State of New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez Governor

David Martin Cabinet Secretary

Tony Delfin Deputy Cabinet Secretary

February 18, 2016

Dugan Production Corp. PO Box 420 Farmington, NM 87499

Attn: Tyra Feil

RE: APD Cancellation

Well(s): Bisti 36 #1M API 30-045-35389 UL D, S36 Twn25N R13W 660' FNL & 925' FWL, San Juan County, New Mexico

Bisti 2 #1M API 30-045-35392 UL A, S02, Twn24N R13W 810'FNL & 660' FEL, San Juan County, New Mexico

Ms. Feil,

The Application to Drill for the above mentioned well is expired and has been cancelled effective 2-18-2016. If Dugan intends to drill these wells in the future a New APD will have to be filed and approved prior to drilling.

Thank you,

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Amy H. Vermersch Data Compliance Manager

cc: Well File

David R. Catanach, Division Director Oil Conservation Division

