

APPLICATION FOR AUTHORIZATION TO INJECT

#12003
12505

- I. PURPOSE: Secondary Recovery Pressure Maintenance X Disposal Storage
Application qualifies for administrative approval? Yes No
- II. OPERATOR: Dugan Production Corp.
ADDRESS: P. O. Box 420, Farmington, NM 87499-0420
CONTACT PARTY: John Alexander PHONE: 505-325-1821
- III. WELL DATA: Complete the data required on the reverse side of this form for each well processed for injection. Additional sheets may be attached if necessary.
- IV. Is this an expansion of an existing project: X Yes No
If yes, give the Division order number authorizing the project R-11371
- V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.
- VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.
- VII. Attach data on the proposed operation, including:
1. Proposed average and maximum daily rate and volume of fluids to be injected;
 2. Whether the system is open or closed;
 3. Proposed average and maximum injection pressure;
 4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and
 5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).
- *VIII. Attach appropriate geological data on the injection zone including appropriate lithologic detail, geological name, thickness and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such sources known to be immediately underlying the injection interval.
- IX. Describe the proposed stimulation program, if any.
- * X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need not be resubmitted.)
- * XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.
- XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground source of drinking water.
- XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form.
- XIV. Certification: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.
- NAME: John Alexander TITLE: Vice-president
SIGNATURE: John Alexander DATE: 8/29/00
- * If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be resubmitted. Please show the date and circumstance of the earlier submittal. _____

III. WELL DATA

A. The following well data must be submitted for each injection well covered by this application. The data must be both in tabular and schematic form and shall include:

- (1) Lease name; Well No.; Location by Section, Township, and Range; and footage location within the section.
- (2) Each casing string used with its size, setting depth, sacks of cement used, hole size, top of cement, and how such top was determined.
- (3) A description of the tubing to be used including its size, lining material, and setting depth.
- (4) The name, model, and setting depth of the packer used or a description of any other seal system or assembly used.

Division District Offices have supplies of Well Data Sheets which may be used or which may be used as models for this purpose. Applicants for several identical wells may submit a "typical data sheet" rather than submitting the data for each well.

B. The following must be submitted for each injection well covered by this application. All items must be addressed for the initial well. Responses for additional wells need be shown only when different. Information shown on schematics need not be repeated.

- (1) The name of the injection formation and, if applicable, the field or pool name.
- (2) The injection interval and whether it is perforated or open-hole.
- (3) State if the well was drilled for injection or, if not, the original purpose of the well.
- (4) Give the depths of any other perforated intervals and detail on the sacks of cement or bridge plugs used to seal off such perforations.
- (5) Give the depth to and name of the next higher and next lower oil or gas zone in the area of the well, if any.

XIV. PROOF OF NOTICE

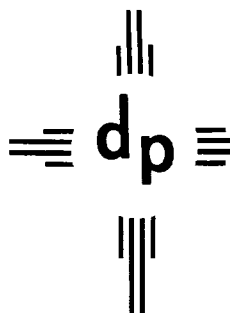
All applicants must furnish proof that a copy of the application has been furnished, by certified or registered mail, to the owner of the surface of the land on which the well is to be located and to each leasehold operator within one-half mile of the well location.

Where an application is subject to administrative approval, a proof of publication must be submitted. Such proof shall consist of a copy of the legal advertisement which was published in the county in which the well is located. The contents of such advertisement must include:

- (1) The name, address, phone number, and contact party for the applicant;
- (2) The intended purpose of the injection well; with the exact location of single wells or the section, township, and range location of multiple wells;
- (3) The formation name and depth with expected maximum injection rates and pressures; and
- (4) A notation that interested parties must file objections or requests for hearing with the Oil Conservation Division, PO Box 2088, Santa Fe, NM 87504-2088 within 15 days.

NO ACTION WILL BE TAKEN ON THE APPLICATION UNTIL PROPER PROOF OF NOTICE HAS BEEN SUBMITTED.

NOTICE: Surface owners or offset operators must file any objections or requests for hearing of administrative applications within 15 days from the date this application was mailed to them.



dugan production corp.

SEP - 8 2000

CONSERVATION DIVISION

8/29/2000

Mr. Mark Ashley, Examiner
New Mexico Oil Conservation Division
2040 S. Pacheco St.
Santa Fe, NM 87505

Re: Application for Amendment of Order No. R-11371, Stella Needs A Com No. 1 Conversion to
SWD Service

(30-045-08994)

Dear Mr. Ashley:

Dugan Production Corp. applies for amendment of Order No. R-11371, to allow injection of produced water into the Menefee member of the Mesaverde formation in addition to the already authorized Point Lookout member of the Mesaverde. The NMOCD gave approval, through the above order, for disposal of produced water into the Point Lookout member of the Mesaverde formation on May 17, 2000.

During work to prepare the Stella Needs A Com No. 1 for injection service, it was found that the Menefee interval had several small casing leaks. The casing above 2950' (top of the Menefee) held pressure with no leaks. An attempt was made to cement squeeze the Menefee section. The small leak-off did not allow the area to be repaired to the point that the interval could pass the mechanical integrity test. Since the Menefee is immediately above the Point Lookout, Dugan decided to apply for inclusion of the Menefee with the Point Lookout as the approved injection interval. Because the packer will have to be set at 2950', the maximum allowable surface pressure will be 590 psi (0.2 psi/ft x 2950'). We plan to perforate several sands within the Menefee to enhance the ability of the well to accept water.

