

State of New Mexico  
Energy, Minerals and Natural Resources Department

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**Susana Martinez**  
Governor

**Ken McQueen**  
Cabinet Secretary

**Matthias Sayer**  
Deputy Cabinet Secretary

**Heather Riley, Division Director**  
Oil Conservation Division



December 12, 2018

**AMENDED APPLICATION**  
Surface Commingling Order PLC-542

Dugan Production Corporation  
Attention: Ms. Tyra Feil

Pursuant to your application received on November 21, 2018, Dugan Production Corporation (OGRID 6515) is hereby authorized to surface commingle gas production and off lease-measure from the following pools located in Township 26 North, Range 13 West, NMPM, San Juan County, New Mexico;

|                             |         |
|-----------------------------|---------|
| BASIN FRUITLAND COAL (GAS)  | (71629) |
| WAW FRUITLAND SAND PC (GAS) | (87190) |

and from the following diversely owned federal wells and leases in said Section, Township, and Range in San Juan County, New Mexico.

|              |   |                  |
|--------------|---|------------------|
| Lease:       | Federal Communitization Agreement NMNM 103090   |                  |
| Description: | Lot 1/ Unit A, Lot 2/ Unit B, Lot 3/ Unit C, Lot 4/ Unit D, and S/2 N/2 (N/2 equivalent) of Section 3 |                  |
| Wells:       | Kingfish Com Well No. 90  | API 30-045-29832 |
|              | Kingfish Com Well No. 90S   | API 30-045-32987 |
| Pool:        | Basin Fruitland Coal (Gas)  |                  |
| Lease:       | Federal Lease NMNM 37912  |                  |
| Description: | Lot 1/ Unit A, Lot 2/ Unit B, and S/2 NE/4 (NE/4 equivalent) of Section 3                             |                  |
| Well:        | Kingfish Well No. 1   | API 30-045-24235 |
| Pool:        | WAW Fruitland Sand PC (Gas)   |                  |
| Lease:       | Federal Lease NMNM 11775  |                  |
| Description: | Lot 1/ Unit A, Lot 2/ Unit B, S/2 NE/4, and SE/4 (E/2 equivalent) of Section 4                        |                  |
| Well:        | Ross Federal Well No. 1   | API 30-045-22484 |
| Pool:        | WAW Fruitland Sand PC (Gas)   |                  |
| Lease:       | Federal Communitization Agreement NMNM 76191  |                  |
| Description: | Lot 3/ Unit C, Lot 4/ Unit D, and S/2 NW/4 (NW/4 equivalent) of Section 5                             |                  |
| Well:        | Kirby Federal Well No. 1  | API 30-045-22143 |
| Pool:        | WAW Fruitland Sand PC (Gas)   |                  |

The commingled gas production from the wells detailed above shall be measured and sold at the gatherer's meter located in Unit H of Section 3, Township 26 North, Range 13 West, NMPM, San Juan County, New Mexico.

Production from the subject wells shall be determined as follows:

The gas production from each of the wells shall be measured separately before commingling at the gatherer's meter.

The allocation meters shall be calibrated quarterly in accordance with Division Rule 19.15.12.10.C (2) NMAC.

This installation shall be installed and operated in accordance with the applicable Division Rules and Regulations.

This approval is subject to like approval from Bureau of Land Management before commencing commingling operations.

Subsequently drilled wells that produce from the subject pool within the horizontal spacing units approved by this order may be added to this commingling authority by submittal of a Sundry Notice to the Engineering Bureau in Santa Fe.

For future additions of wells, leases, and pools to this commingling operation, notice shall only be given to those interest owners in the wells, leases or pools to be added, in accordance with Division Rule 19.15.12.10 C (4) (g) NMAC.

This administrative application supersedes Administrative Order PLC-287, issued on February 20, 2007. This administrative order adds the wells and leases in Section 4 and Section 5.

The Operator shall notify the transporter of this commingling authority and the Aztec District Office prior to implementation of commingling operations.

  
**HEATHER RILEY**  
**Director**

HR/mam

cc: Oil Conservation Division District Office – Aztec  
Bureau of Land Management – Farmington

|                         |                  |              |                             |
|-------------------------|------------------|--------------|-----------------------------|
| RECEIVED:<br>11/21/2018 | REVIEWER:<br>MAM | TYPE:<br>PLC | APP NO:<br>PMAm 18325 51903 |
|-------------------------|------------------|--------------|-----------------------------|

ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**  
 - Geological & 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

**Applicant:** Dugan Production Corp. **OGRID Number:** 006515  
**Well Name:** Kingfish Gathering System **API:** \_\_\_\_\_  
**Pool:** \_\_\_\_\_ **Pool Code:** \_\_\_\_\_

**SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW**

**1) TYPE OF APPLICATION:** Check those which apply for [A]

A. Location – Spacing Unit – Simultaneous Dedication

☐ NSL ☐ NSP (PROJECT AREA) ☐ NSP (PRORATION UNIT) ☐ SD

B. Check one only for [I] or [II]

[I] Commingling – Storage – Measurement

☐ DHC ☐ CTB ☒ PLC ☐ PC ☐ OLS ☐ OLM

[II] Injection – Disposal – Pressure Increase – Enhanced Oil Recovery

☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

**2) NOTIFICATION REQUIRED TO:** Check those which apply.

- A. ☐ Offset operators or lease holders  
 B. ☒ Royalty, overriding royalty owners, revenue owners  
 C. ☒ Application requires published notice  
 D. ☐ Notification and/or concurrent approval by SLO  
 E. ☒ Notification and/or concurrent approval by BLM  
 F. ☐ Surface owner  
 G. ☐ For all of the above, proof of notification or publication is attached, and/or,  
 H. ☐ No notice required

**FOR OCD ONLY**

- ☐ Notice Complete  
☐ Application Content Complete

- 3) 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

Signature

11/17/2018

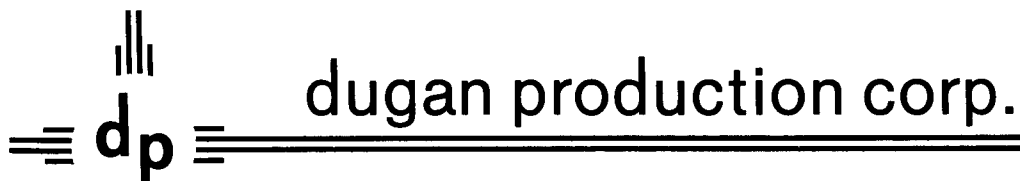
Date

505-325-1821

Phone Number

kevin.smaka@duganproduction.com

e-mail Address



November 19, 2018

Ms. Heather Riley, Director  
New Mexico Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, NM 87505

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

Re: Application consolidate Dugan's Ross and Kingfish Gas Gathering Systems, surface commingle and for the Off-Lease Measurement/sale of produced natural gas at Dugan Production's combined Kingfish Gas Gathering System  
San Juan County, New Mexico

Dear Ms. Riley and Ms. Barr,

We are writing to request your administrative approvals to combine Dugan's Kingfish and Ross gathering systems that requires approval for the surface commingling, off-lease measurement and sale of natural gas produced from 4 existing and approved wells. Gas will be allocated to each well by allocation meters located at each well. Since all minerals are Federal the FMP will be located at the Kingfish CDP. Once AFMSS II is able Dugan will submit the needed paperwork to apply for an FMP # for that lease. NMOCD Form 107-B is attached with this application. A summary presenting the wells and production for each pool is presented on Attachment No. 4. Gas sales for the Kingfish Gathering System will occur at Enterprise meter 98208, located in the SENE quarter of Section 3, T-26N, R-13W. We are also requesting the NMOCD include a provision in their order that for future additions to the KFGS, 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 RGS was obtained by DPC in 2015. Upon review of NMOCD records it was determined that Running Horse LLC had not acquired the necessary approvals to commingle production or conduct off-lease measurement. Currently there are 2 wells producing and selling natural gas within the RGS. Production currently averages a total of 94 mcf/d for an overall average of 47 mcf/d per well. Well production ranges from 26 to 68 mcf/d. Individual well production for the RGS is presented on Attachment No. 2 and a summary of pool production is presented on Attachment No. 4

The Kingfish Gathering System was originally formed in 2006 when gas from the Kingfish #90 and #90S were commingled. One year later the Kingfish #1 was connected to the system and gas from the Kingfish #1, #90 and #90S were commingled.

A description of each attachment has been included for clarity and informational purposes:

**Attachment No. 1** presents a map of the gathering system with the wells and proposed locations to be added highlighted in blue. In addition, Dugan Production's leases are also presented. Dugan Production wells are considered to be marginal producers. The gathering system has one central delivery gas sales meter, meter no. 98208, located in the SENE quarter of section 3, T-26N, R-13W. The meter delivers gas to Enterprise Field Services.

**Attachment No. 2** presents information for the wells DPC seeks to include in the combining of the 2 old systems. At the time of this application there are 4 wells connected and producing gas; 2 in each system. All wells are considered marginal definitions found in 43 CFR 3173.



**Attachment No. 3** presents the interest ownership for the wells to be added to the gathering system. From Attachment No. 3, Dugan Production holds 100% of the working interest in the Ross Federal and Kirby Federal wells. The wells located on the Kingfish lease include a working interest partner. All wells pay royalty to the BLM. No wells in the gathering system are located on state lands and as a result no royalty will be paid to state agencies. None of the involved leases pay royalty to any tribe or allottee. All interest owners in the wells being added as presented in Attachment No. 3 will receive information pertaining to this application. 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 gathering system.

**Attachment No. 5** presents the allocation procedure being used for the gathering system.

**Attachment No. 6** presents a paying quantities determination as directed 43 CFR 3173.

**Attachment No. 7** presents a block diagram representing all gathering system facilities.

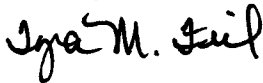
**Attachment No. 8** presents copies of our efforts to provide the required notice to all interest owners in the wells being added to the gathering system.


