

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)

1650' FSL & 1650' FEL (NW/4 SE/4)
Unit J, Sec. 9, T30N, R14W

5. Lease Designation and Serial No.

NM-113433

6. If Indian, Allotted or Tribe Name

NM

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Cutie Patutie #90S

9. API Well No.

30 045 33494

10. Field and Pool, or Exploratory Area

Basin Fruitland Coal
Harper Hill Fruitland Sand-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 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 Cutie Patutie No. 90S. The spacing units for both pools (E/2 for Fruitland Coal and SE/4 for Fruitland Sand-Pictured Cliffs) encompass only one federal lease (NM-113433) 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.

DHe2216AZ

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

Signed

John D. Roe
John D. Roe

Title

Engineering Manager

Date

4/12/2006

(This space for Federal or State office use)

Approved by

Mark Halbur

Title

PET ENG

Date

4/19/06

Conditions of approval, if any:

Attachment No. 1
Offset Well Production
Dugan's Cutie Patutie Wells Nos. 90 & 90S
Section 9; T-30N; R-14W
San Juan County, New Mexico

Operator ①	Well	Location UL-S-T-R	# Months Produced	12/05 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	1st 12 months	2nd 12 months
DPC	Big Field Com #93	N-3-30N-14W	6		8,235(6)											
DPC	Atlantis Com #4S	O-3-30N-14W	6		2,326(6)											
DPC	Atlantis #4	B-3-30N-14W	12		327											
DPC	Nice Com #92	N-4-30N-14W	9		676(9)											
DPC	Nice Com #91	O-4-30N-14W	8		2,152(8)											
DPC	High Dollar Com #90	N-8-30N-14W	35		966	1,821	1,377(11)									
DPC	Pole's Paradise #91	P-8-30N-14W	20		312	1,305(8)										
DPC	Pole's Paradise #90S	E-9-30N-14W	8		2,663(8)											
DPC	Pole's Paradise #90	M-9-30N-14W	20		855	1,372										
DPC	Big Field #91Y	K-10-30N-14W	36		4,555	3,275	918									
DPC	Big Field #90	A-10-30N-14W	35		2,445	1,331	727(11)									
DPC	Big Field #91S	E-10-30N-14W	8		3,961(8)											
DPC	Big Field #5	I-10-30N-14W	62		3,477	6,068	6,124	12,041	8080*							
DPC	Big Field #7	M-10-30N-14W	16		1,968	6,190(4)										
DPC	Mr. Nona 15 #1	E-15-30N-14W	2145	-④	295(2)					4,849	7,611	4,843	2,166(9)			
DPC	Big Field #92	K-15-30N-14W	13		1,670	3,151(1)										
DPC	Big Field #92S	O-15-30N-14W	13		167	226(1)										
LOC	Ms. Nona #2	A-15-30N-14W	61/77	49.051.0 ⑤	2,985	5,886	4,004	4,687	1,579	2,931	3,252	1,369	1,146	3885*		
DPC	Big Field #8	M-15-30N-14W	9							1,077(9)						
DPC	Big Field #6	I-15-30N-14W	37							6,836	11,999	3,053	3,084(1)			
LOC	WF State 16-2	B-16-30N-14W	68/15		1,816	2,911	3,345	4,750	3052*	55	16(3)					
LOC	WF State 16-1	M-16-30N-14W	74/74	49.051.0 ⑤	1,034	2,717	2,701	2,859	2074*	333	401	375	888	2,222*		
LOC	WF State 16-3	O-16-30N-14W	67							2,251	4,144	4,470	4,894	2,407*		
LOC	WF State 16-4	C-16-30N-14W	43							467	485	2,447	9707(7)			
DPC	Turks Toast #91	G-17-30N-14W	35		947	2,176	2,231(11)									
DPC	Turks Toast #90	K-17-30N-14W	35		149	260	332(11)									
DPC	Turks Toast #90S	E-17-30N-14W	30/30	49.051.0 ⑤	878	1,058	823(6)			783	1,101	857(6)				
DPC	Turks Toast #91S	J-17-30N-14W	30/30	49.051.0 ⑤	1,699	2,307	1,392(6)			1,493	2,398	1,454(6)				
Total all wells					46,568	42,054	23,974	24,134	14,785	21,058	31,407	18,868	21,888	8,514		
# wells					24	16	11	4	4	10	9	8	6	3		
Average/well					1,940	2,628	2,179	6,034	3,696	2,106	3,490	2,359	3,648	2,838		
% of FC & PC					47.9	43.0	48.0	62.3	56.6	52.1	57.0	52.0	37.7	43.3		
Avg. 1st 5 yrs							51.6					48.4				
Total excluding DHC wells					39,962	30,086	15,054	16,791	11,132	15,535	24,255	14,813	19,854	2,407		
# wells					20	12	7	2	2	6	5	4	4	1		
Average/well					1,998	2,507	2,151	8,396	5,566	2,589	4,851	3,703	4,964	2,407		
% of FC & PC					43.6	34.1	36.7	62.8	69.8	56.4	65.9	63.3	37.2	30.2		
Avg. 1st 5 yrs							49.4					50.6				

