

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



October 25, 2017

ADMINISTRATIVE POOL/LEASE COMMINGLING ORDER

Administrative Order PLC-488
Administrative Application Reference No. pMAM1727735551

Dugan Production Corporation
Attn: Mr. Kevin Smaka

Pursuant to your application received on October 4, 2017, Dugan Production Corporation (OGRID 6515) is hereby authorized to surface commingle **gas production only** from the following pools:

Basin Fruitland Coal (Gas)	(71629)
WC 24N13W2P; Pictured Cliffs	(98182)

and from diversely owned wells identified in Attachment A, and made part of this order. These wells are located on a federal unit, and state leases in Township 24 North, Range 12 West, Township 24 North, Range 13 West, Township 25 North, Range 12 West, and Township 25 North, Range 13 West, NMPM, San Juan County, New Mexico.

Currently, each well either produces or is expected to be completed in the Basin Fruitland Coal (Gas). However, the Sunflower Fruitland Pictured Cliff Unit, as approved by Hearing Order R-14130 issued on February 25, 2016 is comprised of the Basin Fruitland Coal (Gas) Pool and WC 24N13W2P; Pictured Cliffs Pool. Therefore, both pools shall be approved for surface commingling.

Each well will be equipped with an individual gas meter for allocation purposes. Gas that has passed through the well meters will be commingled in operator's Koch Gas Gathering System, and will be again measured, and sold, at the transfer point at the gatherer's sales meter, located in the Unit K of Section 25, Township 25 North, Range 13 West, San Juan County, New Mexico.

The operator shall notify the transporter of this commingling authority.

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

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 October 25, 2017.



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 NO. A
 KOCH GATHERING SYSTEM (10/2/2017)
 SAN JUAN COUNTY, NEW MEXICO

Well Name	API # 30-045-	Surface Location			Completion Date	Current Status (1)	Current Average Production (2)			Spacing Unit
		%4	Sec-Twn-Rng	Lease No.			BOPD	MCFD	BWPD	
WELLS TO BE ADDED (\$4 WELLS)										
Bisti 2 #1	35386	NENE	2-24N-13W	VO-8293-1	11/11/2013	P	0	5.66	48.77	E/2 299.01
Bisti 36 #1	35385	NWNW	36-25N-13W	VB-1443-1	11/11/2013	P	0	132	54.78	W/2 320
Daisy #1	35752	NWNW	32-25N-12W	VB-2186-1		TBD	Loc B	NA	NA	W/2 320
Sunflower Unit #1	35773	NESW	2-24N-13W			TBD	Loc B	NA	NA	E/2 299.01
Sunflower Unit #2	TBD	SWSW	1-24N-13W	Sunflower Fruitland Pictured Cliffs Unit Well	TBD	Loc A	NA	NA	NA	TBD
Sunflower Unit #3	TBD	SENW	6-24N-12W	Sunflower Fruitland Pictured Cliffs Unit Well	TBD	Loc A	NA	NA	NA	TBD
Sunflower Unit #4	TBD	NENE	11-24N-13W	Sunflower Fruitland Pictured Cliffs Unit Well	TBD	Loc A	NA	NA	NA	TBD
Sunflower Unit #5	TBD	NWNW	15-24N-13W	Sunflower Fruitland Pictured Cliffs Unit Well	TBD	Loc A	NA	NA	NA	TBD
Sunflower Unit #6	TBD	NENE	17-24N-13W	Sunflower Fruitland Pictured Cliffs Unit Well	TBD	Loc A	NA	NA	NA	TBD
Future Location #1	TBD	NE	36-25N-13W	VB-1443-1	TBD	LOC	NA	NA	NA	TBD
Future Location #2	TBD	NE	32-25N-12W	VB-2186-1	TBD	LOC	NA	NA	NA	TBD
Future Location #3	TBD	SW	36-25N-13W	VB-1444-1	TBD	LOC	NA	NA	NA	TBD
Future Location #4	TBD	SE	32-25N-12W	VB-1444-1	TBD	LOC	NA	NA	NA	TBD
Future Location #5	TBD	SW	32-25N-12W	VB-2186-1	TBD	LOC	NA	NA	NA	TBD
Future Location #6	TBD	SE	32-25N-12W	VB-2186-1	TBD	LOC	NA	NA	NA	TBD
Future Location #7	TBD	NW	2-24N-13W	Sunflower Fruitland Pictured Cliffs Unit Well	TBD	LOC	NA	NA	NA	TBD
Future Location #8	TBD	NW	1-24N-13W	Sunflower Fruitland Pictured Cliffs Unit Well	TBD	LOC	NA	NA	NA	TBD
Future Location #9	TBD	NE	1-24N-13W	Sunflower Fruitland Pictured Cliffs Unit Well	TBD	LOC	NA	NA	NA	TBD
Future Location #10	TBD	NE	6-24N-12W	Sunflower Fruitland Pictured Cliffs Unit Well	TBD	LOC	NA	NA	NA	TBD
Future Location #11	TBD	SW	2-24N-13W	Sunflower Fruitland Pictured Cliffs Unit Well	TBD	LOC	NA	NA	NA	TBD
Future Location #12	TBD	SE	1-24N-13W	Sunflower Fruitland Pictured Cliffs Unit Well	TBD	LOC	NA	NA	NA	TBD
Future Location #13	TBD	SW	6-24N-12W	Sunflower Fruitland Pictured Cliffs Unit Well	TBD	LOC	NA	NA	NA	TBD
Future Location #14	TBD	SE	6-24N-12W	Sunflower Fruitland Pictured Cliffs Unit Well	TBD	LOC	NA	NA	NA	TBD
Future Location #15	TBD	NW	11-24N-13W	Sunflower Fruitland Pictured Cliffs Unit Well	TBD	LOC	NA	NA	NA	TBD
Future Location #16	TBD	NW	12-24N-13W	Sunflower Fruitland Pictured Cliffs Unit Well	TBD	LOC	NA	NA	NA	TBD
Future Location #17	TBD	NE	12-24N-13W	Sunflower Fruitland Pictured Cliffs Unit Well	TBD	LOC	NA	NA	NA	TBD
Future Location #18	TBD	NW	7-24N-12W	Sunflower Fruitland Pictured Cliffs Unit Well	TBD	LOC	NA	NA	NA	TBD
Future Location #19	TBD	NE	7-24N-12W	Sunflower Fruitland Pictured Cliffs Unit Well	TBD	LOC	NA	NA	NA	TBD
Future Location #20	TBD	SW	11-24N-13W	Sunflower Fruitland Pictured Cliffs Unit Well	TBD	LOC	NA	NA	NA	TBD
Future Location #21	TBD	SE	11-24N-13W	Sunflower Fruitland Pictured Cliffs Unit Well	TBD	LOC	NA	NA	NA	TBD
Future Location #22	TBD	SW	12-24N-13W	Sunflower Fruitland Pictured Cliffs Unit Well	TBD	LOC	NA	NA	NA	TBD
Future Location #23	TBD	SE	12-24N-13W	Sunflower Fruitland Pictured Cliffs Unit Well	TBD	LOC	NA	NA	NA	TBD