In summary, Dugan Production is requesting approvals to:

1. Consolidate the Ross and Kingfish Gathering System into the Kingfish Gathering System.
2. Authorize the surface commingling of produced gas.
3. Authorize the off-lease measurement of gas. FMP will be located at CDP. Allocation meters will be installed on each location.
4. Authorize beneficial off-lease fuel usage to run gathering system equipment.

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

District I  
1625 N. French Drive, Hobbs, NM 88240  
District II  
811 S. First St., 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 August 1, 2011

**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: PO Box 420, Farmington, NM 87499

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

Is this an Amendment to existing Order? ☐ Yes ☐ No If "Yes", please include the appropriate Order No. \_\_\_\_\_

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  |
|--------------------------|--|---|--|---|----------|
| Fruitland Coal (71629)   | 1001 BTU/scf                                 | 1000  |  |   |          |
|                          |  |   |  |   | 87 mcf/d |
| Waw PC (87190)           | 997 BTU/scf                                  |   |  |   |          |
|                          |  |   |  |   |          |

(2) Are any wells producing at top allowances? ☐ 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.

(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)

**(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

(2) Include proof of notice to all interest owners.

**(E) ADDITIONAL INFORMATION (for all application types)**

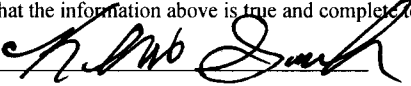
Please attach sheets with the following information

(1) A schematic diagram of facility, including legal location.

(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.

(3) Lease Names, Lease and Well Numbers, and API Numbers.

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

SIGNATURE:  TITLE: Engineer DATE: 11/19/18

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

E-MAIL ADDRESS: kevin.smaka@duganproduction.com

**NEW MEXICO OIL CONSERVATION COMMISSION  
WELL LOCATION AND ACREAGE DEDICATION AT**

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

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

|   |   |                             |                                      |                           |  |
|---|---|-----------------------------|--------------------------------------|---------------------------|--|
| Operator<br><b>Dugan Production Corporation</b> |   |                             | Lease<br><b>King Fish</b>            |                           | Well No.<br><b>#1</b>                    |
| Tract Letter<br><b>G</b>                        | Section<br><b>3</b>                             | Township<br><b>26 North</b> | Range<br><b>13 West</b>              | County<br><b>San Juan</b> |  |
| Actual Footage Location of Well:                |   |                             |                                      |                           |  |
| <b>1850</b>                                     | feet from the                                   | <b>North</b>                | line and                             | <b>1850</b>               | feet from the                            |
|   |   |                             |                                      | <b>East</b>               | line                                     |
| Ground Level Elev.<br><b>6108</b>               | Producing Formation<br><b>Fruitland Sand PC</b> |                             | Pool<br><b>WAW Fruitland Sand PC</b> |                           | Dedicated Acreage<br><b>159.81</b> 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, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.

|  |  |   |
|--|--|---|
|  |  | <p align="center"><b>RECEIVED</b><br/>NOV 16 1990<br/>OIL CON. DIV.<br/>DIST. 3</p> |
|  |  |   |

**CERTIFICATION**

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

*Thomas A. Dugan*  
Name

**Thomas A. Dugan**

Position

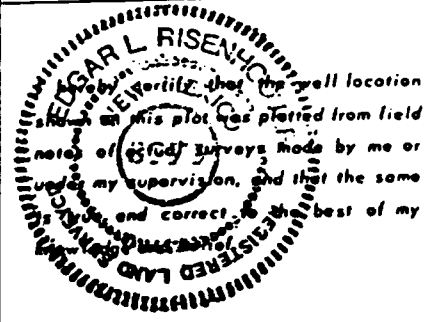
**Petroleum Engineer**

Company

**Dugan Production Corp.**

Date

**November 14, 1990**



Date Surveyed

**February 23, 1980**

Registered Professional Land Surveyor and/or Land Surveyor

*Edgar L. Risenhoover*  
Certificate No. **1579**

District I  
PO Box 1980, Hobbs, NM 88241-1980  
District II  
PO Drawer 110, 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-102  
Revised February 21, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

98 SEP -2 AM 9:04

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

|                                  |  |  |  |                                      |                                 |
|----------------------------------|--|--|--|--------------------------------------|---------------------------------|
| 1. AM Number<br>30 045 29832     |  | 2. Pool Code<br>71629                            |  | 3. Pool Name<br>Basin Fruitland Coal |                                 |
| 4. Property Code<br>003732 24277 |  | 5. Property Name<br>Kingfish Com                 |  |                                      | 6. Well Number<br>90            |
| 7. OGRID No.<br>006515           |  | 8. Operator Name<br>Dugan Production Corporation |  |                                      | 9. Elevation<br>6083' Estimated |

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   |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|----------|
| H             | 3       | 26N      | 13W   | H       | 1600          | North            | 790           | East           | 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<br>320 318 56 | 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. Dugan Production Corp.<br>NM 1336 |  | Dugan Prod.<br>NM 37912 |  | 17. OPERATOR CERTIFICATION<br>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief<br><br>Signature: <u>Sherman E. Dugan</u><br>Printed Name: <u>Sherman E. Dugan</u><br>Title: <u>Vice-President</u><br>Date: <u>8/31/98</u>   |  |
| Section 3                             |  | Pipeline Road           |  | 18. SURVEYOR CERTIFICATION<br>I hereby certify that the well location shown on this plat was plotted from field surveys made by me or under my supervision and is true and correct to the best of my knowledge.<br><br>Date of Survey: <u>8/31/98</u><br>Signature: <u>Edgar L. Riancho</u><br>Professional Surveyor<br>Certificate Number: <u>5979</u> |  |

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

Form C-102  
Revised February 21, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

|                                    |   |                            |   |
|------------------------------------|---|----------------------------|---|
| *API Number<br><b>30-045-32987</b> |   | *Pool Code<br><b>71629</b> | *Pool Name<br><b>BASIN FRUITLAND COAL</b> |
| *Property Code<br><b>24277</b>     | *Property Name<br><b>KING FISH COM</b>                |                            | *Well Number<br><b>90S</b>                |
| *OGRID No.<br><b>006515</b>        | *Operator Name<br><b>DUGAN PRODUCTION CORPORATION</b> |                            | *Elevation<br><b>6180'</b>                |

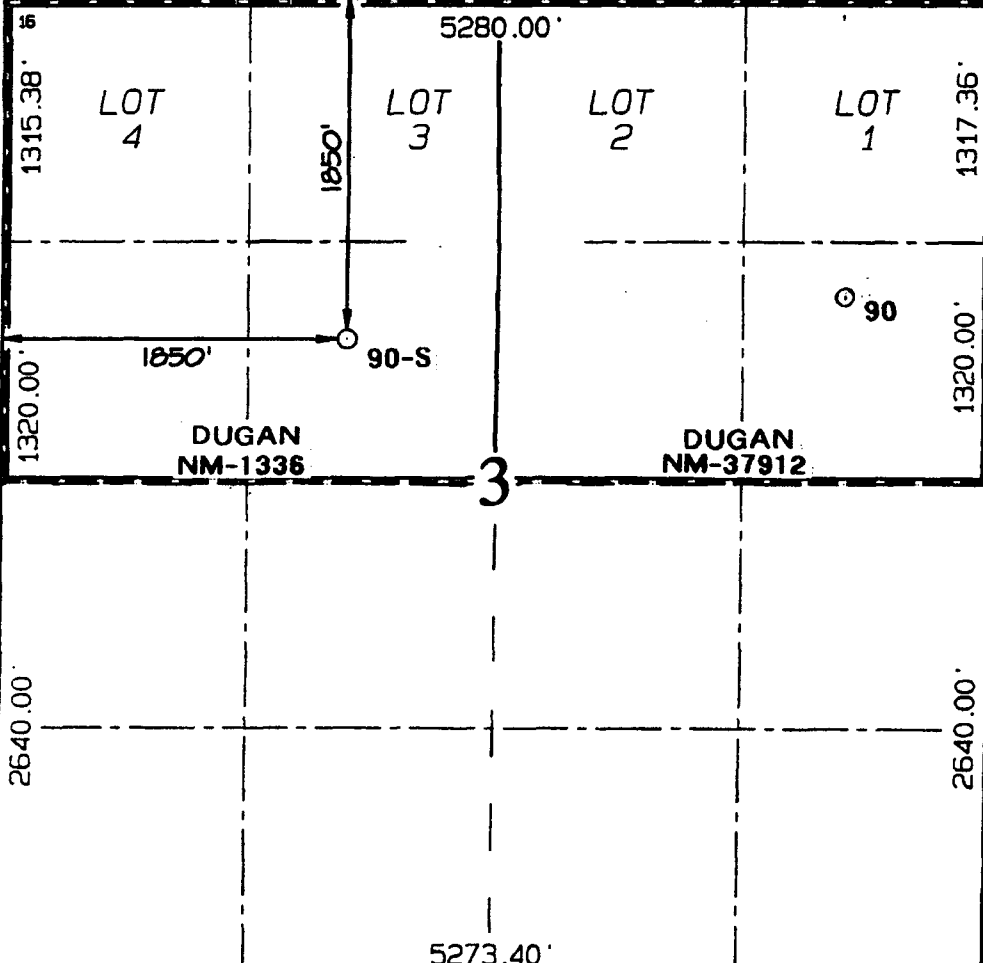

<sup>10</sup> Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County   |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|----------|
| F             | 3       | 26N      | 13W   |         | 1850          | NORTH            | 1850          | WEST           | SAN JUAN |

<sup>11</sup> Bottom Hole Location If Different From Surface

| UL or lot no.                                   | Section | Township | Range | Lot Idn | Feet from the    | North/South line    | Feet from the | East/West line | County |
|---|---------|----------|-------|---------|------------------|---------------------|---------------|----------------|--------|
|   |         |          |       |         |                  |                     |               |                |        |
| *Dedicated Acres<br><b>319.56 Acres - (N/2)</b> |         |          |       |         | *Joint or Infill | *Consolidation Code | *Order No.    |                |        |