The attached application incorporates the original Point Lookout application. Only those changes which are specific to the Menefee zone are detailed. A copy of this request for amendment have been sent to offsetting operators and surface owners.

We ask, that in the absence of any objections, that this matter be taken under advisement. Unless objections are received, Dugan Production Corp. does not plan to at the hearing.

Sincerely Yours,

John Alexander
Vice President

Attachment

III. WELL DATA

A.

- (1). No change from original application
- (2). No change from original application
- (3). Setting depth of tubing will be 2950'. No change from original application.
- (4). Packer setting depth will be 2950'. No change from original application.

B.

- (1). Menefee member of the Mesaverde. It is not within a pool. Point Lookout member of Mesaverde already approved for injection.
- (2). Menefee from 2950' to 3690'. Approved Point Lookout from 3690' to 3820'.
- (3). No change from original application.
- (4). No change from original application.
- (5). No change from original application.

V. No change from original application.

VI. No change from original application.

VII. DATA ON PROPOSED OPERATION

1. Average Rate: 500 bwpd. Maximum Rate: 700 bwpd.
2. System is closed.
3. Average pressure: 500 psi. Maximum pressure: 590 psi.
4. No change from original application,
5. No water samples specific to the Menefee are available. No changes from Point Lookout water are anticipated.

VIII. No change from original application.

IX. No change from original application.

X. No change from original application.

XI. No change from original application.

XII. After examination of available geologic and engineering data, no evidence of faults or any other hydrologic connection between the disposal zone and any underground source of drinking water exists.

XIII. Proof of Notice is attached.

AFFIDAVIT OF PUBLICATION

Ad No. 43310

STATE OF NEW MEXICO
County of San Juan:

Alethia Rothlisberger, being duly sworn says: That she is the Classified Advertising Manager of THE DAILY TIMES, a daily newspaper of general circulation published in English at Farmington, said county and state, and that the hereto attached Legal Notice was published in a regular and entire issue of the said DAILY TIMES, a daily newspaper duly qualified for the purpose within the meeting of Chapter 167 of the 1937 Session Laws of the State of New Mexico for publication on the following day(s):

Thursday, August 31, 2000.

And the cost of the publication is \$21.64.

Alethia Rothlisberger

ON 8/31/2000 Alethia Rothlisberger appeared before me, whom I know personally to be the person who signed the above document.

Daney L. Seade
My Commission Expires April 10, 2004

COPY OF PUBLICATION

918

Legals

NOTICE

Dugan Production Corp., P.O. Box 420, Farmington, NM 87499 (505-325-1821, John Alexander), has made application to the New Mexico Oil Conservation Commission to amend the application for conversion of the Stella Needs A Corn No. 1 well to salt water disposal service. The amendment requests that the Menefee section of the Mesaverde be added to the already authorized Point Lookout interval of the Mesaverde as the injection zone. This well is located 1650' fsl & 1650' fwl of S.36 - Twn.30N - Rng.14W, San Juan Co., NM. Disposal will be into the Mesaverde formation at 2950'. Maximum injection pressure will be 590 psi. Maximum injection rate will be 700 barrels of water daily. Interested parties must file objections or request for hearing with the Oil Conservation Division, 2040 S. Pacheco, Santa Fe, NM 87505 within 15 days.

Legal No. 43310, published in The Daily Times, Farmington, New Mexico, Thursday, August 31, 2000.

SENDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits.

Article Addressed to:

Richardson Operating Co.
1100 Kinross, Suite 31100
Denver, CO 80203

Article: Cathy Delaney

Article Number (Copy from service label)

2-289-643-784

Form 3811, July 1999

Domestic Return Receipt

102595-99-M-1789

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery
Robert B. Scheller 8/3/99
C. Signature
D. Is delivery address different from item 1? ☐ Yes ☒ No
If YES, enter delivery address below: ☐ Agent ☐ Addressee

3. Service Type

☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

SENDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits.

Article Addressed to:

Quatalet Petroleum
Pony Petroleum
3351 17th St, Suite 300
Denver, CO 80202

Article Number (Copy from service label)

2-289-643-785

Form 3811, July 1999

Domestic Return Receipt

102595-99-M-1789

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery
C. Signature
D. Is delivery address different from item 1? ☐ Yes ☒ No
If YES, enter delivery address below: ☐ Agent ☐ Addressee

3. Service Type

☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

SENDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits.

Article Addressed to:

Killa King
P.O. Box 186
Denver, CO 81323

Article Number (Copy from service label)

2-289-643-786

Form 3811, July 1999

Domestic Return Receipt

102595-99-M-1789

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery
Killa King 9/5/99
C. Signature
D. Is delivery address different from item 1? ☐ Yes ☒ No
If YES, enter delivery address below: ☐ Agent ☐ Addressee

3. Service Type

☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

SENDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits.

Article Addressed to:

Mr. Ray Powell, Commission
77M State Road Office
P.O. Box 1148
Santa Fe, NM 87504-1149

Article Number (Copy from service label)

2-289-643-787

Form 3811, July 1999

Domestic Return Receipt

102595-99-M-1789

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery
C. Signature
D. Is delivery address different from item 1? ☐ Yes ☒ No
If YES, enter delivery address below: ☐ Agent ☐ Addressee

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☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes