

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

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

Form C-103

Revised March 25, 1999

WELL API NO.

30-045-25587

5. Indicate Type of Lease **Federal**

STATE ☐ FEE ☐

6. State Oil & Gas Lease No.

(Federal) NM-33040

7. Lease Name or Unit Agreement Name:

Faith

8. Well No.

4

9. Pool name or Wildcat
WAW Fruitland Sand PC/
Basin Fruitland Coal

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 K : 1,850 feet from the South line and 1,850 feet from the West line

Section 18

Township 27N

Range 13W

NMPM

San Juan

County

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

6,075' GR

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 commingle - pre-approved pools ☒

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.

Under State Rule 303 C. (3) (b.), we propose to downhole commingle exiting perforations 1,333'-1,336' and 1,348'-1,356' in the WAW Fruitland Sand-PC gas pool (87190) with existing perforation 1,342'-1,344' in the Basin Fruitland Coal gas pool (71629). Both pools are pre-approved for downhole commingling by NMOCD Order R-11363. The Faith No. 4 was completed 03/05/85 in the WAW Fruitland-PC pool prior to the establishment of the Basin Fruitland Coal pool and subsequent contraction of the WAW Fruitland-PC pool to exclude the Fruitland Coal. The well has not been connected to a pipeline, and other than periodic flow testing, has been shut in since completion. After lengthy negotiations to obtain a pipeline ROW, this well is now being connected to Dugan Production's WAW Gas Gathering System, and it appears that the downhole commingling resulting from the existing perforations being placed into two separate pools has not formally been approved. Based upon periodic flow testing, this well will likely average less than 100 mcf/d. A total of 13' of perforations exist. 2' (15%) in the Basin Fruitland Coal and 11' (85%) in the WAW Fruitland Sand-PC, which is proposed as a basis for allocation. All three sets of perforations were frac'd together, and there has been no separate production tests.

The WAW Fruitland Sand-PC spacing unit comprises the SW/4 and consists of one Federal lease (NM-33040). The Basin Fruitland Coal spacing unit comprises the W/2 and consists of two Federal leases (NM-33040, plus SF-078009C). Dugan holds 100% of the working interest in both leases, and all royalty interest is Federal; however, the overriding royalty interest is not common to both leases. All interest owners have been notified by certified mail (return receipt) of this application. A copy of this application has been sent to the BLM. Should any objection be made, we will notify the NMOCD.

It is our belief that the proposed downhole commingling will not reduce the value of production from either zone and is necessary to produce this wellbore.

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

August 26, 2002

Type or print name

John D. Roe

Telephone No. (505) 325-1821

(This space for State use)

APPROVED BY

Steven M. Hayden
STEVEN M. HAYDEN

TITLE

DEPUTY OIL & GAS INSPECTOR, DIST. #3

DATE

AUG 29 2002

Conditions of approval, if any: