

DUGAN PRODUCTION CORP.

BIG BAND GATHERING SYSTEM (APPLICATION DATED 7/2015)

CENTRAL DELIVERY SALES METER (ENTERPRISE METER NO. 03049) SENW 12, T-22N, R-7W

SAN JUAN COUNTY, NEW MEXICO

Well Name	API No.	Well Location		Well Location Lease No.	Lse. Type	Communitization Agreement No. (If Established)	Pool	Completion Date	Well Status	Current Prod. $\Phi$			Spacing Unit	Dates for SC, OLM & S $\Phi$			
		UL-Sec-Twn-Rng								MCFD	BC/D	BWPD		Application	BLM Approval	NMSLO Approval	NMOCD Approval
<b>WELLS TO BE ADDED TO SYSTEM (23 WELLS &amp; 15 LOCATIONS)</b>																	
Cleve Kyle location A	pending	NE/4-17-22N-8W	NM43438	FED	pending	Basin Fruitland Coal			LOC				E/2-320A				
Cleve Kyle location A infill	pending	SE/4-17-22N-8W	NM43438	FED	pending	Basin Fruitland Coal			LOC				E/2-320A				
Cleve Kyle location B	pending	NW/4-17-22N-8W	NM43438	FED	pending	Basin Fruitland Coal			LOC				W/2-320A				
Cleve Kyle location B infill	pending	SW/4-17-22N-8W	NM43438	FED	pending	Basin Fruitland Coal			LOC				W/2-320A				
Cleve Kyle location C	pending	NE/4-18-22N-8W	NM43438	FED	pending	Basin Fruitland Coal			LOC				E/2-320A				
Cleve Kyle location C infill	pending	SE/4-18-22N-8W	NM43438	FED	pending	Basin Fruitland Coal			LOC				E/2-320A				
Cleve Kyle location D (Note 16)	pending	NW/4-18-22N-8W	NM43438	FED	pending	Basin Fruitland Coal			LOC				W/2-320A				
Cleve Kyle location D infill	pending	SW/4-18-22N-8W	NM43438	FED	pending	Basin Fruitland Coal			LOC				W/2-320A				
Cochran 3 (Note 13)	30-045-34693	O-16-22N-8W	VA1119	ST	N/A	Basin Fruitland Coal		9/24/09	P	5	0	85.7	E/2-320A				
Cochran infill well (Note 16)	pending	NE/4-16-22N-8W	VA1119	ST	N/A	Basin Fruitland Coal			LOC				E/2-320A				
Gillespie Com 1 (Note 13)	30-045-34930	G-9-22N-8W	NM109396	FED	NMNM112645	Basin Fruitland Coal		11/5/10	P	12	0	59.6	N/2-320A				
Gillespie Com infill well	pending	NW/4-9-22N-8W	NM109396	FED	NMNM112645	Basin Fruitland Coal			LOC				N/2-320A				
Lennon Com 1 (Note 13 & 15)	30-045-35149	A-19-22N-8W	NO-G-0912-1764	I	NMNM112661	Basin Fruitland Coal		10/2/12	P	79	0	52.4	E/2-320A				
Lennon Com 2 (Note 13 & 15)	30-045-35148	I-19-22N-8W	NO-G-0912-1763	I	NMNM112661	Basin Fruitland Coal		10/2/12	P	239	0	72.2	E/2-320A				
Mancini 1 (Note 13 & 15)	30-045-34333	E-15-22N-8W	NM048989	FED	N/A	Basin Fruitland Coal		9/26/07	P	17	0	37.6	W/2-320A				
Mancini 2 (Note 13 & 15)	30-045-34334	L-15-22N-8W	NM048989	FED	N/A	Basin Fruitland Coal		9/25/07	P	49	0	64.7	W/2-320A				
Mancini 3 (Note 13 & 15)	30-045-34757	B-15-22N-8W	NM048989	FED	N/A	Basin Fruitland Coal		9/9/13	P	79	0	91.9	E/2-320A				
Mancini 4 (Note 13 & 15)	30-045-34758	I-15-22N-8W	NM048989	FED	N/A	Basin Fruitland Coal		9/10/13	P	57	0	101.7	E/2-320A				
Mancini Com 5 (Note 13 & 15)	30-045-34761	M-10-22N-8W	NM048989	FED	NMNM130418	Basin Fruitland Coal		8/28/13	P	139	0	98.4	W/2-320A				
Mancini Com 6 (Note 13 & 15)	30-045-34759	E-10-22N-8W	NM109396	FED	NMNM130418	Basin Fruitland Coal		8/21/13	P	56	0	101.0	W/2-320A				
Mancini 7 (Note 13 & 15)	30-045-34760	P-10-22N-8W	NM048989	FED	N/A	Basin Fruitland Coal		8/30/13	P	60	0	75.5	E/2-320A				
Mancini 8 (Note 13 & 15)	30-045-34764	B-10-22N-8W	NM048989	FED	N/A	Basin Fruitland Coal		8/26/13	P	24	0	58.2	E/2-320A				
Mary Rose Com 2 (Note 13)	30-045-35147	P-20-22N-8W	NO-G-0912-1762	I	NMNM112652	Basin Fruitland Coal		12/2/12	P	154	0	97.6	E/2-320A				
Mary Rose Com 2 infill well	pending	NE/4-20-22N-8W	NM57445	FED		Basin Fruitland Coal			LOC				E/2-320A				
McCartney 1	30-045-29659	A-2-22N-9W	VA1120	ST	N/A	Bisti Chacra Ext.		10/12/98	SI-NC				NE/4				
Satchmo Com 1 (Note 13)	30-045-34429	N-3-22N-8W	NM90468	FED	NMNM121554	Basin Fruitland Coal		5/27/08	P	14	0	54.3	S/2-320A				
Satchmo Com infill well (Note 16)	pending	SE/4-3-22N-8W	NM96798	FED	NMNM121554	Basin Fruitland Coal			LOC				S/2-320A				
Satchmo Com 2 (Note 13)	30-045-34425	J-4-22N-8W	NM90468	FED	NMNM121116	Basin Fruitland Coal		5/30/08	P	16	0	46.2	E/2-322.5A				
Satchmo Com infill well	pending	NE/4-4-22N-8W	NM55836	FED	NMNM121116	Basin Fruitland Coal			LOC				E/2-322.5A				
Satchmo Com 3 (Note 13)	30-045-34402	M-4-22N-8W	NM90468	FED	NMNM121133	Basin Fruitland Coal		6/3/08	P	25	0	85.3	W/2-321.53A				
Satchmo Com infill well	pending	NW/4-4-22N-8W	NM90468	FED	NMNM121133	Basin Fruitland Coal			LOC				W/2-321.53A				
Susana Com 1 (Note 13)	30-045-35243	D-2-21N-8W	V7770	ST	State CA-no #	Basin Fruitland Coal		9/19/11	P	76	0	55.2	N/2-321.44A				
Susana Com infill well	pending	NE/4-2-21N-8W	V7769	ST	State CA-no #	Basin Fruitland Coal			LOC				N/2-321.44A				
Tom Wood Denn 1 (Note 13 & 15)	30-045-34926	A-8-22N-8W	NO-G-0902-1757	I	NMNM112639	Basin Fruitland Coal		9/20/10	P	12	0	96.6	N/2-320A				
Tom Wood Denn 2 (Note 13 & 15)	30-045-34933	C-8-22N-8W	NO-G-0902-1758	I	NMNM112639	Basin Fruitland Coal		9/20/10	P	37	0	34.3	N/2-320A				
Warner Federal 1	30-045-05065	A-10-22N-8W	NM048989	FED	N/A	East Bisti Chacra		10/16/65	P	3	0	80.9	NE/4-160A				
Wood Denn 1 (Note 13 & 15)	30-045-34925	L-8-22N-8W	NO-G-0902-1756	I	NMNM112635	Basin Fruitland Coal		10/23/10	P	26	0	110.9	S/2-320A				
Wood Denn 2 (Note 13 & 15)	30-045-34924	P-8-22N-8W	NO-G-0902-1755	I	NMNM112635	Basin Fruitland Coal		11/10/10	P	26	0	93.0	S/2-320A				
<b>WELLS PREVIOUSLY APPROVED FOR BIG BAND GATHERING SYSTEM (33 WELLS &amp; 34 completions)</b>																	
Bear 2	30-045-28552	E-34-23N-8W	NM50999	FED		Nageezi Gallup		4/23/92	P-NC	0	0	0.1	SW/4 NW/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Belushi 1 (Note 17)	30-045-31257	J-5-22N-8W	NM90468	FED		Bisti CH & Basin FR Coal		2/8/05	P	3	0	51.4	SE/4 & E/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Billie 2 (Note 7)	30-045-24713	L-35-22N-8W	NM8902	FED		Rusty Chacra		1/31/81	P	3	0	11.3	SW/4	9/6/2001	2/15/2002	N/A	10/5/2001
Billie Com 90	30-045-33872	D-35-22N-8W	NM94067	FED	NMNM118430	Basin Fruitland Coal		5/17/07	P	33	0	75.4	W/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Billie Com 91	30-045-33873	A-35-22N-8W	NM94067	FED	NMNM119554	Basin Fruitland Coal		9/27/07	P	3	0	50.6	E/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Cleve Kyle 2	30-045-29038	D-18-22N-8W	NM43438	FED		Bisti Chacra Ext.		5/12/94	P	4	0	1.0	NW/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Cochran 1	30-045-24465	A-16-22N-8W	VA1119	ST		Bisti Chacra Ext.		6/24/98	SI-NC				NE/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Dorsey 1 (Note 7)	30-045-29909	E-26-22N-8W	NM90472	FED		Rusty Chacra		12/1/99	P	0	0	0.0	NW/4	9/6/2001	2/15/2002	N/A	10/5/2001
Dorsey Com 90	30-045-33861	C-26-22N-8W	NM90472	FED	NMNM118403	Basin Fruitland Coal		9/29/09	P	24	0	145.9	W/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Dorsey Com 90S	30-045-33862	L-26-22N-8W	NM94067	FED	NMNM118403	Basin Fruitland Coal		5/10/07	P	118	0	70.7	W/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006

Well Name	API No.	Well Location		Communitization Agreement No. (If Established)	Pool	Completion Date	Well Status ①	Current Prod. ②			Spacing Unit	Dates for SC, OLM & S ③			
		UL-Sec-Twn-Rng	Lease No.					Lse.Type	MCFD	BC/D		BWPD	Application	BLM Approval	NMSLO Approval
Ellington 1 (Note 7)	30-045-29907	N-26-22N-8W	NM94067	FED	Rusty Chacra	10/6/99	P	1	0	15.9	SW/4	9/6/2001	2/15/2002	N/A	10/5/2001
Ellington Com 90	30-045-33871	B-26-22N-8W	NM90472	FED	Basin Fruitland Coal	10/20/09	P	11	0	53.8	E/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Ellington Com 90S	30-045-33870	P-26-22N-8W	NM94067	FED	Basin Fruitland Coal	10/9/09	P	204	0	150.4	E/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Gaye 1	30-045-29063	P-1-22N-9W	NM90475	FED	Bisti Chacra	6/7/94	P	1	0	1.9	SE/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Goodman 2 (Note 7)	30-045-29191	L-23-22N-8W	NM90471	FED	Rusty Chacra	1/4/95	P	0	0	0.0	SW/4	9/6/2001	2/15/2002	N/A	10/5/2001
Goodman 90	30-045-30780	J-23-22N-8W	NM90471	FED	Basin Fruitland Coal	12/9/03	P	10	0	39.0	E/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Harrison 1	30-045-31087	I-24-22N-9W	NM89099	FED	Bisti Chacra Ext.	2/5/03	P	1	0	1.1	SE/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Harrison Com 90	30-045-31092	A-24-22N-9W	NM92738	FED	Basin Fruitland Coal	2/5/03	P	31	0	46.5	E/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Hendrix 1	30-045-28931	B-7-22N-8W	NM55836	FED	Bisti Chacra	5/11/93	P	0	0	1.0	NE/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006
James 1 (Note 7)	30-045-29910	I-24-22N-8W	NM93253	FED	Rusty Chacra	12/31/99	P	0	0	0.0	SE/4	9/6/2001	2/15/2002	N/A	10/5/2001
James 90	30-045-30779	L-24-22N-8W	NM93253	FED	Basin Fruitland Coal	12/10/03	P	10	0	43.3	W/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Joplin 1	30-045-28976	A-12-22N-9W	NM90476	FED	Bisti Chacra	9/21/93	P	1	0	2.0	NE/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Marley 1 (Note 10)	30-045-29158	N-36-23N-9W	VA1121	ST	Basin Fruitland Coal	10/28/05	SI	---	---	---	W/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Morrison 1	30-045-28980	H-13-22N-9W	NM90477	FED	Bisti Chacra	9/3/93	P	0	0	1.0	NE/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Presley 1	30-045-29061	P-7-22N-8W	NM90469	FED	Bisti Chacra	5/23/94	SI	0	0	0.0	SE/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Sage Creek 1 P&A'd	30-045-26757	I-3-22N-8W	NM96798	FED	Basin Fruitland Coal	2/5/2007	PA 6/8/09				E/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Zappa 3 FC (Note 7 & 8)	30-045-29908	P-27-22N-8W	NM57445	FED	Basin Fruitland Coal	12/2/99	P-DHC	10	0	42.8	S/2	9/6/2001	2/15/2002	N/A	10/5/2001
Zappa 3 RC (Note 7 & 8)	30-045-29908	P-27-22N-8W	NM57445	FED	Rusty Chacra	12/2/99	P-DHC	10	0	42.8	SE/4	9/6/2001	2/15/2002	N/A	10/5/2001
Zappa 3S	30-045-33855	L-27-22N-8W	NM57445	FED	Basin Fruitland Coal	4/2/07	P	199	0	65.6	S/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Zappa 91	30-045-29997	A-27-22N-8W	NM57445	FED	Basin Fruitland Coal	2/2/01	P	12	0	35.1	N/2	9/6/2001	2/15/2002	N/A	10/5/2001
Zappa 91S	30-045-33856	E-27-22N-8W	NM57445	FED	Basin Fruitland Coal	4/2/07	P	307	0	92.0	N/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Zappa 92	30-045-33857	I-21-22N-8W	NM57445	FED	Basin Fruitland Coal	5/16/07	P	163	0	74.8	E/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Zappa 93	30-045-33858	M-22-22N-8W	NM57445	FED	Basin Fruitland Coal	4/27/07	P	55	0	72.6	S/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Zappa 93S	30-045-33859	P-22-22N-8W	NM57445	FED	Basin Fruitland Coal	4/27/07	P	57	0	69.8	S/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
<b>SWD WELLS</b>															
Cochran 2 SWD (Note 14)	30-045-33932	H-16-22N-8W	VA1119	ST	SWD; Morrison	3/20/07	SWD								
Morrison 2 SWD (Note 14)	30-045-33684	H-13-22N-9W	NM90477	FED	SWD; Entrada	9/12/12	SWD								

**Notes:**

N/A = Not applicable or not needed

NR = None Reported

Note 1 - Well status as of 07/01/15

LOC = General location. The actual location will be staked and APD prepared at a later date.

NC = Not connected to gathering system

P = Producing

P-DHC = Producing downhole commingled

PA = Plugged & Abandoned

SI = Shut in

TA = Temporarily abandoned

Note 2 - Current production presents the average daily production during January, 2015.

Note 3 - Dates of application and regulatory approvals for permission to use Dugan's Big Band Gathering System to facilitate gas sales which typically requires the surface commingling (SC) plus off-lease measurement (OLM) and sale(S) of produced natural gas. The NMOCD has issued **commingling order PLC-191-A (Corrected) dated 4/17/07** for the Big Band Gathering System.

Note 4 - Big Band Central Delivery Sales Meter (CDP) was initially authorized to be PNM's Meter no. 1335 located @ NENE 27, T-22N, R-8W with an option to deliver gas to the Rusty Chacra Gathering System & CDP (Enterprise Meter No. 03049 located @ SENW 12, T-22N, R-7W) should gas delivery to PNM at their CDP not be possible. Dugan Production did attempt to deliver to PNM, however, we were not able to meet PNM's gas quality requirements since PNM's line was delivering gas to the Albuquerque area for residential consumption and PNM did not have treatment facilities. In addition, we found that the fuel requirement to operate a 3 stage compressor and the two dehydrators necessary to operate on PNM's 500 PSI pipeline were not economically feasible.

Note 7 - The Chacra completion was initially believed to be in or an extension to the Bisti Chacra pool. NMOCD Order R-11445 dated 9-5-00 extended the Rusty Chacra pool to include the subject well and acreage.

Note 8 - Production from the Rusty Chacra and Basin Fruitland Coal are downhole commingled by NMOCD Order DHC-2673. Commingled production (gas and water) is allocated 50% to the Chacra and 50% to the Basin Fruitland Coal.

Note 10 - The Chacra completion was plugged 8/30/05 and the Fruitland Coal perforated on 9/23/05. A gas rate of 24 mcf/d has been tested following a breakdown of the perforations. The Fruitland Coal will be considered for fracture stimulation upon obtaining a pipeline connection for gas sales.

Note 13 - Gas deliveries to Rusty Chacra Gathering System (all gas volumes mcf @ 15.025 psi).

Well	1st gas to Rusty Chacra Gath. System	Production 7/14 thru 01/15			Average Production		Cumulative Production 2/1/2015	
		mcf	bw	days	mcf/d	bw/d	mcf	bw
<b>East Chacra Pool</b>								
Warner Federal 1	1/12/2010	435	13,732	206	2.1	66.7	6,730	83,472
<b>Basin Fruitland Coal Pool</b>								
Cochran 3	10/28/2009	968	20,357	215	4.5	94.7	5,816	78,016
Gillespie Com 1	12/9/2010	2,169	11,337	206	10.5	55.0	16,902	143,230
Lennon Com 1	10/23/2012	16,587	15,563	207	80.1	75.2	36,018	23,130
Lennon Com 2	10/23/2012	49,181	15,990	206	238.7	77.6	105,916	21,898
Mancini 1	10/12/2007	4,544	8,078	184	24.7	43.9	82,823	196,211
Mancini 2	10/12/2007	6,743	11,167	206	32.7	54.2	71,435	176,656
Mancini 3	9/30/2013	16,922	18,383	206	82.1	89.2	34,810	44,737
Mancini 4	9/30/2013	11,864	18,531	206	57.6	90.0	27,462	28,449
Mancini Com 5	9/28/2013	35,685	17,763	206	173.2	86.2	75,311	42,475
Mancini Com 6	9/11/2013	12,379	20,678	206	60.1	100.4	45,351	44,225
Mancini 7	9/30/2013	13,077	16,452	206	63.5	79.9	27,956	36,991
Mancini 8	9/11/2013	4,013	11,571	206	19.5	56.2	14,454	25,803
Mary Rose Com 2	10/24/2012	36,599	19,602	206	177.7	95.2	112,955	69,342
Satchmo Com 1	7/10/2008	2,930	11,647	206	14.2	56.5	24,144	180,300
Satchmo Com 2	7/10/2008	1,833	6,464	206	8.9	31.4	14,211	134,811
Satchmo Com 3	7/10/2008	5,183	18,185	206	25.2	88.3	56,555	187,830
Susana Com 1	10/12/2011	18,943	12,295	206	92.0	59.7	102,617	104,762
Tom Wood Denn 1	9/23/2010	2,371	20,052	206	11.5	97.3	19,321	110,274
Tom Wood Denn 2	10/14/2010	4,780	6,575	206	23.2	31.9	39,137	127,967
Wood Denn 1	10/23/2010	3,509	19,042	206	17.0	92.4	26,322	123,792
Wood Denn 2	11/10/2010	4,412	17,805	206	21.4	86.4	21,515	90,131
<b>Pool Total</b>		<b>254,692</b>	<b>317,537</b>		<b>1240.5</b>	<b>1,608.3</b>	<b>961,031</b>	<b>1,991,030</b>

Note 14 - NMOCD Administrative Order authorizing water disposal by underground injection: Cochran No. 2 SWD (SWD-1047), Morrison No. 2 SWD (SWD - 1317)

Note 15 - Dugan Production has changed from using the letter "S" to designate a well as being a Fruitland Coal infill and initiated using unique numbers for each well. The wells using unique numbering and sharing a common spacing unit are:

Wells	Common Spacing Unit
Lennon Com 1 & 2	E/2 19-22N-8W
Mancini 1 & 2	W/2 15-22N-8W
Mancini 3 & 4	E/2 15-22N-8W
Mancini Com 5 & 6	W/2 10-22N-8W
Mancini 7 & 8	E/2 10-22N-8W
Tom Wood Denn 1 & 2	N/2 8-22N-8W
Wood Denn 1 & 2	S/2 8-22N-8W

Note 16 - Location is within the "Big Band Gas Gathering System Area" defined by NMOCD Order PLC-191-A (Corrected) dated 4/17/07, which provides that future wells completed in a pool covered by the order are also included in the commingling order. Since only 3 of the 38 wells/locations being added are covered by this provision, for simplicity, the locations for Cleve Kyle Location D, Cochran infill and Satchmo Com 1 infill are included in this application.

Note 17 - The Basin Fruitland Coal interval has not been completed, but it is being considered for completion, and upon completion, an application to downhole commingle with the Bisti Chacra will be submitted.

SAN JUAN COUNTY, NEW MEXICO

Well Name	API No.	Well Location		Communitization Agreement No. (If Established)	Pool	Completion Date	Well Status $\odot$	MCF	OIL	WATER	DAYS	Current Prod. $\odot$			Spacing Unit	
		UL-Sec-Twn-Rng	Lease No.									Lea. Type	MCFD	BCD		BWPD
<b>WELLS TO BE ADDED TO SYSTEM (4 WELLS + 4 LOCATIONS)</b>																
Basie Com 1	30-043-21112	D-21-22N-7W	NM109393	FED	NMN112676	Basin Fruitland Coal	9/29/11	P	128	0	809	31	4	0	28.1	N/2-320A
Basie Com intill well	pending	NE/4-21-22N-7W	NM6680	FED	NMN112676	Basin Fruitland Coal		LOC								N/2-320A
Lombardo Com 1	30-043-21107	M-29-22N-7W	NM6680	FED	NMN112653	Basin Fruitland Coal	12/7/11	P	903	0	2437	31	29	0	78.6	W/2-320A
Lombardo Com intill well	pending	NW/4-29-22N-7W	NM109392	FED	NMN112653	Basin Fruitland Coal		LOC								W/2-320A
Miller Com 1	30-043-21109	D-32-22N-7W	V7847	ST	State CA-no #	Basin Fruitland Coal	12/7/11	P	1768	0	1700	31	57	0	54.8	W/2-320A
Miller Com intill well	pending	SW/4-32-22N-7W	V7861	ST	State CA-no #	Basin Fruitland Coal		LOC								W/2-320A
Shaw Com 1	30-043-21108	M-16-22N-7W	V7860	ST	State CA-no #	Basin Fruitland Coal	9/19/11	P	21	0	324	31	1	0	10.5	W/2-320A
Shaw Com intill well	pending	NW/4-16-22N-7W	V7846	ST	State CA-no #	Basin Fruitland Coal		LOC								W/2-320A
<b>WELLS PREVIOUSLY APPROVED FOR RUSTY GATHERING SYSTEM (39 WELLS)</b>																
Chacra 1	30-043-20308	D-10-22N-7W	NM25821	FED		Rusty Chacra	2/9/1978	P	19	0	110	31	1	0	3.5	NW/4
Chacra 2	30-043-20309	O-21-22N-7W	NM25821	FED		Rusty Chacra	2/21/1978	P	99	0	0	31	3	0	0.0	SE/4
Dome Federal 01-21-7 1	30-043-20638	H-1-21N-7W	NM15649	FED		Rusty Chacra	7/2/1982	P	24	0	0	31	1	0	0.0	NE/4
Dome Federal 10-22-7 1	30-043-20494	H-10-22N-7W	NM6680	FED		Rusty Chacra	10/23/1980	P	245	0	360	31	8	0	11.6	NE/4
Dome Federal 15-22-7 1	30-043-20281	P-15-22N-7W	NM8899	FED		Rusty Chacra	6/15/1979	P	323	0	0	31	10	0	0.0	SE/4
Dome Federal 16-22-6 3	30-043-20481	E-18-22N-6W	NM21455	FED		Rusty Chacra	10/21/1980	P	58	0	570	31	2	0	18.4	NW/4
Dome Federal 19-22-6 1	30-043-20404	M-19-22N-6W	NM21455	FED		Rusty Chacra	8/30/1979	P	210	0	0	31	7	0	0.0	SW/4
Dome Federal 29-22-6 2	30-043-20406	K-29-22N-6W	NM6676	FED		Rusty Chacra	10/10/1980	P	5	0	0	31	0	0	0.0	SW/4
Dome Federal 29-22-6 3	30-043-20483	H-29-22N-6W	NM6676	FED		Rusty Chacra	12/31/1980	P	6	0	0	31	0	0	0.0	NE/4
Dome Federal 30-22-6 1	30-043-20407	C-30-22N-6W	NM8641	FED		Rusty Chacra	8/30/1979	P	177	0	0	31	6	0	0.0	NW/4
Dome Navajo 03-22-7 1	30-043-20449	J-3-22N-7W	NOOC14205555	I		Alamo Gallup	3/21/1980	P	523	0	0	31	17	0	0.0	NW/4 SE/4
Dome Navajo 17-22-7 2	30-043-20480	K-17-22N-7W	NOOC14205382	I		Rusty Chacra	10/28/1980	P	100	0	0	31	3	0	0.0	SW/4
Dome Navajo 20-22-7 1	30-043-20408	H-20-22N-7W	NOOC14205595	I		Rusty Chacra	7/25/1979	P	114	0	0	31	4	0	0.0	NE/4
Dome Navajo 27-22-6 1	30-043-20475	M-27-22N-6W	NOOC14205046	I		Rusty Chacra	1/18/1987	P	58	0	0	31	2	0	0.0	SW/4
Dome Navajo 28-22-6 2	30-043-20477	I-28-22N-6W	NOOC14205044	I		Rusty Chacra	10/13/1980	P	36	0	0	31	1	0	0.0	SE/4
Dome Navajo 28-22-6 4	30-043-20476	K-28-22N-6W	NOOC14205045	I		Rusty Chacra	12/31/1980	P	6	0	800	31	0	0	25.8	SW/4
Dome Navajo 33-22-6 2	30-043-20664	N-33-22N-6W	NOOC14205048	I		Rusty Chacra	12/2/1982	P	315	0	0	31	10	0	0.0	SW/4
Dome Navajo 34-22-6 1	30-043-20478	C-34-22N-6W	NOOC14205051	I		Rusty Chacra	1/23/1981	P	39	0	0	31	1	0	0.0	NW/4
Dome Rusty 20-22-7 1	30-043-20319	P-20-22N-7W	NM7262	FED		Rusty Chacra	8/28/1978	P	75	0	0	31	2	0	0.0	SE/4
Dome Rusty 30-22-6 1	30-043-20318	B-30-22N-6W	NM6676	FED		Rusty Chacra	6/30/1978	P	300	0	0	31	10	0	0.0	NE/4
Dome State 32-22-6 2	30-043-20470	A-32-22N-6W	LG3923	ST		Rusty Chacra	1/5/1981	P	345	0	0	31	11	0	0.0	NE/4
Dome Tesoro 22 4	30-043-20542	C-22-22N-7W	NOOC14205366	I		Rusty Gallup	4/30/1981	P	227	25	0	31	7	0.8	0.0	NE/4 NW/4
Dome Tesoro 23 1	30-043-20506	L-23-22N-7W	NOOC14205360	I		Rusty Gallup	11/29/1980	P	145	111	0	31	5	3.6	0.0	NW/4 SW/4
Dome Tesoro 27 3	30-043-20515	D-27-22N-7W	NOOC14205365	I		Rusty Gallup	2/9/1981	P	177	11	0	31	6	0.4	0.0	NW/4 NW/4
Federal 25-22-7 1	30-043-20398	B-25-22N-7W	NM8899	FED		Rusty Chacra	9/17/1982	P	2	0	0	31	0	0	0.0	NE/4
Federal 26-22-7 1	30-043-20363	A-26-22N-7W	NM8899	FED		Rusty Chacra	9/17/1978	P	158	0	0	31	5	0	0.0	NE/4
Federal 29-22-6 1	30-043-20344	I-29-22N-6W	NM6676	FED		Rusty Chacra	9/19/1978	P	139	0	0	31	4	0	0.0	SE/4
Federal 29-22-6 2	30-043-20393	E-29-22N-6W	NM6676	FED		Rusty Chacra	9/11/1982	P	669	0	0	31	22	0	0.0	NW/4
Federal 31-22-6 1	30-043-20383	J-31-22N-6W	NM7778	FED		Rusty Chacra	4/25/1979	P	16	0	0	31	1	0	0.0	SE/4

Navajo 1	30-043-20797	N-33-22N-6W	NOOC14205048	I		Rusty So. Galkup	11/19/1985	P	107	10	0	31	3	0.3	0.0	SE/4 SW/4
Navajo 10-22-7 1	30-043-20346	N-10-22N-7W	NOOC14205594	I		Rusty Chacra	9/15/1978	P	27	0	0	31	1	0	0.0	SW/4
Rusty Nail Com 90	30-043-20988	C-34-22N-6W	NOOC14205051	I	NMNM110562	Basin Fruitland Coal	6/21/2005	P	24	0	0	31	1	0	0.0	N/2

DUGAN PRODUCTION CORP.

BIG BAND GATHERING SYSTEM (APPLICATION DATED 7/2015)

CENTRAL DELIVERY SALES METER (ENTERPRISE METER NO. 03049) SENW 12, T-22N, R-7W

SAN JUAN COUNTY, NEW MEXICO

Well Name	API No	Well Location			Communication Agreement No (If Established)	Pool	Completion Date	Well Status	MCF	OIL	WATER	DAYS	Current Prod. 2			Spacing Unit	Dates for SC, CLM & S			
		UL Sec Twp Rng	Lease No.	Lease Type									MCFD	BC/D	BWPD		Application	BLM Approval	NMSLO Approval	NAOCD Approval
WELLS TO BE ADDED TO SYSTEM (21 WELLS & 15 LOCATIONS)																				
Cleve Kyle location A	pending	NE4-17-22N-8W	NM43438	FED	pending	Basin Frustand Coal										E/2-320A				
Cleve Kyle location A in-fill	pending	SE4-17-22N-8W	NM43438	FED	pending	Basin Frustand Coal										E/2-320A				
Cleve Kyle location B	pending	NW4-17-22N-8W	NM43438	FED	pending	Basin Frustand Coal										W/2-320A				
Cleve Kyle location B in-fill	pending	SW4-17-22N-8W	NM43438	FED	pending	Basin Frustand Coal										W/2-320A				
Cleve Kyle location C	pending	NE4-18-22N-8W	NM43438	FED	pending	Basin Frustand Coal										E/2-320A				
Cleve Kyle location C in-fill	pending	SE4-18-22N-8W	NM43438	FED	pending	Basin Frustand Coal										E/2-320A				
Cleve Kyle location D	pending	NW4-18-22N-8W	NM43438	FED	pending	Basin Frustand Coal										W/2-320A				
Cleve Kyle location D in-fill	pending	SW4-18-22N-8W	NM43438	FED	pending	Basin Frustand Coal										W/2-320A				
Cochran 3	30-045-34963	O-16-22N-8W	VA1119	ST	N/A	Basin Frustand Coal	9/24/09	P	146	0	2657	31	5	0	85.7	E/2-320A				
Cochran in-fill well	pending	NE4-16-22N-8W	VA1119	ST	N/A	Basin Frustand Coal										E/2-320A				
Gillette Com 1	30-045-34900	G-9-22N-8W	NM109396	FED	NMNM112645	Basin Frustand Coal	11/5/10	P	361	0	1847	31	12	0	59.6	N/2-320A				
Gillette Com in-fill well	pending	NW4-9-22N-8W	NM109396	FED	NMNM112645	Basin Frustand Coal										N/2-320A				
Lennon Com 1	30-045-35149	A-19-22N-8W	NO-G-0912-1764	I	NMNM112651	Basin Frustand Coal	10/2/12	P	2459	0	1624	31	79	0	52.4	E/2-320A				
Lennon Com 2	30-045-35148	I-19-22N-8W	NO-G-0912-1763	I	NMNM112651	Basin Frustand Coal	10/2/12	P	7409	0	2237	31	239	0	72.2	E/2-320A				
Mancini 1	30-045-34333	E-15-22N-8W	NM048989	FED	N/A	Basin Frustand Coal	9/26/07	P	532	0	1163	31	17	0	37.6	W/2-320A				
Mancini 2	30-045-34334	L-15-22N-8W	NM048989	FED	N/A	Basin Frustand Coal	9/25/07	P	1519	0	2006	31	49	0	64.7	W/2-320A				
Mancini 3	30-045-34757	B-15-22N-8W	NM048989	FED	N/A	Basin Frustand Coal	9/9/13	P	2437	0	2848	31	79	0	91.9	E/2-320A				
Mancini 4	30-045-34758	I-15-22N-8W	NM048989	FED	N/A	Basin Frustand Coal	9/10/13	P	1768	0	3153	31	37	0	101.7	E/2-320A				
Mancini Com 5	30-045-34761	M-10-22N-8W	NM048989	FED	NMNM130418	Basin Frustand Coal	8/29/13	P	4321	0	3051	31	139	0	98.4	W/2-320A				
Mancini Com 6	30-045-34759	E-10-22N-8W	NM109396	FED	NMNM130418	Basin Frustand Coal	8/21/13	P	1727	0	3132	31	56	0	101.0	W/2-320A				
Mancini 7	30-045-34780	F-10-22N-8W	NM048989	FED	N/A	Basin Frustand Coal	8/30/13	P	1851	0	2339	31	60	0	79.5	E/2-320A				
Mancini 8	30-045-34764	B-10-22N-8W	NM048989	FED	N/A	Basin Frustand Coal	8/29/13	P	733	0	1803	31	24	0	58.2	E/2-320A				
Mary Rose Com 2	30-045-35147	P-20-22N-8W	NO-G-0912-1762	I	NMNM112652	Basin Frustand Coal	12/2/12	P	4782	0	3027	31	154	0	97.6	E/2-320A				
Mary Rose Com 2 in-fill well	pending	NE4-20-22N-8W	NM57445	FED		Basin Frustand Coal										E/2-320A				
McCarney 1	30-045-29659	A-2-22N-8W	VA1120	ST	N/A	Basin Frustand Coal	10/1/08	SH-NC	0	0	0	0	0	0	0	NE4				
Satchmo Com 1	30-045-34429	N-3-22N-8W	NM50468	FED	NMNM121354	Basin Frustand Coal	5/27/08	P	427	0	1883	31	14	0	54.3	S/2-320A				
Satchmo Com in-fill well	pending	SE4-3-22N-8W	NM56738	FED	NMNM121354	Basin Frustand Coal										S/2-320A				
Satchmo Com 2	30-045-34425	J-4-22N-8W	NM50468	FED	NMNM121116	Basin Frustand Coal	5/30/08	P	482	0	1433	31	18	0	46.2	E/2-322.5A				
Satchmo Com in-fill well	pending	NE4-4-22N-8W	NM55836	FED	NMNM121116	Basin Frustand Coal										E/2-322.5A				
Satchmo Com 3	30-045-34402	M-4-22N-8W	NM50468	FED	NMNM121133	Basin Frustand Coal	6/3/08	P	787	0	2944	31	25	0	85.3	W/2-321.53A				
Satchmo Com in-fill well	pending	NW4-4-22N-8W	NM50468	FED	NMNM121133	Basin Frustand Coal										W/2-321.53A				
Susana Com 1	30-045-35243	D-2-21N-8W	V7770	ST	State CA-no #	Basin Frustand Coal	9/19/11	P	2352	0	1712	31	76	0	83.2	N/2-321.44A				
Susana Com in-fill well	pending	NE4-2-21N-8W	V7769	ST	State CA-no #	Basin Frustand Coal										N/2-321.44A				
Tom Wood Denn 1	30-045-34926	A-6-22N-8W	NO-G-0902-1757	I	NMNM112639	Basin Frustand Coal	9/20/10	P	368	0	2995	31	12	0	98.6	N/2-320A				
Tom Wood Denn 2	30-045-34933	C-6-22N-8W	NO-G-0902-1758	I	NMNM112639	Basin Frustand Coal	9/20/10	P	1145	0	1063	31	37	0	34.3	N/2-320A				
Warner Federal 1	30-045-09005	A-10-22N-8W	NM048989	FED	N/A	East Bas Chaco	10/16/85	P	93	0	2507	31	3	0	80.9	NE4-18DA				
Wood Denn 1	30-045-34925	L-9-22N-8W	NO-G-0902-1756	I	NMNM112635	Basin Frustand Coal	10/23/10	P	819	0	3439	31	26	0	110.9	S/2-320A				
Wood Denn 2	30-045-34924	P-8-22N-8W	NO-G-0902-1755	I	NMNM112635	Basin Frustand Coal	11/10/10	P	815	0	2864	31	26	0	93.0	S/2-320A				
WELLS PREVIOUSLY APPROVED FOR BIG BAND GATHERING SYSTEM (33 WELLS & 31 completions)																				
Beer 2	30-045-28552	E-34-23N-8W	NM50999	FED		Nageezi Gallup	4/23/92	P-NC	12	0	2	31	0	0	0.1	SW4 NW4	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Belushi 1	30-045-31257	J-5-22N-8W	NM50468	FED		Basin Frustand Coal	2/6/06	P	85	0	190	31	3	0	51.4	SE4 & E/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Billie 2	30-045-24713	L-35-22N-8W	NM8902	FED		Rusty Chaco	1/31/81	P	80	0	390	31	3	0	11.3	SW4	9/6/2011	2/15/2012	NR	0/5/2011
Billie Com 90	30-045-33872	D-35-22N-8W	NM84067	FED	NMNM118430	Basin Frustand Coal	5/17/07	P	1025	0	2336	31	33	0	75.4	W/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Billie Com 91	30-045-33873	A-35-22N-8W	NM84067	FED	NMNM119554	Basin Frustand Coal	9/27/07	P	108	0	1569	31	3	0	50.6	E/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Cleve Kyle 2	30-045-29038	D-18-22N-8W	NM43438	FED		Basin Frustand Coal	5/12/94	P	119	0	31	31	4	0	1.0	NW4	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Cochran 1	30-045-24485	A-16-22N-8W	VA1119	ST		Basin Frustand Coal	6/24/98	SH-NC	0	0	0	0	0	0	0	NE4	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Dorsey 1	30-045-29609	E-26-22N-8W	NM90472	FED		Rusty Chaco	12/1/99	P	4	0	0	31	0	0	0.0	NW4	9/6/2001	2/15/2012	N/A	10/5/2001
Dorsey Com 90	30-045-33951	C-26-22N-8W	NM90472	FED	NMNM118403	Basin Frustand Coal	9/24/09	P	736	0	4524	31	24	0	143.9	W/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Dorsey Com 90S	30-045-33862	L-26-22N-8W	NM90467	FED	NMNM118403	Basin Frustand Coal	5/10/07	P	3646	0	2192	31	118	0	70.7	W/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006

Well Name	API No.	Well Location		Comminization Agreement No. (if Established)	Pool	Completion Date	Well Status	MCF	OIL	WATER	DAYS	Current Prod. @			Spacing Unit	Date for SC, OLM & S				
		UL Sec-Tier-Range	Lease No.									Lease Type	MCFD	BCD		BWPD	Application	Approval	MSL/O	MS/OCD
<b>WELLS TO BE ADDED TO SYSTEMS OF WELLS 1-15 (LOCATIONS)</b>																				
Cave Kyle location A	pending	NE/4-17-22N-BW	NM43438	FED	pending	Basin Fruitland Coal	LOG								E/2-320A					
Cave Kyle location A well	pending	SE/4-17-22N-BW	NM43438	FED	pending	Basin Fruitland Coal	LOG								E/2-320A					
Cave Kyle location B	pending	NW/4-17-22N-BW	NM43438	FED	pending	Basin Fruitland Coal	LOG								W/2-320A					
Cave Kyle location B well	pending	SW/4-17-22N-BW	NM43438	FED	pending	Basin Fruitland Coal	LOG								W/2-320A					
Cave Kyle location C	pending	NE/4-18-22N-BW	NM43438	FED	pending	Basin Fruitland Coal	LOG								E/2-320A					
Cave Kyle location C well	pending	SE/4-18-22N-BW	NM43438	FED	pending	Basin Fruitland Coal	LOG								E/2-320A					
Cave Kyle location D	pending	NW/4-18-22N-BW	NM43438	FED	pending	Basin Fruitland Coal	LOG								W/2-320A					
Cave Kyle location D well	pending	SW/4-18-22N-BW	NM43438	FED	pending	Basin Fruitland Coal	LOG								W/2-320A					
Cochran 2	30-045-34851	D-18-22N-BW	VA1119	ST	N/A	Basin Fruitland Coal	9/24/09	P	145	0	2567	31	5	0	85.7	E/2-320A				
Cochran well well	pending	NE/4-18-22N-BW	VA1119	ST	N/A	Basin Fruitland Coal	LOG								E/2-320A					
Claspe Com 1	30-045-34900	G-9-22N-BW	NM102995	FED	NMNM112545	Basin Fruitland Coal	11/9/10	P	361	0	1847	31	12	0	59.6	N/2-320A				
Claspe Com well well	pending	NW/4-9-22N-BW	NM102995	FED	NMNM112545	Basin Fruitland Coal	LOG								N/2-320A					
Larson Com 1	30-045-35149	A-19-22N-BW	NO-G-0912-1764	I	NMNM112561	Basin Fruitland Coal	10/2/12	P	2499	0	1824	31	79	0	52.4	E/2-320A				
Larson Com 2	30-045-35148	I-19-22N-BW	NO-G-0912-1763	I	NMNM112561	Basin Fruitland Coal	10/2/12	P	7409	0	2217	31	239	0	72.2	E-2-320A				
Mansoni 1	30-045-34203	E-15-22N-BW	NM43438	FED	N/A	Basin Fruitland Coal	9/20/07	P	332	0	1165	31	17	0	37.8	W/2-320A				
Mansoni 2	30-045-34204	L-15-22N-BW	NM43438	FED	N/A	Basin Fruitland Coal	9/25/07	P	1519	0	2005	31	49	0	64.7	W/2-320A				
Mansoni 3	30-045-34757	B-15-22N-BW	NM43438	FED	N/A	Basin Fruitland Coal	9/9/13	P	2437	0	2948	31	79	0	91.9	E/2-320A				
Mansoni 4	30-045-34758	I-15-22N-BW	NM43438	FED	N/A	Basin Fruitland Coal	9/10/13	P	1769	0	3152	31	57	0	101.7	E-2-320A				
Mansoni Com 5	30-045-34761	M-10-22N-BW	NM43438	FED	NMNM130418	Basin Fruitland Coal	8/28/13	P	4321	0	3951	31	139	0	98.4	W/2-320A				
Mansoni Com 6	30-045-34759	E-10-22N-BW	NM102995	FED	NMNM130418	Basin Fruitland Coal	8/21/13	P	1727	0	3132	31	56	0	101.0	W-2-320A				
Mansoni 7	30-045-34780	F-10-22N-BW	NM43438	FED	N/A	Basin Fruitland Coal	8/30/13	P	1851	0	2339	31	60	0	75.5	E/2-320A				
Mansoni 8	30-045-34764	B-10-22N-BW	NM43438	FED	N/A	Basin Fruitland Coal	8/29/13	P	721	0	1802	31	24	0	58.2	E/2-320A				
Mary Rose Com 2	30-045-35147	P-20-22N-BW	NO-G-0912-1762	I	NMNM112562	Basin Fruitland Coal	12/2/12	P	4782	0	2027	31	154	0	97.6	E/2-320A				
Mary Rose Com 2 well well	pending	NE/4-20-22N-BW	NM57445	FED		Basin Fruitland Coal	LOG								E/2-320A					
McCarney 1	30-045-35039	A-2-22N-BW	VA1120	ST	N/A	Beth Chaco Est.	10/12/98	SLNG	0	0	0	0	0	0	NE/4					
Satchno Com 1	30-045-34429	N-3-22N-BW	NM50468	FED	NMNM121154	Basin Fruitland Coal	5/27/08	P	427	0	1683	31	14	0	54.3	S/2-320A				
Satchno Com well well	pending	SE/4-3-22N-BW	NM50468	FED	NMNM121154	Basin Fruitland Coal	LOG								S/2-320A					
Satchno Com 2	30-045-34425	J-4-22N-BW	NM50468	FED	NMNM121116	Basin Fruitland Coal	5/20/08	P	482	0	1433	31	16	0	46.2	E/2-322.5A				
Satchno Com well well	pending	NE/4-4-22N-BW	NM50468	FED	NMNM121116	Basin Fruitland Coal	LOG								E/2-322.5A					
Satchno Com 3	30-045-34402	M-4-22N-BW	NM50468	FED	NMNM121133	Basin Fruitland Coal	6/3/08	P	787	0	2644	31	25	0	85.3	W/2-321.53A				
Satchno Com well well	pending	NW/4-4-22N-BW	NM50468	FED	NMNM121133	Basin Fruitland Coal	LOG								W/2-321.53A					
Susana Com 1	30-045-35243	D-2-21N-BW	V7770	ST	State CA-no #	Basin Fruitland Coal	9/19/11	P	2352	0	1712	31	26	0	55.2	N/2-321.44A				
Susana Com well well	pending	NE/4-2-21N-BW	V7769	ST	State CA-no #	Basin Fruitland Coal	LOG								N/2-321.44A					
Tom Wood Darn 1	30-045-34926	A-8-22N-BW	NO-G-0902-1757	I	NMNM112629	Basin Fruitland Coal	9/20/10	P	368	0	2225	31	12	0	36.6	N/2-320A				
Tom Wood Darn 2	30-045-34933	C-8-22N-BW	NO-G-0902-1758	I	NMNM112629	Basin Fruitland Coal	9/20/10	P	1146	0	1052	31	37	0	34.3	N/2-320A				
Warner Federal 1	30-045-05005	A-10-22N-BW	NM43438	FED	N/A	East Beth Chaco	10/16/96	P	91	0	2907	31	3	0	80.9	NE/4-180A				
Wood Darn 1	30-045-34925	L-8-22N-BW	NO-G-0902-1756	I	NMNM112625	Basin Fruitland Coal	10/23/10	P	819	0	2420	31	29	0	110.9	S/2-320A				
Wood Darn 2	30-045-34924	P-8-22N-BW	NO-G-0902-1755	I	NMNM112625	Basin Fruitland Coal	11/19/10	P	815	0	2884	31	26	0	93.0	S/2-320A				
<b>WELLS PREVIOUSLY APPROVED FOR BIG BAND GATHERING SYSTEMS OF WELLS 1-34 (COMPLETIONS)</b>																				
Beau 2	30-045-29552	E-34-22N-BW	NM49099	FED		Nageezi Gulch	4/23/92	P/ANC	12	0	2	31	0	0	0.1	SW/4-NW/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Balkan 1	30-045-31527	L-5-22N-BW	NM59468	FED		Beth Chaco & Beth Chaco Est.	2/8/95	P	95	0	1934	31	3	0	54.4	SE/4-N/4	9/9/2001	8/14/2006	7/24/2006	7/24/2006
Bike 2	30-045-24713	L-35-22N-BW	NM59027	FED		Rusty Chaco	1/31/81	P	80	0	250	31	3	0	11.3	SW/4	8/9/2001	2/15/2002	N/A	10/5/2001
Bike Com 90	30-045-33812	D-35-22N-BW	NM59467	FED	NMNM118430	Basin Fruitland Coal	5/17/07	P	1025	0	2336	31	33	0	75.4	W/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Bike Com 91	30-045-33873	A-35-22N-BW	NM59467	FED	NMNM119554	Basin Fruitland Coal	8/27/07	P	108	0	1659	31	3	0	50.8	E/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Cave Kyle 2	30-045-29108	D-18-22N-BW	NM43438	FED		Beth Chaco Est.	9/12/94	P	119	0	31	31	4	0	1.0	NW/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Cochran 1	30-045-24465	A-15-22N-BW	VA1119	ST		Beth Chaco Est.	8/24/98	SLNG	0	0	0	0	0	0	NE/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006	
Dorsey 1	30-045-29009	E-25-22N-BW	NM59472	FED		Rusty Chaco	12/1/99	P	4	0	0	31	0	0	0	NW/4	9/6/2001	2/15/2002	N/A	10/5/2001
Dorsey Com 90	30-045-33951	G-25-22N-BW	NM59472	FED	NMNM118403	Basin Fruitland Coal	9/29/09	P	736	0	4524	31	24	0	145.9	W/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Dorsey Com 90S	30-045-33862	L-25-22N-BW	NM59467	FED	NMNM118403	Basin Fruitland Coal	5/10/07	P	3646	0	2192	31	119	0	70.7	W/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Ellington 1	30-045-29937	N-25-22N-BW	NM59467	FED		Rusty Chaco	10/6/99	P	25	0	494	31	1	0	15.0	SW/4	9/6/2001	2/15/2002	N/A	10/5/2001
Ellington Com 90	30-045-33871	B-25-22N-BW	NM59472	FED	NMNM112628	Basin Fruitland Coal	10/20/09	P	347	0	1899	31	11	0	53.8	E/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Ellington Com 90S	30-045-33870	P-25-22N-BW	NM59467	FED	NMNM112545	Basin Fruitland Coal	10/9/09	P	6311	0	4929	31	204	0	150.4	E/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Gay 1	30-045-29063	P-1-22N-BW	NM59475	FED		Beth Chaco	6/7/94	P	29	0	56	31	1	0	1.9	SE/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Goodman 2	30-045-25191	L-23-22N-BW	NM59471	FED		Rusty Chaco	1/4/96	P	3	0	0	31	0	0	0.0	SW/4	9/6/2001	2/15/2002	N/A	10/5/2001
Goodman 90	30-045-30780	J-23-22N-BW	NM59471	FED		Basin Fruitland Coal	12/9/03	P	312	0	1210	31	10	0	39.0	E/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Harrison 1	30-045-31087	L-24-22N-BW	NM59469	FED		Beth Chaco Est.	2/5/03	P	28	0	20	19	1	0	1.1	SE/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Harrison Com 90	30-045-31092	A-24-22N-BW	FED	NMNM108160	Basin Fruitland Coal	2/5/03	P	976	0	1443	31	31	0	46.5	E/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006	
Harris 1	30-045-28931	B-7-22N-BW	NM58306	FED		Beth Chaco	5/11/93	P	4	0	31	31	0	0	1.0	NE/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Jared 1	30-045-29910	L-24-22N-BW	NM59253	FED		Rusty Chaco	12/31/99	P	0	0	0	31	0	0	0.0	SE/4	9/6/2001	2/15/2002	N/A	10/5/2001



ABOVE THIS LINE FOR DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**  
- Engineering Bureau -  
1220 South St. Francis Drive, Santa Fe, NM 87505



**ADMINISTRATIVE APPLICATION CHECKLIST**

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

**Application Acronyms:**

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

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
- [A] Location - Spacing Unit - Simultaneous Dedication  
 NSL  NSP  SD
- Check One Only for [B] or [C]
- [B] Commingling - Storage - Measurement  
 DHC  CTB  PLC  PC  OLS  OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
 WFX  PMX  SWD  IPI  EOR  PPR
- [D] Other: Specify \_\_\_\_\_
- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or  Does Not Apply
- [A]  Working, Royalty or Overriding Royalty Interest Owners
- [B]  Offset Operators, Leaseholders or Surface Owner
- [C]  Application is One Which Requires Published Legal Notice
- [D]  Notification and/or Concurrent Approval by BLM & SLO  
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E]  For all of the above, Proof of Notification or Publication is Attached, and/or,  
 \* - Attachment No. 8 presents copies of notification efforts to Interest Owners. All were sent cert. find. - Return Receipt. Copies of Receipts will be sent to NMOC.D.
- [F]  Waivers are Attached
- [3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

- PLC #147-B  
 - DUGAN PRODUCTION COMP  
 6515  
 Well  
 - ChAcna #1  
 30-043-20308  
 +  
 1343 others  
 Pool  
 - Rusty ChAcna (Gds)  
 8436J  
 - Basin Fruitland  
 Cacl (71629)  
 - Rusty Gallup  
 52860  
 - Bisti ChAcna  
 96166

[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	<i>Kevin Smaka</i> Signature	Production Engineer Title	08/7/15 Date
		kevin.smaka@duganproduction.com e-mail Address	



# dugan production corp.



August 7, 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 Big Band & Rusty Chacra Gas Gathering Systems, plus consolidate both Gathering systems into a new gathering system to be called the Rusty Gathering System San Juan & Sandoval Counties, 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 38 wells (23 existing and 15 proposed locations) to be added to Dugan Production's Big Band Gathering System (BBGS) plus 8 wells (4 existing and 4 proposed locations) to be added to Dugan Production's Rusty Chacra Gathering System (RCGS). In addition, we are requesting your approvals to consolidate the BBGS and RCGS into a new gathering system to be called the Rusty Gathering System (RGS). Dugan Production operates the BBGS and RCGS and will operate the RGS in the exact same manner as is approved for the BBGS and RCGS. NMOCD Form 107-B is attached for this application to add wells to both gathering systems. A summary presenting the wells and production for each pool and gathering system is presented on Attachment No. 4. Gas sales for the RGS will continue to be at the central delivery sales meter (CDP) established for the RCGS and currently serving both BBGS and the RCGS. The CDP for the RCGS is located in the SENW of Section 12, T-22N, R-7W and delivers gas to Enterprise Field Services Meter No. 03049. This CDP is also authorized to be used as needed by the BBGS in the event gas deliveries to PNM at the CDP sales meter established for the BBGS were not feasible (NMOCD Order PLC-191-A, dated 4/17/07). The BBGS CDP to PNM has been abandoned as not being feasible for operation on the BBGS, and all gas from BBGS is now delivered to the RCGS. Dugan Production did seriously attempt to deliver BBGS to PNM, however the fuel gas volumes needed to operate the 3 stage compressor plus two dehydrators that were necessary to deliver gas into PNM's line, were deemed to not be feasible. Almost all production into the BBGS was being consumed by fuel needs and a typical production cycle during any month would include shutting in the compressor to allow the connected wells to pressure up the BBGS at which time the compressor and dehydrators would be placed into service until the accumulated gas volumes within the BBGS had either been consumed as fuel or a small volume had been delivered into PNM's pipeline which was averaging 500 psi. Ultimately, the compressor would shut down as a result of low gathering system pressure. Gas sales to PNM during the 23 months from 2/02 through 12/03 totaled 1142 mcf for a monthly average of 50 mcf, which was not acceptable to DPC and the PNM CDP has been abandoned and all BBGS gas delivered to the RCGS by connecting the two gathering systems with a line from the James No. 1 (NESE 24, T22N, R8W) to the Dome Rusty 20-22-7 No. 1 (SESE 20, T22N, R7W). In addition to adding wells to our BBGS and RCGS, plus consolidating the two gathering systems to form a new gathering system, we are also requesting the NMOCD to include a provision in their order that for future additions to the RGS, only the interest owners in the wells being added need to be notified, providing that it is reasonably certain that the proposed additions will not adversely affect the interest owners in the wells already approved for the gathering system. Our notice letters to each of the interest owners did include a notice of this request. This provision will be very helpful and will significantly reduce the work effort necessary to add future wells to the gathering system.

The RCGS was installed by Dome Petroleum and placed into service during January of 1982. Dugan Production acquired the gathering system and most of the wells connected to it in 1990. Currently there are 39 wells approved

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for the RCGS which includes 32 that are currently active and seven that have been plugged and abandoned. Production currently averages a total of 154 mcf/d plus 5.1 bopd for an overall average of 5 mcf/d per well plus an average of 1.0 bopd for each of the five active oil wells. Well production ranges from 1 to 22 mcf/d. Of the eight wells proposed to be added to the RCGS, four have been connected and currently produce a total of 91 mcf/d for an average of 23 mcf/d per well, ranging from 1 mcf/d to 57 mcf/d. All four wells are marginal producers and detailed information for each is presented in Note 5 of Attachment 2A. Individual well production for the RCGS is presented on Attachment 2A and a summary of pool production is presented on Attachment No. 4.

The BBGS was installed by Dugan Production and first delivered gas to PNM on 2/4/02. A total of 33 wells (34 completions) have been approved for the BBGS by NMOCD Order PLC-191-A dated 7/24/06, the BLM on 8/14/06, and the State Land Office on 7/24/06. Of the 34 completions currently approved for the BBGS, 28 are currently active and produce a total of 1271 mcf for an overall average of 45 mcf/d/well, ranging from 1 mcf/d to 307 mcf/d with 15 wells averaging less than 25 mcf/d. Of the 38 wells proposed to be added to the BBGS, 22 have been connected and currently produce a total of 1205 mcf/d for an overall average of 55 mcf/d/well, ranging from 3 mcf/d to 239 mcf/d, with eight averaging less than 25 mcf/d and only three producing more than 100 mcf/d. Note No. 13 on Attachment 2B presents detailed production information for each of the 22 wells. Individual well production for the BBGS is presented on Attachment No. 2B 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 all four wells at RCGS plus 19 of the 22 wells at BBGS are considered to be marginal producers (less than 100 mcf/d) and that all production has been accounted for using the allocation procedures that have been approved for both gathering systems. There has not been any economic harm to anyone. Each of the subject wells was frac'd during completion and to insure minimal exposure to reservoir damage and to minimize the volumes of gas vented during flowback, it was important to place each well on production into the gathering system as quickly as possible following the frac, which was easy to do having the gathering system available.

**Attachments No. 1A & 1B** present maps of the RCGS and BBGS, respectively, with the wells proposed to be added highlighted in blue. In addition, Dugan Production's leases are also presented. This is an area that is somewhat remote to development activity in the San Juan Basin. Dugan Production has a majority of the leasehold interest and to date most wells drilled are considered to be marginal producers. The RCGS central delivery gas sales meter is located in the SENW of Section 12, T-22N, R-7W and delivers gas to Enterprise Field Services Meter No. 03049. As presented above, initially Dugan Production did attempt to deliver BBGS gas to a CDP on PNM's pipeline, however due to the high pipeline pressure (500 psi), and PNM's dehydration requirements, this CDP has been abandoned and BBGS gas delivered to RCGS.

**Attachments No. 2A & 2B** present information for the wells currently approved and the wells to be added to the RCGS and BBGS, respectively. Detailed production information for wells to be added is presented in Note 5 of Attachment No. 2A for the RCGS and Note 13 of Attachment No. 2B for the BBGS. It is important to note that on Attachment 2A for the RCGS, production for the 39 wells currently approved ranges from 1 to 22 mcf/d and averages 5 mcf/d/well. Production from the four wells being added ranges from 1 to 57 mcf/d and averages 23 mcf/d. There should be no question that all wells on the RCGS are very marginal producers. With reference to Attachment No. 2B for the BBGS, production from the 34 completions currently approved ranges from 1 to 307 mcf/d and averages 45 mcf/d. It should be noted that only 5 wells on the BBGS produce more than 100 mcf/d and that 23 wells produce less than 100 mcf/d averaging 12 mcf/d. Production from the wells being added ranges from 3 to 239 mcf/d and averages 55 mcf/d. Only three wells produce more than 100 mcf/d and 19 produce less than 100 mcf/d, averaging 35 mcf/d. Thus for the BBGS, a majority of the wells are considered to be marginal producers.

**Attachments 3A & 3B** present the interest ownership for the wells to be added to the RCGS and BBGS, respectively. From Attachment No. 3A, at the RCGS, Dugan Production holds 100% of the working interest in six wells being added and their infill locations, plus we have a majority working interest ( $\pm 93\%$  before payout and  $\pm 86\%$  after payout) in the fourth well and infill location. Royalty for four of the wells and infill locations is federal and royalty for four of the wells and infill locations is state. In addition, four of the wells and infill wells have six to 13 overriding royalty interest owners. From Attachment 3B, at the BBGS, Dugan Production holds 100% of the working interest in 28 of the wells and infill locations to be added. In addition, we have a majority working interest in eight of the wells and infill locations (four at  $87\frac{1}{2}\%$  and four at  $75\%$ ), and we have a 50% working interest in one well and its infill location. Of the 38 wells/locations to be added to the BBGS, 25 have federal royalty, four have state royalty, 4 have Navajo Nation Royalty, and eight have Navajo Allotted royalty. Note that three of the wells are communitized and include more than one type of royalty in their spacing units. Twenty-seven of the wells/locations being added also have overriding royalty interest owners ranging from one to six overriding royalty interest owners in any one well. All interest owners in the wells being added as presented in Attachments No. 3A and 3B (19 at RCGS + 16 at BBGS), plus all interest owners in the wells currently approved for BBGS and RCGS (58) 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 BBGS & RCGS. The BBGS has wells from four pools (three gas and one oil) authorized for the gathering system and with this application a fifth pool, the East Bisti Chacra gas pool (96384) is being added. The RCGS has wells from five pools (three oil and two gas) authorized for the gathering system. It is noted that two of the pools (Basin Fruitland Coal and Rusty Chacra) are authorized for both gathering systems. It is also noted that for the BBGS, of the 34 wells (28 active) currently approved for the gathering system, production averages 45 mcf/d and ranges from 2 to 73 mcf/d per well. Of the 38 wells/locations to be added with this application, 22 are currently producing and average 55 mcf/d per well. For the RCGS, 39 wells (32 active) currently approved for the gathering system, production averages 5 mcf/d per well and ranges from 1 to 17 mcf/d per well. Of the eight wells/locations to be added, four are currently producing and average 23 mcf/d per well. Clearly, all wells are considered to be marginal producers. Dugan Production's leases for the wells in each gathering system are summarized on Page 2 of Attachment No. 4. The BBGS has 19 federal, five state, seven Navajo Allotted, and one Navajo Nation lease, which is held by the Navajo Nation. The RCGS has 19 federal, six state (five by Dugan Production and one by Hicks Oil & Gas), and 13 Navajo Allotted leases.

**Attachment No. 5** presents the proposed allocation procedures to be used for the consolidated BBGS and RCGS which will now be called the Rusty Gathering System. It should be noted that this allocation procedure is exactly the same allocation procedure that has been approved for both the RCGS and BBGS, and is currently being used.

**Attachments No 6A and 6B** present a comparison of connecting the proposed wells to the existing RCGS and BBGS as opposed to directly connecting each well to the nearest pipeline which will be Enterprise's line at the current CDP for RCGS in the SENW of Section 12, T22N, R7W. PNM does have a closer line, but our efforts to deliver BBGS to PNM have eliminated the PNM line as an option. 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. 6A, to connect each of the eight wells and infill locations to Dugan's RCGS, will require installing an estimated 16,271' (3.08 miles) of 4" polypipe which with a 40' ROW, will require disturbing an estimated 14.94 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 106,450' (20.16 miles) and result in disturbing 97.75 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 \$244,065 for connecting to a gathering system to \$4,045,100 for connecting to Enterprise. In addition, and probably one of the biggest benefits of operating a gathering system is that we can install central gas compression facilities to serve multiple wells and we typically operate our gathering systems at 20 to 30 psig which provides an optimum surface operating pressure for wells connected to it. For direct connect, it will be necessary to install a compressor at each well in order to deliver gas into Enterprise's pipeline which is currently averaging 325 psig. This will require purchasing and installing significantly more compressors to deliver the same gas, which will result in using more produced gas for fuel and producing more noise and exhaust gas. In addition, the cost to make a connection to our gathering system averages about \$5,000/tap and meter run where Enterprise will charge an average of \$85,000 for each pipeline tap and meter run. For our analysis, since the infill wells will have the same interest ownership as the initial spacing unit well, we assumed it will be acceptable to connect the infill well to the initial well and use only one line and compressor to deliver the gas to Enterprise which will not only reduce the necessary pipeline length, but will reduce the meter run and connection cost for the infill well to \$5,000 and enable the infill well to use the compressor installed for the initial well.

From Attachment 6B, to connect each of the 38 wells and infill locations to Dugan's BBGS will require installing an estimated 97,244' (18.4 miles) of 4" polypipe which with a 40' ROW will require disturbing an estimated 89.3 acres of surface. If each well were to be connected directly to a pipeline company for gas sales, the length of necessary pipeline will increase to 1,014,212' (192.1 miles) and will result in a surface disturbance of 931.3 acres. As described above for the RCGS, a direct connect line will be operated at a higher pressure and will need to be 4" steel which will result in the pipeline costs increasing from \$1,458,660 to \$38,540,056. In addition, for direct connection, we will need to install 20 additional compressors which will result in using an additional 396 mcf/d for fuel which will result in lower gas volumes to be sold at a value of approximately \$526,848/year considering gas at a 1215 BTU and \$3.00/mcf. Assuming royalty rates of 12-1/2% to 16-2/3%, this will reduce royalties paid by approximately \$65,900 to \$87,800 per year!

Thus considering all factors of connecting to the existing gathering system versus directly connecting to Enterprise pipeline, the total costs presented on page 2 of Attachments 6A and 6B are summarized as follows:

<u>Gathering System</u>	<u>Connect to Gathering System</u>	<u>Connect to Enterprise</u>	<u>Additional Cost for Direct Connections</u>
BBGS	\$1,648,660	\$41,483,256	\$39,834,596
RCGS	\$ 284,065	\$ 4,637,740	\$ 4,353,675
<b>Total</b>	<b>\$1,932,725</b>	<b>\$45,778,996</b>	<b>\$44,188,271</b>

Considering that a majority of the wells to be added to the RCGS and BBGS are considered to be marginal producers, it will be very important that we receive approval to use the existing gathering systems as opposed to directly connecting each well to the pipeline company. Also considering that these wells are in an area that has significant archaeological, cultural, and paleontology presence, plus is in close proximity to two wilderness areas, and is within the threatened and endangered Brack's Cactus and Aztec Gila Habitat, it is important to minimize the surface disturbance and installation of necessary compression equipment.

**Attachment 7** presents a summary of the equipment and facilities that are currently installed for the BBGS and RCGS. Since the Fruitland Coal is a significant part of our development to date at the BBGS plus represents a majority of the wells/locations to be added to both gathering systems, Dugan Production has drilled and currently operates two SWD wells, the Cochran No. 2 SWD and the Morrison No. 2 SWD. 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 delivering water to the separator based upon the water volumes delivered and the percentage of all water delivered to the separator. This procedure for handling and disposing of the produced water is a very important part of operating our gathering system and without this, as would be necessary for direct connection, it would be necessary to install separators and storage tanks at each well and to truck the water from each well for disposal. Thus we are able to reduce a significant surface disturbance for facilities to handle and store the produced water at the wellsite plus we significantly reduce the truck traffic and road maintenance needed to haul and dispose of the produced water. As part of this application, we request approvals to surface commingle the produced water and dispose of the produced water at one of Dugan's water disposal wells or if necessary, at a commercial water disposal facility.

There are two central compressor stations on the BBGS, one at the Cochran No. 2 SWD well which is necessary to maintain an optimum gathering system pressure of 20 to 30 psi for wells located on the outer portion of the gathering system, plus there is a central compressor station located at the James No. 1 well which is necessary to maintain the gathering system pressure for wells between the Cochran No. 2 compressor and the James No. 1 compressor, plus deliver gas from the BBGS to the RCGS. We anticipate continuing to operate both compressors after consolidation of the BBGS and RCGS.

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.

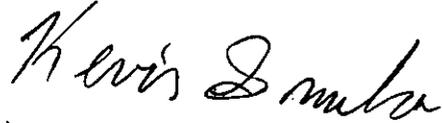
In summary, Dugan Production is requesting approvals to:

1. Add 38 wells/locations to Dugan's Big Band Gathering System;
2. Add 8 wells/locations to Dugan's Rusty Chacra Gathering System;
3. Consolidate the Big Band and Rusty Chacra Gathering systems into a new gathering system to be called the Rusty Gathering System;
4. Include a provision in NMOCD's order that for future wells to be added to the gathering system, only the interest owners in the wells being added require notice of the application;
5. Authorize the beneficial use of fuel used by equipment necessary to operate the gathering system;
6. Authorize the surface commingling plus off-lease disposal of produced water.

A majority of the wells on both gathering systems 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 BBGS and RCGS 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,

A handwritten signature in black ink that reads "Kevin Smaka". The signature is written in a cursive style with a large, prominent "K" and "S".

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 Commingling)

LEASE TYPE:  Fee  State  Federal and Navajo Allotted Rusty Chacra & Big Band

Is this an Amendment to existing Order?  Yes  No If "Yes", please include the appropriate Order No. PLC-147-A & PLC-191-A  
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling  
 Yes  No

**(A) POOL COMMINGLING**  
Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes
See Attachment No. 4	Attachment No. 4	Attachment No. 4		Attachment No. 4	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) See Attachment No. 4  
(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

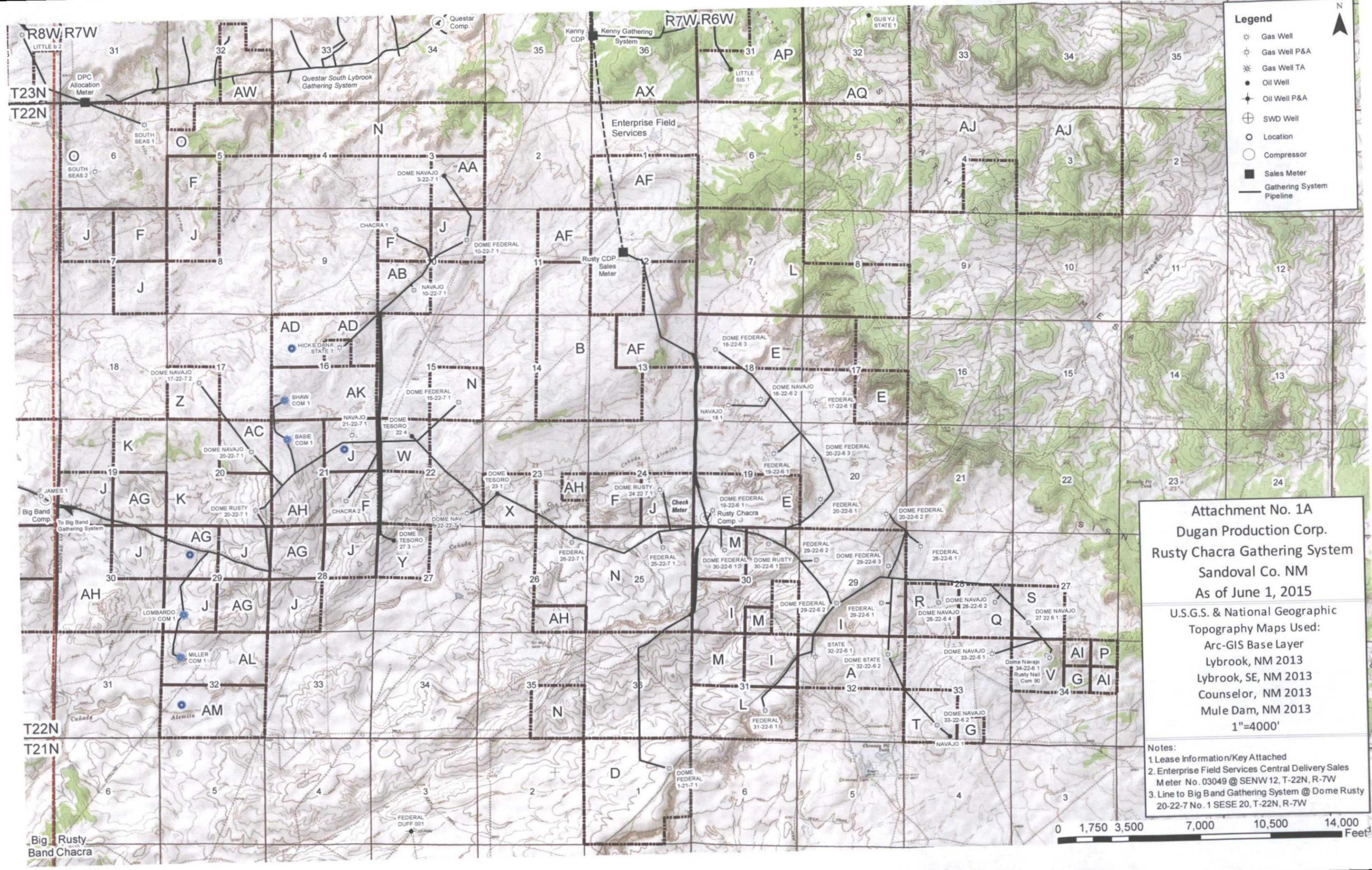
(1) A schematic diagram of facility, including legal location. Attachments 1A & 1B  
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved. Att. 1A & 1B  
(3) Lease Names, Lease and Well Numbers, and API Numbers. Attachments 2A & 2B

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

SIGNATURE: Kevin Smaka TITLE: Engineering Manager DATE: 8/7/15

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

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



**Legend**

- ☼ Gas Well
- ☼ Gas Well P&A
- ☼ Gas Well TA
- Oil Well
- Oil Well P&A
- ⊕ SWD Well
- Location
- Compressor
- Sales Meter
- Gathering System Pipeline

**Attachment No. 1A**  
**Dugan Production Corp.**  
**Rusty Chacra Gathering System**  
**Sandoval Co. NM**  
**As of June 1, 2015**

U.S.G.S. & National Geographic  
 Topography Maps Used:  
 Arc-GIS Base Layer  
 Lybrook, NM 2013  
 Lybrook, SE, NM 2013  
 Counselor, NM 2013  
 Mule Dam, NM 2013  
 1"=4000'

**Notes:**  
 1 Lease Information/Key Attached  
 2 Enterprise Field Services Central Delivery Sales Meter No. 03049 @ SENW 12, T-22N, R-7W  
 3 Line to Big Band Gathering System @ Dome Rusty 20-22-7 No. 1 SESE 20, T-22N, R-7W



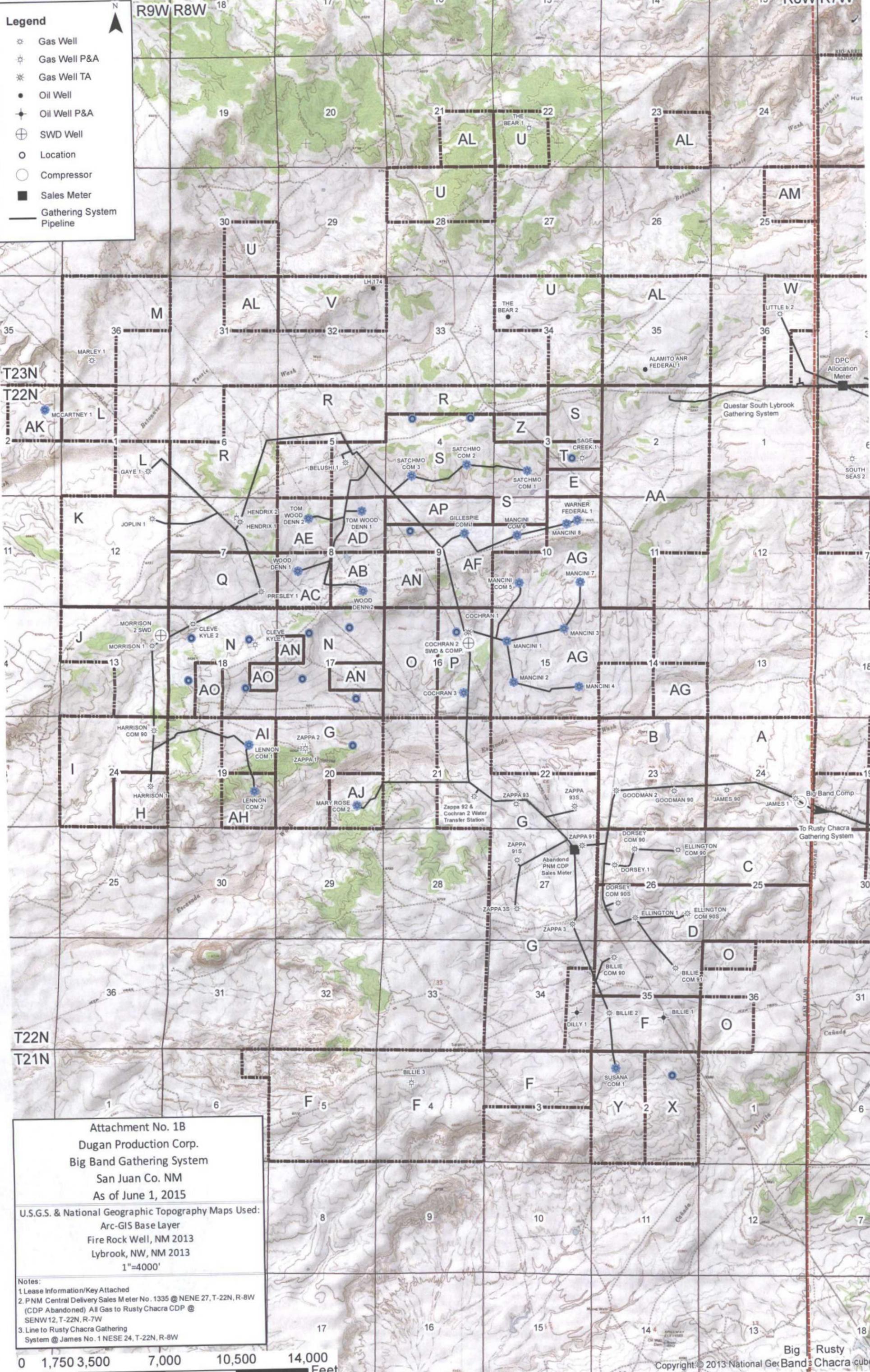
Big Rusty Band Chacra

**ATTACHMENT NO. 1A  
RUSTY CHACRA GATHERING SYSTEM  
PAGE 2 OF 2**

<b>Rusty Chacra Lease Legend</b>			
<b>Letter</b>	<b>Lease Type</b>	<b>Lease Number</b>	<b>Lease Name</b>
A	State	LG-3923	Dome State 32-22-6 & State 32-22-6
B	Federal	NM-0554433	Unnamed
D	Federal	NM-15649	Dome Federal 01-21-7
E	Federal	NM-21455	Dome Federal 18-22-6 & Dome Federal 19-22-6
F	Federal	NM-25821	Chacra
G	Federal	NM-27163	Unnamed
I	Federal	NM-6676	Dome Federal 29-22-6 & Dome Rusty 30-22-6 & Federal 29-22-6
J	Federal	NM-6680	Dome Federal 10-22-7 & Dome Rusty 24-22-7 & Navajo 21-22-7
K	Federal	NM-7262	Dome Rusty 20-22-7
L	Federal	NM-7776	Federal 31-22-6
M	Federal	NM-8641	Dome Federal 30-22-6
N	Federal	NM-8899	Dome Federal 15-22-7 & Federal 25-22-7 & Federal 26-22-7
O	Federal	NM-89023	South Seas
P	Federal	NM-93448	Unnamed
Q	NavAlt	NOOC-14-20-5044	Dome Navajo 28-22-6
R	NavAlt	NOOC-14-20-5045	Dome Navajo 28-22-6
S	NavAlt	NOOC-14-20-5046	Dome Navajo 27-22-6
T	NavAlt	NOOC-14-20-5048	Dome Navajo 33-22-6 & Navajo
V	NavAlt	NOOC-14-20-5051	Dome Navajo 34-22-6
W	NavAlt	NOOC-14-20-5356	Dome Tesoro 22
X	NavAlt	NOOC-14-20-5360	Dome Tesoro 23
Y	NavAlt	NOOC-14-20-5365	Dome Tesoro 27
Z	NavAlt	NOOC-14-20-5382	Dome Navajo 17-22-7
AA	NavAlt	NOOC-14-20-5555	Dome Navajo 03-22-7
AB	NavAlt	NOOC-14-20-5594	Navajo 10-22-7
AC	NavAlt	NOOC-14-20-5595	Dome Navajo 20-22-7
AD	State	V-7846	Shaw
AE	Federal	NM-109385	Unnamed
AF	Federal	NM-109391	Unnamed
AG	Federal	NM-109392	Lombardo
AH	Federal	NM-109393	Basie
AI	Federal	NM-113069	Unnamed
AJ	Federal	NM-109386	Lybrook - Encana
AK	State	V-7860	Shaw
AL	State	V-7847	Miller
AM	State	V-7861	Miller Com
AN	Federal	NM-28740	Emily
AO	Federal	NM-28741	LuLu
AP	Federal	NM-89021	Little Sis
AQ	State	V-1399	Gus
AR	Federal	NM-81638	Kite
AS	Federal	NM-28747	Ballymaloe
AT	Fee	12352	Unnamed
AU	Federal	NM-28747	Kinsale
AV	Federal	NM-36943	Henry AGC
AW	State	LG-3924	Alamito Unit
AX	State	LG-3925	Kenny

**Legend**

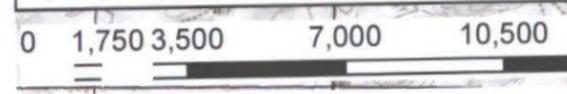
- ☉ Gas Well
- ☉ Gas Well P&A
- ☉ Gas Well TA
- Oil Well
- ◆ Oil Well P&A
- ⊕ SWD Well
- Location
- Compressor
- Sales Meter
- Gathering System Pipeline



Attachment No. 1B  
 Dugan Production Corp.  
 Big Band Gathering System  
 San Juan Co. NM  
 As of June 1, 2015

U.S.G.S. & National Geographic Topographic Maps Used:  
 Arc-GIS Base Layer  
 Fire Rock Well, NM 2013  
 Lybrook, NW, NM 2013  
 1"=4000'

Notes:  
 1 Lease Information/Key Attached  
 2 PNM Central Delivery Sales Meter No. 1335 @ NENE 27, T-22N, R-8W (CDP Abandoned) All Gas to Rusty Chacra CDP @ SENW 12, T-22N, R-7W  
 3 Line to Rusty Chacra Gathering System @ James No. 1 NESE 24, T-22N, R-8W



Well Name	API No.	Well Location		Communitization Agreement No. (If Established)	Pool	Completion Date	Well Status <sup>⊙</sup>	Current Prod. <sup>⊙</sup>			Spacing Unit	Dates for SC, OLM & S <sup>⊙</sup>				
		UL-Sec-Twn-Rng	Lease No.					Lse.Type	MCFD	BC/D		BWPD	Application	BLM Approval	NMSLO Approval	NMOCD Approval
<b>WELLS TO BE ADDED TO SYSTEM (4 WELLS + 4 LOCATIONS)</b>																
Basie Com 1	(Note 5) 30-043-21112	D-21-22N-7W	NM109393	FED	NMNM112676	Basin Fruitland Coal	9/29/11	P	4	0	26.1	N/2-320A				
Basie Com infill well	(Note 4) pending	NE/4-21-22N-7W	NM6680	FED	NMNM112676	Basin Fruitland Coal		LOC				N/2-320A				
Lombardo Com 1	(Note 5) 30-043-21107	M-29-22N-7W	NM6680	FED	NMNM112653	Basin Fruitland Coal	12/7/11	P	29	0	78.6	W/2-320A				
Lombardo Com infill well	pending	NW/4-29-22N-7W	NM109392	FED	NMNM112653	Basin Fruitland Coal		LOC				W/2-320A				
Miller Com 1	(Note 5) 30-043-21109	D-32-22N-7W	V7847	ST	State CA-no #	Basin Fruitland Coal	12/7/11	P	57	0	54.8	W/2-320A				
Miller Com infill well	pending	SW/4-32-22N-7W	V7861	ST	State CA-no #	Basin Fruitland Coal		LOC				W/2-320A				
Shaw Com 1	(Note 5) 30-043-21108	M-16-22N-7W	V7860	ST	State CA-no #	Basin Fruitland Coal	9/19/11	P	1	0	10.5	W/2-320A				
Shaw Com infill well	pending	NW/4-16-22N-7W	V7846	ST	State CA-no #	Basin Fruitland Coal		LOC				W/2-320A				
<b>WELLS PREVIOUSLY APPROVED FOR RUSTY GATHERING SYSTEM (39 WELLS)</b>																
Chacra 1	30-043-20308	D-10-22N-7W	NM25821	FED		Rusty Chacra	2/9/1978	P	1	0	3.5	NW/4	8/17/98	10/13/99	8/31/98	9/8/98
Chacra 2	30-043-20309	O-21-22N-7W	NM25821	FED		Rusty Chacra	2/21/1978	P	3	0	0.0	SE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dana State 1 (Hicks Oil & Gas) P&A'd	30-043-20165	G-16-22N-7W	K04844	ST		Rusty Gallup	7/14/1975	PA 2/16/09				SW/4 NE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Federal 01-21-7 1	30-043-20638	H-1-21N-7W	NM15649	FED		Rusty Chacra	7/2/1982	P	1	0	0.0	NE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Federal 10-22-7 1	30-043-20484	H-10-22N-7W	NM6680	FED		Rusty Chacra	10/23/1980	P	8	0	11.6	NE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Federal 15-22-7 1	30-043-20281	P-15-22N-7W	NM8899	FED		Rusty Chacra	6/15/1979	P	10	0	0.0	SE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Federal 18-22-6 3	30-043-20481	E-18-22N-6W	NM21455	FED		Rusty Chacra	10/21/1980	P	2	0	18.4	NW/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Federal 19-22-6 1	30-043-20404	M-19-22N-6W	NM21455	FED		Rusty Chacra	8/30/1979	P	7	0	0.0	SW/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Federal 29-22-6 2	30-043-20406	K-29-22N-6W	NM6676	FED		Rusty Chacra	10/10/1980	P	0	0	0.0	SW/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Federal 29-22-6 3	30-043-20483	H-29-22N-6W	NM6676	FED		Rusty Chacra	12/31/1980	P	0	0	0.0	NE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Federal 30-22-6 1	30-043-20407	C-30-22N-6W	NM8641	FED		Rusty Chacra	8/30/1979	P	6	0	0.0	NW/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Navajo 03-22-7 1	30-043-20449	J-3-22N-7W	NOOC14205555	I		Alamito Gallup	3/21/1980	P	17	0	0.0	NW/4 SE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Navajo 17-22-7 2	30-043-20480	K-17-22N-7W	NOOC14205382	I		Rusty Chacra	10/28/1980	P	3	0	0.0	SW/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Navajo 18-22-6 2 P&A'd	30-043-20474	O-18-22N-6W	NM5452	FED		Rusty Chacra	11/4/1980	PA 12/11/01				SE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Navajo 20-22-7 1	30-043-20408	H-20-22N-7W	NOOC14205595	I		Rusty Chacra	7/25/1979	P	4	0	0.0	NE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Navajo 27-22-6 1	30-043-20475	M-27-22N-6W	NOOC14205046	I		Rusty Chacra	1/16/1987	P	2	0	0.0	SW/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Navajo 28-22-6 2	30-043-20477	I-28-22N-6W	NOOC14205044	I		Rusty Chacra	10/13/1980	P	1	0	0.0	SE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Navajo 28-22-6 4	30-043-20476	K-28-22N-6W	NOOC14205045	I		Rusty Chacra	12/31/1980	P	0	0	25.8	SW/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Navajo 33-22-6 1 P&A'd	30-043-20663	A-33-22N-6W	NOOC14205050	I		Rusty Chacra	12/2/1982	PA 11/15/10				NE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Navajo 33-22-6 2	30-043-20664	N-33-22N-6W	NOOC14205048	I		Rusty Chacra	12/2/1982	P	10	0	0.0	SW/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Navajo 34-22-6 1	30-043-20478	C-34-22N-6W	NOOC14205051	I		Rusty Chacra	1/23/1981	P	1	0	0.0	NW/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Rusty 20-22-7 1	30-043-20319	P-20-22N-7W	NM7262	FED		Rusty Chacra	8/28/1978	P	2	0	0.0	SE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Rusty 24-22-7 1 P&A'd	30-043-20320	J-24-22N-7W	NM6680	FED		Rusty Chacra	6/30/1978	PA 1/30/13				SE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Rusty 30-22-6 1	30-043-20318	B-30-22N-6W	NM6676	FED		Rusty Chacra	6/30/1978	P	10	0	0.0	NE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome State 32-22-6 2	30-043-20470	A-32-22N-6W	LG3923	ST		Rusty Chacra	1/5/1981	P	11	0	0.0	NE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Tesoro 22 4	30-043-20542	C-22-22N-7W	NOOC14205356	I		Rusty Gallup	4/30/1981	P	7	0.8	0.0	NE/4 NW/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Tesoro 23 1	30-043-20506	L-23-22N-7W	NOOC14205360	I		Rusty Gallup	11/29/1980	P	5	3.6	0.0	NW/4 SW/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Tesoro 27 3	30-043-20515	D-27-22N-7W	NOOC14205365	I		Rusty Gallup	2/9/1981	P	6	0.4	0.0	NW/4 NW/4	8/17/98	10/13/99	8/31/98	9/8/98
Federal 25-22-7 1	30-043-20398	B-25-22N-7W	NM8899	FED		Rusty Chacra	9/17/1982	P	0	0	0.0	NE/4	8/17/98	10/13/99	8/31/98	9/8/98
Federal 26-22-7 1	30-043-20363	A-26-22N-7W	NM8899	FED		Rusty Chacra	9/17/1978	P	5	0	0.0	NE/4	8/17/98	10/13/99	8/31/98	9/8/98
Federal 29-22-6 1	30-043-20344	I-29-22N-6W	NM6676	FED		Rusty Chacra	9/19/1978	P	4	0	0.0	SE/4	8/17/98	10/13/99	8/31/98	9/8/98
Federal 29-22-6 2	30-043-20393	E-29-22N-6W	NM6676	FED		Rusty Chacra	9/11/1982	P	22	0	0.0	NW/4	8/17/98	10/13/99	8/31/98	9/8/98
Federal 31-22-6 1	30-043-20383	J-31-22N-6W	NM7776	FED		Rusty Chacra	4/25/1979	P	1	0	0.0	SE/4	8/17/98	10/13/99	8/31/98	9/8/98
Navajo 1	30-043-20797	N-33-22N-6W	NOOC14205048	I		Rusty So. Gallup	11/19/1985	P	3	0.3	0.0	SE/4 SW/4	8/17/98	10/13/99	8/31/98	9/8/98
Navajo 10-22-7 1	30-043-20346	N-10-22N-7W	NOOC14205594	I		Rusty Chacra	9/15/1978	P	1	0	0.0	SW/4	8/17/98	10/13/99	8/31/98	9/8/98
Navajo 18-22-6 1 P&A'd	30-043-20286	N-18-22N-6W	NM5452	FED		Rusty Chacra	7/16/1979	PA 12/13/01				SW/4	8/17/98	10/13/99	8/31/98	9/8/98
Navajo 21-22-7 1 P&A'd	30-043-20282	A-21-22N-7W	NM6680	FED		Rusty Chacra	6/30/1978	PA 12/17/01				NE/4	8/17/98	10/13/99	8/31/98	9/8/98
Rusty Nail Com 90	30-043-20988	C-34-22N-6W	NOOC14205051	I	NMNM110562	Basin Fruitland Coal	6/21/2005	P	1	0	0.0	N/2	6/20/06	8/14/06	7/24/06	7/25/06
State 32-22-6 1 P&A'd	30-043-20400	D-32-22N-6W	LG3923	ST		Rusty Chacra	3/11/1982	PA 12/18/01				NW/4	8/17/98	10/13/99	8/31/98	9/8/98

**Notes:**

N/A = Not applicable or not needed

NR = None Reported

Note 1 - Well status as of 06/01/15

LOC = General location of potential infill well

NC = Not connected to gathering system

P = Producing

P-DHC = Producing downhole commingled

PA = Plugged & Abandoned

SI = Shut in

TA = Temporarily abandoned

Note 2 - Current production presents the average daily production during January, 2015.

Note 3 - Dates of application and regulatory approvals for permission to use Dugan's Rusty Chacra Gathering System to facilitate gas sales which typically requires the surface commingling (SC) plus off-lease measurement (OLM) and sale(S) of produced natural gas. The NMOCD has issued commingling order PLC-147-A dated 7/25/06 for the Rusty Chacra Gas Gathering System.

Note 4 - Location is within the "Rusty Chacra Gas Gathering System Area" defined by NMOCD Order PLC-147-A dated 7/25/06 which provides that future wells completed in a pool covered by the order are also automatically included in the commingling authority of the order. Since only one of the eight wells/locations being added is covered by this provision, for simplicity, the Basie Com infill location is included with this application.

Note 5 - Gas deliveries to Rusty Chacra Gathering System (all gas volumes mcf @ 15.025 psi):

Well	1st gas to Rusty Chacra Gath. System	Production 7/14 thru 01/15			Average Production		Cumulative Production 2/1/15	
		mcf	bw	days	mcf/d	bw/d	mcf	bw
<u>Basin Fruitland Coal Pool</u>								
Basie Com 1	11/1/2011	1,431	6,729	206	6.9	32.7	3,114	22,505
Lombardo Com 1	1/19/2012	8,670	44,066	206	42.1	213.9	26,079	81,981
Miller Com 1	1/19/2012	17,099	23,391	206	83.0	113.5	56,115	91,902
Shaw Com 1	11/1/2011	587	2,761	207	2.8	13.3	2,043	8,756
<b>Pool Total</b>		<b>26,787</b>	<b>2,761</b>	<b>825</b>	<b>134.9</b>	<b>373.5</b>	<b>87,351</b>	<b>205,144</b>

**ATTACHMENT NO. 1B  
BIG BAND GATHERING SYSTEM  
PAGE 2 OF 2**

<b>Big Band Lease Legend</b>			
Letter	Lease Type	Lease Number	Lease Name
A	Federal	NM-93253	James
B	Federal	NM-90471	Goodman
C	Federal	NM-90472	Dorsey
D	Federal	NM-94067	Ellington
E	Federal	NM-116056	Satchmo
F	Federal	NM-8902	Billie
G	Federal	NM-57445	Zappa
H	Federal	NM-89099	Harrison
I	Federal	NM-92738	Harrison
J	Federal	NM-90477	Morrison
K	Federal	NM-90476	Joplin
L	Federal	NM-90475	Gaye
M	State	VA-1121	Marley
N	Federal	NM-43438	Cleve Kyle
O	State	B-10894-8	Cochran
P	State	VA-1119	Cochran
Q	Federal	NM-90469	Presley
R	Federal	NM-55836	Hendrix
S	Federal	NM-90468	Belushi
T	Federal	NM-96798	Sage Creek
U	Federal	NM-50999	Bear
V	State	LH-174	LH-174
W	State	LG-9090	Little b
X	State	V-7769	Susana
Y	State	V-7770	Susana
Z	Federal	NM-116055	Unnamed
AA	Federal	NM-048989-A	Federal G
AB	Nav Alt	NOG-0902-1755	Wood Denn #2
AC	Nav Alt	NOG-0902-1756	Wood Denn #1
AD	Nav Alt	NOG-0902-1757	Tom Wood Denn #1
AE	Nav Alt	NOG-0902-1758	Tom Wood Denn #2
AF	Federal	NM-109396	Gillespie
AG	Federal	NM-048989	Warner & Manein
AH	Nav Alt	NOG-0912-1763	Lennon Com #2
AI	Nav Alt	NOG-0912-1764	Lennon Com #1
AJ	Nav Alt	NOG-0912-1762	Mary Rose
AK	State	VA-1120	McCartney
AL	Federal	NM-76842	Alamito ANR
AM	Federal	NM-81638	Kite
AN	Federal	NM-130771	XTO Lease
AO	Nav Nation	NM-032341F1	Navajo Navajo Lease
AP	Federal	NM-117569	Cross Timbers Lease



ATTACHMENT NO. 3A – PAGE 2 OF 4  
Dugan Production Corp.  
Basie Com #1 & infill  
Basin Fruitland Coal  
Well Location: NWNW 21, T22N, R7W  
Infill Location: NE/4 21, T22N, R7W  
Spacing Unit: N/2-320.0A  
Sandoval County, New Mexico

<u>INTEREST OWNER</u>	<u>INTEREST %</u>	
	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u> Dugan Production Corp.	100.000000	82.843750
<u>Royalty</u> USA-c/o Bureau of Land Management 6251 College Blvd. Farmington, NM 87402	-0-	12.500000
<u>Overriding Royalty</u> Dugan Production Corp.	-0-	1.343750
Black Stone Natural Resources II-B, L.P. P O Box 301407 Dallas, TX 75303-1407	-0-	0.153472
Black Stone Natural Resources II, L.P. P O Box 301404 Dallas, TX 75303-1404	-0-	0.241485
Paul Charles Ellison BAD ADDRESS 7973 South Vance Street Littleton, CO 80123	-0-	0.060000
James S. Jameson 11611 Campos Houston, TX 77065	-0-	0.050000
Kent A. Johnson 7862 South Valentia Way Englewood, CO 80112	-0-	0.500000
Kochergen Enterprises Family LP 8163 W. McKinley Ave. Fresno, CA 93722	-0-	0.562500
Magnum Hunter Production Inc. #774031 4031 Solutions Center Chicago, IL 60677-4000	-0-	0.750000
Douglas B. McCallum 191 University Blvd. #839 Denver, CO 80206-4613	-0-	0.060000
F. Michael Murphy 3364 Wabash Street Denver, CO 80238	-0-	0.020000
Kurt T. Nelson BAD ADDRESS 695 South Corona Denver, CO 80209	-0-	0.250000
O'Connell Partners, L.P. P O Box 301491 Dallas, TX 75303-1491	-0-	0.605043
William T. & Betty Jean Philo, Jr. Tenants 708 Sunny Lane Corsicana, TX 75110	-0-	0.060000
<b>TOTAL WELL</b>	<b>100.000000</b>	<b>100.000000</b>

ATTACHMENT NO. 3A – PAGE 3 OF 4  
 Dugan Production Corp.  
 Lombardo Com #1 & infill  
 Basin Fruitland Coal  
 Well Location: SWSW 29, T22N, R7W  
 Infill Location: NW/4 29, T22N, R7W  
 Spacing Unit: W/2-320.0A  
 Sandoval County, New Mexico

INTEREST OWNER	INTEREST %			
	Gross - BPO	Net - BPO	Gross - APO	Net - APO
<u>Working Interest</u> Dugan Production Corp.	92.968750	78.205566	85.937500	71.193848
Mark A. Chapman P O Box 450 Sealy, TX 77474	-0-	-0-	7.031250	5.824951
Moon Royalty, LLC P O Box 720070 Oklahoma City, OK 73172-0070	7.031250	5.638184	7.031250	5.824951
<u>Royalty</u> USA-c/o Bureau of Land Management 6251 College Blvd. Farmington, NM 87402	-0-	12.500000	-0-	12.500000
<u>Overriding Royalty</u> Dugan Production Corp.	-0-	1.343750	-0-	1.343750
Black Stone Natural Resources II-B, LP P O Box 301407 Dallas, TX 75303-1404	-0-	0.153472	-0-	-0-
Black Stone Natural Resources II, LP P O Box 301404 Dallas, TX 75303-1404	-0-	0.241485	-0-	-0-
Paul Charles Ellison BAD ADDRESS 7973 South Vance Street Littleton, CO 80123	-0-	-0-	-0-	0.060000
James S. Jameson 11611 Campos Houston, TX 77065	-0-	-0-	-0-	0.050000
Kent A. Johnson 7862 South Valentia Way Englewood, CO 80112	-0-	-0-	-0-	0.500000
Kochergen Enterprises Family LP 8163 W. McKinley Ave. Fresno, CA 93722	-0-	0.562500	-0-	0.562500
Magnum Hunter Production, Inc. #774031 4031 Solutions Center Chicago, IL 60677-4000	-0-	0.750000	-0-	0.750000
Douglas B. McCallum 191 University Blvd. #839 Denver, CO 80206-4613	-0-	-0-	-0-	0.060000
F. Michael Murphy 3364 Wabash Street Denver, CO 80238	-0-	-0-	-0-	0.020000
Kurt T. Nelson BAD ADDRESS 695 South Corona Denver, CO 80209	-0-	-0-	-0-	0.250000
R.K. O'Connell Revocable Trust R.K. & Sue O'Connell, Co-Trustees P O Box 2003 Casper, WY 82602	-0-	0.605043	-0-	1.000000
William T. & Betty Jean Philo, Jt. Tenants 708 Sunny Lane Corsicana, TX 75110	-0-	-0-	-0-	0.060000
<b>TOTAL WELL</b>	<b>100.000000</b>	<b>100.000000</b>	<b>100.000000</b>	<b>100.000000</b>

**ATTACHMENT NO. 3A – PAGE 4 OF 4**  
**Dugan Production Corp.**  
**Miller Com #1 & infill**  
**Basin Fruitland Coal**  
**Well Location: NWNW 32, T22N, R7W**  
**Infill Location: SW/4 32, T22N, R7W**  
**Spacing Unit: W/2-320.0A**  
**Sandoval County, New Mexico**

<u>INTEREST OWNER</u>	<u>INTEREST %</u>	
	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u>		
Dugan Production Corp.	100.000000	83.330000
<u>Royalty</u>		
New Mexico State Land Office Office of Commissioner of Public Lands P O Box 1148 Santa Fe, NM 87504-1148	-0-	16.670000
 <b>TOTAL WELL</b>	<u>100.000000</u>	<u>100.000000</u>

**Dugan Production Corp.**  
**Shaw Com #1 & infill**  
**Basin Fruitland Coal**  
**Well Location: SWSW 16, T22N, 7W**  
**Infill Location: NW/4 16, T22N, R7W**  
**Spacing Unit: W/2-320.0A**  
**Sandoval County, New Mexico**

<u>INTEREST OWNER</u>	<u>INTEREST %</u>	
	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u>		
Dugan Production Corp.	100.000000	83.333333
<u>Royalty</u>		
New Mexico State Land Office Office of Commissioner of Public Lands P O Box 1148 Santa Fe, NM 87504-1148	-0-	16.666667
 <b>TOTAL WELL</b>	<u>100.000000</u>	<u>100.000000</u>



**ATTACHMENT NO. 3B – PAGE 2 OF 12**

**Dugan Production Corp.  
Cleve Kyle Location A & infill  
Basin Fruitland Coal**

**Well Location: Well A = NE/4, infill = SE/4 Sec. 17, T22N, R8W  
Spacing Unit: E/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.	75.000000	61.875000
XTO Energy Inc. 810 Houston Street Fort Worth, TX 76102-6203	25.000000	21.875000
<u>Royalty</u>		
USA-c/o Bureau of Land Management 6251 College Blvd. Farmington, NM 87402	-0-	12.500000
<u>Overriding Royalty</u>		
Dugan Production Corp.	-0-	3.750000
<b>TOTAL WELL</b>	<b>100.000000</b>	<b>100.000000</b>

**Dugan Production Corp.  
Cleve Kyle Location B & infill  
Basin Fruitland Coal**

**Well Location: Well B = NW/4, infill = SW/4 Sec. 17, T22N, R8W  
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.	87.500000	72.187500
XTO Energy Inc. 810 Houston Street Fort Worth, TX 76102-6203	12.500000	10.937500
<u>Royalty</u>		
USA-c/o Bureau of Land Management 6251 College Blvd. Farmington, NM 87402	-0-	12.500000
<u>Overriding Royalty</u>		
Dugan Production Corp.	-0-	4.375000
<b>TOTAL WELL</b>	<b>100.000000</b>	<b>100.000000</b>

ATTACHMENT NO. 3B – PAGE 3 OF 12

Dugan Production Corp.  
 Cleve Kyle Location C & infill  
 Basin Fruitland Coal  
 Well Location: Well C = NE/4, infill = SE/4 Sec. 18, T22N, R8W  
 Spacing Unit: E/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.	87.500000	72.187500
Navajo Nation P O Box 2350 Window Rock, AZ 86515	12.500000	10.937500
<u>Royalty</u>		
USA-c/o Bureau of Land Management 6251 College Blvd. Farmington, NM 87402	-0-	10.937500
Navajo Nation P O Box 2350 Window Rock, AZ 86515	-0-	1.562500
<u>Overriding Royalty</u>		
Dugan Production Corp.	-0-	4.375000
<b>TOTAL WELL</b>	<b>100.000000</b>	<b>100.000000</b>

Dugan Production Corp.  
 Cleve Kyle Location D & infill  
 Basin Fruitland Coal  
 Well Location: Well D = NW/4, infill = SW/4 Sec. 18, T22N, R8W  
 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.	75.000000	61.875000
Navajo Nation P O Box 2350 Window Rock, AZ 86515	25.000000	21.875000
<u>Royalty</u>		
USA-c/o Bureau of Land Management 6251 College Blvd. Farmington, NM 87402	-0-	9.375000
Navajo Nation P O Box 2350 Window Rock, AZ 86515	-0-	3.125000
<u>Overriding Royalty</u>		
Dugan Production Corp.	-0-	3.750000
<b>TOTAL WELL</b>	<b>100.000000</b>	<b>100.000000</b>

ATTACHMENT NO. 3B – PAGE 4 OF 12  
 Dugan Production Corp.  
 Cochran #3 & infill  
 Basin Fruitland Coal  
 Well Location: SWSE 16, T22N, R8W  
 Infill Location: NE/4 16, T22N, R8W  
 Spacing Unit: E/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.	100.000000	87.500000
<u>Royalty</u>		
New Mexico State Land Office Office of Commissioner of Public Lands P O Box 1148 Santa Fe, NM 87504-1148	-0-	12.500000
 <b>TOTAL WELL</b>	 <u>100.000000</u>	 <u>100.000000</u>

Dugan Production Corp.  
 Gillespie Com #1 & infill  
 Basin Fruitland Coal  
 Well Location: SWNE 9, T22N, R8W  
 Infill Location: NW/4 9, T22N, R8W  
 Spacing Unit: N/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.	50.000000	40.625000
Cross Timbers Energy, LLC 400 West Seventh Street Fort Worth, TX 76102	50.000000	43.750000
<u>Royalty</u>		
USA-c/o Bureau of Land Management 6251 College Blvd. Farmington, NM 87402	-0-	12.500000
<u>Overriding Royalty</u>		
The Blanco Company P O Box 25968 Albuquerque, NM 87125	-0-	2.375000
Philip L. White P O Box 25968 Albuquerque, NM 87125	-0-	0.750000
 <b>TOTAL WELL</b>	 <u>100.000000</u>	 <u>100.000000</u>

**ATTACHMENT NO. 3B – PAGE 5 OF 12  
Dugan Production Corp.**

<u>Well Name</u>	<u>Pool</u>	<u>Location</u>	<u>Spacing Unit</u>
Lennon Com #1	Basin Fruitland Coal	NENE 19-22N-8W	E/2-320.0A
Lennon Com #2	Basin Fruitland Coal	NESE 19-22N-8W	E/2-320.0A

**INTEREST OWNER**

	<u>INTEREST %</u>	
	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u>		
Dugan Production Corp.	100.000000	83.333333
<u>Royalty</u>		
Navajo Allotted c/o Federal Indian Minerals Office 6251 College Blvd., Suite B Farmington, NM 87402	-0-	16.666667
<b><u>TOTAL WELL</u></b>	<b><u>100.000000</u></b>	<b><u>100.000000</u></b>

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

<u>Well Name</u>	<u>Pool</u>	<u>Location</u>	<u>Spacing Unit</u>
Mancini #1	Basin Fruitland Coal	SWNW 15-22N-8W	W/2-320.0A
Mancini #2	Basin Fruitland Coal	NWSW 15-22N-8W	W/2-320.0A
Mancini #3	Basin Fruitland Coal	NWNE 15-22N-8W	E/2-320.0A
Mancini #4	Basin Fruitland Coal	NESE 15-22N-8W	E/2-320.0A
Mancini #7	Basin Fruitland Coal	SESE 10-22N-8W	E/2-320.0A
Mancini #8	Basin Fruitland Coal	NWNE 10-22N-8W	E/2-320.0A
Warner Federal #1	East Bisti Chacra	NENE 10-22N-10W	NE/4-160.0A

<u>INTEREST OWNER</u>	<u>INTEREST %</u>	
	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u> Dugan Production Corp.	100.000000	85.000000
<u>Royalty</u> USA-c/o Bureau of Land Management 6251 College Blvd. Farmington, NM 87402	-0-	12.500000
<u>Overriding Royalty</u> J. Roger Friedman 425 Park Avenue New York, NY 10022	-0-	0.066000
Patricia M. Friedman c/o Lebhar-Friedman 425 Park Avenue New York, NY 10022	-0-	0.066000
Thomaston, LLC Independence Plaza 1001 16 <sup>th</sup> Street, B-180 Denver, CO 80265	-0-	2.368000
<b>TOTAL WELL</b>	<b>100.000000</b>	<b>100.000000</b>

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

<u>Well Name</u>	<u>Pool</u>	<u>Location</u>	<u>Spacing Unit</u>
Mancini Com #5	Basin Fruitland Coal	SWSW 10-22N-8W	W/2-320.0A
Mancini Com #6	Basin Fruitland Coal	SWNW 10-22N-8W	W/2-320.0A

<u>INTEREST OWNER</u>	<u>INTEREST %</u>	
	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u> Dugan Production Corp.	100.000000	83.437500
<u>Royalty</u> USA-c/o Bureau of Land Management 6251 College Blvd. Farmington, NM 87402	-0-	12.500000
<u>Overriding Royalty</u> The Blanco Company P O Box 25968 Albuquerque, NM 87125	-0-	1.187500
J. Roger Friedman 425 Park Avenue New York, NY 10022	-0-	0.033000
Patricia M. Friedman c/o Lebhar-Friedman 425 Park Avenue New York, NY 10022	-0-	0.033000
M.J. Harvey, Jr. 3811 Turtle Creek, Suite 2150 Dallas, TX 75219	-0-	1.250000
Thomaston, LLC Independence Plaza 1001 16 <sup>th</sup> Street, B-180 Denver, CO 80265	-0-	1.184000
Philip L. White Box 25968 Albuquerque, NM 87125	-0-	0.375000
<b>TOTAL WELL</b>	<b>100.000000</b>	<b>100.000000</b>

**ATTACHMENT NO. 3B – PAGE 8 OF 12  
Dugan Production Corp.**

<u>Well Name</u>	<u>Pool</u>	<u>Location</u>	<u>Spacing Unit</u>
Mary Rose Com #2	Basin Fruitland Coal	SESE 20-22N-8W	E/2-320.0A
Mary Rose Com #2 Infill	Basin Fruitland Coal	NE 20-22N-8W	E/2-320.0A

<u>INTEREST OWNER</u>	<u>INTEREST %</u>	
	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u> Dugan Production Corp.	100.000000	81.916666
<u>Royalty</u> USA-c/o Bureau of Land Management 6251 College Blvd. Farmington, NM 87402	-0-	6.250000
Navajo Allotted c/o Federal Indian Minerals Office 6251 College Blvd., Suite B Farmington, NM 87402	-0-	8.333334
<u>Overriding Royalty</u> Dugan Production Corp.	-0-	2.000000
Charles B. & Susan J. Adams BAD ADDRESS 979 Windflower San Diego, CA 92106	-0-	0.500000
Unknown Interests	-0-	1.000000
<b>TOTAL WELL</b>	<b>100.000000</b>	<b>100.000000</b>

**Dugan Production Corp.  
McCartney #1  
Bisti Chacra Ext.  
Well Location: NENE 2, T22N, R9W  
Spacing Unit: NE/4-161.24A  
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.	100.000000	87.500000
<u>Royalty</u> USA-c/o Bureau of Land Management 6251 College Blvd. Farmington, NM 87402	-0-	12.500000
<b>TOTAL WELL</b>	<b>100.000000</b>	<b>100.000000</b>

ATTACHMENT NO. 3B – PAGE 9 OF 12

Dugan Production Corp.  
Satchmo Com #1 & infill  
Basin Fruitland Coal  
Well Location: SESW 3, T22N, R8W  
Infill Location: SE/4 3, T22N, R8W  
Spacing Unit: S/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.	100.000000	85.000000
<u>Royalty</u> USA-c/o Bureau of Land Management 6251 College Blvd. Farmington, NM 87402	-0-	12.500000
<u>Overriding Royalty</u> Harvey Royalty Partners, LP 1875 Laws Street Dallas, TX 75202-1700	-0-	2.500000
<b>TOTAL WELL</b>	<b>100.000000</b>	<b>100.000000</b>

ATTACHMENT NO. 3B – PAGE 10 OF 12

Dugan Production Corp.  
 Satchmo Com #2 & infill  
 Basin Fruitland Coal  
 Well Location: NWSE 4, T22N, R8W  
 Infill Location: NE/4 4, T22N, R8W  
 Spacing Unit: E/2-322.5A  
 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.	100.000000	83.011628
<u>Royalty</u> USA-c/o Bureau of Land Management 6251 College Blvd. Farmington, NM 87402	-0-	12.500000
<u>Overriding Royalty</u> Harvey Royalty Partners, LP 1875 Laws Street Dallas, TX 75202-1700	-0-	3.720930
Cathy Jean Henrickson BAD ADDRESS 7375 Rolling Dell Drive #79 Cupertino, CA 95014	-0-	0.767442
<b>TOTAL WELL</b>	<b>100.000000</b>	<b>100.000000</b>

Dugan Production Corp.  
 Satchmo Com #3 & infill  
 Basin Fruitland Coal  
 Well Location: SWSW 4, T22N, R8W  
 Infill Location: NW/4 4, T22N, R8W  
 Spacing Unit: W/2-321.53A  
 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.	100.000000	83.007137
<u>Royalty</u> USA-c/o Bureau of Land Management 6251 College Blvd. Farmington, NM 87402	-0-	12.500000
<u>Overriding Royalty</u> Harvey Royalty Partners, LP 1875 Laws Street Dallas, TX 75202-1700	-0-	3.732156
Cathy Jean Henrickson BAD ADDRESS 7375 Rolling Dell Drive #79 Cupertino, CA 95014	-0-	0.760707
<b>TOTAL WELL</b>	<b>100.000000</b>	<b>100.000000</b>

ATTACHMENT NO. 3B – PAGE 11 OF 12

Dugan Production Corp.  
Susana Com #1 & infill  
Basin Fruitland Coal  
Well Location: NWNW 2, T21N, R8W  
Infill Location: NE/4 2, T21N, R8W  
Spacing Unit: N/2-321.44A  
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.	100.000000	83.333333
<u>Royalty</u> New Mexico State Land Office Office of Commissioner of Public Lands P O Box 1148 Santa Fe, NM 87504-1148	-0-	16.666667
<b><u>TOTAL WELL</u></b>	<b><u>100.000000</u></b>	<b><u>100.000000</u></b>

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

<u>Well Name</u>	<u>Pool</u>	<u>Location</u>	<u>Spacing Unit</u>
Tom Wood Denn #1	Basin Fruitland Coal	NENE 8-22N-8W	N/2-320.0A
Tom Wood Denn #2	Basin Fruitland Coal	NENW 8-22N-8W	N/2-320.0A

**INTEREST OWNER**

	<u>INTEREST %</u>	
	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u> Dugan Production Corp.	100.000000	83.333333
<u>Royalty</u> Navajo Allotted c/o Federal Indian Minerals Office 6251 College Blvd., Suite B Farmington, NM 87402	-0-	16.666667
<b><u>TOTAL WELL</u></b>	<b><u>100.000000</u></b>	<b><u>100.000000</u></b>

**Dugan Production Corp.**

<u>Well Name</u>	<u>Pool</u>	<u>Location</u>	<u>Spacing Unit</u>
Wood Denn #1	Basin Fruitland Coal	NWSW 8-22N-8W	S/2-320.0A
Wood Denn #2	Basin Fruitland Coal	SESE 8-22N-8W	S/2-320.0A

**INTEREST OWNER**

	<u>INTEREST %</u>	
	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u> Dugan Production Corp.	100.000000	83.333333
<u>Royalty</u> Navajo Allotted c/o Federal Indian Minerals Office 6251 College Blvd., Suite B Farmington, NM 87402	-0-	16.666667
<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  
BIG BAND & RUSTY CHACRA GAS GATHERING SYSTEMS**

POOL NAME & CODE	AVERAGE BTU btu/scf	WELLS OR COMPLETIONS ①		POOL PRODUCTION ALL WELLS - mcf/d ②		AVERAGE PRODUCTION PER WELL - mcf/d ②	
		EXISTING	PROPOSED	EXISTING	PROPOSED	EXISTING	PROPOSED
<b>Big Band Gathering System (BBGS)</b>							
Basin Fruitland Coal Gas (71629)	1019	18 (17)	36 (21)	1247	1202	73	57
Bisti Chacra Gas (96166)	1056	9 (5)	1 (0)	10	0	2	0
East Bisti Chacra Gas (96384)	1107	0 (0)	1 (1)	0	3	0	3
Nageezi Gallup Oil (47540)	1280	1 (0)	0 (0)	0	0	0	0
Rusty Chacra Gas (84360)	1058	6 (6)	0 (0)	14	0	2	55
<b>Subtotal - BBGS</b>	<b>1020</b>	<b>34 (28)</b>	<b>38 (22)</b>	<b>1271</b>	<b>1205</b>	<b>45</b>	<b>55</b>
<b>Rusty Chacra Gathering System (RCGS)</b>							
Alamito Gallup Oil (01039)	1266	1 (1)	0 (0)	17	0	17	0
Basin Fruitland Coal Gas (71629)	1024	1 (1)	8 (4)	1	91	1	23
Rusty Chacra Gas (84360)	1129	32 (26)	0 (0)	115	0	4	0
Rusty Gallup Oil (52860)	1306	4 (3)	0 (0)	18	0	6	0
South Rusty Gallup Oil (96236)	1133	1 (1)	0 (0)	3	0	3	0
<b>Subtotal - RCGS</b>	<b>1112</b>	<b>39 (32)</b>	<b>8 (4)</b>	<b>154</b>	<b>91</b>	<b>5</b>	<b>23</b>
<b>Total - All wells (BBGS &amp; RCGS)</b>	<b>1028</b>	<b>73 (60)</b>	<b>46 (26)</b>	<b>1425</b>	<b>1296</b>	<b>24</b>	<b>50</b>

Calculated BTU of commingled production for BBGS & RCGS = 1028 btu/scf for all wells (existing and proposed) which compares fairly closely to the actual BTU average at the CDP sales meter during January 2015 of 1025.

Calculated value of commingled production: commingling is necessary to get produced natural gas to a gas sales meter from 119 (73 existing & 46 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 June 2015, CDP sales volume from all wells (50 from Big Band & 36 from Rusty Chacra) averaged 2616 mcf/d and ranged from 2089 to 2860 mcf/d. There should be no loss in value to any well as a result of this commingling. Allocation procedures approved for both systems are identical for gas & MMBTU's (reference Attachment No. 5).

Notes:

- ① - Wells as of 6-1-2015. Existing = wells currently approved for gathering system. Proposed = wells & locations to be added to gathering system. Active completions in parentheses.
- ② - Production is average during January, 2015 (see Attachment 2A & 2B for individual well production) @ 15.025 psi.

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

**Big Band Gathering System**

Federal Leases - NM-8902, NM-43438, NM-048989, NM-50999, NM-55836, NM-57445, NM-89099, NM-90468, NM-90469, NM-90471, NM-90472, NM-90475, NM-90476, NM-90477, NM-92738, NM-93253, NM-94067 & NM-96798, NM-109396

State Leases - VA-1119, VA-1120, VA-1121, V-7769, V-7770

Navajo Allotted Leases - NO-G-0902-1755, NO-G-0902-1756, NO-G-0902-1757, NO-G-0902-1758, NO-G-0912-1762, NO-G-0912-1763, NO-G-0912-1764

Navajo Nation Lease (Held by Navajo Nation) - NM-032341-F1

**Rusty Chacra Gathering System**

Federal Leases - NM-6676, NM-6680, NM-7262, NM-7776, NM-8641, NM-8899, NM-15649, NM-21455, NM-25821, NM-27163, NM-89023, NM-93448, NM-100285, NM-109385, NM-109391, NM-109392, NM-109393, NM-113069 & NM-0554433

State Leases (Dugan) - LG-3923, V-7846, V-7847, V-7860, V-7861

State Leases (Hicks) - K-04844

Navajo Allotted Leases - NOOC-14-20-5044, NOOC-14-20-5045, NOOC-14-20-5046, NOOC-14-20-5048, NOOC-14-20-5050, NOOC-14-20-5051, NOOC-14-20-5356, NOOC-14-20-5360, NOOC-14-20-5365, NOOC-14-20-5382, NOOC-14-20-5555, NOOC-14-20-5594 & NOOC-14-20-5595

**ATTACHMENT NO. 5**  
**Proposed Allocation Procedures**  
**Dugan Production Corp.'s**  
**Rusty Gathering System**  
**(Consolidated Big Band & Rusty Chacra Gathering Systems)**  
**CDP Gas Sales Meter: SENW 12, T-22N, R-7W**  
**Enterprise Field Services Meter No. 03049**  
**Sandoval County, New Mexico**

*Note: This Allocation Procedure was presented in Attachment No. 8 to application dated 6/20/06 & approved by the BLM 8/14/06, NMOCD 7/24/06 & the NMSLO 7/24/06.*

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

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  $W/SUM W$ .

F = Allocated gas sales volume (MCF) associated with water production = (A) in mcf for the central battery separator multiplied by a factor of  $(U/SUM U)$  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 NO. 6A  
 DUGAN PRODUCTION CORP.  
 RUSTY CHACRA GATHERING SYSTEM  
 CONNECTION TO GATHERING SYSTEM VS DIRECT CONNECT TO PIPELINE

WELL	CONNECT TO GATHERING SYSTEM			DIRECT CONNECT TO PIPELINE		
	PIPELINE LENGTH ①		AREA DISTURBED ③	PIPELINE LENGTH ②		AREA DISTURBED ③
	FT	MILES	ACRES	FT	MILES	ACRES
Basie Com 1	1,796	0.34	1.65	19,000	3.60	17.45
Basie Com infill well	350	0.07	0.32	2,850	0.54	2.62
Lombardo Com 1	3,729	0.71	3.42	28,350	5.37	26.03
Lombardo Com infill well	350	0.07	0.32	3,050	0.58	2.80
Miller Com 1	2,407	0.46	2.21	29,900	5.66	27.46
Miller Com infill well	2,400	0.45	2.20	2,400	0.45	2.20
Shaw Com 1	2,589	0.49	2.38	18,250	3.46	16.76
Shaw Com infill well	2,650	0.50	2.43	2,650	0.50	2.43
<b>TOTAL</b>	<b>16,271</b>	<b>3.08</b>	<b>14.94</b>	<b>106,450</b>	<b>20.16</b>	<b>97.75</b>

**Notes:**

1. Pipeline length represents distance from survey, if available. If survey has not been taken, the pipeline length represents the distance to nearest gathering system line. For infill wells, the pipeline length represents the shorter of the distance to the gathering system line or to the initial spacing unit well.
2. Pipeline length represents the estimated distance to the nearest existing Enterprise pipeline, considering significant topographic features. For infill wells, the pipeline length represents the shorter of the distance to Enterprise's pipeline or to the initial spacing unit well.
3. The estimated area disturbed includes a 40' wide R-O-W which is typical for this area.

**ATTACHMENT 6A  
DIRECT CONNECT VS CONNECTION TO RUSTY CHACRA GATHERING SYSTEM  
8 WELLS PROPOSED FOR ADDITION TO RUSTY CHACRA GATHERING SYSTEM**

	<b>Connect to Gathering System</b>	<b>Direct Connect to PL</b>
Wells to be added	8	8
# Lines Required	8	8 total (4 to PL + 4 to initial well)
Total PL length	16,271' = 3.08 miles	106,450' = 20.16 miles
Average PL length per well	2,033' = 0.39 miles	13,306' = 2.52 miles
Surface disturbance w/40' ROW	14.94A	97.75A
# additional compressors needed	0 (See Note 1)	4
Additional compressor hp	0 (See Note 1)	472 - 4 @ 118 hp
Additional compressor fuel	0 (See Note 1)	79.2 mcf - 4 @ 19.8 mcf/compressor
Additional compressor exhaust volume	0 (See Note 1)	3.5 mmcf - 604 cfm/compressor
Value of fuel gas - \$/year	0 (See Note 1)	\$105,370 - \$3.00/mcf - 1215 btu
Additional Compressors	0 (See Note 1)	\$172,640 - 4 @ \$43,160/compressor
Pipeline Tap, Meter Run & Meter	\$40,000 = 8 @ \$5,000/well	\$380,000 - 4 @ \$85,000/well + 8 @ \$5,000/well
Pipeline Installed	\$244,065 = 16,271' @ \$15/ft (4" poly)	\$4,045,100 - 106,450' @ \$38/ft (4" steel)
Pipeline Piggung System	0	\$40,000 - 4 @ \$10,000/line
<b>Total Connection Cost</b>	<b>\$284,065</b>	<b>\$4,637,740</b>

**Other Considerations**

**Archaeological & Cultural** - general area of significance

- Site LA-169201 Near Basie Com #1 (O-21-22N-7W) - Navajo Hogan & scatter of historic artifacts
- Great North-South Road along western side of R-10W (T-23 to 27N) & eastern side of R-11W (T23 to 24N)
- Anasazi Antelope Trap on Champ Lease (NW 6, T-23N, R-10W)
- Pierre's Site (T-23N, R-10 & 11W)
- Chaco Cultural Park (T-21N, R-10W)

**Paleontology Significance**

- Betonnie Tsosie Fossil Area (T-23N, R-9W)
- Carson Fossil Pocket (T-25N, R-13W)
- Fossil Forest (T-23N, R-13W)
- Lybrook Fossil Area (T-23N, R-7,8 & 9W)

**Threatened & Endangered Species**

- Brack's Cactus & Aztec Gila habitat (T-21N to 23N & R-5W to 9W)

**Wilderness Area**

- Ah-Shi-Sie-Pah Wilderness Area (T-22N, R-10W)
- Bisti De-Na Zin (T-24N, R-11, 12 & 13W)

**Note No. 1** - Of the 8 wells to be added to the RCGS, 4 wells & 91 mcf were added in November 2011, and January 2012, and 4 wells and ±400 mcf will be added when drilled. The central compression facility typically has sufficient volume capacity to handle gas being added. This is one of the significant benefits of operating a gathering system with central compression, i.e., daily volumes can fluctuate within the compressor range of operation and will not require compressors to be added. In order to maintain an optimum gathering system pressure (20 to 30 psig), we continually monitor compressor performance and when needed, either add compressors or install larger compressors. We currently operate the RCGS using two compressors, each equipped with 384 hp engines and having a combined capacity of 3,700 to 4,200 mcf at the existing Enterprise gas sales line pressure of 325 psig. Average CDP sales during June 2015 = 2616 mcf.