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

|  |  |  |  |  |  |
|--|--|--|--|--|--|
|  |  |  |  | <p><sup>17</sup> 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><br/>Signature<br/>Kurt Fagrelus</p> <p>Printed Name<br/>Geology</p> <p>Title<br/>March 17, 2005</p> <p>Date</p>   |  |
|  |  |  |  | <p><sup>18</sup> 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 30, 2004</p> <p>Signature and Seal of Professional Surveyor</p> <p></p> <p><i>JASON C. EDWARDS</i><br/>Certificate Number 15269</p> |  |

NEW MEXICO OIL CONSERVATION COMMISSION  
WELL LOCATION AND ACREAGE DEDICATION PLAT

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

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

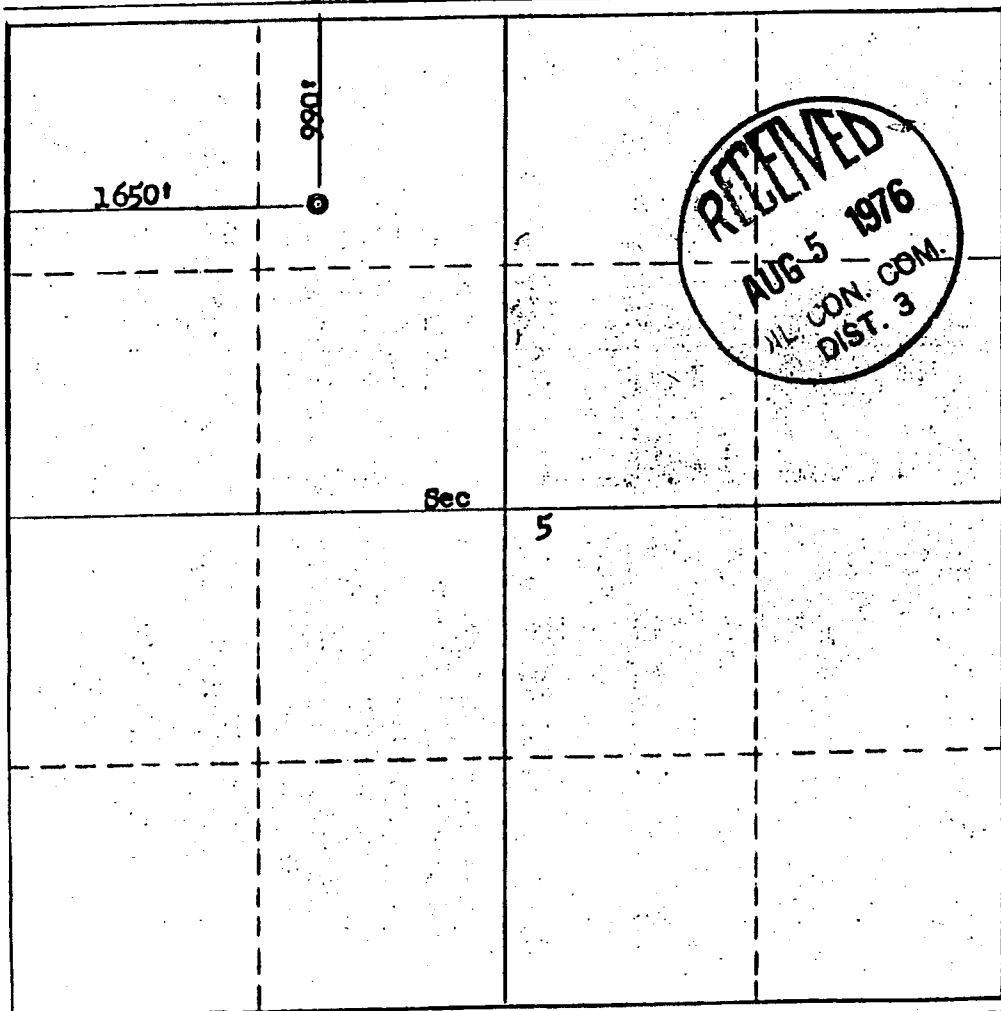
|   |                     |                        |                         |                            |                      |
|---|---------------------|------------------------|-------------------------|----------------------------|----------------------|
| Operator<br><b>Kirby Exploration Company</b>  |                     |                        | Lease<br><b>Federal</b> |                            | Well No.<br><b>1</b> |
| Unit Letter<br><b>C</b>   | Section<br><b>5</b> | Township<br><b>26N</b> | Range<br><b>13W</b>     | County<br><b>San Juan</b>  |                      |
| Actual Footage Location of Wells<br><b>990</b> feet from the <b>North</b> line and <b>1650</b> feet from the <b>West</b> line |                     |                        |                         |                            |                      |
| Ground Level Elev.<br><b>6198</b>   | Producing Formation |                        | Pool                    | Dedicated Acreage<br>Acres |                      |

1. Outline the acreage dedicated to the subject well by colored pencil or hachure 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, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

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

Name \_\_\_\_\_

Position \_\_\_\_\_

Company \_\_\_\_\_

Date \_\_\_\_\_

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

**July 22, 1976**

Registered Professional Engineer and/or Land Surveyor

**Fred B Kerr, Jr.**

Certificate No.

**3950**

**NEW MEXICO OIL CONSERVATION COMMISSION  
WELL LOCATION AND ACERAGE DEDICATION PLAT**

All distances must be from the outer boundaries of the Section

|   |  |                                       |   |                           |
|---|--|---------------------------------------|---|---------------------------|
| Operator<br><b>KIRBY EXPLORATION, COMPANY</b>   |  | Lease<br><b>ROSS FEDERAL</b>          |   | Well No.<br><b>1</b>      |
| Unit Letter<br><b>D</b>   | Section<br><b>4</b>                          | Township<br><b>26 NORTH</b>           | Range<br><b>13 WEST</b>                       | County<br><b>SAN JUAN</b> |
| Actual Footage Location of Well:<br><b>990</b> feet from the <b>NORTH</b> line and <b>1190</b> feet from the <b>EAST</b> line |  |                                       |   |                           |
| Ground Level Elev.<br><b>6187</b>   | Producing Formation<br><b>Pictured Cliff</b> | Pool<br><b>WAW Pictured Cliff EXT</b> | Dedicated Acreage:<br><b>160 159.8/ Acres</b> |                           |

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 consolidated. (Use reverse side of this form if necessary.) \_\_\_\_\_  
 No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non standard unit, eliminating such interests, has been approved by the Commission.

**CERTIFICATION**

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

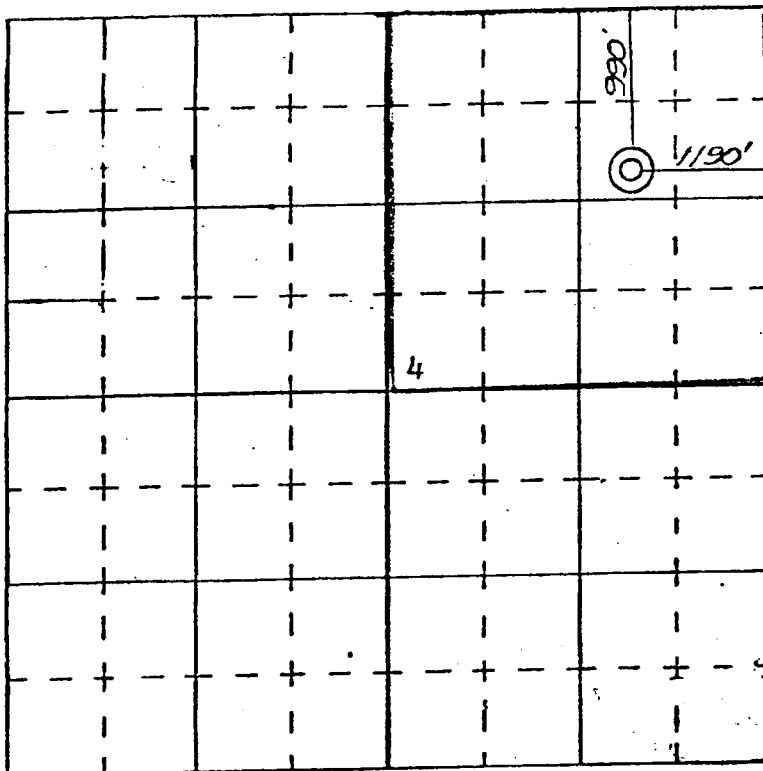
John Alexander  
 Name  
 Agent  
 Position  
 Kirby Exploration Company  
 Company  
 4-5-77  
 Date

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.

