

12-7-12 DATE IN	NA SUSPENSE	ENGINEER	DB LOGGED IN	12-21	CTB TYPE	PDK B1235637128 APP NO.
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ABOVE THIS LINE FOR DIVISION USE ONLY

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



*Dugan Products  
Desamex It Gathering  
System*

**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]**

*CTB-560-B*

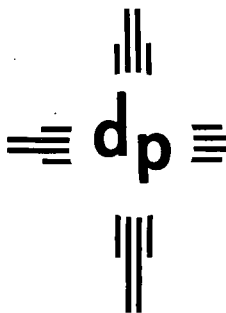
- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
- [A] Location - Spacing Unit - Simultaneous Dedication  
☐ NSL ☐ NSP ☐ SD
- Check One Only for [B] or [C]
- [B] Commingling - Storage - Measurement  
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced 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 or 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,
- [F] ☐ Waivers are Attached

- [3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

- [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.**

_____ Print or Type Name	_____ Signature	_____ Title	_____ Date
_____ e-mail Address			



(12/7/12)

# dugan production corp.

RECEIVED

2012 DEC 7 11:11

December 6, 2012

Ms. Jami Bailey, Director  
New Mexico Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, NM 87505

Mr. Larry Roybal, Director  
Oil, Gas & Minerals Division  
New Mexico State Land Office  
P O Box 1148  
Santa Fe, NM 87504

Mr. Dave Evans, District Manager  
Bureau of Land Management  
6251 College Blvd., Suite A  
Farmington, NM 87402

Re: Application to add a 2<sup>nd</sup> CDP Sales Meter  
Sesamee Street Gas Gathering System  
San Juan County, New Mexico

Dear Ms. Bailey, Mr. Evans, & Mr. Roybal,

Dugan Production requests your approvals to install and operate a second central delivery gas sales meter (CDP 2) at our existing Sesamee Street Gas Gathering System (SSGS). This will require installing approximately 10 miles of gathering system lines extending from the SE/4 Section 4, T-23N, R-10W (@ Dugan's Squaw Valley Com #91), north and easterly to Enterprise's Lateral 10A-2 in the SE/4 of Section 2, T-24N, R-10W. Enterprise Field Services will install and operate a new gas sales meter which will be the second CDP gas sales meter for the SSGS. No new wells will be added to the gathering system at this time, however the proposed CDP 2 and gathering system extension will significantly improve our efforts to maintain optimum gathering system pressures in the current gathering system and will be an important expansion to the gathering system for future development activity. Any wells to be added to the gathering system at some future date will be proposed in a separate application. There currently are 135 wells and locations approved for operation on the SSGS, of which 104 are currently connected and producing. **Attachment No. 1** presents well, lease, and production information for the 135 wells/locations that are currently approved for the SSGS. It should be noted that all 135 wells are either currently completed or will be completed in the Basin Fruitland Coal gas pool (NMOCD Pool 71629). The SSGS was last approved by the NMOCD on 5/23/09 with **Commingling Order CTB-560-A**, the BLM on 6/25/09, and the NMSLO on 4/27/09.

**Attachment No. 2** consists of 3 maps and presents the SSGS along with the proposed extension and new CDP 2, which are highlighted in blue on Maps No. 1 & No. 3. Attachment No. 2 is reduced to 1/2 scale (1" = 4000') for convenience, however we have also included a set of full scale maps for your use and file. All lines being added have been separately proposed and rights-of-ways obtained as the "Olympic Torch Gathering System" extension to SSGS.

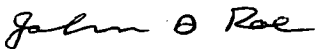
**Attachment No. 3** presents the allocation procedures currently approved for SSGS and is only modified to include a second CDP gas sales meter. For allocation, all gas and BTU volumes measured at each CDP will be added together and the combined volumes used for allocations to individual wells. There is no change in how allocations occur, only that the volumes to be allocated will be measured at two

separate locations and the separate measurements will be added together for a total of gas sales volumes and BTU's.

In summary, we are proposing to add a second CDP gas sales meter to our existing Sesamee Street Gas Gathering System. The existing CDP gas sales meter is operated by Enterprise Field Services (their Meter No. 86238 located in the NESW 30, T-25N, R-10W), and the proposed CDP gas sales meter will also be installed and operated by Enterprise Field Services. Both meters will be electronic flow meters and will be maintained by Enterprise Field Services. The new CDP and gathering system extension will help to keep gathering system pressures lower and optimum, particularly for wells currently on the eastern portion of the gathering system and hopefully will allow for improved individual well production for all wells on the gathering system. In addition, the second CDP and gathering system extension will provide additional gathering system capacity to accommodate future development activity which may be added to the SSGS at some future date following approval to do so under a separate application. Our current proposal to add a second CDP gas sales meter will not change anything currently approved for operation of the SSGS, but hopefully will allow for improved operation of the existing gathering system and wells which will benefit all interest owners.

Should you have questions, or additional information be needed, please feel free to contact me at the letterhead address or by e-mail at [johnroe@duganproduction.com](mailto:johnroe@duganproduction.com).

