

10/28/2015 DATE IN	SUSPENSE	MAm ENGINEER	10/28/2015 LOGGED IN	CTB TYPE	PMAM153014884 APP NO.
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☐ DHC ☒ CTB ☐ PLC ☐ PC ☐ OLS ☒ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ☐ Does Not Apply

[A] ☒ Working, Royalty or Overriding Royalty Interest Owners

[B] ☐ Offset Operators, Leaseholders or Surface Owner

[C] ☒ Application is One Which Requires Published Legal Notice

[D] ☒ Notification and/or Concurrent Approval by BLM & SLO
 U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☒ For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] ☐ Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Kevin Smaka
Print or Type Name

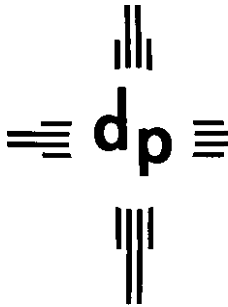
Kevin Smaka
Signature

Production Engineer
Title

10/26/15
Date

kevin.smaka@duganproduction.com
e-mail Address

- CTB-560-C
 - Dugan Production Corp
 6515
 well
 - St. Monica 2 com
 #90
 30-045-35282
 +
 138 wells
 Pool
 - Basin
 Fruitland
 Coal (GAS)
 71629



dugan production corp.

RECEIVED OGD

2015 OCT 29 P 3:02

October 26, 2015

Mr. David Catanach, Director
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Mr. Aubrey Dunn, Commissioner
New Mexico State Land Office
P. O. Box 1148
Santa Fe, NM 87504-1148

Ms. Victoria Barr, Manager
Bureau of Land Management
6251 College Blvd., Suite A
Farmington, NM 87402

Re: Application to surface commingle and for the Off-Lease
Measurement/sale of produced natural gas for wells
to be added to Dugan Production's Sesamee Street
Gas Gathering System
San Juan County, New Mexico

Dear Mr. Catanach, Ms. Barr and Mr. Dunn,

We are writing to request your administrative approvals for the surface commingling, plus off-lease measurement and sale of natural gas produced from 12 wells (2 existing and 10 proposed locations) to be added to Dugan Production's Sesamee Street (SSGS). NMOCD Form 107-B is attached for this application to add wells to the gathering system. A summary presenting the wells and production for each pool is presented on Attachment No. 4. Gas sales for the SSGS will continue to be at the central delivery sales meter (CDP) established for the SSGS. There are two CDP's for the SSGS. The first is located in the NESW of Section 30, T-25N, R-10W and delivers gas to Enterprise Field Services Meter No. 86238. The second is located NWSE of section 2, T-24N, 10-W and delivers gas to Enterprise Field Services meter no. 91083. We are also requesting the NMOCD to continue to include a provision in their order that for future additions to the RGS, only the interest owners in the wells being added need to be notified, providing that it is reasonably certain that the proposed additions will not adversely affect the interest owners in the wells already approved for the gathering system. This provision will be very helpful and will significantly reduce the work effort necessary to add future wells to the gathering system.

The SSGS was installed by DPC and was approved for operation in August of 2005. Currently there are 135 wells approved for the SSGS which includes 111 that are currently active. Production currently averages a total of 8944 mcf/d for an overall average of 80 mcf/d per well. Well production ranges from 2 to 384 mcf/d. Of the twelve wells proposed to be added to the SSGS, two have been connected and currently produce a total of 91 mcf/d for an average of 45 mcf/d per well, ranging from 23 mcf/d to 62 mcf/d. Individual well production for the SSGS is presented on Attachment 2 and a summary of pool production is presented on Attachment No. 4.

Dugan Production does understand that regulatory approvals are needed to add wells to gathering systems and will work to avoid future wells being added prior to receiving approvals to do so. We request that consideration be given to the fact that both wells at SSGS are considered to be marginal producers (less than 100 mcf/d) and that all production has been accounted for using the allocation procedures that have been approved for both gathering systems. There has not been any economic harm to anyone. Each of the subject wells was frac'd during completion and to insure minimal exposure to reservoir damage and to minimize the volumes of gas vented during flowback, it was important to place each well on production into the gathering system as quickly as possible following the frac, which was easy to do having the gathering system available.

Attachment No. 1 presents maps of the SSGS with the wells proposed to be added highlighted in blue. In addition, Dugan Production's leases are also presented. Dugan Production has a majority of the leasehold interest and to date most wells drilled are considered to be marginal producers. The SSGS has two central delivery gas sales meters. The first, meter no. 86238, is located in the NESW of Section 30, T-25N, R-10W. The second, meter no. 91083, is located in the NWSE of section 2, T-24N and R-9W. Both meters deliver gas to Enterprise Field Services.

Attachment No. 2 presents information for the wells currently approved and the wells to be added to the SSGS. Detailed production information for wells to be added is presented in Note 5 of Attachment No. 2 for the SSGS. Of the current wells approved for the gathering system 23 produce more than 100 mcf/d. The remaining 112 wells produce less than 100 mcf/d and are considered marginal producers.

Attachment No. 3 presents the interest ownership for the wells to be added to the SSGS. From Attachment No. 3, Dugan Production holds 100% of the working interest in 12 wells being added and their infill locations. Royalty for all twelve wells is federal. In addition, on the St. Moritz lease four wells have Navajo allotted royalty. Also there are six overriding royalties on the Kinbeto lease. All interest owners in the wells being added as presented in Attachments No. 3 will receive information pertaining to this application, and Attachment No. 8 presents copies of our interest owner notice efforts. All notice letters have been sent by certified mail with return receipts, and upon receiving the receipts, copies will be forwarded to the NMOCD.

Attachment No. 4 presents a summary of the pools, wells, production and leases for the SSGS. The SSGS has wells from one pool (Basin Fruitland Coal) authorized for the gathering system. It is also noted that for the SSGS, of the 135 wells (111 active) currently approved for the gathering system, production averages 80 mcf/d and ranges from 2 to 384 mcf/d per well. Of the 12 wells/locations to be added with this application, 2 are currently producing and average 45 mcf/d per well. Dugan Production's leases for the wells in the Sesamee Street Gathering System are summarized on Page 2 of Attachment No. 4. The SSGS has 37 federal, 12 state, 8 Navajo Allotted, and 8 Navajo Nation leases, which are held by the Navajo Nation

Attachment No. 5 presents the proposed allocation procedures to be used for the SSGS.

Attachment No. 6 presents a comparison of connecting the proposed wells to the existing SSGS as opposed to directly connecting each well to the nearest pipeline which will be Enterprise's line at the current CDP. This analysis was done to address the BLM's Instruction Memorandum No. 2013-152 dated 7/3/2013 and to support connecting the proposed wells to an existing gathering system operated by Dugan Production Corp.

From Attachment No. 6, to connect each of the twelve wells and infill locations to Dugan's SSGS, will require installing an estimated 17,900' (3.39 miles) of 4" polypipe which with a 40' ROW, will require disturbing an estimated 16.25 acres of surface. If each well were to be individually connected directly to a pipeline company for gas sales, the length of necessary pipeline would increase to 178,728' (33.85 miles) and result in disturbing 164.1 acres of surface. In addition, since we typically will install the required compressor at the well site, the line between the well and connection to the pipeline will be operating at a higher pressure for direct connection, which will require using 4" steel line as opposed to 4" polypipe which will increase the installation costs from \$15/ft to \$38/ft and will result in the pipeline cost increasing from \$268,500.00 for connecting to a gathering system to \$6,791,700.00 for connecting to Enterprise. In addition, and probably one of the biggest benefits of operating a gathering system is that we can install central gas compression facilities to serve multiple wells and we typically operate our gathering systems at 20 to 30 psig which provides an optimum surface operating pressure for wells connected to it. For direct connect, it will be necessary to install a compressor at each well in order to deliver gas into Enterprise's pipeline which is currently averaging 325 psig. This will require purchasing and installing significantly more compressors to deliver the same gas, which will result in using more produced gas for fuel and producing more noise and exhaust gas. In addition, the cost to make a connection to our gathering system averages about \$5,000/tap and meter run where Enterprise will charge an average of \$85,000 for each pipeline tap and meter run. For our analysis, since the infill wells will have the same interest ownership as the initial spacing unit well, we assumed it will be acceptable to connect the infill well to the initial well and use only one line and compressor to deliver the gas to Enterprise which will not only reduce the necessary pipeline length, but will reduce the meter run and connection cost for the infill well to \$5,000 and enable the infill well to use the compressor installed for the initial well.

Thus considering all factors of connecting to the existing gathering system versus directly connecting to Enterprise pipeline, the total costs presented in attachment 6 are summarized as follows:

<u>Gathering System</u>	<u>Connect to Gathering System</u>	<u>Connect to Enterprise</u>	<u>Additional Cost for Direct Connections</u>
SSGS	<u>\$ 318,500.00</u>	<u>\$ 8,375,700.00</u>	<u>\$ 8,572,000.00</u>

Considering that many of the wells to be added to the SSGS are considered to be marginal producers, it will be very important that we receive approval to use the existing gathering systems as opposed to directly connecting each well to the pipeline company. Also considering that these wells are in an area that has significant archaeological, cultural, and paleontology presence, plus is in close proximity to two wilderness areas, and is within the threatened and

endangered Brack's Cactus and Aztec Gila Habitat, it is important to minimize the surface disturbance and installation of necessary compression equipment.

Attachment 7 presents a summary of the equipment and facilities that are currently installed for the SSGS. Dugan Production has drilled and currently operates five SWD wells, the Mary Lou #1, Herry Monster #3, St. Moritz #2, Flo Jo #8 and the Frazzle #1. This is an important part of producing low volume gas wells and economically disposing of the water produced in association with the gas. Typically, when installing the gas pipeline, we also install a second pipeline for the produced water. The water is collected at a central location and any gas that may also be in the water stream is removed using a Conventional 2 Phase Separator. All gas recovered from the water will be metered and then delivered to the gas gathering line for sale. The metered volumes at the separator will then be used to allocate CDP gas volumes back to the separator using the same allocation procedure used for all other wells. The gas volumes allocated to the separator will then be allocated to each well that delivers water to the separator based upon the water volumes delivered and the percentage of all water delivered to the separator. This procedure for handling and disposing of the produced water is a very important part of operating our gathering system and without this, as would be necessary for direct connection, it would be necessary to install separators and storage tanks at each well and to truck the water from each well for disposal. Thus we are able to reduce a significant surface disturbance for facilities to handle and store the produced water at the wellsite plus we significantly reduce the truck traffic and road maintenance needed to haul and dispose of the produced water. As part of this application, we request approvals to surface commingle the produced water and dispose of the produced water at one of Dugan's water disposal wells or if necessary, at a commercial water disposal facility.

There are seven central compressor stations on the SSGS which are necessary to maintain an optimum gathering system pressure of 20 to 30 psi for wells located throughout the entirety of the gathering system.

Since the water disposal and central compression are a very important part of operating our gathering systems, we are requesting that the fuel gas needed to operate the equipment be considered a "beneficial use" for the wells connected to the gathering system.

Attachment No. 8 presents copies of our efforts to provide the required notice to all interest owners in the wells being added to the gathering system.

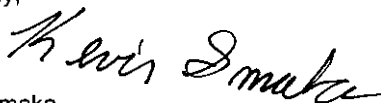
In summary, Dugan Production is requesting approvals to:

1. Add 12 wells/locations to Dugan's Sesamee Street Gathering System;
2. Authorize the beneficial use of fuel used by equipment necessary to operate the gathering system;
3. Authorize the surface commingling plus off-lease disposal of produced water.

A majority of the wells on the gathering system are considered to be low volume producers (100 mcf/d or less), many of which are marginally economic to operate. Dugan Production has made a substantial investment in the SSGS which was necessary to sell gas from the low volume producers typical to this area, and is optimistic that we will be able to aggressively develop our substantial leasehold interest in an area that has little other oil and gas development activity.

Should you need additional information or have questions regarding this application, please feel free to contact me at the letterhead address.

Sincerely,



Kevin Smaka
Production Engineer

cc: NMOCD – Aztec; All Working Interest Owners

District I
1625 N. French Drive, Hobbs, NM 88240
District II
1301 W. Grand Ave, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St Francis Dr, Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-B
Revised June 10, 2003

OIL CONSERVATION DIVISION

1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Submit the original
application to the Santa Fe
office with one copy to the
appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: Dugan Production Corp.
OPERATOR ADDRESS: P. O. Box 420, Farmington, NM 87499-0420
APPLICATION TYPE:

☐ Pool Commingling ☒ Lease Commingling ☐ Pool and Lease Commingling ☒ Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: ☐ Fee ☒ State ☒ Federal & Navajo Allotted

Is this an Amendment to existing Order? ☒ Yes ☐ No If "Yes", please include the appropriate Order No. CTB-560-A
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling
☒ Yes ☐ No

(A) POOL COMMINGLING

Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes

- (2) Are any wells producing at top allowables? ☐ Yes ☐ No
(3) Has all interest owners been notified by certified mail of the proposed commingling? ☐ Yes ☐ No.
(4) Measurement type: ☐ Metering ☐ Other (Specify)
(5) Will commingling decrease the value of production? ☐ Yes ☐ No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING

Please attach sheets with the following information

- (1) Pool Name and Code. Basin Fruitland Coal (71629)
(2) Is all production from same source of supply? ☒ Yes ☐ No
(3) Has all interest owners been notified by certified mail of the proposed commingling? ☒ Yes ☐ No
(4) Measurement type: ☒ Metering ☒ Other (Specify) Each well will be equipped with an allocation meter or an approved method of alternative measurement

(C) POOL and LEASE COMMINGLING

Please attach sheets with the following information

- (1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT

Please attached sheets with the following information

- (1) Is all production from same source of supply? ☒ Yes ☐ No See Attachment No. 2
(2) Include proof of notice to all interest owners. See Attachment No. 3 & 8

(E) ADDITIONAL INFORMATION (for all application types)

Please attach sheets with the following information

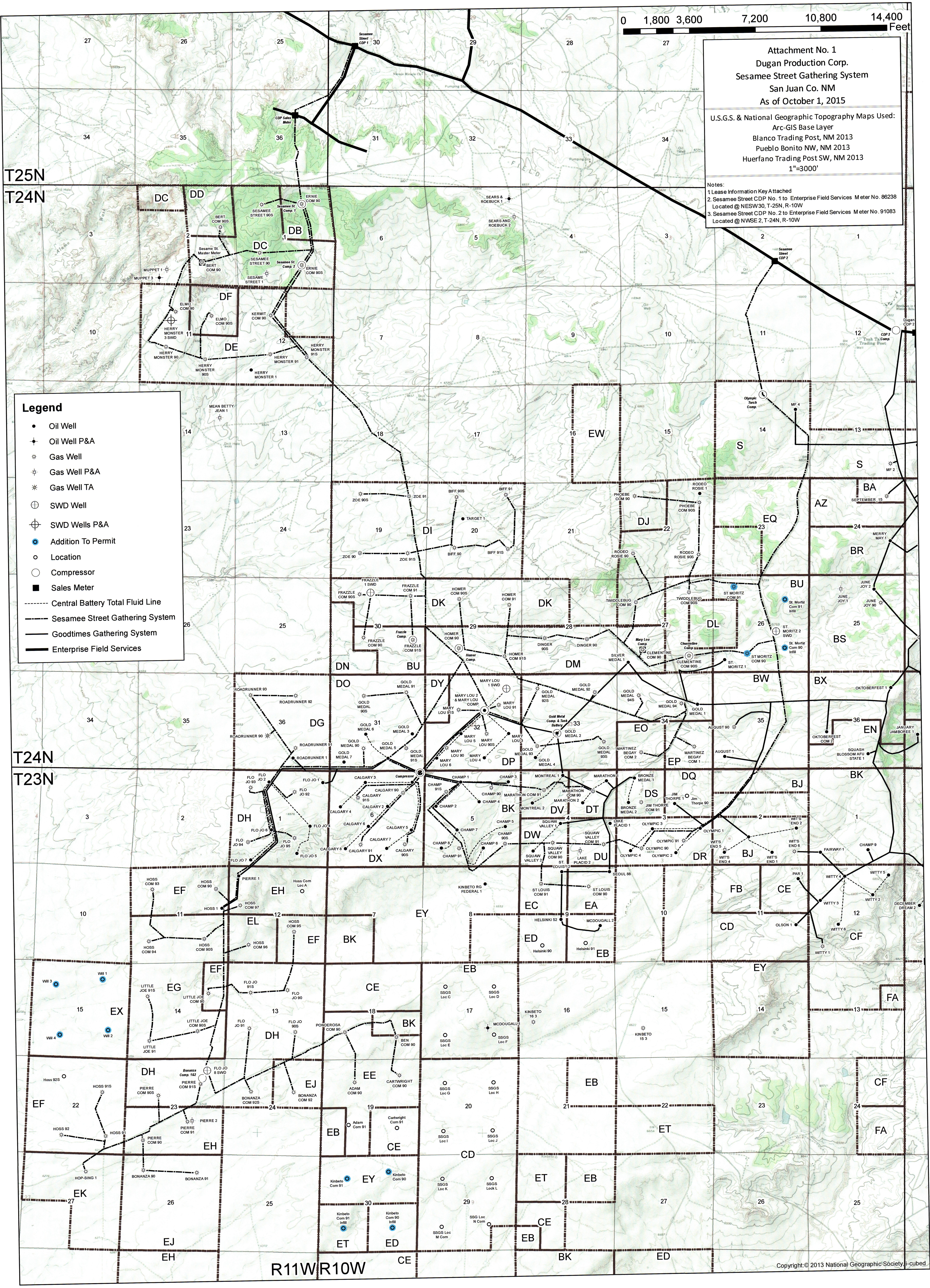
- (1) A schematic diagram of facility, including legal location. See Attachment No. 3 & 8
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved. Attachment No. 1
(3) Lease Names, Lease and Well Numbers, and API Numbers. See Attachment No. 2

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

SIGNATURE: Kevin Smaka TITLE: Production Engineer DATE: 10/26/15

TYPE OR PRINT NAME Kevin Smaka TELEPHONE NO.: 505-325-1821

E-MAIL ADDRESS: Kevin.Smaka@duganproduction.com



ATTACHMENT NO. 1
SESAMEE STREET GATHERING SYSTEM
PAGE 2 OF 2

Sesamee Street Lease Legend			
Letter	Lease Type	Lease Number	Lease Name
S	Federal	NM-16760	MF
AZ	Federal	NM-62973	September 15
BA	Federal	NM-54983	September 15
BJ	State	LH-1896	Wit's End
BK	Federal	NM-42059	Champ
BR	Federal	NM-25842	Merry May
BS	Federal	NM-5991	June Joy
BU	Federal	NM-78060	St. Moritz
BW	Federal	NM-43443	August
BX	State	LG-9804	Oktoberfest
CD	Federal	NM-42740	Olson
CE	Federal	NM-86485	Par
CF	Federal	NM-16762	Unnamed
DB	Nav Alt	NO-G-0502-1717	Ernie
DC	Federal	NM-39017	Sesamee Street
DD	Nav Alt	NO-G-0502-1718	Bert
DE	Federal	NM-17015	Herry Monster
DF	Nav Alt	NO-G-0502-1719	Elmo
DG	State	V-2364	Roadrunner
DH	Federal	NM-36952	Flo Jo
DI	Federal	NM-43442	Target
DJ	Federal	NM-100808	Unnamed
DK	Federal	NM-15654	Rodeo Rosie
DL	Nav Alt	NO-G-0502-1720	Unnamed
DM	Federal	NM-21741	Silver Medal
DN	Nav Alt	NO-G-0502-1716	Unnamed
DO	Federal	NM-22044	Gold Medal
DP	State	V-1509	Gold Medal
DQ	Nav Alt	NOO-C-1420-5825	Jim Thorpe
DR	Federal	NM-23744	Olympic
DS	Nav Alt	NOO-C-1420-7307	Bronze Medal
DT	Nav Alt	NOO-C-1420-7308	Marathon
DU	Nav Alt	NOO-C-1420-7311	Lake Placid
DV	Nav Alt	NOO-C-1420-7309	Montreal
DW	Nav Alt	NOO-C-1420-7310	Squaw Valley
DX	Federal	NM-32124	Calgary
DY	State	E-4912-19	Unnamed
EA	Nav Alt	NOO-C-1420-7312	Seoul
EB	Federal	NM-15005	McDougall
EC	Nav Alt	NOO-C-1420-7313	St. Louis
ED	Federal	NM-36951	Helsinki
EE	Federal	NM-96799	Unnamed
EF	Federal	NM-96800	Hoss
EG	Federal	NM-90482	Unnamed
EH	Federal	NM-80498	Pierre
EJ	Federal	NM-96802	Unnamed
EK	Federal	NM-65528	Hop Sing
EL	Nav Alt	NO-G-3011-1696	XTO Navajo Allotted
EN	State	LG-5686	Squash Blossom AFU
EO	Nav Alt	NO-G-0902-1754	Martinez Begay
EP	Nav Alt	NO-G-0905-1759	Unnamed
EQ	Federal	NM-112956	XTO Lease
ET	Federal	NM-119287	Unnamed
EW	State	B1-889-36	Unnamed
EX	Federal	NM-119288	Unnamed
EY	Federal	NM-13956	Unnamed
EZ	Federal	NM-23744	Unnamed
FA	Federal	NM-130879	Unnamed
FB	Federal	NM-130878	Unnamed

Well Name	Map #	API # 30-045-	Surface Location				Communitization Agreement No. (If Established)	Pool	Completion Date	Current Status (U)	BTU @ 15.025	Current Average		Spacing Unit	Application	Dates for SC, OLM & S (3)		
			X%	Sec-Twn-Rng	Lease No.	Lease Type						Production (Q)				BLM	NMOCD	NMSLO
												MCFO	BWPD					
WELLS TO BE ADDED (12 WELLS)																		
Kinbeto Com 90			NWNE	30-23N-10W	NM13956	FED	NMNM134510	Basin Fruitland Coal		LOC B				E/2-324.6A	10/26/15			
Kinbeto Com 90 infill			SE	30-23N-10W	NM36951		NMNM134510	Basin Fruitland Coal		LOC				E/2-324.6A	10/26/15			
Kinbeto Com 91			NENW	30-23N-10W	NM13956	FED	NMNM134523	Basin Fruitland Coal		LOC B				W/2-327.52A	10/26/15			
Kinbeto Com 91 infill			SW	30-23N-10W	NM119287		NMNM134523	Basin Fruitland Coal		LOC				W/2-327.62A	10/26/15			
St. Moritz Com 90	3	35282	SESW	26-24N-10W	NM78060	FED	NMNM112657	Basin Fruitland Coal	11/21/2013	P	1024	62	82	S/2-320.0A	10/26/15			
St. Moritz Com 90 infill	3		SE	26-24N-10W	NM78060	FED	NMNM112657	Basin Fruitland Coal		LOC				S/2-320.0A	10/26/15			
St. Moritz Com 91	3	35285	NWNW	26-24N-10W	NM78060	FED	NMNM112658	Basin Fruitland Coal	11/22/2013	P	1010	29	47	N/2-320.0A	10/26/15			
St. Moritz Com 91 infill	3		NE	26-24N-10W	NM78060	FED	NMNM112658	Basin Fruitland Coal		LOC				N/2-320.0A	10/26/15			
Will 1	3		NWNE	15-23N-11W	NM119289	FED	N/A	Basin Fruitland Coal		LOC B				E/2-320.0A	10/26/15			
Will 2	3		NESE	15-23N-11W	NM119289	FED	N/A	Basin Fruitland Coal		LOC B				E/2-320.59A	10/26/15			
Will 3	3		NWNW	15-23N-11W	NM119289	FED	N/A	Basin Fruitland Coal		LOC B				W/2-322.34A	10/26/15			
Will 4	3		NESW	15-23N-11W	NM119289	FED	N/A	Basin Fruitland Coal		LOC B				W/2-322.34A	10/26/15			
WELLS APPROVED FOR SYSTEM (135 WELLS)																		
Adam Com 90	2	33348	NENW	19-23N-10W	NM96799	FED	NMNM116512	Basin Fruitland Coal	3/7/2006	P	1010	139	80	W/2-320.08A	3/25/09	6/25/09	4/23/09	4/27/09
Adam Com 91	2		SW	19-23N-10W	NM96799	FED	NMNM116512	Basin Fruitland Coal		LOC B				W/2-320.08A	3/25/09	6/25/09	4/23/09	4/27/09
Ben Com 90	2	33347	SESE	18-23N-10W	NM96799	FED	NMNM116733	Basin Fruitland Coal	8/28/2007	P	1008	32	4	E/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09
Ben Com 90S	2		NE	18-23N-10W	NM86485	FED	NMNM116733	Basin Fruitland Coal		LOC				E/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09
Bert Com 90	1	32714	SWSE	2-24N-11W	NM39017	FED	NMNM112857	Basin Fruitland Coal	9/30/2005	P	996	14	20	E/2-321.22A	8/26/05	10/18/05	9/20/05	N/A
Bert Com 90S	1	32924	NSENE	2-24N-11W	NO-G-0502-1718	NAV ALTD	NMNM112857	Basin Fruitland Coal	10/5/2005	P	991	9	30	E/2-321.22A	8/26/05	10/18/05	9/20/05	N/A
Biff 90	1	33455	NESW	20-24N-10W	NM43442	FED		Basin Fruitland Coal	6/8/2007	P	1009	20	29	W/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09
Biff 90S	1	33454	NENW	20-24N-10W	NM43442	FED		Basin Fruitland Coal	6/20/2007	P	1007	14	25	W/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09
Biff 91	1	33546	NENE	20-24N-10W	NM43442	FED		Basin Fruitland Coal	6/7/2007	P	1017	39	37	E/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09
Biff 91S	1	33481	NESE	20-24N-10W	NM43442	FED		Basin Fruitland Coal	6/11/2007	P	1015	16	35	E/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09
Bonanza 90	2	33067	NWNW	26-23N-11W	NM96802	FED		Basin Fruitland Coal	8/13/2007	P	1013	51	23	W/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09
Bonanza 90S	2		SW	26-23N-11W	NM96802	FED		Basin Fruitland Coal		LOC				W/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09
Bonanza 91	2	33066	NENE	26-23N-11W	NM96802	FED		Basin Fruitland Coal	8/13/2007	P	1013	134	44	E/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09
Bonanza 91S	2		SE	26-23N-11W	NM96802	FED		Basin Fruitland Coal		LOC				E/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09
Bonanza Com 92	2	33312	SWNE	24-23N-11W	NM96802	FED	NMNM119988	Basin Fruitland Coal	10/22/2009	P	1015	198	33	N/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09
Bonanza Com 92S	2	33319	SENW	24-23N-11W	NM36952	FED	NMNM119988	Basin Fruitland Coal	8/23/2007	P	1014	2	39	N/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09
Calgary 90	1	34292	NENE	6-23N-10W	NM32124	FED		Basin Fruitland Coal	3/11/2008	P	1006	77	97	E/2-319.52A	3/25/09	6/25/09	4/23/09	4/27/09
Calgary 90S	1	34215	SESE	6-23N-10W	NM32124	FED		Basin Fruitland Coal	8/11/2008	P	1005	83	88	E/2-319.52A	3/25/09	6/25/09	4/23/09	4/27/09
Calgary 91	1	34216	SESW	6-23N-10W	NM32124	FED		Basin Fruitland Coal	8/13/2008	P	1005	69	57	W/2-317.2A	3/25/09	6/25/09	4/23/09	4/27/09
Calgary 91S	1	34217	SENW	6-23N-10W	NM32124	FED		Basin Fruitland Coal	3/7/2008	P	999	34	72	W/2-317.2A	3/25/09	6/25/09	4/23/09	4/27/09
Cartwright Com 90	2	33349	NENE	19-23N-10W	NM96799	FED	NMNM119327	Basin Fruitland Coal	8/27/2007	P	1012	20	23	E/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09
Cartwright Com 91	2		SE	19-23N-10W	NM86485	FED	NMNM119327	Basin Fruitland Coal		LOC B				E/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09
Champ 90	1	34219	NWNE	5-23N-10W	NM42059	FED		Basin Fruitland Coal	6/13/2008	P	1011	84	73	E/2-320.14A	3/25/09	6/25/09	4/23/09	4/27/09
Champ 90S	1	34233	SESE	5-23N-10W	NM42059	FED		Basin Fruitland Coal	8/27/2008	P	972	78	36	E/2-320.14A	3/25/09	6/25/09	4/23/09	4/27/09
Champ 91	1	34230	SESW	5-23N-10W	NM42059	FED		Basin Fruitland Coal	8/26/2008	P	1003	112	131	W/2-319.62A	3/25/09	6/25/09	4/23/09	4/27/09
Champ 91S	1	34218	NWNW	5-23N-10W	NM42059	FED		Basin Fruitland Coal	6/11/2008	P	1006	61	52	W/2-319.62A	3/25/09	6/25/09	4/23/09	4/27/09
Clementine Com 90	1	34015	SESW	27-24N-10W	NM21741	FED	NMNM112614	Basin Fruitland Coal	8/20/2007	P	1040	8	16	S/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09
Clementine Com 90S	1	34017	SESE	27-24N-10W	NM112956	FED	NMNM112614	Basin Fruitland Coal	8/22/2007	P	1036	18	21	S/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09
Dinger 90	1	34020	NWSE	28-24N-10W	NM21741	FED		Basin Fruitland Coal	7/23/2007	P	1036	22	16	S/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09
Dinger 90S	1	34019	NWSW	28-24N-10W	NM21741	FED		Basin Fruitland Coal	7/18/2007	P	1028	18	19	S/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09
Elmo Com 90	1	32704	SENW	11-24N-11W	NM17015	FED	NMNM110561	Basin Fruitland Coal	10/13/2005	P	998	26	44	N/2-320.0A	8/26/05	10/18/05	9/20/05	N/A
Elmo Com 90S	1	32925	SWNE	11-24N-11W	NO-G-0502-1719	NAV ALTD	NMNM110561	Basin Fruitland Coal	1/6/2006	P	997	15	11	N/2-320.0A	8/26/05	10/18/05	9/20/05	N/A
Ernie Com 90	1	32919	NWNE	1-24N-11W	NO-G-0502-1717	NAV ALTD	NMNM112582	Basin Fruitland Coal	9/9/2005	P	984	91	39	E/2-321.72A	8/26/05	10/18/05	9/20/05	N/A
Ernie Com 90S	1	32703	SWSE	1-24N-11W	NM39017	FED	NMNM112582	Basin Fruitland Coal	9/9/2005	P	984	19	45	E/2-321.72A	8/26/05	10/18/05	9/20/05	N/A
Flo Jo 90	2	33381	SWNE	13-23N-11W	NM36952	FED		Basin Fruitland Coal	6/23/2008	P	1004	42	21	E/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09
Flo Jo 90S	2	33345	NWSE	13-23N-11W	NM36952	FED		Basin Fruitland Coal	6/17/2008	P	1008	49	110	E/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09
Flo Jo 91	2	33344	NWSW	13-23N-11W	NM36952	FED		Basin Fruitland Coal	8/14/2007	P	1011	57	21	W/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09
Flo Jo 91S	2	33327	SWNW	13-23N-11W	NM36952	FED		Basin Fruitland Coal	8/14/2007	P	1007	31	34	W/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09
Flo Jo 92 Note 5	1	34516	NWNE	1-23N-11W	NM36952	FED		Basin Fruitland Coal	12/10/2009	P	997	52	35	N/2-320.28A	3/25/09	6/25/09	4/23/09	4/27/09
Flo Jo 93 Note 5	1	34517	NWNW	1-23N-11W	NM36952	FED		Basin Fruitland Coal	7/10/2009	P	981	258	72	N/2-320.28A	3/25/09	6/25/09	4/23/09	4/27/09
Flo Jo 94 Note 5	1	34522	SWSW	1-23N-11W	NM36952	FED		Basin Fruitland Coal	7/16/2009	P	994	79	70	S/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09
Flo Jo 95 Note 5	1	34529	NWSE	1-23N-11W	NM36952	FED		Basin Fruitland Coal	12/30/2009	P	1005	53	72	S/2-320.0A	3/25/09	6/25/09	4/23/09	4/27

Well Name	Map #	API #	30-045-	Surface Location			Communitization Agreement No. (If Established)	Pool	Completion Date	Current Status ①	BTU @ 15,025	Current Average		Spacing Unit	Application	Dates for SC, OLM & S ③				
				X%	Sec-Twn-Rng	Lease No.						Lease Type	Production ②			APPROVAL				
													MCFD			BWPD	BLM	NMOCDD	NMSLO	
Gold Medal 94	1	34229	SWNE	34-24N-10W	NM22044	FED		Basin Fruitland Coal	8/5/2008	P	1038	52	73	N/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09		
Gold Medal 94S	1	34230	NWNW	34-24N-10W	NM22044	FED		Basin Fruitland Coal	8/7/2008	P	1033	68	79	N/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09		
Helsinki Com 90 Note 5	2		SW	9-23N-10W	NM36951	FED	pending	Basin Fruitland Coal		LOC A				S/2	3/25/09	6/25/09	4/23/09	4/27/09		
Helsinki Com 91 Note 5	2		SE	9-23N-10W	NM51005	FED	pending	Basin Fruitland Coal		LOC A				S/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09		
Herry Monster 90	1	32708	NESW	11-24N-11W	NM17015	FED		Basin Fruitland Coal	12/19/2005	P	990	197	58	S/2-320.0A	8/26/05	10/18/05	9/20/05	N/A		
Herry Monster 90S	1	32713	SWSE	11-24N-11W	NM17015	FED		Basin Fruitland Coal	12/16/2005	P	997	107	62	S/2-320.0A	8/26/05	10/18/05	9/20/05	N/A		
Herry Monster 91	1	32706	NESW	12-24N-11W	NM17015	FED		Basin Fruitland Coal	2/4/2006	P	1004	20	23	S/2-320.0A	8/26/05	10/18/05	9/20/05	N/A		
Herry Monster 91S	1	32709	NWSE	12-24N-11W	NM17015	FED		Basin Fruitland Coal	2/1/2006	P	1003	93	56	S/2-320.0A	8/26/05	10/18/05	9/20/05	N/A		
Homer Com 90	1	33456	NESW	29-24N-10W	NM21741	FED	NMNM118422	Basin Fruitland Coal	5/24/2007	P	1015	48	25	W/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09		
Homer Com 90S	1	33527	NENW	29-24N-10W	NM15654	FED	NMNM118422	Basin Fruitland Coal	4/25/2008	P	1016	22	25	W/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09		
Homer Com 91	1	33526	SENE	29-24N-10W	NM15654	FED	NMNM118445	Basin Fruitland Coal	5/31/2007	P	1018	14	13	E/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09		
Homer Com 91S	1	34457	SESE	29-24N-10W	NM21741	FED	NMNM118445	Basin Fruitland Coal	5/25/2007	P	1022	60	39	E/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09		
Hop Sing 1 Note 4	2	29378	NWNE	27-23N-11W	NM65528	FED		Basin Fruitland Coal	5/25/2004	P	1008	86	92	N/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09		
Hop Sing 1S	2		NW	27-23N-11W	NM65528	FED		Basin Fruitland Coal		LOC				N/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09		
Hoss Com 90 Note 4	2	31360	NENE	11-23N-11W	NM96800	FED	NMNM108255	Basin Fruitland Coal	5/19/2003	P	997	112	165	E/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09		
Hoss Com 90S	2	34521	SESE	11-23N-11W	NM90482	FED	NMNM108255	Basin Fruitland Coal	7/27/2009	P	997	25	138	E/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09		
Hoss 91 Note 4	2	33069	SESE	22-23N-11W	NM96800	FED		Basin Fruitland Coal	9/13/2006	P	1010	267	183	E/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09		
Hoss 91S Note 4	2	33070	SENE	22-23N-11W	NM96800	FED		Basin Fruitland Coal	2/24/2006	P	1005	142	65	E/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09		
Hoss 92 Note 4	2	33068	SESW	22-23N-11W	NM96800	FED		Basin Fruitland Coal	9/19/2006	P	994	182	366	W/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09		
Hoss 92S	2		NW	22-23N-11W	NM96800	FED		Basin Fruitland Coal		LOC B				W/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09		
Hoss Com 93 Note 5	2	34535	NWNW	11-23N-11W	NM96800	FED	NMNM123996	Basin Fruitland Coal	8/12/2009	P	983	47	48	W/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09		
Hoss Com 94 Note 5	2	34536	SWSW	11-23N-11W	NM90482	FED	NMNM123996	Basin Fruitland Coal	8/6/2009	P	995	57	82	W/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09		
Hoss Com 95 Note 5	2	34537	NWSE	12-23N-11W	NM96800	FED	pending	Basin Fruitland Coal	12/5/2013	P	1004	186	98	E/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09		
Hoss Com Loc A Note 5	2		NE	12-23N-11W	NM80498	FED	pending	Basin Fruitland Coal		LOC				E/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09		
Hoss Com 96 Note 5	2	34601	SWSW	12-23N-11W	NO-G-0311-1696	NAV ALTD	pending	Basin Fruitland Coal	12/6/2013	P	999	61	102	W/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09		
Hoss Com 97 Note 5	2	34534	SWNW	12-23N-11W	NM80498	FED	NMNM123307	Basin Fruitland Coal	7/20/2009	P	1003	82	69	W/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09		
Jim Thorpe Com 90 Note 5	1		NE	3-23N-10W	NOO-C-14-20-5825	NAV ALTD	NMNM112674	Basin Fruitland Coal		LOC B				N/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09		
Jim Thorpe Com 91 Note 5	1	35277	SENW	3-23N-10W	NOO-C-14-20-7307	NAV ALTD	NMNM112674	Basin Fruitland Coal	12/3/2013	P	1020	339	35	N/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09		
Kermit Com 90	1	32707	SENW	12-24N-11W	NM17015	FED	NMNM104900	Basin Fruitland Coal	1/27/2006	P	999	86	60	N/2-320.0A	8/26/05	10/18/05	9/20/05	N/A		
Little Joe Com 90	2	33317	SENE	14-23N-11W	NM96800	FED	NMNM119377	Basin Fruitland Coal	8/24/2007	P	1003	3	91	E/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09		
Little Joe Com 90S	2	33310	NWSE	14-23N-11W	NM90482	FED	NMNM119377	Basin Fruitland Coal	8/28/2007	P	1018	107	97	E/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09		
Little Joe 91	2	33311	SWSW	14-23N-11W	NM90482	FED		Basin Fruitland Coal	8/10/2007	P	1006	72	183	W/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09		
Little Joe 91S	2	33318	SWNW	14-23N-11W	NM90482	FED		Basin Fruitland Coal	8/10/2007	P	1006	56	21	W/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09		
Marathon Com 90 Note 5	1	34570	NENE	4-23N-10W	NOO-C-14-20-7308	NAV ALTD	NMNM121673	Basin Fruitland Coal	10/21/2011	P	1015	70	9	N/2-320.96A	3/25/09	6/25/09	4/23/09	4/27/09		
Marathon Com 91 Note 5	1	34539	NWNW	4-23N-10W	NOO-C-14-20-7309	NAV ALTD	NMNM121673	Basin Fruitland Coal	8/27/2009	P	1016	12	42	N/2-320.96A	3/25/09	6/25/09	4/23/09	4/27/09		
Martinez Beggs Com 1 Note 5	1	34983	SESE	34-24N-10W	NO-G-0905-1759	NAV ALTD	NMNM112624	Basin Fruitland Coal	2/2/2011	P	1039	70	18	S/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09		
Martinez Beggs Com 2 Note 5	1	34923	SESW	34-24N-10W	NO-G-0902-1754	NAV ALTD	NMNM112624	Basin Fruitland Coal	4/26/2010	P	1027	32	9	S/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09		
Mary Lou 90 Note 4	1	28026	SWSW	32-24N-10W	V1509	STATE		Basin Fruitland Coal	9/15/1990	P	1007	29	109	S/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09		
Mary Lou 90S Note 4	1	31695	NWSE	32-24N-10W	V1509	STATE		Basin Fruitland Coal	10/2/2003	P	1012	46	127	S/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09		
Mary Lou Com 91 Note 4	1	31694	SENE	32-24N-10W	V1509	STATE	State	Basin Fruitland Coal	6/12/2006	P	1016	27	117	N/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09		
Mary Lou Com 91S Note 4	1	31696	SENW	32-24N-10W	V1509	STATE	State	Basin Fruitland Coal	10/3/2003	P	1013	33	101	N/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09		
Olympic 90 Note 5	1	35272	SESW	3-23N-10W	NM23744	FED		Basin Fruitland Coal	10/24/2014	P	1013	153	91	S/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09		
Olympic 91 Note 5	1	35280	SWSE	3-23N-10W	NM23744	FED		Basin Fruitland Coal	10/27/2014	P	1023	324	99	S/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09		
Phoebe Com 90	1	34053	NWNW	22-24N-10W	NM100808	FED	NMNM119013	Basin Fruitland Coal	10/31/2007	P	983	7	2	N/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09		
Phoebe Com 90S	1	34023	NENE	22-24N-10W	NM15654	FED	NMNM119013	Basin Fruitland Coal	8/3/2007	P	988	13	33	N/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09		
Pierre Com 90 Note 4	2	33056	SWSW	23-23N-11W	NM80498	FED	NMNM121634	Basin Fruitland Coal	2/24/2006	P	961	364	47	W/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09		
Pierre Com 90S Note 4	2	33058	SENW	23-23N-11W	NM36952	FED	NMNM121634	Basin Fruitland Coal	3/1/2006	P	1012	121	112	W/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09		
Pierre Com 91 Note 4	2	33071	NWSE	23-23N-11W	NM80498	FED	NMNM122057	Basin Fruitland Coal	3/1/2006	P	963	337	61	E/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09		
Pierre Com 91S Note 4	2	33057	SENE	23-23N-11W	NM36952	FED	NMNM122057	Basin Fruitland Coal	3/7/2006	P	1018	214	91	E/2-320.0A	3/25/09	6/25/0				

Well Name	Map #	API #	Surface Location				Communitization Agreement No. (If Established)	Pool	Completion Date	Current Status ①	BTU @ 15.025	Current Average Production ②		Spacing Unit	Application	Dates for SC, OLM & S ③			
			X/Y	Sec-Twn-Rng	Lease No.	Lease Type						MCFD	BWPD			BLM	NMOCD	NMSLO	
SSGS Loc F	2	30-045-	SE	17-23N-10W	NM57005	FED		Basin Fruitland Coal						S/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09	
SSGS Loc G	2		NW	20-23N-10W	NM42740	FED		Basin Fruitland Coal						N/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09	
SSGS Loc H	2		NE	20-23N-10W	NM42740	FED		Basin Fruitland Coal						N/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09	
SSGS Loc I	2		SW	20-23N-10W	NM42740	FED		Basin Fruitland Coal						S/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09	
SSGS Loc J	2		SE	20-23N-10W	NM42740	FED		Basin Fruitland Coal						S/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09	
SSGS Loc K	2		NW	29-23N-10W	NM42740	FED		Basin Fruitland Coal						N/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09	
SSGS Loc L	2		NE	29-23N-10W	NM42740	FED		Basin Fruitland Coal						N/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09	
SSGS Loc M Com	2		SW	29-23N-10W	NM42740	FED		Basin Fruitland Coal						S/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09	
SSGS Loc N Com	2		SE	29-23N-10W	NM42740	FED		Basin Fruitland Coal						S/2-320.0A	3/25/09	6/25/09	4/23/09	4/27/09	
SWD WELLS																			
Flo Jo 8 SWD	2	33320	NENE	23-23N-11W	NM36952	FED		Entrada SWD	2/10/2006	Note 6									
Frazzle 1 SWD	1	33865	NENW	30-24N-10W	NM15654	FED		Entrada SWD	2/9/2007	Note 6									
Herry Monster 3 SWD	1	33217	SENW	11-24N-11W	NM17015	FED		Entrada SWD	11/14/2005	Note 6									
Mary Lou 1 SWD	1	26460	NENE	32-24N-10W	V1509	STATE		Mesaverde SWD	9/23/2003	Note 6									
St Moritz 2 SWD	3	35281	NWSE	26-24N-10W	NM78060	FED		Entrada SWD	3/23/2012	Note 6									

Notes:

N/A - Not applicable or not needed

NR - None Reported

1 - Status of well 7/26/13

Loc = proposed general location

LOC A = proposed location - staked

LOC B = proposed location - APD submitted

NC = not connected to gathering system

P = producing, includes wells temporarily shut in but able to produce

2 - Production during July, 2015.

3 - The Sesamee Street Gas Gathering System currently has 135 wells or locations approved for surface commingling and off-lease measurement & sale of gas at two central delivery sales meters:

(CDP 1) located in NESW (Unit K), Section 30, T-25N, R-10W on Enterprise Field Service Lateral 10A-1 at Enterprise Meter No. 86238.

(CDP 2) located in NWSE (Unit J), Section 2, T-24N, R-10W on Enterprise Field Services Lateral 10A-2 at Enterprise Meter No. 91083. Current regulatory approvals:

BLM - 12/26/12

NMSLO - 12/10/12

NMOC - 12/21/12 - [Commingling Order CTB-560-B](#)

4 - Well was initially approved for operation on the Goodtimes Gathering System and upon completion of expansions to the Sesamee Street Gathering System, was transferred from the Goodtimes to the Sesamee Street Gathering System on 6/13/07 (14 wells, Hop Sing 1, Hoss Com 90, Hoss 91, 91S & 92, Mary Lou 90 & 90S, Mary Lou Com 91 & 91S, Pierre Com 90, 90S, 91 & 91S, Road Runner 90).

5 - During 11/07, Dugan Production changed from using the letter "S" to designate a well as being a Fruitland Coal infill and initiated using unique numbers for each well. The wells using unique numbering and sharing a common spacing unit are;

Wells	Common Spacing Unit	Wells	Common Spacing Unit
Flo Jo 92 & 93	N/2 1-23N-11W	Marathon Com 90 & 91	N/2 4-23N-10W
Flo Jo 94 & 95	S/2 1-23N-11W	Martinez Begay Com 1 & 2	S/2 34-24N-10W
Helsinki Com 90 & 91	S/2 9-23N-10W	Olympic 90 & 91	S/2 3-24N-11W
Hoss Com 93 & 94	W/2 11-23N-11W	Road Runner 90 & 91	S/2 36-24N-11W
Hoss Com 95 & Infill	E/2 12-23N-11W	Road Runner 92 & 93	N/2 36-24N-11W
Hoss Com 96 & 97	W/2 12-23N-11W	Squaw valley Com 90 & 91	S/2 4-23N-10W
Jim Thorpe Com 90 & 91	N/2 3-24N-10W	St. Louis Com 90 & 91	N/2 9-23N-10W

Cumulative Production
as of 9/1/15

Well Name	1st Delivery	MCF	RW
St. Moritz Com 90	11/21/2013	29,368	27,268
St. Moritz Com 91	11/22/2013	17,447	30,479

7 - NMOC Administrative Order authorizing water disposal by underground injection: Flo Jo 8 SWD (SWD-1006), Frazzle 1 SWD (SWD-1048), Herry Monster 3 SWD (SWD-994), Mary Lou 1 SWD (SWD-884-B), St. Moritz 2 SWD (SWD-1318).

Wells to be added to Dugan Production Corp.'s Sesamee Street Gathering System

[illegible]

ATTACHMENT NO. 3 – PAGE 2 OF 4
Dugan Production Corp.
Kinbeto Com 90
Basin Fruitland Coal
Well Location: NWNE 30-23N-10W
Spacing Unit: E/2-324.6A
San Juan County, NM

<u>INTEREST OWNER</u>	<u>INTEREST%</u>	
	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u>		
Dugan Production Corp.	100.000000	85.750000
<u>Royalty</u>		
USA – c/o Bureau of Land Management 6251 College Blvd., Suite A Farmington, NM 87402	-0-	12.500000
<u>Overriding Royalty Interest</u>		
Altrogge Resources Company 15899 W Ellsworth Drive Golden, CO 80401	-0-	0.550000
Carl L. Kennedy 6839 Raspberry Run Littleton, CO 80125	-0-	0.100000
Janet Larson #22 Independence Lake Oswego, OR 97034	-0-	0.250000
Robert M. Miller 5358 South Havana Court Englewood, CO 80111	-0-	0.100000
Puckett Energy Company 5460 South Quebec St. Suite 250 Greenwood Village, CO 80111-1917	-0-	0.550000
Resource Enterprises, Inc. 250 West Berger Lane Salt Lake City, UT 84107	-0-	0.200000
<u>TOTAL WELL</u>	<u>100.000000</u>	<u>100.000000</u>

ATTACHMENT NO. 3 – PAGE 3 OF 4

**Dugan Production Corp.
Kinbeto Com 91
Basin Fruitland Coal
Well Location: NENW 30-23N-10W
Spacing Unit: W/2-327.62A
San Juan County, NM**

<u>INTEREST OWNER</u>	<u>INTEREST%</u>	
	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u> Dugan Production Corp.	100.000000	87.500000
<u>Royalty</u> USA – c/o Bureau of Land Management 6251 College Blvd., Suite A Farmington, NM 87402	-0-	12.500000
TOTAL WELL	100.000000	100.000000

**Dugan Production Corp.
St. Moritz Com 90 & infill
Basin Fruitland Coal
Well Location: SESW 26, T24N, R10W
Infill Location: SE/4 26, T24N, R10W
Spacing Unit: S/2-320.0A
San Juan County, NM**

<u>INTEREST OWNERS</u>	<u>INTEREST%</u>	
	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u> Dugan Production Corp.	100.000000	86.979167
<u>Royalty</u> USA – c/o Bureau of Land Management 6251 College Blvd., Suite A Farmington, NM 87402	-0-	10.937500
Navajo Allotted c/o Farmington Indian Minerals Office 6251 College Blvd., Suite B Farmington, NM 87402	-0-	2.083333
TOTAL WELL	100.000000	100.000000

ATTACHMENT NO. 3 – PAGE 3 OF 4
Dugan Production Corp.
St. Moritz Com 91 & infill
Basin Fruitland Coal
Well Location: NWNW 26, T24N, R10W
Infill Location: NE/4 26, T24N, R10W
Spacing Unit: N/2-320.0A
San Juan County, NM

<u>INTEREST OWNERS</u>	<u>INTEREST%</u>	
	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u>		
Dugan Production Corp.	100.000000	86.979167
<u>Royalty</u>		
USA – c/o Bureau of Land Management 6251 College Blvd., Suite A Farmington, NM 87402	-0-	10.937500
Navajo Allotted c/o Farmington Indian Minerals Office 6251 College Blvd., Suite B Farmington, NM 87402	-0-	2.083333
TOTAL WELL	100.000000	100.000000

Dugan Production Corp.

<u>Well Name</u>	<u>Pool</u>	<u>Location</u>	<u>Spacing Unit</u>
Will 1	Basin Fruitland Coal	NWNE 15-23N-11W	E/2-320.0A
Will 2	Basin Fruitland Coal	NESE 15-23N-11W	E/2-320.0A
Will 3	Basin Fruitland Coal	NWNW 15-23N-11W	W/2-322.34A
Will 4	Basin Fruitland Coal	NESW 15-23N-11W	W/2-322.34A

<u>INTEREST OWNERS</u>	<u>INTEREST%</u>	
	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u>		
Dugan Production Corp.	100.000000	87.500000
<u>Royalty</u>		
USA – c/o Bureau of Land Management 1235 La Plata Highway Farmington, NM 87401	-0-	12.500000
TOTAL WELL	100.000000	100.000000

**ATTACHMENT NO. 4
PRODUCTION SUMMARY
WELLS CONNECTED OR TO BE CONNECTED TO DUGAN PRODUCTION'S
SESAMEE STREET GAS GATHERING SYSTEM**

POOL NAME & CODE	AVERAGE BTU btu/scf	WELLS OR COMPLETIONS ①		POOL PRODUCTION ALL WELLS - mcf/d ②		AVERAGE PRODUCTION PER WELL - mcf/d ②	
		EXISTING	PROPOSED	EXISTING	PROPOSED	EXISTING	PROPOSED
Sesamee Street Gathering System (SSGS)							
Basin Fruitland Coal Gas (71629)	997	135 (111)	12 (2)	8944	540	80	45

Calculated BTU of commingled production for SSGS = 997 btu/scf for all wells (existing and proposed) which compares fairly closely to the actual BTU average at the CDP sales meter during August 2015 of 987.

Calculated value of commingled production: commingling is necessary to get produced natural gas to a gas sales meter from 119 (111 existing & 12 proposed) low volume gas wells. CDP gas revenue and MMBTU will be allocated to individual wells using factors determined from the MMBTU produced from each well. Each well will be equipped with an allocation meter or an approved method of alternative measurement. During July 2015, CDP sales volume from all wells averaged 8944 mcf. There should be no loss in value to any well as a result of this commingling.

Notes:

- ① - Wells as of 7-1-2015. Existing = wells currently approved for gathering system. Proposed = wells & locations to be added to gathering system. Active completions in parentheses.
- ② - Production information during July, 2015

**Attachment No. 4
Dugan Production's
Lease Summary**

Sesamee Street Gathering System

Federal Leases - NM-100808, NM-10094, NM-10755, NM-112956, NM-119287, NM-119288, NM-130878, NM-130879, NM-13956, NM-15654, NM-16759, NM-16760, NM-16762, NM-17015, NM-21741, NM-22044, NM-23744, NM-25842, NM-32124, NM-36951, NM-36952, NM-39017, NM-42059, NM-42740, NM-43442, NM-43443, NM-54983, NM-5991, NM-62973, NM-65528, NM-78060, NM-80498, NM-86485, NM-90482, NM-96799, NM96800, NM-96802

State Leases - B1-889-27, B1-889-36, B1-889-38, E-4912-19, LG-5686, LG-9804, LH-1896, V-1509, V-2364, V-8996, VB-2215, VO-1932

Navajo Allotted Leases - NO-G-0502-1716, NO-G-0502-1717, NO-G-0502-1718, NO-G-0502-1719, NO-G-0502-1720, NO-G-0902-1754, NO-G-0905-1759, NO-G-3011-1696, NOO-C-1420-5825, NOO-C-1420-7307, NOO-C-1420-7308, NOO-C-1420-7309, NOO-C-1420-7310, NOO-C-1420-7311, NOO-C-1420-7312, NOO-C-1420-7313

ATTACHMENT NO. 5
Allocation Procedures
Dugan Production Corp.'s
Sesamee Street Gathering System
CDP Gas Sales Meter 1: Enterprise Field Services Meter #86238 located @ NESW 30, T-25N, R-10W
CDP Gas Sales Meter 2: Enterprise Field Services Meter #91083 located @ NWSE 2, T-24N, R10W
San Juan County, New Mexico

Base Data:

U = Water Volume (BWPD) from Periodic Well Test x days operated during allocation period.

V = Water Volume (bbl) at Central Battery during allocation period.

W = Gas Volume (MCF) from allocation meters at individual wells and central battery separator during allocation period.

X = Gas Volume (MCF) from CDP Sales Meter during allocation period.

Y = BTU's from CDP Sales Meter during allocation period.

Allocation Period is typically a calendar month and will be the same for all wells.

1. Individual Well Gas Production = A + B + C + D + E + F

A = Allocated Sales Volume, MCF = $(W/\text{SUM } W) \times X$

B = On lease fuel usage, MCF. Determined from equipment specifications, operating conditions and days operated.

C = Purged and/or vented gas from well and/or lease equipment, MCF. Calculated using equipment specifications and pressures.

D = Allocated fuel from gathering system equipment, MCF. The total fuel required to operate gathering system equipment will be allocated to the individual wells benefiting from the equipment using allocation factors determined by $(W/\text{SUM } W)$ for the wells involved.

E = Allocated volume of gas lost and/or vented from the gathering system and/or gathering system equipment, MCF. The total volume will be determined using industry accepted procedures for the conditions existing at the time of the loss. All volumes corresponding to liquid condensation within the gathering system will also be determined. The total volume lost and/or vented will be allocated to the individual wells affected using factors determined by $(W/\text{SUM } W)$.

F = Allocated gas sales volume (MCF) associated with water production = (A) in mcf for the central battery separator multiplied by a factor of $(U/\text{SUM } U)$ for wells delivering gas and water to the central battery separator.

2. Allocated Individual Well BTU's = $((W \times \text{Individual well BTU})/\text{Sum } (W \times \text{individual well BTU})) \times Y$.

Individual well gas heating values to be determined in accordance with BLM regulations (currently Onshore Order No. 5).

3. Individual Well Water Production = Allocated production volume, bbl = $(U/\text{Sum } U) \times V$.

ATTACHMENT 6
DIRECT CONNECT VS CONNECTION TO SSGS
12 WELLS PROPOSED FOR
ADDITION TO SESAMEE STREET GATHERING SYSTEM

	Direct Connect to PL	Connect to SSGS
Wells to be added	12	12
# Lines Required	12	10
Total PL length	33.85 miles = 178,728'	3.4 miles = 17,900'
Average PL length per well	4.2 miles = 22,176'	0.22 miles = 1194'
Surface disturbance w/40' ROW	164.1A	16.25A
# additional compressors needed	12	0
Additional compressor hp	1416 - 12 @ 118 hp	0
Additional compressor fuel	237.6 mcf - 12 @ 19.8 mcf	0
Additional compressor exhaust volume	7 mmcf - 604 cfm/compressor	0
Value of fuel gas - \$/year	\$233,800 - \$4.095/mcf - 1215 btu	0
Pipeline Tap	\$1,572,000 - 12 @ 131,000/well	\$50,000 = 10 @ \$5,000/well
Pipeline Installed	\$6,791,700 - 178,728' @ \$38/ft	\$268,500 = 17,900 @ \$15/ft
Pipeline Pigging System	\$120,000 - 12 @ \$10,000/line	0

Other Considerations

Archaeological - general area of significance

- Great North-South Road along western side of R-10W (T-23 to 27N)
- Great North-South Road along eastern side of R-11W (T23 to 24N)
- Anasazi Antelope Trap on Champ Lease (NW 6, T-23N, R-10W)
- Pierre's Site (T-23N, R-10 & 11W)
- Halfway House (T-25N, R-10 & 11W)

Paleontology Significance

- Betonnie Tsosie (T-23N, R-11W)
- Carson Fossil Pocket (T-25N, R-13W)
- Fossil Forest (T-23N, R-13W)
- Lybrook Fossil Area (T-23N, R-8 & 9W)

Wilderness Area

- Bisti De-Na Zin (T-24N, R-11, 12 & 13W)

ATTACHMENT NO. 7

GATHERING SYSTEM & WATER DISPOSAL FACILITIES

DUGAN PRODUCTION CORP'S SESAMEE STREET GATHERING SYSTEM

Gas Sales Meters

<u>Name</u>	<u>Description</u>	<u>Location</u>
CDP No. 1	gas sales to Enterprise Field Services Meter #86238	NESW 30, T-25N, R-10W
CDP No. 2	gas sales to Enterprise Field Services Meter #91083	NWSE 2, T-24N, R-9W

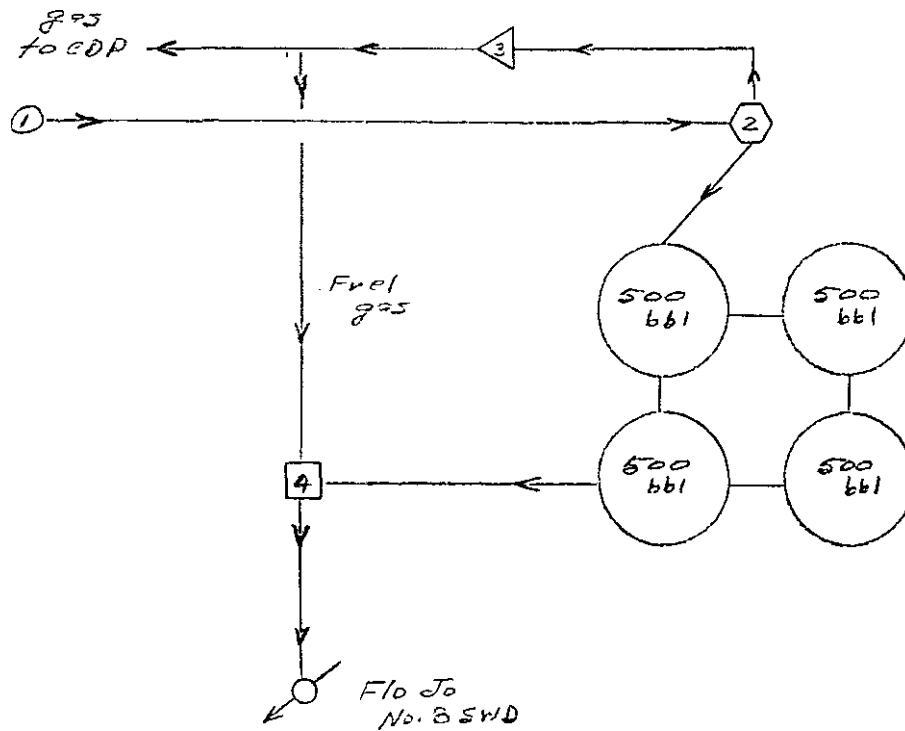
Compressors

<u>Name</u>	<u>Location</u>	<u>Make & Model</u>	<u>Engine HP</u>	<u>Fuel-mcfd</u>
Sesamee Street No. 1	SWSE 1-24N-11W - near Ernie Com 90S	Superior 6G510	364	91.73 – currently idle
Sesamee Street No. 2	NWNE 1-24N-11W - near Ernie Com 90	Ajax 2804LE	800	131.77
Bonanza No. 2	NENE 23-23N-11W - near Flo Jo 8	Caterpillar 3306TA	195	33.74
Mary Lou	SWNE 32-24N-10W - near Mary Lou Tank Battery	Ajax 2802LE	310	60.86
Homer No. 1	NESW 29-24N-10W - near Homer Com 90	To be determined		
Frazzle No. 1	NENE 30-24N-10W - near Frazzle Com 91	To be determined		
Future No. 3	NENE 6-23N-10W - NE of Calgary 90	To be determined		

Water Disposal Facilities (see pages 2 thru 5)

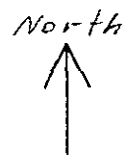
<u>Facility</u>	<u>Location</u>	<u>Injection Pump Make & Model</u>	<u>Engine HP</u>	<u>Fuel-mcfd</u>
Flo Jo No. 8 SWD	NENE 23, T-23N, R-11W	Cummings 5.9	84	17.52
Frazzle No. 1 SWD	NENW 30, T-24N, R-10W	Caterpillar 3306 TA	195 *	33.74
Frazzle No. 1 SWD	NENW 30, T-24N, R-10W	Waukesha	151 *	38.05
Frazzle No. 1 SWD	NENW 30, T-24N, R-10W	NA	NA	Electric
Herry Monster No. 3 SWD	SENE 11, T-24N, R-11W	Cummins 5.9	84	17.52
Mary Lou No. 1 SWD	NENE 32, T-24N, R-10W	Cummins 5.9	49	10.32
St. Moritz No. 2 SWD	NWSE 26, T-24N, R-10W	NA	NA	Electric

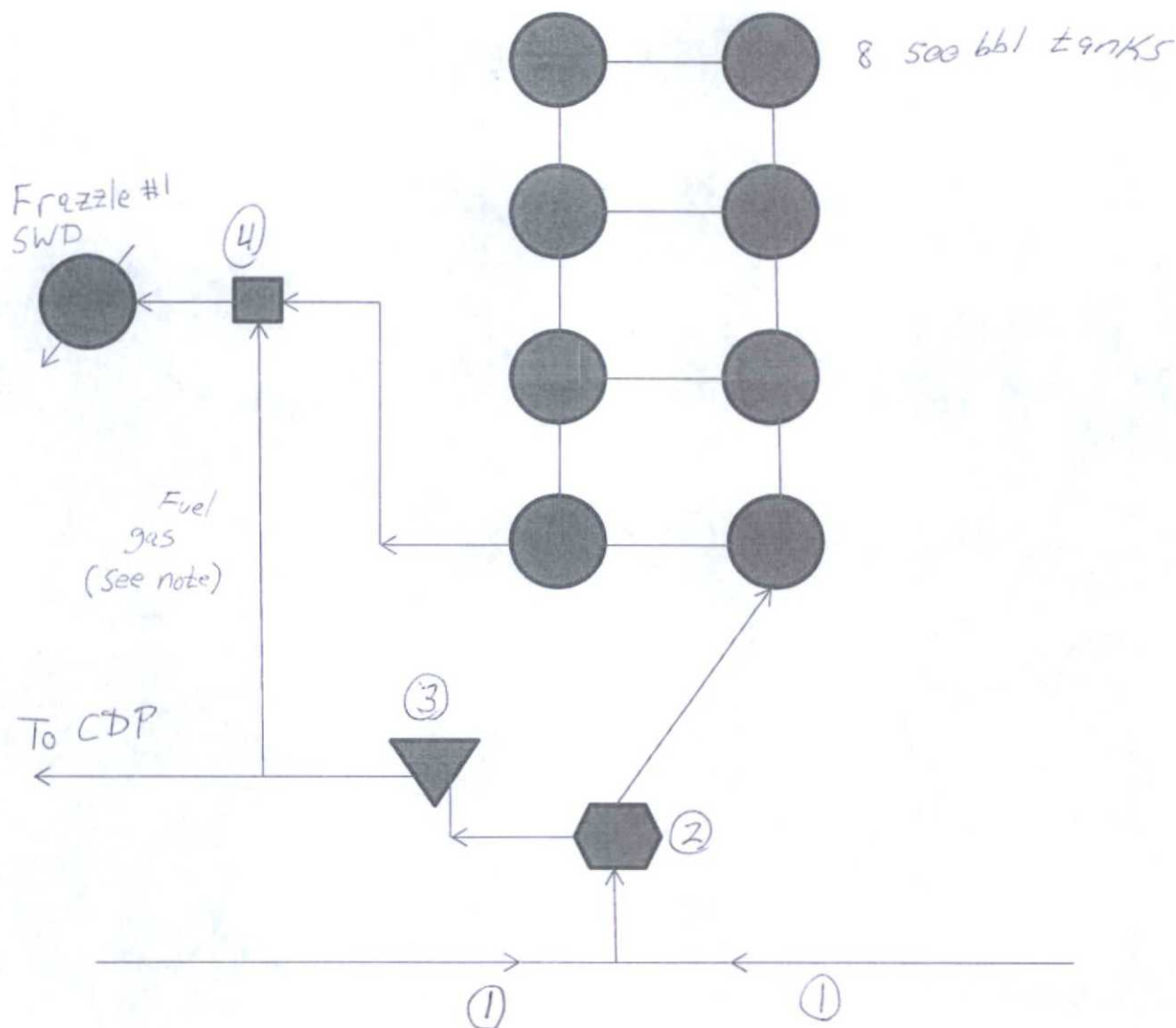
*Note: The Frazzle #1 SWD injection pumps are now powered by electricity. The remaining data is for informational purpose only.



- ① = Fluid from wells produced up tubing + delivered to disposal facility by pipeline - mostly water w/ some gas
- ② = gas/water separator
- ③ = gas allocation meter
- ④ = Water injection pump - 34hp, 5-9 Cummins - 17.52 mcf/d fuel

DUGAN PRODUCTION CORP.
FLO JO NO. 8 SWD
NENE SECTION 23, T-23N, R-11W
ADMINISTRATIVE ORDER SWD-1006
SAN JUAN COUNTY, NM





Dugan Production Corp.
Frazzle #1 SWD
NENW Section 30, T-24N, R-10W
Administrative Order SWD-1048
San Juan County, NM

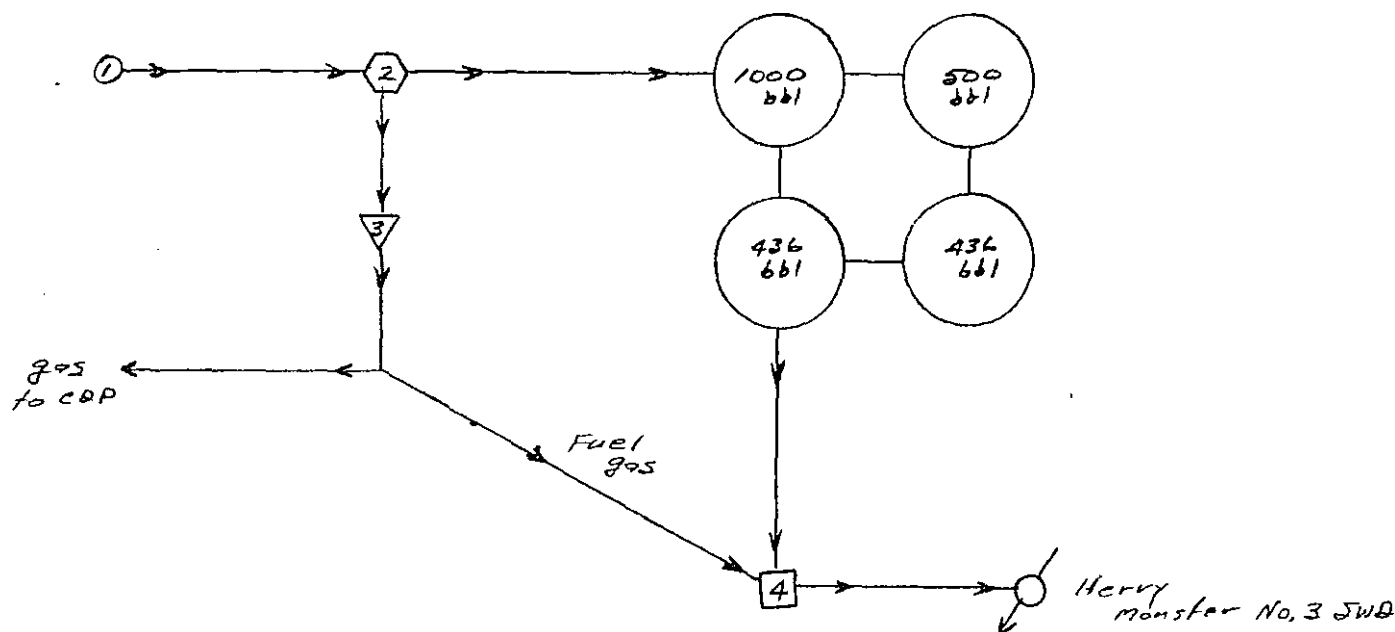
1. Fluid from wells produced up tubing and
Delivered to disposal facility by pipeline
Mostly water and some gas
2. Gas/water Separator
3. Gas Allocation Meter
4. Water Injection Pumps

Note: The injection pump has been converted to electricity and uses no fuel

Note: Old pump information:

Pump #1 Caterpillar 195 HP 3306 TA-33.74 MCFD Fuel

Pump #2 151 HP Waukesha-38.05 MCFD Fuel



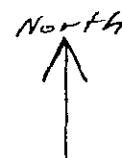
① = Fluid from wells produced up tubing & delivered to disposal Facility by Pipeline - mostly water w/ some gas

② = gas/water Separator

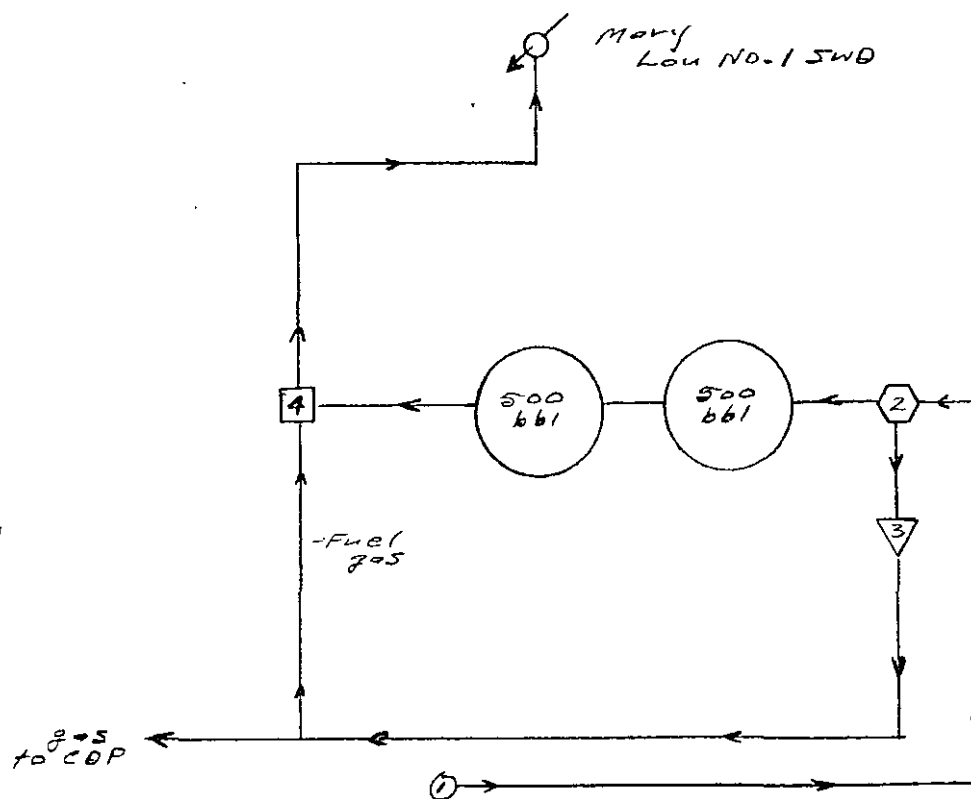
③ = gas allocation meter

④ = water injection pump - 84hp 5.9 Cummins 17.52 mcf/d fuel

DUGAN PRODUCTION CORP.
HERRY MONSTER NO. 3 SWD
SE1/4 SECTION 11, T-24N, R-11W
ADMINISTRATIVE ORDER SWD-994
SAN JUAN COUNTY, NM



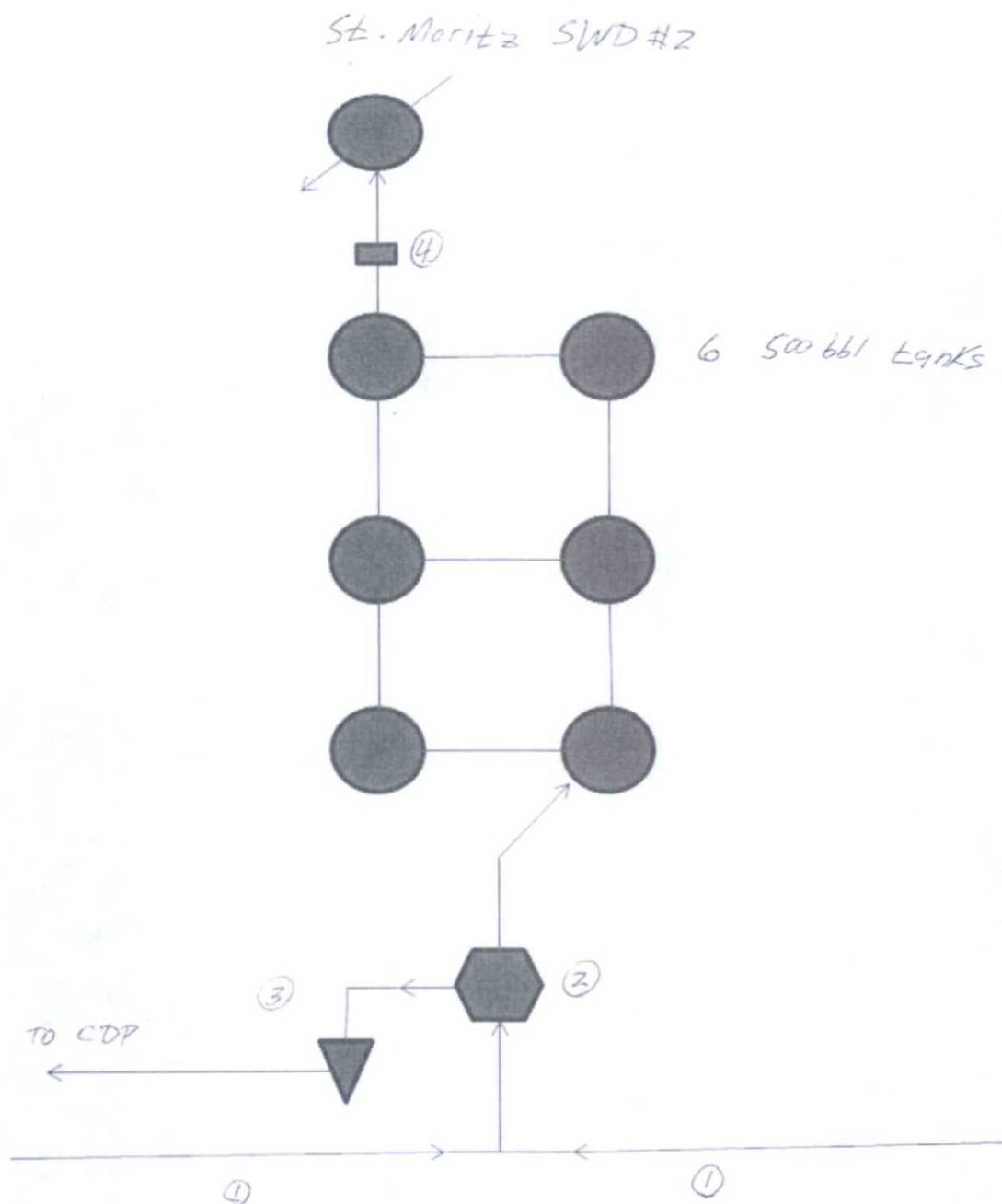
Attachment
No 7
pg 5 of 6



- ① = Fluid from wells produced up tubing + delivered to disposal facility by pipeline - mostly water w/ some gas.
- ② = gas/water separator
- ③ = gas Allocation Meter
- ④ = Water Injection Pump - 5.9 Cummins
- 49 hp - 10.32 mcf/d

DUGAN PRODUCTION CORP.
MARY LOU NO. 1 SWD
NENE SECTION 32, T-24N, R-10W
ADMINISTRATIVE ORDER SWD-884-B
SAN JUAN COUNTY, NM

North
↑



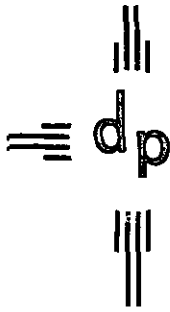
Dugan Production Corp.
St. Moritz #2 SWD
NWSE 26, T-24N, R-10W
Administrative Order SWD 1318-0
San Juan County, NM

1. Fluid from wells produced up tubing and delivered to disposal well by pipeline
2. Gas/water Separator
3. Gas Allocation Meter
4. Water Injection Pump
Electric Powered (No Fuel Usage)

Attachment No. 8
Interest Ownership Notification
Dugan Production Corp.'s Application dated 10/26/15
Proposing the Addition of 12 Wells to
Dugan Production's Sesamee Street Gathering System

Presenting evidence that interest ownership in the Sesamee Street Gathering System and the 12 wells proposed to be added have been given notice of Dugan's application, attached is:

1. A copy of Dugan's transmittal letter dated 10/26/15 used to send copies of the subject application to the 6 overriding royalty interest owners in the 12 wells/locations being added to the Sesamee Street Gathering System under NMOCD Commingling Order CTB-560-A. Each overriding royalty interest owner was offered a copy of our application should they desire to receive one. Of the 12 wells/locations being added, Dugan Production will be the operator of all wells and holds 100% of the working interest in all of the wells. All letters were sent by certified mail with a return receipt requested. Upon receiving the receipts, copies will be sent to the NMOCD.
2. The royalty interest for all 12 wells/locations being added is either federal (10 wells/locations), or Navajo Allotted (2 wells/locations). There is no fee royalty. Since the subject application is addressed to the Farmington Field Office of the Bureau of Land Management (for federal and Indian leases), Farmington Indian Minerals Office (for Navajo Allotted leases) and the New Mexico State Land Office (for state leases) a separate notice to royalty interest owners was not needed. The applications were sent by certified mail with a return receipt requested and upon receiving the receipts, copies will be sent to the NMOCD.
3. Copy of our advertisement published in the Legal Notice section of the Sunday, October 18th, 2015 issue of the Farmington Daily Times regarding the subject application to add 12 wells/locations to Dugan's Sesamee Street Gathering System. This publication was made in anticipation that of the notice mailed to eight interest owners, there will be at least one either returned for some reason or the return receipt will be lost in the mail. An original "Affidavit of Publication" will be submitted to the Santa Fe office of the NMOCD when received from the Daily Times newspaper.



dugan production corp.

Attachment
No. 8
Pg 2 of 4

CERTIFIED MAIL
RETURN RECEIPTS REQUESTED

October 26, 2015

Interest Owners (Address list attached)

Re: Dugan Production's Application dated 10/26/15 to add 12 wells/locations to
Sesamee Street Gathering Systems
San Juan & Sandoval Counties, New Mexico

Dear Interest Owner,

According to our records, you have an overriding royalty interest in one of the wells that is proposed to be added to the Sesamee Street Gathering System. The wells and interest owners are listed on the attached address list. The subject application to the New Mexico Oil Conservation Division (NMOCD), Bureau of Land Management (BLM) and the State Land Office (SLO), requests their approvals to add 12 wells/locations to Dugan's Sesamee Street Gathering System. This will require surface commingling of gas production from the subject wells, plus the sale of gas at an off-lease central delivery sales meter (CDP). Each well will be equipped with a meter to measure production for allocation purposes. Attached for your information is a copy of Attachment No. 2 from the subject application which provides detailed information for all wells to be added and all wells currently approved. Since your interest in these wells is an overriding royalty, there are no costs chargeable to you. The wells to be added should not affect production from wells that are currently connected to the gathering system. Adding the subject wells to the Sesamee Street Gathering System will allow these wells to begin selling produced natural gas for the benefit of all interest owners. This proposal will allow for optimum operations on all wells and will allow all wells to benefit from central compression which should keep wellhead operating pressures as low as possible. This method of operation will help to keep our operating expenses as low as possible, and will allow for the recovery of more of the gas reserves from each well.

Since the royalty interest is either federal or Navajo allotted, and the application is addressed to the BLM, SLO & NMOCD, this notice letter is not being separately mailed to the royalty interest owners, but it is included in Attachment No. 8 to the application.

This matter does not require any action on your part. Current NMOCD regulations require that interest owners (in wells being added) receive notice of proposed additions to gathering systems. Included in Dugan's application, as permitted in the NMOCD Order PLC-560-A, is a request to continue the provision that for future additions to the gathering system, only the interest owners in the wells to be added will require notification, provided the proposed additions will not adversely affect the existing wells. This will greatly simplify adding wells to the gathering system and should not affect the interests previously authorized to operate on the gathering system. Should you have any questions, need additional information, desire to receive a complete copy of our application, or have any concern as to our proposal, please let me know. Should you have an objection to our proposal, please let me know, or you can contact the New Mexico Oil Conservation Division directly at 1220 South St. Francis Drive, Santa Fe, NM 87505, and we would appreciate receiving a copy of your objection. Objections should be filed within 20 days after the NMOCD receives our application. We anticipate that our application will be received by the NMOCD approximately 10/29/15 or 10/30/15.

Sincerely,

Kevin Smaka
Production Engineer

KS/tmf

attachments

xc: New Mexico Oil Conservation Division, Bureau of Land Management, State Land Office

Sesamee Street Gathering System
(wells with ownership interest in parentheses)

a=Kinbeto Com 90 & infill; b=Kinbeto Com 91 & infill; c=St. Moritz Com 90 & infill; d=St. Moritz Com 91 & infill; e=Will 1,2,3,4

Working Interest Owners

Dugan Production Corp. (all)
P O Box 420
Farmington, NM 87499-0420

Royalty Interest Owners

USA-BLM (all)
6251 College Blvd, Suite A
Farmington, NM 87402

Navajo Allotted (c,d)
Federal Indian Minerals Office
6251 College Blvd., Suite B
Farmington, NM 87402

Overriding Royalty Interest Owners

Altrogge Resources Company (a)
15899 W Ellsworth Drive
Golden, CO 80401

Carl L. Kennedy (a)
6839 Raspberry Run
Littleton, CO 80125

Janet Larson (a)
#22 Independence
Lake Oswego, OR 97034

Robert M. Miller (a)
5358 South Havana Court
Englewood, CO 80111

Puckett Energy Company (a)
5460 South Quebec St. Suite 250
Greenwood Village, CO 80111-1917

Resource Enterprises, Inc. (a)
250 West Berger Lane
Salt Lake City, UT 84107

Please place in the legal ads for the Sunday, October 18, 2015 publication of the Farmington Daily Times. Once the ad has been run, please send Affidavit of Publication to Dugan Production Corp., Attn: Kevin Smaka, P. O. Box 420, Farmington, NM 87499-0420.

Dugan Production Corp. is applying to the New Mexico Oil Conservation Division (NMOCD), the Bureau of Land Management (BLM), the Federal Indian Minerals Office (FIMO), and the New Mexico State Land Office (NMSLO), for regulatory approvals to add 2 existing plus 10 proposed wells to Dugan Production's Sesamee Street Gathering System (SSGS). This will require the surface commingling of produced natural gas and water plus the off-lease measurement and sale of natural gas. There will not be any commingling of oil or condensate. Dugan Production is also requesting that wells connected to the gathering system also be approved for providing natural gas as a "beneficial use" to fuel equipment necessary to operate the gathering system. In addition, we are requesting that the notice provisions in the existing surface commingling order (CTB-560-A; CTB-560-B) be amended to remove the Basin Fruitland Coal completion reference since the producing pool is not a factor influencing the surface commingling and off-lease measurement approvals and that future additions, regardless of producing pool, should continue to allow notice only to the interest owners in the wells being added, provided it is reasonably certain that the proposed additions will not affect the wells previously authorized for the gathering system. The wells to be added and the existing gathering system are located within Section 6 of T-23N, R-9W; plus Sections 1 thru 6, 9, 17 thru 20, 29, 30 of Township 23N, Range 10W; plus Sections 1, 11 thru 15, 22 thru 24, 26, 27 of T-23N, R-11W; plus Sections 30, 31 of T-24N, R-9W; plus Sections 2, 7, 11, 14, 18 thru 20, 22, 23, 25 thru 36 of T-24N, R-10W; plus Sections 1, 2, 11, 12, 36 of T-24N, R-11W; plus Sections 30 & 31 of T-25N, R-10W; plus Section 36 of T-25N, R-11W all located in San Juan County, New Mexico. The gathering system currently has 135 wells and locations authorized, all of which are completed, or proposed to be completed, in the Basin Fruitland Coal gas pool and are operated by Dugan Production Corp. The 12 wells to be added will be operated by Dugan Production and are to be completed in the Basin Fruitland Coal gas pool. The wells to be added are located upon, or the spacing units include the following leases held by Dugan Production Corp; Federal leases NM-13956, NM-36951, NM-119287, NM-78060, NM-119289; and Navajo Allotted lease NOG-0502-1720. The wells to be added are: Dugan Production's Kinbeto Com 90 & 91, plus two infill locations, St. Moritz Com 90 & 91, plus two infill locations, Will 1, 2, 3 and 4. The wells currently authorized for the SSGS currently average 60 mcf/d per well and typically produce less than 200 mcf/d per well. The Fruitland Coal wells to be added are anticipated to produce natural gas volumes similar to the wells currently authorized for the SSGS. The wells being added should have with no affect upon the existing production. Any person holding an interest in any of these leases or wells may contact Dugan Production Corp. for additional information. Inquiries should be directed to Kevin Smaka at 505-325-1821 or by mail at P. O. Box 420, Farmington, NM 87499. Any objection or request for a formal hearing should be filed in writing with the NMOCD's Santa Fe Office within 20 days from the date of this publication. In the absence of objection, Dugan Production Corp. is requesting that the NMOCD approve its application administratively. The NMOCD's address is 1220 South St. Francis Drive, Santa Fe, NM 87505.