**ATTACHMENT NO. 6B  
DUGAN PRODUCTION CORP.  
BIG BAND GATHERING SYSTEM  
CONNECTION TO GATHERING SYSTEM VS DIRECT CONNECT TO PIPELINE**

WELL	CONNECT TO GATHERING SYSTEM			DIRECT CONNECT TO PIPELINE		
	PIPELINE LENGTH ①		AREA DISTURBED ③	PIPELINE LENGTH ②		AREA DISTURBED ③
	FT	MILES	ACRES	FT	MILES	ACRES
Cleve Kyle location A	1,850	0.35	1.70	50,850	9.63	46.69
Cleve Kyle Location A infill	3,400	0.64	3.12	3,400	0.64	3.12
Cleve Kyle Location B	2,000	0.38	1.84	52,800	10.00	48.48
Cleve Kyle Location B infill	2,200	0.42	2.02	2,200	0.42	2.02
Cleve Kyle Location C	2,800	0.53	2.57	55,700	10.55	51.15
Cleve Kyle Location C infill	2,300	0.44	2.11	2,300	0.44	2.11
Cleve Kyle Location D	600	0.11	0.55	58,500	11.08	53.72
Cleve Kyle Location D infill	2,050	0.39	1.88	2,050	0.39	1.88
Cochran 3	117	0.02	0.11	45,600	8.64	41.87
Cochran infill well	350	0.07	0.32	3,000	0.57	2.75
Gillespie Com 1	1,365	0.26	1.25	45,000	8.52	41.32
Gillespie Com infill well	600	0.11	0.55	2,600	0.49	2.39
Lennon Com 1	5,366	1.02	4.93	56,300	10.66	51.70
Lennon Com 2	2,356	0.45	2.16	2,356	0.45	2.16
Mancini 1	2,317	0.44	2.13	43,400	8.22	39.85
Mancini 2	2,089	0.40	1.92	2,089	0.40	1.92
Mancini 3	3,164	0.60	2.91	40,200	7.61	36.91
Mancini 4	3,356	0.64	3.08	3,000	0.57	2.75
Mancini Com 5	2,922	0.55	2.68	42,300	8.01	38.84
Mancini Com 6	2,317	0.44	2.13	2,317	0.44	2.13
Mancini 7	2,608	0.49	2.39	39,500	7.48	36.27
Mancini 8	2,718	0.51	2.50	2,900	0.55	2.66
Mary Rose Com 2	5,881	1.11	5.40	51,750	9.80	47.52
Mary Rose Com infill well	2,900	0.55	2.66	2,900	0.55	2.66
McCartney #1	5,800	1.10	5.33	62,750	11.88	57.62
Satchmo Com #1	3,065	0.58	2.81	42,100	7.97	38.66
Satchmo Com #1 infill	2,300	0.44	2.11	2,300	0.44	2.11
Satchmo Com #2	2,968	0.56	2.73	45,100	8.54	41.41
Satchmo Com #2 infill	2,250	0.43	2.07	2,250	0.43	2.07
Satchmo Com 3	1,499	0.28	1.38	47,700	9.03	43.80
Satchmo Com infill well	2,750	0.52	2.53	2,750	0.52	2.53
Susana Com 1	2,922	0.55	2.68	45,100	8.54	41.41
Susana Com infill well	2,750	0.52	2.53	2,750	0.52	2.53
Tom Wood Denn 1	3,192	0.60	2.93	50,000	9.47	45.91
Tom Wood Denn 2	1,889	0.36	1.73	2,600	0.49	2.39
Warner Federal 1	701	0.13	0.64	39,500	7.48	36.27
Wood Denn 1	1,764	0.33	1.62	53,000	10.04	48.67
Wood Denn 2	5,768	1.09	5.30	3,300	0.63	3.03
<b>TOTAL</b>	<b>97,244</b>	<b>18.42</b>	<b>89.30</b>	<b>1,014,212</b>	<b>192.09</b>	<b>931.32</b>

**Notes:**

1. Pipeline length represents distance from survey, if available. If survey has not been taken, the pipeline length represents the distance to nearest gathering system line. For infill wells, the pipeline length represents the shorter of the distance to the gathering system line or to the initial spacing unit well.
2. Pipeline length represents the estimated distance to the nearest existing Enterprise pipeline, considering significant topographic features. For infill wells, the pipeline length represents the shorter of the distance to Enterprise's pipeline or to the initial spacing unit well.
3. The estimated area disturbed includes a 40' wide R-O-W which is typical for this area.

**ATTACHMENT 6B**  
**DIRECT CONNECT VS CONNECTION TO BIG BAND GATHERING SYSTEM**  
**38 WELLS PROPOSED FOR ADDITION TO BIG BAND GATHERING SYSTEM**

	Connect to Gathering System	Direct Connect to PL
Wells to be added	38	38
# Lines Required	38	38 total (20 to PL + 18 to initial well)
Total PL length	97,244' = 18.4 miles	1,014,212' = 192.1 miles
Average PL length per well	2,559' = 0.48 miles	26,690' = 5.1 miles
Surface disturbance w/40' ROW	89.3A	931.3A
# additional compressors needed	0 (See Note 1)	20
Additional compressor hp	0 (See Note 1)	2360 - 20 @ 118 hp
Additional compressor fuel	0 (See Note 1)	396.0 mcf - 20 @ 19.8 mcf/compressor
Additional compressor exhaust volume	0 (See Note 1)	17.4 mmcf - 604 cfm/compressor
Value of fuel gas - \$/year	0 (See Note 1)	\$526,848 - \$3.00/mcf - 1215 btu
Additional Compressors	0 (See Note 1)	\$863,200 - 20 @ \$43,160/compressor
Pipeline Tap, Meter Run & Meter	\$190,000 = 38 @ \$5,000/well	\$1,880,000 - 20 @ \$85,000/well + 36 @ \$5,000/well
Pipeline Installed	\$1,458,660 = 97,244 @ \$15/ft (4" poly)	\$38,540,056 - 1,014,212' @ \$38/ft (4" steel)
Pipeline Pigging System	0	\$200,000 - 20 @ \$10,000/line
<b>Total Connection Cost</b>	<b>\$1,648,660</b>	<b>\$41,483,256</b>

**Other Considerations**

**Archaeological & Cultural** - general area of significance

- Site LA-169201 Near Basie Com #1 (O-21-22N-7W) - Navajo Hogan & scatter of historic artifacts
- Great North-South Road along western side of R-10W (T-23 to 27N) & eastern side of R-11W 9T23 to 24N)
- Anasazi Antelope Trap on Champ Lease (NW 6, T-23N, R-10W)
- Pierre's Site (T-23N, R-10 & 11W)
- Chaco Cultural Park (T-21N, R-10W)

**Paleontology Significance**

- Bettonie Tsosie Fossil Area (T-23N, R-9W)
- Carson Fossil Pocket (T-25N, R-13W)
- Fossil Forest (T-23N, R-13W)
- Lybrook Fossil Area (T-23N, R-7,8 & 9W)

**Threatened & Endangered Species**

- Brack's Cactus & Aztec Gila habitat (T-21N to 23N & R-5W to 9W)

**Wilderness Area**

- Ah-Shi-Sie-Pah Wilderness Area (T-22N, R-10W)
- Bisti De-Na Zin (T-24N, R-11, 12 & 13W)

**Note No. 1** - Of the 38 wells to be added to the BBGS, 22 wells & 1240 mcf were added over a 6 year period between 10/12/07 & 9/30/13, with the gas volumes added at any one time ranging from 2.1 mcf to 238.7 mcf and averaging 56.4 mcf/well (see Note 13 of Attachment No. 2B). In addition, 1 well + 15 locations will be added when drilled or the BBGS is extended (McCartney No. 1). The gathering system central compression facilities typically have sufficient volume to handle gas being added. This is one of the significant benefits of operating a gathering system with central compression, i.e., daily volumes can fluctuate within the compressor range of operation and will not require compressors to be added. In order to maintain an optimum gathering system pressure (20 to 30 psig), we continually monitor compressor performance and when needed, either add compressors or install larger compressors. We currently operate the BBGS using two compressor stations, one located at the Cochran No. 2 well which has a 295 hp engine, and one at the James No. 1 well which has a 384 hp engine.

**ATTACHMENT NO. 7  
GATHERING SYSTEM FACILITIES  
DUGAN PRODUCTION'S BIG BAND & RUSTY CHACRA GATHERING SYSTEMS  
SAN JUAN & SANDOVAL COUNTIES, NEW MEXICO**

**Big Band Gathering System (San Juan County) – as of 8-1-15**

**Cochran #2 SWD well (See Pg. No. 2)**

- Water Disposal Injection pump – 151 hp, 817 Waukesha-38.05 mcf/d fuel
- Gathering System Compressor Station – 295 hp, Ajax 2202LE – 47.18 mcf/d fuel

**Cochran #2 SWD water transfer station – located @ Zappa #92 well (See Pg. No. 3)**

- Water Transfer Pump – 67 hp, Arrow 330CF – 16.88 mcf/d fuel

**James #1 well (See Pg. No. 4)**

- Gathering System Compressor Station – 384 hp, Ajax 2802 LE – 60.86 mcf/d fuel

**Morrison #2 SWD well (See Pg. No. 5)**

- Water Disposal Injection Pump – 49 hp, 5.9 Cummins – 10.32 mcf/d fuel

**Rusty Chacra Gathering System (Sandoval County) – as of 8-1-15**

**Gathering System Compressor Station (See Pg. No. 6) – two parallel compressors**

- Compressor 1 – 384 hp, Ajax 2802 LE – 60.86 mcf/d fuel
- Compressor 2 – 384 hp, Ajax 2802 LE – 60.86 mcf/d fuel

**Total Gathering System Fuel Needs (8/1/15)**

**Big Band**

- Gas Compression            108.04 mcf/d
- Water Disposal                65.25 mcf/d

**Rusty Chacra**

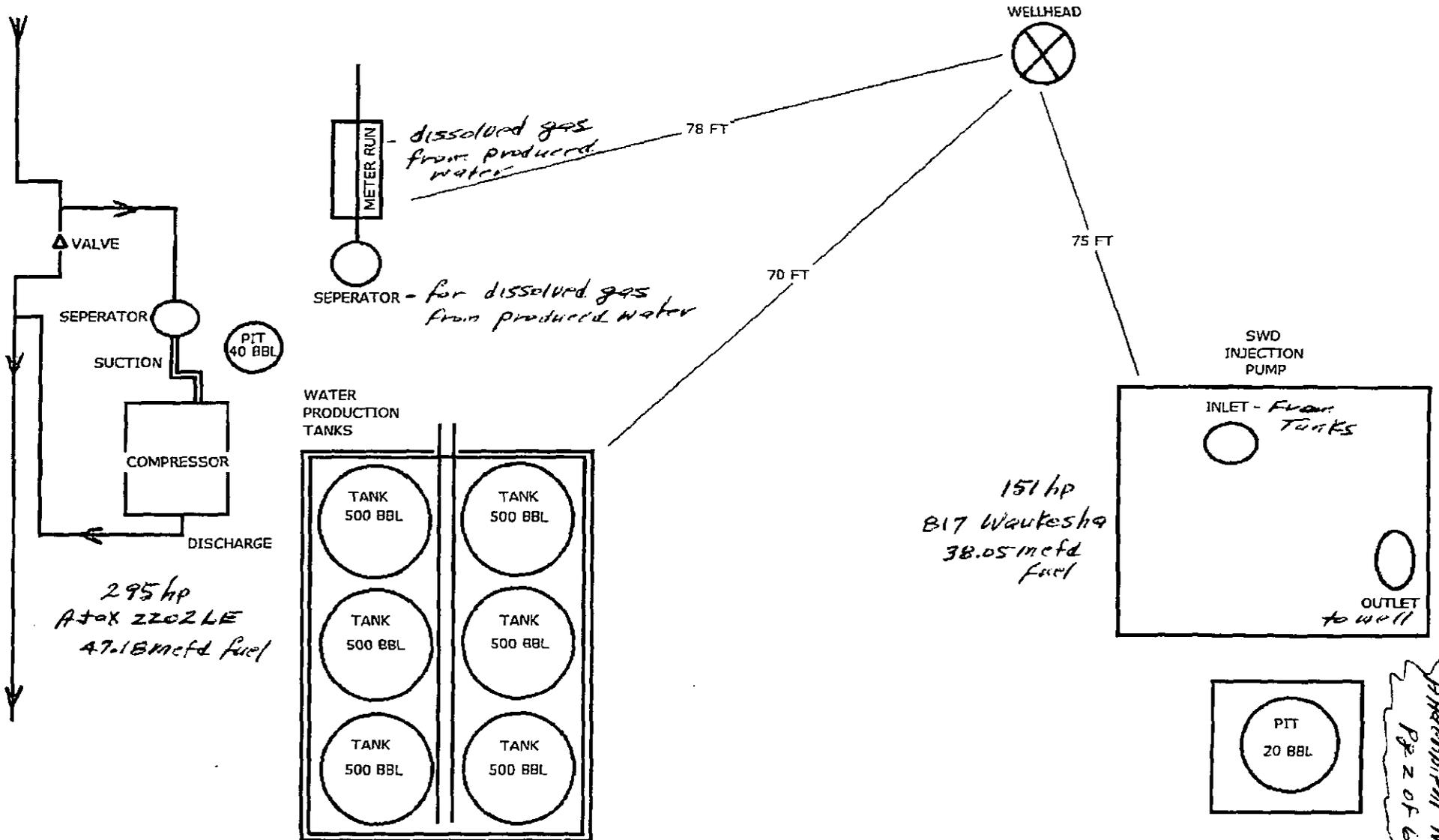
- Gas Compression            121.72 mcf/d

**Total                                    295.01 mcf/d**

DUGAN PRODUCTION CORPORATION  
 COCHRAN 2 SWD  
 LAT: 36.14232, LONG: 107.68204  
 1690 FNL, 1170 FEL, SEC. 16, T22N, R8W  
 SAN JUAN COUNTY, NEW MEXICO

Tanks are not sealed.  
 Produced water tanks only.

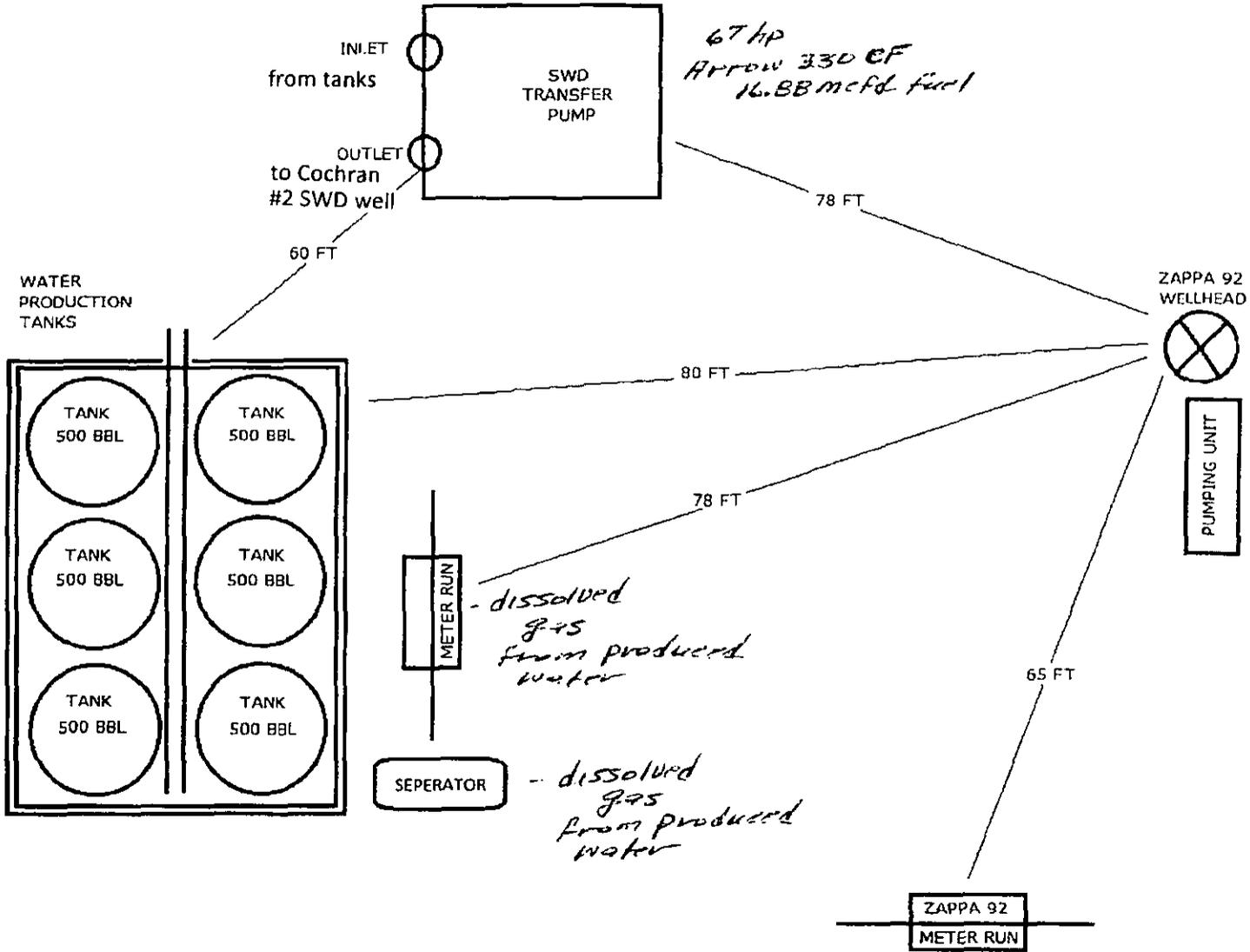
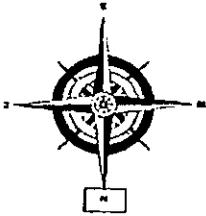
\* Diagram not drawn to scale



Attachment No. 7  
 Pg 2 of 6

DUGAN PRODUCTION CORP.  
 COCHRAN 2 WATER TRANSFER  
 @ ZAPPA 92 WELL  
 LAT. 36.12216, LONG. -107.681119  
 1550' FSL, 850' FEL, SEC. 21, T22N, R8W  
 SAN JUAN COUNTY, NEW MEXICO

Tanks are not sealed.  
 Produced water tanks only.  
 \* Diagram not drawn to scale

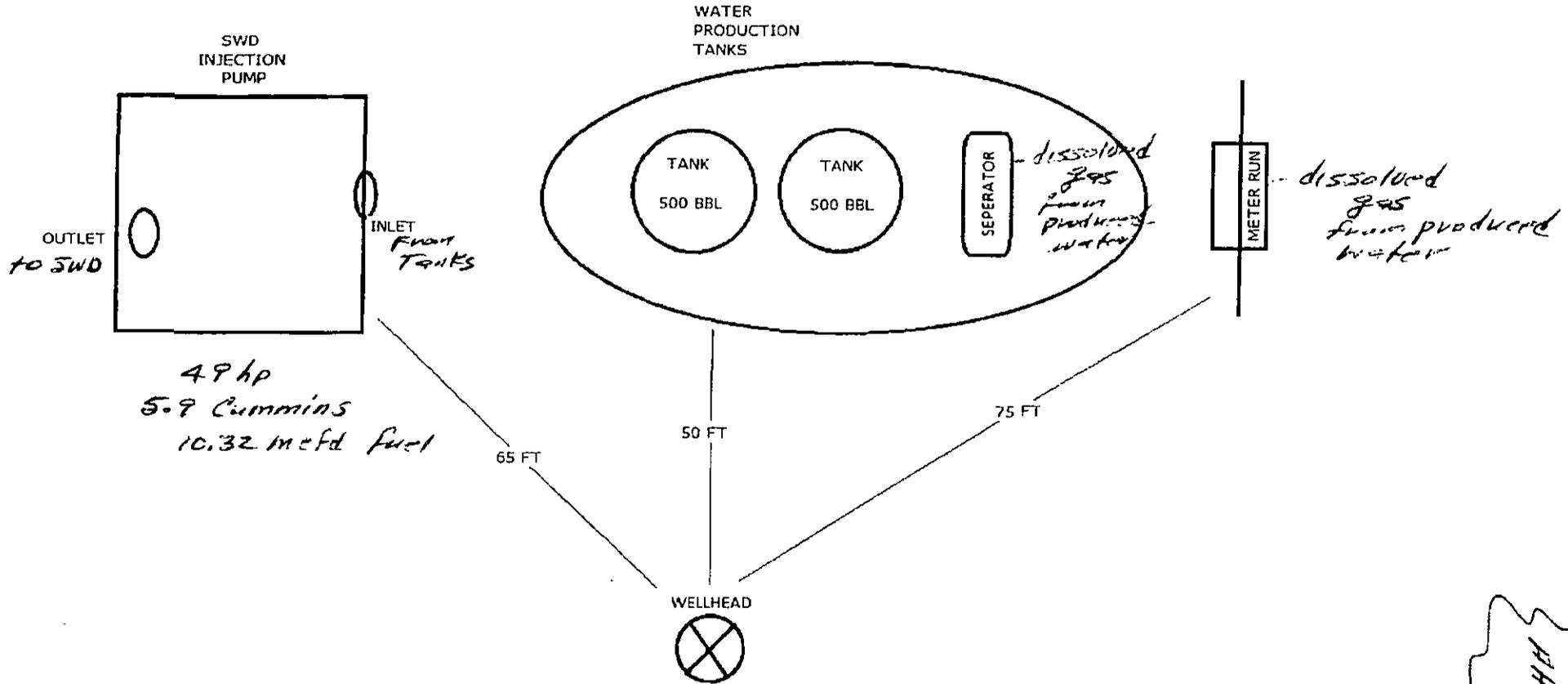


*Attachment No. 7 P. 3 of 6*



DUGAN PRODUCTION CORP.  
 MORRISON 2 SWD  
 LAT. 36.141987 LONG. -107.73442  
 1350' FNL, 365' FEL, SEC. 13, T22N, R9W  
 SAN JUAN COUNTY, NEW MEXICO

Tanks are not sealed.  
 Produced water tanks only.  
 \* Diagram not drawn to scale



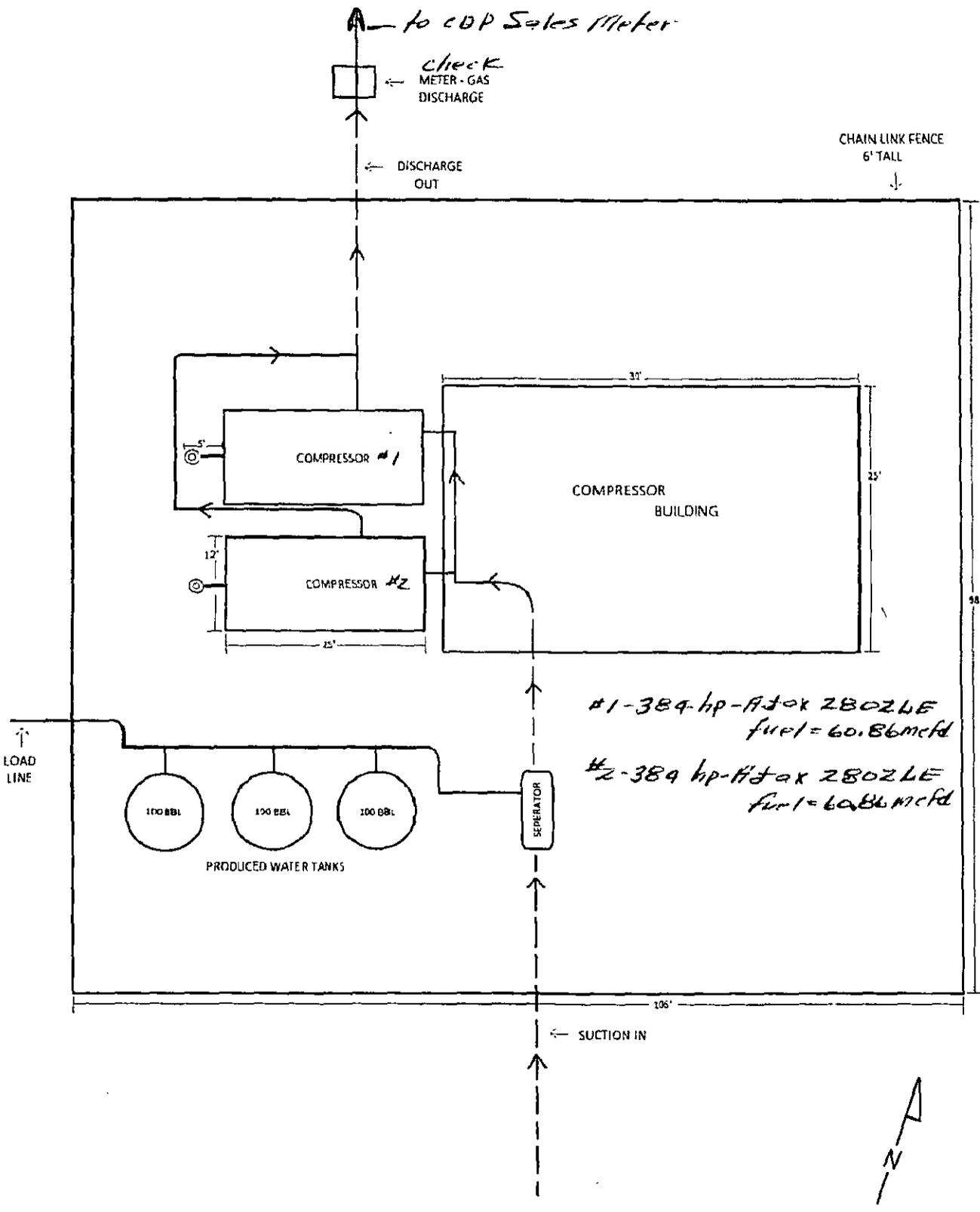
Attachment No. 7  
 P. 5 of 6

DUGAN PRODUCTION CORP.  
 RUSTY CHACRA COMPRESSOR SITE  
 UNIT M, SEC. 19, T22N, R6W  
 ±600' FWL & 450' FSL  
 SW OF DOME FEDERAL 19-22-6 #1 TO CDP SALES METER  
 SANDOVAL, NEW MEXICO

Tanks are for produced water only.  
 Equalizer valve will be equalized on bottom for all tanks.

\*Diagram not drawn to scale

*Attachment  
 No. 7  
 P 36 of 6*



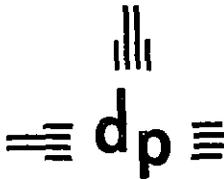
**Attachment No. 8**  
**Interest Ownership Notification**  
**Dugan Production Corp.'s Application dated 8/14/15**  
**Proposing:**

1. Addition of 38 wells (23 existing & 15 proposed locations) to Dugan Production's Big Band Gathering System (BBGS)
2. Addition of 8 wells (4 existing & 4 proposed locations) to Dugan Production's Rusty Chacra Gathering System (RCGS)
3. Consolidate Dugan Production's Big Band & Rusty Chacra Gathering Systems to form a new gathering system to be called the Rusty Gathering System (RGS) to be operated by Dugan Production Corp.
4. Requesting the NMOCD to include a provision in the order for the Rusty Gathering System regarding notice requirements to allow future additions to the Rusty 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 being added is presented on Attachment No. 3A for Rusty Chacra and Attachment 3B for Big Band. The interest ownership for all wells currently approved for both gathering systems is presented in the letter dated 8/14/15 to the subject interest owners (See #4 below).*

1. A copy of Dugan's transmittal letter dated 8/14/15 used to send copies of the subject application to the 5 working interest owners in addition to Dugan Production for the wells being added to the BBGS & RCGS. For the 38 wells/locations being added to the BBGS, Dugan Production holds 100% of the working interest in 28 of the wells and infill locations to be added. In addition, we have a majority working interest in eight of the wells and infill locations (four at 87½% and four at 75%), and we have a 50% working interest in one well and its infill location. For the 8 wells/locations being added to the RCGS Dugan Production holds 100% of the working interest in six wells/locations, plus we have a majority working interest (±93% before payout and ±86% after payout) in the fourth well and infill location. All letters were sent by certified mail with a return receipt requested. Upon receiving the receipts, copies will be sent to the NMOCD.
2. Copy of Dugan's transmittal letter dated 8/14/15 used to send information and notice of the subject application to the 23 overriding royalty interest owners in the wells being added to the BBGS & RCGS. All letters were sent by certified mail with a return receipt requested. Upon receiving the receipts, copies will be sent to the NMOCD.
3. All royalty interest for all wells being added on both gathering systems is either federal, state, Navajo Nation or Navajo Allotted. There is no fee acreage. In addition to the NMOCD, this application is also addressed to the Bureau of Land Management (BLM) for the federal and Navajo Nation & Navajo Allotted royalty interests and to the State Land Office (SLO) for the state royalty interests. All letters were sent by registered mail with a return receipt requested. Upon receiving the receipts, copies will be sent to the NMOCD.
4. Copy of Dugan's transmittal letter dated 8/14/15 used to send information and notice of the subject application to the 58 interest owners in the wells currently approved for the BBGS (33 wells) & RCGS (39 wells). All letters were sent by certified mail with a return receipt requested. Upon receiving the receipts, copies will be sent to the NMOCD.
5. Copy of the legal advertisement published in the 8/12/15 issue of the Farmington Daily Times regarding the subject application. This publication was made in anticipation that of the 93 interest owners mailed, there will be at least one that is returned for some reason or the return receipt will be lost in the mail. All letters were sent by certified mail with a return receipt requested. Upon receiving the receipts, copies will be sent to the NMOCD.



# dugan production corp.

Attachment  
No. 8  
pg 2 of 20

CERTIFIED MAIL  
RETURN RECEIPTS REQUESTED

August 14, 2015

Working Interest Owners  
Wells and locations to be added to  
Dugan Production Corp.'s Big Band & Rusty Chacra Gathering Systems  
(Address Lists Attached)

Re: Dugan Production's Application dated 8/14/15 to add 38 wells/locations to Big Band & 8 wells/locations to Rusty Chacra Gathering Systems plus Consolidate both gathering systems to form the Rusty Gathering System San Juan & Sandoval Counties, New Mexico

Dear Working Interest Owner,

According to our records, you have a working interest in one or more of the wells that is proposed to be added to Dugan's Big Band and/or Rusty Chacra Gathering Systems. The wells and interest owners are listed on the attached address lists. Attached for your information and review is a complete copy of the subject application to the New Mexico Oil Conservation Division (NMOCD), Bureau of Land Management (BLM) and the State Land Office (SLO). Adding these wells to the gathering systems will require surface commingling of gas production from the subject wells, plus the measurement and sale of gas at an off-lease central delivery sales meter (CDP). Each well will be equipped with a meter to measure gas production for allocation purposes. Attachment No. 1A & 1B presents a map of each gathering system. Attachment No. 2A & 2B presents information for each of the wells to be added plus the wells currently approved for the gathering system. Dugan Production will install all equipment and will operate and maintain each gathering system and central battery facilities. As a working interest owner in wells to be connected to either gathering system, your only costs associated with the gathering system will be a fee for gathering and compression charged monthly for production from each well. You will not be billed for any costs associated with installing the gathering system (including the allocation meters). 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. The wells to be added should not affect production in wells that are currently connected to the gathering system. Adding the subject wells to the Big Band and/or Rusty Chacra Gathering Systems will allow these wells to begin selling produced natural gas for the benefit of all interest owners. This proposal will allow for optimum operations on all wells and will allow all wells to benefit from central compression which should keep wellhead operating pressures as low as possible. This method of operation will help to keep our operating expenses as low as possible, and will allow for the recovery of more of the gas reserves from each well.

This matter does not require any action on your part. Current NMOCD regulations require that all interest owners (wells 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 either 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 New Mexico Oil Conservation Division directly at 1220 South St. Francis Drive, Santa Fe, NM 87505, and we would appreciate receiving a copy of your objection. Objections should be filed within 20 days after the NMOCD receives our application. We anticipate that our application will be received by the NMOCD approximately 8/17 or 18/15.

Sincerely,

Kevin Smaka  
Production Engineer

KS/tmf

attachments

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

Attachment  
No. 8  
Pg 3 of 20

**Wells to be Added**  
**Big Band Gas Gathering System Interest Owners Address List**  
(wells with ownership interest in parentheses)

a=Cleve Kyle A & infill; b=Cleve Kyle B & infill; c=Cleve Kyle C & infill; d=Cleve Kyle D & infill; e=Cochran 3 & infill;  
f=Gillespie Com 1 & infill; g=Lennon Com 1 & 2; h=Mancini 1, 2, 3, 4, 7, 8 and Warner Federal 1; i=Mancini Com 5, 6;  
j=Mary Rose Com 2 & infill; k=McCartney 1; l=Satchmo Com 1 & infill; m=Satchmo Com 2 & infill; n=Satchmo Com 3 & infill;  
o=Susana Com 1 & infill; p=Tom Wood Denn 1, 2; q=Wood Denn 1, 2

**Working Interest Owners**

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

Cross Timbers Energy, LLC (f)  
400 West Seventh Street  
Fort Worth, TX 76102

XTO Energy Inc. (a,b)  
810 Houston Street  
Fort Worth, TX 76102-6203

Navajo Nation (c,d)  
P O Box 2350  
Window Rock, AZ 86515

**Royalty Interest Owners**

Navajo Nation (c,d)  
P O Box 2350  
Window Rock, AZ 8651

Navajo Allotted (g,j,p,q)  
c/o Federal Indian Minerals Office  
6251 College Blvd., Suite B  
Farmington, NM 87402

New Mexico State Land Office (i,k,o)  
Office of Commissioner of Public Lands  
P O Box 1148  
Santa Fe, NM 87504-1148

USA-c/o Bureau of Land Management (a,b,c,d,e,f,g,h,i,j,k,l,m,n,p,q)  
6251 College Blvd., Suite A  
Farmington, NM 87402

**Overriding Royalty Interest Owners**

Charles B. & Susan J. Adams (j)  
BAD ADDRESS  
979 Windflower  
San Diego, CA 92106

J. Roger Friedman (h)  
425 Park Avenue  
New York, NY 10022

Patricia M. Friedman (h)  
c/o Lebhar-Friedman  
425 Park Avenue  
New York, NY 10022

Harvey Royalty Partners LP (l,m)  
1875 Laws Street  
Dallas, TX 75202-1700

M. J. Harvey, Jr. (i)  
3811 Turtle Creek, Suite 2150  
Dallas, TX 75219

Cathy Jean Hendrickson (m,n)  
BAD ADDRESS  
7375 Rolling Dell Drive #79  
Cupertino, CA 95014

M. J. Harvey, Jr. (i)  
3811 Turtle Creek, Suite 2150  
Dallas, TX 75219

Cathy Jean Hendrickson (m,n)  
BAD ADDRESS  
7375 Rolling Dell Drive #79  
Cupertino, CA 95014

The Blanco Company (f,j)  
11611 Campos  
Houston, TX 77065

Philip L. White (f,i)  
P O Box 25968  
Albuquerque, NM 87125

Dugan Production Corp. (a,b,c,d)  
P O Box 420  
Farmington, NM 87499-0420

Unknown Interests (j)

Attachment  
No. 8  
Pg 4 of 20

**Wells to be Added**  
**Rusty Chacra Gas Gathering System Interest Owners Address List**

*(wells with ownership interest in parentheses)*

a=Basie Com 1 & infill; b=Lombardo Com 1 BPO & APO & infill; c=Miller Com 1 & infill; d=Shaw Com 1 & infill;

**Working Interest Owners**

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

Mark Chapman (b)  
P O Box 450  
Sealy, TX 77474

Moon Royalty, LLC (b)  
P O Box 720070  
Oklahoma City, OK 73172-0070

**Royalty Interest Owners**

New Mexico State Land Office (c,d)  
Office of Commissioner of Public Lands  
P O Box 1148  
Santa Fe, NM 87504-1148

USA-c/o Bureau of Land Management (a,b)  
6251 College Blvd., Suite A  
Farmington, NM 87402

**Overriding Royalty Interest Owners**

Black Stone Natural Resources II LP (a,b)  
P O Box 301404  
Dallas, TX 75303-1404

Black Stone Natural Resources II-B LP (a,b)  
P O Box 301407  
Dallas, TX 75303-1407

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

Paul Charles Ellison (a,b)  
BAD ADDRESS  
7973 South Vance Street  
Littleton, CO 80123

James S. Jameson (a,b)  
11611 Campos  
Houston, TX 75202-1700

Kent A. Johnson (a,b)  
7862 South Valentia Way  
Englewood, CO 80112

Kochergen Enterprises Family LP (a,b)  
8163 W. McKinley Ave.  
Fresno, CA 95014

Magnum Hunter Production Inc. (a,b)  
#774031  
4031 Solutions Center  
Chicago, IL 60677-4000

Douglas McCallum (a,b)  
191 University Blvd. #839  
Denver, CO 80206-4613

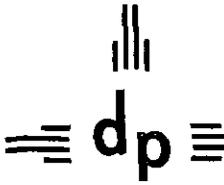
F. Michael Murphy (a,b)  
3364 Wabash Street  
Denver, CO 80238

Kurt T. Nelson (a,b)  
BAD ADDRESS  
695 South Corona  
Denver, CO 80209

O'Connell Partners LP (a)  
P O Box 301491  
Dallas, TX 75303-1491

R.K. O'Connell Revocable Trust (e)  
R.K. & Sue O'Connell, Co-Trustees  
P O Box 2003  
Casper, WY 82602

William T. & Betty Jean Philo (a,b)  
Joint Tenants  
708 Sunny Lane  
Corsicana, TX 75110



# dugan production corp.

Attachment  
No. 8  
Pg 5 of 20

CERTIFIED MAIL  
RETURN RECEIPTS REQUESTED

August 14, 2015

Overriding Royalty Interest Owners  
Wells and locations to be added to  
Dugan Production Corp.'s Big Band & Rusty Chacra Gathering Systems  
(Address Lists Attached)

Re: Dugan Production's Application dated 8/14/15 to add 38 wells/locations to  
Big Band & 8 wells/locations to Rusty Chacra Gathering Systems plus  
Consolidate both gathering systems to form the Rusty Gathering System  
San Juan & Sandoval Counties, New Mexico

Dear Overriding Royalty Interest Owner,

According to our records, you have an overriding royalty interest in one or more of the wells that is proposed to be added to the Big Band and/or Rusty Chacra Gathering System. The wells and interest owners are listed on the attached address lists. The subject application to the New Mexico Oil Conservation Division (NMOCD), Bureau of Land Management (BLM) and the State Land Office (SLO), requests their approvals to add 38 wells/locations to Dugan's Big Band and 8 wells/locations to Dugan's Rusty Chacra Gathering System. This will require surface commingling of gas production from the subject wells, plus the sale of gas at an off-lease central delivery sales meter (CDP). Each well will be equipped with a meter to measure production for allocation purposes. Attached for your information are copies of Attachments No. 2A (for Rusty Chacra) and 2B (for Big Band) from the subject application which provides detailed information for all wells to be added and all wells currently approved. In addition, we are requesting that the two gathering systems be consolidated into a new gathering system to be called the Rusty Gathering System. Since your interest in these wells is an overriding royalty, there are no costs chargeable to you. The wells to be added should not affect production from wells that are currently connected to the gathering system. Adding the subject wells to the Big Band and/or Rusty Chacra Gathering Systems will allow these wells to begin selling produced natural gas for the benefit of all interest owners. This proposal will allow for optimum operations on all wells and will allow all wells to benefit from central compression which should keep wellhead operating pressures as low as possible. This method of operation will help to keep our operating expenses as low as possible, and will allow for the recovery of more of the gas reserves from each well.

This matter does not require any action on your part. Current NMOCD regulations require that all interest owners (wells 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 either gathering system, only the interest owners in the wells to be added will require notification, provided the proposed additions will not adversely affect the existing wells. This will greatly simplify adding wells to the gathering system and should not affect the interests previously authorized to operate on the gathering system. Should you have any questions, need additional information, desire to receive a complete copy of our application, or have any concern as to our proposal, please let me know. Should you have an objection to our proposal, please let me know, or you can contact the New Mexico Oil Conservation Division directly at 1220 South St. Francis Drive, Santa Fe, NM 87505, and we would appreciate receiving a copy of your objection. Objections should be filed within 20 days after the NMOCD receives our application. We anticipate that our application will be received by the NMOCD approximately 8/17 or 18/15.

Sincerely,

Kevin Smaka  
Production Engineer

KS/tmf

attachments

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

Attachment  
No. 8  
Pg 6 of 20

**Wells to be Added**  
**Big Band Gas Gathering System Interest Owners Address List**  
*(wells with ownership interest in parentheses)*

a=Cleve Kyle A & infill; b=Cleve Kyle B & infill; c=Cleve Kyle C & infill; d=Cleve Kyle D & infill; e=Cochran 3 & infill;  
f=Gillespie Com 1 & infill; g=Lennon Com 1 & 2; h=Mancini 1, 2, 3, 4, 7, 8 and Warner Federal 1; i=Mancini Com 5, 6;  
j=Mary Rose Com 2 & infill; k=McCartney 1; l=Satchmo Com 1 & infill; m=Satchmo Com 2 & infill; n=Satchmo Com 3 & infill;  
o=Susana Com 1 & infill; p=Tom Wood Denn 1, 2; q=Wood Denn 1, 2

**Working Interest Owners**

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

Cross Timbers Energy, LLC (f)  
400 West Seventh Street  
Fort Worth, TX 76102

XTO Energy Inc. (a,b)  
810 Houston Street  
Fort Worth, TX 76102-6203

Navajo Nation (c,d)  
P O Box 2350  
Window Rock, AZ 86515

**Royalty Interest Owners**

Navajo Nation (c,d)  
P O Box 2350  
Window Rock, AZ 8651

Navajo Allotted (g,i,p,q)  
c/o Federal Indian Minerals Office  
6251 College Blvd., Suite B  
Farmington, NM 87402

New Mexico State Land Office (i,k,o)  
Office of Commissioner of Public Lands  
P O Box 1148  
Santa Fe, NM 87504-1148

USA-c/o Bureau of Land Management (a,b,c,d,e,f,g,h,i,j,k,l,m,n,p,q)  
6251 College Blvd., Suite A  
Farmington, NM 87402

**Overriding Royalty Interest Owners**

Charles B. & Susan J. Adams (j)  
BAD ADDRESS  
979 Windflower  
San Diego, CA 92106

J. Roger Friedman (h)  
425 Park Avenue  
New York, NY 10022

Patricia M. Friedman (h)  
c/o Lebhar-Friedman  
425 Park Avenue  
New York, NY 10022

Harvey Royalty Partners LP (l,m)  
1875 Laws Street  
Dallas, TX 75202-1700

M. J. Harvey, Jr. (i)  
3811 Turtle Creek, Suite 2150  
Dallas, TX 75219

Cathy Jean Hendrickson (m,n)  
BAD ADDRESS  
7375 Rolling Dell Drive #79  
Cupertino, CA 95014

M. J. Harvey, Jr. (i)  
3811 Turtle Creek, Suite 2150  
Dallas, TX 75219

Cathy Jean Hendrickson (m,n)  
BAD ADDRESS  
7375 Rolling Dell Drive #79  
Cupertino, CA 95014

The Blanco Company (f,j)  
11611 Campos  
Houston, TX 77065

Philip L. White (f,i)  
P O Box 25968  
Albuquerque, NM 87125

Dugan Production Corp. (a,b,c,d)  
P O Box 420  
Farmington, NM 87499-0420

Unknown Interests (j)

Attachment  
No. 8  
P 87 of 20

Wells to be Added

Rusty Chacra Gas Gathering System Interest Owners Address List

*(wells with ownership interest in parentheses)*

a=Basie Com 1 & infill; b=Lombardo Com 1 BPO & APO & infill; c=Miller Com 1 & infill; d=Shaw Com 1 & infill;

Working Interest Owners

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

Mark Chapman (b)  
P O Box 450  
Sealy, TX 77474

Moon Royalty, LLC (b)  
P O Box 720070  
Oklahoma City, OK 73172-0070

Royalty Interest Owners

New Mexico State Land Office (c,d)  
Office of Commissioner of Public Lands  
P O Box 1148  
Santa Fe, NM 87504-1148

USA-c/o Bureau of Land Management (a,b)  
6251 College Blvd., Suite A  
Farmington, NM 87402

Overriding Royalty Interest Owners

Black Stone Natural Resources II LP (a,b)  
P O Box 301404  
Dallas, TX 75303-1404

Black Stone Natural Resources II-B LP (a,b)  
P O Box 301407  
Dallas, TX 75303-1407

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

Paul Charles Ellison (a,b)  
BAD ADDRESS  
7973 South Vance Street  
Littleton, CO 80123

James S. Jameson (a,b)  
11611 Campos  
Houston, TX 75202-1700

Kent A. Johnson (a,b)  
7862 South Valentia Way  
Englewood, CO 80112

Kochergen Enterprises Family LP (a,b)  
8163 W. McKinley Ave.  
Fresno, CA 95014

Magnum Hunter Production Inc. (a,b)  
#774031  
4031 Solutions Center  
Chicago, IL 60677-4000

Douglas McCallum (a,b)  
191 University Blvd. #839  
Denver, CO 80206-4613

F. Michael Murphy (a,b)  
3364 Wabash Street  
Denver, CO 80238

Kurt T. Nelson (a,b)  
BAD ADDRESS  
695 South Corona  
Denver, CO 80209

O'Connell Partners LP (a)  
P O Box 301491  
Dallas, TX 75303-1491

R.K. O'Connell Revocable Trust (e)  
R.K. & Sue O'Connell, Co-Trustees  
P O Box 2003  
Casper, WY 82602

William T. & Betty Jean Philo (a,b)  
Joint Tenants  
708 Sunny Lane  
Corsicana, TX 75110

ATTACHMENT NO. 2A  
 DUGAN PRODUCTION CORP.  
 RUSTY CHACRA GATHERING SYSTEM (APPLICATION DATED 7/2015)  
 CENTRAL DELIVERY SALES METER (ENTERPRISE METER NO. 03049) SENW 12, T-22N, R-7W  
 SAN JUAN COUNTY, NEW MEXICO

Well Name	API No.	Well Location		Well Location		Communitization Agreement No. (If Established)	Pool	Completion Date	Well Status $\Phi$	Current Prod. $\Phi$			Spacing Unit	Dates for SC, OLM & S $\Phi$			
		UL-Sec-Twn-Rng	Loose No.	Lse.Type	MCFD					BC/D	BWPD	Application		BLM Approval	NMSLO Approval	NMOCD Approval	
<b>WELLS TO BE ADDED TO SYSTEM (4 WELLS + 4 LOCATIONS)</b>																	
Basin Com 1 (Note 5)	30-043-21112	D-21-22N-7W	NM109393	FED	NMNM112676	Basin Fruitland Coal	9/29/11	P	4	0	26.1	N/2-320A					
Basin Com infill well (Note 4)	pending	NE/4-21-22N-7W	NM6680	FED	NMNM112676	Basin Fruitland Coal		LOC				N/2-320A					
Lombardo Com 1 (Note 5)	30-043-21107	M-29-22N-7W	NM6680	FED	NMNM112653	Basin Fruitland Coal	12/7/11	P	29	0	78.6	W/2-320A					
Lombardo Com infill well	pending	NW/4-29-22N-7W	NM109392	FED	NMNM112653	Basin Fruitland Coal		LOC				W/2-320A					
Miller Com 1 (Note 5)	30-043-21109	D-32-22N-7W	V7847	ST	State CA-no #	Basin Fruitland Coal	12/7/11	P	57	0	54.8	W/2-320A					
Miller Com infill well	pending	SW/4-32-22N-7W	V7861	ST	State CA-no #	Basin Fruitland Coal		LOC				W/2-320A					
Shaw Com 1 (Note 5)	30-043-21108	M-16-22N-7W	V7860	ST	State CA-no #	Basin Fruitland Coal	9/19/11	P	1	0	10.5	W/2-320A					
Shaw Com infill well	pending	NW/4-16-22N-7W	V7846	ST	State CA-no #	Basin Fruitland Coal		LOC				W/2-320A					
<b>WELLS PREVIOUSLY APPROVED FOR RUSTY GATHERING SYSTEM (39 WELLS)</b>																	
Chacra 1	30-043-20308	D-10-22N-7W	NM25821	FED		Rusty Chacra	2/9/1978	P	1	0	3.5	NW/4	8/17/98	10/13/99	8/31/98	9/8/98	
Chacra 2	30-043-20309	O-21-22N-7W	NM25821	FED		Rusty Chacra	2/21/1978	P	3	0	0.0	SE/4	8/17/98	10/13/99	8/31/98	9/8/98	
Dana State 1 (Hicks Oil & Gas) P&A'd	30-043-20165	G-16-22N-7W	K04844	ST		Rusty Gallup	7/14/1975	PA 2/16/09				SW/4 NE/4	8/17/98	10/13/99	8/31/98	9/8/98	
Dome Federal 01-21-7 1	30-043-20638	H-1-21N-7W	NM15649	FED		Rusty Chacra	7/2/1982	P	1	0	0.0	NE/4	8/17/98	10/13/99	8/31/98	9/8/98	
Dome Federal 10-22-7 1	30-043-20484	H-10-22N-7W	NM6680	FED		Rusty Chacra	10/23/1980	P	8	0	11.6	NE/4	8/17/98	10/13/99	8/31/98	9/8/98	
Dome Federal 15-22-7 1	30-043-20281	P-15-22N-7W	NM8899	FED		Rusty Chacra	6/15/1979	P	10	0	0.0	SE/4	8/17/98	10/13/99	8/31/98	9/8/98	
Dome Federal 18-22-6 3	30-043-20481	E-18-22N-6W	NM21455	FED		Rusty Chacra	10/21/1980	P	2	0	18.4	NW/4	8/17/98	10/13/99	8/31/98	9/8/98	
Dome Federal 19-22-6 1	30-043-20404	M-19-22N-6W	NM21455	FED		Rusty Chacra	8/30/1979	P	7	0	0.0	SW/4	8/17/98	10/13/99	8/31/98	9/8/98	
Dome Federal 29-22-6 2	30-043-20406	K-29-22N-6W	NM6676	FED		Rusty Chacra	10/16/1980	P	0	0	0.0	SW/4	8/17/98	10/13/99	8/31/98	9/8/98	
Dome Federal 29-22-6 3	30-043-20483	H-29-22N-6W	NM6676	FED		Rusty Chacra	12/31/1980	P	0	0	0.0	NE/4	8/17/98	10/13/99	8/31/98	9/8/98	
Dome Federal 30-22-6 1	30-043-20407	C-30-22N-6W	NM8641	FED		Rusty Chacra	8/30/1979	P	6	0	0.0	NW/4	8/17/98	10/13/99	8/31/98	9/8/98	
Dome Navajo 03-22-7 1	30-043-20449	J-3-22N-7W	NOOC14205555	I		Alamito Gallup	3/21/1980	P	17	0	0.0	NW/4 SE/4	8/17/98	10/13/99	8/31/98	9/8/98	
Dome Navajo 17-22-7 2	30-043-20480	K-17-22N-7W	NOOC14205382	I		Rusty Chacra	10/28/1980	P	3	0	0.0	SW/4	8/17/98	10/13/99	8/31/98	9/8/98	
Dome Navajo 18-22-6 2 P&A'd	30-043-20474	O-18-22N-6W	NM5452	FED		Rusty Chacra	11/4/1980	PA 12/11/01				SE/4	8/17/98	10/13/99	8/31/98	9/8/98	
Dome Navajo 20-22-7 1	30-043-20408	H-20-22N-7W	NOOC14205595	I		Rusty Chacra	7/25/1979	P	4	0	0.0	NE/4	8/17/98	10/13/99	8/31/98	9/8/98	
Dome Navajo 27-22-6 1	30-043-20475	M-27-22N-6W	NOOC14205046	I		Rusty Chacra	1/16/1987	P	2	0	0.0	SW/4	8/17/98	10/13/99	8/31/98	9/8/98	
Dome Navajo 28-22-6 2	30-043-20477	L-28-22N-6W	NOOC14205044	I		Rusty Chacra	10/13/1980	P	1	0	0.0	SE/4	8/17/98	10/13/99	8/31/98	9/8/98	
Dome Navajo 28-22-6 4	30-043-20476	K-28-22N-6W	NOOC14205045	I		Rusty Chacra	12/31/1980	P	0	0	25.8	SW/4	8/17/98	10/13/99	8/31/98	9/8/98	
Dome Navajo 33-22-6 1 P&A'd	30-043-20663	A-33-22N-6W	NOOC14205050	I		Rusty Chacra	12/2/1982	PA 11/15/10				NE/4	8/17/98	10/13/99	8/31/98	9/8/98	
Dome Navajo 33-22-6 2	30-043-20664	N-33-22N-6W	NOOC14205048	I		Rusty Chacra	12/2/1982	P	10	0	0.0	SW/4	8/17/98	10/13/99	8/31/98	9/8/98	
Dome Navajo 34-22-6 1	30-043-20478	C-34-22N-6W	NOOC14205051	I		Rusty Chacra	1/23/1981	P	1	0	0.0	NW/4	8/17/98	10/13/99	8/31/98	9/8/98	
Dome Rusty 20-22-7 1	30-043-20319	P-20-22N-7W	NM7282	FED		Rusty Chacra	8/28/1978	P	2	0	0.0	SE/4	8/17/98	10/13/99	8/31/98	9/8/98	
Dome Rusty 24-22-7 1 P&A'd	30-043-20320	J-24-22N-7W	NM6680	FED		Rusty Chacra	8/30/1978	PA 1/30/13				SE/4	8/17/98	10/13/99	8/31/98	9/8/98	
Dome Rusty 30-22-6 1	30-043-20318	B-30-22N-6W	NM6676	FED		Rusty Chacra	6/30/1978	P	10	0	0.0	NE/4	8/17/98	10/13/99	8/31/98	9/8/98	
Dome State 32-22-6 2	30-043-20470	A-32-22N-6W	LG3923	ST		Rusty Chacra	1/5/1981	P	1	0	0.0	NE/4	8/17/98	10/13/99	8/31/98	9/8/98	
Dome Tesoro 22 4	30-043-20542	C-22-22N-7W	NOOC14205356	I		Rusty Gallup	4/30/1981	P	7	0.8	0.0	NE/4 NW/4	8/17/98	10/13/99	8/31/98	9/8/98	
Dome Tesoro 23 1	30-043-20506	L-23-22N-7W	NOOC14205360	I		Rusty Gallup	11/25/1980	P	5	3.6	0.0	NW/4 SW/4	8/17/98	10/13/99	8/31/98	9/8/98	
Dome Tesoro 27 3	30-043-20515	D-27-22N-7W	NOOC14205365	I		Rusty Gallup	2/9/1981	P	6	0.4	0.0	NW/4 NW/4	8/17/98	10/13/99	8/31/98	9/8/98	
Federal 25-22-7 1	30-043-20398	B-25-22N-7W	NM8899	FED		Rusty Chacra	9/17/1982	P	0	0	0.0	NE/4	8/17/98	10/13/99	8/31/98	9/8/98	
Federal 26-22-7 1	30-043-20363	A-26-22N-7W	NM8899	FED		Rusty Chacra	9/17/1978	P	5	0	0.0	NE/4	8/17/98	10/13/99	8/31/98	9/8/98	
Federal 29-22-6 1	30-043-20344	I-29-22N-6W	NM6676	FED		Rusty Chacra	9/19/1978	P	4	0	0.0	SE/4	8/17/98	10/13/99	8/31/98	9/8/98	
Federal 29-22-6 2	30-043-20393	E-29-22N-6W	NM6676	FED		Rusty Chacra	9/11/1982	P	22	0	0.0	NW/4	8/17/98	10/13/99	8/31/98	9/8/98	
Federal 31-22-6 1	30-043-20383	J-31-22N-6W	NM7776	FED		Rusty Chacra	4/25/1979	P	1	0	0.0	SE/4	8/17/98	10/13/99	8/31/98	9/8/98	
Navajo 1	30-043-20797	N-33-22N-6W	NOOC14205048	I		Rusty So. Gallup	11/19/1985	P	3	0.3	0.0	SE/4 SW/4	8/17/98	10/13/99	8/31/98	9/8/98	
Navajo 10-22-7 1	30-043-20346	N-10-22N-7W	NOOC14205594	I		Rusty Chacra	9/15/1978	P	1	0	0.0	SW/4	8/17/98	10/13/99	8/31/98	9/8/98	
Navajo 18-22-6 1 P&A'd	30-043-20286	N-18-22N-6W	NM5452	FED		Rusty Chacra	7/16/1979	PA 12/13/01				SW/4	8/17/98	10/13/99	8/31/98	9/8/98	
Navajo 21-22-7 1 P&A'd	30-043-20282	A-21-22N-7W	NM6680	FED		Rusty Chacra	8/30/1978	PA 12/17/01				NE/4	8/17/98	10/13/99	8/31/98	9/8/98	
Rusty Nail Com 90	30-043-20988	C-34-22N-6W	NOOC14205051	I	NMNM110502	Basin Fruitland Coal	6/21/2005	P	1	0	0.0	N/2	6/20/06	8/14/06	7/24/06	7/25/06	
State 32-22-6 1 P&A'd	30-043-20400	D-32-22N-6W	LG3923	ST		Rusty Chacra	3/11/1982	PA 12/18/01				NW/4	8/17/98	10/13/99	8/31/98	9/8/98	

Attachment  
 No. 2A  
 P&A'd

NOTES:

N/A = Not applicable or not needed

NR = None Reported

Note 1 - Well status as of 06/01/15

LOC = General location of potential infill well

NC = Not connected to gathering system

P = Producing

P-DHC = Producing downhole commingled

PA = Plugged & Abandoned

SI = Shut in

TA = Temporarily abandoned

Note 2 - Current production presents the average daily production during January, 2015.

Note 3 - Dates of application and regulatory approvals for permission to use Dugan's Rusty Chacra Gathering System to facilitate gas sales which typically requires the surface commingling (SC) plus off-lease measurement (OLM) and sale(s) of produced natural gas. The NMOCDC has issued commingling order PLC-147-A dated 7/25/06 for the Rusty Chacra Gas Gathering System.

Note 4 - Location is within the "Rusty Chacra Gas Gathering System Area" defined by NMOCDC Order PLC-147-A dated 7/25/06 which provides that future wells completed in a pool covered by the order are also automatically included in the commingling authority of the order. Since only one of the eight wells/locations being added is covered by this provision, for simplicity, the Basic Com infill location is included with this application.

Note 5 - Gas deliveries to Rusty Chacra Gathering System (all gas volumes mcf @ 15,025 psi):

Well	1st gas to Rusty Chacra Gath. System	Production 7/14 thru 01/15			Average Production		Cumulative Production 2/1/15	
		mcf	bw	days	mcf/d	bw/pd	mcf	bw
<u>Basin Fruitland Coal Pool</u>								
Basic Com 1	11/1/2011	1,431	6,729	206	6.9	32.7	3,114	22,505
Lombardo Com 1	1/19/2012	8,670	44,066	206	42.1	213.9	26,079	81,981
Miller Com 1	1/19/2012	17,099	23,391	206	83.0	113.5	56,115	91,902
Shaw Com 1	11/1/2011	587	2,761	207	2.8	13.3	2,043	8,756
<b>Pool Total</b>		<b>26,787</b>	<b>2,761</b>	<b>825</b>	<b>134.9</b>	<b>373.5</b>	<b>87,351</b>	<b>205,144</b>

*Handwritten:*  
 Approved  
 No. 8  
 P. P. P. P. P.

ATTACHMENT NO. 2B  
 DUGAN PRODUCTION CORP.  
 BIG BAND GATHERING SYSTEM (APPLICATION DATED 7/2015)  
 CENTRAL DELIVERY SALES METER (ENTERPRISE METER NO. 03049) SENW 12, T-22N, R-7W (4)  
 SAN JUAN COUNTY, NEW MEXICO

Well Name	API No.	Well Location		Communication Agreement No. (If Established)	Pool	Completion Date	Well Status	Current Prod. @			Spacing Unit	Dates for SC, OLM & S			
		UL-Sec-Twn-Rng	Lease No.					Lse.Type	MCFD	BC/D		BWPD	Application	BLM Approval	NMSLO Approval
<b>WELLS TO BE ADDED TO SYSTEM (23 WELLS + 15 LOCATIONS)</b>															
Cleve Kyle location A	pending	NE/4-17-22N-8W	NM43438	FED	pending	Basin Fruitland Coal	LOC				E/2-320A				
Cleve Kyle location A infill	pending	SE/4-17-22N-8W	NM43438	FED	pending	Basin Fruitland Coal	LOC				E/2-320A				
Cleve Kyle location B	pending	NW/4-17-22N-8W	NM43438	FED	pending	Basin Fruitland Coal	LOC				W/2-320A				
Cleve Kyle location B infill	pending	SW/4-17-22N-8W	NM43438	FED	pending	Basin Fruitland Coal	LOC				W/2-320A				
Cleve Kyle location C	pending	NE/4-18-22N-8W	NM43438	FED	pending	Basin Fruitland Coal	LOC				E/2-320A				
Cleve Kyle location C infill	pending	SE/4-18-22N-8W	NM43438	FED	pending	Basin Fruitland Coal	LOC				E/2-320A				
Cleve Kyle location D (Note 16)	pending	NW/4-18-22N-8W	NM43438	FED	pending	Basin Fruitland Coal	LOC				W/2-320A				
Cleve Kyle location D infill	pending	SW/4-18-22N-8W	NM43438	FED	pending	Basin Fruitland Coal	LOC				W/2-320A				
Cochran 3 (Note 13)	30-045-34693	O-16-22N-8W	VA1119	ST	N/A	Basin Fruitland Coal	P	5	0	85.7	E/2-320A				
Cochran infill well (Note 16)	pending	NE/4-16-22N-8W	VA1119	ST	N/A	Basin Fruitland Coal	LOC				E/2-320A				
Gallespie Com 1 (Note 13)	30-045-34930	G-9-22N-8W	NM109396	FED	NMNM112645	Basin Fruitland Coal	P	12	0	59.6	N/2-320A				
Gallespie Com infill well	pending	NW/4-9-22N-8W	NM109396	FED	NMNM112645	Basin Fruitland Coal	LOC				N/2-320A				
Lennon Com 1 (Note 13 & 15)	30-045-35149	A-19-22N-8W	NO-G-0912-1764	I	NMNM112661	Basin Fruitland Coal	P	79	0	52.4	E/2-320A				
Lennon Com 2 (Note 13 & 15)	30-045-35148	I-19-22N-8W	NO-G-0912-1763	I	NMNM112661	Basin Fruitland Coal	P	239	0	72.2	E/2-320A				
Mancini 1 (Note 13 & 15)	30-045-34333	E-15-22N-8W	NM048989	FED	N/A	Basin Fruitland Coal	P	17	0	37.6	W/2-320A				
Mancini 2 (Note 13 & 15)	30-045-34334	L-15-22N-8W	NM048989	FED	N/A	Basin Fruitland Coal	P	49	0	64.7	W/2-320A				
Mancini 3 (Note 13 & 15)	30-045-34757	B-15-22N-8W	NM048989	FED	N/A	Basin Fruitland Coal	P	79	0	91.9	E/2-320A				
Mancini 4 (Note 13 & 15)	30-045-34758	I-15-22N-8W	NM048989	FED	N/A	Basin Fruitland Coal	P	57	0	101.7	E/2-320A				
Mancini Com 5 (Note 13 & 15)	30-045-34761	M-10-22N-8W	NM048989	FED	NMNM1130418	Basin Fruitland Coal	P	139	0	96.4	W/2-320A				
Mancini Com 6 (Note 13 & 15)	30-045-34759	E-10-22N-8W	NM109396	FED	NMNM1130418	Basin Fruitland Coal	P	56	0	101.0	W/2-320A				
Mancini 7 (Note 13 & 15)	30-045-34760	P-10-22N-8W	NM048989	FED	N/A	Basin Fruitland Coal	P	00	0	75.5	E/2-320A				
Mancini 8 (Note 13 & 15)	30-045-34764	B-10-22N-8W	NM048989	FED	N/A	Basin Fruitland Coal	P	24	0	58.2	E/2-320A				
Mary Rose Com 2 (Note 13)	30-045-35147	P-20-22N-8W	NO-G-0912-1762	I	NMNM112652	Basin Fruitland Coal	P	154	0	97.6	E/2-320A				
Mary Rose Com 2 infill well	pending	NE/4-20-22N-8W	NM57445	FED	N/A	Basin Fruitland Coal	LOC				E/2-320A				
McCartney 1 (Note 13)	30-045-29659	A-2-22N-8W	VA1120	ST	N/A	Bisti Chacra Ext.	SI-NC				NE/4-				
Satchmo Com 1 (Note 16)	30-045-34429	N-3-22N-8W	NM90468	FED	NMNM121554	Basin Fruitland Coal	P	14	0	54.3	S/2-320A				
Satchmo Com infill well (Note 16)	pending	SE/4-3-22N-8W	NM90468	FED	NMNM121554	Basin Fruitland Coal	LOC				S/2-320A				
Satchmo Com 2 (Note 13)	30-045-34425	J-4-22N-8W	NM90468	FED	NMNM121116	Basin Fruitland Coal	P	16	0	46.2	E/2-322.5A				
Satchmo Com infill well	pending	NE/4-4-22N-8W	NM55836	FED	NMNM121116	Basin Fruitland Coal	LOC				E/2-322.5A				
Satchmo Com 3 (Note 13)	30-045-34402	M-4-22N-8W	NM90468	FED	NMNM121133	Basin Fruitland Coal	P	25	0	85.3	W/2-321.53A				
Satchmo Com infill well	pending	NW/4-4-22N-8W	NM90468	FED	NMNM121133	Basin Fruitland Coal	LOC				W/2-321.53A				
Susana Com 1 (Note 13)	30-045-35243	D-2-21N-8W	V7770	ST	State CA-no #	Basin Fruitland Coal	P	76	0	55.2	N/2-321.44A				
Susana Com infill well	pending	NE/4-2-21N-8W	V7769	ST	State CA-no #	Basin Fruitland Coal	LOC				N/2-321.44A				
Tam Wood Denn 1 (Note 13 & 15)	30-045-34926	A-8-22N-8W	NO-G-0902-1757	I	NMNM112639	Basin Fruitland Coal	P	12	0	96.6	N/2-320A				
Tam Wood Denn 2 (Note 13 & 15)	30-045-34933	C-8-22N-8W	NO-G-0902-1758	I	NMNM112639	Basin Fruitland Coal	P	37	0	34.3	N/2-320A				
Warner Federal 1 (Note 13 & 15)	30-045-05065	A-10-22N-8W	NM048989	FED	N/A	East Bisti Chacra	P	3	0	80.9	NE/4-160A				
Wood Denn 1 (Note 13 & 15)	30-045-34925	L-8-22N-8W	NO-G-0902-1756	I	NMNM112635	Basin Fruitland Coal	P	26	0	110.9	S/2-320A				
Wood Denn 2 (Note 13 & 15)	30-045-34924	P-8-22N-8W	NO-G-0902-1755	I	NMNM112635	Basin Fruitland Coal	P	26	0	93.0	S/2-320A				
<b>WELLS PREVIOUSLY APPROVED FOR BIG BAND GATHERING SYSTEM (33 WELLS &amp; 34 completions)</b>															
Bear 2	30-045-28552	E-34-23N-8W	NM50999	FED	N/A	Nageezi Gakup	P-NC	0	0	0.1	SW/4 NW/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Belush 1 (Note 17)	30-045-31257	J-5-22N-8W	NM90468	FED	N/A	Bisti Ch & Basin FR Coal	P	3	0	51.4	SE/4 & E/P	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Bile 2 (Note 7)	30-045-24713	L-35-22N-8W	NM8902	FED	N/A	Rusty Chacra	P	3	0	11.3	SW/4	9/6/2001	2/15/2002	N/A	10/5/2001
Bile Com 90	30-045-33872	D-35-22N-8W	NM94067	FED	NMNM118430	Basin Fruitland Coal	P	33	0	75.4	W/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Bile Com 91	30-045-33873	A-35-22N-8W	NM94067	FED	NMNM119554	Basin Fruitland Coal	P	3	0	50.6	E/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Cleve Kyle 2	30-045-29039	D-18-22N-8W	NM43438	FED	N/A	Bisti Chacra Ext.	P	4	0	1.0	NW/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Cochran 1 (Note 7)	30-045-24465	A-18-22N-8W	VA1119	ST	N/A	Bisti Chacra Ext.	SI-NC				NE/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Dorsey 1 (Note 7)	30-045-29909	E-26-22N-8W	NM80472	FED	N/A	Rusty Chacra	P	0	0	0.0	NW/4	9/0/2001	2/15/2002	N/A	10/5/2001
Dorsey Com 90	30-045-33861	C-26-22N-8W	NM90472	FED	NMNM118403	Basin Fruitland Coal	P	24	0	145.9	W/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Dorsey Com 90S	30-045-33862	L-26-22N-8W	NM94067	FED	NMNM118403	Basin Fruitland Coal	P	118	0	70.7	W/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006

Attachment  
 No. 8  
 Pg 10 of 20

Well Name	API No.	Well Location UL-Sec-Twn-Rng	Well Location		Communitization Agreement No. (If Established)	Pool	Completion Date	Well Status $\Phi$	Current Prod. $\Phi$			Spacing Unit	Dates for SC, OLM & S $\Phi$				
			Lease No.	Lse. Type					MCFD	BC/D	W/PD		Application	BLM Approval	NMSLO Approval	NMOCD Approval	
Ellington 1 (Note 7)	30-045-29907	N-26-22N-8W	NM94067	FED		Rusty Chacra	10/6/99	P	1	0	15.9	SW/4	9/6/2001	2/15/2002	N/A	10/5/2001	
Ellington Corn 90	30-045-33871	B-28-22N-8W	NM94072	FED	NMNM112646	Basin Fruitland Coal	10/20/09	P	11	0	53.8	E/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006	
Ellington Corn 90S	30-045-33870	P-28-22N-9W	NM94067	FED	MNM112646	Basin Fruitland Coal	10/9/09	P	204	0	150.4	E/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006	
Gayle 1	30-045-29063	P-1-22N-9W	NM90475	FED		Bisti Chacra	6/7/94	P	1	0	1.9	SE/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006	
Goodman 2 (Note 7)	30-045-29191	L-23-22N-8W	NM90471	FED		Rusty Chacra	1/4/95	P	0	0	0.0	SW/4	9/6/2001	2/15/2002	N/A	10/5/2001	
Goodman 90	30-045-30780	J-23-22N-8W	NM90471	FED		Basin Fruitland Coal	12/9/03	P	10	0	39.0	E/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006	
Harrison 1	30-045-31087	I-24-22N-9W	NM90999	FED		Bisti Chacra Ext.	2/5/03	P	1	0	1.1	SE/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006	
Harrison Corn 90	30-045-31092	A-24-22N-9W	NM92739	FED	NMNM108160	Basin Fruitland Coal	2/5/03	P	31	0	46.5	E/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006	
Hendrix 1	30-045-28931	B-7-22N-8W	NM55836	FED		Bisti Chacra	5/11/93	P	0	0	1.0	NE/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006	
James 1 (Note 7)	30-045-29910	I-24-22N-8W	NM93253	FED		Rusty Chacra	12/31/99	P	0	0	0.0	SE/4	9/6/2001	2/15/2002	N/A	10/5/2001	
James 90	30-045-30779	L-24-22N-8W	NM93253	FED		Basin Fruitland Coal	12/10/03	P	10	0	43.3	W/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006	
Jopin 1	30-045-28976	A-12-22N-8W	NM90476	FED		Bisti Chacra	9/21/93	P	1	0	2.0	NE/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006	
Matley 1 (Note 10)	30-045-29158	N-36-23N-9W	VA1121	ST		Basin Fruitland Coal	10/28/05	SI	---	---	---	W/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006	
Morrison 1	30-045-28980	H-13-22N-9W	NM90477	FED		Bisti Chacra	9/3/93	P	0	0	1.0	NE/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006	
Presley 1	30-045-29061	P-7-22N-8W	NM90469	FED		Bisti Chacra	5/23/94	SI	0	0	0.0	SE/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006	
Sage Creek 1 P&A'd	30-045-26757	I-3-22N-8W	NM96798	FED		Basin Fruitland Coal	2/5/2007	PA 6/8/09				E/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006	
Zappa 3 FG (Note 7 & 8)	30-045-29904	P-27-22N-8W	NM57445	FED		Basin Fruitland Coal	12/2/99	P-DHC	10	0	42.8	S/2	9/6/2001	2/15/2002	N/A	10/5/2001	
Zappa 3 RC (Note 7 & 8)	30-045-29906	P-27-22N-8W	NM57445	FED		Rusty Chacra	12/2/99	P-DHC	10	0	42.8	SE/4	9/6/2001	2/15/2002	N/A	10/5/2001	
Zappa 3S	30-045-33855	L-27-22N-8W	NM57445	FED		Basin Fruitland Coal	4/2/07	P	199	0	65.6	S/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006	
Zappa 91	30-045-29997	A-27-22N-8W	NM57445	FED		Basin Fruitland Coal	2/2/01	P	12	0	35.1	N/2	9/6/2001	2/15/2002	N/A	10/5/2001	
Zappa 91S	30-045-33856	E-27-22N-8W	NM57445	FED		Basin Fruitland Coal	4/2/07	P	307	0	92.0	N/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006	
Zappa 92	30-045-33857	I-21-22N-8W	NM57445	FED		Basin Fruitland Coal	5/16/07	P	163	0	74.8	E/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006	
Zappa 93	30-045-33858	M-22-22N-8W	NM57445	FED		Basin Fruitland Coal	4/27/07	P	55	0	72.6	S/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006	
Zappa 93S	30-045-33859	P-22-22N-8W	NM57445	FED		Basin Fruitland Coal	4/27/07	P	57	0	69.8	S/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006	
SWD WELLS																	
Cochran 2 SWD (Note 14)	30-045-33932	H-16-22N-8W	VA1119	ST		SWD; Morrison	3/20/07	SWD									
Morrison 2 SWD (Note 14)	30-045-33684	H-13-22N-9W	NM90477	FED		SWD; Entrada	9/12/12	SWD									

Notes:

N/A = Not applicable or not needed

NR = None Reported

Note 1 - Well status as of 07/01/15

LOC = General location. The actual location will be staked and APD prepared at a later date.

NC = Not connected to gathering system

P = Producing

P-DHC = Producing downhole commingled

PA = Plugged & Abandoned

SI = Shut in

TA = Temporarily abandoned

Note 2 - Current production presents the average daily production during January, 2015.

Note 3 - Dates of application and regulatory approvals for permission to use Dugan's Big Band Gathering System to facilitate gas sales which typically requires the surface commingling (SC) plus off-lease measurement (OLM) and sale(S) of produced natural gas. The NMOCD has issued commingling order PL-C-191-A (Corrected) dated 4/17/07 for the Big Band Gathering System.

Note 4 - Big Band Central Delivery Sales Meter (CDP) was initially authorized to be PNM's Meter no. 1335 located @ NENE 27, T-22N, R-9W with an option to deliver gas to the Rusty Chacra Gathering System & CDP (Enterprise Meter No. 03049 located @ SE/4 12, T-22N, R-7W) should gas delivery to PNM at their CDP not be possible. Dugan Production did attempt to deliver to PNM, however, we were not able to meet PNM's gas quality requirements since PNM's who was delivering gas to the Albuquerque area for residential consumption and PNM did not have treatment facilities. In addition, we found that the fuel requirement to operate a 3 stage compressor and the two dehydrators necessary to operate on PNM's 500 PSI pipeline were not economically feasible.

Note 7 - The Chacra completion was initially believed to be an extension to the Bisti Chacra pool. NMOCD Order R-11445 dated 9-5-00 extended the Rusty Chacra pool to include the subject well and acreage.

Note 8 - Production from the Rusty Chacra and Basin Fruitland Coal are downhole commingled by NMOCD Order DHC-2673. Commingled production (gas and water) is allocated 50% to the Chacra and 50% to the Basin Fruitland Coal.

Note 10 - The Chacra completion was plugged 8/30/05 and the Fruitland Coal perforated on 9/23/05. A gas rate of 24 mcf/d has been tested following a breakdown of the perforations. The Fruitland Coal will be considered for fracture stimulation upon obtaining a pipeline connection for gas sales.

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Note 13 - Gas deliveries to Rusty Chacra Gathering System (all gas volumes mcf @ 15.025 psig).

Well	Rusty Chacra Gath. System	Production 7/14 thru 01/15		days	Average Production		Cumulative Production 2/1/2015	
		mcf	bw		mcf/d	bw/d	mcf	bw
East Chacra Pool		435	13,732	206	2.1	66.7	6,730	83,472
<b>Basin Fracturing Coal Pool</b>								
Walter Federal 1	1/12/2010							
Cochran 3	10/28/2009	908	20,357	215	4.5	94.7	5,816	78,016
Gleespe Com 1	12/9/2010	2,169	11,337	206	10.5	55.0	16,902	143,230
Lennon Com 1	10/23/2012	16,587	15,563	267	80.1	75.2	36,018	23,130
Lennon Com 2	10/23/2012	49,181	15,990	206	238.7	77.4	103,916	21,898
Mancos 1	10/12/2007	4,544	6,078	184	24.7	43.9	82,823	196,211
Mancos 2	10/12/2007	6,743	11,167	206	32.7	54.2	71,435	176,656
Mancos 3	9/30/2013	16,922	18,963	206	82.1	59.2	34,810	44,737
Mancos 4	9/30/2013	11,864	18,531	206	57.6	80.0	27,482	28,449
Mancos Com 5	9/28/2013	35,865	17,763	206	173.2	86.2	75,311	42,475
Mancos Com 6	9/11/2013	12,379	20,678	206	60.1	100.4	45,351	44,225
Mancos 7	9/30/2013	13,077	16,452	206	63.5	79.9	27,956	36,891
Mancos 8	9/11/2013	4,013	11,571	206	19.5	56.2	14,454	25,803
Mary Rose Com 2	10/24/2012	36,589	19,602	206	177.7	95.2	112,955	69,342
Satchmo Com 1	7/10/2008	2,930	11,647	206	14.2	56.5	24,144	180,300
Satchmo Com 2	7/10/2009	1,633	6,464	206	8.9	31.4	14,211	13,811
Satchmo Com 3	7/10/2008	5,163	18,165	206	25.2	88.3	56,555	187,830
Susana Com 1	10/12/2011	18,943	12,995	206	92.0	59.7	102,617	104,262
Tom Wood Dam 1	9/23/2010	2,371	20,062	206	11.5	97.3	19,391	110,274
Tom Wood Dam 2	10/14/2010	4,780	6,575	206	23.2	31.9	39,137	127,967
Wood Dam 1	10/23/2010	3,569	19,042	206	17.0	92.4	26,322	123,792
Wood Dam 2	11/7/2010	4,412	17,805	206	21.4	86.4	21,515	90,131
<b>Pool Total</b>		<b>254,692</b>	<b>317,537</b>		<b>1240.5</b>	<b>1,608.3</b>	<b>961,031</b>	<b>1,391,030</b>

Note 14 - NMOCD Administrative Order authorizing water disposal by underground injection: Cochran No. 2 SWD (SWD-1047), Morrison No. 2 SWD (SWD - 1317)  
Note 15 - Dugan Production has changed from using the letter 'S' to designate a well as being a Fruitland Coal well and initiated using unique numbers for each well. The wells using unique numbering and sharing a common spacing unit are:

Wells	Common Spacing Unit
Lennon Com 1 & 2	E22 15-22N-8W
Mancos 1 & 2	W12 15-22N-8W
Mancos 3 & 4	E22 15-22N-8W
Mancos Com 5 & 6	W12 10-22N-8W
Mancos 7 & 8	E22 10-22N-8W
Tom Wood Dam 1 & 2	N02 8-22N-0W
Wood Dam 1 & 2	S12 8-22N-8W

Note 16 - Location is within the "Big Bend Gas Gathering System Area" defined by NMOCD Order PL-C-191-A (Corrected) dated 4/17/07, which provides that future wells completed in a pool covered by the order are also included in the commingling order. Since only 3 of the 38 well locations being added are covered by this provision, for simplicity, the locations for Cleve Kyle, Cochran D, Cochran 1 and Satchmo Com 1 are included in this application.  
Note 17 - The Basin Fruitland Coal interval has not been completed, but is being considered for completion, and upon completion, an application to downhole commingle with the Basin Chacra will be submitted.



# dugan production corp.

Attachment  
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**CERTIFIED MAIL**  
**RETURN RECEIPTS REQUESTED**

August 14, 2015

Interest Owners

Wells currently approved for operation on  
Dugan Production Corp.'s Big Band & Rusty Chacra Gathering Systems  
(Address List Attached)

Re: Dugan Production's Application dated 8/14/15 to add 38 wells/locations to  
Big Band & 8 wells/locations to Rusty Chacra Gathering Systems plus  
Consolidate both gathering systems to form the Rusty Gathering System  
San Juan & Sandoval Counties, New Mexico

Dear Interest Owner,

According to our records, you have an interest (working, royalty, or overriding royalty) in one or more of the wells that is currently approved for the Big Band and/or Rusty Chacra Gathering System. The wells and interest owners are listed on the attached address list. You are receiving this notice for your information as required by the New Mexico Oil Conservation Division (NMOCD) and this matter does not require any action on your part. The subject application to the New Mexico Oil Conservation Division (NMOCD), Bureau of Land Management (BLM) and the State Land Office (SLO), requests their approvals to add 38 wells/locations to Dugan's Big Band and 8 wells/locations to Dugan's Rusty Chacra Gathering System. This will require surface commingling of gas production from the subject wells, plus the sale of gas at an off-lease central delivery sales meter (CDP). Each well will be equipped with a meter to measure production for allocation purposes. Attached for your information are copies of Attachments No. 2A (for Rusty Chacra) and 2B (for Big Band) from the subject application which provides detailed information for all wells to be added and all wells currently approved. In addition, we are requesting that the two gathering systems be consolidated into a new gathering system to be called the Rusty Gathering System. Since your interest is in wells that are currently approved, there are no costs chargeable to you. The wells to be added should not affect production from wells that are currently connected to the gathering system.