Sincerely,



John D. Roe  
Engineering Manager

JDR/tmf

cc: NMOCD – Aztec  
Federal Indian Minerals Office

ATTACHMENT NO. 1  
DUGAN PRODUCTION CORP.  
SESAMEE STREET GATHERING SYSTEM (12-1-12) ©  
SAN JUAN COUNTY, NEW MEXICO

Well Name	Map #	API # 30-045-	Location		Lease No.	Lease Type	Communitization Agreement No. (If Established)	Pool	Completion Date	Current Status ①	BTU @ 15.025	Current Average Production ②		Spacing Unit
			¼¼	Sec-Twn-Rng								MCFD	BWPD	
WELLS APPROVED FOR SYSTEM (135 WELLS)														
Adam Com 90	2	33348	NENW	19-23N-10W	NM96799	FED	NMNM116512	BASIN FR COAL	3/7/2006	P	1015	10	11	W/2-320.08A
Adam Com 90S	2		SW	19-23N-10W	NM96799	FED	NMNM116512	BASIN FR COAL		LOC				W/2-320.08A
Ben Com 90	2	33347	SESE	18-23N-10W	NM96799	FED	NMNM116733	BASIN FR COAL	8/28/2007	P	996	14	8	E/2-320.0A
Ben Com 90S	2		NE	18-23N-10W	NM86485	FED	NMNM116733	BASIN FR COAL		LOC				E/2-320.0A
Bert Com 90	1	32714	SWSE	2-24N-11W	NM39017	FED	NMNM112857	BASIN FR COAL	9/30/2005	P	986	41	58	E/2-321.22A
Bert Com 90S	1	32924	NSENE	2-24N-11W	NO-G-0502-1718	NAV ALTD	NMNM112857	BASIN FR COAL	10/5/2005	P	978	10	32	E/2-321.22A
Biff 90	1	33455	NESW	20-24N-10W	NM43442	FED		BASIN FR COAL	6/8/2007	P	1004	57	54	W/2-320.0A
Biff 90S	1	33454	NENW	20-24N-10W	NM43442	FED		BASIN FR COAL	6/20/2007	P	1002	79	57	W/2-320.0A
Biff 91	1	33546	NENE	20-24N-10W	NM43442	FED		BASIN FR COAL	6/7/2007	P	1016	75	65	E/2-320.0A
Biff 91S	1	33481	NESE	20-24N-10W	NM43442	FED		BASIN FR COAL	6/11/2007	P	1012	39	60	E/2-320.0A
Bonanza 90	2	33067	NWNW	26-23N-11W	NM96802	FED		BASIN FR COAL	8/13/2007	P	1009	42	25	W/2-320.0A
Bonanza 90S	2		SW	26-23N-11W	NM96802	FED		BASIN FR COAL		LOC				W/2-320.0A
Bonanza 91	2	33066	NENE	26-23N-11W	NM96802	FED		BASIN FR COAL	8/13/2007	P	999	2	0	E/2-320.0A
Bonanza 91S	2		SE	26-23N-11W	NM96802	FED		BASIN FR COAL		LOC				E/2-320.0A
Bonanza Com 92	2	33312	SWNE	24-23N-11W	NM96802	FED	NMNM119988	BASIN FR COAL	10/22/2009	P	1014	16	13	N/2-320.0A
Bonanza Com 92S	2	33319	SENW	24-23N-11W	NM36952	FED	NMNM119988	BASIN FR COAL	8/23/2007	P	1003	2	2	N/2-320.0A
Calgary 90	1	34232	NENE	6-23N-10W	NM32124	FED		BASIN FR COAL	3/11/2008	P	995	137	124	E/2-319.52A
Calgary 90S	1	34215	SESE	6-23N-10W	NM32124	FED		BASIN FR COAL	8/11/2008	P	994	76	113	E/2-319.52A
Calgary 91	1	34216	SESW	6-23N-10W	NM32124	FED		BASIN FR COAL	8/13/2008	P	993	44	0	W/2-317.2A
Calgary 91S	1	34217	SENW	6-23N-10W	NM32124	FED		BASIN FR COAL	3/7/2008	P	992	21	81	W/2-317.2A
Cartwright Com 90	2	33349	NENE	19-23N-10W	NM96799	FED	NMNM119327	BASIN FR COAL	8/27/2007	P	994	3	13	E/2-320.0A
Cartwright Com 90S	2		SE	19-23N-10W	NM86485	FED	NMNM119327	BASIN FR COAL		LOC				E/2-320.0A
Champ 90	1	34219	NWNE	5-23N-10W	NM42059	FED		BASIN FR COAL	6/13/2008	P	996	106	37	E/2-320.14A
Champ 90S	1	34233	SESE	5-23N-10W	NM42059	FED		BASIN FR COAL	8/27/2008	P	992	128	88	E/2-320.14A
Champ 91	1	34220	SESW	5-23N-10W	NM42059	FED		BASIN FR COAL	8/26/2008	P	995	139	139	W/2-319.62A
Champ 91S	1	34218	NWNW	5-23N-10W	NM42059	FED		BASIN FR COAL	6/11/2008	P	995	56	77	W/2-319.62A
Clementine Com 90	1	34015	SESW	27-24N-10W	NM21741	FED	NMNM112614	BASIN FR COAL	8/20/2007	P	1032	36	77	S/2-320.0A
Clementine Com 90S	1	34017	SESE	27-24N-10W	NM112956	FED	NMNM112614	BASIN FR COAL	8/22/2007	P	1023	8	2	S/2-320.0A
Dinger 90	1	34020	NWSE	28-24N-10W	NM21741	FED		BASIN FR COAL	7/23/2007	P	1033	39	27	S/2-320.0A
Dinger 90S	1	34019	NWSW	28-24N-10W	NM21741	FED		BASIN FR COAL	7/18/2007	P	1022	59	54	S/2-320.0A
Elmo Com 90	1	32704	SENW	11-24N-11W	NM17015	FED	NMNM110561	BASIN FR COAL	10/13/2005	P	977	21	40	N/2-320.0A
Elno Com 90S	1	32925	SWNE	11-24N-11W	NO-G-0502-1719	NAV ALTD	NMNM110561	BASIN FR COAL	1/6/2006	P	986	96	50	N/2-320.0A
Ernie Com 90	1	32919	NWNE	1-24N-11W	NO-G-0502-1717	NAV ALTD	NMNM112582	BASIN FR COAL	9/9/2005	P	973	127	60	E/2-321.72A
Ernie Com 90S	1	32703	SWSE	1-24N-11W	NM39017	FED	NMNM112582	BASIN FR COAL	9/9/2005	P	982	12	11	E/2-321.72A
Flo Jo 90	2	33381	SWNE	13-23N-11W	NM36952	FED		BASIN FR COAL	6/23/2008	P	997	16	26	E/2-320.0A
Flo Jo 90S	2	33345	NWSE	13-23N-11W	NM36952	FED		BASIN FR COAL	6/17/2008	P	1004	24	48	E/2-320.0A
Flo Jo 91	2	33344	NWSW	13-23N-11W	NM36952	FED		BASIN FR COAL	8/14/2007	P	1004	30	42	W/2-320.0A
Flo Jo 91S	2	33327	SWNW	13-23N-11W	NM36952	FED		BASIN FR COAL	8/14/2007	P	997	62	61	W/2-320.0A
Flo Jo 92 Note 5	1	34516	NWNE	1-23N-11W	NM36952	FED		BASIN FR COAL	12/10/2009	P	984	37	69	N/2-320.28A
Flo Jo 93 Note 5	1	34517	NWNW	1-23N-11W	NM36952	FED		BASIN FR COAL	7/10/2009	P	973	152	95	N/2-320.28A
Flo Jo 94 Note 5	1	34522	SWSW	1-23N-11W	NM36952	FED		BASIN FR COAL	7/16/2009	P	986	150	95	S/2-320.0A
Flo Jo 95 Note 5	1	34529	NWSE	1-23N-11W	NM36952	FED		BASIN FR COAL	12/30/2009	P	985	38	66	S/2-320.0A
Frazzle Com 90	1	33483	NESW	30-24N-10W	NM78060	FED	NMNM110560	BASIN FR COAL	6/6/2007	P	975	102	82	W/2-313.44A
Frazzle Com 90S	1	33482	NENW	30-24N-10W	NM15654	FED	NMNM110560	BASIN FR COAL	6/5/2007	P	988	46	68	W/2-313.44A
Frazzle Com 91	1	33480	NENE	30-24N-10W	NM15654	FED	NMNM118636	BASIN FR COAL	6/1/2007	P	1001	189	95	E/2-320.0A
Frazzle Com 91S	1	33479	NESE	30-24N-10W	NM78060	FED	NMNM118636	BASIN FR COAL	4/24/2008	P	995	97	76	E/2-320.0A
Gold Medal 90	1	34227	SESW	31-24N-10W	NM22044	FED		BASIN FR COAL	11/6/2007	P	989	93	107	W/2-314.40A
Gold Medal 90S	1	34221	NENW	31-24N-10W	NM22044	FED		BASIN FR COAL	10/22/2007	P	989	35	0	W/2-314.40A
Gold Medal 91	1	34225	NENE	31-24N-10W	NM22044	FED		BASIN FR COAL	10/30/2007	P	995	43	88	E/2-320.0A
Gold Medal 91S	1	34226	SESE	31-24N-10W	NM22044	FED		BASIN FR COAL	11/5/2007	P	995	61	0	E/2-320.0A
Gold Medal 92	1	34231	NENE	33-24N-10W	NM22044	FED		BASIN FR COAL	11/28/2007	P	1026	139	84	N/2-320.0A
Gold Medal 92S	1	34222	NWNW	33-24N-10W	NM22044	FED		BASIN FR COAL	11/26/2007	P	1021	134	103	N/2-320.0A

