

dugan production corp.

January 10, 2000

Mr. Frank Chavez
New Mexico Oil Conservation Division
1000 Rio Brazos Road
Aztec, New Mexico 87410



**Re: Application for Administrative Approval of
Unorthodox Location for Dugan Production Corp's. Carpenter Com # 90
1767' FSL & 280' FWL (NW/4 SW/4)
Unit L, Section 25, T30N, R14W
San Juan County, New Mexico
Basin Fruitland Coal Pool**

Dear Mr. Chavez:

Dugan Production hereby requests approval for an unorthodox location for the referenced well. Attached for your reference are the following exhibits:

1. Well location and acreage dedication plat (NMOCD Form C-102)
2. Topographic map
3. Offsetting operator map

The unorthodox location is necessary due to topographic conditions.

By certified mail, a copy of this application and request for administrative approval has been sent to all Fruitland coal offsetting operators and the Bureau of Land Management. Also, a copy of this application has been sent to Mr. Michael Stogner with the NMOCD in Santa Fe, New Mexico.

Please contact me if you have any questions or need additional information.

Very Sincerely,

Kurt H. Fagrelus

Attachments

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos 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 APT Number 30 045		2 Pool Code 71629		3 Pool Name Basin Fruitland Coal	
4 Property Code		5 Property Name Carpenter Com			6 Well Number 90
7 OGRID No. 006515		8 Operator Name Dugan Production Corporation			9 Elevation 5510'

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	25	30N	14W	L	1767	South	280	West	San Juan

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	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.
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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 Sherman E. Dugan Printed Name Vice-president Title December 22, 1999 Date	
Dugan Prod. NM-28761		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. November 10, 1999 Date of Survey Signature and Seal of Registered Surveyor EDGAR L. ROSENTHAL NEW MEXICO 5979 Certificate Number	
Section 25			
Dugan Prod. NM-0206994			
280'			
1767'			
Dugan Prod. NM-23072			

R14W

R13W

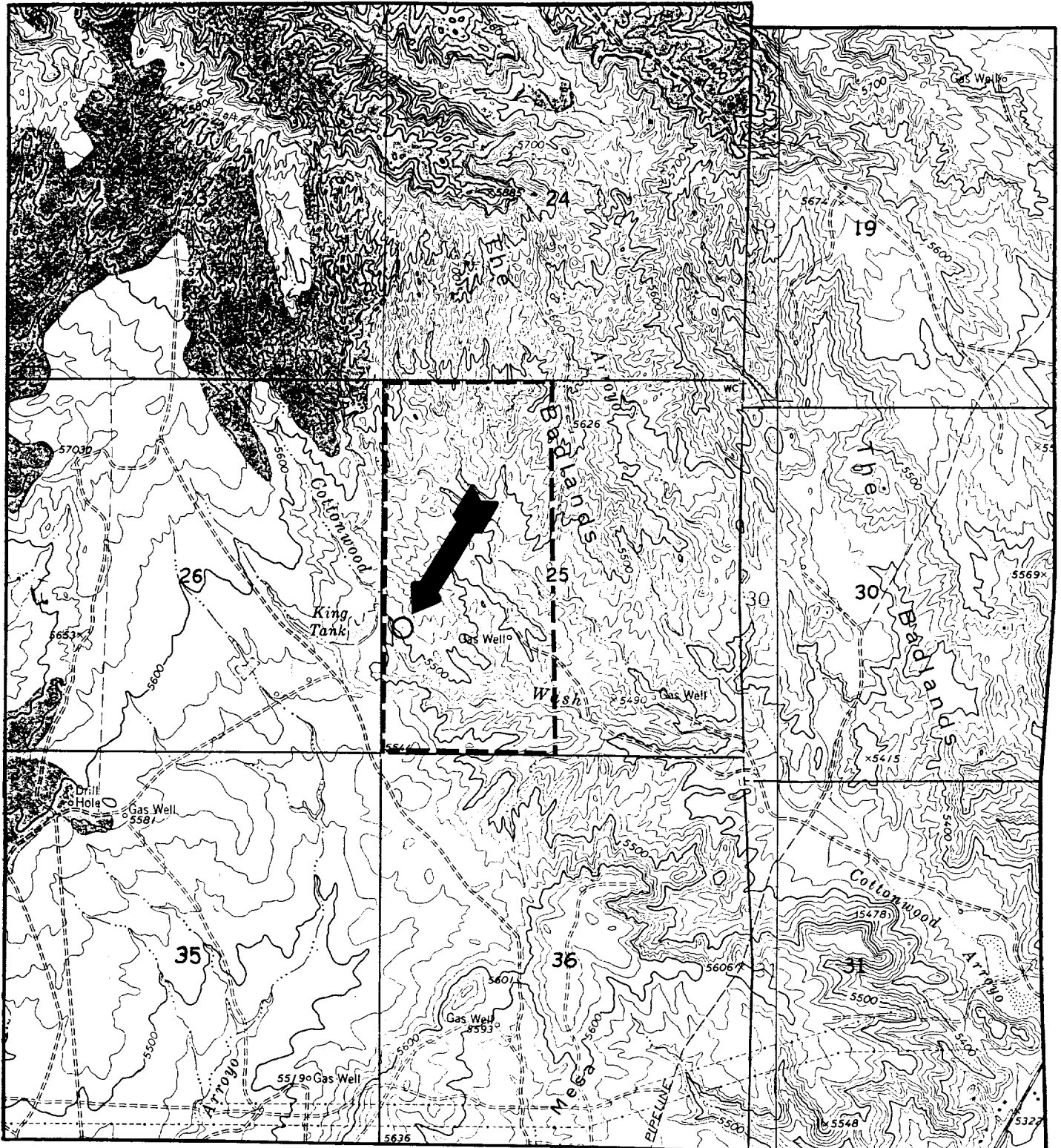


Exhibit 2.