This matter does not require any action on your part. Current NMOCD regulations require that all interest owners (wells 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 either gathering system, only the interest owners in the wells to be added will require notification, provided the proposed additions will not adversely affect the existing wells. This will greatly simplify adding wells to the gathering system and should not affect the interests previously authorized to operate on the gathering system. Should you have any questions, need additional information, desire to receive a complete copy of our application, or have any concern as to our proposal, please let me know. Should you have an objection to our proposal, please let me know, or you can contact the New Mexico Oil Conservation Division directly at 1220 South St. Francis Drive, Santa Fe, NM 87505, and we would appreciate receiving a copy of your objection. Objections should be filed within 20 days after the NMOCD receives our application. We anticipate that our application will be received by the NMOCD approximately 8/17 or 18/15.

Sincerely,

Kevin Smaka  
Production Engineer

KS/tmf

attachments

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

Wells Approved for Gathering Systems  
Big Band/Rusty Chacra Gas Gathering System Interest Owners Address List

(wells with ownership interest in parentheses)

a=Bear 2; b=Belushi 1; c=Billie 2; d=Chacra 1 & 2; e=Cleve Kyle 2; f=Cochran 1; h=Dome Federal 1-21-7 1;  
i=Dome Federal 10-22-7 1; j=Dome Federal 15-22-7 1; k=Dome Federal 18-22-6 3; m=Dome Federal 19-22-6 1; n=Dome Federal 29-22-6 2;  
o=Dome Federal 29-22-6 3; p=Dome Federal 30-22-6 1; q=Dome Navaio 3-22-7 1; r=Dome Navaio 17-22-7 2;  
t=Dome Navaio 20-22-7 1; u=Dome Navaio 27-22-6 1; v=Dome Navaio 28-22-6 2; w=Dome Navaio 28-22-6 4; x=Dome Navaio 33-22-6 2;  
y=Dome Navaio 34-22-6 1; z=Dome Rusty 20-22-7 1; ab=Dome Rusty 30-22-6 1; ac=Dome State 32-22-6 2;  
ad=Dome Tesoro 22 4; ae=Dome Tesoro 23 1; af=Dome Tesoro 27 3; ag=Dorsey 1; ah=Ellington 1; ai=Federal 25-22-7 1;  
aj=Federal 26-22-7 1; ak=Federal 29-22-6 1 & 2; al=Federal 31-22-6 1; am=Gave 1; an=Goodman 2 & 3; ao=Goodman 90; ap=Harrison 1;  
aq=Harrison Com 90; ar=Hendon 1; as=James 1 & 2; at=James 90; au=Joplin 1; av=Marley 1; aw=Morison 1; ax=Navaio 1;  
ay=Navaio 10-22-7 1; bb=Presley 1; bc=Rusty Nail Com 90; bd=Zappa 3, 3S, 91, 91S, 92, 93, 93S; bq=Billie Com 90, 91;  
bh=Dorsey Com 90, 90S; bi=Ellington Com 90, 90S

Affidavit  
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Working Interest Owners

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

Key Exploration (h,x)  
P O Box 52963  
Lafayette, LA 70505

Royalty Interest Owners

Navajo Allotted (q,r,t thru y,ad,ae,af,ax,ay,bc)  
Farmington Indian Minerals Office  
c/o Bureau of Land Management  
1235 La Plata Highway  
Farmington, NM 87401

State of New Mexico (f,g,ac,av,bc)  
State Land Office  
P. O. Box 1148  
Santa Fe, NM 87504-1148

USA - BLM (a thru e, h thru p, s,z,ab,ag thru  
1235 La Plata Highway au, aw,bc, bf)  
Farmington, NM 87401

Overriding Royalty Interest Owners

Charles Breck & Susan J. Adams (bf)  
979 Windflower Way - BAD ADDRESS  
San Diego, CA 92106

Cathy Jean Hendrickson (ar)  
7375 Rolline Dell Drive #79 - BAD ADDRESS  
Cupertino, CA 95014

O'Brien Family, LLC (ai,aj)  
5461 W. Kent Place  
Denver, CO 80235

Blu-Chip Resoures, LLC (h)  
P. O. Box 504  
Cheyenne, WY 82003-0504

Cynthia E. Huff (ax)  
1912 Lancaster Drive  
Edmond, OK 73003

R.K. O'Connell (i)  
P O Box 2003  
Casper, WY 82602

Sam Boltz Family Trust (j,ai,aj)  
Sam T. Boltz, Trustee  
509 Princeton Drive  
Tyler, TX 75703-5164

James S. Jameson (z,aa,ab,ai,aj,ak,al,ay)  
11611 Campos  
Houston, TX 77065

C. Pat Payne (j,ai,aj)  
4242 Lomo Alto Dr., Apt S-37  
Dallas, TX 75219

Monty Brosious (j,ai,aj)  
2484 W. Dolphin Drive  
Citrus Springs, FL 34434

Jen-Son Oil (bc)  
1505 116<sup>th</sup> Ave SE  
Lake Stevens, WA 98258

Ann Lisa Pearson (j,ai,aj)  
7441 S. Fillmore Circle  
Littleton, CO 80122-1963

Billie Cloak (j,ai,aj)  
529 N. Ridley Circle - BAD ADDRESS  
Morton, PA 19070

Kent A. Johnson (z,a,ab,ai,aj,ak,al,ay)  
7862 South Valencia Way  
Englewood, CO 80112

William T. & Betty Jean Philo (z,ai,aj,ak,al,ay)  
708 Sunny Lane  
Corsicana, TX 75110

David Family Oil & Gas Interest & Ptnshp (h)  
P O Box 1497  
Cheyenne, WY 82003

Rebecca Ann Jones (j,ai,aj)  
119 Bedfords Bend  
Gun Barrel, TX 75156

R.W. Scott Investments, LLC (j,ai,aj)  
1275 Lupine Way, Genessee  
Golden, CO 80401

Warren D. Driskell (j,ai,aj)  
1252 Pine Street  
Wheatland, WY 82201

JWD III, Inc. (bc)  
P O Box 467  
Oklahoma City, OK 73101-0467

Ricard Properties, LLC (j,ai,aj)  
P. O. Box 1478  
Parker, CO 80134

Dugan Production Corp. (h,i,n,o,p,u,x,z,ab,ai thru  
P. O. Box 1497 al,ay)  
Cheyenne, WY 82003

Robbie Riggs Kirkpatrick (j,ai,aj)  
13615 CR 2919  
Eustace, TX 75124

Margaret Schwartz (a)  
115 Jones Street  
Gregory, SD 57533-1508

Paul Charles Ellison (z,aa,ab,ai thru al, ay)  
7973 South Vance Street - BAD ADDRESS  
Littleton, CO 80123

Kochergen Ent. Fam. Ltd. Ptnrshp (n,o,ab,ak)  
8163 W. McKinley Ave.  
Fresno, CA 93722

Sidwell Investments, LLC (h)  
P. O. Box 1560  
Brewster, MA 02631

EMG Revocable Trust (ah,ap,aq,bh,bh,bi),  
Eileen M Grooms, Trustee  
1000 W. Fourth Street  
Roswell, NM 88201

Kellie M. Kross (ah,ap,aq,bg,bh,bi)  
P. O. Box 1453  
Roswell, NM 88202-1453

David T. Sorenson (ah,ap,aq,bg,bh,bi)  
P. O. Box 1453  
Roswell, NM 88202-1453

Irene R. Fellis (c,bg)  
725 Calle Del Pajarito, NW  
Albuquerque, NM 87114

Magnum Hunter Production Inc. (i,n,aa,ab,ak)  
#774031  
4031 Solutions Center  
Chicago, IL 60677-4000

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P. O. Box 1453  
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Geilser Family Ltd. Partnership (ab)  
c/o Michael Geister, President  
5106 Springmeadow Drive  
Dallas, TX 75229

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8871 E. Easter Place  
Englewood, CO 80112

Buck Stanley Family Trust (j,ai,aj)  
R. H. Stanley & C. Sullivan, Trustees  
38021 Fawn Meadows Trail  
Elizabeth, CO 80107

F. Andrew Grooms (bg,bh,ah,bi,ap,aq)  
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Roswell, NM 88202-2328

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Denver, CO 80206-4613

Elsie Stephens (j,ai,aj)  
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11851 Highdale #130B  
Dallas, TX 75234

Gene Grubitz III Trust (c,bg)  
Gene Grubitz, III Trustee  
P O Box 1245  
Salem, VA 24153-1245

Christine V. Grim Merchant (ah,ap,aq,bg,bh,bi)  
P O Box 1453  
Roswell, NM 88202-1453

Elzafena Sullivan (bc)  
P. O. Box 1001  
Ft. Lauderdale, FL 33302

John M. Hall (j,ai,aj)  
Marty Boss, Power of Attorney  
1300 Thoreau Lane  
Allen, TX 75002

Merrion Oil & Gas Corp. (ax)  
610 Reilly Ave.  
Farmington, NM 87401

Dean Unruh (z,ai)  
5911 So. Middlefield Rd., Suite 100  
Littleton, CO 80123

Ann Lee Harris (o)  
2100 Van Hess at Pacific  
San Francisco, CA 94109

F. Michael Murphy (z,ab,ai,aj,ak,al,ay)  
3364 Wabash St.  
Denver, CO 80238

Harvey Royalty Partners LP (b)  
1875 Laws St.  
Dallas, TX 75202-1700

Kurt T. Nelson (z,ab,ai,aj,ak,al,ay)  
695 South Corona - BAD ADDRESS  
Denver, CO 80209

Hawthorn Oil Co. (ai, aj)  
c/o Black Stone Family Mineral Co.  
1001 Fannin Suite 2020  
Houston, TX 77002

Jean C. Oakason, Marital Trust (p)  
Bank of America, NA, Successor Trustee  
P O Box 830308  
Dallas, TX 75283-0308

Haymaker Minerals & Royalties, LLC (n i p z,ab,ah ai)  
4601 Washington Ave., Ste 220  
Houston, TX 77007

The Oakason Jr. Co., LC (p)  
Bank of America NA, Agent  
P O Box 830308  
Dallas, TX 75283-0308

ATTACHMENT NO. 2A  
 DUGAN PRODUCTION CORP.  
 RUSTY CHACRA GATHERING SYSTEM (APPLICATION DATED 7/2015)  
 CENTRAL DELIVERY SALES METER (ENTERPRISE METER NO. 03049) SENW 12, T-22N, R-7W  
 SAN JUAN COUNTY, NEW MEXICO

Well Name	API No.	Well Location UL-Sec-Twn-Rng	Well Location		Communication Agreement No. (If Established)	Pool	Completion Date	Well Status	Current Prod. @			Spacing Unit	Dates for SC, OLM & S			
			Lease No.	Lse.Type					MCFD	BC/D	BWPD		Application	BLM Approval	NMSLO Approval	NMOCD Approval
<b>WELLS TO BE ADDED TO SYSTEM (4 WELLS + 4 LOCATIONS)</b>																
Basie Com 1	(Note 5) 30-043-21112	D-21-22N-7W	NM109393	FED	NMNM112676	Basin Fruitland Coal	9/29/11	P	4	0	26.1	N/2-320A				
Basie Com infill well	(Note 4) pending	NE/4-21-22N-7W	NM6680	FED	NMNM112676	Basin Fruitland Coal		LOC				N/2-320A				
Lombardo Com 1	(Note 5) 30-043-21107	M-29-22N-7W	NM6680	FED	NMNM112653	Basin Fruitland Coal	12/7/11	P	29	0	78.6	W/2-320A				
Lombardo Com infill well	pending	NW/4-29-22N-7W	NM109392	FED	NMNM112653	Basin Fruitland Coal		LOC				W/2-320A				
Miller Com 1	(Note 5) 30-043-21109	D-32-22N-7W	V7847	ST	State CA-no #	Basin Fruitland Coal	12/7/11	P	57	0	54.8	W/2-320A				
Miller Com infill well	pending	SW/4-32-22N-7W	V7861	ST	State CA-no #	Basin Fruitland Coal		LOC				W/2-320A				
Shaw Com 1	(Note 5) 30-043-21108	M-16-22N-7W	V7860	ST	State CA-no #	Basin Fruitland Coal	8/19/11	P	1	0	10.5	W/2-320A				
Shaw Com infill well	pending	NW/4-16-22N-7W	V7846	ST	State CA-no #	Basin Fruitland Coal		LOC				W/2-320A				
<b>WELLS PREVIOUSLY APPROVED FOR RUSTY GATHERING SYSTEM (39 WELLS)</b>																
Chacra 1	30-043-20308	D-10-22N-7W	NM25821	FED		Rusty Chacra	2/9/1978	P	1	0	3.5	NW/4	8/17/98	10/13/99	8/31/98	9/8/98
Chacra 2	30-043-20309	O-21-22N-7W	NM25821	FED		Rusty Chacra	2/21/1978	P	3	0	0.0	SE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dana State 1 (Hicks Oil & Gas) P&A'd	30-043-20165	G-16-22N-7W	K04844	ST		Rusty Gallup	7/14/1975	PA 2/16/09				SW/4 NE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Federal 01-21-7 1	30-043-20638	H-1-21N-7W	NM15649	FED		Rusty Chacra	7/2/1982	P	1	0	0.0	NE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Federal 10-22-7 1	30-043-20484	H-10-22N-7W	NM6680	FED		Rusty Chacra	10/23/1980	P	8	0	11.6	NE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Federal 15-22-7 1	30-043-20281	P-15-22N-7W	NM8899	FED		Rusty Chacra	6/15/1979	P	10	0	0.0	SE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Federal 18-22-6 3	30-043-20481	E-18-22N-6W	NM21455	FED		Rusty Chacra	10/21/1980	P	2	0	18.4	NW/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Federal 19-22-6 1	30-043-20404	M-19-22N-6W	NM21455	FED		Rusty Chacra	8/30/1979	P	7	0	0.0	SW/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Federal 29-22-6 2	30-043-20405	K-29-22N-6W	NM6676	FED		Rusty Chacra	10/10/1980	P	0	0	0.0	SW/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Federal 29-22-6 3	30-043-20483	H-29-22N-6W	NM6676	FED		Rusty Chacra	12/31/1980	P	0	0	0.0	NE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Federal 30-22-6 1	30-043-20407	C-30-22N-6W	NM8541	FED		Rusty Chacra	6/30/1979	P	6	0	0.0	NW/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Navajo 03-22-7 1	30-043-20449	J-3-22N-7W	NOOC14205555	I		Alamito Gallup	3/21/1980	P	17	0	0.0	NW/4 SE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Navajo 17-22-7 2	30-043-20480	K-17-22N-7W	NOOC14205382	I		Rusty Chacra	10/28/1980	P	3	0	0.0	SW/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Navajo 18-22-6 2	P&A'd 30-043-20474	O-18-22N-6W	NM5452	FED		Rusty Chacra	11/4/1980	PA 12/11/01				SE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Navajo 20-22-7 1	30-043-20408	H-20-22N-7W	NOOC14205595	I		Rusty Chacra	7/25/1979	P	4	0	0.0	NE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Navajo 22-22-6 1	30-043-20475	M-27-22N-6W	NOOC14205046	I		Rusty Chacra	1/16/1982	P	2	0	0.0	SW/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Navajo 28-22-6 2	30-043-20477	I-28-22N-6W	NOOC14205044	I		Rusty Chacra	10/13/1980	P	1	0	0.0	SE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Navajo 28-22-6 4	30-043-20476	K-28-22N-6W	NOOC14205045	I		Rusty Chacra	12/31/1980	P	0	0	25.8	SW/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Navajo 33-22-6 1	P&A'd 30-043-20663	A-33-22N-6W	NOOC14205050	I		Rusty Chacra	12/2/1982	PA 11/15/10				NE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Navajo 33-22-6 2	30-043-20664	N-33-22N-6W	NOOC14205048	I		Rusty Chacra	12/2/1982	P	10	0	0.0	SW/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Navajo 34-22-6 1	30-043-20478	C-34-22N-6W	NOOC14205051	I		Rusty Chacra	1/23/1981	P	1	0	0.0	NW/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Rusty 20-22-7 1	30-043-20319	P-20-22N-7W	NM7262	FED		Rusty Chacra	8/28/1978	P	2	0	0.0	SE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Rusty 24-22-7 1	P&A'd 30-043-20320	J-24-22N-7W	NM6680	FED		Rusty Chacra	6/30/1978	PA 1/30/13				SE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Rusty 30-22-6 1	30-043-20316	B-30-22N-6W	NM6676	FED		Rusty Chacra	6/30/1978	P	10	0	0.0	NE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome State 32-22-6 2	30-043-20470	A-32-22N-6W	LG3923	ST		Rusty Chacra	1/5/1981	P	11	0	0.0	NE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Tesoro 22 4	30-043-20542	C-22-22N-7W	NOOC14205356	I		Rusty Gallup	4/30/1981	P	7	0.8	0.0	NE/4 NW/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Tesoro 23 1	30-043-20506	L-23-22N-7W	NOOC14205360	I		Rusty Gallup	11/29/1980	P	5	3.6	0.0	NW/4 SW/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Tesoro 27 3	30-043-20515	D-27-22N-7W	NOOC14205365	I		Rusty Gallup	2/9/1981	P	6	0.4	0.0	NW/4 NW/4	8/17/98	10/13/99	8/31/98	9/8/98
Federal 25-22-7 1	30-043-20398	B-25-22N-7W	NM8899	FED		Rusty Chacra	9/17/1982	P	0	0	0.0	NE/4	8/17/98	10/13/99	8/31/98	9/8/98
Federal 26-22-7 1	30-043-20363	A-26-22N-7W	NM8899	FED		Rusty Chacra	9/17/1978	P	5	0	0.0	NE/4	8/17/98	10/13/99	8/31/98	9/8/98
Federal 29-22-6 1	30-043-20344	I-29-22N-6W	NM6676	FED		Rusty Chacra	9/19/1978	P	4	0	0.0	SE/4	8/17/98	10/13/99	8/31/98	9/8/98
Federal 29-22-6 2	30-043-20393	E-29-22N-6W	NM6676	FED		Rusty Chacra	9/11/1982	P	22	0	0.0	NW/4	8/17/98	10/13/99	8/31/98	9/8/98
Federal 31-22-6 1	30-043-20383	J-31-22N-6W	NM7776	FED		Rusty Chacra	4/25/1979	P	1	0	0.0	SE/4	8/17/98	10/13/99	8/31/98	9/8/98
Navajo 1	30-043-20797	N-33-22N-6W	NOOC14205048	I		Rusty So. Gallup	11/19/1985	P	3	0.3	0.0	SE/4 SW/4	8/17/98	10/13/99	8/31/98	9/8/98
Navajo 10-22-7 1	30-043-20346	N-10-22N-7W	NOOC14205594	I		Rusty Chacra	9/15/1978	P	1	0	0.0	SW/4	8/17/98	10/13/99	8/31/98	9/8/98
Navajo 18-22-6 1	P&A'd 30-043-20286	N-18-22N-6W	NM5452	FED		Rusty Chacra	7/16/1979	PA 12/13/01				SW/4	8/17/98	10/13/99	8/31/98	9/8/98
Navajo 21-22-7 1	P&A'd 30-043-20282	A-21-22N-7W	NM6680	FED		Rusty Chacra	6/30/1978	PA 12/17/01				NE/4	8/17/98	10/13/99	8/31/98	9/8/98
Rusty Nail Com 90	30-043-20988	C-34-22N-6W	NOOC14205051	I	NMNM110562	Basin Fruitland Coal	6/21/2005	P	1	0	0.0	N/2	6/20/06	8/14/06	7/24/06	7/25/06
State 32-22-6 1	P&A'd 30-043-20400	D-32-22N-6W	LG3923	ST		Rusty Chacra	3/11/1982	PA 12/18/01				NW/4	8/17/98	10/13/99	8/31/98	9/8/98

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**Notes:**

N/A = Not applicable or not needed

NR = None Reported

Note 1 - Well status as of 06/01/15

LOC = General location of potential infill well

NC = Not connected to gathering system

P = Producing

P-DHC = Producing downhole commingled

PA = Plugged & Abandoned

SI = Shut in

TA = Temporarily abandoned

Note 2 - Current production presents the average daily production during January, 2015.

Note 3 - Dates of application and regulatory approvals for permission to use Dugan's Rusty Chacra Gathering System to facilitate gas sales which typically requires the surface commingling (SC) plus off-lease measurement (OLM) and sale(s) of produced natural gas. The NMOCDC has issued commingling order PLC-147-A dated 7/25/06 for the Rusty Chacra Gas Gathering System.

Note 4 - Location is within the "Rusty Chacra Gas Gathering System Area" defined by NMOCDC Order PLC-147-A dated 7/25/06 which provides that future wells completed in a pool covered by the order are also automatically included in the commingling authority of the order. Since only one of the eight wells/locations being added is covered by this provision, for simplicity, the Basic Com infill location is included with this application.

Note 5 - Gas delivers to Rusty Chacra Gathering System (all gas volumes mcf @ 15,025 psi):

Well	1st gas to Rusty Chacra Gath. System	Production 7/14 thru 01/15			Average Production		Cumulative Production 2/1/15	
		mcf	bw	days	mcf/d	bw/d	mcf	bw
<b>Basin Fruitland Coal Pool</b>								
Basic Com 1	11/1/2011	1,431	6,729	206	6.9	32.7	3,114	22,505
Lombardo Com 1	1/19/2012	8,670	44,066	206	42.1	213.9	25,079	81,981
Miller Com 1	1/19/2012	17,099	23,391	206	83.0	113.5	56,115	91,902
Shaw Com 1	11/1/2011	587	2,761	207	2.8	13.3	2,043	8,756
<b>Pool Total</b>		<b>26,787</b>	<b>2,761</b>	<b>825</b>	<b>134.9</b>	<b>373.5</b>	<b>87,351</b>	<b>205,144</b>

Attached to  
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ATTACHMENT NO. 2B  
 DUGAN PRODUCTION CORP.  
 BIG BAND GATHERING SYSTEM (APPLICATION DATED 7/2015)  
 CENTRAL DELIVERY SALES METER (ENTERPRISE METER NO. 03049) SENW 12, T-22N, R-7W (4)  
 SAN JUAN COUNTY, NEW MEXICO

Well Name	API No.	Well Location		Well Location Lease No. Lse Type	Communication Agreement No. (If Established)	Pool	Completion Date	Well Status	Current Prod. @			Spacing Unit	Dates for SC, OLM & S @			
		UL-Sec-Twn-Rng							MCFD	BC/D	BWPD		Application	BLM Approval	NMSLO Approval	NMOCD Approval
<b>WELLS TO BE ADDED TO SYSTEM (23 WELLS - 15 LOCATIONS)</b>																
Cleve Kyle location A	pending	NE/4-17-22N-8W	NM43438	FED	pending	Basin Fruitland Coal		LOC				E/2-320A				
Cleve Kyle location A infill	pending	SE/4-17-22N-8W	NM43438	FED	pending	Basin Fruitland Coal		LOC				E/2-320A				
Cleve Kyle location B	pending	NW/4-17-22N-8W	NM43438	FED	pending	Basin Fruitland Coal		LOC				W/2-320A				
Cleve Kyle location B infill	pending	SW/4-17-22N-8W	NM43438	FED	pending	Basin Fruitland Coal		LOC				W/2-320A				
Cleve Kyle location C	pending	NE/4-18-22N-8W	NM43438	FED	pending	Basin Fruitland Coal		LOC				E/2-320A				
Cleve Kyle location C infill	pending	SE/4-18-22N-8W	NM43438	FED	pending	Basin Fruitland Coal		LOC				E/2-320A				
Cleve Kyle location D (Note 16)	pending	NW/4-18-22N-8W	NM43438	FED	pending	Basin Fruitland Coal		LOC				W/2-320A				
Cleve Kyle location D infill	pending	SW/4-18-22N-8W	NM43438	FED	pending	Basin Fruitland Coal		LOC				W/2-320A				
Cochran 3 (Note 13)	30-045-34693	O-16-22N-8W	VA1119	ST	N/A	Basin Fruitland Coal	9/24/09	P	5	0	85.7	E/2-320A				
Cochran infill well (Note 16)	pending	NE/4-16-22N-8W	VA1119	ST	N/A	Basin Fruitland Coal		LOC				E/2-320A				
Gallespe Com 1 (Note 13)	30-045-34930	G-9-22N-8W	NM109396	FED	NMNM112645	Basin Fruitland Coal	11/5/10	P	12	0	59.6	N/2-320A				
Gallespe Com infill well	pending	NW/4-9-22N-8W	NM109396	FED	NMNM112645	Basin Fruitland Coal		LOC				N/2-320A				
Lennon Com 1 (Note 13 & 15)	30-045-35149	A-19-22N-8W	NO-G-0912-1764	I	NMNM112661	Basin Fruitland Coal	10/2/12	P	79	0	52.4	E/2-320A				
Lennon Com 2 (Note 13 & 15)	30-045-35148	I-19-22N-8W	NO-G-0912-1763	I	NMNM112661	Basin Fruitland Coal	10/2/12	P	239	0	72.2	E/2-320A				
Mancini 1 (Note 13 & 15)	30-045-34333	E-15-22N-8W	NM048989	FED	N/A	Basin Fruitland Coal	9/26/07	P	17	0	37.6	W/2-320A				
Mancini 2 (Note 13 & 15)	30-045-34334	L-15-22N-8W	NM048989	FED	N/A	Basin Fruitland Coal	9/25/07	P	49	0	64.7	W/2-320A				
Mancini 3 (Note 13 & 15)	30-045-34757	B-15-22N-8W	NM048989	FED	N/A	Basin Fruitland Coal	9/9/13	P	79	0	91.9	E/2-320A				
Mancini 4 (Note 13 & 15)	30-045-34758	I-15-22N-8W	NM048989	FED	N/A	Basin Fruitland Coal	9/10/13	P	57	0	101.7	E/2-320A				
Mancini Com 5 (Note 13 & 15)	30-045-34761	M-10-22N-8W	NM048989	FED	NMNM130418	Basin Fruitland Coal	8/24/13	P	139	0	98.4	W/2-320A				
Mancini Com 6 (Note 13 & 15)	30-045-34759	E-10-22N-8W	NM109396	FED	NMNM130418	Basin Fruitland Coal	8/21/13	P	56	0	101.0	W/2-320A				
Mancini 7 (Note 13 & 15)	30-045-34760	P-10-22N-8W	NM048989	FED	N/A	Basin Fruitland Coal	8/30/13	P	60	0	75.5	E/2-320A				
Mancini 8 (Note 13 & 15)	30-045-34764	B-10-22N-8W	NM048989	FED	N/A	Basin Fruitland Coal	8/26/13	P	24	0	58.2	E/2-320A				
Mary Rose Com 2 (Note 13)	30-045-35147	P-20-22N-8W	NO-G-0912-1762	I	NMNM112652	Basin Fruitland Coal	12/2/12	P	154	0	97.0	E/2-320A				
Mary Rose Com 2 infill well	pending	NE/4-20-22N-8W	NM57445	FED	N/A	Basin Fruitland Coal		LOC				E/2-320A				
McCartney 1	30-045-29659	A-2-22N-8W	VA1120	ST	N/A	Basin Chacra Exl.	10/12/98	SI-NC				NE/4				
Satchmo Com 1 (Note 13)	30-045-34429	N-3-22N-8W	NM90468	FED	NMNM121554	Basin Fruitland Coal	5/27/08	P	14	0	54.3	S/2-320A				
Satchmo Com infill well (Note 16)	pending	SE/4-3-22N-8W	NM90468	FED	NMNM121554	Basin Fruitland Coal		LOC				S/2-320A				
Satchmo Com 2 (Note 13)	30-045-34425	J-4-22N-8W	NM90468	FED	NMNM121116	Basin Fruitland Coal	5/30/08	P	16	0	46.2	E/2-322.5A				
Satchmo Com infill well	pending	NE/4-4-22N-8W	NM55836	FED	NMNM121116	Basin Fruitland Coal		LOC				E/2-322.5A				
Satchmo Com 3 (Note 13)	30-045-34402	M-4-22N-8W	NM90468	FED	NMNM121133	Basin Fruitland Coal	6/3/08	P	25	0	85.3	W/2-321.53A				
Satchmo Com infill well	pending	NW/4-4-22N-8W	NM90468	FED	NMNM121133	Basin Fruitland Coal		LOC				W/2-321.53A				
Susana Com 1 (Note 13)	30-045-35243	D-2-21N-8W	V7769	ST	State CA-no #	Basin Fruitland Coal	9/19/11	P	76	0	55.2	N/2-321.44A				
Susana Com infill well	pending	NE/4-2-21N-8W	V7769	ST	State CA-no #	Basin Fruitland Coal		LOC				N/2-321.44A				
Tom Wood Denn 1 (Note 13 & 15)	30-045-34928	A-8-22N-8W	NO-G-0902-1757	I	NMNM112639	Basin Fruitland Coal	9/20/10	P	12	0	96.6	N/2-320A				
Tom Wood Denn 2 (Note 13 & 15)	30-045-34933	C-8-22N-8W	NO-G-0902-1758	I	NMNM112639	Basin Fruitland Coal	9/20/10	P	37	0	34.3	N/2-320A				
Warner Federal 1	30-045-05065	A-10-22N-8W	NM048989	FED	N/A	East Basin Chacra	10/16/65	P	3	0	80.9	NEM-160A				
Wood Denn 1 (Note 13 & 15)	30-045-34925	L-8-22N-8W	NO-G-0902-1756	I	NMNM112635	Basin Fruitland Coal	10/23/10	P	26	0	110.9	S/2-320A				
Wood Denn 2 (Note 13 & 15)	30-045-34924	P-8-22N-8W	NO-G-0902-1755	I	NMNM112635	Basin Fruitland Coal	11/10/10	P	26	0	93.0	S/2-320A				
<b>WELLS PREVIOUSLY APPROVED FOR BIG BAND GATHERING SYSTEM (33 WELLS &amp; 34 completions)</b>																
Beir 2	30-045-28552	E-34-22N-8W	NM50909	FED	N/A	Nageezi Gallup	4/23/92	P-NC	0	0	0.1	SW/4 NW/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Bolushi 1 (Note 17)	30-045-31257	J-5-22N-8W	NM90468	FED	N/A	Basin CH & Basin FRI Coal	2/8/05	P	3	0	51.4	SE/4 & E/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Bolan 2 (Note 7)	30-045-24713	L-35-22N-8W	NM89062	FED	N/A	Rusty Chacra	1/31/81	P	3	0	11.3	SW/4	9/6/2001	2/15/2002	N/A	10/5/2001
Ballo Com 90	30-045-33972	D-35-22N-8W	NM94067	FED	NMNM118430	Basin Fruitland Coal	5/17/07	P	33	0	75.4	W/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Ballo Com 91	30-045-33873	A-35-22N-8W	NM94067	FED	NMNM119554	Basin Fruitland Coal	9/27/07	P	3	0	50.6	E/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Cleve Kyle 2	30-045-29030	D-16-22N-8W	NM43438	FED	N/A	Basin Chacra Exl.	5/12/94	P	4	0	1.0	NW/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Cochran 1	30-045-24465	A-16-22N-8W	VA1119	ST	N/A	Basin Chacra Exl.	6/24/98	SI-NC				NE/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Dorsey 1 (Note 7)	30-045-29909	E-26-22N-8W	NM90472	FED	N/A	Rusty Chacra	1/21/99	P	0	0	0.0	NW/4	9/6/2001	2/15/2002	N/A	10/5/2001
Dorsey Com 90	30-045-33961	C-26-22N-8W	NM90472	FED	NMNM118403	Basin Fruitland Coal	9/29/09	P	24	0	145.9	W/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Dorsey Com 90S	30-045-33862	L-26-22N-8W	NM94067	FED	NMNM118403	Basin Fruitland Coal	5/10/07	P	118	0	70.7	W/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006

*Attachment  
No. 8  
8/17/0120*

Well Name	API No.	Well Location		Communitization Agreement No. (If Established)	Pool	Completion Date	Well Status (1)	Current Prod. (2)			Spacing Unit	Dates for SC, OLM & S (3)			
		UL-Sub-Town-Rng	Lease No.					Lease Type	MCFD	BC/D		BWFD	Application	BLM Approval	NMSLO Approval
Ellington 1 (Note 7)	30-045-29907	N-26-22N-8W	NM94067	FED	Rusty Chacra	10/6/99	P	11	0	15.9	SW/4	9/6/2001	2/15/2002	N/A	10/5/2001
Elkington Corn 90	30-045-33871	B-26-22N-8W	NM94072	FED	Basin Fruitland Coal	10/20/09	P	1	0	53.8	E/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Ellington Corn 90S	30-045-33870	P-26-22N-8W	NM94067	FED	Basin Fruitland Coal	10/9/09	P	204	0	150.4	E/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Gaye 1	30-045-29063	P-1-22N-9W	NM90475	FED	Bisti Chacra	6/7/94	P	1	0	1.9	SE/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Goodman 2 (Note 7)	30-045-29191	L-23-22N-8W	NM90471	FED	Rusty Chacra	1/4/05	P	0	0	0.0	SW/4	9/6/2001	2/15/2002	N/A	10/5/2001
Goodman 90	30-045-30780	J-23-22N-8W	NM90471	FED	Basin Fruitland Coal	12/8/03	P	10	0	39.0	E/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Harrison 1	30-045-31087	I-24-22N-9W	NM89099	FED	Bisti Chacra Ext.	2/5/03	P	1	0	1.1	SE/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Harrison Corn 90	30-045-31092	A-24-22N-9W	NM92738	FED	Basin Fruitland Coal	2/5/03	P	31	0	46.5	E/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Hendrix 1	30-045-28931	B-7-22N-8W	NM55836	FED	Bisti Chacra	5/11/93	P	0	0	1.0	NE/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006
James 1 (Note 7)	30-045-29910	I-24-22N-8W	NM93253	FED	Rusty Chacra	12/31/99	P	0	0	0.0	SE/4	9/6/2001	2/15/2002	N/A	10/5/2001
James 9D	30-045-30779	L-24-22N-8W	NM93253	FED	Basin Fruitland Coal	12/10/03	P	10	0	43.3	W/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Joplin 1	30-045-28976	A-12-22N-9W	NM90476	FED	Bisti Chacra	9/21/93	P	1	0	2.0	NE/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Marley 1 (Note 10)	30-045-29158	N-36-23N-9W	VA1121	ST	Basin Fruitland Coal	10/28/05	SI	---	---	---	W/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Morrison 1	30-045-28980	H-13-22N-9W	NM90477	FED	Bisti Chacra	9/3/93	P	0	0	1.0	NE/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Presley 1	30-045-29061	P-7-22N-8W	NM90469	FED	Bisti Chacra	5/23/94	SI	0	0	0.0	SE/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Sage Creek 1 P&A's	30-045-26757	I-3-22N-8W	NM96798	FED	Basin Fruitland Coal	2/5/2007	PA 6/3/09				E/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Zappa 3 FC (Note 7 & 8)	30-045-29908	P-27-22N-8W	NM57445	FED	Basin Fruitland Coal	12/2/99	P-DHC	10	0	42.8	S/2	9/6/2001	2/15/2002	N/A	10/5/2001
Zappa 3 FC (Note 7 & 8)	30-045-29908	P-27-22N-8W	NM57445	FED	Rusty Chacra	12/2/99	P-DHC	10	0	42.8	SE/4	9/6/2001	2/15/2002	N/A	10/5/2001
Zappa 3S	30-045-33855	L-27-22N-8W	NM57445	FED	Basin Fruitland Coal	4/2/07	P	199	0	65.6	S/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Zappa 01	30-045-29997	A-27-22N-8W	NM57445	FED	Basin Fruitland Coal	2/2/01	P	12	0	36.1	N/2	9/6/2001	2/15/2002	N/A	10/5/2001
Zappa 91S	30-045-33856	E-27-22N-8W	NM57445	FED	Basin Fruitland Coal	4/2/07	P	307	0	92.0	N/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Zappa 02	30-045-33857	I-21-22N-8W	NM57445	FED	Basin Fruitland Coal	5/16/07	P	163	0	74.8	E/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Zappa 93	30-045-33858	M-22-22N-8W	NM57445	FED	Basin Fruitland Coal	4/27/07	P	55	0	72.6	S/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Zappa 93S	30-045-33859	P-22-22N-8W	NM57445	FED	Basin Fruitland Coal	4/27/07	P	57	0	69.8	S/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
<b>SWD WELLS</b>															
Cochran 2 SWD (Note 14)	30-045-33932	H-16-22N-8W	VA1119	ST	SWD; Morrison	3/20/07	SWD								
Morrison 2 SWD (Note 14)	30-045-33684	H-13-22N-9W	NM90477	FED	SWD; Entadri	9/12/12	SWD								

**Notes:**

N/A = Not applicable or not needed

NR = None Reported

Note 1 - Well status as of 07/01/15

LOC = General location. The actual location will be staked and APD prepared at a later date.

NC = Not connected to gathering system

P = Producing

P-DHC = Producing downhole commingled

PA = Plugged & Abandoned

SI = Shut in

TA = Temporarily abandoned

Note 2 - Current production presents the average daily production during January, 2015.

Note 3 - Dates of application and regulatory approvals for permission to use Dugan's Big Band Gathering System to facilitate gas sales which typically requires the surface commingling (SC) plus off-base measurement (OLM) and sale(s) of produced natural gas. The NMOCD has issued commingling order PLC-191-A (Corrected) dated 4/17/07 for the Big Band Gathering System.

Note 4 - Big Band Central Delivery Sales Meter (CDP) was initially authorized to be PNM's Meter no. 1335 located @ NENE 27, T-22N, R-8W with an option to deliver gas to the Rusty Chacra Gathering System & CDP (Enterprise Meter No. 03049 located @ SENW 12, T-22N, R-7W) should gas delivery to PNM at their CDP not be possible. Dugan Production did attempt to deliver to PNM, however, we were not able to meet PNM's gas quality requirements since PNM's line was delivering gas to the Albuquerque area for residential consumption and PNM did not have treatment facilities. In addition, we found that the fuel requirement to operate a 3 stage compressor and the two dehydrators necessary to operate on PNM's 500 PSI pipeline were not economically feasible.

Note 7 - The Chacra completion was initially believed to be an extension to the Bisti Chacra pool. NMOCD Order R-11445 dated 9-5-00 extended the Rusty Chacra pool to include the subject well and acreage.

Note 8 - Production from the Rusty Chacra and Basin Fruitland Coal are downhole commingled by NMOCD Order DHC-2673. Commingled production (gas and water) is allocated 50% to the Chacra and 50% to the Basin Fruitland Coal.

Note 10 - The Chacra completion was plugged 8/30/05 and the Fruitland Coal perforated on 9/23/05. A gas rate of 24 mcf/d has been tested following a breakdown of the perforations. The Fruitland Coal will be considered for fracture stimulation upon obtaining a pipeline connection for gas sales.

Attachment  
No. 2B  
Pg 15 of 20

Note 13 - Gas delivered to Rusty Chacra Gathering System (all gas volumes mcf @ 15.025 psi).

Well	1st gas to Rusty Chacra Gath. System	Production 7/14 thru 01/15			Average Production		Cumulative Production 2/1/2015	
		mcf	bw	days	mcf/d	bw/d	mcf	bw
<b>East Chacra Pool</b>								
Warner Federal 1	1/12/2010	435	13,732	206	2.1	66.7	6,730	83,472
<b>Basin Fruitland Coal Pool</b>								
Cochran 3	10/28/2009	968	20,357	215	4.5	91.7	5,810	78,016
Gillespie Com 1	12/9/2010	2,169	11,337	206	10.5	55.0	16,902	143,230
Lennon Com 1	10/23/2012	16,587	15,563	207	80.1	75.2	36,018	23,130
Lennon Com 2	10/23/2012	49,181	15,990	206	238.7	77.6	105,916	21,898
Mancini 1	10/12/2007	4,544	8,078	184	24.7	43.9	82,823	196,211
Mancini 2	10/12/2007	6,743	11,167	206	32.7	54.2	71,435	176,656
Mancini 3	9/30/2013	16,922	18,389	206	82.1	89.2	34,810	44,737
Mancini 4	9/30/2013	11,864	18,531	206	57.6	90.0	27,462	28,449
Mancini Com 5	9/28/2013	35,685	17,763	206	173.2	86.2	75,311	42,475
Mancini Com 6	9/11/2013	12,379	20,678	206	60.1	100.4	45,351	44,225
Mancini 7	9/30/2013	13,077	16,452	206	63.5	79.9	27,956	36,991
Mancini 8	9/11/2013	4,013	11,571	206	19.5	56.2	14,454	25,803
Mary Rose Com 2	10/24/2012	36,599	19,602	206	177.7	95.2	112,955	69,342
Salchimo Com 1	7/10/2008	2,930	11,647	206	14.2	56.5	24,144	180,300
Salchimo Com 2	7/10/2008	1,833	6,464	206	8.9	31.4	14,211	134,811
Salchimo Com 3	7/10/2008	5,183	18,185	206	25.2	88.3	56,555	167,830
Susana Com 1	10/12/2011	18,943	12,295	206	92.0	59.7	102,617	104,762
Tom Wood Denn 1	9/23/2010	2,371	20,052	206	11.5	97.3	19,321	110,274
Tom Wood Denn 2	10/14/2010	4,780	6,575	206	23.2	31.9	39,137	127,967
Wood Denn 1	10/23/2010	3,509	19,042	206	17.0	92.4	28,322	123,792
Wood Denn 2	11/10/2010	4,412	17,805	206	21.4	86.4	21,515	90,131
<b>Pool Total</b>		<b>254,692</b>	<b>317,537</b>		<b>1240.5</b>	<b>1,608.3</b>	<b>961,031</b>	<b>1,991,030</b>

Note 14 - NMCCD Administrative Order authorizing water disposal by underground injection: Cochran No. 2 SWD (SWD-1047), Morrison No. 2 SWD (SWD - 1317)

Note 15 - Dugan Production has changed from using the letter "S" to designate a well as being a Fruitland Coal in-fill and initiated using unique numbers for each well. The wells using unique numbering and sharing a common spacing unit are:

Wells	Common Spacing Unit
Lennon Com 1 & 2	E/2 19-22N-BW
Mancini 1 & 2	W/2 15-22N-BW
Mancini 3 & 4	E/2 15-22N-BW
Mancini Com 5 & 6	W/2 10-22N-BW
Mancini 7 & 8	E/2 10-22N-BW
Tom Wood Denn 1 & 2	N/2 8-22N-BW
Wood Denn 1 & 2	S/2 8-22N-BW

Note 16 - Location is within the "Big Bend Gas Gathering System Area" defined by NMCCD Order PLC-191-A (Corrected) dated 4/17/07, which provides that future wells completed in a pool covered by the order are also included in the commingling order. Since only 3 of the 38 wells/locations being added are covered by this provision, for simplicity, the locations for Cleve Kyle Location D, Cochran in-fill and Salchimo Com 1 in-fill are included in this application.

