

Attachment No. 1
Offset Well Production
Dugan's Federal I Wells No. 101, Com 102 & King Com No. 2
Sections 1, 11 & 12; T-29N; R-14W
San Juan County, New Mexico

Operator ①	Well	Location UL-S-T-R	# Months Produced	10/04 DHC ③ %FC/PC	Average Production - mcf/mo & # of mo. If less than 12) ②									
					Fruitland Coal					Fruitland Sand-PC				
					1st 12 months	2nd 12 months	3rd 12 months	4th 12 months	5th 12 months	1st 12 months	2nd 12 months	3rd 12 months	4th 12 months	5th 12 months
LANCE	RPC 18 #3	N-18-29N-13W	27	50/50 ④	1,376	1,588	1,477 (3)			1,376	1,588	1,477 (3)		
LANCE	Ropco 18 #4	P-18-29N-13W	5		14,023 (5)									
ROC	Fawkes #1	P-18-29N-13W	353							3,247	3,487	4,582	4,123	4,097
DPC	Federal I #100	B-1-29N-14W	41		1,435	1,564	1,744	2,266 (5)		5,129	4,079	4,297	4,365	3,485
DPC	Federal I #4/R	C-1-29N-14W	413							1,959	2,774	3,007	3,088	3,524
DPC	Federal I #6	G-1-29N-14W	76							3,176	3,200	3,373	2,518	3,082
DPC	Federal I #5/R	J-1-29N-14W	380							4,100	3,440	2,455	1,776 (8)	
DPC	Com #2/R	A-2-29N-14W	44							8,985	4,757	6,564	5,029	3,293
DPC	Com #4	C-2-29N-14W	61							1,046	596	1,017	972	1,092
DPC	Com #1	J-2-29N-14W	81		4,388	8,887	6,841	5,401	4,243					
DPC	Com #3	J-2-29N-14W	155											
DPC	Com #91	L-2-29N-14W	56		4,880	3,135	2,136	1,722	1,100 (8)	3,356	5,207	4,382	4,629	4,765 (2)
LANCE	WF Federal 3 #1	D-3-29N-14W	50											
DPC	Federal I #99	H-3-29N-14W	57		6,283	5,501	6,216	4,513	3,461 (9)	8,486	5,033	2,811	2,215	1,902 (6)
DPC	Federal I #7	J-3-29N-14W	55											
LANCE	WF Federal 3 #2	L-3-29N-14W	50		5,341	4,701	4,615	3,668	3,837 (2)					
DPC	Federal I #98	B-10-29N-14W	55		5,226	3,397	2,247	1,669	1,428 (7)					
LANCE	Ropco 10 #1	D-10-29N-14W	24							3,317	2,653			
DPC	Federal I #10	J-10-29N-14W	30							4,971	3,022	1,330 (6)		
LANCE	Ropco 10 #2	K-10-29N-14W	42	50/50 ④	1,775	2,064	2,866 (3)			3,574	1,916	2,057	2,489 (6)	
DPC	King Com #90	B-11-29N-14W	55		812	710	413	491	501 (7)	7,973	5,978	4,002	6,236	4,551 (6)
DPC	Federal I #8	C-11-29N-14W	54											
DPC	Federal I #90	E-11-29N-14W	30		2,584	4,374	4,455 (6)			3,356	2,175			
LANCE	Navajo 13 #1	A-13-29N-14W	24	74/26 ④	2,827	2,326 (7)				997	1,420	1,349	1,112 (5)	
MSPC	Navajo Tribal H #15	A-13-29N-14W	41							3,381	4,868			
LANCE	Navajo 13 #2	E-13-29N-14W	24							1,929	3,517	2,752	2,850	2,668 (6)
LANCE	Navajo Tribal H #5	M-13-29N-14W	54	50/50 ④	1,929	3,517	2,752	2,850	2,668 (6)	1,352	2,345	2,583	1,998 (6)	
LANCE	Navajo Tribal H #12	E-14-29N-14W	42							5,426 (8)				
LANCE	Navajo 14 #2	H-14-29N-14W	8							10,079	8,161	9,919		
LANCE	WF Navajo 14 #1	I-14-29N-14W	36							2,761	4,420	4,688 (3)		
LANCE	Benally 14 #3	K-14-29N-14W	27							6,157	7,131	5,611	5,775	4,993 (8)
LANCE	WF Federal 34 #3	A-34-30N-14W	56	49/51 ④	4,449	2,789	4,048	4,076	4,270 (8)	7,416	7,683	6,231	4,737	5,713
LANCE	WF Federal 34 #2	N-34-30N-14W	57	49/51 ④	5,634	8,266	10,750	5,147	2,086 (9)	1,509	1,240	749	498	573
LANCE	WF Federal 34 #1	O-34-30N-14W	64							4,127	5,276	3,860	1,686	1,439
DPC	Aztec 35 #3	D-35-30N-14W	90							799	1,044	434	529	862
DPC	Jiggs #1	E-35-30N-14W	51							4,584	4,793	6,602	4,522	4,146 (7)
DPC	Winifred #2	G-35-30N-14W	126							2,003	1,517	1,017	1,268	1,126
DPC	Tabor Com #90	H-35-30N-14W	56		3,486	5,315	8,266	4,999	5,776					
DPC	Jiggs #2	I-35-30N-14W	55											
LANCE	Aztec #4	N-35-30N-14W	280											
LANCE	Perf #90	N-35-30N-14W	27		2,825	6,233	6,695 (3)			200 (6)	---	---	---	---
LADD	Aztec 35 #5	O-35-30N-14W	6							1,937	4,865	4,738	5,569 (10)	
DPC	Stella Needs a Com #2	D-36-30N-14W	46											
DPC	Camp David Com #1	G-36-30N-14W	89		3,913	2,924	4,800	4,420	6,064					
DPC	Camp David Com #1S	I-36-30N-14W	14		5,993	11,941 (2)								
DPC	O'Henry #1	N-36-30N-14W	89		1,009	724	995	1,921	2,262					