Dugan Production Corp.
Carpenter Com # 90
Application For Unorthodox Location

TOPOGRAPHIC MAP

R14W

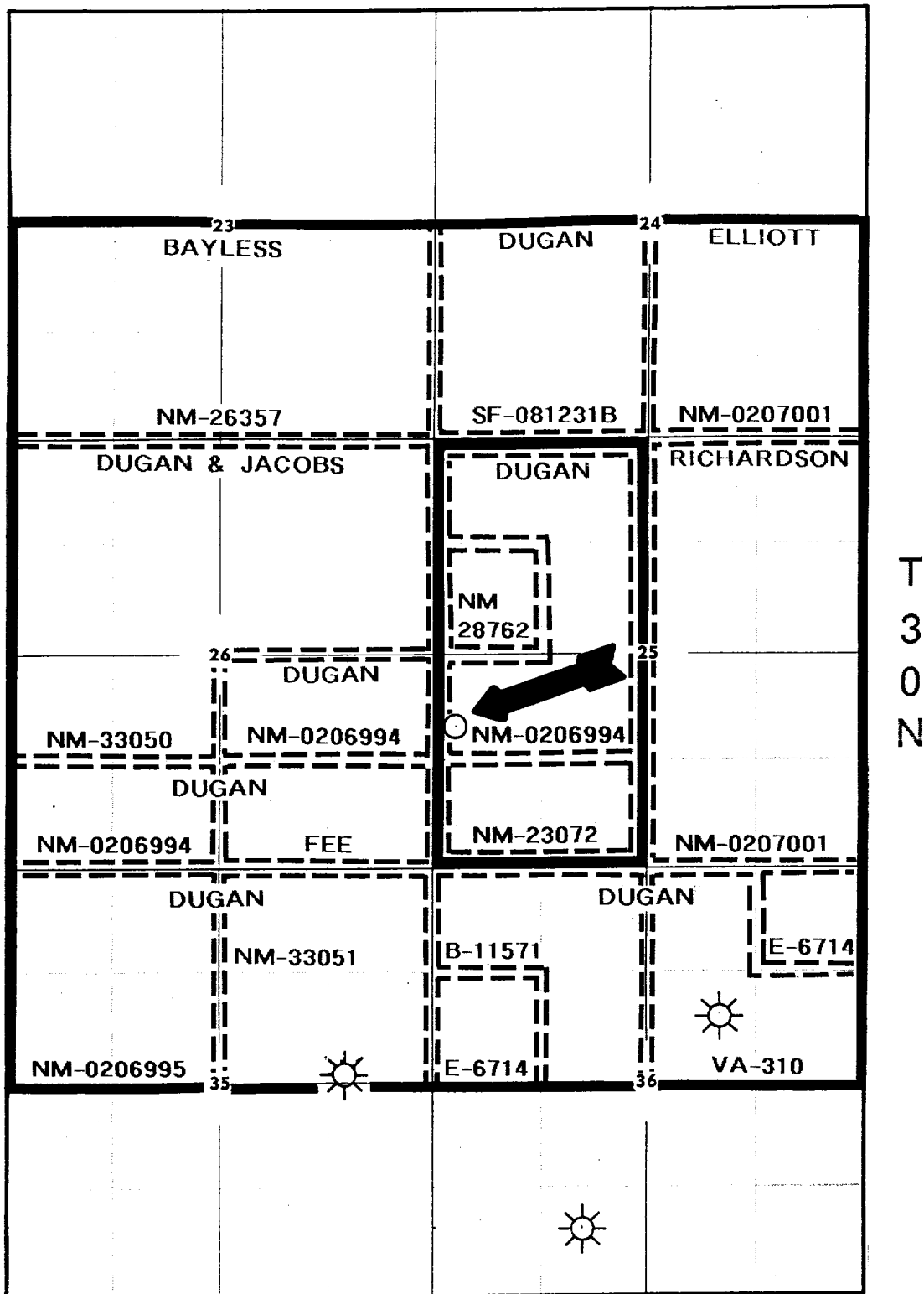


Exhibit 3.

Dugan Production Corp.
Carpenter Com # 90
Application For Unorthodox Location

**OFFSETTING OPERATOR MAP
FRUITLAND COAL WELLS ONLY**

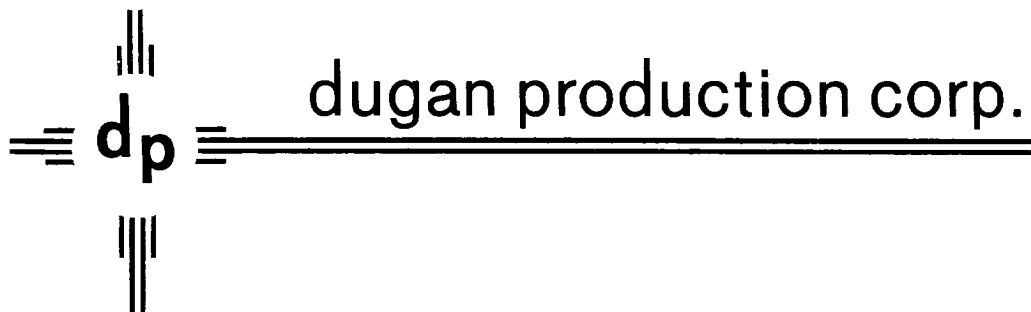


Exhibit 3a.

OFFSET OPERATORS NOTIFICATION LIST

Robert Bayless Producer, L.L.C.
P.O. Box 168
Farmington, NM 87499

Elliott Oil Company
P.O. Box 1355
Roswell, NM 88202-1355

Richardson Production Co.
1700 Lincoln, Suite 1700
Denver, Co 80203

Jim L. & Mary Lou Jacobs Trust
3505 Crescent Ave.
Farmington, NM 87401

THOMAS A. DUGAN
President
Home 325-5694

JIM JAI
Vice-Pres.
Home 325

DUGAN PRODUCTION CORP.

709 Bloomfield Road
Post Office Box 234
FARMINGTON, NEW MEXICO 87401
Telephone 325-0238
Area Code 505

Kimbark Operating Co.
Palluche #1
940' FSL, 790' FEL
Sec. 32, T25N, R7W
Rio Arriba County, N.M.

