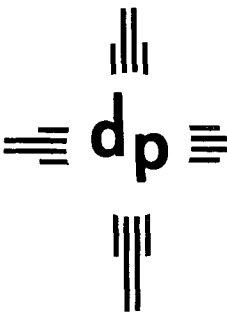


DHC 12/2/96



dugan production corp.

OIL CONSERVATION DIVISION
RECEIVED

NOV 8 1996

1416

November 6, 1996

Mr. William LeMay, Director
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505

**Re: Application for Administrative Approval to Downhole Commingle
Dugan Production Corp's Ms. Nona #2
Unit A, Section 15, T-30N, R-14W
Greek Gallup and Basin Dakota Pools
San Juan County, NM**

Dear Mr. LeMay,

Attached please find our application for administrative approval to complete the Greek Gallup and downhole commingle it with the existing Basin Dakota production in our Ms. Nona #2 well. Since the Greek Gallup pool is limited, it is recommended the production allocation be made off anticipated production rates as produced from our Pole's Paradise #2 well located in Unit K, Sec. 9, T30N, R14W, San Juan County, New Mexico. The Pole's Paradise No. 2 Gallup production has stabilized at 3 BOPD and 6 MCFD. A production decline curve is attached.

Production decline curves and C-102s for each zone, Form C-107A and a map showing all offsetting operators are attached. Dugan Production Corp. operates all offsetting proration units.

Sincerely,

Gary Brink
Operations Manager

GWB/cg

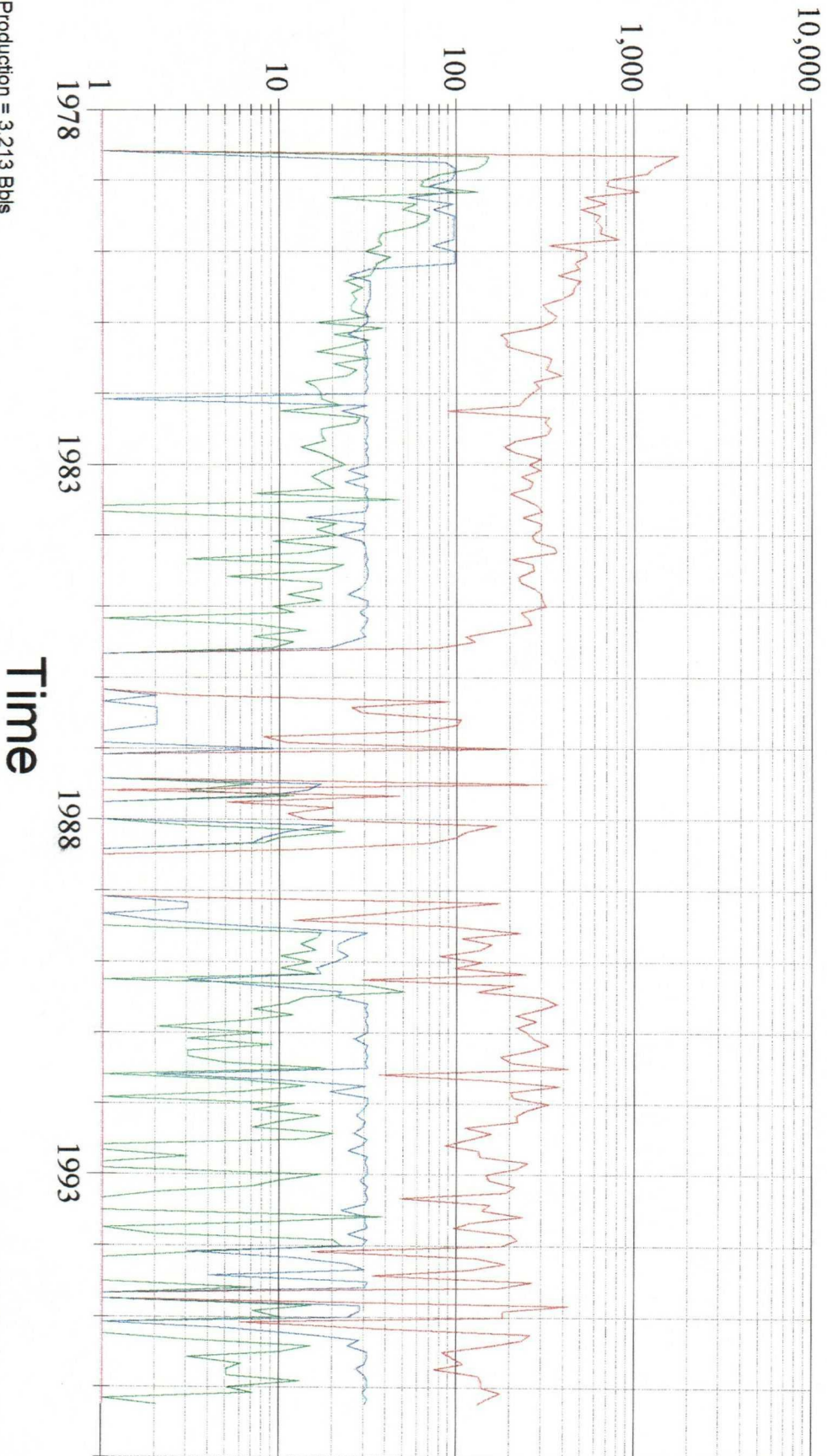
encs.

