

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

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

David R. Catanach, Division Director
Oil Conservation Division



November 18, 2015

ADMINISTRATIVE CENTRAL TANK BATTERY ORDER

Administrative Order CTB-560-C
Administrative Application Reference No. pMAM153014884

Dugan Production Corporation
Attn: Mr. Kevin Smaka

Dugan Production Corporation (OGRID 6515) is hereby authorized to surface commingle gas production from diversely owned leases and wells identified in Attachment-A, and made part of this order. These wells and leases produce from Basin Fruitland Coal (Gas) (Pool code 71629) and are located on Federal, State, and Native American leases in Township 23 North, Range 10 and 11 West, and Township 24 North, Range 10, and 11 West, San Juan County, New Mexico.

Each well will be equipped with an individual gas meter for allocation purposes. Further, the five SWD wells shall have their own two-phase separator, in which the gas production will be allocated back to each well based on the ratio of water produced for each well versus the total water produced for all of the wells that are serviced by that SWD. Gas that has passed through the well meters will be commingled in operator's Sesamee Street Gathering System, and will be again measured, and sold, at two central delivery points on Enterprise Field Services sales meters, one located in the NE/4 SW/4 of Section 30, Township 25 North, Range 10 West, and another located in the NW/4 SE/4 of Section 2, Township 24 North, Range 10 West.

The operator shall notify the transporter of this commingling authority.

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

This Division Order supersedes Division Order CTB-560-B, issued December 21, 2012.

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

This approval is subject to like approval from the United States Bureau of Land Management and New Mexico State Land Office before commencement of the commingling operations.

Done at Santa Fe, New Mexico, on November 18, 2015.

A handwritten signature in black ink, appearing to read "David R. Catanach", written over a horizontal line.

DAVID R. CATANACH
Director

DRC/mam

cc: Oil Conservation Division District Office – Aztec
United States Bureau of Land Management - Farmington
New Mexico State Land Office – Oil, Gas, and Minerals

ATTACHMENT A-List of wells

DUGAN PRODUCTION CORP.

