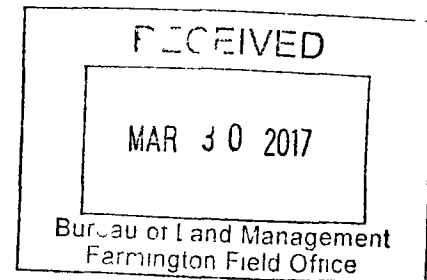


# dugan production corp

2017 H-1-b

March 30 2017

Ms Marilyn Gruebel  
Units Manager – Oil and Gas Division  
New Mexico State Land Office  
310 Old Santa Fe Trail  
P O Box 1148  
Santa Fe New Mexico 87504



Mr Dave Mankiewicz  
Assistant Field Manager - Minerals  
Bureau of Land Management  
6251 College Blvd Suite A  
Farmington New Mexico 87402

Re 2017 Plan of Development PGA Unit  
San Juan County New Mexico

Dear Ms Gruebel and Mr Mankiewicz

As of November 4 2016 Dugan Production Corp became the successor Unit Operator for the PGA Fruitland Coal Unit in San Juan County New Mexico With this letter Dugan Production Corp is hereby submitting the attached 2017 Plan of Development for the PGA Fruitland Coal for your review and approval

If you have any questions or require additional information please contact me

Sincerely

Kurt Fagrelus  
Vice President – Land and Exploration  
Dugan Production Corp

**Approval of this POD  
does not constitute  
approval of specific APD's**

**Dugan Production Corp  
PGA Fruitland Coal Unit  
2017 Plan of Development  
San Juan County, New Mexico**

The following is the Dugan Production Corp 2017 Plan of Development and 2016 Summary of Operations for the PGA Fruitland Coal Unit

**2017 Plan of Development**

Submit applications, permit and construct a gathering system to transport produced gas and water from future and existing wells in the PGA Unit to a centralized gas compression and sales meter and water collection and disposal facility Perforate and fracture stimulate the PGA 16 #2, connect it to the gathering system and establish gas sales from the unit Run cased hole logs on the PGA 2 #4 and PGA 34 #3 Evaluate existing unit wells and acreage for future completions, pipeline connections and new locations to drill ✓<sub>ok so</sub>

**2016 Summary of Operations**

Dugan Production Corp (Dugan) assumed operations of the PGA Fruitland Coal Unit on November 4, 2016 Surveys were conducted to permit and construct pipelines to transport produced gas and water from the unit to an existing gathering system for gas sales and water disposal (PGA 16 #2 and PGA Interconnect to the "Sesame Street Gathering System") (Exhibit 1)

**A Geologic Maps and Land Plats**

The current geologic interpretation map and cross-section are shown in (Exhibit 2 and 3)