Note 17 - The Basin Fruitland Coal interval has not been completed, but it is being considered for completion, and upon completion, an application to downhole commingle with the Rusty Chacra will be submitted.

Attachment No. 2B Pg 19 of 20

Legal Advertisement Published  
In the Wednesday, August 12, 2015  
Publication of the Farmington Daily Times

Legal Notices 1521

Legal Notices 1522

Dugan Production Corp. (DPC) 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 38 natural gas wells (23 existing & 15 proposed) to the Big Band Gathering System (BBGS) and 8 natural gas wells (4 existing & 4 proposed) to the Rusty Chacra Gathering System (RCGS). Both systems are operated by DPC. In addition, DPC is requesting approval to consolidate the BBGS & RCGS into a new gathering system to be called the Rusty Gathering System (RGS) to be operated by DPC. Gas sales for the RGS will continue to be at the central deliver sales meter (CDP) established for the RCGS & currently serving both BBGS & the RCGS. The CDP for the RCGS is located in the SENW of Section 12, T-22N, R-7W and delivers gas to Enterprise Field Services Meter No. 03049. This CDP is also authorized to be used as needed by the BBGS in the event gas deliveries to PNM at the CDP sales meter established for the BBGS were not feasible. The BBGS CDP to PNM has been abandoned as not being feasible for operation on the BBGS, and all gas from BBGS is now delivered to the RCGS as authorized by NMOCD Order PLC-191-A, dated 4/17/07. This will require the surface commingling of natural gas and produced water plus the off-lease measurement and sale of natural gas. There will not be any commingling of oil or condensate. DPC is also requesting that the NMOCD include a provision in the order for the consolidated RGS to allow future 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 systems. The wells to be added and the existing gathering systems are located as follows: BBGS: Section 2 of T-21N, R-8W; Sections 3 thru 10, 15 thru 24, 26, 27, 34 & 35 of Township 22N, Range 8W; Section 34 of T-23N, R-8W; Sections 1, 2, 12, 13 & 24 of T-22N, R-9W; & Section 36 of T-23N, R-9W. RCGS: Sections 18, 19, 20 & 27 thru 34 of T-22N, R-6W; Sections 3, 10, 12, 13, 15 thru 17, 19 thru 27, 29, 30 & 32 of T-22N, R-7W; Section 1 of T-21N, R-7W, all located in San Juan or Sandoval Counties of New Mexico. The BBGS currently has 33 wells (34 completions) which are completed in the following 3 gas pools: Basin Fruitland Coal (18 wells), Bisti Chacra (9 wells) & Rusty Chacra (6 wells), plus one well in the Nageezi oil pool. Of the 38 wells to be added to the BBGS, one is in the Bisti Chacra, one in the East Bisti Chacra, 36 are in the Basin Fruitland Coal gas pool. The RCGS currently has 39 wells which are completed in the following 5 pools: Basin Dakota (1 well), Rusty Chacra gas (32 wells), Alamito Gallup oil (1 well), Rusty Gallup oil (4 wells) & South Rusty Gallup oil (1 well). The 8 wells to be added to the RCGS will be completed in the Basin Fruitland Coal gas pool. All wells are located upon one of the following leases held by Dugan Production Corp.: BBGS leases: federal leases NM-8902, NM-43438, NM-048989, NM-50999, NM-55836, NM-57445, NM-89099, NM-90468, NM-90469, NM-90471, NM-90472, NM-90475, NM-90476, NM-90477, NM-92738, NM-93253, NM-94067, & NM-96798 & NM-109396; state leases VA-1119, VA-1120, VA-1121, V-7769 & V-7770; Navajo Allotted leases NO-G-0902-1755, NO-G-0902-1756, NO-G-0902-1757, NO-G-0902-1758, NO-G-0912-1762, NO-G-0912-1763 & NO-G-0912-1764. The leases for the RCGS are: federal leases NM-6676, NM-6680, NM-7262, NM-7776, NM-8641, NM-8899, NM-15649, NM-21455, NM-25821, NM-27163, NM-89023, NM-93448, NM-100285, NM-109385, NM-109391, NM-109392, NM-109393, NM-113069 & NM-0554433; Navajo Allotted leases NOOC-14-20-5044, NOOC-14-20-5045, NOOC-14-20-5046, NOOC-14-20-5048, NOOC-14-20-5050, NOOC-14-20-5051, NOOC-14-20-5356, NOOC-14-20-5360, NOOC-14-20-5365, NOOC-14-20-5382, NOOC-14-20-5555, NOOC-14-20-5594 & NOOC-14-20-5595; plus state leases LG-3923, V-7846, V-7847, V-7860 & V-7861. Any person holding an interest in any of these lands or leases 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 initial date of this publication. In the absence of objection, Dugan Production Corp. has requested 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

State of New Mexico  
Energy, Minerals & Natural Resources Department

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JAN 26 2011  AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT  
Farmingdale Field  
Bureau of Land Management

*API Number 30-043-2112	*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code 38592	*Property Name BASIE COM	*Well Number 1
*GRID No. 006515	*Operator Name DUGAN PRODUCTION CORPORATION	*Elevation 6882'

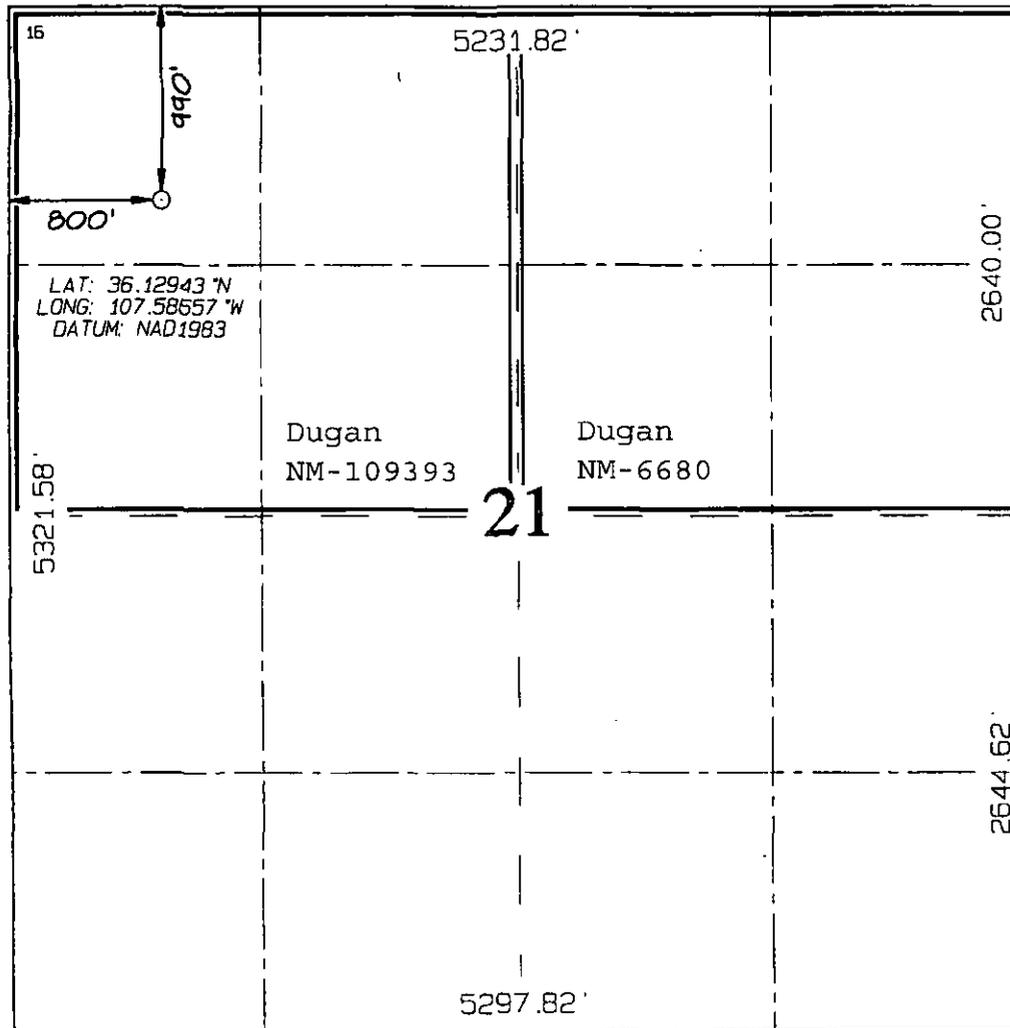
<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	21	22N	7W		990	NORTH	800	WEST	SANDOVAL

<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
<sup>12</sup> Dedicated Acres: 320.0 Acres - (N/2) <sup>13</sup> Joint or Infill: <sup>14</sup> Consolidation Code <sup>15</sup> 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



<sup>17</sup> OPERATOR CERTIFICATION  
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

*Kurt Fagrelius* 1/10/2011  
Signature Date  
Kurt Fagrelius  
Printed Name

<sup>18</sup> SURVEYOR CERTIFICATION  
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey: AUGUST 16, 2010  
Signature and Seal of Professional Surveyor

**JASON C. EDWARDS**  
NEW MEXICO  
REGISTERED PROFESSIONAL SURVEYOR  
15269

**JASON C. EDWARDS**  
Certificate Number 15269

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AMENDED REPORT

Farmington Field Office  
Bureau of Land Management

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number <b>30-043-21107</b>		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code <b>38665</b>	*Property Name LOMBARDO COM		*Well Number 1
*GRID No. 006515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 6649'

<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
M	29	22N	7W		850	SOUTH	990	WEST	SANDOVAL

<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

<sup>12</sup> Dedicated Acres 320.0 Acres - (W/2)	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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

<sup>16</sup> 	<sup>17</sup> OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division  <i>Kurt Fagrelius</i> 1/7/2011 Signature Date Kurt Fagrelius Printed Name
	<sup>18</sup> 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: OCTOBER 30, 2010 Signature and Seal of Professional Surveyor
	 <b>JASON C. EDWARDS</b> Certificate Number 15269

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State of New Mexico  
Energy, Minerals & Natural Resources Department

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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-043-21109		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code 38466	*Property Name MILLER COM		*Well Number 1
*OGRID No. 006515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 6630'

<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
0	32	22N	7W		1300	NORTH	900	WEST	SANDOVAL

<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

<sup>12</sup> Dedicated Acres 320.0 Acres - (W/2)	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
--	-------------------------------	----------------------------------	-------------------------

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<p>16</p> <p>LAT: 36.09942° N LONG: 107.60499° W DATUM: NAD1983</p> <p>Dugan V-7847</p>	<p>5233.80'</p>	<p>5254.26'</p>	<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, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Kurt Fagrelis</i> 1/7/2011 Signature Date Kurt Fagrelis Printed Name</p>
			<p>5347.32'</p> <p>Dugan V-7861</p>

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

AMENDED REPORT

### WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number <b>30-043-21108</b>		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code <b>38465</b>	*Property Name SHAW COM		*Well Number 1
*OGRID No. 006515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 6866

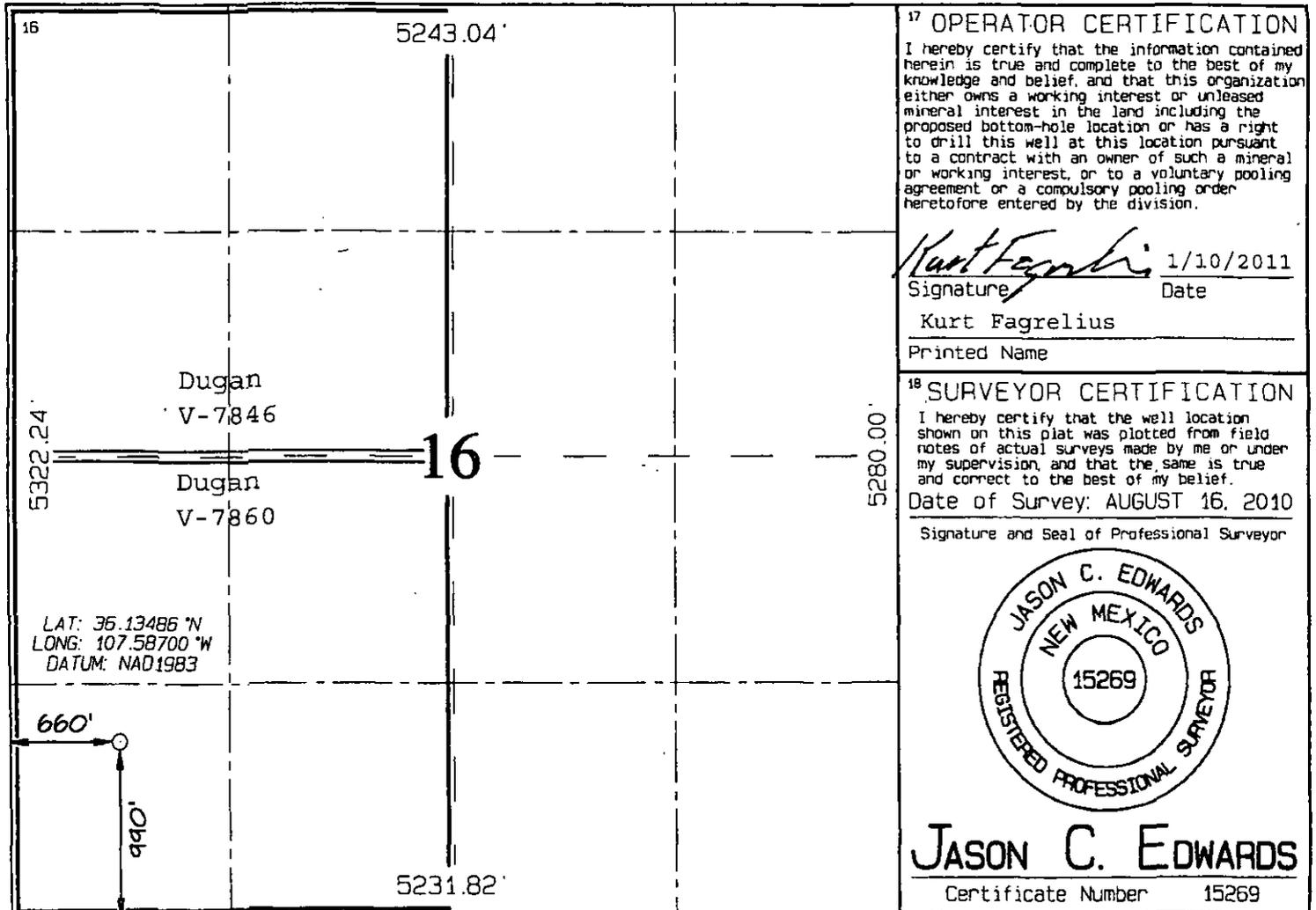
#### 10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	16	22N	7W		990	SOUTH	660	WEST	SANDOVAL

#### 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



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

District II  
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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

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30,045-34693		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code 13625	*Property Name COCHRAN		*Well Number 3
*OGRID No. 006515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 6643

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot 1/4	Feet from the	North/South line	Feet from the	East/West line	County
0	16	22N	8W		1195	SOUTH	1380	EAST	SAN JUAN

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

UL or lot no.	Section	Township	Range	Lot 1/4	Feet from the	North/South line	Feet from the	East/West line	County

<sup>12</sup> Dedicated Acres: 320.0 Acres - (E/2)  
<sup>13</sup> Joint or Infill:   
<sup>14</sup> Consolidation Code:   
<sup>15</sup> 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

15	5257.56'	DUGAN VA-1119	<sup>17</sup> OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. <i>Kurt Fagrelus</i> 3/17/2008 Signature Date Kurt Fagrelus Printed Name
	5284.62'		
5285.94'	16	LAT: 36.13573 °N LONG: 107.68299 °W DATUM: NAD83	
2632.74'	1317.69'	1380'	1317.69'

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

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Energy, Minerals & Natural Resources Department

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Farmington Field Office  
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WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number <b>30-045-34930</b>		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code <b>37708</b>	*Property Name GILLESPIE COM		*Well Number 1
*OGRID No. 006515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 6748'

<sup>10</sup> Surface Location

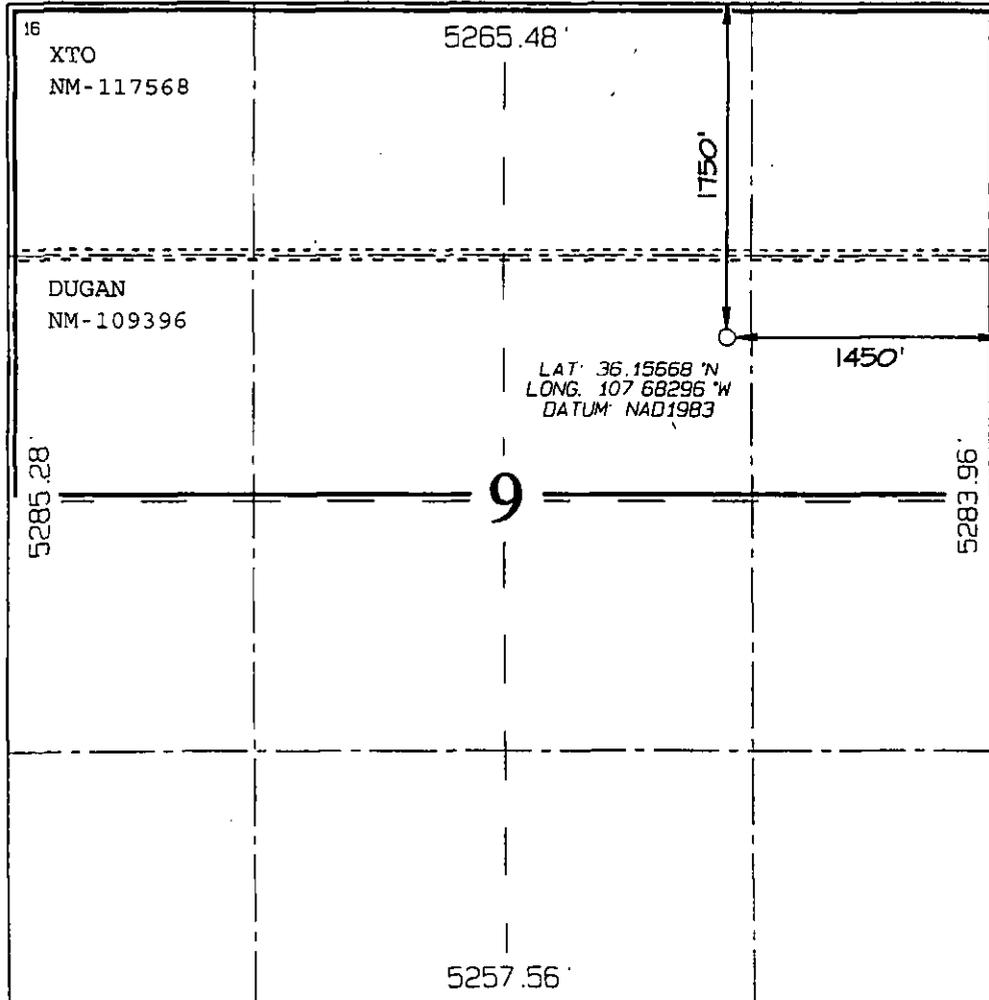
U. or lot no	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	9	22N	8W		1750	NORTH	1450	EAST	SAN JUAN

<sup>11</sup> 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

<sup>12</sup> Dedicated Acres 320.0 Acres - (N/2)	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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



<sup>17</sup> OPERATOR CERTIFICATION

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

*Kurt Fagrelus* 3/30/2009  
Signature Date

Kurt Fagrelus  
Printed Name

<sup>18</sup> SURVEYOR CERTIFICATION

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

Date of Survey: MARCH 2, 2009

Signature and Seal of Professional Surveyor

**JASON C. EDWARDS**  
Certificate Number 15269

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

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1301 W. Grand Avenue, Artesia, NM 88210

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Submitted to  
- *Franklin*

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number <b>30-045-35149</b>		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code <b>38547</b>	*Property Name LENNON COM		*Well Number 1
*GRID No. 006515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 6687'

<sup>10</sup> Surface Location

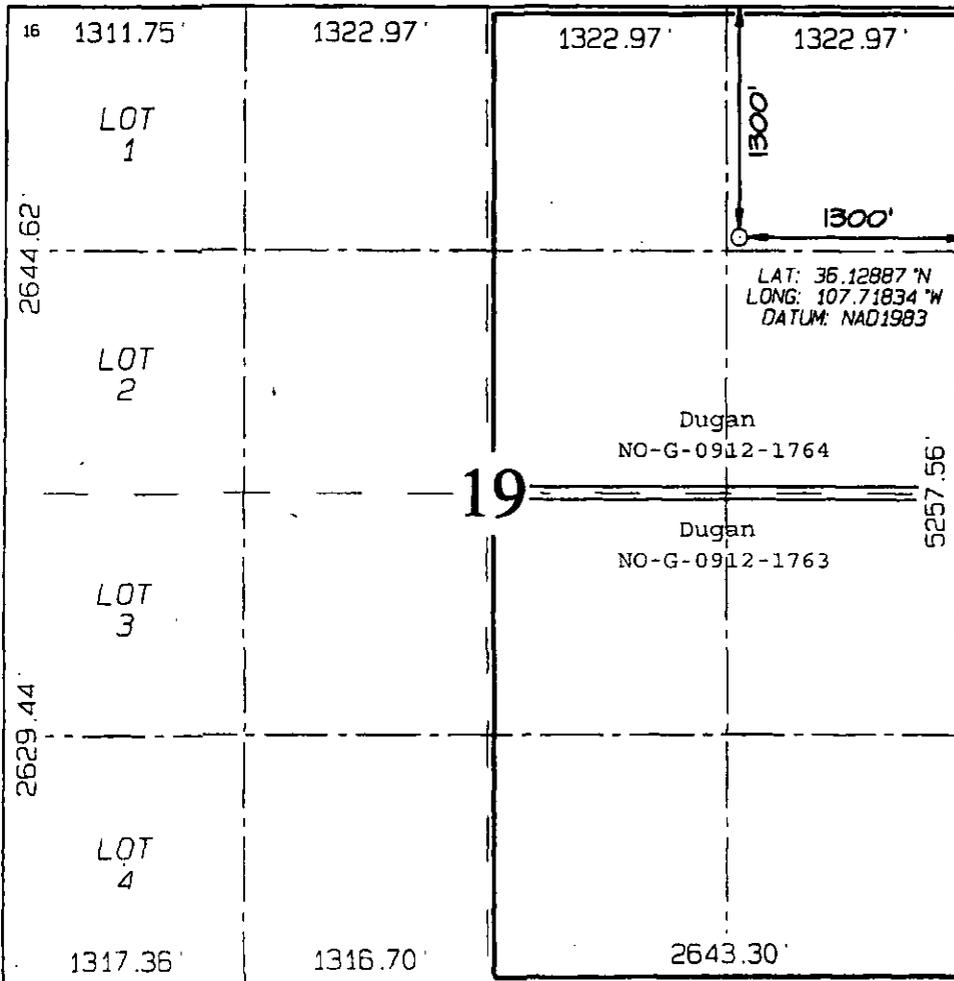
UL or lot no.	Section	Township	Range	Lot Idh	Feet from the	North/South line	Feet from the	East/West line	County
A	19	22N	8W		1300	NORTH	1300	EAST	SAN JUAN

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

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

<sup>12</sup> Dedicated Acres 320.0 Acres - (E/2)	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
--	-------------------------------	----------------------------------	-------------------------

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<sup>17</sup> OPERATOR CERTIFICATION

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*Kurt Fagrelius* 4-22-2010  
Signature Date  
Kurt Fagrelius  
Printed Name

<sup>18</sup> SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief  
Date of Survey: APRIL 10, 2009  
Signature and Seal of Professional Surveyor



**JASON C. EDWARDS**  
Certificate Number 15269

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1625 N. French Dr., Hobbs, NM 88240

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MAY 04 2010 AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30045-35148		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code 38547	*Property Name LENNON COM		*Well Number 2
*OGRIID No. 006515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 6603'

10 Surface Location

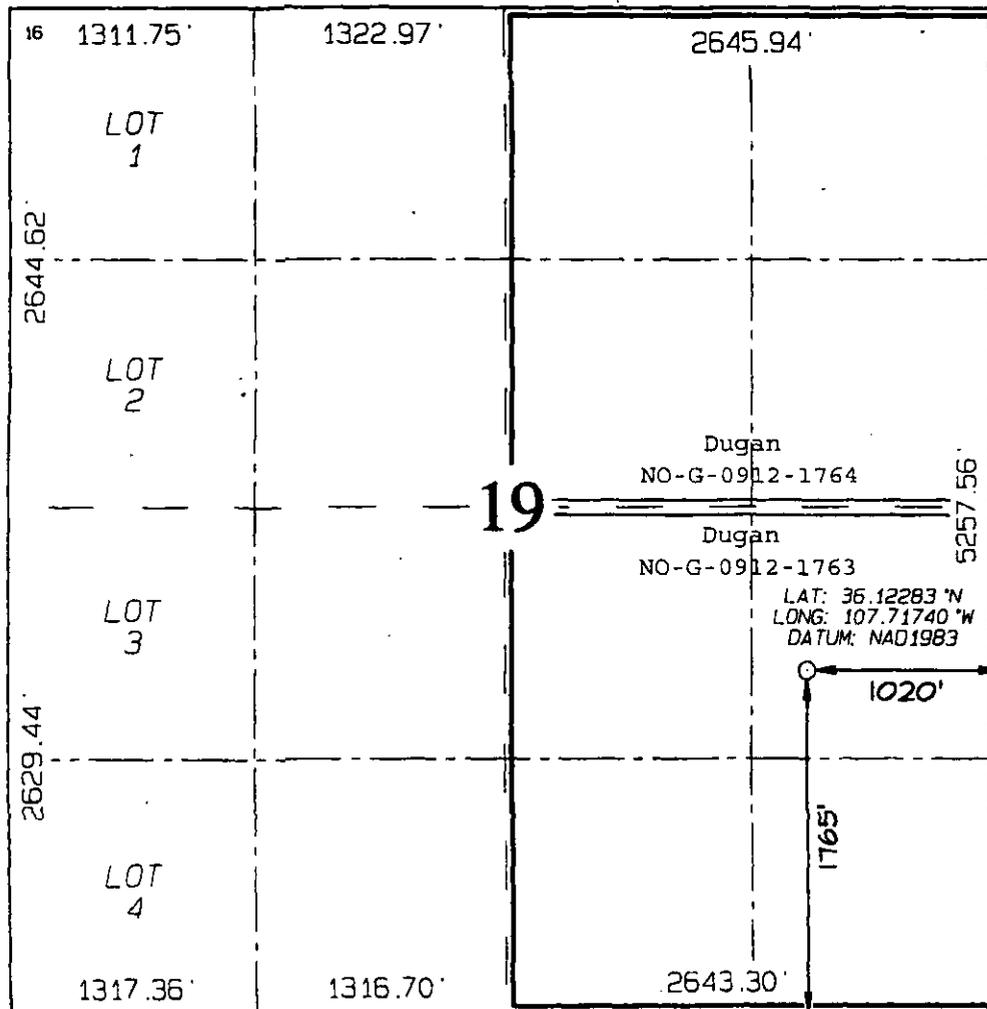
UA or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	19	22N	8W		1765	SOUTH	1020	EAST	SAN JUAN

11 Bottom Hole Location If Different From Surface

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

*Dedicated Acres 320.0 Acres - (E/2)	*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



17 OPERATOR CERTIFICATION

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

*Kurt Fagrelus* 4-22-2010  
Signature Date  
Kurt Fagrelus  
Printed Name

18 SURVEYOR CERTIFICATION

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

Date of Survey: APRIL 10, 2009

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

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Energy, Minerals & Natural Resources Department

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210 EAST WASHINGTON  
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WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number <b>30-045-3433</b>		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code <b>36587</b>	*Property Name MANCINI		*Well Number 1
*OGRID No 006515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 6651'

<sup>10</sup> Surface Location

U. or lot no.	Section	Township	Range	Lot Ion	Feet from the	North/South line	Feet from the	East/West line	County
E	15	22N	8W		1605	NORTH	690	WEST	SAN JUAN

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

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

<sup>12</sup> Dedicated Acres 320.0 Acres - (W/2)	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Kurt Fagrelius</i> May 25, 2007</p> <p>Signature _____ Date _____ Kurt Fagrelius Printed Name</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>Date of Survey: MAY 11, 2007</p> <p>Signature and Seal of Professional Surveyor</p> <p><b>JASON C. EDWARDS</b> Certificate Number 15269</p>

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

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WELL LOCATION AND ACREAGE DEDICATION PLAT FOR FARMING TOWN NM

*API Number <b>30-045-34334</b>		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code <b>36587</b>	*Property Name MANCINI		*Well Number 2
*GRID No. 006515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 6616'

10 Surface Location

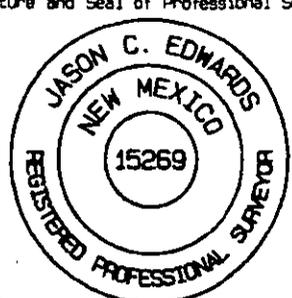
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	15	22N	8W		1700	SOUTH	1050	WEST	SAN JUAN

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

*Dedicated Acres 320.0 Acres - (W/2)	*Joint or Infill	*Consolidation Code	*Order No.
---	------------------	---------------------	------------

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<p>16</p> <p>Dugan 5273.40'</p> <p>NM-048989</p> <p>5284.62'</p> <p>1050'</p> <p>1700'</p> <p>5279.34'</p> <p>LAT: 36.13711°N LONG: 107.67475°W DATUM: NAD1983</p> <p>15</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, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Kurt Fagrelis</i> May 25, 2007 Signature Date</p> <p>Kurt Fagrelis Printed Name</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>Date of Survey: MAY 14, 2007</p> <p>Signature and Seal of Professional Surveyor</p> <p></p> <p><i>JASON C. EDWARDS</i> Certificate Number 15269</p>

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

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

District III  
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District IV  
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Santa Fe, NM 87505

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AMENDED REPORT

JUL 21 2008

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number <b>30-045-34757</b>		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code <b>36587</b>	*Property Name MANCINI		*Well Number 3
*OGRID No 006515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 6693'

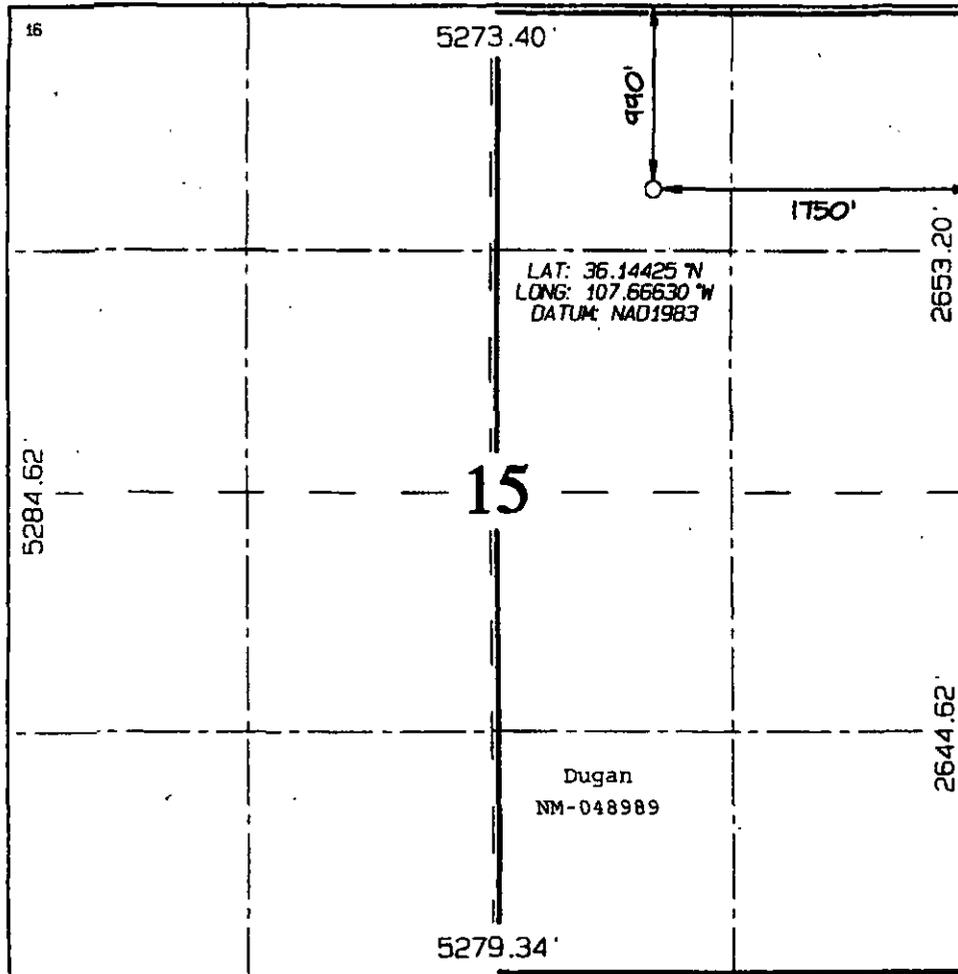
<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Ion	Feet from the	North/South line	Feet from the	East/West line	County
B	15	22N	8W		990	NORTH	1750	EAST	SAN JUAN

<sup>11</sup> 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
* Dedicated Acres 320.0 Acres - (E/2)					* 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



<sup>17</sup> OPERATOR CERTIFICATION

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*Kurt Fagrelis* -2-2008  
Signature Date  
Kurt Fagrelis  
Printed Name

<sup>18</sup> SURVEYOR CERTIFICATION

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

Date of Survey: MARCH 6, 2008  
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

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WELL LOCATION AND SURFACE DEDICATION PLAT

API Number <b>30045-34758</b>		Pool Code 71629	Pool Name BASIN FRUITLAND COAL
Property Code 36587	Property Name MANCINI		Well Number 4
GRID No. 006515	Operator Name DUGAN PRODUCTION CORPORATION		Elevation 6627'

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
I	15	22N	8W		1500	SOUTH	1000	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
Dedicated Acres 320.0 Acres - (E/2)					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

16

5273.40'

DUGAN  
NM-048989

15

LAT: 36.13655°N  
LONG: 107.66389°W  
DATUM: NAD1983

5279.34'

17 OPERATOR CERTIFICATION

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*Kurt Fagrelius* 4-2-2008  
Signature Date  
Kurt Fagrelius  
Printed Name

18 SURVEYOR CERTIFICATION

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

Date of Survey: MARCH 7, 2008

Signature and Seal of Professional Surveyor



**JASON C. EDWARDS**  
Certificate Number 15269

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

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AMENDED REPORT

Bureau of Land Management  
Farmington Field Office

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30045.34701		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code 37443	*Property Name MANCINI COM		*Well Number 5
*GRID No. 006515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 6687'

<sup>10</sup> Surface Location

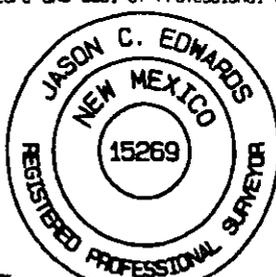
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	10	22N	8W		1175	SOUTH	1245	WEST	SAN JUAN

<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

<sup>12</sup> Dedicated Acres 320.0 Acres - (W/2)	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<sup>16</sup> Dugan NM-090468  Dugan NM-109396  Dugan NM-048989  1245' 1175' 5273.40' LAT: 36°09.0107' N LONG: 107°40.3978' W DATUM: NAD1927  LAT: 36.15019' N LONG: 107.67391' W DATUM: NAD1983	5269.44'		<sup>17</sup> OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.  <i>Kurt Fagrelius</i> 7-23-2008 Signature Date Kurt Fagrelius Printed Name
	5283.96'	10	<sup>18</sup> SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief Date of Survey: JUNE 30, 2008 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  
1600 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

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

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JUL 21 2008

AMENDED REPORT

Bureau of Land Management  
WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30045-34760		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code 36587	*Property Name MANCINI		*Well Number 7
*OGRID No. 006515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 6725'

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idh	Feet from the	North/South line	Feet from the	East/West line	County
P	10	22N	8W		1215	SOUTH	955	EAST	SAN JUAN

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

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

<sup>12</sup> Dedicated Acres 320.0 Acres - (E/2)	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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

<sup>16</sup> 	Dugan NM-048989	<sup>17</sup> OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. <u>Kurt Fagrelis</u> -15-2008 Signature Date Kurt Fagrelis Printed Name
	LAT: 36°09.0176' N LONG: 107°39.7735' W DATUM: NAD1927  LAT: 36.15031' N LONG: 107.66350' W DATUM: NAD1983	

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

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

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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30045-34764		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code 36587	*Property Name MANCINI		*Well Number 8
*OSRID No 006515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 6842'

<sup>10</sup> Surface Location

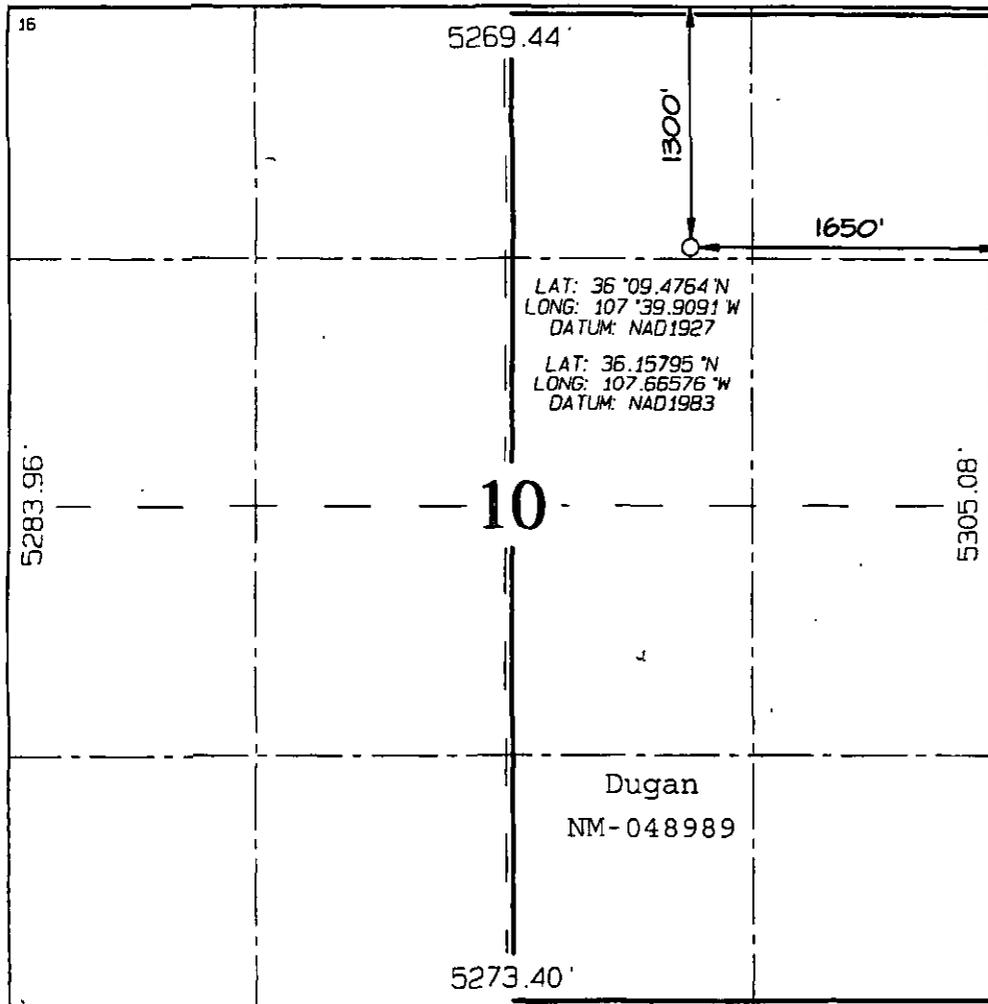
UL or lot no	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	10	22N	8W		1300	NORTH	1650	EAST	SAN JUAN

<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

<sup>12</sup> Dedicated Acres 320.0 Acres - (E/2)	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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



<sup>17</sup> OPERATOR CERTIFICATION  
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the Division.