SESAMEE STREET GATHERING SYSTEM (10-26-15) ③ Basin Fruitland Coal wells

SAN JUAN COUNTY, NEW MEXICO

Well Name	API # 30-045-	Surface Location				Current Status ①	Current Average Production ②		Spacing Unit
		¼¼	Sec-Twn-Rng	Lease No.	Lease Type		MCFD	BWPD	
WELLS TO BE ADDED (12 WELLS)									
Kinbeto Com 90		NWNE	30-23N-10W	NM13956	FED	LOC B			E/2-324.6A
Kinbeto Com 90 infill		SE	30-23N-10W	NM36951		LOC			E/2-324.6A
Kinbeto Com 91		NENW	30-23N-10W	NM13956	FED	LOC B			W/2-327.62A
Kinbeto Com 91 infill		SW	30-23N-10W	NM119287		LOC			W/2-327.62A
St. Moritz Com 90	35282	SESW	26-24N-10W	NM78060	FED	P	62	82	S/2-320.0A
St. Mortiz Com 90 infill		SE	26-24N-10W	NM78060	FED	LOC			S/2-320.0A
St. Moritz Com 91	35285	NWNW	26-24N-10W	NM78060	FED	P	29	47	N/2-320.0A
St. Mortiz Com 91 infill		NE	26-24N-10W	NM78060	FED	LOC			N/2-320.0A
Will 1		NWNE	15-23N-11W	NM119289	FED	LOC B			E/2-320.0A
Will 2		NESE	15-23N-11W	NM119289	FED	LOC B			E/2-320.59A
Will 3		NWNW	15-23N-11W	NM119289	FED	LOC B			W/2-322.34A
Will 4		NESW	15-23N-11W	NM119289	FED	LOC B			W/2-322.34A
WELLS APPROVED FOR SYSTEM (135 WELLS)									
Adam Com 90	33348	NENW	19-23N-10W	NM96799	FED	P	139	80	W/2-320.08A
Adam Com 91		SW	19-23N-10W	NM96799	FED	LOC B			W/2-320.08A
Ben Com 90	33347	SESE	18-23N-10W	NM96799	FED	P	32	4	E/2-320.0A
Ben Com 90S		NE	18-23N-10W	NM86485	FED	LOC			E/2-320.0A
Bert Com 90	32714	SWSE	2-24N-11W	NM39017	FED	P	14	20	E/2-321.22A
Bert Com 90S	32924	NSENE	2-24N-11W	NO-G-0502-1718	NAV ALTD	P	9	30	E/2-321.22A
Biff 90	33455	NESW	20-24N-10W	NM43442	FED	P	20	29	W/2-320.0A
Biff 90S	33454	NENW	20-24N-10W	NM43442	FED	P	14	25	W/2-320.0A
Biff 91	33546	NENE	20-24N-10W	NM43442	FED	P	39	37	E/2-320.0A
Biff 91S	33481	NESE	20-24N-10W	NM43442	FED	P	16	35	E/2-320.0A
Bonanza 90	33067	NWNW	26-23N-11W	NM96802	FED	P	51	23	W/2-320.0A
Bonanza 90S		SW	26-23N-11W	NM96802	FED	LOC			W/2-320.0A
Bonanza 91	33066	NENE	26-23N-11W	NM96802	FED	P	134	44	E/2-320.0A
Bonanza 91S		SE	26-23N-11W	NM96802	FED	LOC			E/2-320.0A
Bonanza Com 92	33312	SWNE	24-23N-11W	NM96802	FED	P	198	33	N/2-320.0A
Bonanza Com 92S	33319	SENW	24-23N-11W	NM36952	FED	P	2	39	N/2-320.0A
Calgary 90	34232	NENE	6-23N-10W	NM32124	FED	P	77	97	E/2-319.52A
Calgary 90S	34215	SESE	6-23N-10W	NM32124	FED	P	83	88	E/2-319.52A
Calgary 91	34216	SESW	6-23N-10W	NM32124	FED	P	69	57	W/2-317.2A
Calgary 91S	34217	SENW	6-23N-10W	NM32124	FED	P	34	72	W/2-317.2A
Cartwright Com 90	33349	NENE	19-23N-10W	NM96799	FED	P	20	23	E/2-320.0A
Cartwright Com 91		SE	19-23N-10W	NM86485	FED	LOC B			E/2-320.0A
Champ 90	34219	NWNE	5-23N-10W	NM42059	FED	P	84	73	E/2-320.14A
Champ 90S	34233	SESE	5-23N-10W	NM42059	FED	P	78	36	E/2-320.14A
Champ 91	34220	SESW	5-23N-10W	NM42059	FED	P	112	131	W/2-319.62A
Champ 91S	34218	NWNW	5-23N-10W	NM42059	FED	P	61	52	W/2-319.62A
Clementine Com 90	34015	SESW	27-24N-10W	NM21741	FED	P	8	16	S/2-320.0A
Clementine Com 90S	34017	SESE	27-24N-10W	NM112956	FED	P	18	21	S/2-320.0A

