

dugan production corp.

August 21, 1996

Mr. William LeMay
New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, NM 87505

RECEIVED
AUG 22 1996
OIL CON. DIV.
DIST. 3

Re: Administrative Approval to Downhole Commingle
Dugan Production Corp's Harvey #2
Unit F, Sec. 20, T24N, R9W
Lower Bisti Gallup and Basin Dakota Pools
San Juan County, NM

Dear Mr. LeMay:

Attached please find our application for administrative approval to complete the Lower Bisti Gallup and downhole commingle it with the existing Basin Dakota production in our Harvey #2 well. A production decline curve for each zone, Form C-107-A, C-102s for each zone, and a map showing all offsetting operators are attached.

A copy of this application is being submitted to all offset operators by certified mail.

Sincerely,

Gary Brink
Petroleum Engineer

GB/cg

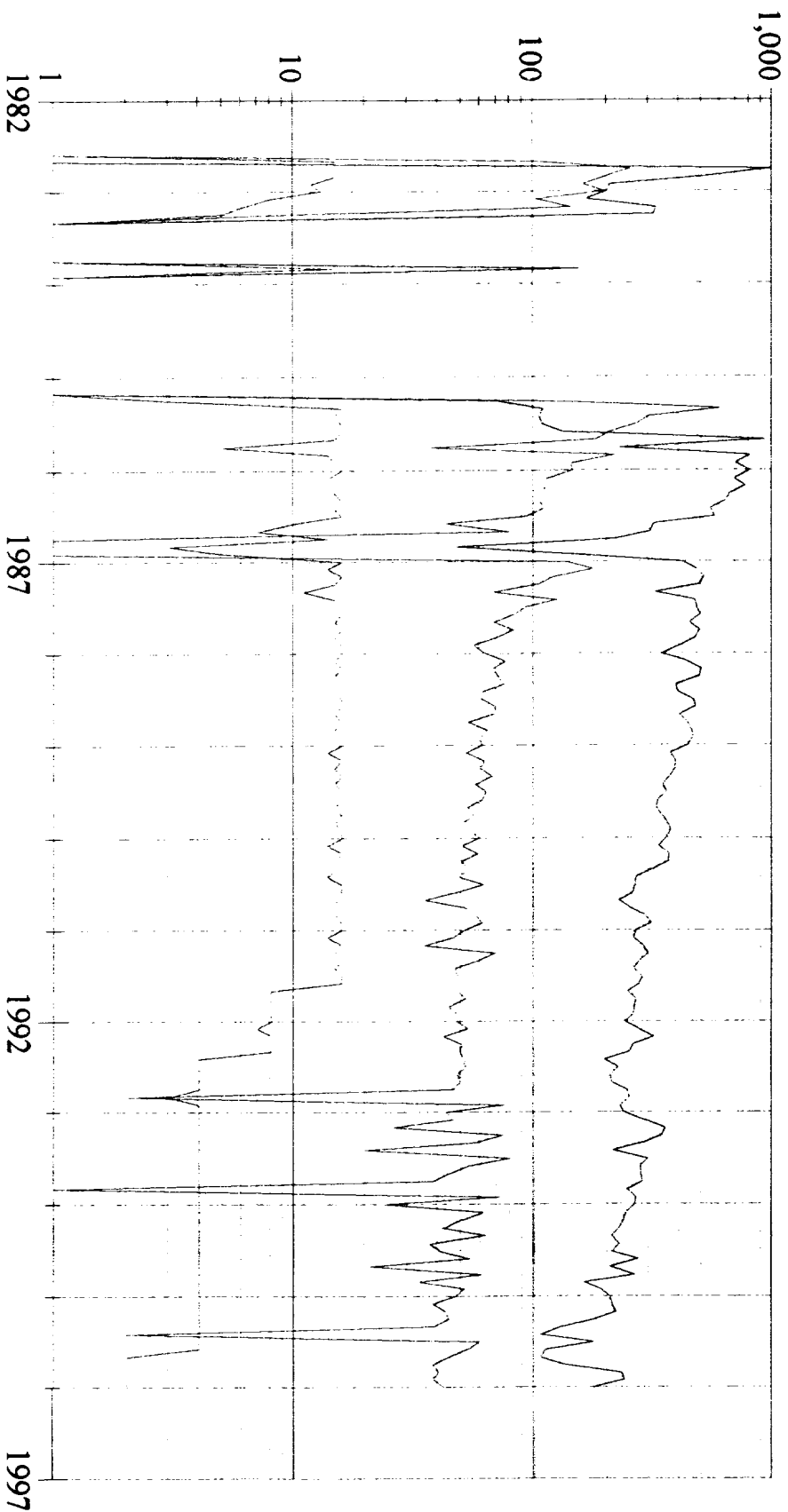
encs.