10 March 1977  
 Date Surveyed  
*James P. Lease*  
 Registered Professional Engineer  
 and/or Land Surveyor **James P. Lease**

1463

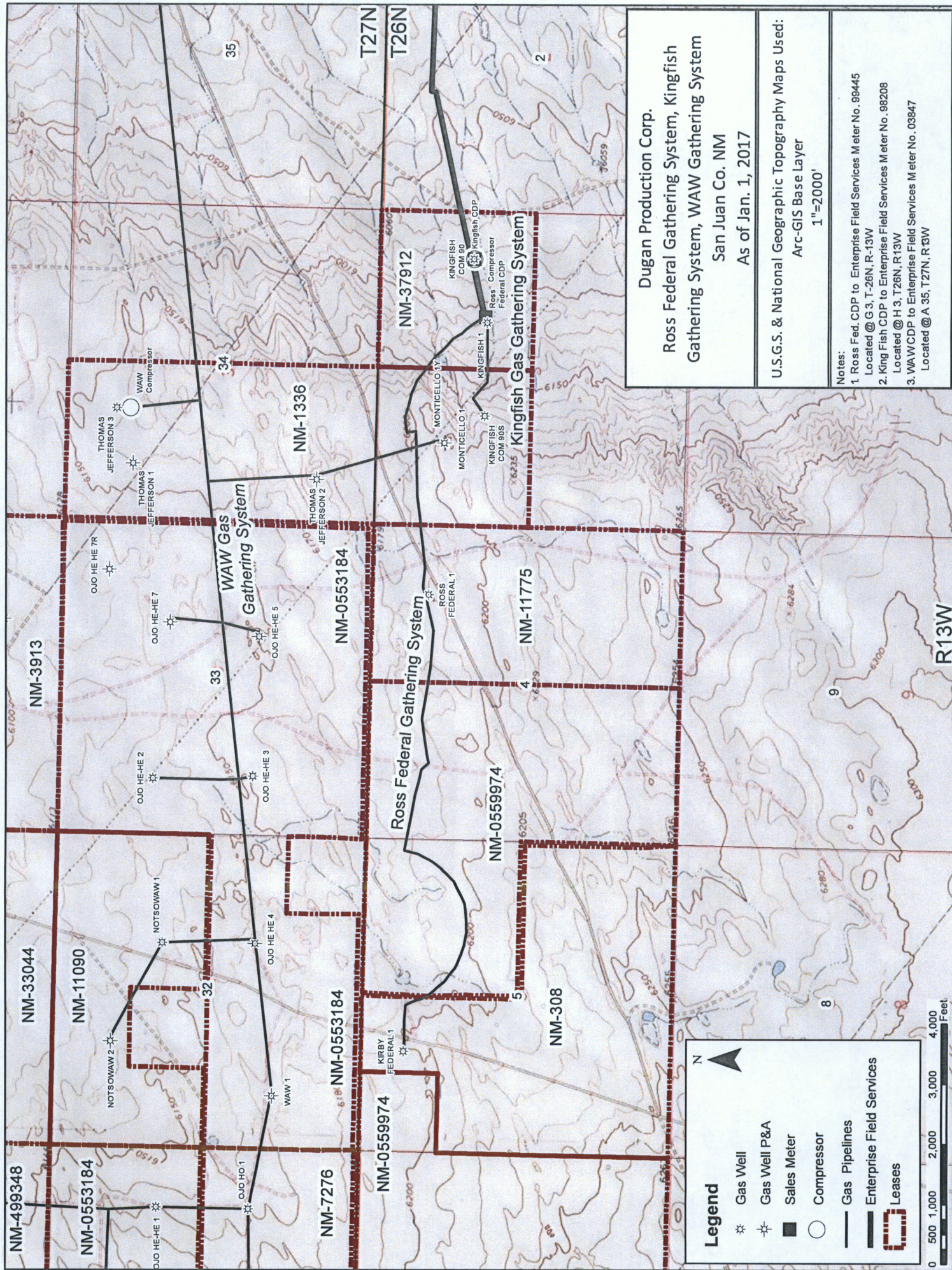
Certificate No.



SCALE—4 INCHES EQUALS 1 MILE

SAN JUAN ENGINEERING COMPANY, FARMINGTON, N. M.







PMAM 18325 51903

| Well Name                                 | API #<br>30-045- | Surface Location |             | Lease No. | Lease Type | Communitization<br>Agreement No.<br>(If Established) | Pool                  | Completion<br>Date | Current<br>Status Ⓣ | Current Average<br>Production Ⓣ |       |      | Spacing<br>Unit | Dates for SC, OLM & S Ⓣ |     |           |        |
|---|------------------|------------------|-------------|-----------|------------|--|-----------------------|--------------------|---------------------|---------------------------------|-------|------|-----------------|-------------------------|-----|-----------|--------|
|   |                  | ¼/4              | Sec-Twn-Rng |           |            |  |                       |                    |                     | BOPO                            | MCFD  | BWPD |                 | Application             | BLM | INNOVAD   | NM/SLO |
|   |                  |                  |             |           |            |  |                       |                    |                     |                                 |       |      |                 |                         |     |           |        |
| WELLS TO BE ADDED TO CDP (2 WELLS)        |                  |                  |             |           |            |  |                       |                    |                     |                                 |       |      |                 |                         |     |           |        |
| Ross Federal #1                           | 22484            | NENE             | 4-26N-13W   | NM-11775  | Federal    | NA   | WAW Fruitland Sand PC | 5/12/1978          | P                   | 0                               | 30.01 | 30   | NE/4 159.81     |                         |     |           |        |
| Kirby Federal #1                          | 22143            | NENW             | 5-26N-13W   | NM-308    | Federal    | NMNM76171  | WAW Fruitland Sand PC | 9/23/1977          | P                   | 0                               | 23.76 | 0    | NW/4 160.14     |                         |     |           |        |
| WELLS APPROVED FOR KINGFISH CDP (3 wells) |                  |                  |             |           |            |  |                       |                    |                     |                                 |       |      |                 |                         |     |           |        |
| Kingfish #1                               | 24235            | SWNE             | 3-26N-13W   | NM-37912  | Federal    | NA   | WAW Fruitland Sand PC | 7/1/1980           | P                   | 0                               | 3.62  | 0    | NE/4 159.81     | 1/17/2007               |     | 3/23/2007 |        |
| Kingfish Com #90                          | 29832            | SENE             | 3-26N-13W   | NM-37912  | Federal    | NMNM103090   | Basin Fruitland Coal  | 11/20/2000         | P                   | 0                               | 19.6  | 1    | N/2 319.56      | 7/11/2006               |     | 7/25/2006 |        |
| Kingfish Com #90S                         | 32987            | SENW             | 3-26N-13W   | NM-1336   | Federal    | NMNM103090   | Basin Fruitland Coal  | 8/29/2006          | P                   | 0                               | 2.24  | 0    | N/2 319.56      | 7/11/2006               |     | 7/25/2006 |        |
| Status of well 10/31/08                   |                  |                  |             |           |            |  |                       |                    |                     |                                 |       |      |                 |                         |     |           |        |

1 - Status of well 10/31/18

Loc = proposed general location

LOC A = proposed location - staked

LOC B = proposed location - APD submitted

NC = not connected to gathering system

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

2 - Previous 90 days average production

3 - The gathering systems will include 5 wells. Gas is to be sold at the Kingfish CDP.

(CDP) located in NWSW, Section 3, T-26N, R-13W on Enterprise Field Services Meter No 98208



**ATTACHMENT NO. 3 – PAGE 2 of 4  
INTEREST OWNERSHIP SUMMARY  
DUGAN PRODUCTION CORP.**

|                  |                       |                |                 |                     |
|------------------|-----------------------|----------------|-----------------|---------------------|
| <u>Well Name</u> | <u>Pool</u>           | <u>Lease #</u> | <u>Location</u> | <u>Spacing Unit</u> |
| Kingfish 1       | Waw Fruitland Sand PC | NM-37912       | SWNE 3-26N-13W  | NE/4-159.81A        |

**INTEREST OWNER**

|  | <u>INTEREST%</u>         |                          |
|--|--------------------------|--------------------------|
|  | <u>Gross</u>             | <u>Net</u>               |
| <u>Working Interest</u>  |                          |                          |
| Dugan Production Corp.   | 90.000000                | 78.750000                |
| Jim & Mary Lou Jacobs Living Trust<br>3505 Crescent Avenue<br>Farmington, NM 87401         | 10.000000                | 8.750000                 |
| <u>Royalty</u>   |                          |                          |
| USA – c/o Bureau of Land Management<br>6251 College Blvd., Suite A<br>Farmington, NM 87402 | -0-                      | 12.500000                |
| <b><u>TOTAL WELL</u></b>   | <b><u>100.000000</u></b> | <b><u>100.000000</u></b> |

|                   |                      |                |                 |                     |
|-------------------|----------------------|----------------|-----------------|---------------------|
| <u>Well Name</u>  | <u>Pool</u>          | <u>Lease #</u> | <u>Location</u> | <u>Spacing Unit</u> |
| Kingfish Com #90  | Basin Fruitland Coal | NM-37912       | SENE 3-26N-13W  | N/2 -319.56A        |
| Kingfish Com #90S | Basin Fruitland Coal | NM-1336        | SENW 3-26N-13W  | N/2-319.56A         |

**INTEREST OWNER**

|   | <u>INTEREST%</u>        |                         |
|---|-------------------------|-------------------------|
|   | <u>Gross</u>            | <u>Net</u>              |
| <u>Working Interest</u>   |                         |                         |
| Dugan Production Corp.  | 94.99906                | 76.87540                |
| Jim & Mary Lou Jacobs Living Trust<br>3505 Crescent Avenue<br>Farmington, NM 87401            | 5.00094                 | 4.37580                 |
| <u>Royalty</u>  |                         |                         |
| USA – c/o Bureau of Land Management<br>6251 College Blvd., Suite A<br>Farmington, NM 87402    | -0-                     | 12.50000                |
| <u>Overriding Royalty</u>   |                         |                         |
| Cross Timbers Energy, LLC<br>5316 W US Hwy 290<br>Service Road Suite 400<br>Houston, TX 78735 | -0-                     | 4.37420                 |
| Hunt Oil Company<br>1900 N. Akard Street<br>Dallas, TX 75201-2300                             | -0-                     | 1.87460                 |
| <b><u>TOTAL WELL</u></b>  | <b><u>100.00000</u></b> | <b><u>100.00000</u></b> |

