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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 or 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	<u>Kevin Smaka</u> Signature	Production Engineer Title	11-20-2015 Date
		Kevin.smaka@duganproduction.com e-mail Address	



dugan production corp.

November 20, 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 Topaz
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 8 wells (6 existing and 2 proposed locations) to be added to Dugan Production's Topaz Gathering System (TGGS). 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 TGS will continue to be at the central delivery sales meter (CDP) established for the TGS. The CDP is located in section 25 of 26N, 13W and delivers gas to Enterprise Field Services meter # 97690. We are also requesting the NMOCD to include a provision in their order that for future additions to the TGGS, 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 TGGS was installed by DPC and was approved for operation in October of 1994. Currently there are 50 wells approved for the TGS all of which are currently active. Production currently averages a total of 1589 mcf/d for an overall average of 32 mcf/d per well. Well production ranges from 1 to 99 mcf/d. Of the eight wells proposed to be added to the TGS, six have been connected and currently produce a total of 261 mcf/d for an average of 44 mcf/d per well, ranging from 4 mcf/d to 99 mcf/d. Individual well production for the TGGS 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 the six wells at TGGS 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 all other wells within the gathering system. 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.

Attachments No. 1 presents maps of the TGGS 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 TGGS has one central delivery gas sales meter. The Meter No. 97690, is located in the NWSE of Section 25, T-26N, R-13W, the meter deliver gas to Enterprise Field Services.

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Attachment No. 2 presents information for the wells currently approved and the wells to be added to the TGGS. Detailed production information for wells to be added is presented in Note 5 of Attachment No. 2 for the TGGS. Of the current wells approved for the gathering system all 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 TGGS. From Attachment No. 3, Dugan Production holds 100% of the working interest in 7 wells being added and their infill locations. Dugan Production shares working interests in 1 well (Irish #5). Of the 8 wells being added, all 8 pay federal royalty. There are no wells being added that pay state royalty. There are no wells or leases that pay Navajo Nation or Navajo Allotted royalty that are part of the Topaz Gas Gathering System. There are 11 interest owners that hold an overriding royalty interest in the 8 wells being added to the gathering system. 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 TGGS. The TGGS has wells from two pools (Basin Fruitland Coal & WAW Fruitland sand-pictured cliff) authorized for the gathering system. It is also noted that for the TGGS, of the 50 wells currently approved for the gathering system, production averages 32 mcf/d and ranges from 1 to 99 mcf/d per well. Of the 8 wells/locations to be added with this application, 6 are currently producing and average 44 mcf/d per well. Dugan Production's leases for the wells in the Topaz Gathering System are summarized on Page 2 of Attachment No. 4. The TGGS has 13 federal, 6 state leases. There are 3 Navajo allotted leases shown on attachment no.1, the map, but those leases do not deliver gas to the TGGS.

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

Attachments No 6 presents a comparison of connecting the proposed wells to the existing TGGS 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 eight wells to Dugan's TGGS, will require installing an estimated 6,336' (1.2 miles) of 4" polypipe which with a 40' ROW, will require disturbing an estimated 5.8 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 125,000' (34 miles) and result in disturbing 92 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 \$95,040.00 for connecting to a gathering system to \$4,750,000.00 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 \$131,000 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:

Gathering System	Connect to Gathering System	Connect to Enterprise	Additional Cost for Direct Connections
TGGS	\$ 105,040.00	\$ 5,773,567.00	\$ 5,668,527.00

Considering that all of the wells to be added to the TGGS 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, 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 TGS. Dugan Production has drilled and currently operates one SWD well, the West Bisti Unit #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 is one central compressor station on the TGGS which is 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 plus all interest owners in the wells currently approved for each gathering system.

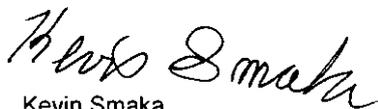
In summary, Dugan Production is requesting approvals to:

1. Add 8 wells/locations to Dugan's Topaz 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.
4. Authorize Dugan to only send notice to interest owners of wells being added to the Topaz Gathering System after this application.

All of the wells on the gathering system are considered to be low volume producers (100 mcf or less), many of which are marginally economic to operate. Dugan Production has made a substantial investment in the TGGS 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. PLC-223
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
		See Attachment #4		

(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) WAW Fruitland Sand PC (87190)
(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: 11/20/15

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

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

ATTACHMENT NO. 2
DUGAN PRODUCTION CORP. TOPAZ GATHERING SYSTEM AND CPD 11/30/15
CDP SALES METER @ NWSE SECTION 25, T-26N, R-13W (ENTERPRISE METER NO. 97690)
SAN JUAN COUNTY, NEW MEXICO

Well Name	API No. 30-045-	Well Location			CA Number	Pool ②	Completion Date	Current Production ④		Spacing Unit	Dates for SC, OLM & S ⑤			
		¼-¼-Sec-Twn-Rng	Lease No.	Lse.Type				MCFD	BWPD		Application	BLM	NMSLO	NMOCD
												Approval	Approval	Approval
WELLS TO BE ADDED (8)														
Cisco Com 91R	35483	NESW 34-26N-13W	SF-078156-A	Federal	NMNM89374	Basin FR Coal				W/2 - 320A				
Irish Com 5 ⑥	33724	SWSW 11-26N-13W	NM10757	Federal		Basin FR Coal	6/10/08 ⑥			S/2 - 320A				
Patriot 1	28579	SWSW 29-26N-13W	SF-078091	Federal	N/A	Basin FR Coal	5/12/93	9	3	S/2 - 320A				
Patriot 1S	32029	SESE 29-26N-13W	SF-078091	Federal	N/A	Basin FR Coal	2/15/05	29	31	S/2 - 320A				
Patriot 94 ⑥	32989	NENE 29-26N-13W	SF-078091	Federal	N/A	Basin FR Coal	6/23/06	11	25	N/2 - 320A	Note 6			
Patriot 94S	32988	NWNW 29-26N-13W	SF-078091	Federal	N/A	Basin FR Coal	7/3/06	23	6	N/2 - 320A				
Salge Federal A 5	28578	NWSW 33-26N-13W	SF-078156	Federal	N/A	Basin FR Coal	12/12/91	97	13	W/2 - 320A				
Salge Federal A 96	32039	SESW 33-26N-13W	SF-078156	Federal	N/A	Basin FR Coal	1/29/05	78	6	W/2 - 320A				
WELLS PREVIOUSLY APPROVED FOR SYSTEM (50 WELLS)														
Alamo Com 90	32992	NWSW 04-25N-13W	NM-76866	Federal	NMNM123303	Basin FR Coal	6/1/06	9	5	W/2 - 319.44A	8/26/94	10/11/94	10/9/96	2/9/95
Alamo Com 90S	32993	NWNW 4-25N-13W	NM-33027	Federal	NMNM123303	Basin FR Coal	6/1/06	31	0	W/2 - 319.44A	2/25/03	3/27/03	3/4/03	3/19/03
Bisti State 1	25834	SWNW 02-25N-13W	LG-3734	State	State Com.	Basin FR Coal	9/11/97	42	19	W/2 - 319.57A	11/25/97	4/21/98	12/9/97	4/29/98
Bisti State Com 1S	32980	NESW 2-25N-13W	LG-3734	State	State Com	Basin FR Coal	7/20/06	70	31	W/2 - 319.57A	2/25/03	3/27/03	3/4/03	3/19/03
Bisti State 90	29216	SENE 02-25N-13W	LG-3734	State	N/A	Basin FR Coal	9/18/96	30	200	E/2 - 319.67A	9/26/96	12/12/96	10/9/96	12/4/96
Bisti State 90S	32981	SWSE 2-25N-13W	LG-3734	State	N/A	Basin FR Coal	7/18/06	29	56	E/2 - 319.67A	2/25/03	3/27/03	3/4/03	3/19/03
Cisco Com 90	28662	NWSW 03-25N-13W	SF-078156-A	Federal	NMNM89398	Basin FR Coal	2/22/93	5	7	W/2 - 319.55A	8/26/94	10/11/94	10/9/96	2/9/95
Cisco Com 90S	31345	SESW 3-25N-13W	SF-078156-A	Federal	NMNM89398	Basin FR Coal	5/25/04	40	1	W/2 - 319.55	2/25/03	3/27/03	3/4/03	3/19/03
Cisco Com 91 P&A'd 8/23/12	28805	SWSW 34-26N-13W	SF-078156-A	Federal	NMNM89374	Basin FR Coal	4/15/93	---	---	W/2 - 320A	8/26/94	10/11/94	10/9/96	2/9/95
Cisco Com 91S	31346	SESW 34-26N-13W	SF-078156	Federal	NMNM89374	Basin FR Coal	6/1/04	55	58	W/2 - 320A	2/25/03	3/27/03	3/4/03	3/19/03
Irish 2 P&A'd 8/16/06	26093	SESE 11-26N-13W	NM-57580	Federal	NMA105	WAW FR SD-PC	1/22/85	---	---	SE/4 - 160A	2/25/03	3/27/03	3/4/03	3/19/03
Irish 3	26092	NWSW 11-26N-13W	NM-57580	Federal	NMNM76334	WAW FR SD-PC	1/22/85	4	0	SW/4 - 160A	2/25/03	3/27/03	3/4/03	3/19/03
Irish Com 90	30611	NESW 11-26N-13W	NM-57580	Federal	NMNM108197	Basin FR Coal	6/20/03	27	2	S/2 - 320A	2/25/03	3/27/03	3/4/03	3/19/03
Irish Com 90S	33725	SWSE 11-26N-13W	NM-57580	Federal	NMNM108197	Basin FR Coal	12/12/06	7	34	S/2 - 320A	2/25/03	3/27/03	3/4/03	3/19/03
Jeter 1	28496	NESW 1-25N-13W	SF-078155	Federal	N/A	Basin FR Coal	5/9/92	6	3	S/2 - 320A	2/25/03	3/27/03	3/4/03	3/19/03
Jeter 1S	32990	SESE 1-25N-13W	SF-078155	Federal	N/A	Basin FR Coal	6/17/06	23	48	S/2 - 320A	2/25/03	3/27/03	3/4/03	3/19/03
Jeter 3	28860	SWSW 35-26N-13W	SF-078155	Federal	N/A	Basin FR Coal	4/12/93	22	1	S/2 - 320A	8/26/94	10/11/94	10/9/96	2/9/95
Jeter 3S	31351	NESE 35-26N-13W	SF-078155	Federal	N/A	Basin FR Coal	5/10/04	37	2	S/2 - 320A	2/25/03	3/27/03	3/4/03	3/19/03
Jeter 4	28804	NENE 01-25N-13W	SF-078155	Federal	N/A	Basin FR Coal	12/21/92	41	3	N/2 - 319.72A	12/29/94	1/9/95	10/9/96	5/16/95
Jeter 4S	32986	NWNW 1-25N-13W	SF-078155	Federal	N/A	Basin FR Coal	6/16/06	28	37	N/2 - 319.72A	2/25/03	3/27/03	3/4/03	3/19/03
Jeter 5	29390	NENE 35-26N-13W	SF-078155	Federal	N/A	Basin FR Coal	9/17/96	25	6	N/2 - 320A	9/26/96	12/12/96	10/9/96	12/4/96
Jeter 5S	31361	NWNW 35-26N-13W	SF-078155	Federal	N/A	Basin FR Coal	5/14/04	60	22	N/2 - 320A	2/25/03	3/27/03	3/4/03	3/19/03
Patriot 90	29511	SESW 27-26N-13W	SF-078091	Federal	N/A	Basin FR Coal	2/20/98	55	38	W/2 - 320A	3/26/98	4/21/98	4/6/98	4/29/98
Patriot 90S	31347	NENW 27-26N-13W	SF-078091	Federal	N/A	Basin FR Coal	6/15/04	31	0	W/2 - 320A	2/25/03	3/27/03	3/4/03	3/19/03
Patriot 91	29510	SENE 27-26N-13W	SF-078091	Federal	N/A	Basin FR Coal	2/26/98	38	6	E/2 - 320A	3/26/98	4/21/98	4/6/98	4/29/98
Patriot 91S	31348	SESE 27-26N-13W	SF-078091	Federal	N/A	Basin FR Coal	6/10/04	50	17	E/2 - 320A	2/25/03	3/27/03	3/4/03	3/19/03
Patriot 92	29512	NWNE 28-26N-13W	SF-078091	Federal	N/A	Basin FR Coal	7/28/98	4	12	N/2 - 320A	3/26/98	4/21/98	4/6/98	4/29/98
Patriot 92S	32037	SESW 28-26N-13W	SF-078091	Federal	N/A	Basin FR Coal	5/17/05	45	31	N/2 - 320A	2/25/03	3/27/03	3/4/03	3/19/03
Patriot 93	29513	SESW 28-26N-13W	SF-078091	Federal	N/A	Basin FR Coal	7/28/98	4	19	S/2 - 320A	3/26/98	4/21/98	4/6/98	4/29/98
Patriot 93S	32038	SESE 28-26N-13W	SF-078091	Federal	N/A	Basin FR Coal	1/31/05	26	19	S/2 - 320A	2/25/03	3/27/03	3/4/03	3/19/03
Paul Revere 90 ⑥	29842	SENE 15-26N-13W	NM-17781	Federal	N/A	Basin FR Coal	9/14/00	28	6	E/2 - 320A	2/25/03	3/27/03	3/4/03	3/19/03
Paul Revere 90S	31924	SWSE 15-26N-13W	NM-17781	Federal	N/A	Basin FR Coal	3/23/05	2	3	E/2 - 320A	2/25/03	3/27/03	3/4/03	3/19/03
Paul Revere 91 ⑥	29840	SWSW 23-26N-13W	NM-17781	Federal	N/A	Basin FR Coal	11/20/00	10	5	S/2 - 320A	2/25/03	3/27/03	3/4/03	3/19/03
Paul Revere 91S	31921	NESE 23-26N-13W	NM-17781	Federal	N/A	Basin FR Coal	3/17/05	35	20	S/2 - 320A	2/25/03	3/27/03	3/4/03	3/19/03
Paul Revere 92 ⑥	28290	NWSW 15-26N-13W	NM-17781	Federal	N/A	Basin FR Coal	5/5/93	37	5	W/2 - 320A	2/25/03	3/27/03	3/4/03	3/19/03
Paul Revere 92S	31922	NENW 15-26N-13W	NM-17781	Federal	N/A	Basin FR Coal	6/6/05	7	20	W/2 - 320A	2/25/03	3/27/03	3/4/03	3/19/03
Paul Revere 93 ⑥	29841	SWNE 22-26N-13W	NM-17781	Federal	N/A	Basin FR Coal	6/12/03	51	6	N/2 - 320A	2/25/03	3/27/03	3/4/03	3/19/03
Paul Revere 93S	31976	SESW 22-26N-13W	NM-17781	Federal	N/A	Basin FR Coal	6/3/05	28	12	N/2 - 320A	2/25/03	3/27/03	3/4/03	3/19/03
Paul Revere 94 ⑥	29875	NENE 23-26N-13W	NM-17781	Federal	N/A	Basin FR Coal	11/29/00	17	5	N/2 - 320A	2/25/03	3/27/03	3/4/03	3/19/03
Paul Revere 94S	31961	SESW 23-26N-13W	NM-17781	Federal	N/A	Basin FR Coal	2/19/05	16	19	N/2 - 320A	2/25/03	3/27/03	3/4/03	3/19/03
Paul Revere Com 95	31359	NWSW 22-26N-13W	NM-17781	Federal	NMNM112560	Basin FR Coal	6/23/04	79	31	S/2 - 320A	2/25/03	3/27/03	3/4/03	3/19/03
Paul Revere Com 95S	31975	NWSE 22-26N-13W	NM-17781	Federal	NMNM112560	Basin FR Coal	6/13/05	12	0	S/2 - 320A	2/25/03	3/27/03	3/4/03	3/19/03
Salge Federal A Com 90	28587	NWNE 03-25N-13W	SF-078156	Federal	NMNM88297	Basin FR Coal	2/12/92	43	5	E/2 - 319.53A	8/26/94	10/11/94	10/9/96	2/9/95
Salge Federal A Com 90S	32991	NWSE 3-25N-13W	SF-078156	Federal	NMNM88297	Basin FR Coal	6/26/06	17	31	E/2 - 319.53A	2/25/03	3/27/03	3/4/03	3/19/03
Salge Federal A Com 91	28663	NENE 04-25N-13W	SF-078156	Federal	NMNM89362	Basin FR Coal	2/14/93	47	6	E/2 - 319.52A	8/26/94	10/11/94	10/9/96	2/9/95

Well Name	API No.	Well Location			CA Number	Pool ②	Completion Date	Current Production ①		Spacing Unit	Dates for SC, OLM & S ③			
		¼-¼-Sec-Twn-Rng	Lease No.	Lse.Type				MCFD	BWPD		Application	BLM Approval	NMSLO Approval	NMOCD Approval
Salge Federal A Com 91S	28806	NWSE 4-25N-13W	SF-078156	Federal	NMNM89362	Basin FR Coal	8/15/93	47	6	E/2 - 319.52A	2/25/03	3/27/03	3/4/03	3/19/03
Salge Federal A 94	29501	SENE 34-26N-13W	SF-078156	Federal	N/A	Basin FR Coal	12/1/97	25	60	E/2 - 320A	11/25/97	4/21/98	12/9/97	4/29/98
Salge Federal A 94S	31349	NWSE 34-26N-13W	SF-078156	Federal	N/A	Basin FR Coal	5/19/04	27	23	E/2 - 320A	2/25/03	3/27/03	3/4/03	3/19/03
Salge Federal A 95	29514	SENE 33-26N-13W	SF-078156	Federal	N/A	Basin FR Coal	2/25/98	26	13	E/2 - 320A	11/25/97	4/21/98	12/9/97	4/29/98
Salge Federal A 95S	31350	NESE 33-26N-13W	SF-078156	Federal	N/A	Basin FR Coal	6/4/04	13	25	E/2 - 320A	2/25/03	3/27/03	3/4/03	3/19/03
SWD WELLS														
West Bisti 1 SWD ②	33828	SWNE 35-26N-13W	SF-078155	Federal	N/A	Entrada SWD	1/30/08							

Footnotes:

N/A - Not applicable or not needed

1. Current production data represents average for August, 2015

2. Basin FR Coal = Basin Fruitland Coal (71629); WAW FR SD-PC = WAW Fruitland Sand-Pictured Cliffs (87190).

3. Dates of application and regulatory approvals to use Dugan Production's Topaz Gas Gathering system to facilitate gas sales which typically requires the surface commingling (SC) plus off-lease measurement (OLM) and sales (S) of produced natural gas. The NMOCD initially approved this gathering system 2/9/95 (CTB-407-0) which was amended 5/16/95, 12/1/96 and 4/29/98. The current NMOCD approval PLC-223 is dated 3/19/03. Current approvals from the BLM are dated 3/27/03 and from the NMSLO 3/4/03.

4. NMOCD Commingling Order CTB-512 dated 12/26/00 authorized surface commingling & delivering gas from Paul Revere wells No. 90, 92 & 93 to a new on lease, central delivery sales meter on El Paso's pipeline. Since CDP was on lease, BLM approval was not required.

5. NMOCD Commingling Order CTB-511 dated 12/11/00 authorized surface commingling & delivering gas from Paul Revere wells No. 91 & 94 to a new, on lease, central delivery sales meter on El Paso's pipeline. Since CDP was on lease, BLM approval was not required.

6. By sundry notice dated 8/10/12 and approved by the BLM on 8/30/12, the Patriot No. 94 was approved for operation on the Topaz Gas Gathering system. Approvals from the NMOCD & NMSLO are pending this application.

7. NMOCD Administrative Order SWD-1072-A dated 9/13/10 authorizes SWD by underground injection.

8. Cumulative production wells being added to gathering system.

Well Name	Date of 1st Delivery	Cumulative Production 11/1/15		
		MCF	BO	BW
Patriot 1	9/7/06	29,359	0	86,528
Patriot 1S	7/28/05	144,911	0	108,060
Patriot 94	10/23/06	109,895	0	62,306
Patriot 94S	9/7/06	67,698	0	34,023
Salge Federal A 5	11/3/06	308,048	0	118,346
Salge Federal A 96	8/2/05	425,685	0	92,546

9. The Irish Com #5 is not completed. Dugan intends to apply for simultaneous dedication. If granted the well will be completed and connected to the Topaz Gas Gathering System.

**ATTACHMENT NO. 3 – PAGE 2 OF 12
Dugan Production Corp.**

<u>Well Name</u>	<u>Pool</u>	<u>Lease #</u>	<u>Location</u>	<u>Spacing Unit</u>
Alamo Com #90	Basin Fruitland Coal	NM-76866	NWSW 4-25N-13W	W/2-319.44A
Alamo Com No. 90S	Basin Fruitland Coal	NM-33027	NW/4 4-25N-13W	W/2-319.44A

INTEREST OWNER

	<u>INTEREST%</u>	
	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u>		
Dugan Production Corp.	50.087653	43.826696
Elm Ridge Exploration Co. 12225 Greenville Ave., Ste 950 Dallas, TX 75243-9362	23.971791	20.975317
Encana Oil & Gas (USA) Inc. 370 17 th Street Denver, CO 80202	14.848922	12.992807
Estate of RP Brewer, III 133 West Fair Oaks Place San Antonio, TX 78209	5.545817	4.852590
Betty Brewer Chumney 624 Patterson Ave. San Antonio, TX 78209	2.772908	2.426295
Elizabeth H. Breazeale 1726 Nacogdoches Rd. San Antonio, TX 78209	0.924303	0.808765
India Brewer Guilbot 6 Gallery Court San Antonio, TX 78209	0.924303	0.808765
Winifred Chumney Meaden 336 Terrell Road San Antonio, TX 78209	0.924303	0.808765
<u>Royalty</u>		
USA – c/o Bureau of Land Management 6251 College Blvd., Suite A Farmington, NM 87402	-0-	12.500000
<u>TOTAL WELL</u>	<u>100.000000</u>	<u>100.000000</u>

ATTACHMENT NO. 3 – PAGE 3 OF 12
Dugan Production Corp.

<u>Well Name</u>	<u>Pool</u>	<u>Lease #</u>	<u>Location</u>	<u>Spacing Unit</u>
Bisti State #1	Basin Fruitland Coal	LG-3734	SWNW 2-25N-13W	W/2-319.57A
Bisti State Com #1S	Basin Fruitland Coal	LG-3734	NESW 2-25N-13W	W/2-319.57A
Bisti State Com #90	Basin Fruitland Coal	LG-3734	SENE 2-25N-13W	E/2-319.67A
Bisti State Com #90S	Basin Fruitland Coal	LG-3734	SWSE 2-25N-13W	E/2-319.67A

<u>INTEREST OWNER</u>	<u>Bisti State #1 & Com #1S</u>		<u>Bisti State Com #90 & #90S</u>	
	<u>INTEREST%</u>		<u>INTEREST%</u>	
	<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u>				
Dugan Production Corp.	100.000000	84.140310	100.000000	84.375000
<u>Royalty</u>				
State of New Mexico New Mexico State Land Office P.O. Box 1148 Santa Fe, NM 87504-1148	-0-	12.500000	-0-	12.500000
<u>Overriding Royalty Interest</u>				
Jean Burroughs BAD ADDRESS 9350 Arroyo Lane Colorado Springs, CO 80908	-0-	0.312920		
Nan Burroughs 200 Brook Place Boulder, CO 80302	-0-	0.078230		
Jane A. Downs 12049 Arroyo Drive Santa Ana, CA 92705	-0-	0.078230		
Karen Marchman 9350 Arroyo Lane Colorado Springs, CO 80908	-0-	0.078230		
Petrojarl, Inc. P.O. Box 820467 Houston, TX 77282-0467	-0-	1.366925	-0-	1.562500
Schelro, Ltd. P.O. Box 62490 San Angelo, TX 76906	-0-	1.366925	-0-	1.562500
Belinda Burroughs Wilson 4037 S. Wisteria Way Denver, CO 80237	-0-	0.078230		
TOTAL WELL	<u>100.000000</u>	<u>100.000000</u>	<u>100.000000</u>	<u>100.000000</u>

**ATTACHMENT NO. 3 – PAGE 4 OF 12
Dugan Production Corp.**

<u>Well Name</u>	<u>Pool</u>	<u>Lease #</u>	<u>Location</u>	<u>Spacing Unit</u>
Cisco Com #90	Basin Fruitland Coal	SF078156A	NWSW 3-25N-13W	W/2-319.55A
Cisco Com #90S	Basin Fruitland Coal	SF078156A	SENW 3-25N-13W	W/2-319.55A
Cisco Com #91R	Basin Fruitland Coal	SF078156A	NESW 34-26N-13W	W/2-320.0A
Cisco Com #91S	Basin Fruitland Coal	SF078156A	SENW 34-26N-13W	W/2-320.0A

<u>INTEREST OWNER</u>	<u>CISCO COM #90 & #90S</u>		<u>CISCO COM #91, 91R & #91S</u>	
	<u>INTEREST%</u>		<u>INTEREST%</u>	
	<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u>				
Dugan Production Corp.	100.000000	86.750380	100.000000	86.500000
<u>Royalty</u>				
USA-Bureau of Land Management 6251 College Blvd, Suite A Farmington, NM 87402	-0-	12.500000	-0-	12.500000
<u>Overriding Royalty Interest</u>				
Fay's Trust BAD ADDRESS 3641 Wakeforest Houston, TX 77098	-0-	0.187400	-0-	0.250000
Noble C. Ginther Oil & Gas Co., Inc. 110 Marrakech Bellaire, TX 77401	-0-	0.062470	-0-	0.083333
Marilyn Ginther Orr 2711 Mountain Laurel Drive Austin, TX 79703-1139	-0-	0.062470	-0-	0.083333
Ellen Ginther Reifslager c/o First National Bank P.O. Box 470 El Campo, TX 77437	-0-	0.093700	-0-	0.125000
Jan Ginther 12215 Ravenmoor Drive Houston, TX 77077	-0-	0.093700	-0-	0.125000
Rosanne Van Dorn 101 Westcott #1006 Houston, TX 77007	-0-	0.062470	-0-	0.083334
Dugan Production Corp.	-0-	0.187410	-0-	0.250000
TOTAL WELL	<u>100.000000</u>	<u>100.000000</u>	<u>100.000000</u>	<u>100.000000</u>

ATTACHMENT NO. 3 – PAGE 5 of 12
Dugan Production Corp.

<u>Well Name</u>	<u>Pool</u>	<u>Lease #</u>	<u>Location</u>	<u>Spacing Unit</u>
Irish #3	WAW FR Sand PC	NM57580	NWSW 11-26N-13W	SW/4-160.0A
Irish Com #5	Basin Fruitland Coal*	NM10757	SWSW 11-26N-13W	S/2-320.0A
Irish Com #90	Basin Fruitland Coal	NM57580	NESW 11-26N-13W	S/2-320.0A
Irish Com #90S	Basin Fruitland Coal	NM57580	SWSE 11-26N-13W	S/2-320.0A

<u>INTEREST OWNER</u>	<u>IRISH #3</u> <u>INTEREST%</u>		<u>IRISH COM #5, #90 & #90S</u> <u>INTEREST%</u>	
	<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u>				
Dugan Production Corp.	50.000000	42.218750	50.000000	42.187500
Energen Resources Corp. 2198 Bloomfield Highway Farmington, NM 87401	50.000000	50.000000	50.000000	50.000000
<u>Royalty</u>				
Bureau of Land Management 6251 College Blvd., Suite A Farmington, NM 87402	-0-	6.250000	-0-	6.250000
<u>Overriding Royalty Interest</u>				
Hawthorne Oil Company c/o Black Stone Minerals Company 1001 Fannin, Suite 2020 Houston, TX 77002	-0-	0.750000		
Summit Oil Co., LLC P.O. Box 370927 Denver, CO 80237	-0-	0.781250	-0-	1.562500
TOTAL WELL	100.000000	100.000000	100.000000	100.000000

* - Irish Com #5 was originally permitted for a WAW Fruitland Sand Pictured Cliffs formation. Application is being made for Simultaneous Dedication and will be included in the spacing unit with the Irish Com #90 & #90S wells.

ATTACHMENT NO. 3 – PAGE 6 OF 12
Dugan Production Corp.

<u>Well Name</u>	<u>Pool</u>	<u>Lease #</u>	<u>Location</u>	<u>Spacing Unit</u>
Jeter #1	Basin Fruitland Coal	SF078155	NESW 1-25N-13W	S/2-320.0A
Jeter #1S	Basin Fruitland Coal	SF078155	SESE 1-25N-13W	S/2-320.0A
Jeter #3	Basin Fruitland Coal	SF078155	SWSW 35-26N-13W	S/2-320.0A
Jeter #3S	Basin Fruitland Coal	SF078155	NESE 35-26N-13W	S/2-320.0A
Jeter #4	Basin Fruitland Coal	SF078155	NENE 1-25N-13W	N/2-320.0A
Jeter #4S	Basin Fruitland Coal	SF078155	NWNW 1-25N-13W	N/2-320.0A
Jeter #5	Basin Fruitland Coal	SF078155	NENE 35-26N-13W	N/2-320.0A
Jeter #5S	Basin Fruitland Coal	SF078155	NWNW 35-26N-13W	N/2-320.0A

INTEREST OWNER

	<u>INTEREST%</u>	
	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u>		
Dugan Production Corp.	100.000000	86.500000
<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>		
Marian Marye Fauntleroy #2 Pine Forest Circle Houston, TX 77056	-0-	0.062500
Fay's Trust BAD ADDRESS Norma M. Williams, Trustee 3641 Wakeforest Houston, TX 77098	-0-	0.250000
Noble C. Ginther Oil & Gas Co., Inc. 110 Marrakech Belshire, TX 77401	-0-	0.083333
Nolan B. Marye, Jr. 140 Reese Run St. Montgomery, TX 77401	-0-	0.062500
Robert L. Marye, Sr. 904 Harmony Hill Dr. Lufkin, TX 75901	-0-	0.062500
Marilyn Ginther Orr 2711 Mountain Laurel Dr. Austin, TX 78703	-0-	0.083333
Ellen Ginther Reifslager c/o First National Bank P O Box 470 El Campo, TX 77437	-0-	0.125000
Jan Ginther 12215 Ravenmoor Drive Houston, TX 77077	-0-	0.125000
Virginia M. Sharman 2640 Centenary Dr. Houston, TX 77005	-0-	0.062500
Rosanne Van Dorn 101 Westcott #1006 Houston, TX 77007	-0-	0.083334
TOTAL WELL	<u>100.000000</u>	<u>100.000000</u>

**ATTACHMENT NO. 3 – PAGE 7 OF 12
Dugan Production Corp.**

<u>Well Name</u>	<u>Pool</u>	<u>Lease #</u>	<u>Location</u>	<u>Spacing Unit</u>
Patriot #1	Basin Fruitland Coal	SF078091	SWSW 29-26N-13W	S/2-320.0A
Patriot #1S	Basin Fruitland Coal	SF078091	SESE 29-26N-13W	S/2-320.0A
Patriot #90	Basin Fruitland Coal	SF078091	SESW 27-26N-13W	W/2-320.0A
Patriot #90S	Basin Fruitland Coal	SF078091	NENW 27-26N-13W	W/2-320.0A
Patriot #91	Basin Fruitland Coal	SF078091	SENE 27-26N-13W	E/2-320.0A
Patriot #91S	Basin Fruitland Coal	SF078091	SESE 27-26N-13W	E/2-320.0A
Patriot #92	Basin Fruitland Coal	SF078091	NWNE 28-26N-13W	N/2-320.0A
Patriot #92S	Basin Fruitland Coal	SF078091	SENE 28-26N-13W	N/2-320.0A
Patriot #93	Basin Fruitland Coal	SF078091	SESW 28-26N-13W	S/2-320.0A
Patriot #93S	Basin Fruitland Coal	SF078091	SESE 28-26N-13W	S/2-320.0A
Patriot #94	Basin Fruitland Coal	SF078091	NENE 29-26N-13W	N/2-320.0A
Patriot #94S	Basin Fruitland Coal	SF078091	NWNW 29-26N-13W	N/2-320.0A

INTEREST OWNERS

	<u>INTEREST%</u>	
	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u>		
Dugan Production Corp.	100.000000	86.500000
<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>		
Marilyn F. Menasco Trust 7714 Stueben Way Stockton, CA 95207	-0-	0.250000
Southland Royalty Co., LLC 400 West 7 th Street Fort Worth, TX 76102	-0-	0.500000
Virginia F. Zobeck Trust P. O. Box 53186 Lubbock, TX 79453	-0-	0.250000
<u>TOTAL WELL</u>	<u>100.000000</u>	<u>100.000000</u>

Well Name	Pool	Lease #	Location	Spacing Unit
Paul Revere #90	Basin Fruitland Coal	NM17781	SENE 15-26N-13W	E/2-320 OA
Paul Revere #90S	Basin Fruitland Coal	NM17781	SWSE 15-26N-13W	E/2-320 OA
Paul Revere #91	Basin Fruitland Coal	NM17781	SWSW 23-26N-13W	S/2-320 OA
Paul Revere #91S	Basin Fruitland Coal	NM17781	NESE 23-26N-13W	S/2-320 OA
Paul Revere #92	Basin Fruitland Coal	NM17781	NWSW 15-26N-13W	W/2-320 OA
Paul Revere #92S	Basin Fruitland Coal	NM17781	NENW 15-26N-13W	W/2-320 OA
Paul Revere #93	Basin Fruitland Coal	NM17781	SWNE 22-26N-13W	N/2-320 OA
Paul Revere #93S	Basin Fruitland Coal	NM17781	SENW 22-26N-13W	N/2-320 OA
Paul Revere #94	Basin Fruitland Coal	NM17781	NENE 23-26N-13W	N/2-320 OA
Paul Revere #94S	Basin Fruitland Coal	NM17781	SENW 23-26N-13W	N/2-320 OA
Paul Revere Com #95	Basin Fruitland Coal	NM17781	NWSW 22-26N-13W	S/2-320 OA
Paul Revere Com #95S	Basin Fruitland Coal	NM17781	NWSE 22-26N-13W	S/2-320 O

Working Interest	PAUL REVERE #90, #90S, 91, 91S 92, 92S, 93, 93S, 94 & 94S		PAUL REVERE COM #95 & #95S	
	INTEREST %		INTEREST %	
	Gross	Net	Gross	Net
Dugan Production Corp	100.000000	80.000000	50.000000	40.000000
Devon Energy Production Co., LP 20 North Broadway Oklahoma City, OK 73102-8260			2.812500	2.320313
DJ Simmons Company, LLC 1009 Ridgeway Place, Suite 200 Farmington, NM 87401			9.375000	7.734375
Maraflex Resources, Inc P. O. Box 338 Ignacio, CO 81137			0.825000	0.515625
Running Horse Production Co., LLC P. O. Box 380 Ignacio, CO 81137			25.312500	20.882813
SG Interests III, Ltd. 100 Waugh, Suite 400 Houston TX 77007			11.875000	9.381247
Royalty USA-Bureau of Land Management 6251 College Blvd, Suite A Farmington, NM 87402	-0-	12.500000	-0-	12.500000
Overriding Royalty Interest Ann T. Barteld P. O. Box 3101 Cedar Park, TX 78630			-0-	0.632378
Norma J. Barton P. O. Box 728 Hobbs, NM 88240			-0-	0.312525
Roy G. Barton, Jr., Individually 1919 N. Turner Hobbs, NM 88240-2712			-0-	0.312525
Roy G. Barton, Jr., Trustee 1919 N. Turner Hobbs, NM 88240			-0-	0.624975
Gourley Royalty Company, LLC Barton Oil Producers 1919 N. Turner Hobbs, NM 88240			-0-	0.624975
Huddleston Mineral Interest Todd Huddleston, Trustee 817 N. Gray Street Caldwell, TX 77836			-0-	0.056261
Lonesome Dove Petroleum Co. Dept. of Justice GERS Complex, 2nd Floor 3438 Kronprinzens Gade St. Thomas VI 00802	-0-	5.000000	-0-	2.500000
Maraflex Resources Inc P.O. Box 338 Ignacio, CO 81137			-0-	0.415626
OEP Energy Co P.O. Box 45601 Salt Lake City, UT 84145-0601	-0-	2.500000	-0-	1.250000
Margaret Todd Sherrill 4920 North Carrage Hobbs, NM 88240-9757			-0-	0.084391
Margaret Todd Sherrill & Thomas E. Todd, Jointly 4920 North Carrage Hobbs, NM 88240-9757			-0-	0.000834
Sarah A. Thompson, Living Revocable Trust Sarah A. Thompson & Barry Thompson, Trustees 3100 S. Juniper Place Broken Arrow, OK 74012			-0-	0.028130
Harry L. Todd, Jr. 14017 Tanglewood Circle Dallas, TX 75234			-0-	0.045748
Raymond L. Todd 1107 Shawnee Trail Carrollton, TX 75007			-0-	0.045748
Tommy T. Todd P.O. Box 601556 Dallas, TX 75360			-0-	0.045748
Virginia Moore Todd Trust c/o Thomas M. Moore, co-trustee P.O. Box 25449 Dallas, TX 75225			-0-	0.142882
W.L. Todd, Jr., United Credit Trust Susan Moore Taylor & Thomas Moore, Trustees BAD ADDRESS P. O. Box 25449 Dallas, TX 75225			-0-	0.142881
TOTAL WELL	100.000000	100.000000	100.000000	100.000000

ATTACHMENT NO. 3 – PAGE 9 of 12
Dugan Production Corp.'s
Salge Federal A #5
Basin Fruitland Coal
Well Location: NW/4 SW/4 33, T-26N, R-13W
Spacing Unit: W/2 (320.0A)
San Juan County, New Mexico

<u>INTEREST OWNER</u>	<u>INTEREST %</u>	
	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u>		
Dugan Production Corp.	100.00	86.500000
<u>Royalty Interest</u>		
USA – Bureau of Land Management 6251 College Blvd., Suite A Farmington, NM 87402	-0-	12.500000
<u>Overriding Royalty Interest</u>		
Fay's Trust BAD ADDRESS Norma M. Williams, Trustee 3641 Wakeforest Houston, TX 77098	-0-	0.250000
Noble C. Ginther Oil & Gas Co., Inc. 110 Marrakech Bellaire, TX 77401	-0-	0.083333
Marilyn Ginther Orr 2711 Mountain Laurel Dr. Austin, TX 78703-1139	-0-	0.083334
Ellen Ginther Reifslager c/o First National Bank P.O. Box 470 El Campo, TX 77437	-0-	0.125000
Jan Ginther 12215 Ravenmoor Drive Houston, TX 77077	-0-	0.125000
Rosanne Van Dorn 101 Westcott #1006 Houston, TX 77007	-0-	0.083333
Dugan Production Corp.	-0-	0.250000
TOTAL WELL	100.000000	100.000000

ATTACHMENT NO. 3 – PAGE 10 of 12
Dugan Production Corp.

<u>Well Name</u>	<u>Pool</u>	<u>Lease #</u>	<u>Location</u>	<u>Spacing Unit</u>
Salge Federal A Com #90	Basin Fruitland Coal	SF078156	NWNE 3-25N-13W	E/2-319.53A
Salge Federal A Com #90S	Basin Fruitland Coal	SF078156	NWSE 3-25N-13W	E/2-319.53A
Salge Federal A Com #91	Basin Fruitland Coal	SF078156	NENE 4-25N-13W	E/2-319.52A
Salge Federal A Com #91S	Basin Fruitland Coal	SF078156	NWSE 4-25N-13W	E/2-319.52A

<u>INTEREST OWNERSHIP</u>	<u>SALGE FEDERAL A NOS. 90, 90S, COM 91, 91S</u>	
	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u>		
Dugan Production Corp.	100.000000	86.750370
<u>Royalty</u>		
USA – Bureau of Land Management 6251 College Blvd., Suite A Farmington, NM 87402	-0-	12.500000
<u>Overriding Royalty Interest</u>		
Fay's Trust BAD ADDRESS Norma M. Williams, Trustee 3641 Wakeforest Houston, TX 77098	-0-	0.187410
Noble C. Ginther Oil & Gas Co., Inc. 110 Marrakech Bellaire, TX 77401	-0-	0.062470
Marilyn Ginther Orr 2711 Mountain Laurel Drive Austin, TX 78703-1139	-0-	0.062470
Ellen Ginther Reifslager c/o First National Bank P.O. Box 470 El Campo, TX 77437	-0-	0.093700
Jan Ginther 12215 Ravenmoor Drive Houston, TX 77077	-0-	0.093700
Rosanne Van Dorn 101 Westcott #1006 Houston, TX 77007	-0-	0.062470
Dugan Production Corp.	-0-	0.187410
<u>TOTAL WELL</u>	<u>100.000000</u>	<u>100.000000</u>

**ATTACHMENT NO. 3 – PAGE 11 of 12
Dugan Production Corp.**

<u>Well Name</u>	<u>Pool</u>	<u>Lease #</u>	<u>Location</u>	<u>Spacing Unit</u>
Salge Federal A #94	Basin Fruitland Coal	SF078156	SENE 34-26N-13W	E/2-320.0A
Salge Federal A #94S	Basin Fruitland Coal	SF078156	NWSE 34-26N-13W	E/2-320.0A

<u>INTEREST OWNER</u>	<u>SALGE FEDERAL A NOS. 94, 94S</u>	
	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u>		
Dugan Production Corp.	100.000000	86.750380
<u>Royalty</u>		
USA – Bureau of Land Management 6251 College Blvd., Suite A Farmington, NM 87402	-0-	12.500000
<u>Overriding Royalty Interest</u>		
Fay's Trust BAD ADDRESS Norma M. Williams, Trustee 3641 Wakeforest Houston, TX 77098	-0-	0.187400
Noble C. Ginther Oil & Gas Co., Inc. 110 Marrakech Bellaire, TX 77401	-0-	0.062470
Marilyn Ginther Orr 2711 Mountain Laurel Drive Austin, TX 78703-1139	-0-	0.062470
Ellen Ginther Reifslager c/o First National Bank P.O. Box 470 El Campo, TX 77437	-0-	0.093700
Jan Ginther 12215 Ravenmoor Drive Houston, TX 77077	-0-	0.093700
Rosanne Van Dorn 101 Westcott #1006 Houston, TX 77007	-0-	0.062470
Dugan Production Corp.	-0-	0.187410
<u>TOTAL WELL</u>	<u>100.000000</u>	<u>100.000000</u>

ATTACHMENT NO. 3 – PAGE 12 of 12
Dugan Production Corp.

<u>Well Name</u>	<u>Pool</u>	<u>Lease #</u>	<u>Location</u>	<u>Spacing Unit</u>
Salge Federal A #95	Basin Fruitland Coal	SF078156	SENE 33-26N-13W	E/2-320.0A
Salge Federal A #95S	Basin Fruitland Coal	SF078156	NESE 33-26N-13W	E/2-320.0A
Salge Federal A #96	Basin Fruitland Coal	SF078156	SENW 33-26N-13W	W/2-320.0A

<u>INTEREST OWNER</u>	<u>SALGE FEDERAL A NOS. 95, 95S, 96</u>	
	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u> Dugan Production Corp.	100.000000	86.93779
<u>Royalty</u> USA – Bureau of Land Management 6251 College Blvd., Suite A Farmington, NM 87402	-0-	12.500000
<u>Overriding Royalty Interest</u> Fay's Trust BAD ADDRESS Norma M. Williams, Trustee 3641 Wakeforest Houston, TX 77098	-0-	0.187400
Noble C. Ginther Oil & Gas Co., Inc. 110 Marrakech Bellaire, TX 77401	-0-	0.062470
Marilyn Ginther Orr 2711 Mountain Laurel Drive Austin, TX 78703-1139	-0-	0.062470
Ellen Ginther Reifslager c/o First National Bank P.O. Box 470 El Campo, TX 77437	-0-	0.093700
Jan Ginther 12215 Ravenmoor Drive Houston, TX 77077	-0-	0.093700
Rosanne Van Dorn 101 Westcott #1006 Houston, TX 77007	-0-	0.062470
TOTAL WELL	100.000000	100.000000

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

POOL NAME & CODE	AVERAGE BTU btu/scf	WELLS OR COMPLETIONS ①		POOL PRODUCTION ALL WELLS - mcf ②		AVERAGE PRODUCTION PER WELL - mcf ②	
		EXISTING	PROPOSED	EXISTING	PROPOSED	EXISTING	PROPOSED
Topaz Gathering System (TGS)							
Basin Fruitland Coal Gas (71629)	1011	48	8 (6)	1407	247	30	41
WAW Fruitland Sand PC Gas (87190)	1072	2	0	4	0	4	0

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

Calculated value of commingled production: commingling is necessary to get produced natural gas to a gas sales meter from 56 (50 existing & 8 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 August 2015, CDP sales volume from all wells averaged 31 mcf. There should be no loss in value to any well as a result of this commingling.

Notes:

- ① - Wells as of 11-1-2015. Existing = wells currently approved for gathering system. Proposed = wells & locations to be added to gathering system. Active completions in parentheses.
- ② - Production information during August, 2015

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

Topaz Gathering System

Federal Leases - NM-10757, NM-17781, NM-33027, NM-57580, NM-76866, SF-078091, SF-078155, SF-078156, SF-078156-A

State Leases - E-3148-2, E-4500, E-4501, E-9707, LG-3734

Attachment No. 5
Allocation Procedures
Dugan Production Corp.'s
Topaz Gas Gathering System
CDP - NWSE 25, T-26N, R-13W
San Juan County, New Mexico

Base Data:

W = Volume (MCF) from Well Allocation Meter

X = Volume (MCF) from CPD Sales Meter

Y = BTU's from CPD Sales Meter

Z = Gas Revenue (\$) from CPD Sales Meter

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

A = Allocated Sales Volume, MCF.

$$=(W/SUM W) \times X$$

B = On lease fuel usage, MCF. Determined from equipment specification and operating conditions.

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/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/SUM W).

2. Allocated Individual Well BTU's = ((W x Individual well BTU) / Sum (W x individual well BTU)) x Y.

Individual well gas heating values to be determined in accordance with BLM's On shore Order No. 5.

3. Allocated Individual Well Gas Revenues = (Allocated Individual well BTU's / Sum Allocated individual well BTU's) x Z

**ATTACHMENT 6
DIRECT CONNECT VS CONNECTION TO TGGS
8 WELLS PROPOSED FOR
ADDITION TO TOPAZ GAS GATHERING SYSTEM**

	Direct Connect to PL	Connect to TGS
Wells to be added	8	2
# Lines Required	8	2
Total PL length	34 miles = 125,000'	1.2 miles = 6,336'
Average PL length per well	4.7 miles = 25,000'	0.6 miles = 3168'
Surface disturbance w/40' ROW	92 A	5.8A
# additional compressors needed	6	0
Additional compressor hp	708 - 6 @ 118 hp	0
Additional compressor fuel	118.8 mcf - 6 @ 19.8 mcf	0
Additional compressor exhaust volume	3.6 mmcf - 604 cfm/compressor	0
Value of fuel gas - \$/year	\$177,567 - \$4.095/mcf - 1215 btu	0
Pipeline Tap	\$786,000 - 6 @ 131,000/well	\$10,000 = 2 @ \$5,000/well
Pipeline Installed	\$4,750,000 - 125,00' @ \$38/ft	\$95,040 = 6,336' @ \$15/ft
Pipeline Pigging System	\$60,000 - 6 @ \$10,000/line	0
Totals	\$5,773,567.00	\$105,040.00

Other Considerations

Wilderness Area

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

ATTACHMENT NO. 7

GATHERING SYSTEM &
WATER DISPOSAL FACILITIES

DUGAN PRODUCTION CORP'S
TOPAZ GAS GATHERING SYSTEM

Gas Sales Meters

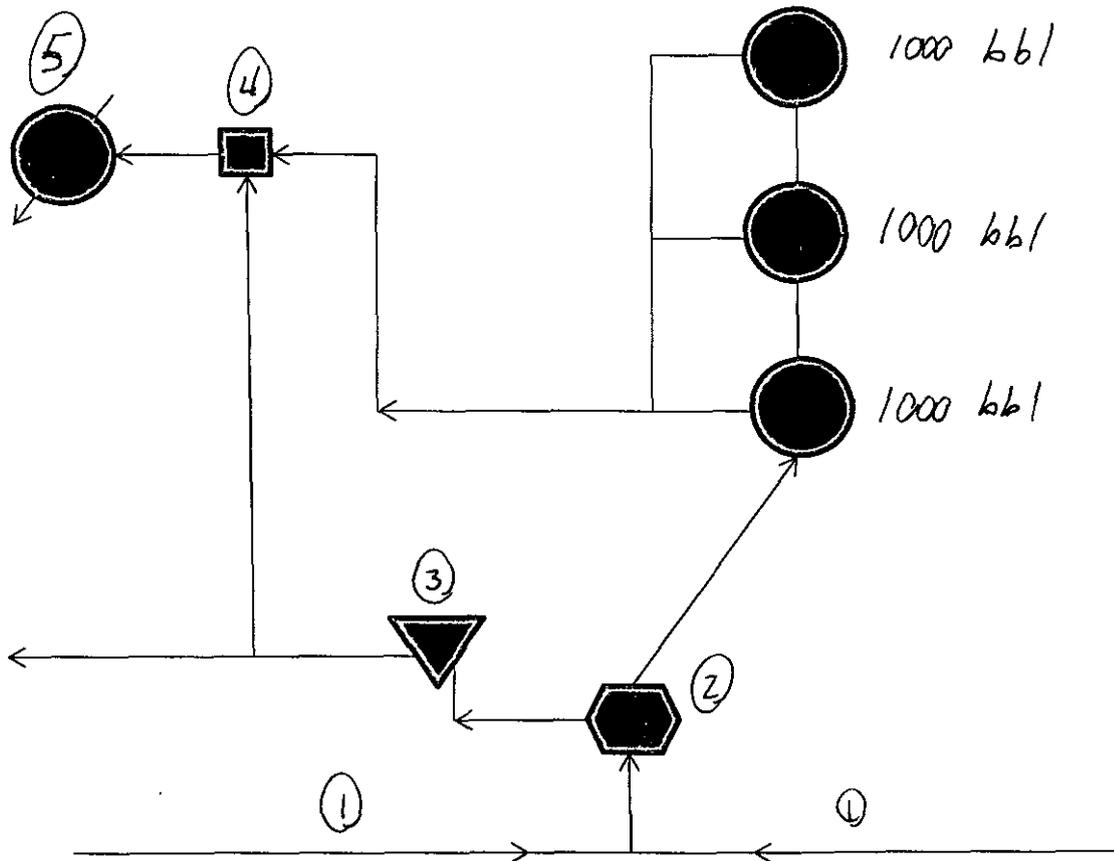
<u>Name</u>	<u>Description</u>	<u>Location</u>
CDP	gas sales to Enterprise Field Services Meter #97690	NWSE 35, T-26N, R-13W

Compressors

<u>Name</u>	<u>Location</u>	<u>Make & Model</u>	<u>Engine HP</u>	<u>Fuel-mcfd</u>
Topaz Compressor	NWNW 36-26N-13W West of Jeter #5	Ajax 2803 LE		94.04

Water Disposal Facilities (see page 2)

<u>Facility</u>	<u>Location</u>	<u>Injection Pump Make & Model</u>	<u>Engine HP</u>	<u>Fuel-mcfd</u>
West Bisti Unit #1 SWD	SWNE 35-26N-13W North of Jeter #3S	5.9 Cummins	84	17.52



Dugan Production Corp.
 West Bisti Unit #1 SWD
 SWNE Section 35, T-26N, R-13W
 Administrative Order SWD-1072
 San Juan County, NM

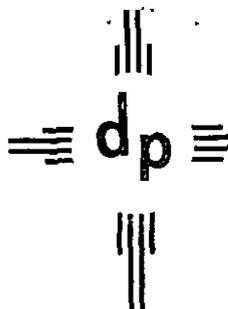
1. Fluid from wells produced up tubing and Delivered to disposal facility by pipeline
 Mostly water and some gas
2. Gas/water Separator
3. Gas Allocation Meter
4. Water Injection Pumps
5. Injection Well

Pump information: 84 FP 5.9 Cummins, Fuel Usage 17.52 MCFD

Attachment No. 8
Interest Ownership Notification
Dugan Production Corp.'s Application dated 11/20/15
Proposing the Addition of 8 Wells to
Dugan Production's Topaz Gas Gathering System

Presenting evidence that interest ownership in the Topaz Gas Gathering System and the 8 wells proposed to be added have been given notice of Dugan's application, attached is:

1. A copy of Dugan's transmittal letters dated 11/20/15 used to send copies of the subject application to all interest owners in all wells/locations being added to the Topaz Gas Gathering System under NMOCD Commingling Order PLC-223. Each overriding royalty interest owner was offered a copy of our application should they desire to receive one. Of the 8 wells/locations being added, Dugan Production will be the operator of all wells and holds 100% of the working interest in 7 of the 8 wells. Dugan shares working interest with Energen in the Irish Com #5. 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 8 wells/locations being added is all federal (8/locations). There is no state, Navajo allotted or fee royalty. Since the subject application is addressed to the Farmington Field Office of the Bureau of Land Management (for federal and Indian 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 Wednesday, November 18th, 2015 issue of the Farmington Daily Times regarding the subject application to add 8 wells/locations to Dugan's Topaz Gas Gathering System. This publication was made in anticipation that of the notice mailed to all 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.

November 20, 2015

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

To: Working Interest Owners (Address list attached)

Re: Dugan Production's Application dated 11/20/15
Proposed addition of 8 wells to Dugan's Topaz Gas Gathering System
San Juan County, New Mexico

Dear Ladies/Gentlemen:

According to our records, each of you has an interest in one or more of the wells that is either currently connected or proposed to be connected to Dugan's Topaz Gas Gathering System. Attached for your information and review is a complete copy of Dugan's application to the NMOCD, BLM and State Land Office (SLO), requesting their approvals to add 8 wells to the Topaz Gas Gathering System which currently has 50 wells approved for the system. This will require surface commingling of production from the subject wells, plus the sale of gas at a central delivery sales meter (CDP). Dugan Production will install, operate, and maintain the gathering system, central battery, and water disposal facilities and will pay all costs associated with this proposal. As a working interest owner in wells connected or to be connected to the Topaz Gas Gathering System, your only costs associated with the gathering system will be a fee charged for gathering, compression, and water disposal. You will not be billed for any costs associated with installing the gathering system (including the allocation meters) and water disposal facilities. Dugan Production's current company-wide gathering system fee is \$0.27/MMBTU, and our compression fee is \$0.09/MMBTU. These fees will be used until operating economics indicate the need for revisions.

This proposal will not affect your interest in these wells and should allow for optimum operations on Fruitland Coal wells that typically produce large volumes of water in association with the gas. Since produced water will be transported for disposal by pipeline and all wells producing water will share in disposal costs, the water disposal costs will be kept to a minimum. In addition, all wells will 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, which will allow all interest owners to recover more of the gas reserves from each well.

This matter does not require any action on your part. Current NMOCD regulations require that all interest owners (those in the existing system and those being added) receive notice of proposed additions to gathering systems. Included in Dugan's application is a request that for future additions to the gathering system, only the interest owners in the wells to be added will require notification provided that the proposed additions will not adversely affect the existing wells. This will greatly simplify adding wells to a gathering system and should not affect the interests previously authorized to operate on a gathering system. Should you have any questions, need additional information, 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 in Santa Fe, New Mexico 87505, and we would appreciate receiving a copy of your objection.

Sincerely,

Kevin Smaka
Production Engineer

KS/tmf

Attachments

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



dugan production corp.

November 20, 2015

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

To: Overriding Interest Owners (Address list attached)
Dugan Production Corp.'s Topaz Gas Gathering System

Re: Dugan Production's Application dated 11/20/15
Proposed addition of 8 wells to Dugan's Topaz Gas Gathering System
San Juan County, New Mexico

Dear Ladies/Gentlemen:

According to our records, each of you has an interest in one or more of the wells that is either currently connected or proposed to be connected to Dugan's Topaz Gas Gathering System. Attached for your information and review is a copy of Dugan's application to the New Mexico Oil Conservation Division (NMOCD), Bureau of Land Management (BLM) and State Land Office (SLO), requesting their approvals to add 8 wells to the Topaz Gas Gathering System which currently has 50 wells approved for the system. This will require surface commingling of production from the subject wells, plus the sale of gas at a central delivery sales meter (CDP). Dugan Production will install, operate, and maintain the gathering system, central battery, and water disposal facilities and will pay all costs associated with this proposal.

Since your interest in these wells is an overriding royalty interest, there are no costs chargeable to you and this proposal should not affect your interest in these wells. This proposal will however, allow for optimum operations on Fruitland coal wells that typically produce large volumes of water in association with the gas and since produced water will be transported for disposal by pipeline rather than truck, the water disposal costs will be kept to a minimum. In addition, all wells will 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, which will allow all interest owners to recover more of the gas reserves from each well.

This matter does not require any action on your part. Current NMOCD regulations require that all interest owners (those in the existing system and those being added) receive notice of proposed additions to gathering systems. Included in Dugan's application is a request that for future additions to the gathering system, only the interest owners in the wells to be added will require notification provided that the proposed additions will not adversely affect the existing wells. This will greatly simplify adding wells to a gathering system and should not affect the interests previously authorized to operate on a gathering system. Should you have any questions, need additional information, 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 in Santa Fe, New Mexico 87505, and we would appreciate receiving a copy of your objection.

Sincerely,

Kevin Smaka
Production Engineer

KS/tmf

Attachments

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

Topaz Gas Gathering System Interest Owners Address List

(wells with ownership interest in parentheses)

a = Alamo Com 90 & 90S; b = Bisti State 1 & 1S; c = Bisti State 90 & 90S; d = Cisco Com 90 & 90S; e = Cisco Com 91, 91R & 91S;
 f = Irish No. 2 & 3; g = Irish Com 5, 90 & 90S; h = Jeter 1, 1S, 3, 3S, 4, 4S, 5 & 5S; i = Patriot 1, 1S, 90, 90S, 91, 91S, 92, 92S, 93, 93S, 94 & 94S;
 j = Paul Revere 90, 90S, 91, 91S, 92, 92S, 93, 93S, 94 & 94S; k = Paul Revere Com 95 & 95S; l = Salge Federal A 5;
 m = Salge Federal A Com 90 & 90S, Com 91 & 91S; n = Salge Federal A 94 & 94S, o = Salge Federal A 95, 95S & 96

Working Interest Owners

Dugan Production Corp. (a thru o) P. O. Box 420 Farmington, NM 87499	Elizabeth H. Breazeale (a) 1726 Nacogdoches Rd. San Antonio, TX 78209	Estate of R.P. Brewer, III (a) 133 West Fair Oaks Place San Antonio, TX 78209
Betty Brewer Chumney (a) 624 Patterson Ave. San Antonio, TX 78209	Devon SFS Operating Inc. (k) 20 North Broadway Oklahoma City, OK 73102-8260	D.J. Simmons Company, LLC (k) 1009 Ridgeway Place, Suite 200 Farmington, NM 87401
Elm Ridge Exploration Co., LLC (a) 12225 Greenville Ave., Suite 950 Dallas, TX 75243-9362	Encana Oil & Gas (USA) Inc. (a) 370 17 th Street Denver, CO 80202	Energen Resources Corp. (f,g) 2198 Bloomfield Highway Farmington, NM 87401
India Brewer Guilbot (a) 6 Gallery Court San Antonio, TX 78209	Maralex Resources, Inc. (k) P. O. Box 338 Ignacio, CO 81137	Winifred Chumney Meaden (a) 336 Terrell Road San Antonio, TX 78209
Running Horse Production Co., LLC (k) P. O. Box 369 Ignacio, CO 81137	SG Interests III, Ltd. (k) 100 Waugh, Suite 400 Houston, TX 77007	

Royalty Interest Owners

Bureau of Land Management (a,d thru o) 6251 College Blvd., Suite A Farmington, NM 87402	State of New Mexico (b,c) P. O. Box 1148 Santa Fe, NM 87504-1148
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Overriding Royalty Interest Owners

Ann T. Barfield (k) P. O. Box 3101 Cedar Park, TX 78630	Norma J. Barton (k) P. O. Box 728 Hobbs, NM 88240	Roy G. Barton, Jr., Individually (k) 1919 N. Turner Hobbs, NM 88240
Roy G. Barton, Jr. (k) 1919 N. Turner Hobbs, NM 88240	Jean Burroughs (BAD ADDRESS) (b) 9350 Arroyo Lane Colorado Springs, CO 80908	Nan Burroughs (b) 200 Brook Place Boulder, CO 80302
Jane A. Downs (b) 12049 Arroyo Drive Santa Ana, CA 92705	Dugan Production Corp. (d,e,l,m,n) P. O. Box 420 Farmington, NM 87499	Marian Marye Fauntleroy (h) #2 Pine Forest Circle Houston, TX 77056
Fay's Trust (d,e,h,l,m,n,o) BAD ADDRESS 3641 Wakeforest Houston, TX 77098	Jan Ginther (d,e,h,l,m,n,o) 12215 Ravenmoor Drive Houston, TX 77077	Gourley Royalty Company, LLC (k) Barton Oil Producers 1919 N. Turner Hobbs, NM 88240
Hawthorne Oil Company (f) c/o Black Stone Minerals Company 1001 Fannin, Suite 2020 Houston, TX 77002	Huddleston Mineral Interest (k) Todd Huddleston, Trustee 817 N. Gray Street Caldwell, TX 77836	Lonesome Dove Petroleum Co. (k) Dept. of Justice, GERS Complex, 2 nd Floor 3438 Kronprindsens Gade St. Thomas, VI 00802
Maralex Resources, Inc. (k) P. O. Box 338 Ignacio, CO 81137	Karen Marchman (b) 9350 Arroyo Lane Colorado Springs, CO 80908	Nolan B. Marye, Jr. (h) 140 Reese Run St. Montgomery, TX 77401
Robert L. Marye, Sr. (h) 904 Harmony Hill Dr. Luftkin, TX 75901	Marilyn F. Menaso Trust (i) 7714 Stueben Way Stockton, CA 95207	Nobie C. Ginther Oil & Gas Co., Inc. (d,e,h,l,m,n,o) 110 Marrakech Bellaire, TX 77401
Marilyn Ginther Orr (d,e,h,l,m,n,o) 2711 Mountain Laurel Dr. Austin, TX 78703	Petrojarl, Inc. (b,c) P. O. Box 820467 Houston, TX 77282-0467	QEP Energy Co. (j,k) P. O. Box 45601 Salt Lake City, UT 84145-0601
Ellen Ginther Reifslager (d,e,h,l,m,n,o) c/o First National Bank P. O. Box 470	Schelro, Ltd. (b,c) P. O. Box 62490 San Angelo, TX 76906	Virginia M. Sharman (h) 2640 Centenary Dr. Houston, TX 77005
Margaret Todd Sherrill (k) 4920 North Carriage Hobbs, NM 88240-9757	Margaret Todd & (k) Thomas E. Todd, Jointly 4920 North Carriage Hobbs, NM 88240-9757	Southland Royalty Co., LLC (i) 400 West 7 th Street Fort Worth, TX 76102
Summit Oil Co., LLC (f,g) P. O. Box 370927 Denver, CO 80237	Sarah A. Thompson, LRT (k) 3100 S. Juniper Place Broken Arrow, OK 74012	Harry L. Todd, Jr. (k) 14017 Tanglewood Circle Dallas, TX 75234
Raymond L. Todd (k) 1107 Shawnee Trail Carrollton, TX 75007	Tommy T. Todd (k) P. O. Box 601556 Dallas, TX 75360	Virginia Moore Todd Trust (k) c/o Thomas M. Moore, co-trustee Dallas, TX 75225
W. L. Todd Jr., Unified Credit Trust (k) BAD ADDRESS P. O. Box 25449 Dallas, TX 75225	Rosanne Van Dorn (d,e,h,l,m,n,o) 101 Westcott #1006 Houston, TX 77007	Belinda Burroughs Wilson (b) 4037 S. Wisteria Way Denver, CO 80237
Virginia F. Zobeck, Trust (f) P. O. Box 53186 Lubbock, TX 79453		

Please place in the legal ads for the Wednesday, November 18th, 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) and the New Mexico State Land Office (NMSLO), for regulatory approvals to add 8 existing wells to Dugan Production's Topaz Gas Gathering System (TGGS). 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 the existing NMOCD surface commingling order, PLC-223, be amended to allow future gathering system additions following notice only to the interest owners 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 Sections 10, 11, 15, 22, 23, 25, 26, 27, 28, 29, 33, 34, 35 & 36 of Township 26N, Range 13W, plus Sections 1, 2, 3 & 4 of Township 25N, Range 13W all located in San Juan County, New Mexico. The central delivery gas sales meter (CDP) is located in the NWSE (Unit J) of Section 25, T-26N, R-13W and delivers gas to Enterprise Field Services at their meter No. 97690. The gathering system currently has 50 wells authorized, 48 of which are completed in the Basin Fruitland Coal gas pool, and 2 in the WAW Fruitland Sand-Pictured Cliffs gas pool. The 8 wells to be added are all completed in the Basin Fruitland Coal gas pool. All wells (existing and to be added) are operated by Dugan Production Corp. and are located upon, or the spacing units include the following leases held by Dugan Production Corp.; Federal Leases NM-10757, NM-17781, NM-33027, NM-76866, SF-078091, SF-078155, NM-57580, SF-078156, SF-078156-A; and State Leases E-3148-2, E-4500, E-4501, E-9707, LG-3734. There are no Indian leases on the TGGS. The wells to be added are: Dugan Production's Patriot 1 & 1S, Patriot 94 & 94S, Salge Federal A 5, Salge Federal A 96, Irish Com 5 and Cisco Com 91R. The 50 wells currently authorized for the TGGS currently average 33 mcf/d per well and range from 1.5 to 88 mcf/d per well. The wells to be added produce natural gas volumes similar to the wells currently authorized for the TGGS. 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
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

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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JUN 27 2013

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

Farmington Field Office
AMENDED REPORT
Bureau of Land Management

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 36-045-35183	² Pool Code 71629	³ Pool Name Basin Fruitland Coal
⁴ Property Code 131089	⁵ Property Name CISCO COM	⁶ Well Number 91R
⁷ OGRID No. 6515	⁸ Operator Name DUGAN PRODUCTION CORPORATION	⁹ Elevation 6288

" Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	34	26 N	13 W		2200	SOUTH	1500	WEST	SAN JUAN

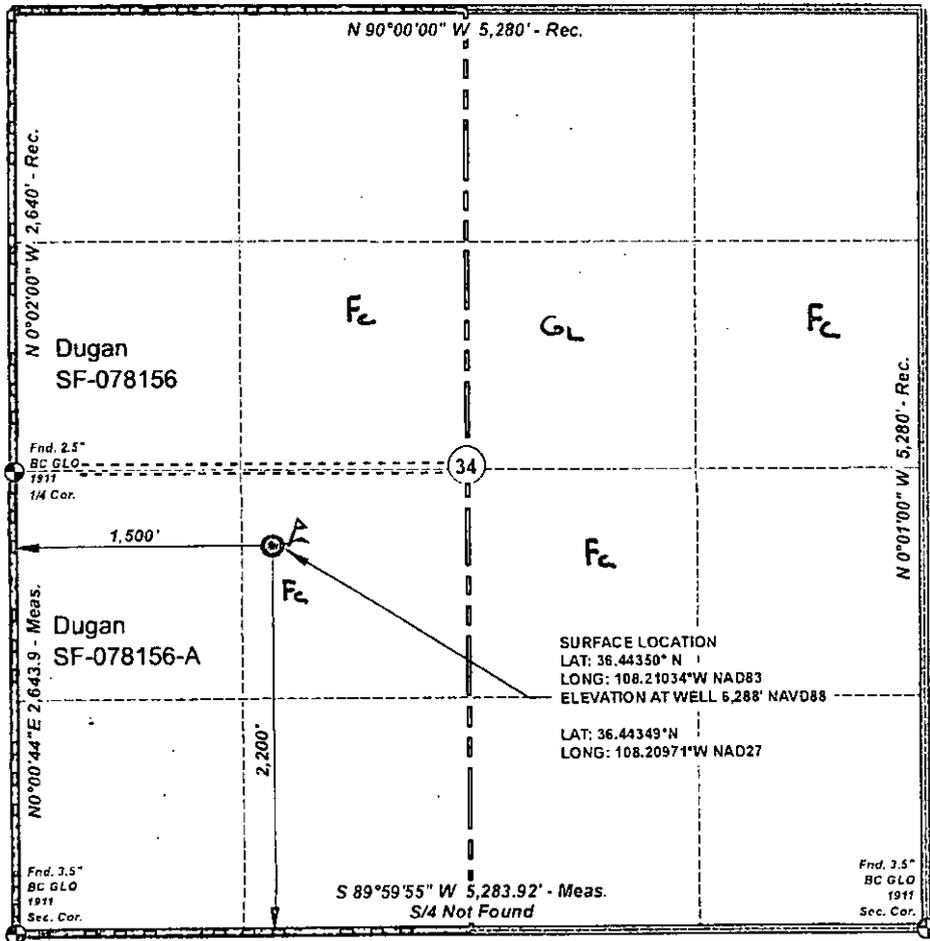
" Bottom Hole Location If Different From Surface

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

¹² Dedicated Acres 320.34 W/2 30 am	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
--	-------------------------------	----------------------------------	-------------------------

RCVD OCT 15 '14
OIL CONS. DIV.
DIST. 3

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 released 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.

Kurt Fagrelus 3/4/2013
Signature Date

Kurt Fagrelus

Printed Name

kfagrelus@duganproduction.com

E-mail Address

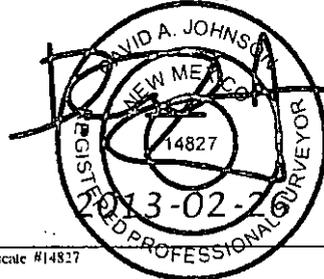
" SURVEYOR CERTIFICATION

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.

Feb 11, 2013

Date of Survey

Signature and Seal of Professional Surveyor:



Certificate #14827

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
1120 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

Form C-102
Revised October 15, 2009
Submit one copy to appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-045-33724		2 Pool Code 71629		3 Pool Name Basin Fruitland Coal	
4 Property Code 028965		5 Property Name Irish Com			6 Well Number 5
7 OGRID No. 006515		8 Operator Name Dugan Production Corp.			9 Elevation 6126'

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
M	11	26N	13W		1100.	South	660	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.	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				<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, 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 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.</p> <p><i>John Alexander</i> 2/20/10 Signature Date</p> <p>John Alexander Printed Name</p>
Section 11				
Energen NM-57580		Dugan Prod. NM-10757		<p>18 SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>Original Survey dated April 5, 2006</p> <p>Date of Survey _____ Signature and Seal of Professional Surveyor _____</p> <p>Original Survey signed by Jason C. Edwards Certificate Number 15269</p>
660'		Dugan Prod. NM-10757		
1100'		Energen NM-57580		

Submit to appropriate
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State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

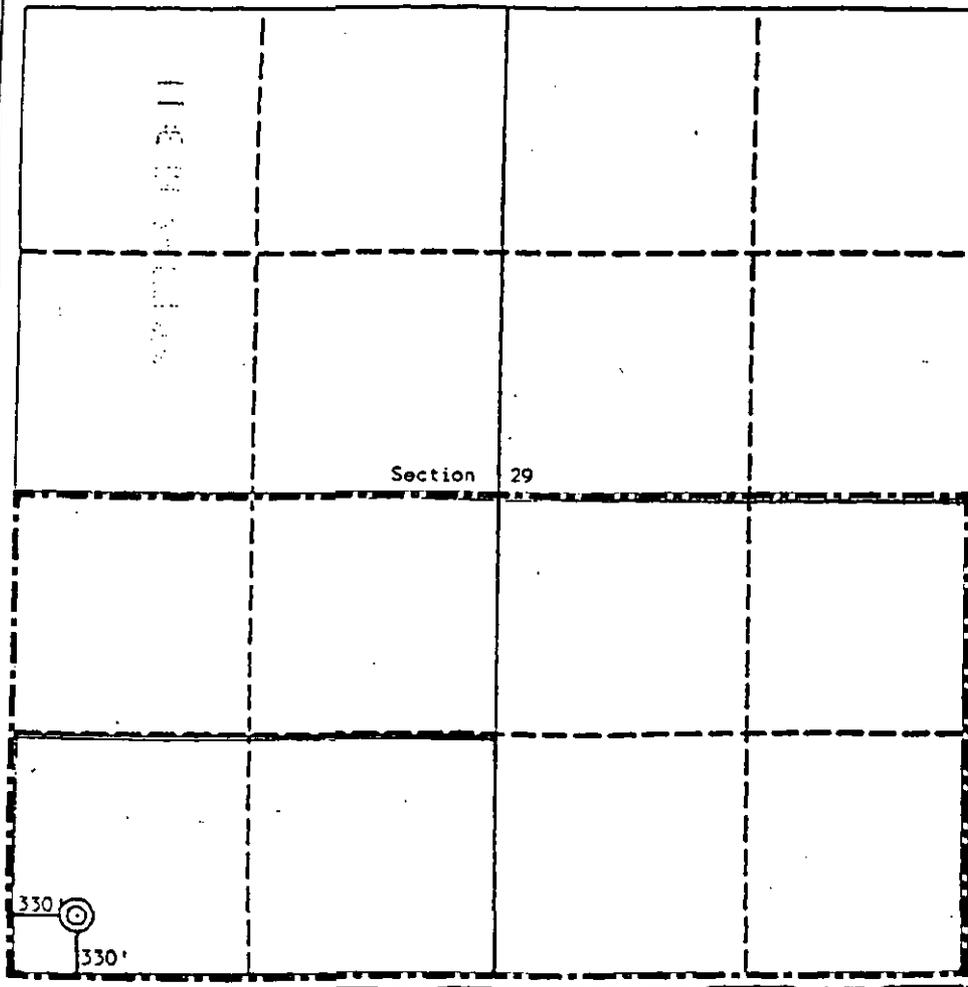
Operator Dugan Production Corporation			Lease Patriot			Well No. 1		
Unit Letter M	Section 29	Township 26 North	Range 13 West	County NM/PM San Juan				
Actual Footage Location of Well: 330 feet from the South line and 330 feet from the West line								
Ground level Elev. 6910	Producing Formation Fruitland Coal			Pool Basin Fruitland Coal			Dedicated Acreage: S/2-320 Acres	

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

Yes No If answer is "yes" type of consolidation _____

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

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, force-pooling, or otherwise) or until a non-standard unit, alienating such interest, 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.

Signature: *Sherman E. Dugan*

Printed Name: Sherman E. Dugan

Position: Vice-President

Company: Dugan Production Corp.

Date: 4-17-91

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 knowledge and belief.

Date Surveyed: February 14, 1991

Signature & Seal of Professional Surveyor: *Edgar L. Risenhoover*

Edgar L. Risenhoover, P.S.

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

District II
PO Drawer 00, Artesia, NM 88211-0719

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

District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

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

Form C-112
Revised February 21, 1994
Instructions on back
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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30015 37029		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code 13898	*Property Name PATRIOT		*Well Number 15
*GRID No. 006515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 6354'

¹⁰ Surface Location

U.L. or lot no.	Section	Township	Range	Lot Ion	Feet from the	North/South line	Feet from the	East/West line	County
P	29	26N	13W		790	SOUTH	790	EAST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

U.L. or lot no.	Section	Township	Range	Lot Ion	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

<p>¹⁶</p> <p style="text-align: center;">29 DUGAN 100% SF-078091</p>	<p>¹⁷ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p style="text-align: center;"><i>Kurt Fagrelius</i></p> <p>Signature Kurt Fagrelius</p> <p>Printed Name Geologist</p> <p>Title 12/01/2003</p> <p>Date</p>
	<p>¹⁸ SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>Survey Date: NOVEMBER 28, 2003</p> <p>Signature and Seal of Professional Surveyor</p> <div style="text-align: center;"> <p>JASON C. EDWARDS Certificate Number 15269</p> </div>

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

District II
PO Drawer DD, Artesia, NM 88211-0719

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

District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

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

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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-32989		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code 13898	*Property Name PATRIOT		*Well Number 94
*GRID No. 005515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 6385'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Ion	Feet from the	North/South line	Feet from the	East/West line	County
A	29	26N	13W		970	NORTH	660	EAST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ion	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

	<p>¹⁷ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Kurt Fagrelus</i> Signature</p> <p>Kurt Fagrelus Printed Name</p> <p>Geology Title</p> <p>February 5, 2005 Date</p>
	<p>¹⁸ SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>Survey Date: DECEMBER 6, 2004</p> <p>Signature and Seal of Professional Surveyor</p> <p>JASON C. EDWARDS Certificate Number 15269</p>

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

District II
PO Drawer 00, Artesia, NM 88211-0719

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

District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

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

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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-32988		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code 13898	*Property Name PATRIOT		*Well Number 94S
*GRID No. 006515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 6538

¹⁰ Surface Location

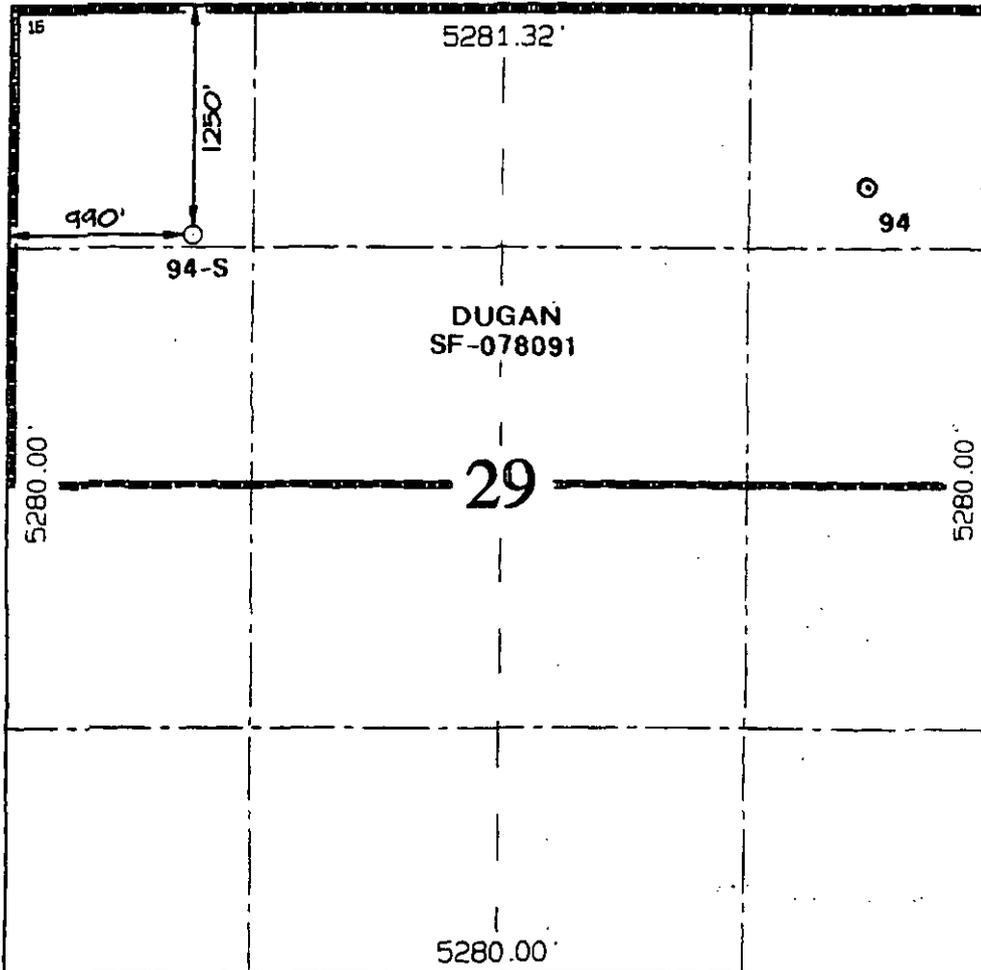
U. or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	29	26N	13W		1250	NORTH	990	WEST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

U. 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 - (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



¹⁷ OPERATOR CERTIFICATION

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

Kurt Fagrelius
Signature

Kurt Fagrelius

Printed Name: Geology

Title: February 5, 2005

Date

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.

Survey Date: SEPTEMBER 20, 2004

Signature and Seal of Professional Surveyor



JASON C. EDWARDS
Certificate Number 15269

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

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Revised June 10, 2003
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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-28578	² Pool Code 71629	³ Pool Name Basin Fruitland Coal
⁴ Property Code	⁵ Property Name Salge Federal A	
⁷ OGRID No. 006515	⁶ Operator Name Dugan Production Corp	⁸ Well Number 5
		⁹ Elevation 6,390' GR

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	33	26N	13W		1,730'	South	595'	West	San Juan

¹¹ Bottom Hole Location If Different From Surface

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

¹² Dedicated Acres 320	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
---	-------------------------------	----------------------------------	-------------------------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

¹⁶ 	¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i> Signature Darrin Steed Printed Name Petroleum Engineer Darrinsteed@duganproduction.com Title and E-mail Address October 18, 2005 Date			
	¹⁸ SURVEYOR CERTIFICATION <i>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.</i>			
	Date of Survey Signature and Seal of Professional Surveyor: Original signed by Edgar L Risenhoover, L.S.			
	5979 Certificate Number			

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

District II
PO Drawer DD, Artesia, NM 88211-0719

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

District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

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

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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30065-32039		Pool Code 71629	Pool Name BASIN FRUITLAND COAL
Property Code 3825	Property Name SALGE FEDERAL A		Well Number 96
DGRID No. 006515	Operator Name DUGAN PRODUCTION CORPORATION		Elevation 6320

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
F	33	26N	13W		1850	NORTH	1895	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 - (W/2)	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
--	-------------------------------	----------------------------------	-------------------------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>DUGAN 100% GWI</p> <p>5278.68'</p> <p>1850'</p> <p>1895'</p> <p>5280.00'</p> <p>33</p> <p>SF-078156</p> <p>5280.00'</p>	<p>¹⁷ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p><i>Kurt Fagrelius</i></p> <p>Signature</p> <p>Kurt Fagrelius</p> <p>Printed Name</p> <p>Geologist</p> <p>Title</p> <p>11/28/2003</p> <p>Date</p>
	<p>¹⁸ SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>Survey Date: NOVEMBER 21, 2003</p> <p>Signature and Seal of Professional Surveyor</p> <p>JASON C. EDWARDS</p> <p>Certificate Number 15269</p>

AFFIDAVIT OF PUBLICATION

Ad No. 72131

**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):

Wednesday, November 18, 2015

And the cost of the publication is \$115.97

[Signature]

ON 11/24/15 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) and the New Mexico State Land Office (NMSLO), for regulatory approvals to add 8 wells to Dugan Production's Topaz Gas Gathering System (TGS). 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 the existing NMOCD surface commingling order, PLC-223, be amended to allow future gathering system additions following notice only to the interest owners 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 Sections 10, 11, 15, 22, 23, 25, 26, 27, 28, 29, 33, 34, 35 & 36 of Township 26N, Range 13W, plus Sections 1, 2, 3 & 4 of Township 25N, Range 13W, all located in San Juan County, New Mexico. The central delivery gas sales meter (CDP) is located in the NWSE (Unit 1) of Section 25, T-26N, R-13W and delivers gas to Enterprise Field Services at their meter No. 97690. The gathering system currently has 50 wells authorized, 48 of which are completed in the Basin Fruitland Coal gas pool and 2 in the WAW Fruitland Sand-Pictured Cliffs gas pool. The 8 wells to be added are all completed in the Basin Fruitland Coal gas pool. All wells (existing and to be added) are operated by Dugan Production Corp. and are located upon or the spacing units include the following leases held by Dugan Production Corp.: Federal Leases NM-10757, NM-17781, NM-33027, NM-57580, NM-76866, SF-078091, SF-078155, SF-078156, SF-078156-A, and State Leases E-3148-2, E-4500, E-4501, E-9707, LG-3734. There are no Indian leases on the TGS. The wells to be added are: Dugan Production's Patriot 1 & 1S, Patriot 94 & 94S, Salge Federal A 5, Salge Federal A 96, Irish Com 5 and Cisco Com 91R. The 50 wells currently authorized for the TGS currently average 33 mcf/d per well and range from 1.5 to 88 mcf/d per well. The wells to be added produce natural gas volumes similar to the wells currently authorized for the TGS. 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.

Legal No. 72131 published in The Daily Times on November 18, 2015.



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

COMMINGLING ORDER PLC-223

Dugan Production Corp.
P.O. Box 420
Farmington, New Mexico 87499-0420

Attention: Mr. John Roe

The New Mexico Oil Conservation Division (OCD) hereby authorizes Dugan Production Corporation (Dugan) to surface commingle Basin-Fruitland Coal (Gas 71629) and WAW-Fruitland Sand Pictured Cliffs (Gas 87190) Pool gas production from the spacing units and wells as detailed on Attachment 1 – all located within Townships 25 or 26 North, Range 13W, NMPM, San Juan County, New Mexico. Existing and future wells within these approved spacing units are hereby approved for surface commingling.

Continuous gas allocation meters shall be installed - at least one (1) meter measuring production from each area of common ownership or "lease". These meters shall be regularly calibrated for accuracy. Each lease's gas sales, production, and BTU values shall be calculated using data collected from allocation rate meters, total CDP sales, lost gas, fuel gas, and periodic BTU tests. Compressor fuel gas usage shall be calculated for each lease based on that lease's ratio of the total of all the allocation meters feeding that compressor.

For reporting purposes, individual well production numbers shall be calculated from the lease totals using periodic well tests.

Liquids shall not be commingled. The measurement and sales point for commingled gas may occur off lease.

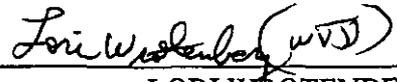
NOTE: This installation shall be installed and operated in accordance with the applicable provisions of Rule 309-B of the Division Rules and Regulations and the Division "Manual for the Installation and Operation of Commingling Facilities." It is the responsibility of the producer to notify the transporter of this commingling authority.

REMARKS: The commingled production shall be delivered to the El Paso Field Services Company CDP meter located in the NW/4 SE/4 of Section 25, Township 26 North, Range 13 West, NMPM, San Juan County, New Mexico.

FURTHER: The operator shall notify the Aztec district office of the Division prior to implementation of the commingling process.

*Administrative Order PLC-223
Dugan Production Corporation
March 19, 2003
Page 2 of 4*

DONE at Santa Fe, New Mexico, on this 19th day of March 2003.



LORI WRÖTENBERY,
Division Director

LW/wvjj

Attachment

cc: Oil Conservation Division – Aztec
U.S. Bureau of Land Management – Farmington
State Land Office – Oil and Gas Division



Aubrey Dunn
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

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COMMISSIONER'S OFFICE

Phone (505) 827-5760
Fax (505) 827-5766
www.nmstatelands.org

November 30, 2015

Dugan Production Corporation
P.O. Box 420
Farmington, New Mexico 87499-0420

Attention: Mr. Kevin Smaka

Re: Request to Add 8 Wells to Topaz Gas Gathering System
Surface Commingle and for the Off-Lease Measurement/Sale of produced natural gas
Cisco Com 91R API #30-045-35483
Irish Com 5 API #30-045-33724
Patriot 1 API #30-045-28579
Patriot 1S API #30-045-32029
Patriot 94 API #30-045-32989
Patriot 94S API #30-045-32988
Saige Federal A 5 API #30-045-28578
Saige Federal A 96 API #30-045-32039
Basin Fruitland Coal Pool (71629) & WAW Fruitland Sand PC (GAS) Pool (87190)
San Juan County, New Mexico

Dear Mr. Smaka:

We are in receipt of your application requesting to surface commingle and off lease storage of natural gas in San Juan County, New Mexico at the Topaz Gas Gathering System.

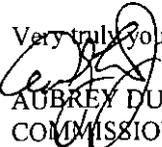
Since it appears that all the New Mexico Oil Conservation Division's rules and regulations have been complied with, and there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request is hereby approved. Our approval is subject to like approval by the New Mexico Oil Conservation Division. Please submit a copy of the NMOCD's approval to this office.

Our approval does not constitute the granting of any right-of-way or construction rights not granted by the lease instrument.

Your \$30.00 dollar filing fee has been received. When you provide a check as payment, you authorize the State of New Mexico to either use information from your check to make a one-time electronic fund transfer from your account or to process the payment as a check transaction.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,


AUBREY DUNN
COMMISSIONER OF PUBLIC LANDS

AD/sk
cc: Reader File,
OCD-Mr. Daniel Sanchez