*Kurt Fagrelus* 8-2-2008  
Signature Date

Kurt Fagrelus  
Printed Name

<sup>18</sup> SURVEYOR CERTIFICATION  
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey: JULY 17, 2008

Signature and Seal of Professional Surveyor

**JASON C. EDWARDS**  
Certificate Number 15269

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

State of New Mexico  
Energy, Minerals & Natural Resources Department

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

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Santa Fe, NM 87505

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

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

MAY 04 2010  AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number <b>30-045-35147</b>		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code <b>38533</b>	*Property Name MARY ROSE COM		*Well Number 2
*GRID No 006515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 6588'

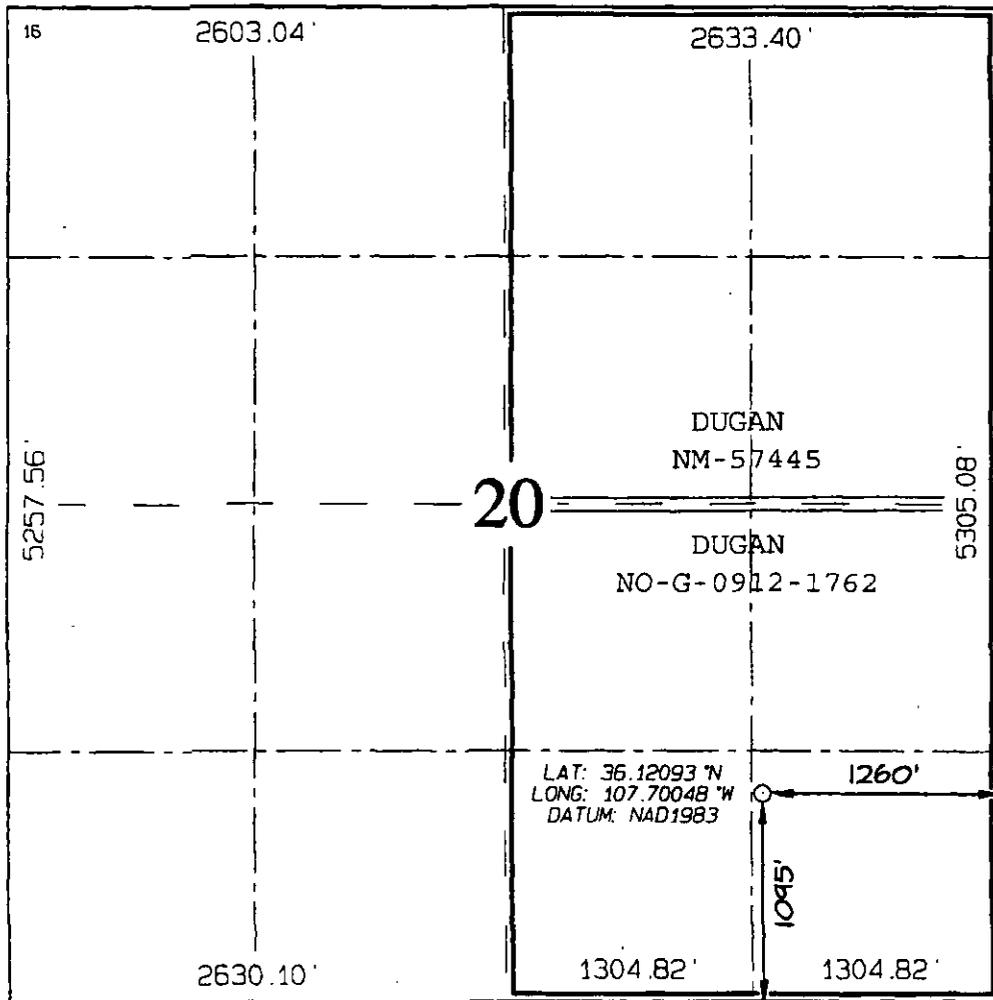
10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	20	22N	8W		1095	SOUTH	1260	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
					320.0 Acres - (E/2)				
					*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



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

*Kurt Fagrelis* 4-22-2010  
Signature Date  
Kurt Fagrelis  
Printed Name

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

Date of Survey: MAY 25, 2009  
Signature and Seal of Professional Surveyor



JASON C. EDWARDS  
Certificate Number 15269

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 <u>29659</u>		* Pool Code 96166	* Pool Name <del>McC</del> Bisti Chacra <u>EXT</u>
* Property Code <u>236661</u>	* Property Name McCartney		* Well Number 1
* OGHID No. 006515	* Operator Name Dugan Production Corporation		* Elevation 6598' Estimated

<sup>10</sup> Surface Location

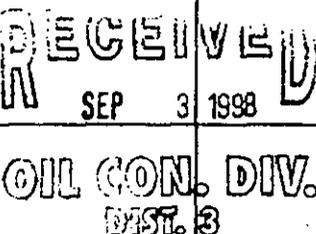
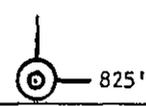
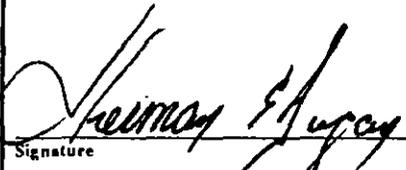
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	2	22N	9W	A	1190	North	825	East	San Juan

<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

<sup>12</sup> Dedicated Acres <u>166.24</u>	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16 	2 <u>40.63</u>	1 <u>40.61</u> 1190' 	17 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 Agent Title <u>8/31/98</u> Date
	Section 2	40 Dugan Production VA-1120	
			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. July 13, 1998 Date of Survey Signature and Seal  Edgar Risenhower Certificate Number 5979

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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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number <b>30-045-34429</b>		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code 36792	*Property Name SATCHMO COM		*Well Number 1
*OGRID No. 006515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 6801'

<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
N	3	22N	8W		1250	SOUTH	1600	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 320.0 Acres - (S/2)					*Joint or Infill	*Consolidation Date	*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

Map details: Lot 4 (1600' x 1370.49'), Lot 3 (5274.06' x 1370.49'), Lot 2 (5274.06' x 1339.47'), Lot 1 (1339.47' x 1326.27'). Well location: 1250' from south line, 1600' from west line. Section 3. Survey Date: SEPTEMBER 11, 2007.

**<sup>17</sup> OPERATOR CERTIFICATION**

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

*Kurt Fagrelius* 98/12/2007  
Signature Date

Kurt Fagrelius  
Printed Name

**<sup>18</sup> 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 11, 2007

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  
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Santa Fe, NM 87505

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SEP 11 2007

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION

*API Number 30045-34425		*Pool Code 71629	*Property Name SATCHMO COM		*Well Number 2
*Property Code 36792	*Operator Name DUGAN PRODUCTION CORPORATION			*Elevation 6825'	
*OGRID No 006515					

<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
J	4	22N	8W		1550	SOUTH	1350	EAST	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

<sup>12</sup> Dedicated Acres: 322.50 Acres - (E/2)

<sup>13</sup> Joint or Infill: <sup>14</sup> Consolidation Code: <sup>15</sup> 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>2624.82'</p> <p>1338.48'</p> <p>LOT 4</p> <p>LOT 3</p> <p>1321.32'</p> <p>2642.64'</p>	<p>2637.36'</p> <p>LOT 2</p> <p>LOT 1</p> <p>1370.49'</p> <p>1320.99'</p> <p>2641.98'</p> <p>5265.48'</p> <p>1550'</p> <p>1350'</p> <p>LAT: 36.16575° N LONG: 107.68253° W DATUM: NAD1983</p>	<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, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Kurt Fagrelius</i> 9/11/2007 Signature Date</p> <p>Kurt Fagrelius Printed Name</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>Date of Survey: AUGUST 3, 2007</p> <p>Signature and Seal of Professional Surveyor</p> <p></p> <p><b>JASON C. EDWARDS</b> Certificate Number 15269</p>

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

State of New Mexico  
Energy, Minerals & Natural Resources Department

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

OIL CONSERVATION DIVISION  
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Santa Fe, NM 87505

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

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-34402		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code 36792	*Property Name SATCHMO COM		*Well Number 3
*OGRID No. 006515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 6781'

<sup>10</sup> Surface Location

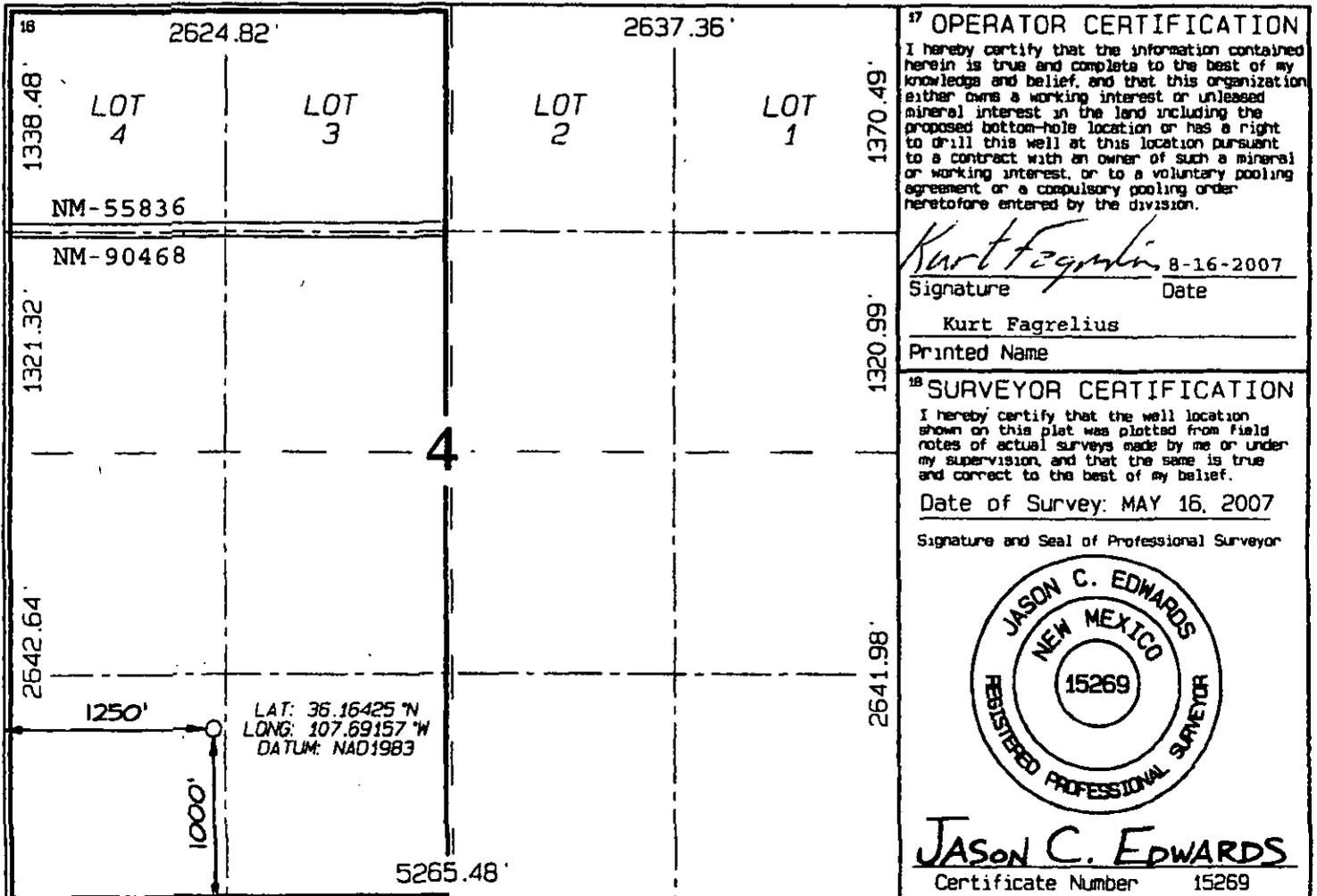
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	4	22N	BW		1000	SOUTH	1250	WEST	SAN JUAN

<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

<sup>12</sup> Dedicated Acres: 321.53 Acres - (W/2)  
<sup>13</sup> Joint or Infill:   
<sup>14</sup> Consolidation Code:   
<sup>15</sup> 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



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

State of New Mexico  
Energy, Minerals & Natural Resources Department

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

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-35243		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code 38467	*Property Name SUSANA COM		*Well Number #1
*GRID No. 006515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 6700'

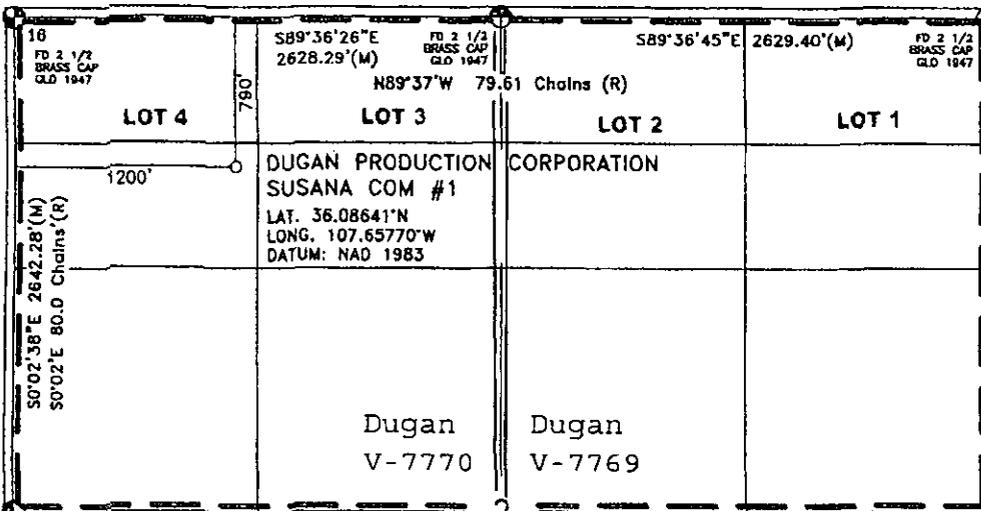
<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	2	21-N	8-W		790'	NORTH	1200'	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
<sup>14</sup> Dedicated Acres 321.44 320 ACRES - (N/2)				<sup>13</sup> Joint or Infill	<sup>12</sup> Consolidation Code	<sup>15</sup> Order No.			

No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.



**17 OPERATOR CERTIFICATION**

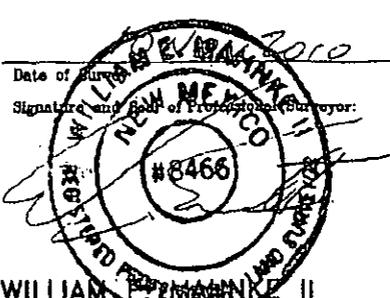
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this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

*Kurt Faqrelis* 1/10/2011  
Signature Date

Kurt Faqrelis  
Printed Name

**18 SURVEYOR CERTIFICATION**

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

Date of Survey: 2010  
Signature and Seal of Professional Surveyor:  
  
 WILLIAM FAQRELIS II  
 Certificate Number 8486

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

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MAR 10 2009

AMENDED REPORT

Bureau of Land Management

WELL LOCATION AND ACREAGE DEDICATION PLAN

*API Number 30-045-34926		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code 37701	*Property Name TOM WOOD DENN		*Well Number 1
*OGRID No 006515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 6747'

<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
A	8	22N	BW		660	NORTH	1145	EAST	SAN JUAN

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

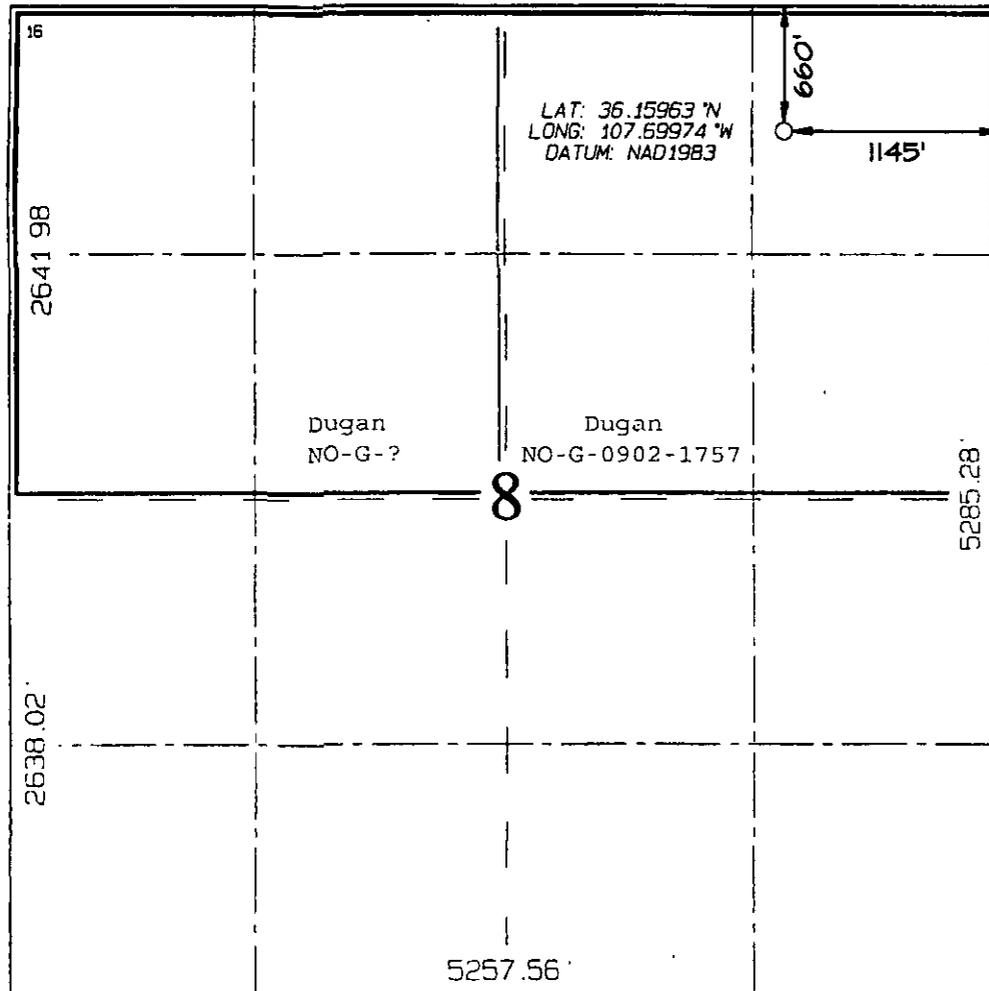
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

<sup>12</sup> Dedicated Acres 320.0 Acres - (N/2)	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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

2644.62'

2630.10'



<sup>17</sup> OPERATOR CERTIFICATION

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*Kurt Fagrelus* 02-23-2009  
Signature Date  
Kurt Fagrelus

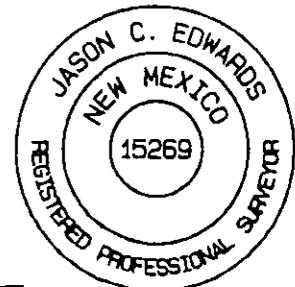
Printed Name

<sup>18</sup> SURVEYOR CERTIFICATION

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

Date of Survey: JUNE 2, 2008

Signature and Seal of Professional Surveyor



*JASON C. EDWARDS*  
Certificate Number 15269

5257.56'

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

**RECEIVED**

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

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

**Bureau of Land Management**  
**Farmington Field Office** AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number <b>30045-34933</b>		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code <b>37701</b>	*Property Name TOM WOOD DENN		*Well Number 2
*GRID No. 006515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 6742'

<sup>10</sup> Surface Location

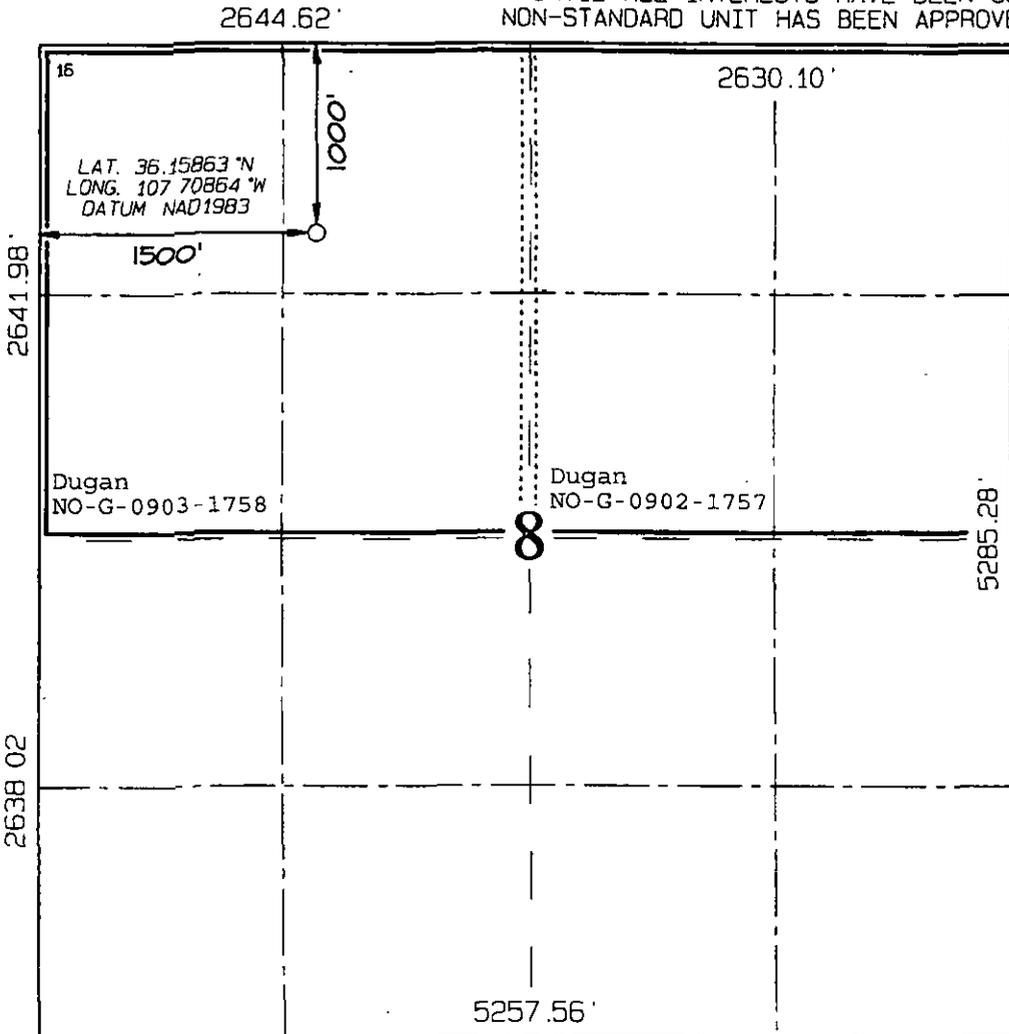
UL or lot no	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	B	22N	8W		1000	NORTH	1500	WEST	SAN JUAN

<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

<sup>12</sup> Dedicated Acres 320.0 Acres - (N/2)	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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



<sup>17</sup> OPERATOR CERTIFICATION  
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

*Kurt Fagrelus* 3/31/2009  
Signature Date  
Kurt Fagrelus  
Printed Name

<sup>18</sup> SURVEYOR CERTIFICATION  
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey: APRIL 28, 2008

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**  
10000 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

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

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

<sup>1</sup> API Number 30-045-05065		<sup>2</sup> Pool Code 96384		<sup>3</sup> Pool Name Bisti; Chacra, East	
<sup>4</sup> Property Code 17313		<sup>5</sup> Property Name Warner Federal			<sup>6</sup> Well Number 1
<sup>7</sup> OGRID No. 006515		<sup>8</sup> Operator Name Dugan Production Corp.			<sup>9</sup> Elevation 6858' DF

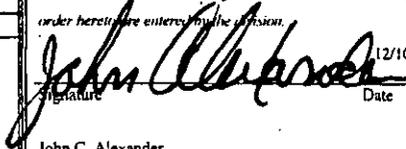
<sup>10</sup> Surface Location

U.L. or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	10	22N	8W		1130	North	1130	East	San Juan

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

U.L. or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
									RCVD JAN 4 '10
<sup>12</sup> Dedicated Acres 160		<sup>13</sup> Joint or Infill		<sup>14</sup> Consolidation Code		<sup>15</sup> Order No.		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.

16						<sup>17</sup> <b>OPERATOR CERTIFICATION</b> <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i>  Date: 12/10/09 John C. Alexander Printed Name	
							<sup>18</sup> <b>SURVEYOR CERTIFICATION</b> <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> May 22, 1957 Date of Survey Signature and Seal of Professional Surveyor:  Original survey signed by W. S. Westerfeld 1382 Certificate Number

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 October 12, 2005  
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MAR 10 2009

AMENDED REPORT

Bureau of Land Management

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-34925		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code 37702	*Property Name WOOD DENN		*Well Number 1
*OGRID No. 006515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 6665'

<sup>10</sup> Surface Location

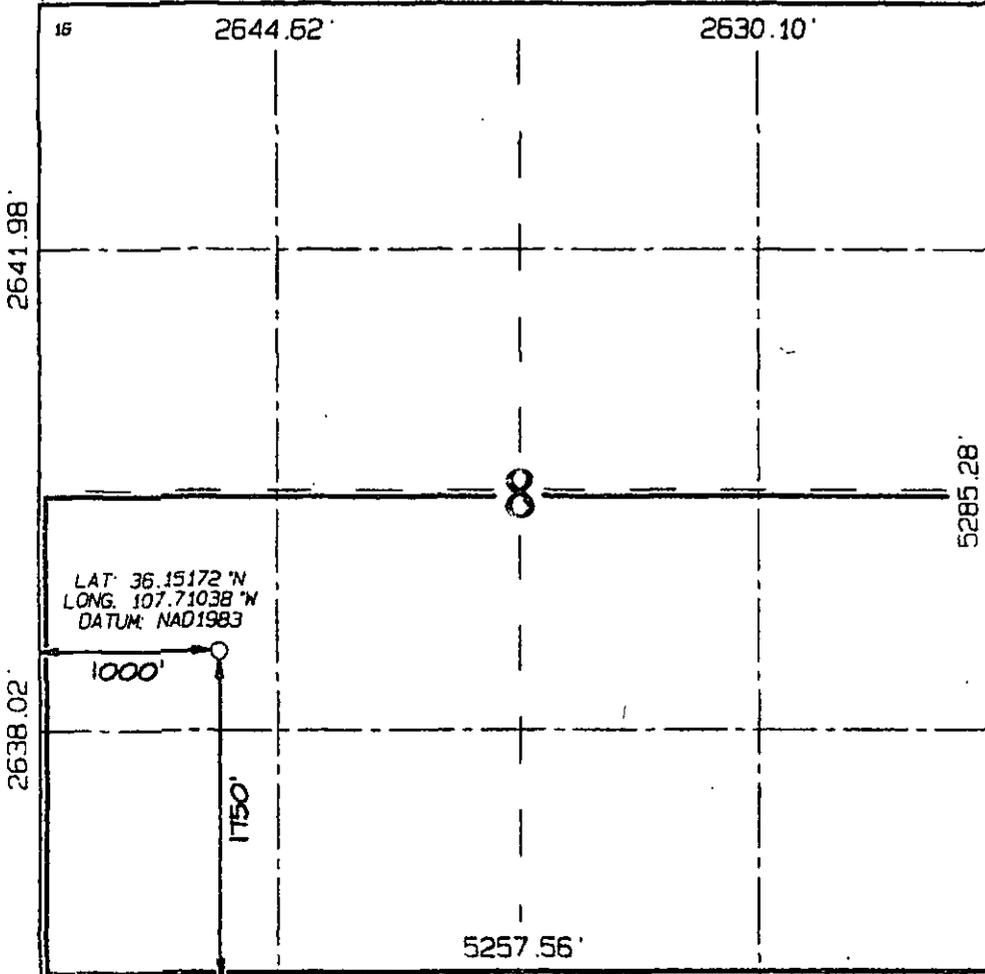
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	8	22N	8W		1750	SOUTH	1000	WEST	SAN JUAN

<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

<sup>12</sup> Dedicated Acres 320.0 Acres - (S/2)	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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



<sup>17</sup> OPERATOR CERTIFICATION  
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

*Kurt Fagrelius* 06/09/2008  
Signature Date

Kurt Fagrelius  
Printed Name

<sup>18</sup> SURVEYOR CERTIFICATION  
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.

Date of Survey: APRIL 29, 2008

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

Form C-102  
Revised October 12, 2005

Submit to Appropriate District Office  
Instructions on back  
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Fee Lease - 3 Copies

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

RECEIVED

MAP 10 2006 AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION

*API Number 30045-34924		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code 37702	*Property Name WOOD DENN		*Well Number 2
*GRID No. 006515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 6737'

10 Surface Location

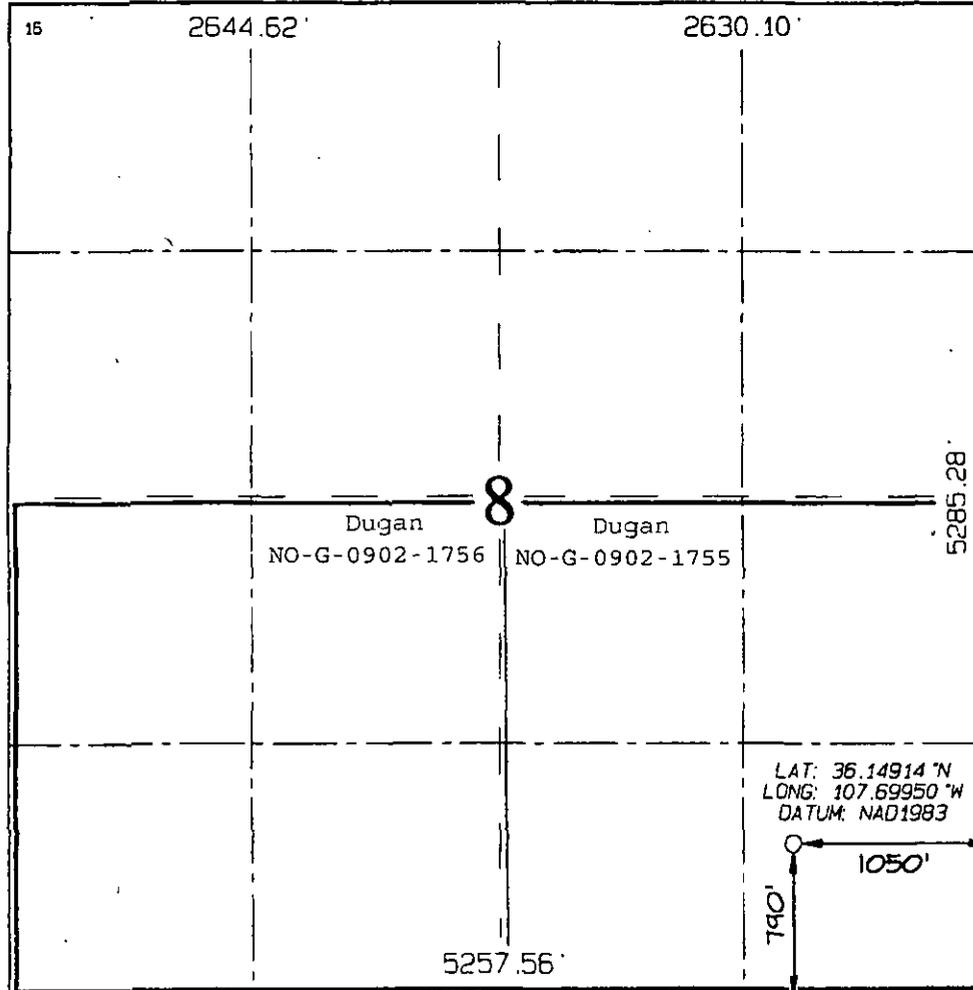
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	8	22N	8W		790	SOUTH	1050	EAST	SAN JUAN

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: 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

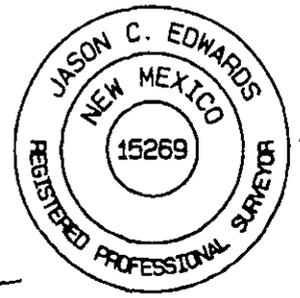


17 OPERATOR CERTIFICATION  
 I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right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

*Kurt Fagrelius* 2-23-2009  
 Signature Date  
 Kurt Fagrelius  
 Printed Name

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

Date of Survey: JUNE 3, 2008  
 Signature and Seal of Professional Surveyor



JASON C. EDWARDS  
Certificate Number 15269

AFFIDAVIT OF PUBLICATION

Ad No. 71810

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, August 12, 2015

And the cost of the publication is \$195.42

[Signature]

ON 8/17/15 SAMMY LOPEZ appeared before me, whom I know personally to be the person who signed the above document.

[Signature]



COPY OF PUBLICATION

Dugan Production Corp. (DPC) is applying to the New Mexico Oil Conservation Division (NMOC), the Bureau of Land Management (BLM) and the New Mexico State Land Office (NMSLO) for regulatory approvals to add 38 natural gas wells (23 existing & 15 proposed) to the Big Bend Gathering System (BBGS) and 8 natural gas wells (4 existing & 4 proposed) to the Rusty Chacra Gathering System (RCGS). Both systems are operated by DPC. In addition, DPC is requesting approval to consolidate the BBGS & RCGS into a new gathering system to be called the Rusty Gathering System (RGS), to be operated by DPC. Gas sales for the RGS will continue to be at the central deliver sales meter (CDP) established for the RCGS & currently serving both BBGS & the RCGS. The CDP for the RGS is located in the SENW of Section 12, T-22N, R-7W and delivers gas to Enterprise Field Services Meter No. 03049. This CDP is also authorized to be used as needed by the BBGS in the event gas deliveries to PNM at the CDP sales meter established for the BBGS were not feasible. The BBGS CDP to PNM has been abandoned as not being feasible for operation on the BBGS and all gas from BBGS is now delivered to the RCGS as authorized by NMOC Order PLC-191-A dated 4/17/07. This will require the surface commingling of natural gas and produced water plus the off-lease measurement and sale of natural gas. There will not be any commingling of oil or condensate. DPC is also requesting that the NMOC include a provision in the order for the consolidated RGS to allow future 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 systems. The wells to be added and the existing gathering systems are located as follows: BBGS: Section 2 of T-21N, R-8W; Sections 13 thru 15, 24, 26, 27, 34 & 35 of Township 12N, Range 8W; Section 34 of T-23N, R-8W; Sections 1, 2, 12, 13 & 24 of T-22N, R-9W; & Section 13 of T-23N, R-9W. RCGS: Sections 18, 19, 20 & 27, thru 34 of T-22N, R-6W; Sections 13, 10, 12, 13, 15, thru 17, 19, thru 27, 29, 30 & 32 of T-22N, R-7W; Section 11 of T-21N, R-7W, all located in San Juan & Sandoval Counties of New Mexico. The BBGS currently has 33 wells (34 completions) which are completed in the following 3 gas pools: Basin Fruitland Coal (18 wells), Bisti Chacra (9 wells) & Rusty Chacra (6 wells), plus one well in the Nageezi oil pool. Of the 38 wells to be added to the BBGS, one is in the Bisti Chacra, one in the East Bisti Chacra, 36 are in the Basin Fruitland Coal gas pool. The RCGS currently has 39 wells which are completed in the following 5 pools: Basin Dakota (1 well), Rusty Chacra gas (32 wells), Alamo, Gallup oil (1 well), Rusty Gallup oil (4 wells) & South Rusty Gallup oil (1 well). The 8 wells to be added to the RCGS will be completed in the Basin Fruitland Coal gas pool. All wells are located upon one of the following leases held by Dugan Production Corp.: BBGS leases: federal leases NM-8902, NM-43438, NM-048989, NM-50999, NM-55836, NM-57445, NM-89099, NM-90468, NM-90469, NM-90471, NM-90472, NM-90475, NM-90476, NM-90477, NM-92738, NM-93253, NM-94067, & NM-96798 & NM-109396; state leases VA-1119, VA-1120, VA-1121, V-7769 & V-7770; Navajo Allotted leases NO-G-0902-1755, NO-G-0902-1756, NO-G-0902-1757, NO-G-0902-1758, NO-G-0912-1762, NO-G-0912-1763 & NO-G-0912-1764. The leases for the RCGS are: federal leases NM-6676, NM-6680, NM-7262, NM-7776, NM-8641, NM-8899, NM-15649, NM-21455, NM-25821, NM-27163, NM-89023, NM-93448, NM-100285, NM-109385, NM-109391, NM-109392, NM-109393, NM-113069, & NM-055443; Navajo Allotted leases NOOC-14-20-5044, NOOC-14-20-5045, NOOC-14-20-5046, NOOC-14-20-5048, NOOC-14-20-5050, NOOC-14-20-5051, NOOC-14-20-5356, NOOC-14-20-5360, NOOC-14-20-5365, NOOC-14-20-5382, NOOC-14-20-5555, NOOC-14-20-5594, & NOOC-14-20-5595; plus state leases LG-3923, V-7846, V-7847, V-7860 & V-7861. Any person holding an interest in any of these lands or leases 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 7420, Farmington, NM 87499. Any objection or request for a formal hearing should be filed in writing with the NMOC's Santa Fe Office within 20 days from the initial date of this publication. In the absence of objection, Dugan Production Corp. has requested that the NMOC approve its application administratively. The NMOC's address is 1220 South St. Francis Drive, Santa Fe, NM 87505.

Legal No. 71810 published in The Daily Times on August 12, 2015.



# 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-147-A*

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

Attention: Mr. John D. Roe

The above-named company is hereby authorized to surface commingle gas production from the following-described pools within the following-described area (hereinafter referred to as Dugan Production Corporation's Rusty Chacra Gas Gathering System Area):

<u>Pool Name</u>	<u>Pool Code</u>
Rusty-Chacra Gas Pool	(Gas - 84360)
Basin-Fruitland Coal Gas Pool	(Gas - 71629)
Alamito-Gallup Pool	(Oil - 01039)
Rusty-Gallup Pool	(Oil - 52860)
Wildcat South Rusty-Gallup Pool	(Oil - 96236)

### Rusty Chacra Gas Gathering System Area

#### Township 21 North, Range 7 West, NMPM

Section 1: NE/4

#### Township 22 North, Range 6 West, NMPM

Section 18: S/2, NW/4  
Section 19: SW/4  
Section 27: SW/4  
Section 28: S/2  
Section 29: All  
Section 30: N/2  
Section 31: SE/4  
Section 32: N/2  
Section 33: NE/4, SW/4  
Section 34: N/2

Township 22 North, Range 7 West, NMPM

Section 3: NW/4 SE/4  
Section 10: N/2, SW/4  
Section 15: SE/4  
Section 16: SW/4 NE/4  
Section 17: SW/4  
Section 20: E/2  
Section 21: E/2  
Section 22: NE/4 NW/4  
Section 23: NW/4 SW/4  
Section 24: SE/4  
Section 25: NE/4  
Section 26: NE/4  
Section 27: NW/4 NW/4

This area contains all or portions of **Federal Leases No.** NM-6676, NM-6680, NM-7262, NM-7776, NM-8641, NM-8899, NM-15649, NM-21455, NM-25821, NM-27163, NM-89023, NM-93448, NM-100285, NM-109385, NM-109391, NM-109392, NM-109393, NM-113069 and NM-0554433, all or portions of **State Leases No.** LG-3923 and K-04844, and all or portions of **Navajo Allotted Leases No.** NOOC-14-20-5044, NOOC-14-20-5045, NOOC-14-20-5046, NOOC-14-20-5048, NOOC-14-20-5050, NOOC-14-20-5051, NOOC-14-20-5356, NOOC-14-20-5360, NOOC-14-20-5365, NOOC-14-20-5382, NOOC-14-20-5555, NOOC-14-20-5594 and NOOC-14-20-5595.

This area currently contains, or will contain, subsequent to completion of additional drilling operations, thirty-nine (39) wells that are either singly completed within the Rusty-Chacra, Rusty-Gallup, Wildcat South Rusty-Gallup, Alamito-Gallup or Basin-Fruitland Coal Gas Pool, or downhole commingled within these pools. All wells within the area, with the exception of the Dana State Well No. 1 (API No. 30-043-20165) which is operated by Hicks Oil & Gas, are currently operated by Dugan Production Corporation.

Production shall be allocated by metering the gas production from each of the wells within the Rusty Chacra Gas Gathering System Area utilizing individual allocation meters. Gas production shall then be commingled and transported to an Enterprise Field Services gas sales meter located in the SE/4 NW/4 of Section 12, Township 22 North, Range 7 West, NMPM. Production shall be allocated back to each well utilizing allocation and sales meter volume data, and shall be determined in accordance with the procedure set forth in Exhibit "A" attached to this order.

Water production from the wells within the Rusty Chacra Gas Gathering System Area may be commingled and collected at a central facility. Any gas that is recovered from the produced water shall be allocated back to the wells in accordance with the procedure set forth in Exhibit "A".

Additional existing or wells that may be drilled in the future can be added to the commingling authority granted by the order without additional application or notice to interest owners provided that:

- a) the well(s) are located within the Rusty Chacra Gas Gathering Area defined by this order; **and**
- b) the well(s) produce from one or more of the five pools approved by this order.

To obtain approval to add wells, Dugan Production Corporation shall file a C-103 (Sundry Notice) with the Santa Fe and Aztec Offices of the Division that describe the well(s) to be included. Additional notice may be required to the Bureau of Land Management.

Dugan is further authorized to periodically, and when necessary, deliver gas from its Rusty Chacra Gas Gathering System to the Big Band Gas Gathering System (approved by Division Order No. PLC-191, as amended). When this occurs, Dugan shall allocate production to the wells in the Rusty Chacra Gas Gathering System and the Big Band Gas Gathering System in accordance with the procedure set forth in Exhibit "A".

NOTE: This installation shall be installed and operated in accordance with the applicable rules and regulations of the Division applicable to surface commingling. It is the responsibility of the producer to notify the transporter of this commingling authority.

FURTHER: The operator shall notify the Aztec district office of the Division upon commencement of commingling operations.

  
MARK E. FESMIRE, P.E.  
Director

MEF/drc

cc: Oil Conservation Division – Aztec  
Bureau of Land Management-Farmington  
File: PLC-191