Well Name	Map #	API # 30-045-	Location		Lease No.	Lease Type	Communitization Agreement No. (If Established)	Pool	Completion Date	Current Status Ⓞ	BTU @ 15.025	Current Average Production Ⓞ		Spacing Unit
			¼¼	Sec-Twn-Rng								MCFD	BW/D	
Gold Medal 93	1	34224	SWSW	33-24N-10W	NM22044	FED		BASIN FR COAL	6/10/2008	P	1013	126	88	S/2-320.0A
Gold Medal 93S	1	34223	NESE	33-24N-10W	NM22044	FED		BASIN FR COAL	7/9/2009	P	1019	83	92	S/2-320.0A
Gold Medal 94	1	34229	SWNE	34-24N-10W	NM22044	FED		BASIN FR COAL	8/5/2008	P	1037	101	0	N/2-320.0A
Gold Medal 94S	1	34230	NWNW	34-24N-10W	NM22044	FED		BASIN FR COAL	8/7/2008	P	1032	77	81	N/2-320.0A
Helsinki Com 90 Note 5	2		SW	9-23N-10W	NM36951	FED	pending	BASIN FR COAL		LOC A				S/2
Helsinki Com 91 Note 5	2		SE	9-23N-10W	NM51005	FED	pending	BASIN FR COAL		LOC A				S/2-320.0A
Herry Monster 90	1	32708	NESW	11-24N-11W	NM17015	FED		BASIN FR COAL	12/19/2005	P	975	238	54	S/2-320.0A
Herry Monster 90S	1	32713	SWSE	11-24N-11W	NM17015	FED		BASIN FR COAL	12/16/2005	P	990	152	69	S/2-320.0A
Herry Monster 91	1	32706	NESW	12-24N-11W	NM17015	FED		BASIN FR COAL	2/4/2006	P	992	33	65	S/2-320.0A
Herry Monster 91S	1	32709	NWSE	12-24N-11W	NM17015	FED		BASIN FR COAL	2/1/2006	P	997	98	63	S/2-320.0A
Homer Com 90	1	33456	NESW	29-24N-10W	NM21741	FED	NMNM118422	BASIN FR COAL	5/24/2007	P	1012	182	75	W/2-320.0A
Homer Com 90S	1	33527	NENW	29-24N-10W	NM15654	FED	NMNM118422	BASIN FR COAL	4/25/2008	P	1011	37	53	W/2-320.0A
Homer Com 91	1	33526	SENE	29-24N-10W	NM15654	FED	NMNM118445	BASIN FR COAL	5/31/2007	P	1017	76	62	E/2-320.0A
Homer Com 91S	1	33457	SESE	29-24N-10W	NM21741	FED	NMNM118445	BASIN FR COAL	5/25/2007	P	1020	13	45	E/2-320.0A
Hop Sing 1 Note 4	2	29378	NWNE	27-23N-11W	NM65528	FED		BASIN FR COAL	5/25/2004	P	1006	16	35	N/2-320.0A
Hop Sing 1S	2		NW	27-23N-11W	NM65528	FED		BASIN FR COAL		LOC				N/2-320.0A
Hoss Com 90 Note 4	2	31360	NENE	11-23N-11W	NM96800	FED	NMNM108255	BASIN FR COAL	5/19/2003	P	989	37	84	E/2-320.0A
Hoss Com 90S	2	34521	SESE	11-23N-11W	NM90482	FED	NMNM108255	BASIN FR COAL	7/27/2009	P	994	103	88	E/2-320.0A
Hoss 91 Note 4	2	33069	SESE	22-23N-11W	NM96800	FED		BASIN FR COAL	9/13/2006	P	1007	39	38	E/2-320.0A
Hoss 91S Note 4	2	33070	SENE	22-23N-11W	NM96800	FED		BASIN FR COAL	2/24/2006	P	1004	19	137	E/2-320.0A
Hoss 92 Note 4	2	33068	SESW	22-23N-11W	NM96800	FED		BASIN FR COAL	9/19/2006	P	1005	22	61	W/2-320.0A
Hoss 92S	2		NW	22-23N-11W	NM96800	FED		BASIN FR COAL		LOC				W/2-320.0A
Hoss Com 93 Note 5	2	34535	NWNW	11-23N-11W	NM96800	FED	NMNM123996	BASIN FR COAL	8/12/2009	P	974	24	29	W/2-320.0A
Hoss Com 94 Note 5	2	34536	SWSW	11-23N-11W	NM90482	FED	NMNM123996	BASIN FR COAL	8/6/2009	P	993	41	66	W/2-320.0A
Hoss Com 95 Note 5	2	34537	NWSE	12-23N-11W	NM96800	FED	pending	BASIN FR COAL	Note 7	NC				E/2-320.0A
Hoss Com Loc A Note 5	2		NE	12-23N-11W	NM80498	FED	pending	BASIN FR COAL		LOC				E/2-320.0A
Hoss Com 96 Note 5	2	34601	SWSW	12-23N-11W	NO-G-0311-1696	NAV ALTD	pending	BASIN FR COAL		LOC B				W/2-320.0A
Hoss Com 97 Note 5	2	34534	SWNW	12-23N-11W	NM80498	FED	NMNM123307	BASIN FR COAL	7/20/2009	P	994	128	55	W/2-320.0A
Jim Thorpe Com 90 Note 5	1		NE	3-23N-10W	NOO-C-14-20-5825	NAV ALTD	pending	BASIN FR COAL		LOC A				N/2-320.0A