Future Location #24	TBD	NW	18-24N-12W	Sunflower Fruitland Pictured Cliffs Unit Well	TBD	LOC	NA	NA	NA	TBD
Future Location #25	TBD	NE	18-24N-12W	Sunflower Fruitland Pictured Cliffs Unit Well	TBD	LOC	NA	NA	NA	TBD
Future Location #26	TBD	NW	17-24N-12W	Sunflower Fruitland Pictured Cliffs Unit Well	TBD	LOC	NA	NA	NA	TBD
Future Location #27	TBD	NW	16-24N-12W	Sunflower Fruitland Pictured Cliffs Unit Well	TBD	LOC	NA	NA	NA	TBD
Future Location #28	TBD	NE	16-24N-13W	Sunflower Fruitland Pictured Cliffs Unit Well	TBD	LOC	NA	NA	NA	TBD
Future Location #29	TBD	NE	15-24N-13W	Sunflower Fruitland Pictured Cliffs Unit Well	TBD	LOC	NA	NA	NA	TBD
Future Location #30	TBD	NW	14-24N-13W	Sunflower Fruitland Pictured Cliffs Unit Well	TBD	LOC	NA	NA	NA	TBD
Future Location #31	TBD	NE	14-24N-13W	Sunflower Fruitland Pictured Cliffs Unit Well	TBD	LOC	NA	NA	NA	TBD
Future Location #32	TBD	SW	18-24N-13W	Sunflower Fruitland Pictured Cliffs Unit Well	TBD	LOC	NA	NA	NA	TBD
Future Location #33	TBD	SE	18-24N-13W	Sunflower Fruitland Pictured Cliffs Unit Well	TBD	LOC	NA	NA	NA	TBD
Future Location #34	TBD	SW	17-24N-13W	Sunflower Fruitland Pictured Cliffs Unit Well	TBD	LOC	NA	NA	NA	TBD
Future Location #35	TBD	SE	17-24N-13W	Sunflower Fruitland Pictured Cliffs Unit Well	TBD	LOC	NA	NA	NA	TBD
Future Location #36	TBD	SW	16-24N-13W	Sunflower Fruitland Pictured Cliffs Unit Well	TBD	LOC	NA	NA	NA	TBD
Future Location #37	TBD	SE	16-24N-13W	Sunflower Fruitland Pictured Cliffs Unit Well	TBD	LOC	NA	NA	NA	TBD
Future Location #38	TBD	NW	19-24N-13W	Sunflower Fruitland Pictured Cliffs Unit Well	TBD	LOC	NA	NA	NA	TBD
Future Location #39	TBD	NE	19-24N-13W	Sunflower Fruitland Pictured Cliffs Unit Well	TBD	LOC	NA	NA	NA	TBD
Future Location #40	TBD	NW	20-24N-13W	Sunflower Fruitland Pictured Cliffs Unit Well	TBD	LOC	NA	NA	NA	TBD
Future Location #41	TBD	NE	20-24N-13W	Sunflower Fruitland Pictured Cliffs Unit Well	TBD	LOC	NA	NA	NA	TBD
Future Location #42	TBD	NW	21-24N-13W	Sunflower Fruitland Pictured Cliffs Unit Well	TBD	LOC	NA	NA	NA	TBD
Future Location #43	TBD	SW	19-24N-13W	Sunflower Fruitland Pictured Cliffs Unit Well	TBD	LOC	NA	NA	NA	TBD
Future Location #44	TBD	SE	19-24N-13W	Sunflower Fruitland Pictured Cliffs Unit Well	TBD	LOC	NA	NA	NA	TBD
Future Location #45	TBD	SW	20-24N-13W	Sunflower Fruitland Pictured Cliffs Unit Well	TBD	LOC	NA	NA	NA	TBD

Please Note: All wells completed in Basin Fruitland Coal, and Sunflower Unit is approved for the Basin Fruitland Coal and Wildcat Pictured Cliffs Gas Pool
 Please Note: there are no plans to complete wells in the Fruitland PC.

1 - Status of well 9/29/17

- Loc = proposed general location
- LOC A = proposed location - staked
- LOC B = proposed location - APD submitted
- NC = not connected to gathering system
- P = producing, includes wells temporarily shut in but able to produce

2 - PREVIOUS YEARS AVERAGE PRODUCTION (June 2016-July 2017)

Well Name	Cumulative	
	6-month prod 2-2017 thru 7-2017	6-month prod 2-2017 thru 7-2017
Bisti 2 #1	6,606	1,399
Bisti 36 #1	188,020	9,358

3 - The Koch Gathering System currently has 2 wells connected and sale gas at an Elm Ridge CDP.
 (CDP) located in NESW, Section 25, T-25N, R-13W on Elm Ridge Field Services Meter No. 31710.

4 - Proposed well location has not been staked. Spacing unit has not been determined.