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

| <u>Well Name</u>  | <u>Pool</u>           | <u>Lease #</u> | <u>Location</u>   | <u>Spacing Unit</u> |
|---|-----------------------|----------------|-------------------|---------------------|
| Kirby Federal 1   | Waw Fruitland Sand PC | NM308          | NENW 5-26N-13W    | NW/4-160.14A        |
| <u>INTEREST OWNER</u>   | <u>INTEREST%</u>      |                |                   |                     |
|   | <u>Gross</u>          |                | <u>Net</u>        |                     |
| <u>Working Interest</u>   |                       |                |                   |                     |
| Dugan Production Corp.  | 100.000000            |                | 81.797138         |                     |
| <u>Royalty</u>  |                       |                |                   |                     |
| USA – c/o Bureau of Land Management<br>6251 College Blvd., Suite A<br>Farmington, NM 87402                                    | -0-                   |                | 12.500000         |                     |
| <u>Overriding Royalty</u>   |                       |                |                   |                     |
| Black Stone Minerals Co., LP<br>PO Box 301267<br>Dallas, TX 75303-1267  | -0-                   |                | 0.883925          |                     |
| Sam Boltz Family Trust<br>Sam T. Boltz, Jr., Trustee<br>1616 Western Avenue<br>Ft. Worth, TX 76107                            | -0-                   |                | 0.262480          |                     |
| Monty M. Brosious<br>3761 E. Lake Todd Dr.<br>Hernando, FL 34442  | -0-                   |                | 0.068995          |                     |
| Darrell Driskell<br>8257 CR 47 ½<br>Hudson, CO 80642  | -0-                   |                | 0.074994          |                     |
| Marlin Driskell<br>1252 Pine Street<br>Wheatland, WY 82201  | -0-                   |                | 0.074994          |                     |
| Mervin Driskell<br>106 4 <sup>th</sup> Avenue<br>Tulare, SD 57476   | -0-                   |                | 0.074994          |                     |
| Kathlyn A. Grigsby<br>No Address  | -0-                   |                | 0.312851          |                     |
| Kelly Hegarty<br>PO Box 157<br>Flora Vista, NM 87415  | -0-                   |                | 0.702862          |                     |
| Myrna Leidy<br>2775 S Brook Drive #101<br>Denver, CO 80222  | -0-                   |                | 0.074994          |                     |
| J. Paul Mathias<br>8871 E. Easter Place<br>Englewood, CO 80112  | -0-                   |                | 0.059246          |                     |
| O'Brien Family, LLC<br>5461 Kent Place<br>Denver, CO 80235  | -0-                   |                | 0.262480          |                     |
| O'Connell Partners, LP<br>PO Box 301491<br>Dallas, TX 75303-1491  | -0-                   |                | 0.053505          |                     |
| Ann Lisa Pearson<br>1448 E. Maplewood Ct.<br>Centennial, CO 80121-2400  | -0-                   |                | 0.059248          |                     |
| Rickard Properties, LLC<br>PO Box 1478<br>Parker, CO 80134  | -0-                   |                | 0.262480          |                     |
| R.W. Scott Investments LLC<br>Colorado Limited Liability Co.<br>1275 Lupine Way, Genessee<br>Golden, CO 80401                 | -0-                   |                | 1.237407          |                     |
| Buck (Leycester) Stanley Family Trust<br>RH Stanley & C Sullivan, Trustees<br>38021 Fawn Meadows Trail<br>Elizabeth, CO 80107 | -0-                   |                | 1.237407          |                     |
| <b>TOTAL WELL</b>   | <b>100.000000</b>     |                | <b>100.000000</b> |                     |

**ATTACHMENT NO. 3 – PAGE 4 of 4  
DUGAN PRODUCTION CORP.**

|                  |                       |                |                 |                     |
|------------------|-----------------------|----------------|-----------------|---------------------|
| <u>Well Name</u> | <u>Pool</u>           | <u>Lease #</u> | <u>Location</u> | <u>Spacing Unit</u> |
| Ross Federal 1   | Waw Fruitland Sand PC | NM-11775       | NENE 4-26N-13W  | NE/4-159.81A        |

**INTEREST OWNER**

|  | <u>INTEREST%</u>         |                          |
|--|--------------------------|--------------------------|
|  | <u>Gross</u>             | <u>Net</u>               |
| <u>Working Interest</u><br>Dugan Production Corp.  | 100.000000               | 82.500000                |
| <u>Royalty</u><br>USA – c/o Bureau of Land Management<br>6251 College Blvd., Suite A<br>Farmington, NM 87402 | -0-                      | 12.500000                |
| <u>Overriding Royalty</u><br>Michael Eastwood<br>1954 Fletcher Ave.<br>South Pasadena, CA 91763              | -0-                      | 1.500000                 |
| Kelly Hegarty<br>PO Box 157<br>Flora Vista, NM   | -0-                      | 0.937500                 |
| Laurie A. Mangiagli<br>5137 Taos Dr.<br>Montclair, CA 91763  | -0-                      | 1.500000                 |
| Unknown Owners   | -0-                      | 1.062500                 |
| <b><u>TOTAL WELL</u></b>   | <b><u>100.000000</u></b> | <b><u>100.000000</u></b> |

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

| POOL NAME & CODE                   | AVERAGE BTU<br>btu/scf | WELLS OR<br>COMPLETIONS ① |          | POOL PRODUCTION<br>ALL WELLS - mcf/d ② |          | AVERAGE PRODUCTION<br>PER WELL - mcf/d ② |          |
|------------------------------------|------------------------|---------------------------|----------|--|----------|--|----------|
|                                    |                        | EXISTING                  | PROPOSED | EXISTING                               | PROPOSED | EXISTING                                 | PROPOSED |
| DESIGNATED HITTER GATHERING SYSTEM |                        |                           |          |  |          |  |          |
| WAW Fruitland Sand PC (87190)      | 1052                   | 3                         | 3        | 57                                     | 0        | 19                                       | 0        |
| Basin Fruitland Coal (71629)       | 1047                   | 2                         | 2        | 22                                     | 0        | 11                                       | 0        |

Calculated value of commingled production: commingling is necessary to get produced natural gas to a gas sales meter from 5 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. Data indicates average production was 18 MCFD from 5 wells. There should be no loss in value to any well as a result of this commingling.

**Notes:**

- ① - Wells as of 11-1-2018. Existing = wells currently approved for gathering system. Proposed = wells & locations to be added to gathering system. Active completions in parentheses.
- ② - Production data from August-October 2018

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

**Kingfish Gathering System Leases**

**Federal Leases**

|        |          |          |         |
|--------|----------|----------|---------|
| NM-308 | NM-11775 | NM-37912 | NM-1336 |
|--------|----------|----------|---------|

**ATTACHMENT NO. 5**  
**Proposed Allocation Procedures**  
**Dugan Production Corp.'s**  
**Kingfish Gathering System**  
**Consolidation of Ross & Kingfish CDP's**  
**CDP Gas Sales Meter: SENE 3, T-26N, R-13W**  
**Enterprise Field Services Meter No. 98208**  
**San Juan County, New Mexico**

**Base Data:**

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

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

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

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

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

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

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

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

B = On lease fuel usage, MCF. Determined from equipment 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  $W / \text{SUM } W$  for the wells involved.

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

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

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

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

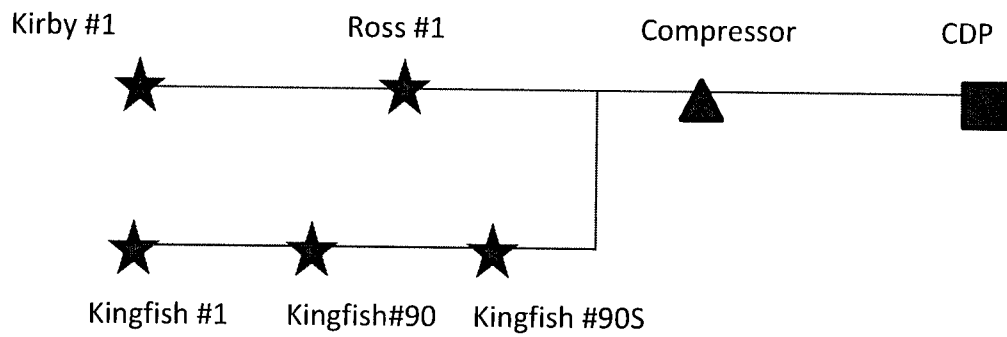
3. Individual Well Water Production = Allocated production volume, bbl =  $(U / \text{Sum } U) \times V$ .



| Attachment #6                   |            |             |             |             |
|---------------------------------|------------|-------------|-------------|-------------|
| Paying Quantities Determination |            |             |             |             |
| Well                            | Gas Volume | Gas Revenue | Expenses    | Net Revenue |
| Kingfish #1                     | 1136       | \$2,880.00  | \$1,500.75  | \$1,379.25  |
| Kingfish #90                    | 4955       | \$12,570.00 | \$11,659.00 | \$911.00    |
| Kingfish #90S                   | 1961       | \$5,101.00  | \$3,565.25  | \$1,535.75  |
| Kirby Federal #1                | 5353       | \$14,132.00 | \$3,217.25  | \$10,914.75 |
| Ross Federal #1                 | 15114      | \$38,922.67 | \$14,402.75 | \$24,519.92 |

## Attachment #7

### Gathering System Facilities Diagram



#### Compressor Information

| <u>Engine</u> |  | <u>Horsepower</u> |  | <u>Fuel Usage</u> |
|---------------|--|-------------------|--|-------------------|
| 5.9 Cummins   |  | 49 BHP            |  | 10.32 MCFD        |

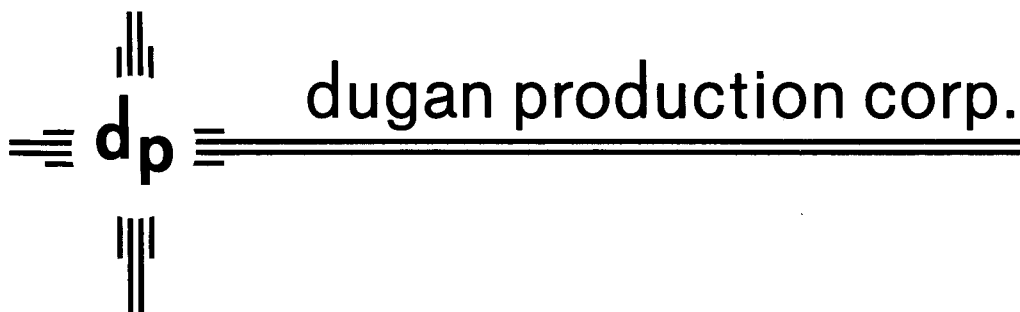
**Attachment No. 8**  
**Interest Ownership Notification**  
**Dugan Production Corp.'s Application dated 11/19/18**  
**Proposing:**

- 1. The consolidation of Dugan Production's Kingfish CDP & Ross CDP to be named the Kingfish Gathering System, gas sales meter currently authorized for Dugan Production's Kingfish 1, Com No. 90 & 90S wells (current order PLC-287); and Dugan Production's Ross Federal #1 & Kirby Federal #1 wells (current order CTB-833).**
- 2. The commingling order include a provision regarding notice requirements that will allow future additions to the gathering system following notice only to the interest owners of the wells being added.**

Presenting evidence that all interest ownership in the subject wells have been given notice of Dugan's application, attached is:

*Note: A tabulation presenting the interest ownership for all wells (existing and proposed) is presented on Attachment No. 3 of the application.*

1. Copy of Dugan's transmittal letter dated 11/19/18 used to send information and notice of the subject application to the interest owners. Only the transmittal letter is included in this attachment. Letters were sent by certified mail with a return receipt requested. Upon receiving the receipts, copies will be sent to the NMOCD. Dugan Production holds 90 to  $\pm 95\%$  of the working interest in the Kingfish wells, and 100% of the working interest in the Kirby Federal No. 1, and the Ross Federal No. 1.
2. All royalty interest for the three subject wells is federal. There is no fee acreage. In addition to the NMOCD, this application is also addressed to the Bureau of Land Management (BLM) for the four federal leases involved. The letter to the BLM was sent by certified mail with a return receipt requested. Upon receiving the receipt, a copy will be sent to the NMOCD.
3. Copy of the Affidavit of Publication for the legal ad published in the Farmington Daily Times on 11/15/18.



November 19, 2018

Working & Overriding Royalty Owners  
Interest Owner Address List Attached

Re: Proposed consolidation of the Kingfish CDP and the  
Ross CDP (located NWSW, Sec. 3, T26N, R13W, Meter No. 98208)

Dear sir or madam,

Our records indicate you own an interest in well one or more of the following wells: Kingfish #1, #90, #90S, Ross Federal #1 and Kirby Federal #1. As directed in NMAC 19.15.12.10 you are being notified of Dugan's intent to commingle production from the aforementioned wells. If you have objections they must be filed with the NMOCD in Santa Fe; 1220 South St. Francis Drive, Santa Fe, NM 87505.

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, as permitted in the NMOCD rules, 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 the proposed additions will not adversely affect the existing wells. This will greatly simplify adding wells to the gathering system and should not affect the interests previously authorized to operate on the gathering system. Should you have any questions, need additional information, 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 NMOCD directly at 1220 South St. Francis Drive, Santa Fe, NM 87505, and we would appreciate receiving a copy of your objection. Objections should be filed within 20 days after the NMOCD receives our application.

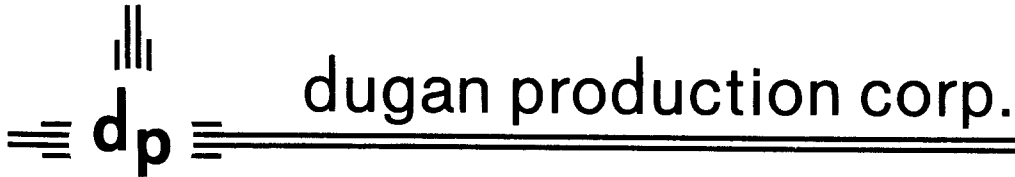
Sincerely,

Kevin Smaka  
Engineer

KS/tmf

attachments

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



November 19, 2018

Ms. Heather Riley, Director  
New Mexico Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, NM 87505

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

Re: Application consolidate Dugan's Ross and Kingfish Gas Gathering Systems, surface commingle and for the Off-Lease Measurement/sale of produced natural gas at Dugan Production's combined Kingfish Gas Gathering System  
San Juan County, New Mexico

Dear. Ms. Riley and Ms. Barr,

We are writing to request your administrative approvals to combine Dugan's Kingfish and Ross gathering systems that requires approval for the surface commingling, off-lease measurement and sale of natural gas produced from 4 existing and approved wells. Gas will be allocated to each well by allocation meters located at each well. Since all minerals are Federal the FMP will be located at the Kingfish CDP. Once AFMSS II is able Dugan will submit the needed paperwork to apply for an FMP # for that lease. NMOCD Form 107-B is attached with this application. A summary presenting the wells and production for each pool is presented on Attachment No. 4. Gas sales for the Kingfish Gathering System will occur at Enterprise meter 98208, located in the SENE quarter of Section 3, T-26N, R-13W. We are also requesting the NMOCD include a provision in their order that for future additions to the KFGS, 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 RGS was obtained by DPC in 2015. Upon review of NMOCD records it was determined that Running Horse LLC had not acquired the necessary approvals to commingle production or conduct off-lease measurement. Currently there are 2 wells producing and selling natural gas within the RGS. Production currently averages a total of 94 mcf/d for an overall average of 47 mcf/d per well. Well production ranges from 26 to 68 mcf/d. Individual well production for the RGS is presented on Attachment No. 2 and a summary of pool production is presented on Attachment No. 4

The Kingfish Gathering System was originally formed in 2006 when gas from the Kingfish #90 and #90S were commingled. One year later the Kingfish #1 was connected to the system and gas from the Kingfish #1, #90 and #90S were commingled.

A description of each attachment has been included for clarity and informational purposes:

**Attachment No. 1** presents a map of the gathering system with the wells and proposed locations to be added highlighted in blue. In addition, Dugan Production's leases are also presented. Dugan Production wells are considered to be marginal producers. The gathering system has one central delivery gas sales meter, meter no. 98208, located in the SENE quarter of section 3, T-26N, R-13W. The meter delivers gas to Enterprise Field Services.

**Attachment No. 2** presents information for the wells DPC seeks to include in the combining of the 2 old systems. At the time of this application there are 4 wells connected and producing gas; 2 in each system. All wells are considered marginal definitions found in 43 CFR 3173.

**Attachment No. 3** presents the interest ownership for the wells to be added to the gathering system. From Attachment No. 3, Dugan Production holds 100% of the working interest in the Ross Federal and Kirby Federal wells. The wells located on the Kingfish lease include a working interest partner. All wells pay royalty to the BLM. No wells in the gathering system are located on state lands and as a result no royalty will be paid to state agencies. None of the involved leases pay royalty to any tribe or allottee. All interest owners in the wells being added as presented in Attachment No. 3 will receive information pertaining to this application. 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 gathering system.

**Attachment No. 5** presents the allocation procedure being used for the gathering system.

**Attachment No. 6** presents a paying quantities determination as directed 43 CFR 3173.

**Attachment No. 7** presents a block diagram representing all gathering system facilities.

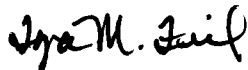
**Attachment No. 8** presents copies of our efforts to provide the required notice to all interest owners in the wells being added to the gathering system.

In summary, Dugan Production is requesting approvals to:

1. Consolidate the Ross and Kingfish Gathering System into the Kingfish Gathering System.
2. Authorize the surface commingling of produced gas.
3. Authorize the off-lease measurement of gas. FMP will be located at CDP. Allocation meters will be installed on each location.
4. Authorize beneficial off-lease fuel usage to run gathering system equipment.

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

AFFIDAVIT OF PUBLICATION

Ad No.  
0001268579

Kevin Smaka  
DUGAN PRODUCTION CORP.  
PO BOX 420

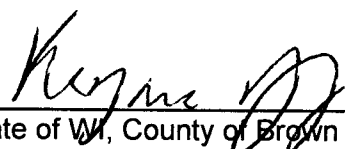
FARMINGTON NM 87499

I, being duly sworn say: 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 State of New Mexico for publication and appeared in the internet at The Daily Times web site on the following days(s):

11/15/18

  
Legal Clerk

Subscribed and sworn before me this  
15th of November 2018.

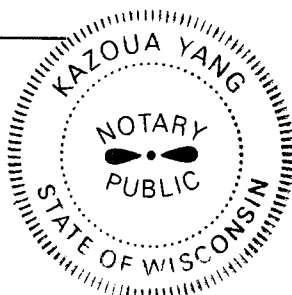
  
State of WI, County of Brown  
NOTARY PUBLIC

11/9/22  
My Commission Expires

Dugan Production Corp. is applying to the Bureau of Land Management (BLM) New Mexico Oil Conservation Division (NMOCD), for regulatory approvals to consolidate and create a new gathering system, Dugan Production's Kingfish Gathering System (KFGS). This will require the surface commingling of produced natural gas plus the off-lease measurement and sale of natural gas. There will not be any commingling of oil or condensate. Dugan Production is also requesting that wells connected to the gathering system also be approved for providing natural gas as a "beneficial use" to field equipment necessary to operate the gathering system. The wells to be added and the existing gathering system are located within Sections 3, 4 & 5 of T-26N, R-13W; all located in San Juan County, New Mexico. The gathering system currently has 5 wells, 3 of which are completed in the WAW Fruitland Sand PC gas pool and 2 in the Basin Fruitland that are operated by Dugan Production Corp. The wells to be added are located upon, or the spacing units include the following leases held by Dugan Production Corp; Federal leases NM-308, NM-11775, NM-1336, and NM-37912. The wells involved in the consolidation are: Dugan Production's Kirby Federal #1, Ross Federal #1, the Kingfish #1, #90 and #90S. The wells being added to the KFGS currently average 18 mcf/d per well and produce less than 200 mcf/d per well. The wells being added should have with no affect upon the existing production. Any person holding an interest in any of these leases or wells may contact Dugan Production Corp. for additional information. Also, Dugan is attempting to contact Kathlyn Grigsby, unknown heirs and devisees of her estate, as well as the unknown interest holders in the Ross Federal #1. 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. 1268579 published in The Daily Times on Nov. 15, 2018.