cc: NMOCD, Aztec
BLM, Farmington

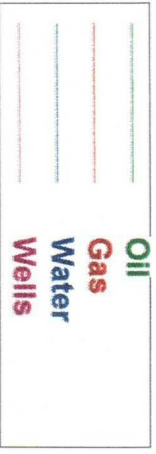
Oil
Gas
Water
Wells

Field: BASIN
Lease: MS NONA | Well #2
Operator: DUGAN PRODUCTION CORPORATION
Production Rate vs Time
For the Period 09/1978 to 04/1996 | API: 30045227640000

BBI/Mo or Mcf/Mo

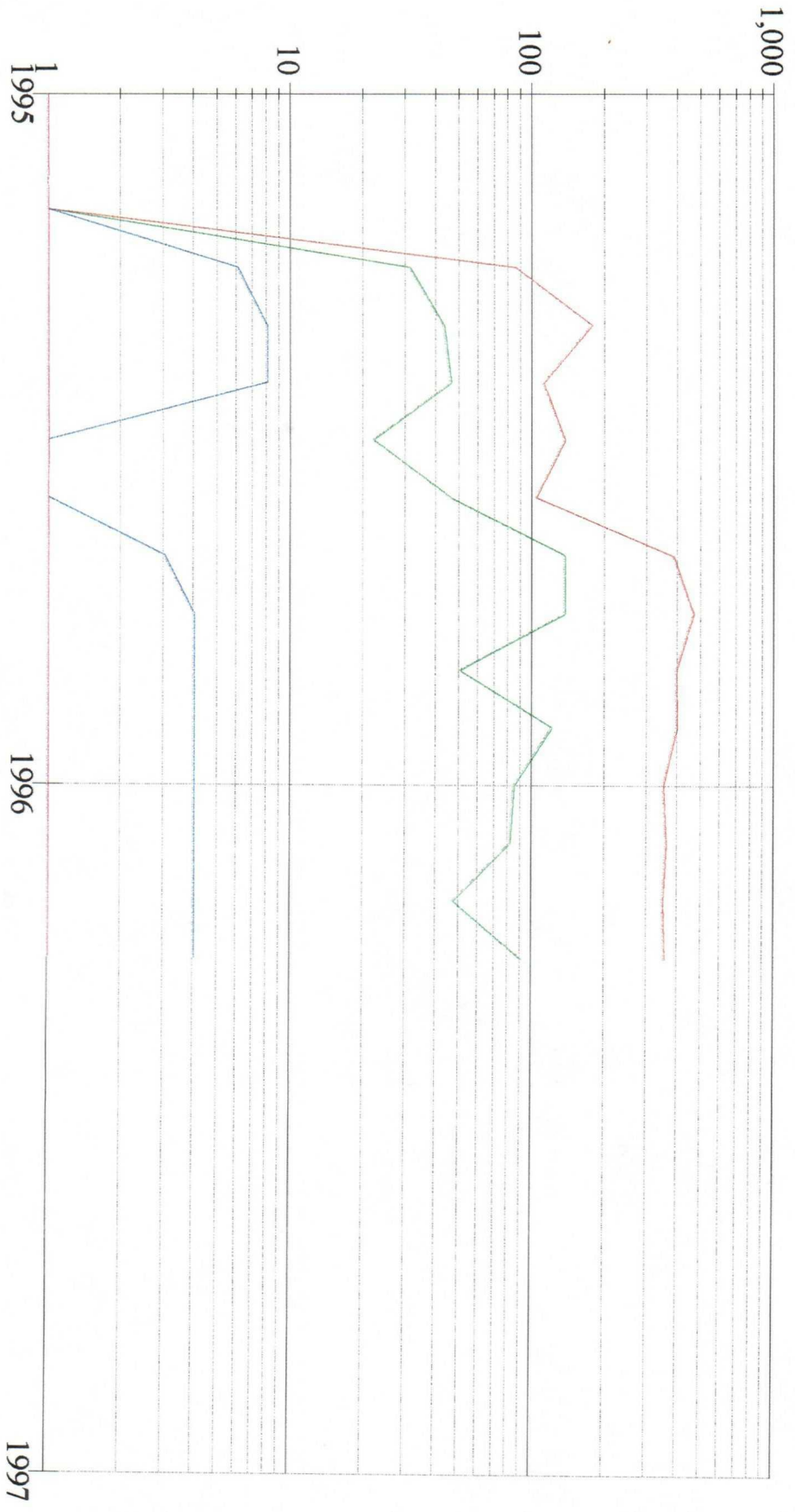


Reported Oil Production = 3,213 Bbls
Reported Gas Production = 49,248 Mcf
Reported Water Production = 5,586 Bbls



Field: WILDCAT GL
 Lease: POLE'S PARADISE | Well #2
 Operator: DUGAN PRODUCTION CORPORATION
 Production Rate vs Time
 For the Period 04/1995 to 04/1996 | API: 30045254080000

BBI/Mo or Mcf/Mo



Reported Oil Production = 933 Bbls
 Reported Gas Production = 3,661 Mcf
 Reported Water Production = 55 Bbls

Time

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

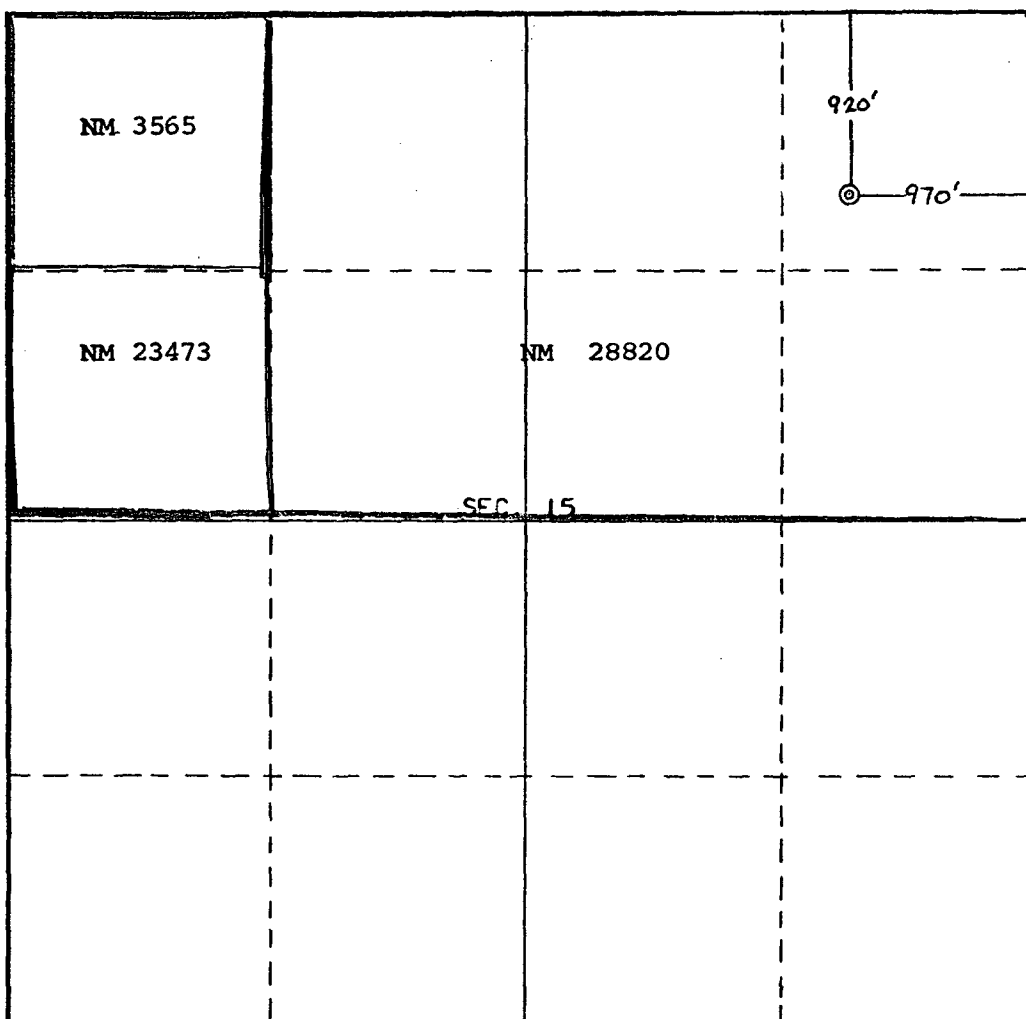
Operator Dugan Production Corporation			Lease Ms Nona		Well No. 2
Unit Letter A	Section 15	Township 30 North	Range 14 West	County San Juan	
Actual Footage Location of Well: 920 feet from the North line and 970 feet from the East line					
Ground Level Elev. 6102	Producing Formation Dakota		Pool Basin		Dedicated Acreage: 320 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☒ Yes ☐ No If answer is "yes," type of consolidation: Communitization

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

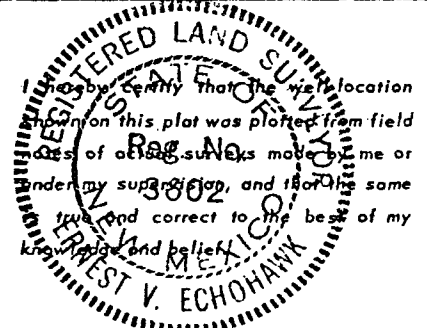
Thomas A. Dugan
Name

Thomas A. Dugan

Position
President

Company
Dugan Production Corp.

Date
10-5-77



Date Surveyed
September 18, 1977

Registered Professional Engineer and/or Land Surveyor

E. V. Echohawk

Certificate No. **3602**
E.V. Echohawk LS

District I
PO Box 1988, Hobbs, NM 88241-1988
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1600 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 API Number 30 045 22764		2 Pool Code 96219		3 Pool Name W/C Greek Gallup		
4 Property Code 003775		5 Property Name Ms. Nona			6 Well Number 2	
7 OGRID No. 006515		8 Operator Name Dugan Production Corp.			9 Elevation 6102' GL	


10 Surface Location

UL or lot no. A	Section 15	Township 30N	Range 14W	Lot Idn	Feet from the 920	North/South line North	Feet from the 970	East/West line East	County San Juan
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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 40		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

16				920' 970'		17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief  Signature Gary Brink Printed Name Operations Manager Title 11/6/96 Date	
Sec 15						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. September 18, 1977 Date of Survey Signature and Seal of Professional Surveyer: Original signed by E.V. Echohawk, L.S. 3602 Certificate Number	

DISTRICT I

P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II

811 South First St., Artesia, NM 88210-2835

DISTRICT III

1000 Rio Brazos Rd, Aztec, NM 87410-1693

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

2040 S. Pacheco
Santa Fe, New Mexico 87505-6429Form C-107-A
New 3-12-96

APPROVAL PROCESS:

___ Administrative ___ Hearing

EXISTING WELLBORE

___ YES ___ NO

APPLICATION FOR DOWNHOLE COMMINGLING

Dugan Production Corp. P.O. Box 420, Farmington, NM 87499
 Operator Address
 Ms. Nona 2 A 15-T30N-R14W San Juan
 Lease Well No. Unit Ltr. - Sec - Twp - Rge County
 Spacing Unit Lease Types: (check 1 or more)
 OGRID NO. 006515 Property Code 003775 API NO. 30 045 22764 Federal ☒ , State ☐ , (and/or) Fee ☐

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zone	Lower Zone
1. Pool Name and Pool Code	Greek Gallup 96219		Basin Dakota 71599
2. Top and Bottom of Pay Section (Perforations)	5527-5843		6398-6484
3. Type of production (Oil or Gas)	Oil		Gas
4. Method of Production (Flowing or Artificial Lift)	Pumping		Flowing
5. Bottomhole Pressure	a. (Current)	a.	a.
Oil Zones - Artificial Lift: Estimated Current			1230 calc.
Gas & Oil - Flowing: Measured Current	b. (Original)	b.	b.
All Gas Zones: Estimated Or Measured Original	1900 est.		2365 calc.
6. Oil Gravity ($^{\circ}$ API) or Gas BTU Content	41 $^{\circ}$ est.		1212
7. Producing or Shut-In?			Producing
Production Marginal? (yes or no)	Yes		Yes
* If Shut-In, give date and oil/gas/water rates of last production	Date: Rates: 3/6/0 est. from offset production	Date: Rates:	Date: Rates:
Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data			
* If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: Rates:	Date: Rates:	Date: 8/96 Rates: 1/2/4/1
8. Fixed Percentage Allocation Formula - % for each zone	Oil: 80 % Gas: 60 %	Oil: % Gas: %	Oil: 20 % Gas: 40 %

9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.
10. Are all working, overriding, and royalty interests identical in all commingled zones? ☒ Yes ___ No
 If not, have all working, overriding, and royalty interests been notified by certified mail? ☒ Yes ___ No
 Have all offset operators been given written notice of the proposed downhole commingling? ☒ Yes ___ No
11. Will cross-flow occur? ___ Yes ☒ No If yes, are fluids compatible, will the formations not be damaged, will any cross-flowed production be recovered, and will the allocation formula be reliable. ___ Yes ___ No (If No, attach explanation)
12. Are all produced fluids from all commingled zones compatible with each other? ☒ Yes ___ No
13. Will the value of production be decreased by commingling? ___ Yes ☒ No (If Yes, attach explanation)
14. If this well is on, or communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application. ☒ Yes ___ No
15. NMOCD Reference Cases for Rule 303(D) Exceptions: ORDER NO(S). _____
16. ATTACHMENTS:
- * C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
 - * Production curve for each zone for at least one year. (If not available, attach explanation.)
 - * For zones with no production history, estimated production rates and supporting data.
 - * Data to support allocation method or formula.
 - * Notification list of all offset operators.
 - * Notification list of working, overriding, and royalty interests for uncommon interest cases.
 - * Any additional statements, data, or documents required to support commingling.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Gary Brink TITLE Operations Manager DATE 11/6/96TYPE OR PRINT NAME Gary Brink TELEPHONE NO. (505) 325-1821

Application For Downhole Commingling
 Offsetting Operators
 Greek Gallup-Basin Dakota
 Dugan Production Corp
 Ms Nona #2
 Unit A, Sec 15, T 30 N, R 14 W
 San Juan Co, NM

10	Dugan	11
Dugan	Ms Nona #2 ●	Dugan
15	Dugan	14
Dugan		Dugan