

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENTFORM 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)

805' FSL & 1490' FWL (SESW)  
Unit N, Sec. 31, T30N, R14W, NMPM

## 5. Lease Designation and Serial No.

NM 4465

## 6. If Indian, Allotted or Tribe Name

## 7. If Unit or CA, Agreement Designation

## 8. Well Name and No.

Mayre #90

## 9. API Well No.

30 045 28291

## 10. Field and Pool, or Exploratory Area

Basin Fruitland Coal

## 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

Long term shut-in

☐

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.)

This well is within the area that San Juan Coal Company has scheduled to underground mine the Fruitland Basal Coal during the later part of 2005. The Mayre No. 90 is capable of producing 10-15 mcf/d; however was shut in upon completing the Mayre No 90R as a replacement well, which is producing  $\pm$  40 mcf/d. The current Basin Fruitland Coal Pool Rules only allow one well to be produced within a 320 acre spacing unit. Dugan Production is working to get regulatory approval to produced both wells in an effort to maximize the recovery of natural gas from the Fruitland Coal prior to the coal being mined. All gas associated with the coal at the time of mining will be vented. Since the wellbore already exists, we believe any gas recovered will: (1) reduce the volumes vented upon mining; (2) improve safety within the underground mine; (3) produce royalty and tax revenues that will not occur if the gas is vented; and (4) allow Dugan Production to realize revenue from our Federal oil and gas lease.

The New Mexico Oil Conservation Division is currently considering proposed amendments to the Basin Fruitland Coal Pool Rules which will allow 160 acre development. A hearing was held on July 9 & 10, 2002, and an order is anticipated in September, 2002. Upon application by San Juan Coal, the acreage for the Mayre No. 90 was excluded from the infill hearing, but is within the area that Richardson Operating Company has obtained approval from the NMOCD to develop the Fruitland Coal on 160 acre density (NMOCD Order R-11775). San Juan Coal has appealed Richardson's order to a new hearing before the New Mexico Oil Conservation Commission. A hearing date has not been set, but will likely be in September, 2002, and an order will probably not be issued until November.

THIS APPROVAL EXPIRES AUG 01 2003

There are many issues to be resolved before the NMOCD will consider taking any action that will allow the Mayre No. 90 to be produced simultaneously with the Mayre No. 90R. The well is equipped with 4-1/2" casing and was cemented with a good quality cement. The cement job went well, and cement was circulated to surface. We know of no environmental, health, or safety issues that will result from leaving the Mayre No. 90 shut in. Dugan Production requests BLM approval to leave the Mayre No. 90 shut in for the maximum time possible. We will work diligently to place this well on production, and if unsuccessful, will P&A the wellbore.

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

Signed

John D. Roe

Title

Engineering Manager

Date

7/22/2002

(This space for Federal or State office use)

Approved by Original Signed: Stephen Mason Title

Date

7/26/02

Conditions of approval, if any:

CP

EXPIRES

01-01-2003

NMOCD

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

\*See Instruction on Reverse Side

NMOCD