**B Performance Graph**

As of this date there has not been any gas production or sales from the unit

**C Major Well Changes**

There are not any major well changes to report

**D Status of Unit Wells**

The status of all unit wells is shown in Exhibit 4

**Approval of this POD  
does not constitute  
approval of specific APD's**

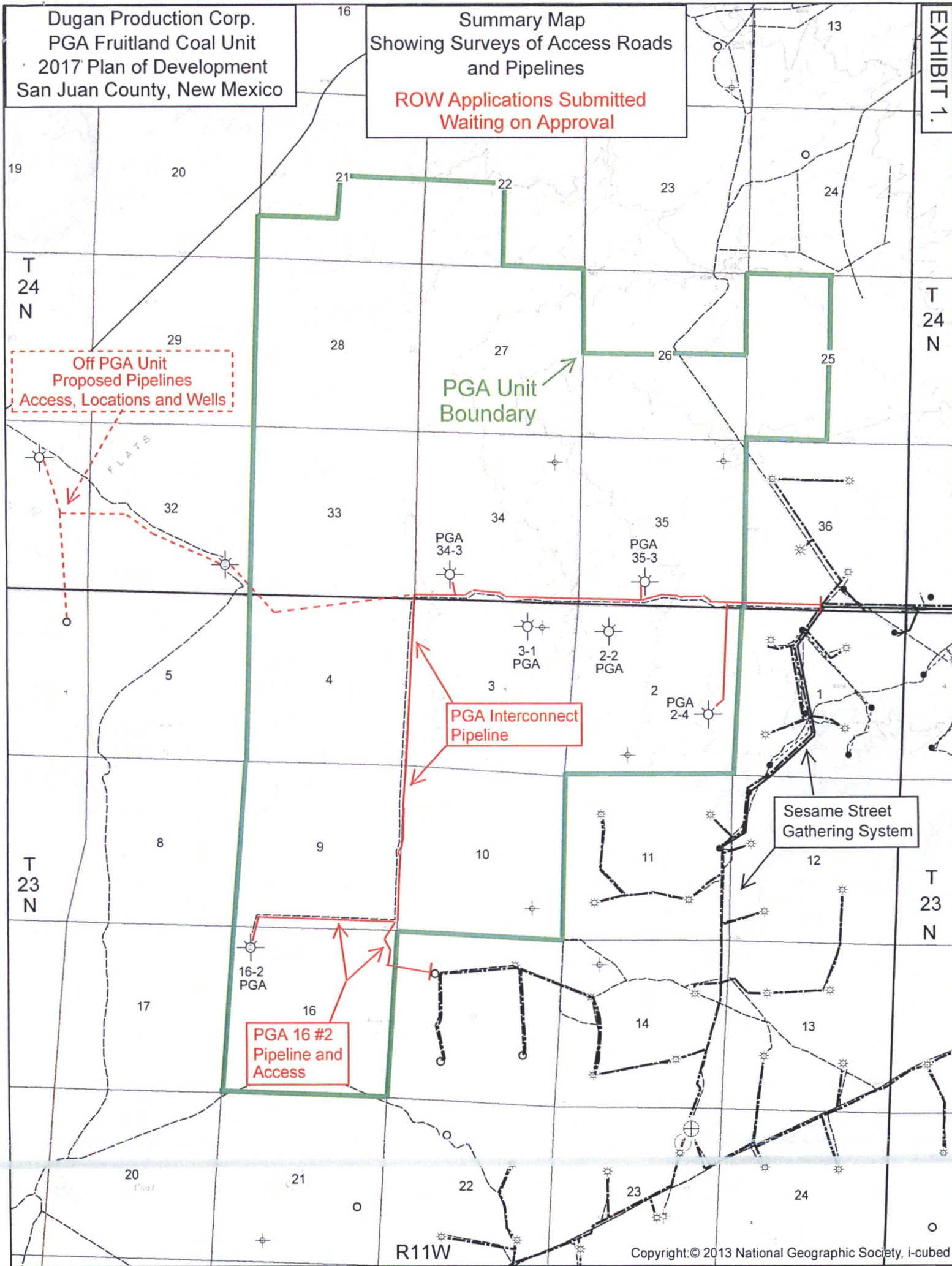
*Dave Mankiewicz*  
4/3/17

Dugan Production Corp.  
PGA Fruitland Coal Unit  
2017 Plan of Development  
San Juan County, New Mexico

Summary Map  
Showing Surveys of Access Roads  
and Pipelines

ROW Applications Submitted  
Waiting on Approval

EXHIBIT 1.