Dinger 90		34020	NWSE	28-24N-10W	NM21741	FED	P	22	16	S/2-320.0A
Dinger 90S		34019	NWSW	28-24N-10W	NM21741	FED	P	18	19	S/2-320.0A
Elmo Com 90		32704	SENW	11-24N-11W	NM17015	FED	P	26	44	N/2-320.0A
Elno Com 90S		32925	SWNE	11-24N-11W	NO-G-0502-1719	NAV ALTD	P	15	11	N/2-320.0A
Ernie Com 90		32919	NWNE	1-24N-11W	NO-G-0502-1717	NAV ALTD	P	91	39	E/2-321.72A
Ernie Com 90S		32703	SWSE	1-24N-11W	NM39017	FED	P	19	45	E/2-321.72A
Flo Jo 90		33381	SWNE	13-23N-11W	NM36952	FED	P	42	21	E/2-320.0A
Flo Jo 90S		33345	NWSE	13-23N-11W	NM36952	FED	P	49	110	E/2-320.0A
Flo Jo 91		33344	NWSW	13-23N-11W	NM36952	FED	P	57	21	W/2-320.0A
Flo Jo 91S		33327	SWNW	13-23N-11W	NM36952	FED	P	31	34	W/2-320.0A
Flo Jo 92	Note 5	34516	NWNE	1-23N-11W	NM36952	FED	P	52	35	N/2-320.28A
Flo Jo 93	Note 5	34517	NWNW	1-23N-11W	NM36952	FED	P	258	72	N/2-320.28A
Flo Jo 94	Note 5	34522	SWSW	1-23N-11W	NM36952	FED	P	79	70	S/2-320.0A
Flo Jo 95	Note 5	34529	NWSE	1-23N-11W	NM36952	FED	P	53	72	S/2-320.0A
Frazzle Com 90		33483	NESW	30-24N-10W	NM78060	FED	P	78	47	W/2-313.44A
Frazzle Com 90S		33482	NENW	30-24N-10W	NM15654	FED	P	65	48	W/2-313.44A
Frazzle Com 91		33480	NENE	30-24N-10W	NM15654	FED	P	114	43	E/2-320.0A
Frazzle Com 91S		33479	NESE	30-24N-10W	NM78060	FED	P	46	30	E/2-320.0A
Gold Medal 90		34227	SESW	31-24N-10W	NM22044	FED	P	62	98	W/2-314.40A
Gold Medal 90S		34221	NENW	31-24N-10W	NM22044	FED	P	6	46	W/2-314.40A
Gold Medal 91		34225	NENE	31-24N-10W	NM22044	FED	P	10	135	E/2-320.0A
Gold Medal 91S		34226	SESE	31-24N-10W	NM22044	FED	P	34	45	E/2-320.0A
Gold Medal 92		34231	NENE	33-24N-10W	NM22044	FED	P	86	55	N/2-320.0A
Gold Medal 92S		34222	NWNW	33-24N-10W	NM22044	FED	P	132	73	N/2-320.0A
Gold Medal 93		34224	SWSW	33-24N-10W	NM22044	FED	P	74	82	S/2-320.0A
Gold Medal 93S		34223	NESE	33-24N-10W	NM22044	FED	P	84	109	S/2-320.0A
Gold Medal 94		34229	SWNE	34-24N-10W	NM22044		P	52	73	N/2-320.0A
Gold Medal 94S		34230	NWNW	34-24N-10W	NM22044		P	68	79	N/2-320.0A
Helsinki Com 90	Note 5		SW	9-23N-10W	NM36951	Lease Type	LOC A			S/2
Helsinki Com 91	Note 5		SE	9-23N-10W	NM51005	FED	LOC A			S/2-320.0A
Herry Monster 90		32708	NESW	11-24N-11W	NM17015	FED	P	197	58	S/2-320.0A
Herry Monster 90S		32713	SWSE	11-24N-11W	NM17015	FED	P	107	62	S/2-320.0A
Herry Monster 91		32706	NESW	12-24N-11W	NM17015	FED	P	20	23	S/2-320.0A
Herry Monster 91S		32709	NWSE	12-24N-11W	NM17015	FED	P	93	56	S/2-320.0A
Homer Com 90		33456	NESW	29-24N-10W	NM21741	FED	P	48	25	W/2-320.0A
Homer Com 90S		33527	NENW	29-24N-10W	NM15654	FED	P	22	25	W/2-320.0A
Homer Com 91		33526	SENE	29-24N-10W	NM15654	FED	P	14	13	E/2-320.0A
Homer Com 91S		33457	SESE	29-24N-10W	NM21741	FED	P	60	39	E/2-320.0A
Hop Sing 1	Note 4	29378	NWNE	27-23N-11W	NM65528	FED	P	86	92	N/2-320.0A
Hop Sing 1S			NW	27-23N-11W	NM65528	FED	LOC			N/2-320.0A
Hoss Com 90	Note 4	31360	NENE	11-23N-11W	NM96800	FED	P	112	165	E/2-320.0A
Hoss Com 90S		34521	SESE	11-23N-11W	NM90482	FED	P	25	138	E/2-320.0A
Hoss 91	Note 4	33069	SESE	22-23N-11W	NM96800	FED	P	267	183	E/2-320.0A
Hoss 91S	Note 4	33070	SENE	22-23N-11W	NM96800	FED	P	142	65	E/2-320.0A
Hoss 92	Note 4	33068	SESW	22-23N-11W	NM96800	FED	P	182	366	W/2-320.0A
Hoss 92S			NW	22-23N-11W	NM96800	FED	LOC B			W/2-320.0A
Hoss Com 93	Note 5	34535	NWNW	11-23N-11W	NM96800	FED	P	47	48	W/2-320.0A
Hoss Com 94	Note 5	34536	SWSW	11-23N-11W	NM90482	FED	P	57	82	W/2-320.0A
Hoss Com 95	Note 5	34537	NWSE	12-23N-11W	NM96800	FED	P	186	98	E/2-320.0A
Hoss Com Loc A	Note 5		NE	12-23N-11W	NM80498	FED	LOC			E/2-320.0A
Hoss Com 96	Note 5	34601	SWSW	12-23N-11W	NO-G-0311-1696	FED	P	61	102	W/2-320.0A

Hoss Com 97	Note 5	34534	SWNW	12-23N-11W	NM80498	FED	P	82	69	W/2-320.0A
Jim Thorpe Com 90	Note 5		NE	3-23N-10W	NOO-C-14-20-5825	FED	LOC B			N/2-320.0A
Jim Thorpe Com 91	Note 5	35277	SENW	3-23N-10W	NOO-C-14-20-7307	NAV ALTD	P	339	35	N/2-320.0A
Kermit Com 90		32707	SENW	12-24N-11W	NM17015	FED	P	86	60	N/2-320.0A
Little Joe Com 90		33317	SENE	14-23N-11W	NM96800	NAV ALTD	P	3	91	E/2-320.0A
Little Joe Com 90S		33310	NWSE	14-23N-11W	NM90482	NAV ALTD	P	107	97	E/2-320.0A
Little Joe 91		33311	SWSW	14-23N-11W	NM90482	FED	P	72	183	W/2-320.0A
Little Joe 91S		33318	SWNW	14-23N-11W	NM90482	FED	P	56	21	W/2-320.0A
Marathon Com 90	Note 5	34570	NENE	4-23N-10W	NOO-C-14-20-7308	FED	P	70	9	N/2-320.96A
Marathon Com 91	Note 5	34539	NWNW	4-23N-10W	NOO-C-14-20-7309	FED	P	12	42	N/2-320.96A
Martinez Begay Com 1	Note 5	34983	SESE	34-24N-10W	NO-G-0905-1759	FED	P	70	18	S/2-320.0A
Martinez Begay Com 2	Note 5	34923	SESW	34-24N-10W	NO-G-0902-1754	NAV ALTD	P	32	9	S/2-320.0A
Mary Lou 90	Note 4	28026	SWSW	32-24N-10W	V1509	NAV ALTD	P	29	109	S/2-320.0A
Mary Lou 90S	Note 4	31695	NWSE	32-24N-10W	V1509	NAV ALTD	P	46	122	S/2-320.0A
Mary Lou Com 91	Note 4	31694	SENE	32-24N-10W	V1509	NAV ALTD	P	27	117	N/2-320.0A
Mary Lou Com 91S	Note 4	31696	SENW	32-24N-10W	V1509	STATE	P	33	101	N/2-320.0A
Olympic 90	Note 5	35272	SESW	3-23N-10W	NM23744	STATE	P	153	91	S/2-320.0A
Olympic 91	Note 5	35280	SWSE	3-23N-10W	NM23744	STATE	P	324	99	S/2-320.0A
Phoebe Com 90		34053	NWNW	22-24N-10W	NM100808	STATE	P	7	2	N/2-320.0A
Phoebe Com 90S		34023	NENE	22-24N-10W	NM15654	FED	P	13	33	N/2-320.0A
Pierre Com 90	Note 4	33056	SWSW	23-23N-11W	NM80498	FED	P	364	47	W/2-320.0A
Pierre Com 90S	Note 4	33058	SENW	23-23N-11W	NM36952	FED	P	121	112	W/2-320.0A
Pierre Com 91	Note 4	33071	NWSE	23-23N-11W	NM80498	FED	P	337	61	E/2-320.0A
Pierre Com 91S	Note 4	33057	SENE	23-23N-11W	NM36952	FED	P	214	91	E/2-320.0A
Ponderosa Com 90		33346	NWSW	18-23N-10W	NM96799	FED	P	15	57	W/2-320.08A
Ponderosa Com 90S			NW	18-23N-10W	NM86485	FED	LOC			W/2-320.08A
Road Runner 90	Note 4 & 5	28027	NESW	36-24N-11W	V2364	FED	P	7	46	S/2-320.0A
Road Runner 91	Note 5	34525	SWSE	36-24N-11W	V2364	FED	P	52	84	S/2-320.0A
Road Runner 92	Note 5	34524	NWNE	36-24N-11W	V2364	FED	P	71	85	N/2-320.0A
Road Runner 93	Note 5	34523	NWNW	36-24N-11W	V2364	STATE	P	95	38	N/2-320.0A
Rodeo Rosie 90		34052	NWSW	22-24N-10W	NM15654	STATE	P	10	20	S/2-320.0A
Rodeo Rosie 90S		34014	SESE	22-24N-10W	NM15654	STATE	P	143	41	S/2-320.0A
Sesamee Street 90		32702	NWSW	1-24N-11W	NM39017	STATE	P	40	48	W/2-332.48A
Sesamee Street 90S		33189	NENW	1-24N-11W	NM39017	FED	P	2	1	W/2-332.48A
St. Louis Com 90	Note 5	35278	NWNE	9-23N-10W	NOO-C-14-20-7312	FED	P	130	127	N/2-320.0A
St. Louis Com 91	Note 5	35273	NWNW	9-23N-10W	NOO-C-14-20-7313	FED	P	384	93	N/2-320.0A
Squaw Valley Com 90	Note 5	34561	SESW	4-23N-10W	NOO-C-14-20-7310	FED	P	72	51	S/2-320.0A
Squaw valley Com 91	Note 5	34577	SESE	4-23N-10W	NOO-C-14-20-7311	NAV ALTD	P	36	48	S/2-320.0A
Twiddlebug Com 90		34016	NWNW	27-24N-10W	NM15654	NAV ALTD	P	91	35	N/2-320.0A
Twiddlebug Com 90S		34018	NENE	27-24N-10W	NM112956	NAV ALTD	P	116	19	N/2-320.0A
Zoe 90		33452	NESW	19-24N-10W	NM43442	NAV ALTD	P	22	34	W/2-311.56A
Zoe 90S		33451	NENW	19-24N-10W	NM43442	FED	P	34	32	W/2-311.56A
Zoe 91		33450	NENE	19-24N-10W	NM43442	FED	P	47	44	E/2-320.0A
Zoe 91S		33453	NESE	19-24N-10W	NM43442	FED	P	128	38	E/2-320.0A
SSGS Loc C			NW	17-23N-10W	NM57005	FED				N/2-320.0A
SSGS Loc D			NE	17-23N-10W	NM57005	FED				N/2-320.0A
SSGS Loc E			SW	17-23N-10W	NM57005	FED				S/2-320.0A
SSGS Loc F			SE	17-23N-10W	NM57005	FED				S/2-320.0A
SSGS Loc G			NW	20-23N-10W	NM42740	FED				N/2-320.0A
SSGS Loc H			NE	20-23N-10W	NM42740	FED				N/2-320.0A
SSGS Loc I			SW	20-23N-10W	NM42740					S/2-320.0A

SSGS Loc J		SE	20-23N-10W	NM42740					S/2-320.0A
SSGS Loc K		NW	29-23N-10W	NM42740					N/2-320.0A
SSGS Loc L		NE	29-23N-10W	NM42740	FED				N/2-320.0A
SSGS Loc M Com		SW	29-23N-10W	NM42740	FED				S/2-320.0A
SSGS Loc N Com		SE	29-23N-10W	NM42740	FED				S/2-320.0A
SWD WELLS					FED				
Flo Jo 8 SWD	33320	NENE	23-23N-11W	NM36952	FED	Note 6			
Frazzle 1 SWD	33865	NENW	30-24N-10W	NM15654	FED	Note 6			
Herry Monster 3 SWD	33217	SENW	11-24N-11W	NM17015	FED	Note 6			
Mary Lou 1 SWD	26460	NENE	32-24N-10W	V1509	FED	Note 6			
St Moritz 2 SWD	35281	NWSE	26-24N-10W	NM78060	FED	Note 6			

Notes:

1 - Status of well 7/26/13

Loc = proposed general location

LOC A = proposed location - staked

LOC B = proposed location - APD submitted

NC = not connected to gathering system

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

2 - Production during July, 2015.

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

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

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

BLM - 12/26/12

NMSLO - 12/10/12

NMOCD - 12/21/12 - Commingling Order CTB-560-B

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

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

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

Cumulative Production

as of 9/1/15

<u>Well Name</u>	<u>MCF</u>	<u>BW</u>
St. Moritz Com 90	29,368	27,268
St. Moritz Com 91	17,447	30,479