REC'D NOV 19 2018





# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**

Cabinet Secretary

**Mark E. Fesmire, P.E.**

Director

Oil Conservation Division

*COMMINGLING ORDER PLC-287*

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

Attention: Mr. John D. Roe

The above-named company is hereby authorized to surface commingle production from the Basin-Fruitland Coal (Gas – 71629) and WAW Fruitland Sand-Pictured Cliffs (Gas – 87190) Pools originating from the following-described Federal leases in San Juan County, New Mexico:

Lease Name: Kingfish Federal Lease (Federal Lease No. NM-37912)  
Description: NE/4 of Section 3, Township 26 North, Range 13 West, NMPM;

Wells: Kingfish Com Well No. 90 (API No. 30-045-29832)  
1600' FNL & 790' FEL, Unit H, Basin-Fruitland Coal Gas Pool  
N/2 dedication  
  
Kingfish Well No. 1 (API No. 30-045-24235)  
1850' FNL & 1850' FEL, Unit G, WAW Fruitland Sand-Pictured Cliffs Gas Pool  
NE/4 dedication

Lease Name: Thomas Jefferson Federal Lease (Federal Lease No. NM-1336)  
Description: NW/4 of Section 3, Township 26 North, Range 13 West, NMPM;

Wells: Kingfish Com Well No. 90S (API No. 30-045-32987)  
1850' FNL & 1850' FWL, Unit F, Basin-Fruitland Coal Gas Pool  
N/2 dedication

**The gas production from each well shall be separately metered by a continuous dry flow allocation meter prior to commingling. Gas and water production from each well shall be determined using allocation meter and sales meter volumes, and shall be determined in accordance with the procedure attached to this order.**

**Gas shall be sold through an Enterprise Field Service Meter (Meter No. 98208) located in the SE/4 NE/4 of Section 3, Township 26 North, Range 13 West, NMPM.**



It is the responsibility of the producer to notify the transporter of this commingling authority. The operator shall notify the Aztec District Office of the Division upon commencement of commingling operations.

Future wells that may be drilled within the N/2 of Section 3, Township 26 North, Range 13 West, NMPM, that are completed in either the Basin-Fruitland Coal Gas Pool or the WAW Fruitland Sand-Pictured Cliffs Gas Pool may be added to this commingling authority without additional notice to the interest owners within the N/2 of Section 3. To add a well, the applicant shall send written notification to the Santa Fe and Aztec Offices of the Division complete with all pertinent data.

Remarks: This order supersedes and replaces Division Administrative Order No.CTB-563 dated July 25, 2006.

Done, at Santa Fe, New Mexico on this 20th day of February, 2007.

  
\_\_\_\_\_  
MARK E. FESMIRE, P.E.,  
Division Director

MEF/drc

cc: OCD-Aztec  
Bureau of Land Management-Farmington  
File-CTB-563

**Exhibit "A"**  
**Allocation Procedure**  
**Kingfish Gathering System**  
**CDP Gas Sales Meter: SE/4 NE/4 Section 3, T-26N, R-13W**  
**Enterprise Field Service Meter No. 98208**  
**San Juan County, New Mexico**

**Base Data:**

U = Water Volume (BWPD) from Periodic Well Test x days operated during allocation period.  
V = Water Volume (bbl) at Central Battery during allocation period.  
W = Gas Volume (MCF) from allocation meters at individual wells and central battery separator during allocation period.  
X = Gas Volume (MCF) from CDP Sales Meter during allocation period.  
Y = BTU's from CDP Sales Meter during allocation period.

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

**1. Individual Well Gas Production** -  $A + B + C + D + E + F$

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

B = On lease fuel usage, MCF. Determined from equipment 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  $W / \text{SUM } W$  for the wells involved.

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

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

**2. Allocated Individual Well BTU's** -  $((W \times \text{Individual well BTU}) / \text{Sum } (W \times \text{individual well BTU})) \times Y$ .  
Individual well gas heating values to be determined in accordance with BLM regulations (currently Onshore Order No. 5).

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

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## OCD Permitting

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### Section : 03-26N-13W

Type: Normal

Total Acres: 639.56

County: San Juan (45)

|  |  |   |  |
|--|--|---|--|
| D (4)<br><br>Indian <sup>1</sup><br>Federal <sup>2</sup><br>(45) 39.87 | C (3)<br><br>Indian <sup>1</sup><br>Federal <sup>2</sup><br>(45) 39.88 | B (2)<br><br>Indian <sup>1</sup><br>Federal <sup>2</sup><br>(45) 39.9 | A (1)<br><br>Indian <sup>1</sup><br>Federal <sup>2</sup><br>(45) 39.91 |
| E (E)<br><br>Indian <sup>1</sup><br>Federal <sup>2</sup><br>(45) 40    | F (F)<br><br>Indian <sup>1</sup><br>Federal <sup>2</sup><br>(45) 40    | G (G)<br><br>Indian <sup>1</sup><br>Federal <sup>2</sup><br>(45) 40   | H (H)<br><br>Indian <sup>1</sup><br>Federal <sup>2</sup><br>(45) 40    |
| L (L)<br><br>Indian <sup>1</sup><br>Federal <sup>2</sup><br>(45) 40    | K (K)<br><br>Indian <sup>1</sup><br>Federal <sup>2</sup><br>(45) 40    | J (J)<br><br>Indian <sup>1</sup><br>Federal <sup>2</sup><br>(45) 40   | I (I)<br><br>Indian <sup>1</sup><br>Federal <sup>2</sup><br>(45) 40    |
| M (M)<br><br>Indian <sup>1</sup><br>Federal <sup>2</sup><br>(45) 40    | N (N)<br><br>Indian <sup>1</sup><br>Federal <sup>2</sup><br>(45) 40    | O (O)<br><br>Indian <sup>1</sup><br>Federal <sup>2</sup><br>(45) 40   | P (P)<br><br>Indian <sup>1</sup><br>Federal <sup>2</sup><br>(45) 40    |

Note <sup>1</sup> = Surface Owner RightsNote <sup>2</sup> = Sub-Surface Mineral Rights

#### Land Restrictions

No land restrictions found for this section.

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## OCD Permitting

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### Section : 04-26N-13W

Type: Normal

Total Acres: 639.8

County: San Juan (45)

|  |  |  |  |
|--|--|--|--|
| D (4)<br>Indian <sup>1</sup><br>Federal <sup>2</sup><br>(45) 40.02 | C (3)<br>Indian <sup>1</sup><br>Federal <sup>2</sup><br>(45) 39.97 | B (2)<br>Indian <sup>1</sup><br>Federal <sup>2</sup><br>(45) 39.93 | A (1)<br>Indian <sup>1</sup><br>Federal <sup>2</sup><br>(45) 39.88 |
| E (E)<br>Indian <sup>1</sup><br>Federal <sup>2</sup><br>(45) 40    | F (F)<br>Indian <sup>1</sup><br>Federal <sup>2</sup><br>(45) 40    | G (G)<br>Indian <sup>1</sup><br>Federal <sup>2</sup><br>(45) 40    | H (H)<br>Indian <sup>1</sup><br>Federal <sup>2</sup><br>(45) 40    |
| L (L)<br>Indian <sup>1</sup><br>Federal <sup>2</sup><br>(45) 40    | K (K)<br>Indian <sup>1</sup><br>Federal <sup>2</sup><br>(45) 40    | J (J)<br>Indian <sup>1</sup><br>Federal <sup>2</sup><br>(45) 40    | I (I)<br>Indian <sup>1</sup><br>Federal <sup>2</sup><br>(45) 40    |
| M (M)<br>Indian <sup>1</sup><br>Federal <sup>2</sup><br>(45) 40    | N (N)<br>Indian <sup>1</sup><br>Federal <sup>2</sup><br>(45) 40    | O (O)<br>Indian <sup>1</sup><br>Federal <sup>2</sup><br>(45) 40    | P (P)<br>Indian <sup>1</sup><br>Federal <sup>2</sup><br>(45) 40    |

Note <sup>1</sup> = Surface Owner RightsNote <sup>2</sup> = Sub-Surface Mineral Rights

#### Land Restrictions

No land restrictions found for this section.

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Land Details

Section : 05-26N-13W

Type: Normal

Total Acres: 640.24

County: San Juan (45)

|  |  |  |  |
|--|--|--|--|
| D (4)<br><br>Indian <sup>1</sup><br>Federal <sup>2</sup><br>(45) 40.08 | C (3)<br><br>Indian <sup>1</sup><br>Federal <sup>2</sup><br>(45) 40.06 | B (2)<br><br>Indian <sup>1</sup><br>Federal <sup>2</sup><br>(45) 40.06 | A (1)<br><br>Indian <sup>1</sup><br>Federal <sup>2</sup><br>(45) 40.04 |
| E (E)<br><br>Indian <sup>1</sup><br>Federal <sup>2</sup><br>(45) 40    | F (F)<br><br>Indian <sup>1</sup><br>Federal <sup>2</sup><br>(45) 40    | G (G)<br><br>Indian <sup>1</sup><br>Federal <sup>2</sup><br>(45) 40    | H (H)<br><br>Indian <sup>1</sup><br>Federal <sup>2</sup><br>(45) 40    |
| L (L)<br><br>Indian <sup>1</sup><br>Federal <sup>2</sup><br>(45) 40    | K (K)<br><br>Indian <sup>1</sup><br>Federal <sup>2</sup><br>(45) 40    | J (J)<br><br>Indian <sup>1</sup><br>Federal <sup>2</sup><br>(45) 40    | I (I)<br><br>Indian <sup>1</sup><br>Federal <sup>2</sup><br>(45) 40    |
| M (M)<br><br>Indian <sup>1</sup><br>Federal <sup>2</sup><br>(45) 40    | N (N)<br><br>Indian <sup>1</sup><br>Federal <sup>2</sup><br>(45) 40    | O (O)<br><br>Indian <sup>1</sup><br>Federal <sup>2</sup><br>(45) 40    | P (P)<br><br>Indian <sup>1</sup><br>Federal <sup>2</sup><br>(45) 40    |

Note <sup>1</sup> = Surface Owner Rights  
Note <sup>2</sup> = Sub-Surface Mineral Rights

Land Restrictions

No land restrictions found for this section.