cc: New Mexico Oil Conservation Division, Aztec, NM
Bureau of Land Management, Farmington, NM
Navajo Nation
Offsetting Operators (BIA, Navajo Allotted)

Oil
Gas
Water
Wells

Field: BISTI GL
Lease: JULY JUBILEE | Well #2
Operator: DUGAN PRODUCTION CORPORATION
Production Rate vs Time
For the Period 09/1982 to 01/1996 | API: 30045251230000

BBI/Mo or Mcf/Mo

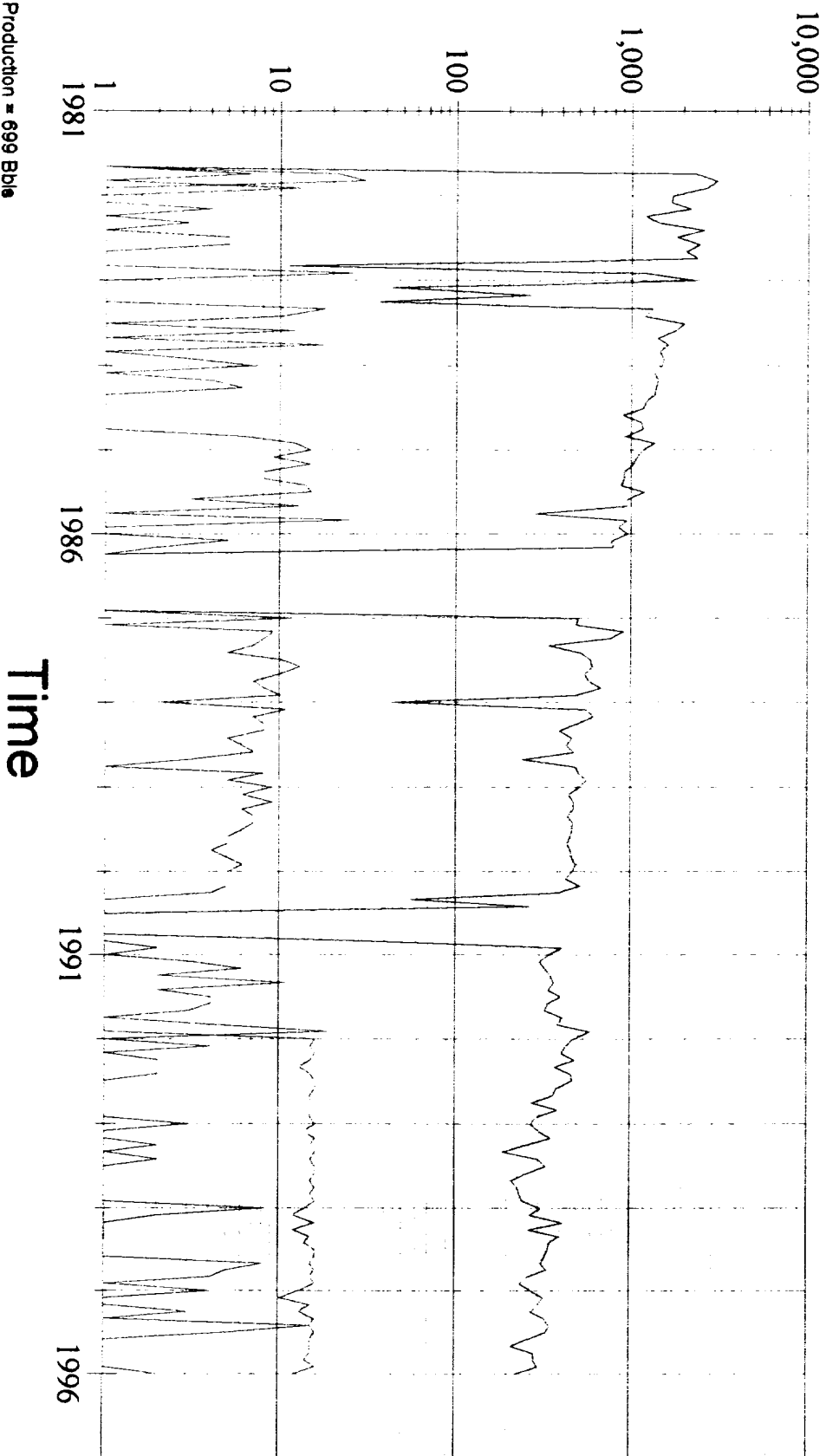


Reported Oil Production = 10,173 Bbls
Reported Gas Production = 44,351 Mcf
Reported Water Production = 1,462 Bbls

Oil
Gas
Water
Wells

Field: BASIN DK
Lease: HARVEY | Well #2
Operator: DUGAN PRODUCTION CORPORATION
Production Rate vs Time
For the Period 10/1/1981 to 01/1/1996 | API: 30045244200000

BBI/Mo or Mcf/Mo



Reported Oil Production = 699 Bbls
Reported Gas Production = 111,501 Mcf
Reported Water Production = 781 Bbls

DISTRICT I

P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II

811 South First St., Artesia, NM 88210-2835

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410-1693

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

2040 S. Pacheco
Santa Fe, New Mexico 87505-6429Form C-107-A
New 3-12-96

APPROVAL PROCESS:

☒ Administrative ☐ Hearing

EXISTING WELLBORE

☒ YES ☐ NO

APPLICATION FOR DOWNHOLE COMMINGLING

Operator Dugan Production Corp. P.O. Box 420, Farmington, NM 87499 AddressLease Harvey Well No. 2 Well No F 20-T24N-R9W Unit Ltr. - Sec - Twp - Rge San Juan CountyOGRID NO. 006515 Property Code 003704 API NO. 30 045 24420 Spacing Unit Lease Types. (check 1 or more)
Federal ☒ State ☐ (and/or) Fee ☐

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zone	Lower Zone
1. Pool Name and Pool Code	05890 Lower Bisti Gallup		71599 Basin Dakota
2. Top and Bottom of Pay Section (Perforations)	5106-5400 Est.		6270-83
