

Submit 1 Copy To Appropriate District Office
 District I - (575) 393-6161
 1625 N. French Dr., Hobbs, NM 88240
 District II - (575) 748-1283
 811 S. First St., Artesia, NM 88210
 District III - (505) 334-6178
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV - (505) 476-3460
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 Revised July 18, 2013

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

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)		WELL API NO. 30-045-29659
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other		5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator Dugan Production Corp.		6. State Oil & Gas Lease No. VO 8066
3. Address of Operator 709 East Murray Drive, Farmington, New Mexico 87401		7. Lease Name or Unit Agreement Name McCartney
4. Well Location Unit Letter <u>A</u> : <u>1190</u> feet from the <u>North</u> line and <u>825</u> feet from the <u>East</u> line Section <u>2</u> Township <u>22N</u> Range <u>9W</u> NMPM San Juan County		8. Well Number <u>1</u>
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 6598' GR		9. OGRID Number 06515
		10. Pool name or Wildcat Bisti Chacra Extension

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL. <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
DOWNHOLE COMMINGLE <input type="checkbox"/>			
CLOSED-LOOP SYSTEM <input type="checkbox"/>			
OTHER: Construct water and gas pipeline <input checked="" type="checkbox"/>		OTHER: <input type="checkbox"/>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Operator proposes to construct produced water and gas transportation pipelines from the subject well to a centralized water collection and disposal system and a gas compression and sales system. Detailed drawings of the proposed pipeline are attached. The pipelines will be 7,752.1-ft. in length and buried in the same trench. The portion of pipeline that is "on-lease", and is on State surface is 1,165.8-ft. in length and the portions that are "off-lease" are on Federal surface (4,682.6-ft. in length) and Navajo Allotted surface (1,743.7-ft. in length) Right-of-way applications have been submitted for those portion of pipeline that are on Federal and Navajo Allotted surface. Construction will begin when all necessary permits have been approved.

OIL CONS. DIV DIST. 3

Spud Date:

Rig Release Date:

JUN 20 2016

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

SIGNATURE Kurt Fagrelis TITLE Vice President DATE 6/15/2016

Type or print name Kurt Fagrelis E-mail address: kfagrelis@duganproduction.com PHONE: 505-325-1821

For State Use Only

Accepted For Record

APPROVED BY: _____ TITLE _____ DATE _____

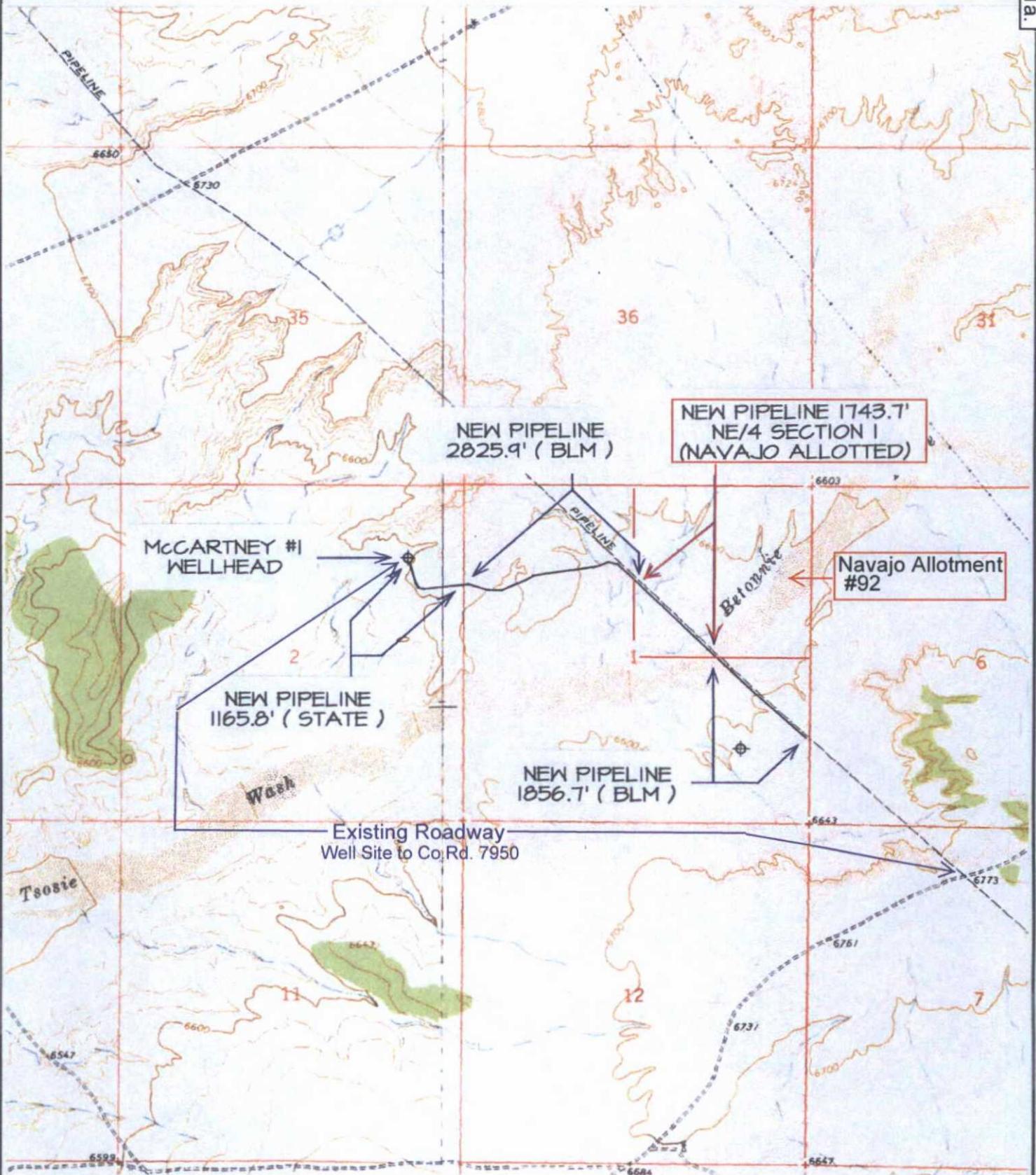
Conditions of Approval (if any):