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| Well Name                                 | API # Surface location |             |           |            | Communitization Agreement No. (If Established) | Pool                  | Completion Date | Current status | Production ③ |      |            | Spacing Unit | Dates for SC, OLM & S ④ |           |           |           |
|---|------------------------|-------------|-----------|------------|--|-----------------------|-----------------|----------------|--------------|------|------------|--------------|-------------------------|-----------|-----------|-----------|
|   | 30-045                 | Sec-Twn-Rng | Lease No. | Lease Type |  |                       |                 |                | MCFD         | BWPD | Cumulative |              | Application             | BLM       | NMOCD     |           |
|   |                        |             |           |            |  |                       |                 |                |              |      |            |              |                         |           |           |           |
| WELLS TO BE ADDED TO CDP** (2 wells)      |                        |             |           |            |  |                       |                 |                |              |      |            |              |                         |           |           |           |
| Kirby Federal #1                          | 22143                  | 5-26N-13W   | NM-308    | Federal    | NMNM76171                                      | WAW Fruitland Sand PC | 9/23/1977       | P              |              | 23.7 | 0.02       | 187,294      | NW/4 160.14             |           | pending   | pending   |
| Ross Federal #1                           | 22484                  | 4-26N-13W   | NM-11775  | Federal    | NA   | WAW Fruitland Sand PC | 5/12/1978       | P              |              | 65.0 | 22.8       | 494,125      | NE/4 159.81             |           | pending   | pending   |
| WELLS APPROVED FOR KINGFISH CDP (3 wells) |                        |             |           |            |  |                       |                 |                |              |      |            |              |                         |           |           |           |
| Kingfish #1                               | 24235                  | 3-26N-13W   | NM-37912  | Federal    | NA   | WAW Fruitland Sand PC | 7/1/1980        | P              |              | 4.7  | 0.1        | 171,705      | NE/4 159.81             | 1/17/2007 | 3/23/2007 | 2/20/2007 |
| Kingfish Com #90                          | 29832                  | 3-26N-13W   | NM-37912  | Federal    | NMNM103090                                     | Basin Fruitland Coal  | 11/20/2000      | P              |              | 27.1 | 3.2        | 474,584      | N/2 319.56              | 7/21/2006 | 9/12/2006 | 7/25/2006 |
| Kingfish Com #90S                         | 32987                  | 3-26N-13W   | NM-1336   | Federal    | NMNM103090                                     | Basin Fruitland Coal  | 8/29/2006       | P              |              | 3.9  | 4.4        | 30,708       | N/2 319.56              | 7/21/2006 | 9/12/2006 | 7/25/2006 |

1 - Status of well 10/31/18  
Loc = proposed general location  
LOC A = proposed location - stakes  
LOC B = proposed location - APD submitter  
NC = not connected to gathering system  
P = producing, includes wells temporarily shut in but able to produce

2 - Previous 6 months production, plus cumulative production

3 - The gathering systems will include 5 wells. Gas is to be sold at the Kingfish CDP (CDP) located in NWSW, Section 3, T-26N, R-13W on Enterprise Field Services Meter No. 98208

\*\* - Previously approved under Ross Gathering System, application dated 9/1/17; NMOCD approval 10/6/17, BLM approval 1/24/18

**McMillan, Michael, EMNRD**

---

**From:** Kevin Smaka <Kevin.Smaka@duganproduction.com>  
**Sent:** Wednesday, December 12, 2018 2:39 PM  
**To:** McMillan, Michael, EMNRD  
**Subject:** [EXT] Kieby Federal CA

Hey Mike,

I looked through the Kirby CA. After reviewing the information in the CA file, the C-102 and what is presented on the map here is what I can tell you. Lease # NM-308 is the southern half of section 5 plus the northwest quarter except the NW/4 of the NW/4. In other words unit letter D is not part of the lease. That acreage needed to get the 160 for the PC well on the lease.

I should be in the rest of the day if you wish to discuss further.

Kevin Smaka  
Regulatory Engineer  
Dugan Production Corp.  
505-486-6207

| <b>Production Summary Report</b><br><b>API: 30-045-29832</b><br><b>KINGFISH COM #090</b> |                                    |           |               |             |          |
|--|------------------------------------|-----------|---------------|-------------|----------|
| Year   | Pool                               | Oil(BBLS) | Gas(MCF)      | Water(BBLS) | Days P/I |
| 4/1/2018   | [71629] BASIN FRUITLAND COAL (GAS) | 0         | 678           | 470         | 30       |
| 5/1/2018   | [71629] BASIN FRUITLAND COAL (GAS) | 0         | 690           | 0           | 31       |
| 6/1/2018   | [71629] BASIN FRUITLAND COAL (GAS) | 0         | 799           | 23          | 30       |
| 7/1/2018   | [71629] BASIN FRUITLAND COAL (GAS) | 0         | 992           | 31          | 31       |
| 8/1/2018   | [71629] BASIN FRUITLAND COAL (GAS) | 0         | 998           | 29          | 31       |
| 9/1/2018   | [71629] BASIN FRUITLAND COAL (GAS) | 0         | 798           | 30          | 30       |
| <b>Cum</b>   |                                    |           | <b>474584</b> |             |          |

| <b>Production Summary Report</b><br><b>API: 30-045-24235</b><br><b>KINGFISH #001</b> |                                     |           |               |             |          |
|--|-------------------------------------|-----------|---------------|-------------|----------|
| Year   | Pool                                | Oil(BBLS) | Gas(MCF)      | Water(BBLS) | Days P/I |
| 4/1/2018   | [87190] WAW FRUITLAND SAND PC (GAS) | 0         | 170           | 0           | 30       |
| 5/1/2018   | [87190] WAW FRUITLAND SAND PC (GAS) | 0         | 169           | 0           | 31       |
| 6/1/2018   | [87190] WAW FRUITLAND SAND PC (GAS) | 0         | 143           | 20          | 30       |
| 7/1/2018   | [87190] WAW FRUITLAND SAND PC (GAS) | 0         | 155           | 0           | 31       |
| 8/1/2018   | [87190] WAW FRUITLAND SAND PC (GAS) | 0         | 145           | 0           | 31       |
| 9/1/2018   | [87190] WAW FRUITLAND SAND PC (GAS) | 0         | 86            | 0           | 30       |
| <b>Cum</b>   |                                     |           | <b>171705</b> |             |          |

| <b>Production Summary Report</b><br><b>API: 30-045-32987</b><br><b>KINGFISH COM #090S</b> |                                    |           |              |             |          |
|---|------------------------------------|-----------|--------------|-------------|----------|
| Year  | Pool                               | Oil(BBLS) | Gas(MCF)     | Water(BBLS) | Days P/I |
| 4/1/2018  | [71629] BASIN FRUITLAND COAL (GAS) | 0         | 206          | 800         | 30       |
| 5/1/2018  | [71629] BASIN FRUITLAND COAL (GAS) | 0         | 141          | 0           | 31       |
| 6/1/2018  | [71629] BASIN FRUITLAND COAL (GAS) | 0         | 154          | 0           | 30       |
| 7/1/2018  | [71629] BASIN FRUITLAND COAL (GAS) | 0         | 92           | 0           | 31       |
| 8/1/2018  | [71629] BASIN FRUITLAND COAL (GAS) | 0         | 89           | 0           | 31       |
| 9/1/2018  | [71629] BASIN FRUITLAND COAL (GAS) | 0         | 25           | 0           | 30       |
| <b>Cum</b>  |                                    |           | <b>30708</b> |             |          |



| <b>Production Summary Report</b><br><b>API: 30-045-22143</b><br><b>KIRBY FEDERAL #001</b> |                                     |           |               |             |          |
|---|-------------------------------------|-----------|---------------|-------------|----------|
| Year  | Pool                                | Oil(BBLS) | Gas(MCF)      | Water(BBLS) | Days P/I |
| 4/1/2018  | [87190] WAW FRUITLAND SAND PC (GAS) | 0         | 75            | 0           | 30       |
| 5/1/2018  | [87190] WAW FRUITLAND SAND PC (GAS) | 0         | 853           | 3           | 31       |
| 6/1/2018  | [87190] WAW FRUITLAND SAND PC (GAS) | 0         | 708           | 0           | 30       |
| 7/1/2018  | [87190] WAW FRUITLAND SAND PC (GAS) | 0         | 732           | 0           | 31       |
| 8/1/2018  | [87190] WAW FRUITLAND SAND PC (GAS) | 0         | 759           | 0           | 31       |
| 9/1/2018  | [87190] WAW FRUITLAND SAND PC (GAS) | 0         | 1217          | 0           | 30       |
| <b>Cum</b>  |                                     |           | <b>187294</b> |             |          |

| <b>Production Summary Report</b><br><b>API: 30-045-22484</b><br><b>ROSS FEDERAL #001</b> |                                     |           |               |             |          |
|--|-------------------------------------|-----------|---------------|-------------|----------|
| Year   | Pool                                | Oil(BBLS) | Gas(MCF)      | Water(BBLS) | Days P/I |
| 4/1/2018   | [87190] WAW FRUITLAND SAND PC (GAS) | 0         | 2173          | 458         | 30       |
| 5/1/2018   | [87190] WAW FRUITLAND SAND PC (GAS) | 0         | 1845          | 878         | 31       |
| 6/1/2018   | [87190] WAW FRUITLAND SAND PC (GAS) | 0         | 2002          | 80          | 30       |
| 7/1/2018   | [87190] WAW FRUITLAND SAND PC (GAS) | 0         | 2082          | 930         | 31       |
| 8/1/2018   | [87190] WAW FRUITLAND SAND PC (GAS) | 0         | 1923          | 930         | 31       |
| 9/1/2018   | [87190] WAW FRUITLAND SAND PC (GAS) | 0         | 1879          | 900         | 30       |
| <b>Cum</b>   |                                     |           | <b>494125</b> |             |          |