

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
May 27, 2004

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

WELL API NO. 30-045-29883
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name King Com
8. Well Number 90
9. OGRID Number 006515
10. Pool name or Wildcat Basin Fruitland Coal & Harper Hill FR Sand-PC

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 <input type="checkbox"/>	
2. Name of Operator Dugan Production Corp.	
3. Address of Operator P. O. Box 420, Farmington, NM 87499	
4. Well Location Unit Letter <u>B</u> : <u>1128</u> feet from the <u>North</u> line and <u>1511</u> feet from the <u>East</u> line Section <u>11</u> Township <u>29N</u> Range <u>14W</u> NMPM San Juan County	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 5478' GL	
Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/>	
Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____	
Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____	

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 COMPL ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER: Downhole commingle ☒

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.

This well was initially completed on 6/15/99 in the Basin Fruitland Coal and to date, efforts to stimulate the Fruitland Coal intervals have not been successful. We currently plan to complete intervals within the Harper Hill Fruitland Sand-Pictured Cliffs gas pool and fracture stimulate the perforations in both pools simultaneously. Upon returning the well to production, we plan to commingle the production from both pools within the wellbore.

1&2. NMOCD Order R-11363 established the Basin Fruitland Coal (71629) and Harper Hill Fruitland Sand-PC (78160) as pre-approved pools for downhole commingling.

3. Perforated intervals: Basin Fruitland Coal 958'-64', 997'-1001', 1077'-84', 1092'-99'. Harper Hill Fruitland Sand-PC 1101'-1107'.

4. Proposed allocation method: Fixed factors based upon an analysis of production from both pools in a 16 section area adjacent or close to the subject well (Ref. Attachment No. 1). A total of 14 FR Coal wells, 27 PC wells and 6 downhole commingled wells were evaluated.

Proposed Allocation	Fruitland Coal	Fruitland Sand/Pictured Cliffs
Gas	- 53%	47%
Water	- 53%	47%

5. Both pools are anticipated to produce high volumes of water & the proposed downhole commingling is necessary to economically & efficiently produce both zones. The value of production from either pool, will not be reduced, but will be maximized as a result of this downhole commingling.

6. The ownership is not identical for both zones. Dugan Production holds 100% of the PC plus 99.88% of the Fruitland Coal working interest. Notice of this application is being provided to all interest owners by certified mail, return receipt. No objection is anticipated as none was received to a 5/27/05 notice to this interest ownership of similar downhole commingling in Dugan's King Com No. 2 which is also in the E/2 spacing unit.

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. 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 August 3, 2005

Type or print name John D. Roe E-mail address: johnroe@duganproduction.com Telephone No. 505-325-1821

For State Use Only

APPROVED BY: [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 1 DATE AUG 04 2005

Conditions of Approval (if any):