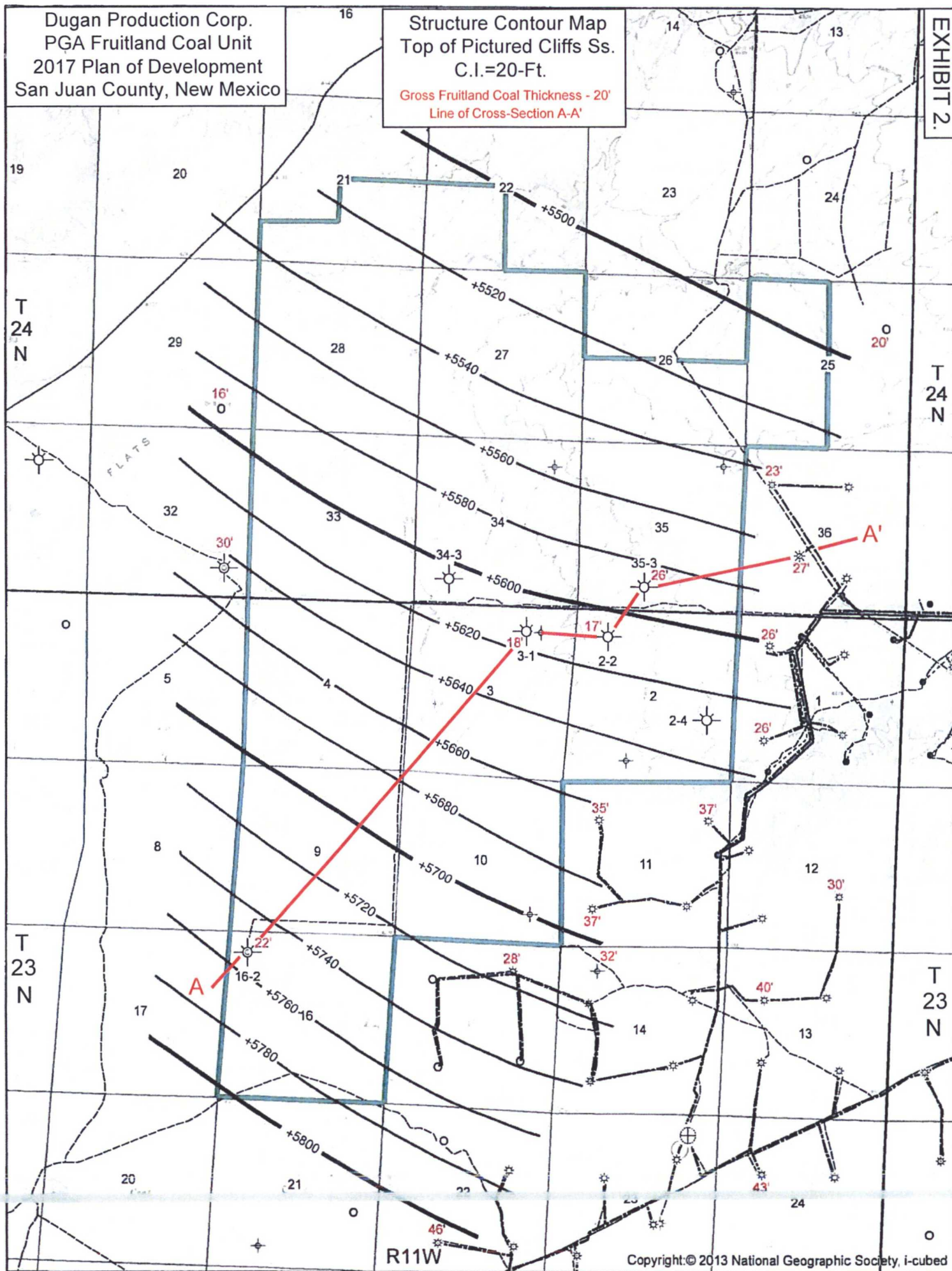


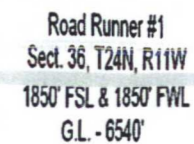
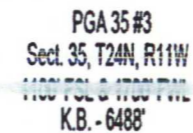
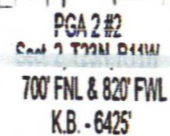
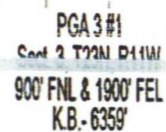
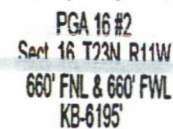
Dugan Production Corp.  
PGA Fruitland Coal Unit  
2017 Plan of Development  
San Juan County, New Mexico

Structure Contour Map  
Top of Pictured Cliffs Ss.  
C.I.=20-Ft.

Gross Fruitland Coal Thickness - 20'  
Line of Cross-Section A-A'

EXHIBIT 2.





**EXHIBIT 4**

**Dugan Production Corp  
PGA Fruitland Coal Unit  
2017 Plan of Development  
San Juan County, New Mexico**

**Status of All PGA Unit Wells**

Well Name	Location	Spud Date	TD	Coal Th	Perforations	Completion
Existing						
PGA 2 #2	NWNW Sect 2 T23N R11W	6/23/2008	1044	17	Fruit 781 817	1 000 gls 15% HCL acid Frac w/100 200 lb sand
PGA 2 #4	NESE Sect 2 T23N R11W	12/16/2014	1117	No Logs	No Perfs	No Frac
PGA 3 #1	NWNE Sect 3 T23N R11W	11/5/2012	885	18	No Perfs	No Frac
PGA 16 #2	NWNW Sect 6 T23N R11W	7/15/2008	1865	22	Menefee 1407 1211	1000 gls 15% HCL TA d w/7 cf cmnt above CIBP @ 1160
					Fruitland No Perfs	Fruitland No Frac
PGA 34 #3	SWW Sect 34 T24N R11W	12/30/2014	830	No Logs	No Perfs	No Frac
PGA 35 #3	SESW Sect 35 T24N R11W	11/30/2012	1025	26	No Perfs	No Frac
Proposed						
PGA 25 #2	NWNW Sect 25 T24N R11W	W/O Permit				