8
XC

DUGAN PRODUCTION CORPORATION McCARTNEY #1 PIPELINE

LOCATED IN N/2 SE/4, SW/4 NE/4, NW/4 SECTION 1, T22N, R9W,
E/2 NE/4, SECTION 2, T22N, R9W, N.M.P.M.
SAN JUAN COUNTY, NEW MEXICO

EXHIBIT 1a.



McCARTNEY #1
WELLHEAD

NEW PIPELINE
2025.9' (BLM)

NEW PIPELINE 1743.7'
NE/4 SECTION 1
(NAVAJO ALLOTTED)

Navajo Allotment
#92

NEW PIPELINE
1165.8' (STATE)

NEW PIPELINE
1056.7' (BLM)

Existing Roadway
Well Site to Co. Rd. 7950

TOPO NAMES : KIMBETO & LYBROOK NW ⊕ PRODUCING WELL ⊗ PLUGGED & ABANDONED WELL

February 17, 2016

**NEW MEXICO STATE APPLICATION
DUGAN PRODUCTION CORPORATION McCARTNEY #1
E/2 NE/4 SECTION 2, TOWNSHIP 22 NORTH, RANGE 9 WEST
N.M.P.M., SAN JUAN COUNTY, NEW MEXICO**

A strip of land 30 feet wide across a portion of Section 2, Township 22 North, Range 9 West, N.M.P.M., San Juan County, New Mexico being 15 feet on both sides and perpendicular to the following described centerline:

Commencing at the East Quarter Section Corner of said Section 2, thence N0°03'39"W a distance of 1064.94 feet to the "true point-of-beginning" for this description;
Thence S84°58'52"W a distance of 647.99 feet to a point;
Thence N76°01'59"W a distance of 47.36 feet to a point;
Thence N31°24'39"W a distance of 57.82 feet to a point;
Thence N14°47'50"W a distance of 250.98 feet to a point on the 1/16th section line;
Thence N14°47'50"W a distance of 86.95 feet to a point;
Thence N20°49'09"W a distance of 74.66 feet to the "true point-of-ending" for this description from whence the North-East Section Corner of said Section 2 bears N35°23'57"E a distance of 1437.58 feet.

The above described strip of land totals 1165.76 feet or 70.652 rods in length, contains 0.803 acres more or less, and is allocated by 40-acre tracts as follows:

Section 2	SE/4 NE/4	1004.15 Feet	60.858 Rods	0.692 Acre(s)
	NE/4 NE/4	161.61 Feet	9.794 Rods	0.111 Acre(s)
	Total	1165.76 Feet	70.652 Rods	0.803 Acre(s)

BASIS OF BEARING: REAL-TIME KINEMATIC GPS SURVEY SOLUTION OBTAINED FROM SATELLITES TRACKED ON JANUARY 23, 2016 FROM A REFERENCE STATION POSITIONED IN THE SW/4 NW/4 SECTION 36, T23N, R9W, SAN JUAN COUNTY, NEW MEXICO.

SURVEYOR'S CERTIFICATION

I, JASON C. EDWARDS, NEW MEXICO PROFESSIONAL SURVEYOR NO. 15269, DO HEREBY CERTIFY THAT THIS SURVEY DESCRIPTION AND THE ACTUAL SURVEY ON THE GROUND UPON WHICH IT IS BASED WERE PERFORMED BY ME OR UNDER MY DIRECT SUPERVISION; THAT I AM RESPONSIBLE FOR THIS SURVEY; THAT THIS SURVEY MEETS THE MINIMUM STANDARDS FOR SURVEYING IN NEW MEXICO; AND THAT IT IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF. I FURTHER CERTIFY THAT THIS SURVEY IS NOT A LAND DIVISION OR SUBDIVISION AS DEFINED IN THE NEW MEXICO SUBDIVISION ACT.

JASON C. EDWARDS
JASON C. EDWARDS, NEW MEXICO LS #15269
REFERENCE DRAWING: 2292PG5