Post-It® Fax Note 7671		Date 1/24/2000	# of pages 1
To Charlie Perrin	From John Alexander		
Co./Dept. NMOC D	Co. DUGAN Prod.		
Phone #	Phone # 325-1821		
Fax # 334-6170	Fax # 327-9613		

DAILY REPORT

- 11-26-72 T.D. 2380'. Ran 74 jts 2 7/8" O.D. 6.4# J-55 10R NEUE Lone Star tubing for casing set at 2372'. Pumped 400 gallons water and 500 gallons Halliburton. Mud flush in front of cement. Cemented with 100 sacks Halliburton lite plus 4% gel (256 cu. ft.) plus 75 sacks Class "C" 7 1/2# salt per sack (101 cu. ft.; total slurry 357 cu. ft.) Good mud returns while cementing. Max cementing pressure 900 psi. P.O.B. 10:10 p.m. 11-26-72. Bump plug with 2300 psi. Bled off to 1000 psi. Shut-in. Followed plug with 100 gallons 10% MSA acid (acetic acid).
- 12-12-72 P.B.T.D. 2360'. Go International move in mast pole. Ran gamma ray correlation log. Perforate 2 jets/ft. 2243-48' and 2252-59'.
- 12-16-72 P.B.T.D. 2360'. Halliburton frac pictured Cliff formation using 1544 horsepower, 38,180 gallons water, 30,000# 10-20 sand. Spear-head frac with 300 gallons 15% HCL. Breakdown 2150 psi, Initial 3500 psi, Ave 3000 psi, Max 3950 psi, Final 3350, Ave I.R. 21 B/M. Made six ball drops of 5 balls each. Small pressure increase with each ball drop. Instant shut-in pressure 1300 psi. 15-minute shut-in pressure 1100 psi.
- 12-19-72 Well on vac. Dropped 2 soap sticks. Left well open.
- 12-27-72 Well dead. Dropped 2 soap sticks. Shut well in.
- 12-30-72 Well on vac. Left well open.
- 1-2-73 Malcolm Kitchens moving rig to well. Unable to get over hill 2 miles from well.
- 1-3-73 Ernie Motto moved cat to help rig get to location. Unable to get up hill because of ice. Built temporary road around hill. Filled reserve pit and cleaned up location. Kitchens rig moved in and installed wellhead. Ran 68 jts 1 1/2" tubing. Hit sand at 2248'.

TOC 1450'
75% calc

Charlie -
Drilling Report from our files
Palluch #1

Kim bark was operator - DUGAN
consulted on drilling & completion.
Sundry Notice completed by Kim bark
was incorrect.

John Alexander
1/21/2000

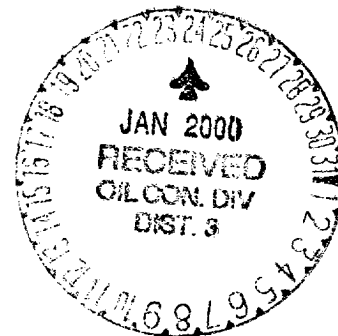
THOMAS A. DUGAN
President
Home 325-5694

JIM JACOBS
Vice-President
Home 325-8353

DUGAN PRODUCTION CORP.

709 Bloomfield Road
Post Office Box 234 Telephone 325-0238
Area Code 505
FARMINGTON, NEW MEXICO
87401

Kimbark Operating Co.
Palluche #1
940' FSL, 790' FEL
Sec. 32, T25N, R7W
Rio Arriba County, N.M.



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Post-Net Fax Note 7671

Date _____ # of pages _____

To <u>Frank Chavez</u>	From <u>Kurt Faguel</u>
Co./Dept <u>NMOCD</u>	Co. <u>Dugan Prod.</u>
Phone # <u>334-6178</u>	Phone # <u>325-4327</u>
Fax # <u>334-6170</u>	Fax # <u>327-4613</u>

SUBMIT IN TRIPlicate
(Other instructions on reverse side)4 WELLS
to a different reservoir.
(Scale)Budget Form No. 1004-0135
Expires August 31, 1985

6. LEASE DESIGNATION AND SERIAL NO.

NM-0206994

7. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME

Carpenter

9. WELL NO.

1

10. FIELD AND POOL, OR WILDCAT

Basin Dakota

11. SEC., T., R., M., OR S.E., AND
SUBJECT OR AREA

Sec. 25, T30N, R14W, NMPM

12. COUNTY OR PARISH 13. STATE

San Juan NM

WELL ☐ WELL ☒ OTHER

2. NAME OF OPERATOR

Dugan Production Corp.