Notes.

- ① - DPC = Dugan Production Corp., LOC = Lance Oil & Gas Co.
- ② - Production data from Dwigths/PI and ONGARD thru December 2005. All data normalized to 1st month of production. Fruitland Coal production from the Basin Fruitland Coal pool (71629) and Fruitland Sand-PC production from the Harper Hill Fruitland Sand-Pictured Cliffs gas pool (78160).
 - * - production data exists beyond 5 years, however only the 1st 5 years is presented.
- ③ - Downhole commingling factors for December 2005. % of commingled gas from Fruitland Coal and % of commingled gas from Fruitland Sand/Pictured Cliffs.
- ④ - Mr. Nona 15 No. 1 (API No. 30-045-30318) was not downhole commingled as of 12/05. Production 12/01 thru 10/05 was from the Harper Hill Fruitland Sand-Pictured Cliffs pool and production during 11 & 12/05 was from the Basin Fruitland Coal pool. In a sundry dated 10/07/05, the operator presents intentions to downhole commingle production from the Basin Fruitland Coal and Harper Hill Fruitland Sand-Pictured Cliffs pools.
- ⑤ - Ms. Nona No. 2 (API No. 30-045-22764) - Administrative Order DHC-2367 issued 7/1/99 authorized downhole commingling of production from Basin Fruitland Coal and Harper Hill Fruitland Sand-Pictured Cliffs gas pools. Allocation of commingled production to be based upon computing Harper Hill pool production using an exponential decline of 7% and the formula $base\ rate \times e^{-Dt}$ and then subtracting from the total to get Fruitland Coal production. This formula appears to have been used thru 7/03 and beginning with 8/03, fixed factors of 49.0% Fruitland Coal and 51.0% Fruitland Sand-Pictured Cliffs have been used.
- ⑥ - WF State 16 No. 1 (API No. 30-045-29750) - Administrative Order DHC-2433 issued approximately August 1999 authorized downhole commingling of production from Basin Fruitland Coal and Harper Hill Fruitland Sand-Pictured Cliffs gas pools. Allocation of commingled production to be based upon computing Harper Hill pool production using an exponential decline of 7% and the formula $base\ rate \times e^{-Dt}$ and then subtracting from the total to get Fruitland Coal production. This formula appears to have been used thru 7/03 and beginning with 8/03, fixed factors of 49.0% Fruitland Coal and 51.0% Fruitland Sand-Pictured Cliffs have been used.
- ⑦ - Turks Toast No. 90S (API No. 30-045-30771) - Administrative Order DHC-1115AZ issued 2/19/03 authorized downhole commingling of production from Basin Fruitland Coal and Harper Hill Fruitland Sand-Pictured Cliffs gas pools. Allocation of commingled production to be based upon fixed factors of 55% Fruitland Coal and 45% Fruitland Sand-Pictured Cliffs for the 1st year and amended to 49% Fruitland Coal and 51% Fruitland Sand-Pictured Cliffs as of 4/1/04.
- ⑧ - Turks Toast No. 91S (API No. 30-045-30737) - Administrative Order DHC-1114AZ issued 2/19/03 authorized downhole commingling of production from Basin Fruitland Coal and Harper Hill Fruitland Sand-Pictured Cliffs gas pools. Allocation of commingled production to be based upon fixed factors of 55% Fruitland Coal and 45% Fruitland Sand-Pictured Cliffs for the 1st year and amended to 49% Fruitland Coal and 51% Fruitland Sand-Pictured Cliffs as of 4/1/04.