Jim Thorpe Com 91 Note 5	1	35277	SENW	3-23N-10W	NOO-C-14-20-7307	NAV ALTD	pending	BASIN FR COAL		LOC B				N/2-320.0A
Kermit Com 90	1	32707	SENW	12-24N-11W	NM17015	FED	NMNM104900	BASIN FR COAL	1/27/2006	P	1005	112	47	N/2-320.0A
Little Joe Com 90	2	33317	SENE	14-23N-11W	NM96800	FED	NMNM119377	BASIN FR COAL	8/24/2007	P	1006	49	44	E/2-320.0A
Little Joe Com 90S	2	33310	NWSE	14-23N-11W	NM90482	FED	NMNM119377	BASIN FR COAL	8/28/2007	P	1001	9	55	E/2-320.0A
Little Joe 91	2	33311	SWSW	14-23N-11W	NM90482	FED		BASIN FR COAL	8/10/2007	P	1004	5	13	W/2-320.0A
Little Joe 91S	2	33318	SWNW	14-23N-11W	NM90482	FED		BASIN FR COAL	8/10/2007	P	1007	8	61	W/2-320.0A
Marathon Com 90 Note 5	1	34570	NENE	4-23N-10W	NOO-C-14-20-7308	NAV ALTD	NMNM121673	BASIN FR COAL	10/21/2011	P	1016	34	10	N/2-320.96A
Marathon Com 91 Note 5	1	34539	NWNW	4-23N-10W	NOO-C-14-20-7309	NAV ALTD	NMNM121673	BASIN FR COAL	8/27/2009	P	1004	28	14	N/2-320.96A
Martinez Begay Com 1 Note 5	1	34983	SESE	34-24N-10W	NO-G-0905-1759	NAV ALTD	NMNM112624	BASIN FR COAL	2/2/2011	P	1034	42	51	S/2-320.0A
Martinez Begay Com 2 Note 5	1	34923	SESW	34-24N-10W	NO-G-0902-1754	NAV ALTD	NMNM112624	BASIN FR COAL	4/26/2010	P	1021	19	18	S/2-320.0A
Mary Lou 90 Note 4	1	28026	SWSW	32-24N-10W	V1509	STATE		BASIN FR COAL	9/15/1990	P	1001	28	95	S/2-320.0A
Mary Lou 90S Note 4	1	31695	NWSE	32-24N-10W	V1509	STATE		BASIN FR COAL	10/2/2003	P	1007	42	0	S/2-320.0A
Mary Lou Com 91 Note 4	1	31694	SENE	32-24N-10W	V1509	STATE	State	BASIN FR COAL	6/12/2006	P	1016	287	103	N/2-320.0A
Mary Lou Com 91S Note 4	1	31696	SENW	32-24N-10W	V1509	STATE	State	BASIN FR COAL	10/3/2003	P	1004	41	88	N/2-320.0A
Olympic 90 Note 5	1	35272	SESW	3-23N-10W	NM23744	FED		BASIN FR COAL		LOC B				S/2-320.0A
Olympic 91 Note 5	1	35280	SWSE	3-23N-10W	NM23744	FED		BASIN FR COAL		LOC B				S/2-320.0A
Phoebe Com 90	1	34053	NWNW	22-24N-10W	NM100808	FED	NMNM119013	BASIN FR COAL	10/31/2007	P	972	14	13	N/2-320.0A
Phoebe Com 90S	1	34023	NENE	22-24N-10W	NM15654	FED	NMNM119013	BASIN FR COAL	8/3/2007	P	971	6	13	N/2-320.0A
Pierre Com 90 Note 4	2	33056	SWSW	23-23N-11W	NM80498	FED	NMNM121634	BASIN FR COAL	2/24/2006	P	1008	22	25	W/2-320.0A
Pierre Com 90S Note 4	2	33058	SENW	23-23N-11W	NM36952	FED	NMNM121634	BASIN FR COAL	3/1/2006	P	1011	1	0	W/2-320.0A
Pierre Com 91 Note 4	2	33071	NWSE	23-23N-11W	NM80498	FED	NMNM122057	BASIN FR COAL	3/1/2006	P	1011	9	31	E/2-320.0A
Pierre Com 91S Note 4	2	33057	SENE	23-23N-11W	NM36952	FED	NMNM122057	BASIN FR COAL	3/7/2006	P	1005	6	7	E/2-320.0A
Ponderosa Com 90	2	33346	NWSW	18-23N-10W	NM96799	FED	NMNM119328	BASIN FR COAL	8/29/2007	P	1010	2	1	W/2-320.08A
Ponderosa Com 90S	2		NW	18-23N-10W	NM86485	FED	NMNM119328	BASIN FR COAL		LOC				W/2-320.08A
Road Runner 90 Note 4 & 5	1	28027	NESW	36-24N-11W	V2364	STATE		BASIN FR COAL	11/26/1990	P	970	7	29	S/2-320.0A
Road Runner 91 Note 5	1	34525	SWSE	36-24N-11W	V2364	STATE		BASIN FR COAL	11/25/2009	P	981	30	77	S/2-320.0A
Road Runner 92 Note 5	1	34524	NWNE	36-24N-11W	V2364	STATE		BASIN FR COAL	12/3/2009	P	975	37	0	N/2-320.0A
Road Runner 93 Note 5	1	34523	NWNW	36-24N-11W	V2364	STATE		BASIN FR COAL	11/17/2009	P	971	143	66	N/2-320.0A