Attachment No. 1
Offset Well Production
Dugan's Federal 1 Wells No. 101, Com 102 & King Com No. 2
Sections 1, 11 & 12; T-29N; R-14W
San Juan County, New Mexico

Operator ①	Well	Location	# Months Produced	10/04 DHC ③ %FC/PC	Average Production - mcf/mo & (# of mo. if less than 12) ②									
					Fruitland Coal					Fruitland Sand-PC				
					1st 12 months	2nd 12 months	3rd 12 months	4th 12 months	5th 12 months	1st 12 months	2nd 12 months	3rd 12 months	4th 12 months	5th 12 months
DPC	Camp David Com #2	O-36-30N-14W	46							2,259	5,159	4,023	3,111 (10)	
			Total all wells		80,188	79,386	71,316	43,143	37,696	121,632	113,876	96,316	72,273	53,482
			# wells		20	19	17	13	12	33	31	28	24	18
			Average/well		4,009	4,178	4,195	3,319	3,141	3,686	3,673	3,440	3,017	2,971
			% of FC & PC		52.1	53.1	54.9	52.4	51.4	47.8	46.9	45.1	47.6	48.6
			Avg. 1st 5 yrs		52.9					47.1				
			Total excluding DHC wells		62,198	59,436	49,423	31,070	28,672	104,574	97,017	84,013	59,981	43,650
			# wells		14	13	12	10	9	27	25	23	20	15
			Average/well		4,443	4,572	4,119	3,107	3,186	3,873	3,881	3,653	2,999	2,910
			% of FC & PC		53.4	54.1	53.0	50.9	52.3	46.6	45.9	47.0	49.1	47.7
			Avg. 1st 5 yrs		52.9					47.1				

- ① - DPC - Dugan Production Corp., LADD - Ladd Petroleum Corp., LANCE - Lance Oil & Gas Co., ROC - Richardson Operating Co.
- ② - Production data from Dwigths/PI and ONGARD thru October, 2004 for ROC & LANCE and thru 2/05 for DPC.
- All data normalized to 1st month of production. Fruitland Coal production from the Basin Fruitland Coal pool (77629) and Fruitland Sand-PC production from the Harper Hill (78160) and Twin Mounds (86620) Fruitland Sand-Pictured Cliffs pools, plus West Kutz Pictured Cliffs pool (79680).
- ③ - Downhole commingling factors for October 2004. % of total gas from Fruitland Coal and % of total gas from Fruitland Sand/Pictured Cliffs
- ④ - RPC 18 Well No. 3 (API No. 30-045-30943) - DHC-894AZ approved 9-10-02 authorizes downhole commingling of Basin Fruitland Coal with West Kutz Pictured Cliffs.
- Fixed allocation factor of 50/50. Used for production 8/02 thru 10/04.
- ⑤ - Ropco 10 Well No. 2 (API No. 30-045-30448) - DHC-908AZ approved 9/23/02 authorizes downhole commingling of Basin Fruitland Coal with Harper Hill Fruitland Sand-Pictured Cliffs.
- Fixed allocation factor of 50/50 used for production 8/02 thru 9/04.
- ⑥ - Navajo 13 Well No. 1 (API No. 30-045-30652) - DHC-965AZ approved 11/02 authorizes downhole commingling of Basin Fruitland Coal with West Kutz Pictured Cliffs. Fixed allocation factor of 49% Fruitland Coal and 51% Pictured Cliffs proposed and fixed allocation factor of 50/50 used for production 5/03 thru 9/04. On 11/15/04, Richardson Operating proposed new fixed allocation factors of 78.3% Fruitland Coal and 21.7% Pictured Cliffs.
- ⑦ - Navajo Tribal H No. 5 (API No. 30-045-13101) - Administrative Order DHC-2478 dated 10/12/99 authorized downhole commingling of Basin Fruitland Coal with West Kutz Pictured Cliffs. Allocation factors to be based upon an exponential decline of 18%/year for the PC (PC volume=PC base rate x e^{-18t}) and by subtraction for the Fruitland Coal. A fixed allocation allocation factor of 50/50 has been used for all production 5/00 thru 10/04.
- ⑧ - WF Federal 34 Well No. 3 (API No. 30-045-29881) - Administrative Order DHC-2699 dated 4/3/00 authorizes the downhole commingling of Basin Fruitland Coal with Harper Hill Fruitland Sand-Pictured Cliffs. Allocation factors to be based upon an exponential decline of 7%/year for the Pictured Cliffs (PC volume=PC base rate x e^{-7t}) and by subtraction for the Fruitland Coal. Allocation factors for production changes monthly and annual averages are: 2000 = 44.6% Coal & 55.4% PC; 2001 = 26.2% Coal & 73.8% PC; 2002 = 38.1% Coal & 61.9% PC; 2003 = 40.8% Coal & 59.2% PC; 1st 9 months 2004 = 49.0% Coal & 51.0% PC.
- ⑨ - WF Federal 34 No. 2 (API No. 30-045-29882) - Administrative Order DHC-2608 dated 2/1/00 authorizes the downhole commingling of Basin Fruitland Coal with Harper Hill Fruitland Sand-Pictured Cliffs. Allocation factors to be based upon an exponential decline of 7%/year for the PC (PC volume = PC base rate x e^{-7t}) and by subtraction for the coal. Allocation factors for production changes monthly and annual averages are: 2000 = 89.4% Coal & 10.6% PC; 2001 = 94.0% Coal & 6.0% PC; 2002 = 96.4% Coal & 3.6% PC; 2003 = 81.4% Coal & 18.6% PC; 2004 = 49.0% Coal & 51.0% PC.