3. ADDRESS OF OPERATOR

P.O. Box 208, Farmington, NM 87499

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)

See also space 17 below.)

At surface

1730' FSL & 1800' FWL

RECEIVED

MAR 15 1985

BUREAU OF LAND MANAGEMENT

14. PERMIT NO.

15. ELEVATIONS (Show whether FWSL, GL, or RK)

5499' GL 5512 RK

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

TEST WATER SHUT-OFF

FRACTURE TREAT

SHOOT OR ACIDIZE

REPAIR WELL

(Other)

PULL OR ALTER Casing

MULTIPLE COMPLETE

ABANDON*

CHANGE PLANS

SUBSEQUENT REPORT OF:

WATER SHUT-OFF

FRACTURE TREATMENT

SHOOTING OR ACIDIZING

(Other)

REPAIRING WELL

ALTERING Casing

ABANDONMENT*

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent data, 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.)

The 4½" Casing was repaired in this well as follows:

1. A drillable bridge plug was set on wireline at 5510' RKB.
2. Ran 4½" Model "R" Packer and found two casing leaks, one from 3632' - 3662' & one from 2275' - 2306'.
3. Squeezed leak from 3632 - 3662' with 150 sx class "B" Cement.
4. Squeezed leak from 2275 - 2306' 200 sk of 2% Lodense followed by 100 sx class "B" Neat. (Total Slurry 530 cu.ft.) had intermittent circulation through braden head valve while cementing.
5. Drilled out cement and pressure tested casing -- held ok.
6. Cleaned out to PBTD 5916' RKB
7. Ran 187 joints of 2-3/8" O.D., 4.7#, 8 Rd EUE Tubing TE 5885.61 set @ 5894' RKB w/ Baker Model "R" Packer @ 5740'.
8. Swabbed tubing down and acidized Dakota formation w/250 gals 15% HCl acid. Swabbed acid back.
9. Blowing intermittently to atmosphere to clean up.

TO WHOM IT MAY CONCERN:

A COPY OF THE ATTACHED APPLICATION
HAS BEEN FORWARDED TO NMOCC.

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

SIGNED Jim L. JacobsTITLE Vice PresidentDATE 3/14/85

(This space for Federal or State office use)

ACCEPTED FOR RECORD

APPROVED BY _____
CONDITIONS OF APPROVAL, IF ANY:

TITLE _____

DATE _____

MAR 21 1985

*See Instructions on Reverse Side

OPERATOR

FARMINGTON RESOURCE AREA
BY BRK

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.

PC is 1203'
CH is 2725'

KRJX

February 7, 2000

**Phillips Petroleum Company
5525 Highway 64 - NBU 3004
Farmington New Mexico 87401**

Attention: S. Scott Prather

Administrative Order NSL-*****

Dear Mr. Prather:

Reference is made to the following: (i) your application dated December 17, 1999; and (ii) the records of the New Mexico Oil Conservation Division in Santa Fe ("Division"): all concerning your request for a non-standard Basin-Fruitland coal gas well location for the proposed San Juan "30-5" Unit Well No. 266 to be drilled 665 feet from the South line and 670 feet from the West line (Unit M) of Section 10, Township 30 North, Range 5 West, NMPM, Rio Arriba County, New Mexico. The W/2 of Section 10 is to be dedicated to this well in order to form a standard 320-acre stand-up gas spacing and proration unit for the Basin-Fruitland Coal (Gas) Pool.

By the authority granted me under the provisions of Rule 8 of the "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*," as promulgated by Division Order No. R-8768, as amended, the above-described unorthodox coal gas well location is hereby approved.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington

BLAGG ENGINEERING, INC.

P.O. Box 87, Bloomfield, New Mexico 87413

Phone: (505)632-1199 Fax: (505)632-3903

November 5, 1998

Mr. Kirt Sandoval - Director
Jicarilla Apache EPO
P.O. Box 507
Dulce, NM 87528

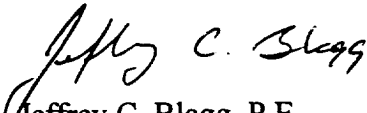
Re: Dugan Production Corporation - Jicarilla Otero 2
G Sec. 28 - T24N - R5W, Rio Arriba County, NM

Dear Mr. Sandoval:

On behalf of Dugan Production Corporation, Blagg Engineering, Inc. is submitting an earthen pit closure report for the referenced well location. The subject pit was excavated, tested for residual hydrocarbon impacts and then backfilled with clean fill material. The attached report documents closure of this pit.