3. Type of production (Oil or Gas)	Oil		Gas
4. Method of Production (Flowing or Artificial Lift)	Artificial Lift		Flowing
5. Bottomhole Pressure Oil Zones - Artificial Lift: Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated Or Measured Original	a. (Current) 835 (calc) b. (Original)		a. 1050 b. 2520 (calc)
6. Oil Gravity (^o API) or Gas BTU Content	37 ^o (est)		
7. Producing or Shut-In?	not yet completed		Producing
Production Marginal? (yes or no)	Yes		Yes
* If Shut-In, give date and oil/gas/water rates of last production Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data * If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: Rates: 14/10/0 est.	Date: Rates:	Date: Rates: 7/96 0/6/0
8. Fixed Percentage Allocation Formula - % for each zone	Oil: Gas: Gallup = Total Production - Dakota Production	Oil: Gas:	Oil: Gas:

9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.

10. Are all working, overriding, and royalty interests identical in all commingled zones? ☒ Yes ☐ No
If not, have all working, overriding, and royalty interests been notified by certified mail? ☒ Yes ☐ No
Have all offset operators been given written notice of the proposed downhole commingling? ☒ Yes ☐ No11. Will cross-flow occur? ☐ Yes ☒ No If yes, are fluids compatible, will the formations not be damaged, will any cross-flowed production be recovered, and will the allocation formula be reliable. ☐ Yes ☐ No (If No, attach explanation)12. Are all produced fluids from all commingled zones compatible with each other? ☒ Yes ☐ No13. Will the value of production be decreased by commingling? ☐ Yes ☒ No (If Yes, attach explanation)14. If this well is on, or communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application. ☒ Yes ☐ No

15. NMOCD Reference Cases for Rule 303(D) Exceptions: ORDER NO(S) _____

16. ATTACHMENTS:

- * C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- * Production curve for each zone for at least one year. (If not available, attach explanation.)
- * For zones with no production history, estimated production rates and supporting data.
- * Data to support allocation method or formula.
- * Notification list of all offset operators.
- * Notification list of working, overriding, and royalty interests for uncommon interest cases.
- * Any additional statements, data, or documents required to support commingling.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE [Signature] TITLE Petroleum Engineer DATE 8/31/96TYPE OR PRINT NAME GARY BRICK TELEPHONE NO. (505) 326-1801

District I
PO Box 1900, Hobbs, NM 88241-1900
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brava Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30 045 24420		2 Pool Code 05890		3 Pool Name Bisti Lower Gallup	
4 Property Code 003704		5 Property Name Harvey			6 Well Number 2
7 OGRID No. 006515		8 Operator Name Dugan Production Corp.			9 Elevation 6844' GL


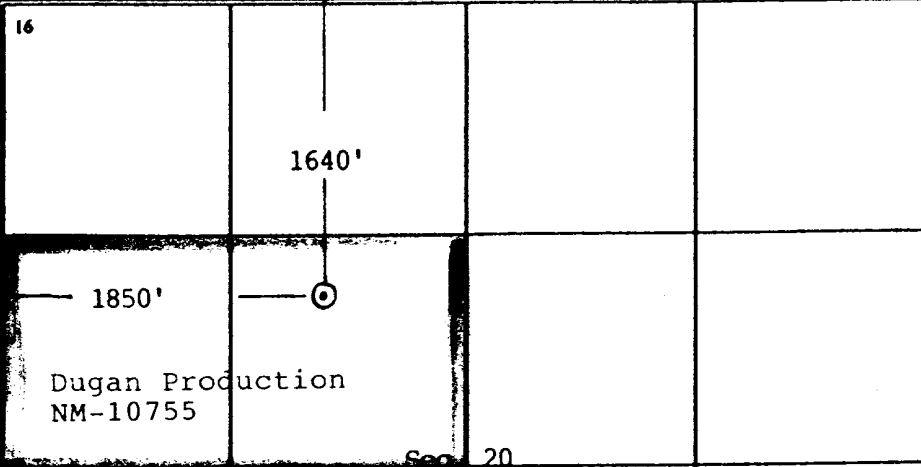
10 Surface Location

UL or lot no. F	Section 20	Township 24N	Range 9W	Lot Ida	Feet from the 1640	North/South line North	Feet from the 1850	East/West line West	County San Juan
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11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
12 Dedicated Acres 80		13 Joint or Infill		14 Consolidation Code		15 Order No.			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16				17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief  Signature Gary Brink Printed Name Petroleum Engineer Title 8/21/96 Date	
				18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. June 10, 1980 Date of Survey Signature and Seal of Professional Surveyor: Original plat surveyed & signed by Edgar L. Risenhoover, L.S. 5979 Certificate Number	

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PO Box 2088
Santa Fe, NM 87504-2088

Form C-102

Revised February 21, 1994

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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30 045 24420		2 Pool Code 71599		3 Pool Name Basin Dakota	
4 Property Code 003704		5 Property Name Harvey			6 Well Number 2
7 OGRID No. 006515		8 Operator Name Dugan Production Corp.			9 Elevation 6844' GL


10 Surface Location

UL or lot no. F	Section 20	Township 24N	Range 9W	Lot Ida	Feet from the 1640	North/South line North	Feet from the 1850	East/West line West	County San Juan
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11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
12 Dedicated Acres 320	13 Joint or Infill	14 Consolidation Code		15 Order No.					

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16				17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief  Signature Gary Brink Printed Name Petroleum Engineer Title 8/21/96 Date			
1850'				1640'			
Dugan Production Corp. NM-10755				Sec. 20			
18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. June 10, 1980 Date of Survey Signature and Seal of Professional Surveyor: Original plat surveyed & signed by Edgar L. Risenhoover, L.S. 5979 Certificate Number							

Application For Downhole Commingling
 Offsetting Operators
 Lower Bisti Gallup-Basin Dakota
 Dugan Production Corp.
 Harvey #2
 Unit F, Sec 20, T 24 N, R 9 W
 San Juan Co., N.M.

Navajo Allotted Open	Dugan Harvey #2 ●	Dugan
Dugan	Dugan	Dugan