Well Name	Map #	API # 30-045-	Location		Lease No.	Lease Type	Communitization Agreement No. (If Established)	Pool	Completion Date	Current Status ①	BTU @ 15,025	Current Average Production ②		Spacing Unit
			¼	Sec-Twn-Rng								MCFD	BW/D	
Rodeo Rosie 90	1	34052	NWSW	22-24N-10W	NM15654	FED		BASIN FR COAL	8/23/2007	P	970	4	0	S/2-320.0A
Rodeo Rosie 90S	1	34014	SESE	22-24N-10W	NM15654	FED		BASIN FR COAL	8/16/2007	P	994	117	55	S/2-320.0A
Sesamee Street 90	1	32702	NWSW	1-24N-11W	NM39017	FED		BASIN FR COAL	9/22/2005	P	983	58	71	W/2-332.48A
Sesamee Street 90S	1	33189	NENW	1-24N-11W	NM39017	FED		BASIN FR COAL	6/9/2006	P	978	3	21	W/2-332.48A
St. Louis Com 90 Note 5	2	35278	NWNE	9-23N-10W	NOO-C-14-20-7312	NAV ALTD	pending	BASIN FR COAL		LOC B				N/2-320.0A
St. Louis Com 91 Note 5	2	35273	NWNW	9-23N-10W	NOO-C-14-20-7313	NAV ALTD	pending	BASIN FR COAL		LOC B				N/2-320.0A
Squaw Valley Com 90 Note 5	1	34561	SESW	4-23N-10W	NOO-C-14-20-7310	NAV ALTD	NMNM124303	BASIN FR COAL	9/2/2009	P	996	136	50	S/2-320.0A
Squaw valley Com 91 Note 5	1	34577	SESE	4-23N-10W	NOO-C-14-20-7311	NAV ALTD	NMNM124303	BASIN FR COAL	10/20/2011	P	998	38	64	S/2-320.0A
Twiddlebug Com 90	1	34016	NWNW	27-24N-10W	NM15654	FED	NMNM103018	BASIN FR COAL	7/25/2007	P	1013	95	74	N/2-320.0A
Twiddlebug Com 90S	1	34018	NENE	27-24N-10W	NM112956	FED	NMNM103018	BASIN FR COAL	7/27/2007	P	1001	35	60	N/2-320.0A
Zoe 90	1	33452	NESW	19-24N-10W	NM43442	FED		BASIN FR COAL	6/18/2007	P	1025	68	64	W/2-311.56A
Zoe 90S	1	33451	NENW	19-24N-10W	NM43442	FED		BASIN FR COAL	7/11/2007	P	998	92	75	W/2-311.56A
Zoe 91	1	33450	NENE	19-24N-10W	NM43442	FED		BASIN FR COAL	7/16/2007	P	1002	93	44	E/2-320.0A
Zoe 91S	1	33453	NESE	19-24N-10W	NM43442	FED		BASIN FR COAL	6/19/2007	P	1003	235	90	E/2-320.0A
SSGS Loc C	2		NW	17-23N-10W	NM57005	FED		BASIN FR COAL						N/2-320.0A
SSGS Loc D	2		NE	17-23N-10W	NM57005	FED		BASIN FR COAL						N/2-320.0A
SSGS Loc E	2		SW	17-23N-10W	NM57005	FED		BASIN FR COAL						S/2-320.0A
SSGS Loc F	2		SE	17-23N-10W	NM57005	FED		BASIN FR COAL						S/2-320.0A
SSGS Loc G	2		NW	20-23N-10W	NM42740	FED		BASIN FR COAL						N/2-320.0A
SSGS Loc H	2		NE	20-23N-10W	NM42740	FED		BASIN FR COAL						N/2-320.0A
SSGS Loc I	2		SW	20-23N-10W	NM42740	FED		BASIN FR COAL						S/2-320.0A
SSGS Loc J	2		SE	20-23N-10W	NM42740	FED		BASIN FR COAL						S/2-320.0A
SSGS Loc K	2		NW	29-23N-10W	NM42740	FED		BASIN FR COAL						N/2-320.0A
SSGS Loc L	2		NE	29-23N-10W	NM42740	FED		BASIN FR COAL						N/2-320.0A
SSGS Loc M Com	2		SW	29-23N-10W	NM42740	FED		BASIN FR COAL						S/2-320.0A
SSGS Loc N Com	2		SE	29-23N-10W	NM42740	FED		BASIN FR COAL						S/2-320.0A
<b>SWD WELLS</b>														
Flo Jo 8 SWD	2	33320	NENE	23-23N-11W	NM36952	FED		ENTRADA SWD	2/10/2006	Note 6				
Frazzle 1 SWD	1	33865	NENW	30-24N-10W	NM15654	FED		ENTRADA SWD	2/9/2007	Note 6				
Herry Monster No. 3 SWD	1	33217	SESW	11-24N-11W	NM17015	FED		ENTRADA SWD	11/14/2005	Note 6				
Mary Lou 1 SWD	1	26460	NENE	32-24N-10W	V1509	STATE		MESAVERDE SWD	9/23/2003	Note 6				
St Moritz No. 2 SWD	3	35281	NWSE	26-24N-10W	NM78060	FED		ENTRADA SWD	3/23/2012	Note 6				

