

October 18, 2002

John Roe
Dugan Production Corp
PO Box 420
Farmington NM 87499-0420 ¹⁴

RE: Big Field 91, K-10-30N-10~~W~~ API 30-045-30926

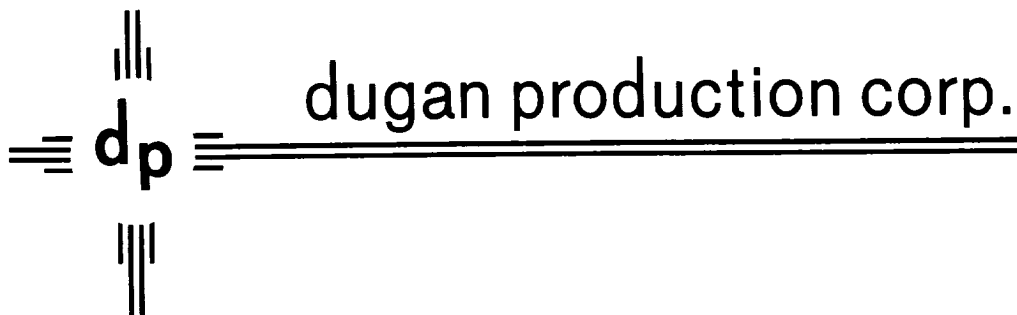
Dear Mr. Roe:

Your request for an exception to statewide rule 202 B.2. Is denied.
After completion of the Big Field 91Y is conducted a P&A marker needs to be installed on
the # 91.

If you have any questions please call me at 505-334-6178, ext. 16.

Charlie T. Perrin

CC: Well file
CP



October 7, 2002

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

Re: Request for Exception – Statewide Rule 202 B. (2)
Dugan's Big Field No 91 (API No. 30-045-30926)
Unit K, Section 10, T-30N, R-10W
San Juan County, New Mexico



Dear Mr. Chavez,

I am writing to request that the requirements of statewide Rule 202 B. (2) be waived for Dugan Production Corp.'s Big Field No. 91, and a dry hole marker not be required. This well was spudded on 09/03/02 and 8-5/8" surface casing cemented at 126'. Upon attempting to drill a 7" hole to the projected total depth of 1,900', severe lost circulation was first encountered at 235', and the hole was drilled to 616' with partial to no circulation. Attempts to regain circulation included placing a total of 236 cubic feet of cement at two different depths and drilling with up to 15% cedar fiber.

At a depth of 616' in the Kirtland Shale, with efforts to regain circulation being unsuccessful, it was decided to move the well location 25 feet east and re-drill the well setting surface casing at $\pm 385'$. The wellbore was abandoned by setting a total of 183 cubic feet of cement in plugs at 600', 300', and at the surface. The wellhead equipment was removed, and an 8-5/8" casing collar on the top joint of the surface casing was filled with cement and left at $\pm 2'$ below ground level. (See attached copy of 09/23/02 sundry.) The rig was moved 25' east, and the well was successfully re-drilled as the Big Field No. 91Y. A dry hole marker for the Big Field No. 91 well will obstruct the well pad for the Big Field No. 91Y, and thus, we are requesting an exemption to the requirement that a dry hole marker be erected. Should it ever be necessary to find the Big Field No. 91 wellbore, it is 25' directly west of the Big Field No. 91Y wellbore. Attached is a copy of the C-102, which reflects the surveyed location for the Big Field No. 91, to which I've added the longitude of $108^{\circ} 17' 54''$ and latitude of $36^{\circ} 49' 41''$, which was also recorded by the surveyor using a GPS unit at the time the location was surveyed and staked.

Should you have questions or need additional information, please let me know.

Sincerely,

A handwritten signature of John D. Roe in cursive script.

John D. Roe
Engineering Manager

JDR:sh

Attachments

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)

2,455' FSL & 1,880' FWL (NE/4 SW/4)
Unit K, Sec. 10, T30N, R14W, NMPM

5. Lease Designation and Serial No.

NM-10561

6. If Indian, Allotted or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Big Field #91

9. API Well No.

30 045 30926

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	TYPE OF ACTION
<input type="checkbox"/> Notice of Intent	<input checked="" type="checkbox"/> Abandonment
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input type="checkbox"/> Other
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> 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.)

With 8-5/8", 23# casing cemented @ 126' on 09/03/02, a 7" hole was drilled to 384'. Lost circulation was first encountered at 235'. The hole from 235' to 384' was drilled with gel plus up to 15% cedar fiber LCM and partial to no circulation. A 75 sack (88.5 cu. ft.) plug of Class "B" cement with 2% CaCl₂ and 1/4# celloflake was spotted @ 260', and a 125 sack (147.5 cu. ft.) plug of Class "B" cement with 2% CaCl₂ and 1/4# celloflake was spotted @ 295'. Circulation was re-established, and a 7" hole drilled to 614', at which time circulation was lost and could not be re-established. Hole was drilled to 616' with no returns. The formation at drilled TD was Kirtland Shale. Verbal approval was requested and received from BLM's Steve Mason @ 10:45 a.m. 09-11-02 to abandon the wellbore @ 616' with cement, move the location 25' east, and redrill with surface casing to be set @ ±385'. A 70 sack (82.6 cu. ft.) Class "B" cement plug was set @ 600'; a 50 sack (59 cu. ft.) Class "B" cement plug was set @ 300', and a 35 sack (41.3 cu. ft.) Class "B" cement plug placed at surface. Wellbore P&A'd 09-12-02. A dry hole marker will not be erected. An 8-5/8" casing collar filled with cement is ± 2 feet below ground level.

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

Signed

John D. Roe

Title

Engineering Manager

Date

9/23/2002

(This space for Federal or State office use)

Approved by

Title

Date

SEP 25 2002

Conditions of approval, if any:

FARMINGTON FIELD OFFICE
BY JMK

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 Instructions on Reverse Side

District I
PO Box 1980, Hobbs, NM 88241-1980

District II
PO Drawer 00, 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

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

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

OCT 2002

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30 045	*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code	*Property Name BIG FIELD	*Well Number 91
*GRID No. 006515	*Operator Name DUGAN PRODUCTION CORPORATION	*Elevation 6158'

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
K	10	30N	14W		2455	SOUTH	1880	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 319.11 Acres (W/2)					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

				<p>¹⁷ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p><i>Kurt Fagrelus</i> Signature</p> <p>Kurt Fagrelus Printed Name</p> <p>Geologist Title</p> <p>November 7, 2001 Date</p>	
				<p>¹⁸ SURVEYOR CERTIFICATION</p> <p>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.</p> <p>Survey Date: OCTOBER 22, 2001</p> <p>Signature and Seal of Professional Surveyor</p> <p> JASON C. EDWARDS Certificate Number 15269</p>	