District I
1625 N. French Dr., Hobbs, NM 88240

District II
1301 W. Grand Avenue, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Field Office
Bureau of Land Management

Form C-102
Revised October 12, 2005
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30.045.35282	*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code 3845	*Property Name ST. MORITZ	*Well Number 90
*GRID No. 006515	*Operator Name DUGAN PRODUCTION CORPORATION	*Elevation 6749'


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
N	26	24N	10W		980	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 320.0 Acres - (S/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

16	5254.26'		17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. <i>Kurt Fagrelus</i> May 3, 2011 Signature Date Kurt Fagrelus Printed Name
			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 Date of Survey: MARCH 29, 2011 Signature and Seal of Professional Surveyor  JASON C. EDWARDS Certificate Number 15269
5299.14'	26	Dugan NO-G-0502-1720	Dugan NM-78060 LAT: 36.28031°N LONG: 107.86841°W DATUM: NAD1983 1880' 2625.48'

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
1220 South St. Francis Dr., Santa Fe, NM 87505
Bureau of Land Management

RECEIVED

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Revised October 12, 2005
Instructions on back
Submitted to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-35285		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code 3845	*Property Name ST. MORITZ		*Well Number 91
*OGRID No. 006515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 6758'


10 Surface Location

UL or lot no.	Section	Township	Range	Lot 10n	Feet from the	North/South line	Feet from the	East/West line	County
D	26	24N	10W		660	NORTH	1145	WEST	SAN JUAN

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot 10n	Feet from the	North/South line	Feet from the	East/West line	County
12 Dedicated Acres 320.0 Acres - (N/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

16 1145' 660' LAT: 36.29034°N LONG: 107.87090°W DATUM: NAD1983		5254.26'		17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. <u>Kurt Fagrelus</u> May 3, 2011 Signature Date Kurt Fagrelus Printed Name	
DUGAN NO-G-0502-1720		DUGAN NM-78060		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. Date of Survey: MARCH 29, 2011 Signature and Seal of Professional Surveyor  JASON C. EDWARDS Certificate Number 15269	
5299.14'		26		2645.61'	
2625.48'		2625.48'		2645.61'	

District I
 1625 N. French Dr., Hobbs, NM 88240
 Phone (505) 393-6161 Fax (505) 393-0720
 District II
 811 S. First St., Artesia, NM 88210
 Phone (505) 748-1283 Fax (505) 748-9720
 District III
 1000 Rio Brazos Road, Amar, NM 87410
 Phone (505) 334-6178 Fax (505) 334-6170
 District IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505
 Phone (505) 476-3460 Fax (505) 476-3462

State of New Mexico
 Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

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WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code	Pool Name
Property Code		Property Name	Well Number
		WILL	1
OGRID No.	Operator Name		Elevation
006515	DUGAN PRODUCTION CORPORATION		6271

" Surface Location

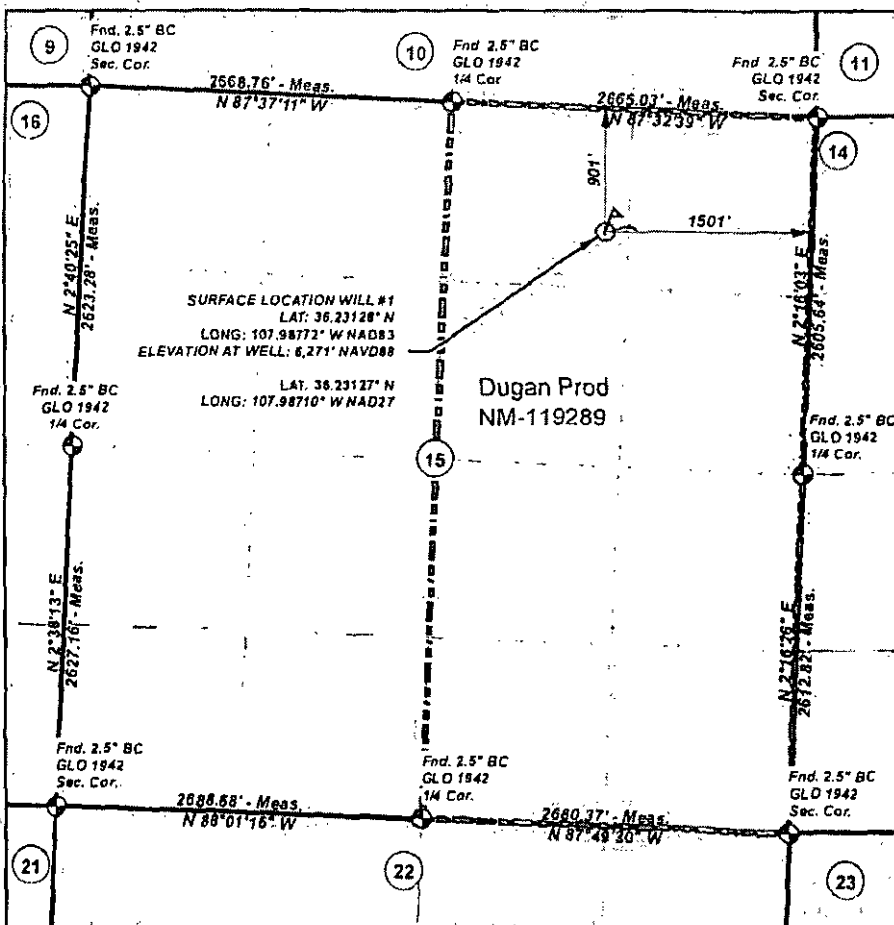
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	15	23 N	11 W		901	NORTH	1501	EAST	SAN JUAN

" 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

" Dedicated Acres	" Joint or Infill	" Consolidation Code	" Order No.
320.59 E/2			

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>" OPERATOR CERTIFICATION</p> <p>I hereby swear that the information contained herein is true and complete to the best of my knowledge and belief, and that the organization either owns a working interest or mineral interest in the land including the proposed bottom hole location or has a right to drill this well or this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Kurt Fagrelus</i> 7/18/2015 Signature Date</p> <p>Kurt Fagrelus Printed Name</p> <p>kfagrelus@duganproduction.com E-mail Address</p>	<p>"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>February 11, 2015 Date of Survey</p> <p><i>DAVID A. JOHNS</i> Signature and Seal of Registered Professional Surveyor</p> <p>14827 2015-06-25 REGISTERED PROFESSIONAL SURVEYOR</p> <p>Cont. Case Number</p>
---	--

District I
 1625 N French Dr., Hobbs NM 88240
 Phone (575) 391-6161 Fax (575) 391-0720
 District II
 811 S First St., Artesia NM 88210
 Phone (575) 748-1283 Fax (575) 748-9720
 District III
 1000 Rio Brazos Road, Aztec NM 87410
 Phone (505) 334-6178 Fax (505) 334-6170
 District IV
 1220 S St Francis Dr., Santa Fe, NM 87505
 Phone (505) 476-3460 Fax (505) 476-3462

State of New Mexico
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 OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

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 AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code		Pool Name BASIN FRUITLAND COAL	
Property Code		Property Name WILL			Well Number 2
OGRID No. 006515		Operator Name DUGAN PRODUCTION CORPORATION			Elevation 6254

" Surface Location

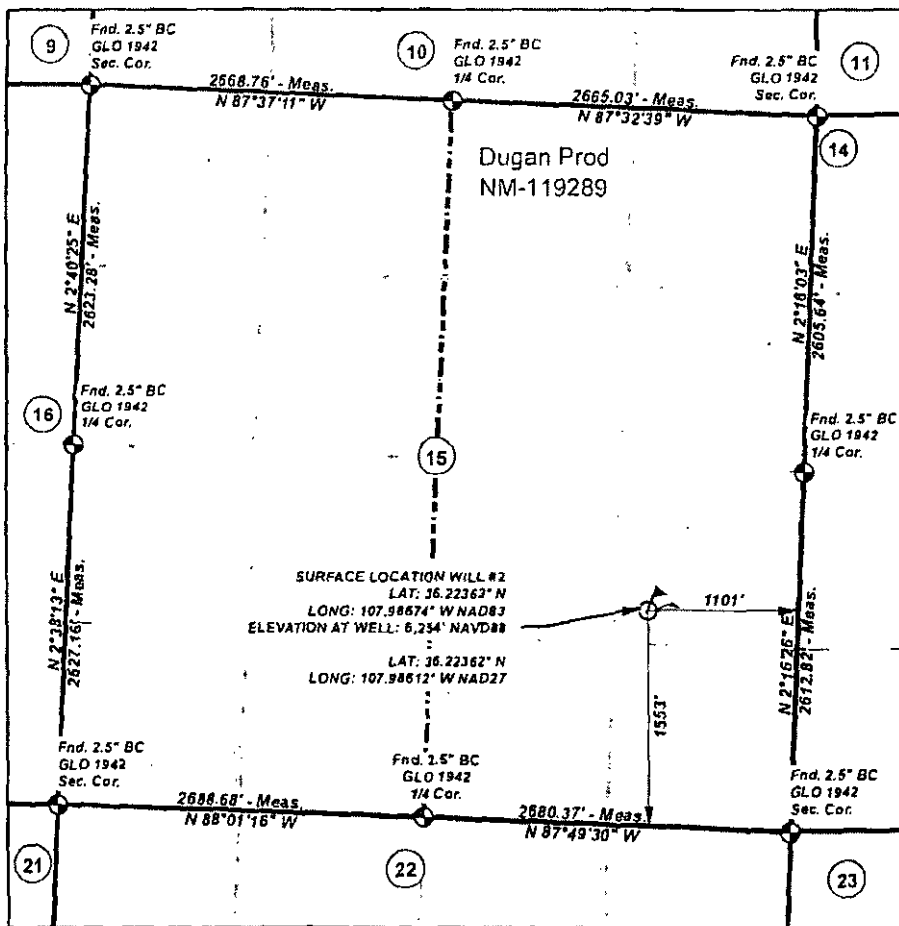
U/L or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	15	23 N	11 W		1553	SOUTH	1101	EAST	SAN JUAN

" Bottom Hole Location If Different From Surface

U/L or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 320.59 E/2	Joint or Infill	Consolidation Code	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.



" OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief and that this organization either owns a working interest or mineral interest in the land including the proposed bottom hole location or has a right to drill this well in this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Kurt Faqrelus
 Signature: Date: 7/19/2015

Printed Name:

kfaqrelus@duganproduction.com

E-mail Address

"SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual survey made by me or under my supervision, and that the same is true and correct to the best of my belief.

February 11, 2015

Date of Survey

Signature and Seal of Registered Professional Surveyor

DAVID A. JOHNSON
14827

2015-06-25

Certification Number

District I
1625 N French Dr., Hobbs, NM 88240
Phone (575) 393-6161 Fax (575) 393-0720
District II
811 S First St., Artesia, NM 88210
Phone (575) 748-1283 Fax (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone (505) 334-6178 Fax (505) 334-6170
District IV
1220 S St. Francis Dr., Santa Fe, NM 87505
Phone (505) 476-3460 Fax (505) 476-3462

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OIL CONSERVATION DIVISION
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Santa Fe, NM 87505

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WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code		Pool Name BASIN FRUITLAND COAL	
Property Code		Property Name WILL			Well Number 3
OGRID No. 006515		Operator Name DUGAN PRODUCTION CORPORATION			Elevation 6258

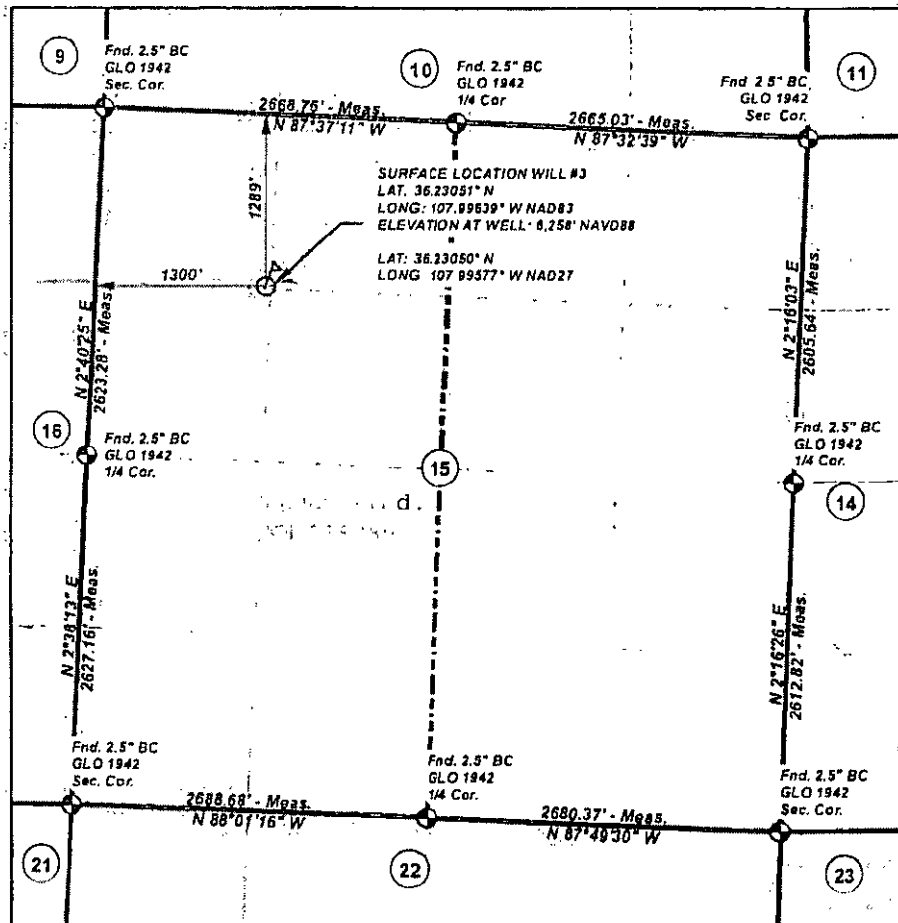
" Surface Location

U/L or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	15	23 N	11 W		1289	NORTH	1300	WEST	SAN JUAN

" Bottom Hole Location If Different From Surface

U/L or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 322.34 W/2		Jointer Infill		Consolidation Code		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.



" OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief and that this organization either owns a working interest or mineral interest in the land including the proposed bottom hole location or has a right to drill this well in this location pursuant to a contract with an owner of such a mineral or working interest or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the state.	
Signature: <i>Kurt Fagrelus</i> Printed Name: Kurt Fagrelus	Date: 7/19/2015
E-mail Address: kfagrelus@duganproduction.com	
"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.	
Date of Survey: February 11, 2015	
Signature and Seal: <i>David A. Johnson</i> 	
Commission Number: 14827	

District I
1625 N French Dr, Hobbs, NM 88240
Phone (575) 393-6161 Fax (575) 393-0720
District II
811 S First St, Artesa, NM 88210
Phone (575) 748-1281 Fax (575) 748-9720
District III
1000 Rio Bramos Road, Aztec, NM 87410
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District IV
1220 S St. Francis Dr., Santa Fe, NM 87505
Phone (505) 476-3460 Fax (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code	Pool Name
			BASIN FRUITLAND COAL
Property Code	Property Name		Well Number
	WILL		4
OGRIID No.	Operator Name		Elevation
006515	DUGAN PRODUCTION CORPORATION		6237

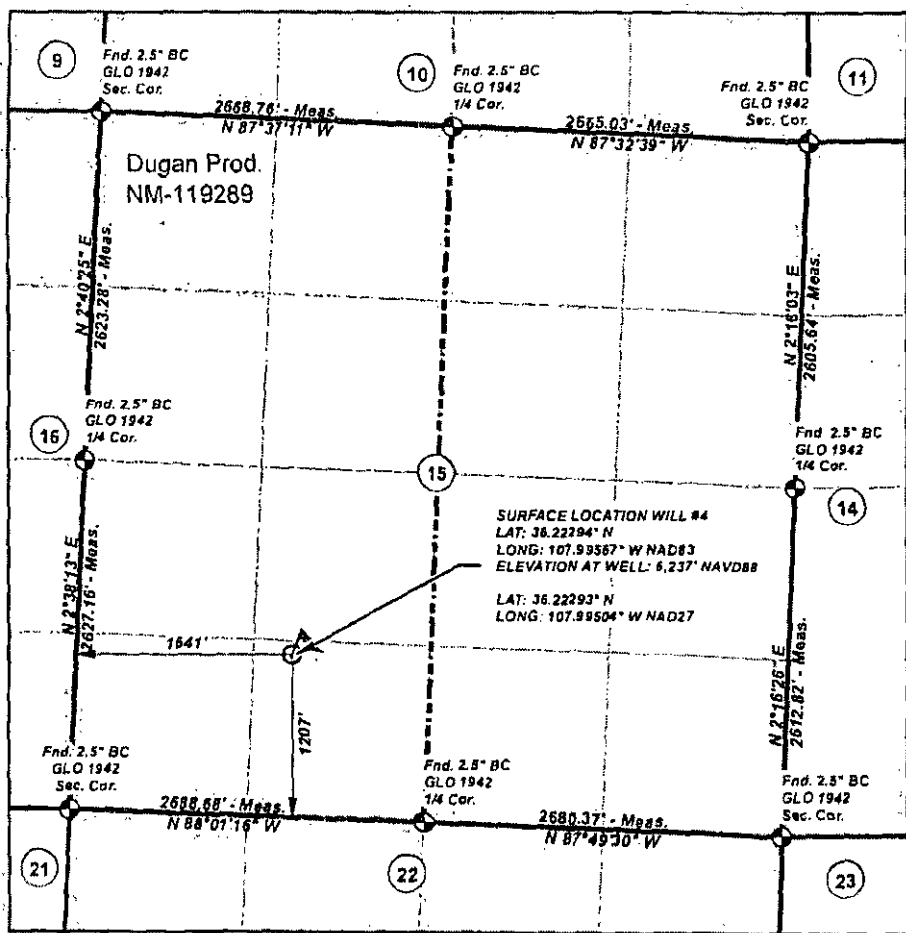
" Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	15	23 N	11 W		1207	SOUTH	1641	WEST	SAN JUAN

" 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
Dedicated Acres		Joint or Infill		Consolidation Code		Order No.			
322.34 W/2									

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.



" OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or mineral interest in the land underlying the proposed bottom hole location or has a right to drill this well in this location pursuant to a contract with the owner of such interest or working interest, or as a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Kurt Fagrelus 7/19/2015
Signature Date

Kurt Fagrelus
Printed Name

kfagrelus@duganproduction.com
E-mail Address

"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.

February 11, 2015
Date of Survey

DAVID A. JOHNS
Signature and Seal of Registered Professional Surveyor

14827
Registered Professional Surveyor

2015-06-25
Certificate Number

AMENDED REPORT

Certificate Number

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 1625 N. French Dr., Hobbs, NM 88240
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 Santa Fe, NM 87505

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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code		3 Pool Name BASIN FRUITLAND COAL	
4 Property Code		5 Property Name KINBETO COM			6 Well Number 90
7 OGRID No. 006515		8 Operator Name DUGAN PRODUCTION CORPORATION			9 Elevation 6517

10 Surface Location

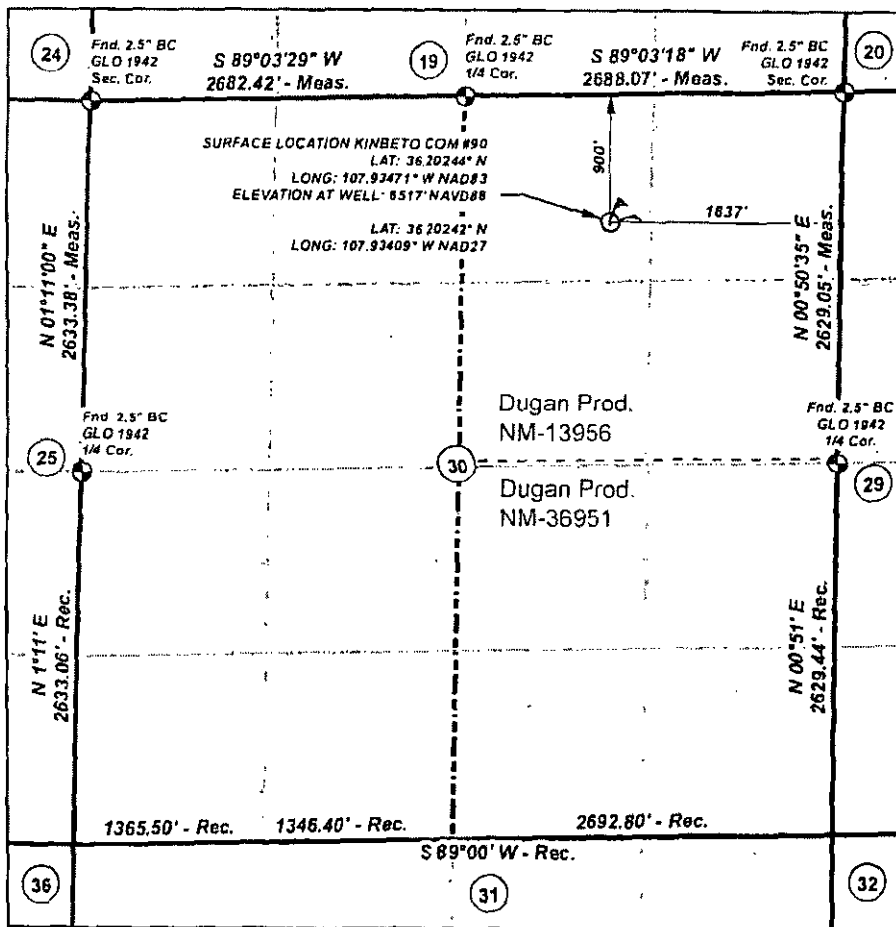
11 T or lot no. B	12 Section 30	13 Township 23 N	14 Range 10 W	15 Lot Idn	16 Feet from the 900	17 North/South line NORTH	18 Feet from the 1637	19 East/West line EAST	20 County SAN JUAN
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11 Bottom Hole Location If Different From Surface

11 T or lot no.	12 Section	13 Township	14 Range	15 Lot Idn	16 Feet from the	17 North/South line	18 Feet from the	19 East/West line	20 County
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21 Dedicated Acres 324.60 E/2	22 Joint or Infill	23 Consolidation Code	24 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.



12 OPERATOR CERTIFICATION	
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or an undivided interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest or as a voluntary pooling agreement or a completion pooling order heretofore entered by the division.	
Signature: <i>Kurt Fagrelus</i>	Date: 7/18/2015
Printed Name: Kurt Fagrelus	
E-mail Address: kfagrelus@duganproduction.com	
13 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.	
Date of Survey: February 11, 2015	
Signature and Seal of Registered Professional Surveyor: <i>David A. Johnson</i>	
Professional Surveyor Seal: 14827, 2015-06-25	
Certificate Number:	

ATTACHMENT NO. 1
SESAMEE STREET GATHERING SYSTEM
PAGE 2 OF 2

Sesamee Street Lease Legend			
Letter	Lease Type	Lease Number	Lease Name
S	Federal	NM-16760	MF
AZ	Federal	NM-62973	September 15
BA	Federal	NM-54983	September 15
BJ	State	LH-1896	Wit's End
BK	Federal	NM-42059	Champ
BR	Federal	NM-25842	Merry May
BS	Federal	NM-5991	June Joy
BU	Federal	NM-78060	St. Moritz
BW	Federal	NM-43443	August
BX	State	LG-9804	Oktoberfest
CD	Federal	NM-42740	Olson
CE	Federal	NM-86485	Par
CF	Federal	NM-16762	Unnamed
DB	Nav Alt	NO-G-0502-1717	Ernie
DC	Federal	NM-39017	Sesamee Street
DD	Nav Alt	NO-G-0502-1718	Bert
DE	Federal	NM-17015	Herry Monster
DF	Nav Alt	NO-G-0502-1719	Elmo
DG	State	V-2364	Roadrunner
DH	Federal	NM-36952	Flo Jo
DI	Federal	NM-43442	Target
DJ	Federal	NM-100808	Unnamed
DK	Federal	NM-15654	Rodeo Rosie
DL	Nav Alt	NO-G-0502-1720	Unnamed
DM	Federal	NM-21741	Silver Medal
DN	Nav Alt	NO-G-0502-1716	Unnamed
DO	Federal	NM-22044	Gold Medal
DP	State	V-1509	Gold Medal
DQ	Nav Alt	NOO-C-1420-5825	Jim Thorpe
DR	Federal	NM-23744	Olympic
DS	Nav Alt	NOO-C-1420-7307	Bronze Medal
DT	Nav Alt	NOO-C-1420-7308	Marathon
DU	Nav Alt	NOO-C-1420-7311	Lake Placid
DV	Nav Alt	NOO-C-1420-7309	Montreal
DW	Nav Alt	NOO-C-1420-7310	Squaw Valley
DX	Federal	NM-32124	Calgary
DY	State	E-4912-19	Unnamed
EA	Nav Alt	NOO-C-1420-7312	Seoul
EB	Federal	NM-15005	McDougall
EC	Nav Alt	NOO-C-1420-7313	St. Louis
ED	Federal	NM-36951	Helsinki
EE	Federal	NM-96799	Unnamed
EF	Federal	NM-96800	Hoss
EG	Federal	NM-90482	Unnamed
EH	Federal	NM-80498	Pierre
EJ	Federal	NM-96802	Unnamed
EK	Federal	NM-65528	Hop Sing
EL	Nav Alt	NO-G-3011-1696	XTO Navajo Allotted
EN	State	LG-5686	Squash Blossom AFU
EO	Nav Alt	NO-G-0902-1754	Martinez Begay
EP	Nav Alt	NO-G-0905-1759	Unnamed
EQ	Federal	NM-112956	XTO Lease
ET	Federal	NM-119287	Unnamed
EW	State	81-889-36	Unnamed
EX	Federal	NM-119288	Unnamed
EY	Federal	NM-13956	Unnamed
EZ	Federal	NM-23744	Unnamed
FA	Federal	NM-130879	Unnamed
FB	Federal	NM-130878	Unnamed

AFFIDAVIT OF PUBLICATION

Ad No. 72026

STATE OF NEW MEXICO

County of San Juan:

SAMMY LOPEZ, being duly sworn says: That he IS the PUBLISHER 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 meaning of Chapter 167 of the 1937 Session Laws of the State of New Mexico for publication and appeared in the Internet at The Daily Times web site on the following day(s):

Sunday, October 18, 2015

And the cost of the publication is \$138.51

ON 10/27/15 SAMMY LOPEZ appeared before me, whom I know personally to be the person who signed the above document.

Christine Sellers



COPY OF PUBLICATION

Dugan Production Corp. is applying to the New Mexico Oil Conservation Division (NMOCD), the Bureau of Land Management (BLM), the Federal Indian Minerals Office (FIMO), and the New Mexico State Land Office (NMSLO), for regulatory approvals to add 2 existing plus 10 proposed wells to Dugan Production's Sesamee Street Gathering System (SSGS). This will require the surface commingling of produced natural gas and water, plus the off-lease measurement and sale of natural gas. There will not be any commingling of oil or condensate. Dugan Production is also requesting that wells connected to the gathering system also be approved for providing natural gas as a "beneficial use" to fuel equipment necessary to operate the gathering system. In addition, we are requesting that the notice provisions in the existing surface commingling order (CTB-560-A; CTB-560-B) be amended to remove the Basin Fruitland Coal completion reference since the producing pool is not a factor influencing the surface commingling and off-lease measurement approvals and that future additions, regardless of producing pool, should continue to allow notice only to the interest owners in the wells being added, provided it is reasonably certain that the proposed additions will not affect the wells previously authorized for the gathering system. The wells to be added and the existing gathering system are located within Section 16 of T-23N, R-9W, plus Sections 1 thru 6, 9, 17 thru 20, 29, 30 of Township 23N, Range 10W, plus Sections 1, 11 thru 15, 22 thru 24, 26, 27 of T-23N, R-11W, plus Sections 30, 31 of T-24N, R-9W, plus Sections 2, 7, 11, 14, 18 thru 20, 22, 23, 25 thru 36 of T-24N, R-10W, plus Sections 1, 2, 11, 12, 36 of T-24N, R-11W, plus Sections 30 & 31 of T-25N, R-10W, plus Section 36 of T-25N, R-11W, all located in San Juan County, New Mexico. The gathering system currently has 135 wells and locations authorized, all of which are completed or proposed to be completed, in the Basin Fruitland Coal gas pool and are operated by Dugan Production Corp. The 12 wells to be added will be operated by Dugan Production and are to be completed in the Basin Fruitland Coal gas pool. The wells to be added are located upon, or the spacing units include, the following leases held by Dugan Production Corp. Federal leases NM-13956, NM-36951, NM-119287, NM-78060, NM-119289, and Navajo Allotted lease NOG-0502-1720. The wells to be added are: Dugan Production's Kinbeto Com 90 & 91, plus two infill locations, St. Moritz Com 90 & 91, plus two infill locations, Will 1, 2, 3 and 4. The wells currently authorized for the SSGS currently average 60 mcf/d per well and typically produce less than 200 mcf/d per well. The Fruitland Coal wells to be added are anticipated to produce natural gas volumes similar to the wells currently authorized for the SSGS. The wells being added should have with no effect upon the existing production. Any person holding an interest in any of these leases or wells may contact Dugan Production Corp. for additional information. Inquiries should be directed to Kevin Smakar at 505-325-1821 or by mail at P.O. Box 420, Farmington, NM 87499. Any objection or request for a formal hearing should be filed in writing with the NMOCD's Santa Fe Office within 20 days from the date of this publication. In the absence of objection, Dugan Production Corp. is requesting that the NMOCD approve its application administratively. The NMOCD's address is 1220 South St. Francis Drive, Santa Fe, NM 87505.

Legal No. 72026 published in The Daily Times on October 18, 2015.

8:05 S D NOV

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John Bemis
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



Administrative Order CTB-560-B
Administrative Application Reference No. pDKB1235637128

December 21, 2012

Dugan Production Corp.
Attention: John D. Roe

RE: Central Tank Battery
Sesamee Street Gathering System
Twsp 23, 24 and 25 North, Ranges 9 and 10 West
San Juan County, New Mexico

Reference is made to your administrative application received on December 7, 2012.

It is our understanding that you propose to add an additional gas sales meter, at a separate location, to the referenced system which was approved for surface commingling of gas produced from the Basin Fruitland Coal Gas Pool (Pool Code 71629) from certain wells by Administrative Order CTB-560, issued on September 20, 2005, as previously amended by Administrative Order CTB-560-A, issued on April 23, 2009.

It is further understood that you do not, at this time, propose to add any wells to the system that are not already authorized for surface commingling of gas production by Orders CTB 560 or 560-A. Since the universe of wells from which production will be commingled will not change, no notice to interest owners is required.

Pursuant to your request, Administrative Orders CTB-560 and CTB-560-A, shall be amended as follows:

- (a) The third paragraph of Order CTB-560 shall be amended to read:

NOTE: The commingled natural gas production shall be delivered either to the existing CDP sales meter on Enterprise Field Services' lateral, in the SW/4 NE/4 of Section 36, Township 25 North, Range 11 West, or to a new sales meter to be installed in the vicinity of the new Enterprise Field Service CDP to be installed in Section 2, Township 24 North, Range 10 West, NMPM, San Juan County, New Mexico.

- (b) The first paragraph on Page 3 of Order CTB-560-A shall be amended to read:

Commingled gas production from all wells shall be measured and sold at the Enterprise Field Services Central Delivery Point (CDP), located in Section 30, Township 25 North, Range 10 West, or at the Enterprise Field Serviced Central Delivery Point (CDP 2), located in Section 2, Township 24 North, Range 10 West, NMPM, San Juan County, New Mexico.

Except as amended hereby, Administrative Order CTB-560, as amended by Administrative Order 560-A, shall remain in full force and effect.

Sincerely,



JAMI BAILEY
Division Director

JB/db

cc: Oil Conservation Division – Aztec
United States Bureau of Land Managemnt