Notes:

N/A - Not applicable or not needed

NR - None Reported

1 - Status of well 12/1/12

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 September, 2012. MCFD = MCF of gas produced per day, BWPD = bbl of water per day. For wells with questionable production during 9/12, an average of prior months is presented.

\* = well not producing 12/1/12. For wells not completed, anticipated production: Basin Fruitland Coal = 150 mcf + 150 BWPD plus no oil or condensate

3 - The Sesamee Street Gas Gathering System currently has 135 wells approved for surface commingling and off-lease measurement of gas at a central delivery sales meter

(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. A second CDP gas sales meter

(CDP 2) is now proposed at the NWSE (Unit J) of Section 2, T-24N, R-10W and will be on Enterprise Field Services Lateral 10A-2. Enterprise Field Services will install

and operate CDP 2 gas sales meter. Current regulatory approvals:

BLM - 6/25/09

NMSLO - 4/27/09

NMOCD - 5/23/09 Commingling Order CTB-560-A

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;

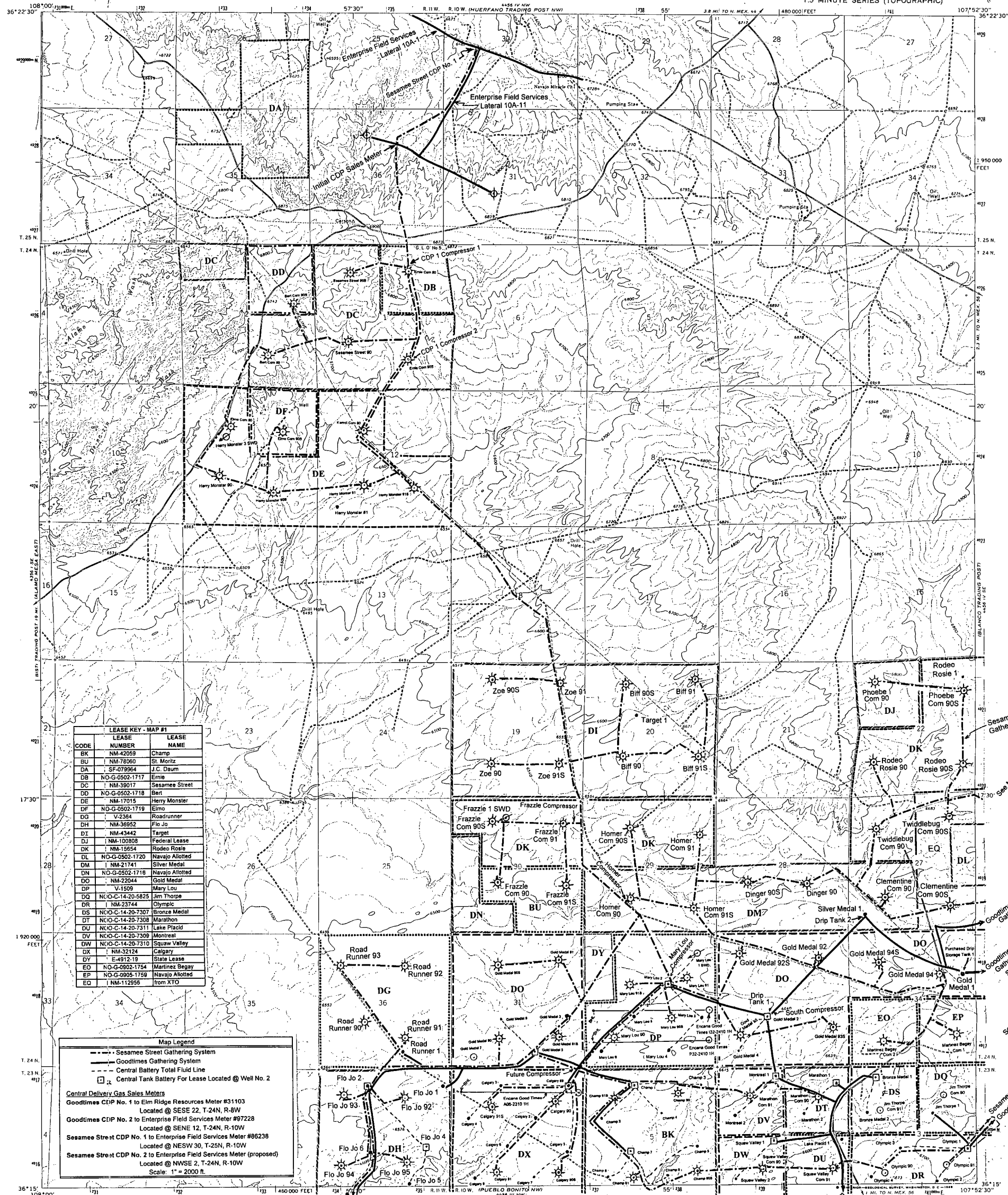
<u>Wells</u>	<u>Common Spacing Unit</u>	<u>Wells</u>	<u>Common Spacing Unit</u>
Flo Jo 92 & 93	N/2 1-23N-11W	Marathon Com 90 & 91	N/2 4-23N-10W
Flo Jo 94 & 95	S/2 1-23N-11W	Martinez Begay Com 1 & 2	S/2 34-24N-10W
Helsinki Com 90 & 91	S/2 9-23N-10W	Olympic 90 & 91	S/2 3-24N-11W
Hoss Com 93 & 94	W/2 11-23N-11W	Road Runner 90 & 91	S/2 36-24N-11W
Hoss Com 95 & Infill	E/2 12-23N-11W	Road Runner 92 & 93	N/2 36-24N-11W
Hoss Com 96 & 97	W/2 12-23N-11W	Squaw valley Com 90 & 91	S/2 4-23N-10W
Jim Thorpe Com 90 & 91	N/2 3-24N-10W	St. Louis Com 90 & 91	N/2 9-23N-10W

6 - NMOCD Administrative Order authorizing water disposal by underground injection: Flo Jo 8 SWD (SWD-1006), Frazzle 1 SWD (SWD-1048), Herry Monster 3 SWD (SWD-994), Mary Lou 1 SWD (SWD-884-B), St. Moritz 2 SWD (SWD-1318).

7 - Well spudded 6/27/11. Completion pending.

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
GEOLOGICAL SURVEY

HUERFANO TRADING POST SW QUADRANGLE  
NEW MEXICO—SAN JUAN CO.  
7.5 MINUTE SERIES (TOPOGRAPHIC)



Attachment No. 2  
Map No. 1  
Dugan Production Corp.  
Sesamee Street & Goodtimes Gathering System  
San Juan Co., NM  
As of December 1, 2012

HUERFANO TRADING POST SW, N. MEX.  
N3615—W10752.5/7.5  
1966  
AMS 4456 IV SW—SERIES 7081



[illegible]

PUEBLO BONITO NW, N. MEX.  
N3607.5--W10752.5/7.5  
1966  
AMS 4456 III NW--SERIES Y881



UNITED STATES  
DEPARTMENT OF THE INTERIOR  
GEOLOGICAL SURVEY

R-10-W | R-9-W

BLANCO TRADING POST QUADRANGLE  
NEW MEXICO—SAN JUAN CO.  
7.5 MINUTE SERIES (TOPOGRAPHIC)

**Map Legend**

- Sesame Street Gathering System
- Goodtimes Gathering System
- Central Battery Total Fluid Line
- Central Tank Battery For Lease Located @ Well No. 2

**Central Delivery Gas Sales Meters**

- Goodtimes CDP No. 1 to Elm Ridge Resources Meter #31103  
Located @ SESE 22, T-24N, R-9W
- Goodtimes CDP No. 2 to Enterprise Field Services Meter #97228  
Located @ SENE 12, T-24N, R-10W
- Sesame Street CDP No. 1 to Enterprise Field Services Meter #86238  
Located @ NESW 30, T-25N, R-10W
- Sesame Street CDP No. 2 to Enterprise Field Services Meter (proposed)  
Located @ NWSE 2, T-24N, R-10W

Scale: 1" = 2000 ft

NEW MEXICO - SAN JUAN CO.

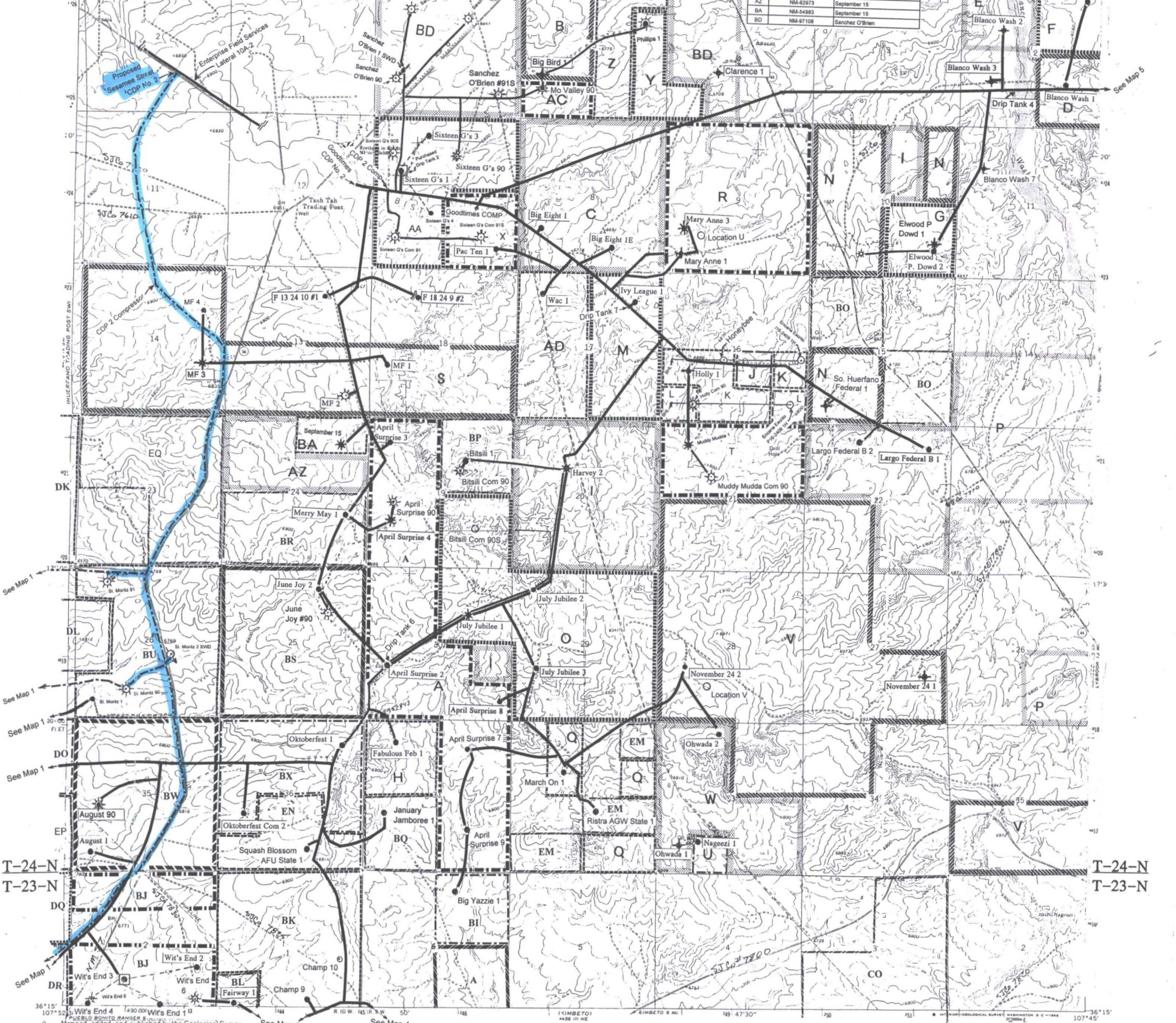
7.5 MINUTE SERIES (TOPOGRAPHIC)

LEASE KEY - MAP #3

CODE	LEASE NUMBER	LEASE NAME	CODE	LEASE NUMBER	LEASE NAME
A	NM-4958	April Surprise	BI	NO-G-0502-1715	Big Yazzie
B	NM-18759	Big Bird Mo Valley	BJ	LH-1896	Wit's End
C	NM-25440	Big Eight	BK	NM-42059	Champ
D	NOO-C-14-20-0603-1404	Blanco Wash 1	BL	NM-23470	Fairway
E	NOO-C-14-20-0603-1403	Blanco Wash 2 (terminated)	BO	NM-07859-D	Federal Lease
F	NOO-C-14-20-0603-1405	Blanco Wash 4	BP	NO-G-0103-1462	Bitall
G	NM-8520	Elwood P Dowd	BR	NM-25842	January Jamboree
H	NM-51000	Fabulous Feb	BS	NM-5911	Merry May
I	NM-10755	Harvey/July Jubilee	BU	NM-78060	St. Moritz
J	B-10989-18 & 23	Holly	BV	NM-43443	August
K	V-2918-S	State Lease (replaced LG-1035-3)	BW	NM-43443	August
L	V-8491	Holly (replaced E-6844)	CO	LG-8804	Oktoberfest
M	NM-45208	Ivy League	DO	NM-22944	Gold Medal
N	NM-100302	MC Chase (replaced SF-078859)	EQ	NO-G-0502-1720	Rodeo Rose
O	NM-24661	July Jubilee	EP	NM-10054	Navajo Abolished
P	SF-078860	Largo Federal B	EM	NO-G-0502-1720	Jim Thorpe
Q	LG-5685	March On	EN	NM-23744	Olympic
R	NM-10089	Mary Anne	EO	V-1360	Ristra AGW
S	NM-16760	MF	EP	LG-5685	Squash Blossom AFU
T	NM-36474	Muddy Mudda	EQ	NO-G-0502-1720	Navajo Abolished
U	SF-078862-A	Nageezi			
V	NM-12374	November 24			
W	NM-80843	Ohwada			
X	NM-45207	Pac Ten			
Y	NM-36473	Wac			
Z	NM-63319	Phillips			
AA	NM-25432	Sixteen G's			
AB	NM-23742	Mo Valley/Big Bird			
AD	NM-36473	Wac			
AZ	NM-62973	September 15			
BA	NM-54983	September 15			
BD	NM-87108	Sanchez O'Brien			

T-25-N  
T-24-N

T-25-N  
T-24-N



T-24-N  
T-23-N

T-24-N  
T-23-N

R-10-W | R-9-W

Attachment No. 2

Map No. 3

Dugan Production Corp.  
Sesame Street & Goodtimes Gathering System  
San Juan Co., NM  
As of December 1, 2012

ROAD CLASSIFICATION  
Medium-duty ——— Light-duty ———  
Unimproved dirt ——— State Route

BLANCO TRADING POST, N. MEX.  
N3615—W10745/7.5

1966

AMS 4456 IV SE—SERIES V881

Topography by photogrammetric methods from aerial photographs taken 1965. Field checked 1966.  
Polyconic projection, 927 North American datum.  
10,000-foot grid based on New Mexico coordinate system, west zone.  
1000-meter Universal Transverse Mercator grid ticks, zone 13, shown in blue.  
Fine red dashed lines indicate selected fence lines.

UTM GRID AND 1983 MAGNETIC NORTH DECLINATION AT CENTER OF SHEET





**ATTACHMENT NO. 3**  
**Allocation Procedures (Attachment No. 6 in application dated 3/25/09)**  
**Dugan Production Corp.'s**  
**Sesamee Street Gathering System**

**CDP 1 Gas Sales Meter: Enterprise Field Services Meter #86238. Initial location @ SWNE 36, T-25N, R-11W.**  
**Revised location @ NESW 30, T-25N, R-10W (CDP moved 5/9/08)**

**CDP 2 Proposed Gas Sales Meter: Enterprise Field Services Meter to be installed @ NWSE 2, T-24N, R-10W**  
**San Juan County, New Mexico**

**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 Meters during allocation period (CDP 1 + CDP 2).

Y = BTU's from CDP Sales Meters during allocation period (CDP 1 + CDP 2).

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 =  $(W / \text{SUM } W) \times X$

B = On lease fuel usage, MCF. Determined from equipment specifications, operating conditions and days operated.

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  $(W / \text{SUM } W)$  for the wells involved.

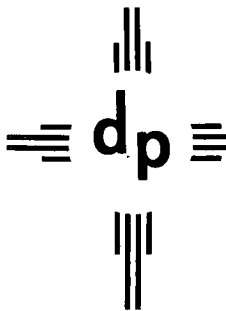
E = Allocated volume of gas lost and/or vented from the gathering system and/or gathering system equipment, MCF. The total volume will be determined using industry accepted procedures for the conditions existing at the time of the loss. All volumes corresponding to liquid condensation within the gathering system will also be determined. The total volume lost and/or vented will be allocated to the individual wells affected using factors determined by  $(W / \text{SUM } W)$ .

F = Allocated gas sales volume (MCF) associated with water production = (A) in mcf for the central battery separator multiplied by a factor of  $(U / \text{SUM } U)$  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 =  $(U / \text{Sum } U) \times V$ .



# dugan production corp.

RECEIVED OCD

2013 JAN -2 P 1:44

December 28, 2012

Ms. Jami Bailey, Director  
New Mexico Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, NM 87505

Re: Dugan Production's  
Application dated 12/6/12 to add a 2<sup>nd</sup> CDP Sales Meter  
Sesamee Street Gas Gathering System  
San Juan County, New Mexico

Dear Ms. Bailey,

Attached for your consideration of the subject application are copies of approvals from the New Mexico State Land Office (dated 12/10/12) and the Bureau of Land Management (dated 12/26/12).

Should you have questions or need additional information, please let me know.

Sincerely,

*John D. Roe*

John D. Roe  
Engineering Manager

JDR/tmf

attachments

THE STATE OF NEW MEXICO  
BUREAU OF LAND MANAGEMENT  
SANTA FE, NEW MEXICO

DATE: 12/26/12



**Ray Powell, M.S., D.V.M.**  
**COMMISSIONER**

*State of New Mexico*  
*Commissioner of Public Lands*

310 OLD SANTA FE TRAIL  
P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

**COMMISSIONER'S OFFICE**

Phone (505) 827-5760  
Fax (505) 827-5766  
[www.nmstatelands.org](http://www.nmstatelands.org)

December 10, 2012

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

Attn: Mr. John D. Roe

Re: Application to add a 2<sup>nd</sup> CDP Sales Meter  
Dugan Production's Sesamee Street Gas Gathering System  
State Lease Numbers V-1509 & V-2364  
San Juan County, New Mexico

Dear Mr. Roe:

We are in receipt of your letter of December 6, 2012 requesting our approval to add install and operate a second central delivery gas sales meter (CDP-2) at your existing Sesamee Street Gas Gathering System (SSGS). It is our understanding that there will be no new wells added to the gathering system at this time.

Since it appears that all the New Mexico Oil Conservation Division's rules and regulations have been complied with, and there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request is hereby approved. Our approval is subject to like approval by the New Mexico Oil Conservation Division and the Bureau of Land Management.


Please submit a \$30.00 dollar filing fee.

If you have any questions, or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.  
COMMISSIONER OF PUBLIC LANDS

BY:

  
Larry J. Roybal, Director  
Oil, Gas and Minerals Division  
(505) 827-5744

RP/LR/pm

cc: Reader File,

OCD-Santa Fe, Attention: Mr. Ed Martin

BLM-Farmington, Attn: Mr. Wayne Townsend

DEC 14 2012



# United States Department of the Interior

## BUREAU OF LAND MANAGEMENT

Farmington District Office  
6251 College Blvd - Suite A  
Farmington, New Mexico 87402  
www.blm.gov/nm



In Reply Refer To:  
3162.7-3  
Sesamee Street Gathering System

December 26, 2012

RECEIVED  
DEC 28 2012

John Roe  
Dugan Production Company  
P.O. box 420  
Farmington, New Mexico 87499-0420

Dear Mr. Roe:

Reference is made to your application dated December 6, 2012, requesting approval to install and operate a second central delivery point (CDP) gas sales meter on the Sesamee Street Gathering System (SSGS). The additional metering point will require the installation of approximately ten miles of new pipeline starting at a location in the SE1/4 of section 4, T.23N., R.10W., and ending in the SE1/4 of section 2, T.24N., R.10W., where the new meter will be located. Enterprise Field Services will install and operate the new meter and Dugan Production Company (Dugan) will install the gathering system pipeline. According to your application, this system installation will allow Dugan to optimize gathering line pressures and allow for future well development proposals.

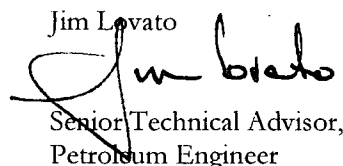
After considering the merits of your application, the expansion of the SSGS is considered to be in the public interest based on the following reasons:

- Resource recovery will be maximized by reducing gathering line pressures and extending the life of the wells currently connected to the system.
- Although an additional ten miles of pipeline will be required, the overall environmental impacts will be minimized by allowing any future wells to be connected to this pipeline extension in lieu of separate pipeline and compressor installations tied directly into a third party pipeline carrier.

As such, Dugan Production Company is hereby authorized to expand the SSGS to include an additional CDP to be located in the **SE1/4 Section 2, T.24N., R.10W.** This authorization is contingent upon Dugan adhering to the original terms and conditions and any subsequent amendments to the SSGS. Also, please be advised that this authorization is for the inclusion of the additional CDP only, the installation of the pipeline and any other associated facilities must be applied for and approval obtained under separate authorizations. Please provide this office with a Sundry notice upon completion of the meter installation including the actual legal location and the assigned meter number.

If you have any questions regarding the above, please contact me at (505) 564-7735.

Jim Levato



Senior Technical Advisor,  
Petroleum Engineer

Cc: NMOCD: Santa Fe  
FIMO