Questions or comments concerning this transmittal may be directed to Jeff Blagg of Blagg Engineering, Inc. at (505)632-1199.

Respectfully,
Blagg Engineering, Inc.


Jeffrey C. Blagg, P.E.
President

cc: Mr. Thurman Velarde - Jicarilla Oil & Gas Admin.
Mr. Harold Tecube - BIA Realty Office
Ms. Pat Hester - BLM Multi-Resource Chief (2)
Mr. William Olson - NMOCD Hydrologist
Mr. Denny Foust - NMOCD Inspector
Mr. Tom Blair - Dugan Production Corporation

Attachment: BLM Sundry Notice, Pit Remediation Closure Report, Field Report, Lab Data Reports

File: Dugan-JicOtero2

Perrin, Charlie

From: Stogner, Michael
Sent: Friday, January 28, 2000 5:05 PM
To: Chavez, Frank
Cc: Perrin, Charlie; Wrotenbery, Lori
Subject: Dugan's Carpenter Com. #90

Frank, I received Mr. Fagrelus's supplemental data this afternoon after our telephone conversation. I feel this letter only serves to "dig their hole deeper" with respect to denying their application. I strongly feel our rules override Dugan's policies. There is an 80-acre fee lease within the offsetting 320-acre unit that has no saying in the matter. This is definitely a correlative rights issue rather or not his old partner (Jacobs) agree to the NSL. I'm ready to deny this application and if they want they can take it to hearing and I'll probably deny it there if it comes to me.

ps - The 660' setback requirement within either the NE/4 or SW/4 order in the Fruitland Coal Gas Pool is making its rounds. This will serve to give all operators more options in locating wells.

EPA Method 8015 Modified
Nonhalogenated Volatile Organics
Total Petroleum Hydrocarbons

Quality Assurance Report

Client:	QA/QC	Project #:	N/A
Sample ID:	07-28-TPH QA/QC	Date Reported:	07-29-99
Laboratory Number:	F765	Date Sampled:	N/A
Sample Matrix:	Methylene Chloride	Date Received:	N/A
Preservative:	N/A	Date Analyzed:	07-28-99
Condition:	N/A	Analysis Requested:	TPH

	I-Cal Date	I-Cal RF:	C-Cal RF:	% Difference	Accept. Range
Gasoline Range C5 - C10	06-17-99	9.6710E-002	9.6632E-002	0.08%	0 - 15%
Diesel Range C10 - C28	06-17-99	3.5903E-002	3.5845E-002	0.16%	0 - 15%

Blank Conc. (mg/L - mg/Kg)	Concentration	Detection Limit
Gasoline Range C5 - C10	ND	0.2
Diesel Range C10 - C28	ND	0.1
Total Petroleum Hydrocarbons	ND	0.2

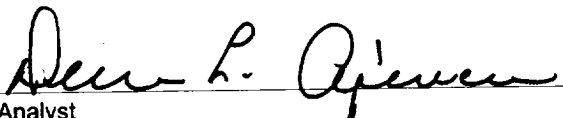
Duplicate Conc. (mg/Kg)	Sample	Duplicate	% Difference	Accept. Range
Gasoline Range C5 - C10	3.3	3.3	0.0%	0 - 30%
Diesel Range C10 - C28	11.9	11.8	0.8%	0 - 30%

Spike Conc. (mg/Kg)	Sample	Spike Added	Spike Result	% Recovery	Accept. Range
Gasoline Range C5 - C10	3.3	250	253	100%	75 - 125%
Diesel Range C10 - C28	11.9	250	261	100%	75 - 125%

ND - Parameter not detected at the stated detection limit.

References: Method 8015B, Nonhalogenated Volatile Organics, Test Methods for Evaluating Solid Waste, SW-846, USEPA, December 1996.

Comments: QA/QC for samples F765 - F769.


Analyst


Review