

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
Revised March 25, 1999

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

WELL API NO. 30-045-25587
5. Indicate Type of Lease Federal <input checked="" type="checkbox"/> STATE <input type="checkbox"/> FEE <input type="checkbox"/>
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:	SUBSEQUENT REPORT OF:
PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/> PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPLETION <input type="checkbox"/>	CASING TEST AND CEMENT JOB <input type="checkbox"/>
OTHER: Downhole commingle - pre-approved pools <input checked="" type="checkbox"/>	OTHER: <input type="checkbox"/>

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 NMOCDC 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 NMOCDC.

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 _____ TITLE _____ DATE _____
Conditions of approval, if any: