

BIG BAND GATHERING SYSTEM (APPLICATION DATED 7/2015)
CENTRAL DELIVERY SALES METER (ENTERPRISE METER NO. 03049) SENW 12, T-22N, R-7W ©
SAN JUAN COUNTY, NEW MEXICO

Well Name	API No.	Well Location	Well Location		Communitization Agreement No. (If Established)	Pool	Completion Date	Well Status ①	Current Prod. ②			Spacing Unit	Dates for SC, OLM & S ③			
		UL-Sec-Twn-Rng	Lease No.	Lse. Type					MCFD	BC/D	BWPD		Application	BLM Approval	NMSLO Approval	NMOCD Approval
WELLS TO BE ADDED TO SYSTEM (23 WELLS & 15 LOCATIONS)																
Cleve Kyle location A	pending	NE/4-17-22N-8W	NM43438	FED	pending	Basin Fruitland Coal		LOC				E/2-320A				
Cleve Kyle location A infill	pending	SE/4-17-22N-8W	NM43438	FED	pending	Basin Fruitland Coal		LOC				E/2-320A				
Cleve Kyle location B	pending	NW/4-17-22N-8W	NM43438	FED	pending	Basin Fruitland Coal		LOC				W/2-320A				
Cleve Kyle location B infill	pending	SW/4-17-22N-8W	NM43438	FED	pending	Basin Fruitland Coal		LOC				W/2-320A				
Cleve Kyle location C	pending	NE/4-18-22N-8W	NM43438	FED	pending	Basin Fruitland Coal		LOC				E/2-320A				
Cleve Kyle location C infill	pending	SE/4-18-22N-8W	NM43438	FED	pending	Basin Fruitland Coal		LOC				E/2-320A				
Cleve Kyle location D (Note 16)	pending	NW/4-18-22N-8W	NM43438	FED	pending	Basin Fruitland Coal		LOC				W/2-320A				
Cleve Kyle location D infill	pending	SW/4-18-22N-8W	NM43438	FED	pending	Basin Fruitland Coal		LOC				W/2-320A				
Cochran 3 (Note 13)	30-045-34693	O-16-22N-8W	VA1119	ST	N/A	Basin Fruitland Coal	9/24/09	P	5	0	85.7	E/2-320A				
Cochran infill well (Note 16)	pending	NE/4-16-22N-8W	VA1119	ST	N/A	Basin Fruitland Coal		LOC				E/2-320A				
Gillespie Com 1 (Note 13)	30-045-34930	G-9-22N-8W	NM109396	FED	NMNM112645	Basin Fruitland Coal	11/5/10	P	12	0	59.6	N/2-320A				
Gillespie Com infill well	pending	NW/4-9-22N-8W	NM109396	FED	NMNM112645	Basin Fruitland Coal		LOC				N/2-320A				
Lennon Com 1 (Note 13 & 15)	30-045-35149	A-19-22N-8W	NO-G-0912-1764	I	NMNM112661	Basin Fruitland Coal	10/2/12	P	79	0	52.4	E/2-320A				
Lennon Com 2 (Note 13 & 15)	30-045-35148	I-19-22N-8W	NO-G-0912-1763	I	NMNM112661	Basin Fruitland Coal	10/2/12	P	239	0	72.2	E/2-320A				
Mancini 1 (Note 13 & 15)	30-045-34333	E-15-22N-8W	NM048989	FED	N/A	Basin Fruitland Coal	9/26/07	P	17	0	37.6	W/2-320A				
Mancini 2 (Note 13 & 15)	30-045-34334	L-15-22N-8W	NM048989	FED	N/A	Basin Fruitland Coal	9/25/07	P	49	0	64.7	W/2-320A				
Mancini 3 (Note 13 & 15)	30-045-34757	B-15-22N-8W	NM048989	FED	N/A	Basin Fruitland Coal	9/9/13	P	79	0	91.9	E/2-320A				
Mancini 4 (Note 13 & 15)	30-045-34758	I-15-22N-8W	NM048989	FED	N/A	Basin Fruitland Coal	9/10/13	P	57	0	101.7	E/2-320A				
Mancini Com 5 (Note 13 & 15)	30-045-34761	M-10-22N-8W	NM048989	FED	NMNM130418	Basin Fruitland Coal	8/28/13	P	139	0	98.4	W/2-320A				
Mancini Com 6 (Note 13 & 15)	30-045-34759	E-10-22N-8W	NM109396	FED	NMNM130418	Basin Fruitland Coal	8/21/13	P	56	0	101.0	W/2-320A				
Mancini 7 (Note 13 & 15)	30-045-34760	P-10-22N-8W	NM048989	FED	N/A	Basin Fruitland Coal	8/30/13	P	60	0	75.5	E/2-320A				
Mancini 8 (Note 13 & 15)	30-045-34764	B-10-22N-8W	NM048989	FED	N/A	Basin Fruitland Coal	8/26/13	P	24	0	58.2	E/2-320A				
Mary Rose Com 2 (Note 13)	30-045-35147	P-20-22N-8W	NO-G-0912-1762	I	NMNM112652	Basin Fruitland Coal	12/2/12	P	154	0	97.6	E/2-320A				
Mary Rose Com 2 infill well	pending	NE/4-20-22N-8W	NM57445	FED		Basin Fruitland Coal		LOC				E/2-320A				
McCartney 1	30-045-29659	A-2-22N-9W	VA1120	ST	N/A	Bisti Chacra Ext.	10/12/98	SI-NC	---	---	---	NE/4				
Satchmo Com 1 (Note 13)	30-045-34429	N-3-22N-8W	NM90468	FED	NMNM121554	Basin Fruitland Coal	5/27/08	P	14	0	54.3	S/2-320A				
Satchmo Com infill well (Note 16)	pending	SE/4-3-22N-8W	NM96798	FED	NMNM121554	Basin Fruitland Coal		LOC				S/2-320A				
Satchmo Com 2 (Note 13)	30-045-34425	J-4-22N-8W	NM90468	FED	NMNM121116	Basin Fruitland Coal	5/30/08	P	16	0	46.2	E/2-322.5A				
Satchmo Com infill well	pending	NE/4-4-22N-8W	NM55836	FED	NMNM121116	Basin Fruitland Coal		LOC				E/2-322.5A				
Satchmo Com 3 (Note 13)	30-045-34402	M-4-22N-8W	NM90468	FED	NMNM121133	Basin Fruitland Coal	6/3/08	P	25	0	85.3	W/2-321.53A				
Satchmo Com infill well	pending	NW/4-4-22N-8W	NM90468	FED	NMNM121133	Basin Fruitland Coal		LOC				W/2-321.53A				
Susana Com 1 (Note 13)	30-045-35243	D-2-21N-8W	V7770	ST	State CA-no #	Basin Fruitland Coal	9/19/11	P	76	0	55.2	N/2-321.44A				
Susana Com infill well	pending	NE/4-2-21N-8W	V7769	ST	State CA-no #	Basin Fruitland Coal		LOC				N/2-321.44A				
Tom Wood Denn 1 (Note 13 & 15)	30-045-34926	A-8-22N-8W	NO-G-0902-1757	I	NMNM112639	Basin Fruitland Coal	9/20/10	P	12	0	96.6	N/2-320A				
Tom Wood Denn 2 (Note 13 & 15)	30-045-34933	C-8-22N-8W	NO-G-0902-1758	I	NMNM112639	Basin Fruitland Coal	9/20/10	P	37	0	34.3	N/2-320A				
Warner Federal 1	30-045-05065	A-10-22N-8W	NM048989	FED	N/A	East Bisti Chacra	10/16/65	P	3	0	80.9	NE/4-160A				
Wood Denn 1 (Note 13 & 15)	30-045-34925	L-8-22N-8W	NO-G-0902-1756	I	NMNM112635	Basin Fruitland Coal	10/23/10	P	26	0	110.9	S/2-320A				
Wood Denn 2 (Note 13 & 15)	30-045-34924	P-8-22N-8W	NO-G-0902-1755	I	NMNM112635	Basin Fruitland Coal	11/10/10	P	26	0	93.0	S/2-320A				
WELLS PREVIOUSLY APPROVED FOR BIG BAND GATHERING SYSTEM (33 WELLS & 34 completions)																
Bear 2	30-045-28552	E-34-23N-8W	NM50999	FED		Nageezi Gallup	4/23/92	P-NC	0	0	0.1	SW/4 NW/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Belushi 1 (Note 17)	30-045-31257	J-5-22N-8W	NM90468	FED		Bisti CH & Basin FR Coal	2/8/05	P	3	0	51.4	SE/4 & E/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Billie 2 (Note 7)	30-045-24713	L-35-22N-8W	NM8902	FED		Rusty Chacra	1/31/81	P	3	0	11.3	SW/4	9/6/2001	2/15/2002	N/A	10/5/2001
Billie Com 90	30-045-33872	D-35-22N-8W	NM94067	FED	NMNM118430	Basin Fruitland Coal	5/17/07	P	33	0	75.4	W/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Billie Com 91	30-045-33873	A-35-22N-8W	NM94067	FED	NMNM119554	Basin Fruitland Coal	9/27/07	P	3	0	50.6	E/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Cleve Kyle 2	30-045-29038	D-18-22N-8W	NM43438	FED		Bisti Chacra Ext.	5/12/94	P	4	0	1.0	NW/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Cochran 1	30-045-24465	A-16-22N-8W	VA1119	ST		Bisti Chacra Ext.	6/24/98	SI-NC	---	---	---	NE/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Dorsey 1 (Note 7)	30-045-29909	E-26-22N-8W	NM90472	FED		Rusty Chacra	12/1/99	P	0	0	0.0	NW/4	9/6/2001	2/15/2002	N/A	10/5/2001
Dorsey Com 90	30-045-33861	C-26-22N-8W	NM90472	FED	NMNM118403	Basin Fruitland Coal	9/29/09	P	24	0	145.9	W/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Dorsey Com 90S	30-045-33862	L-26-22N-8W	NM94067	FED	NMNM118403	Basin Fruitland Coal	5/10/07	P	118	0	70.7	W/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006

Well Name	API No.	Well Location	Well Location		Communitization Agreement No. (If Established)	Pool	Completion Date	Well Status ①	Current Prod. ②			Spacing Unit	Dates for SC, OLM & S ③			
			Lease No.	Lse.Type					MCFD	BC/D	BWPD		Application	BLM Approval	NMSLO Approval	NMOCD Approval
Ellington 1 (Note 7)	30-045-29907	UL-Sec-Twn-Rng	N-26-22N-8W	NM94067	FED		10/6/99	P	1	0	15.9	SW/4	9/6/2001	2/15/2002	N/A	10/5/2001
Ellington Com 90	30-045-33871	B-26-22N-8W	NM90472	FED	NMNM112646	Basin Fruitland Coal	10/20/09	P	11	0	53.8	E/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Ellington Com 90S	30-045-33870	P-26-22N-8W	NM94067	FED	MNM112646	Basin Fruitland Coal	10/9/09	P	204	0	150.4	E/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Gaye 1	30-045-29063	P-1-22N-9W	NM90475	FED		Bisti Chacra	6/7/94	P	1	0	1.9	SE/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Goodman 2 (Note 7)	30-045-29191	L-23-22N-8W	NM90471	FED		Rusty Chacra	1/4/95	P	0	0	0.0	SW/4	9/6/2001	2/15/2002	N/A	10/5/2001
Goodman 90	30-045-30780	J-23-22N-8W	NM90471	FED		Basin Fruitland Coal	12/9/03	P	10	0	39.0	E/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Harrison 1	30-045-31087	I-24-22N-9W	NM89099	FED		Bisti Chacra Ext.	2/5/03	P	1	0	1.1	SE/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Harrison Com 90	30-045-31092	A-24-22N-9W	NM92738	FED	NMNM108160	Basin Fruitland Coal	2/5/03	P	31	0	46.5	E/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Hendrix 1	30-045-28931	B-7-22N-8W	NM55836	FED		Bisti Chacra	5/11/93	P	0	0	1.0	NE/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006
James 1 (Note 7)	30-045-29910	I-24-22N-8W	NM93253	FED		Rusty Chacra	12/31/99	P	0	0	0.0	SE/4	9/6/2001	2/15/2002	N/A	10/5/2001
James 90	30-045-30779	L-24-22N-8W	NM93253	FED		Basin Fruitland Coal	12/10/03	P	10	0	43.3	W/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Joplin 1	30-045-28976	A-12-22N-9W	NM90476	FED		Bisti Chacra	9/21/93	P	1	0	2.0	NE/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Marley 1 (Note 10)	30-045-29158	N-36-23N-9W	VA1121	ST		Basin Fruitland Coal	10/28/05	SI	---	---	---	W/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Morrison 1	30-045-28980	H-13-22N-9W	NM90477	FED		Bisti Chacra	9/3/93	P	0	0	1.0	NE/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Presley 1	30-045-29061	P-7-22N-8W	NM90469	FED		Bisti Chacra	5/23/94	SI	0	0	0.0	SE/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Sage Creek 1 P&A'd	30-045-26757	I-3-22N-8W	NM96798	FED		Basin Fruitland Coal	2/5/2007	PA 6/8/09				E/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Zappa 3 FC (Note 7 & 8)	30-045-29908	P-27-22N-8W	NM57445	FED		Basin Fruitland Coal	12/2/99	P-DHC	10	0	42.8	S/2	9/6/2001	2/15/2002	N/A	10/5/2001
Zappa 3 RC (Note 7 & 8)	30-045-29908	P-27-22N-8W	NM57445	FED		Rusty Chacra	12/2/99	P-DHC	10	0	42.8	SE/4	9/6/2001	2/15/2002	N/A	10/5/2001
Zappa 3S	30-045-33855	L-27-22N-8W	NM57445	FED		Basin Fruitland Coal	4/2/07	P	199	0	65.6	S/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Zappa 91	30-045-29997	A-27-22N-8W	NM57445	FED		Basin Fruitland Coal	2/2/01	P	12	0	35.1	N/2	9/6/2001	2/15/2002	N/A	10/5/2001
Zappa 91S	30-045-33856	E-27-22N-8W	NM57445	FED		Basin Fruitland Coal	4/2/07	P	307	0	92.0	N/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Zappa 92	30-045-33857	I-21-22N-8W	NM57445	FED		Basin Fruitland Coal	5/16/07	P	163	0	74.8	E/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Zappa 93	30-045-33858	M-22-22N-8W	NM57445	FED		Basin Fruitland Coal	4/27/07	P	55	0	72.6	S/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Zappa 93S	30-045-33859	P-22-22N-8W	NM57445	FED		Basin Fruitland Coal	4/27/07	P	57	0	69.8	S/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
SWD WELLS																
Cochran 2 SWD (Note 14)	30-045-33932	H-16-22N-8W	VA1119	ST		SWD; Morrison	3/20/07	SWD								
Morrison 2 SWD (Note 14)	30-045-33684	H-13-22N-9W	NM90477	FED		SWD; Entrada	9/12/12	SWD								

Notes:

N/A = Not applicable or not needed

NR = None Reported

Note 1 - Well status as of 07/01/15

LOC = General location. The actual location will be staked and APD prepared at a later date.

NC = Not connected to gathering system

P = Producing

P-DHC = Producing downhole commingled

PA = Plugged & Abandoned

SI = Shut in

TA = Temporarily abandoned

Note 2 - Current production presents the average daily production during January, 2015.

Note 3 - Dates of application and regulatory approvals for permission to use Dugan's Big Band Gathering System to facilitate gas sales which typically requires the surface commingling (SC) plus off-lease measurement (OLM) and sale(S) of produced natural gas. The NMOCD has issued **commingling order PLC-191-A (Corrected) dated 4/17/07** for the Big Band Gathering System.

Note 4 - Big Band Central Delivery Sales Meter (CDP) was initially authorized to be PNM's Meter no. 1335 located @ NENE 27, T-22N, R-8W with an option to deliver gas to the Rusty Chacra Gathering System & CDP (Enterprise Meter No. 03049 located @ SENW 12, T-22N, R-7W) should gas delivery to PNM at their CDP not be possible. Dugan Production did attempt to deliver to PNM, however, we were not able to meet PNM's gas quality requirements since PNM's line was delivering gas to the Albuquerque area for residential consumption and PNM did not have treatment facilities. In addition, we found that the fuel requirement to operate a 3 stage compressor and the two dehydrators necessary to operate on PNM's 500 PSI pipeline were not economically feasible.

Note 7 - The Chacra completion was initially believed to be in or an extension to the Bisti Chacra pool. NMOCD Order R-11445 dated 9-5-00 extended the Rusty Chacra pool to include the subject well and acreage.

Note 8 - Production from the Rusty Chacra and Basin Fruitland Coal are downhole commingled by NMOCD Order DHC-2673. Commingled production (gas and water) is allocated 50% to the Chacra and 50% to the Basin Fruitland Coal.

Note 10 - The Chacra completion was plugged 8/30/05 and the Fruitland Coal perforated on 9/23/05. A gas rate of 24 mcf/d has been tested following a breakdown of the perforations. The Fruitland Coal will be considered for fracture stimulation upon obtaining a pipeline connection for gas sales.

Note 13 - Gas deliveries to Rusty Chacra Gathering System (all gas volumes mcf @ 15.025 psi).

Well	1st gas to Rusty Chacra Gath. System	Production 7/14 thru 01/15			Average Production		Cumulative Production 2/1/2015	
		mcf	bw	days	mcf/d	bw/d	mcf	bw
East Chacra Pool								
Warner Federal 1	1/12/2010	435	13,732	206	2.1	66.7	6,730	83,472
Basin Fruitland Coal Pool								
Cochran 3	10/28/2009	968	20,357	215	4.5	94.7	5,816	78,016
Gillespie Com 1	12/9/2010	2,169	11,337	206	10.5	55.0	16,902	143,230
Lennon Com 1	10/23/2012	16,587	15,563	207	80.1	75.2	36,018	23,130
Lennon Com 2	10/23/2012	49,181	15,990	206	238.7	77.6	105,916	21,898
Mancini 1	10/12/2007	4,544	8,078	184	24.7	43.9	82,823	196,211
Mancini 2	10/12/2007	6,743	11,167	206	32.7	54.2	71,435	176,656
Mancini 3	9/30/2013	16,922	18,383	206	82.1	89.2	34,810	44,737
Mancini 4	9/30/2013	11,864	18,531	206	57.6	90.0	27,462	28,449
Mancini Com 5	9/28/2013	35,685	17,763	206	173.2	86.2	75,311	42,475
Mancini Com 6	9/11/2013	12,379	20,678	206	60.1	100.4	45,351	44,225
Mancini 7	9/30/2013	13,077	16,452	206	63.5	79.9	27,956	36,991
Mancini 8	9/11/2013	4,013	11,571	206	19.5	56.2	14,454	25,803
Mary Rose Com 2	10/24/2012	36,599	19,602	206	177.7	95.2	112,955	69,342
Satchmo Com 1	7/10/2008	2,930	11,647	206	14.2	56.5	24,144	180,300
Satchmo Com 2	7/10/2008	1,833	6,464	206	8.9	31.4	14,211	134,811
Satchmo Com 3	7/10/2008	5,183	18,185	206	25.2	88.3	56,555	187,830
Susana Com 1	10/12/2011	18,943	12,295	206	92.0	59.7	102,617	104,762
Tom Wood Denn 1	9/23/2010	2,371	20,052	206	11.5	97.3	19,321	110,274
Tom Wood Denn 2	10/14/2010	4,780	6,575	206	23.2	31.9	39,137	127,967
Wood Denn 1	10/23/2010	3,509	19,042	206	17.0	92.4	26,322	123,792
Wood Denn 2	11/10/2010	4,412	17,805	206	21.4	86.4	21,515	90,131
Pool Total		254,692	317,537		1240.5	1,608.3	961,031	1,991,030

Note 14 - NMOCD Administrative Order authorizing water disposal by underground injection: Cochran No. 2 SWD (SWD-1047), Morrison No. 2 SWD (SWD - 1317)

Note 15 - Dugan Production has 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:

Wells	Common Spacing Unit
Lennon Com 1 & 2	E/2 19-22N-8W
Mancini 1 & 2	W/2 15-22N-8W
Mancini 3 & 4	E/2 15-22N-8W
Mancini Com 5 & 6	W/2 10-22N-8W
Mancini 7 & 8	E/2 10-22N-8W
Tom Wood Denn 1 & 2	N/2 8-22N-8W
Wood Denn 1 & 2	S/2 8-22N-8W

Note 16 - Location is within the "Big Band Gas Gathering System Area" defined by NMOCD Order PLC-191-A (Corrected) dated 4/17/07, which provides that future wells completed in a pool covered by the order are also included in the commingling order. Since only 3 of the 38 wells/locations being added are covered by this provision, for simplicity, the locations for Cleve Kyle Location D, Cochran infill and Satchmo Com 1 infill are included in this application.

Note 17 - The Basin Fruitland Coal interval has not been completed, but it is being considered for completion, and upon completion, an application to downhole commingle with the Bisti Chacra will be submitted.

Well Name	API No.	Well Location	Well Location		Communitization	Pool	Completion	Well	MCF	OIL	WATER	DAYS	Current Prod. @			Spacing
		UL-Sec-Twn-Rng	Lease No.	Lea. Type	Agreement No. (If Established)		Date	Status @					MCFD	BC/D	BWPD	Unit
WELLS TO BE ADDED TO SYSTEM (4 WELLS + 4 LOCATIONS)																
Basie Com 1	30-043-21112	D-21-22N-7W	NM109393	FED	NMNM112676	Basin Fruitland Coal	9/29/11	P	128	0	809	31	4	0	28.1	N/2-320A
Basie Com intill well	pending	NE/4-21-22N-7W	NM6680	FED	NMNM112676	Basin Fruitland Coal		LOC								N/2-320A
Lombardo Com 1	30-043-21107	M-29-22N-7W	NM6680	FED	NMNM112653	Basin Fruitland Coal	12/7/11	P	903	0	2437	31	29	0	78.6	W/2-320A
Lombardo Com intill well	pending	NW/4-29-22N-7W	NM109392	FED	NMNM112653	Basin Fruitland Coal		LOC								W/2-320A
Miller Com 1	30-043-21109	D-32-22N-7W	V7847	ST	State CA-no #	Basin Fruitland Coal	12/7/11	P	1768	0	1700	31	57	0	54.8	W/2-320A
Miller Com intill well	pending	SW/4-32-22N-7W	V7861	ST	State CA-no #	Basin Fruitland Coal		LOC								W/2-320A
Shaw Com 1	30-043-21108	M-16-22N-7W	V7860	ST	State CA-no #	Basin Fruitland Coal	9/19/11	P	21	0	324	31	1	0	10.5	W/2-320A
Shaw Com intill well	pending	NW/4-16-22N-7W	V7846	ST	State CA-no #	Basin Fruitland Coal		LOC								W/2-320A
WELLS PREVIOUSLY APPROVED FOR RUSTY GATHERING SYSTEM (39 WELLS)																
Chacra 1	30-043-20308	D-10-22N-7W	NM25821	FED		Rusty Chacra	2/9/1978	P	19	0	110	31	1	0	3.5	NW/4
Chacra 2	30-043-20309	O-21-22N-7W	NM25821	FED		Rusty Chacra	2/21/1978	P	99	0	0	31	3	0	0.0	SE/4
Dome Federal 01-21-7 1	30-043-20638	H-1-21N-7W	NM15649	FED		Rusty Chacra	7/2/1982	P	24	0	0	31	1	0	0.0	NE/4
Dome Federal 10-22-7 1	30-043-20484	H-10-22N-7W	NM6680	FED		Rusty Chacra	10/23/1980	P	245	0	360	31	8	0	11.6	NE/4
Dome Federal 15-22-7 1	30-043-20281	P-15-22N-7W	NM6899	FED		Rusty Chacra	6/15/1979	P	323	0	0	31	10	0	0.0	SE/4
Dome Federal 16-22-6 3	30-043-20481	E-18-22N-6W	NM21455	FED		Rusty Chacra	10/21/1980	P	58	0	570	31	2	0	18.4	NW/4
Dome Federal 19-22-6 1	30-043-20404	M-19-22N-6W	NM21455	FED		Rusty Chacra	8/30/1979	P	210	0	0	31	7	0	0.0	SW/4
Dome Federal 29-22-6 2	30-043-20406	K-29-22N-6W	NM6676	FED		Rusty Chacra	10/10/1980	P	5	0	0	31	0	0	0.0	SW/4
Dome Federal 29-22-6 3	30-043-20483	H-29-22N-6W	NM6676	FED		Rusty Chacra	12/31/1980	P	6	0	0	31	0	0	0.0	NE/4
Dome Federal 30-22-6 1	30-043-20407	C-30-22N-6W	NM6641	FED		Rusty Chacra	8/30/1979	P	177	0	0	31	6	0	0.0	NW/4
Dome Navajo 03-22-7 1	30-043-20449	J-3-22N-7W	NOOC14205555	I		Alamo Gallup	3/21/1980	P	523	0	0	31	17	0	0.0	NW/4 SE/4
Dome Navajo 17-22-7 2	30-043-20480	K-17-22N-7W	NOOC14205382	I		Rusty Chacra	10/28/1980	P	100	0	0	31	3	0	0.0	SW/4
Dome Navajo 20-22-7 1	30-043-20408	H-20-22N-7W	NOOC14205596	I		Rusty Chacra	7/25/1979	P	114	0	0	31	4	0	0.0	NE/4
Dome Navajo 27-22-6 1	30-043-20475	M-27-22N-6W	NOOC14205046	I		Rusty Chacra	1/18/1987	P	58	0	0	31	2	0	0.0	SW/4
Dome Navajo 28-22-6 2	30-043-20477	I-28-22N-6W	NOOC14205044	I		Rusty Chacra	10/13/1980	P	36	0	0	31	1	0	0.0	SE/4
Dome Navajo 28-22-6 4	30-043-20476	K-28-22N-6W	NOOC14205045	I		Rusty Chacra	12/31/1980		6	0	800	31	0	0	25.8	SW/4
Dome Navajo 33-22-6 2	30-043-20664	N-33-22N-6W	NOOC14205048	I		Rusty Chacra	12/2/1982	P	315	0	0	31	10	0	0.0	SW/4
Dome Navajo 34-22-6 1	30-043-20478	C-34-22N-6W	NOOC14205061	I		Rusty Chacra	1/23/1981	P	39	0	0	31	1	0	0.0	NW/4
Dome Rusty 20-22-7 1	30-043-20319	P-20-22N-7W	NM7262	FED		Rusty Chacra	8/28/1978	P	75	0	0	31	2	0	0.0	SE/4
Dome Rusty 30-22-6 1	30-043-20318	B-30-22N-6W	NM6676	FED		Rusty Chacra	6/30/1978	P	300	0	0	31	10	0	0.0	NE/4
Dome State 32-22-6 2	30-043-20470	A-32-22N-6W	LG3923	ST		Rusty Chacra	1/5/1981	P	345	0	0	31	11	0	0.0	NE/4
Dome Tesoro 22 4	30-043-20642	C-22-22N-7W	NOOC14205366	I		Rusty Gallup	4/30/1981	P	227	25	0	31	7	0.8	0.0	NE/4 NW/4
Dome Tesoro 23 1	30-043-20506	L-23-22N-7W	NOOC14205360	I		Rusty Gallup	11/29/1980	P	145	111	0	31	5	3.6	0.0	NW/4 SW/4
Dome Tesoro 27 3	30-043-20515	D-27-22N-7W	NOOC14205365	I		Rusty Gallup	2/9/1981	P	177	11	0	31	6	0.4	0.0	NW/4 NW/4
Federal 25-22-7 1	30-043-20398	B-25-22N-7W	NM6899	FED		Rusty Chacra	9/17/1982	P	2	0	0	31	0	0	0.0	NE/4
Federal 26-22-7 1	30-043-20363	A-26-22N-7W	NM6899	FED		Rusty Chacra	9/17/1978	P	158	0	0	31	5	0	0.0	NE/4
Federal 29-22-6 1	30-043-20344	I-29-22N-6W	NM6676	FED		Rusty Chacra	9/19/1978	P	139	0	0	31	4	0	0.0	SE/4
Federal 29-22-6 2	30-043-20393	E-29-22N-6W	NM6676	FED		Rusty Chacra	9/11/1982	P	669	0	0	31	22	0	0.0	NW/4
Federal 31-22-6 1	30-043-20383	J-31-22N-6W	NM7778	FED		Rusty Chacra	4/25/1979	P	16	0	0	31	1	0	0.0	SE/4

Navajo 1	30-043-20797	N-33-22N-6W	NOOC14205048	I		Rusty So. Gallup	11/19/1985	P	107	10	0	31	3	0.3	0.0	SE/4 SW/4
Navajo 10-22-7 1	30-043-20346	N-10-22N-7W	NOOC14205594	I		Rusty Chaco	9/15/1978	P	27	0	0	31	1	0	0.0	SW/4
Rusty Nat Com 90	30-043-20988	C-34-22N-6W	NOOC14205051	I	NMNM110562	Basin Fruitland Coal	6/21/2005	P	24	0	0	31	1	0	0.0	N/2

SAN JUAN COUNTY, NEW MEXICO																				
Well Name	API No	Well Location	Well Location		Communication Agreement No	Pool	Completion Date	Well Status	MCF	OIL	WATER	DAYS	Current Prod. 2			Spacing Unit	Data for SC, OLM & S			
		UL Sec Two-Reg	Lease No.	Lee Type	(If Established)								MCFD	BC/D	BWPD		Application	BLM Approval	NMSLO Approval	NMAOCO Approval
WELLS TO BE ADDED TO SYSTEM (23 WELLS & 15 LOCATIONS)																				
Cleve Kyle location A	pending	NE/4-17-22N-8W	NM43436	FED	pending	Basin Furland Coal		LOC								E/2-320A				
Cleve Kyle location A infl	pending	SE/4-17-22N-8W	NM43436	FED	pending	Basin Furland Coal		LOC								E/2-320A				
Cleve Kyle location B	pending	NW/4-17-22N-8W	NM43436	FED	pending	Basin Furland Coal		LOC								W/2-320A				
Cleve Kyle location B infl	pending	SW/4-17-22N-8W	NM43436	FED	pending	Basin Furland Coal		LOC								W/2-320A				
Cleve Kyle location C	pending	NE/4-18-22N-8W	NM43436	FED	pending	Basin Furland Coal		LOC								E/2-320A				
Cleve Kyle location C infl	pending	SE/4-18-22N-8W	NM43436	FED	pending	Basin Furland Coal		LOC								E/2-320A				
Cleve Kyle location D	pending	NW/4-18-22N-8W	NM43436	FED	pending	Basin Furland Coal		LOC								W/2-320A				
Cleve Kyle location D infl	pending	SW/4-18-22N-8W	NM43436	FED	pending	Basin Furland Coal		LOC								W/2-320A				
Cochran 3	30-045-34963	O-16-22N-8W	VA1119	ST	N/A	Basin Furland Coal	9/24/09	P	146	0	2657	31	5	0	85.7	E/2-320A				
Cochran infl well	pending	NE/4-16-22N-8W	VA1119	ST	N/A	Basin Furland Coal		LOC								E/2-320A				
Glitscope Com 1	30-045-34930	G-9-22N-8W	NM109395	FED	NMNM112645	Basin Furland Coal	11/5/10	P	361	0	1847	31	12	0	59.6	N/2-320A				
Glitscope Com infl well	pending	NW/4-9-22N-8W	NM109395	FED	NMNM112645	Basin Furland Coal		LOC								N/2-320A				
Lennon Com 1	30-045-35149	A-19-22N-8W	NO-G-0912-1764	I	NMNM112661	Basin Furland Coal	10/2/12	P	2458	0	1624	31	79	0	52.4	E/2-320A				
Lennon Com 2	30-045-35148	I-19-22N-8W	NO-G-0912-1763	I	NMNM112661	Basin Furland Coal	10/2/12	P	7409	0	2237	31	239	0	72.2	E/2-320A				
Mancini 1	30-045-34333	E-15-22N-8W	NM048989	FED	N/A	Basin Furland Coal	9/26/07	P	532	0	1163	31	17	0	37.6	W/2-320A				
Mancini 2	30-045-34334	L-15-22N-8W	NM048989	FED	N/A	Basin Furland Coal	9/25/07	P	1519	0	2006	31	49	0	64.7	W/2-320A				
Mancini 3	30-045-34757	B-15-22N-8W	NM048989	FED	N/A	Basin Furland Coal	9/9/13	P	2437	0	2848	31	79	0	91.9	E/2-320A				
Mancini 4	30-045-34758	I-15-22N-8W	NM048989	FED	N/A	Basin Furland Coal	9/10/13	P	1768	0	3153	31	57	0	101.7	E/2-320A				
Mancini Com 5	30-045-34761	M-10-22N-8W	NM048989	FED	NMNM130418	Basin Furland Coal	8/29/13	P	4321	0	3051	31	139	0	98.4	W/2-320A				
Mancini Com 6	30-045-34759	E-10-22N-8W	NM109395	FED	NMNM130418	Basin Furland Coal	8/21/13	P	1727	0	3132	31	56	0	101.0	W/2-320A				
Mancini 7	30-045-34760	P-10-22N-8W	NM048989	FED	N/A	Basin Furland Coal	8/30/13	P	1851	0	2339	31	60	0	79.5	E/2-320A				
Mancini 8	30-045-34764	B-10-22N-8W	NM048989	FED	N/A	Basin Furland Coal	8/29/13	P	733	0	1803	31	24	0	58.2	E/2-320A				
Mary Rose Com 2	30-045-35147	P-20-22N-8W	NO-G-0912-1762	I	NMNM112652	Basin Furland Coal	12/2/12	P	4782	0	3027	31	154	0	97.6	E/2-320A				
Mary Rose Com 2 infl well	pending	NE/4-20-22N-8W	NM57445	FED		Basin Furland Coal		LOC								E/2-320A				
McCarney 1	30-045-29659	A-2-22N-8W	VA1120	ST	N/A	Basin Chaco Ext.	10/12/96	SH-NC	0	0	0	0	—	—	—	NE/4				
Satchmo Com 1	30-045-34429	N-3-22N-8W	NM50468	FED	NMNM121554	Basin Furland Coal	5/27/08	P	427	0	1683	31	14	0	54.3	S/2-320A				
Satchmo Com infl well	pending	SE/4-3-22N-8W	NM56798	FED	NMNM121554	Basin Furland Coal		LOC								S/2-320A				
Satchmo Com 2	30-045-34425	J-4-22N-8W	NM50468	FED	NMNM121116	Basin Furland Coal	5/30/08	P	482	0	1433	31	18	0	46.2	E/2-322.5A				
Satchmo Com infl well	pending	NE/4-4-22N-8W	NM55836	FED	NMNM121115	Basin Furland Coal		LOC								E/2-322.5A				
Satchmo Com 3	30-045-34402	M-4-22N-8W	NM50468	FED	NMNM121133	Basin Furland Coal	6/3/08	P	787	0	2944	31	25	0	85.3	W/2-321.53A				
Satchmo Com infl well	pending	NW/4-4-22N-8W	NM50468	FED	NMNM121133	Basin Furland Coal		LOC								W/2-321.53A				
Susana Com 1	30-045-35243	D-2-21N-8W	V7770	ST	State CA-no #	Basin Furland Coal	9/19/11	P	2352	0	1712	31	76	0	85.2	N/2-321.44A				
Susana Com infl well	pending	NE/4-2-21N-8W	V7769	ST	State CA-no #	Basin Furland Coal		LOC								N/2-321.44A				
Tom Wood Denn 1	30-045-34926	A-6-22N-8W	NO-G-0902-1757	I	NMNM112639	Basin Furland Coal	9/20/10	P	368	0	2995	31	12	0	98.6	N/2-320A				
Tom Wood Denn 2	30-045-34933	C-6-22N-8W	NO-G-0902-1758	I	NMNM112639	Basin Furland Coal	9/20/10	P	1145	0	1063	31	37	0	34.3	N/2-320A				
Warner Federal 1	30-045-09005	A-10-22N-8W	NM048989	FED	N/A	East Bas Chaco	12/16/65	P	93	0	2507	31	3	0	80.9	NE/4-180A				
Wood Denn 1	30-045-34925	L-8-22N-8W	NO-G-0902-1756	I	NMNM112635	Basin Furland Coal	10/23/10	P	819	0	3439	31	26	0	110.9	S/2-320A				
Wood Denn 2	30-045-34924	P-8-22N-8W	NO-G-0902-1755	I	NMNM112635	Basin Furland Coal	11/10/10	P	815	0	2864	31	26	0	93.0	S/2-320A				
WELLS PREVIOUSLY APPROVED FOR BIG BAND GATHERING SYSTEM (33 WELLS & 34 completions)																				
Beer 2	30-045-28552	E-34-23N-8W	NM50999	FED		Naguel Galup	4/23/92	P-NC	12	0	2	31	0	0	0.1	SW/4 NW/4	6/20/2008	8/14/2006	7/24/2006	7/24/2006
Belushi 1	30-045-31257	J-5-22N-8W	NM50468	FED		Basin CH & Basin FR Coal	2/6/06	P	85	0	1834	31	3	0	51.4	SE/4 & E/2	6/20/2008	8/14/2006	7/24/2006	7/24/2006
Billie 2	30-045-24713	L-35-22N-8W	NM8902	FED		Rusty Chaco	1/31/81	P	80	0	390	31	3	0	11.3	SW/4	9/6/2007	2/15/2007	N/A	0/5/2007
Billie Com 90	30-045-33872	D-35-22N-8W	NM54067	FED	NMNM118430	Basin Furland Coal	5/17/07	P	1025	0	2336	31	33	0	75.4	W/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Billie Com 91	30-045-33873	A-35-22N-8W	NM54067	FED	NMNM119554	Basin Furland Coal	9/27/07	P	108	0	1569	31	3	0	50.6	E/2	6/20/2008	8/14/2006	7/24/2006	7/24/2006
Cleve Kyle 2	30-045-29038	D-18-22N-8W	NM43436	FED		Basin Chaco Ext.	5/12/94	P	119	0	31	31	4	0	1.0	NW/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Cochran 1	30-045-24485	A-16-22N-8W	VA1119	ST		Basin Chaco Ext.	6/24/98	SH-NC	0	0	0	0	—	—	—	NE/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Dorsey 1	30-045-29609	E-26-22N-8W	NM50472	FED		Rusty Chaco	12/1/99	P	4	0	0	31	0	0	0.0	NW/4	9/6/2001	2/15/2002	N/A	10/5/2001
Dorsey Com 90	30-045-33961	C-26-22N-8W	NM50472	FED	NMNM118403	Basin Furland Coal	9/29/09	P	736	0	4524	31	24	0	143.9	W/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Dorsey Com 90S	30-045-33862	L-26-22N-8W	NM54067	FED	NMNM118403	Basin Furland Coal	5/10/07	P	3645	0	2192	31	118	0	70.7	W/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006

Well Name	API No.	UL Sec-Town-Range	Well Location	Lease No.	Lease Type	Communication Agreement No. (If Established)	Pool	Completion Date	Well Status	MCF	OIL	WATER	DAYS	Current Prod. @			Spacing Unit	Dates for SC, OLM & S						
														MCFD	BCD	BWPD		Application	BHM Approval	NMSLO Approval	NMSOCD Approval			
WELLS TO BE ADDED TO SYSTEM 62 WELLS - 15 LOCATIONS:																								
Cave Kyle location A	pending	NE/4-17-22N-8W	NM43438	FED	pending	Basin Fruitland Coal		LOG									E/2-320A							
Cave Kyle location A mill	pending	SE/4-17-22N-8W	NM43438	FED	pending	Basin Fruitland Coal		LOG									E/2-320A							
Cave Kyle location B	pending	NW/4-17-22N-8W	NM43438	FED	pending	Basin Fruitland Coal		LOG									W/2-320A							
Cave Kyle location B mill	pending	SW/4-17-22N-8W	NM43438	FED	pending	Basin Fruitland Coal		LOG									W/2-320A							
Cave Kyle location C	pending	NE/4-18-22N-8W	NM43438	FED	pending	Basin Fruitland Coal		LOG									E/2-320A							
Cave Kyle location C mill	pending	SE/4-18-22N-8W	NM43438	FED	pending	Basin Fruitland Coal		LOG									E/2-320A							
Cave Kyle location D	pending	NW/4-18-22N-8W	NM43438	FED	pending	Basin Fruitland Coal		LOG									W/2-320A							
Cave Kyle location D mill	pending	SW/4-18-22N-8W	NM43438	FED	pending	Basin Fruitland Coal		LOG									W/2-320A							
Cochran 3	30-045-34885	D-16-22N-8W	VA1119	ST	N/A	Basin Fruitland Coal	9/14/09	P	145	0	2697	31	5	0	85.7		E/2-320A							
Cochran mill well	pending	NE/4-16-22N-8W	VA1119	ST	N/A	Basin Fruitland Coal		LOG									E/2-320A							
Gilcrease Com 1	30-045-34900	G-9-22N-8W	NM105095	FED	NMNM112545	Basin Fruitland Coal	11/5/10	P	361	0	1847	31	12	0	59.6		N/2-320A							
Gilcrease Com mill well	pending	NW/4-5-22N-8W	NM105095	FED	NMNM112545	Basin Fruitland Coal		LOG									N/2-320A							
Larson Com 1	30-045-35149	A-19-22N-8W	NO-G-0912-1764	I	NMNM112561	Basin Fruitland Coal	10/2/12	P	2499	0	1524	31	79	0	52.4		E/2-320A							
Larson Com 2	30-045-35148	I-19-22N-8W	NO-G-0912-1763	I	NMNM112561	Basin Fruitland Coal	10/2/12	P	7409	0	2227	31	239	0	72.2		E/2-320A							
Mancos 1	30-045-34333	E-15-22N-8W	NM045889	FED	N/A	Basin Fruitland Coal	9/26/07	P	532	0	1185	31	17	0	37.8		W/2-320A							
Mancos 2	30-045-34334	I-15-22N-8W	NM045889	FED	N/A	Basin Fruitland Coal	9/25/07	P	1519	0	2005	31	49	0	64.7		W/2-320A							
Mancos 3	30-045-34357	B-15-22N-8W	NM045889	FED	N/A	Basin Fruitland Coal	9/9/13	P	2437	0	2948	31	79	0	91.9		E/2-320A							
Mancos 4	30-045-34358	I-15-22N-8W	NM045889	FED	N/A	Basin Fruitland Coal	9/10/13	P	1769	0	3153	31	57	0	101.7		E/2-320A							
Mancos Com 5	30-045-34361	M-10-22N-8W	NM045889	FED	NMNM130418	Basin Fruitland Coal	8/28/13	P	4321	0	3051	31	139	0	98.4		W/2-320A							
Mancos Com 6	30-045-34359	E-10-22N-8W	NM105095	FED	NMNM130418	Basin Fruitland Coal	8/21/13	P	1727	0	3132	31	56	0	101.0		W/2-320A							
Mancos 7	30-045-34380	F-10-22N-8W	NM045889	FED	N/A	Basin Fruitland Coal	8/30/13	P	1851	0	2339	31	60	0	75.5		E/2-320A							
Mancos 8	30-045-34364	B-10-22N-8W	NM045889	FED	N/A	Basin Fruitland Coal	8/25/13	P	723	0	1803	31	24	0	58.2		E/2-320A							
Mary Rose Com 2	30-045-35147	P-20-22N-8W	NO-G-0912-1762	I	NMNM112562	Basin Fruitland Coal	12/2/12	P	4782	0	2027	31	154	0	97.6		E/2-320A							
Mary Rose Com 2 mill well	pending	NE/4-20-22N-8W	NM57445	FED		Basin Fruitland Coal		LOG									E/2-320A							
McCarney 1	30-045-35039	A-2-22N-8W	VA1120	ST	N/A	Beth Chasrs Est.	10/12/08	SLNG	0	0	0	0	—	—	—		NE/4							
Satchmo Com 1	30-045-34429	N-3-22N-8W	NM50468	FED	NMNM121154	Basin Fruitland Coal	5/27/08	P	427	0	1683	31	14	0	54.3		S/2-320A							
Satchmo Com mill well	pending	SE/4-3-22N-8W	NM50468	FED	NMNM121154	Basin Fruitland Coal		LOG									S/2-320A							
Satchmo Com 2	30-045-34425	J-4-22N-8W	NM50468	FED	NMNM121116	Basin Fruitland Coal	5/20/08	P	482	0	1433	31	16	0	46.2		E/2-322.5A							
Satchmo Com mill well	pending	NE/4-4-22N-8W	NM50468	FED	NMNM121116	Basin Fruitland Coal		LOG									E/2-322.5A							
Satchmo Com 3	30-045-34402	M-4-22N-8W	NM50468	FED	NMNM121133	Basin Fruitland Coal	6/3/08	P	787	0	2644	31	25	0	85.3		W/2-321.53A							
Satchmo Com mill well	pending	NW/4-4-22N-8W	NM50468	FED	NMNM121133	Basin Fruitland Coal		LOG									W/2-321.53A							
Susana Com 1	30-045-36243	D-2-21N-8W	V7770	ST	State CA-no #	Basin Fruitland Coal	9/19/11	P	2352	0	1712	31	26	0	55.2		N/2-321.44A							
Susana Com mill well	pending	NE/4-2-21N-8W	V7769	ST	State CA-no #	Basin Fruitland Coal		LOG									N/2-321.44A							
Tam Wood Dren 1	30-045-34926	A-8-22N-8W	NO-G-0902-1757	I	NMNM112539	Basin Fruitland Coal	9/20/10	P	368	0	2975	31	12	0	36.6		N/2-320A							
Tam Wood Dren 2	30-045-34933	C-8-22N-8W	NO-G-0902-1758	I	NMNM112539	Basin Fruitland Coal	9/20/10	P	1146	0	1052	31	37	0	34.3		N/2-320A							
Warner Federal 1	30-045-05005	A-10-22N-8W	NM045889	FED	N/A	East Beth Chasrs	10/16/96	P	93	0	2507	31	3	0	80.9		NE/4-180A							
Wood Dren 1	30-045-34925	I-8-22N-8W	NO-G-0902-1756	I	NMNM112535	Basin Fruitland Coal	10/23/10	P	819	0	2420	31	28	0	110.9		S/2-320A							
Wood Dren 2	30-045-34924	P-8-22N-8W	NO-G-0902-1755	I	NMNM112535	Basin Fruitland Coal	11/19/10	P	815	0	2884	31	26	0	93.0		S/2-320A							
WELLS PREVIOUSLY APPROVED FOR BIG BAND GATHERING SYSTEM ON WELLS 8-34 (completions)																								
Beur 2	30-045-28552	E-34-22N-8W	NM05099	FED		Nageest Gallup	4/23/58	P/ANG	12	0	2	31	0	0	0.1		SW/4 NW/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006			
Bekah 1	30-045-31557	J-5-22N-8W	NM59498	FED		Beth Chasrs & Beth Chasrs Est.	2/8/95	P	95	0	1594	31	3	0	51.4		SE/4 N/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006			
Bike 2	30-045-24713	I-35-22N-8W	NM59302	FED		Ruby Chasrs	1/31/81	P	80	0	250	31	3	0	11.3		SW/4	8/9/2001	2/15/2002	N/A	10/5/2001			
Bike Com 90	30-045-33812	D-35-22N-8W	NM594057	FED	NMNM118430	Basin Fruitland Coal	5/17/07	P	1025	0	2336	31	33	0	75.4		W/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006			
Bike Com 91	30-045-33873	A-35-22N-8W	NM594057	FED	NMNM119554	Basin Fruitland Coal	8/27/07	P	108	0	1659	31	3	0	50.8		E/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006			
Cave Kyle 2	30-045-29308	D-18-22N-8W	NM43438	FED		Beth Chasrs Est.	5/12/94	P	119	0	31	31	4	0	1.0		NW/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006			
Cochran 1	30-045-24465	A-15-22N-8W	VA1119	ST		Beth Chasrs Est.	8/24/08	SLNG	0	0	0	0	—	—	—		NE/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006			
Dorsey 1	30-045-29009	E-25-22N-8W	NM50472	FED		Ruby Chasrs	12/1/59	P	4	0	0	31	0	0	0.0		NW/4	9/6/2001	2/15/2002	N/A	10/5/2001			
Dorsey Com 90	30-045-33861	G-25-22N-8W	NM50472	FED	NMNM119403	Basin Fruitland Coal	9/29/09	P	736	0	4524	31	24	0	145.9		W/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006			
Dorsey Com 90S	30-045-33862	L-25-22N-8W	NM504057	FED	NMNM118403	Basin Fruitland Coal	5/10/07	P	3646	0	2132	31	119	0	70.7		W/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006			
Ellington 1	30-045-29907	N-25-22N-8W	NM504057	FED		Ruby Chasrs	10/6/99	P	25	0	494	31	1	0	15.9		SW/4	9/6/2001	2/15/2002	N/A	10/5/2001			
Ellington Com 90	30-045-33871	B-25-22N-8W	NM50472	FED	NMNM112648	Basin Fruitland Coal	10/20/09	P	347	0	1899	31	11	0	53.8		E/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006			
Ellington Com 90S	30-045-33870	P-25-22N-8W	NM504057	FED	NMNM112645	Basin Fruitland Coal	10/9/09	P	6311	0	4923	31	204	0	150.4		E/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006			
Gaye 1	30-045-29063	P-1-22N-8W	NM59475	FED		Beth Chasrs	6/7/94	P	29	0	58	31	1	0	1.9		SE/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006			
Goodman 2	30-045-25151	I-23-22N-8W	NM59471	FED		Ruby Chasrs	1/4/95	P	3	0	0	31	0	0	0.0		SW/4	9/6/2001	2/15/2002	N/A	10/5/2001			
Goodman 30	30-045-30780	J-23-22N-8W	NM59471	FED		Basin Fruitland Coal	12/9/03	P	312	0	1210	31	10	0	39.0		E/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006			
Harrison 1	30-045-31087	I-24-22N-8W	NM59109	FED		Beth Chasrs Est.	2/5/03	P	28	0	20	19	1	0	1.1		SE/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006			
Harrison Com 90	30-045-31092	A-24-22N-8W	NM59238	FED	NMNM10810																			

[illegible]

ABOVE THIS LINE FOR DIVISION USE ONLY

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



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]

[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 _____

- PLC 147-B
- DUGAN PRODUCTION CORP
6515
Well
- Chachan #1
30-043-20308
+
1343 others
Pool
- Rusty Chachan (Gds)
8436J
- Basin Fruitland
Cach (71629)
- Rusty Gallup
52860
- Bisti Chachan
96166

[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 & 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

*- Attachment No. 8 presents copies of Notification efforts to Interest Owners. All were sent Certified - Return Receipt. Copies of Receipts will be sent to NMOC.D.

[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.

Kevin Smaka
Print or Type Name

Kevin Smaka
Signature

Production Engineer
Title

08/7/15
Date

kevin.smaka@duganproduction.com
e-mail Address



dugan production corp.

August 7, 2015

Mr. David Catanach, Director
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Mr. Aubrey Dunn, Commissioner
New Mexico State Land Office
P. O. Box 1148
Santa Fe, NM 87504-1148

Ms. Victoria Barr, Manager
Bureau of Land Management
6251 College Blvd., Suite A
Farmington, NM 87402

Re: Application to surface commingle and for the Off-Lease
Measurement/sale of produced natural gas for wells
to be added to Dugan Production's Big Band & Rusty Chacra
Gas Gathering Systems, plus consolidate both
Gathering systems into a new gathering system
to be called the Rusty Gathering System
San Juan & Sandoval Counties, New Mexico

Dear Mr. Catanach, Ms. Barr and Mr. Dunn,

We are writing to request your administrative approvals for the surface commingling, plus off-lease measurement and sale of natural gas produced from 38 wells (23 existing and 15 proposed locations) to be added to Dugan Production's Big Band Gathering System (BBGS) plus 8 wells (4 existing and 4 proposed locations) to be added to Dugan Production's Rusty Chacra Gathering System (RCGS). In addition, we are requesting your approvals to consolidate the BBGS and RCGS into a new gathering system to be called the Rusty Gathering System (RGS). Dugan Production operates the BBGS and RCGS and will operate the RGS in the exact same manner as is approved for the BBGS and RCGS. NMOCD Form 107-B is attached for this application to add wells to both gathering systems. A summary presenting the wells and production for each pool and gathering system is presented on Attachment No. 4. Gas sales for the RGS will continue to be at the central delivery sales meter (CDP) established for the RCGS and currently serving both BBGS and the RCGS. The CDP for the RCGS is located in the SENW of Section 12, T-22N, R-7W and delivers gas to Enterprise Field Services Meter No. 03049. This CDP is also authorized to be used as needed by the BBGS in the event gas deliveries to PNM at the CDP sales meter established for the BBGS were not feasible (NMOCD Order PLC-191-A, dated 4/17/07). The BBGS CDP to PNM has been abandoned as not being feasible for operation on the BBGS, and all gas from BBGS is now delivered to the RCGS. Dugan Production did seriously attempt to deliver BBGS to PNM, however the fuel gas volumes needed to operate the 3 stage compressor plus two dehydrators that were necessary to deliver gas into PNM's line, were deemed to not be feasible. Almost all production into the BBGS was being consumed by fuel needs and a typical production cycle during any month would include shutting in the compressor to allow the connected wells to pressure up the BBGS at which time the compressor and dehydrators would be placed into service until the accumulated gas volumes within the BBGS had either been consumed as fuel or a small volume had been delivered into PNM's pipeline which was averaging 500 psi. Ultimately, the compressor would shut down as a result of low gathering system pressure. Gas sales to PNM during the 23 months from 2/02 through 12/03 totaled 1142 mcf for a monthly average of 50 mcf, which was not acceptable to DPC and the PNM CDP has been abandoned and all BBGS gas delivered to the RCGS by connecting the two gathering systems with a line from the James No. 1 (NESE 24, T22N, R8W) to the Dome Rusty 20-22-7 No. 1 (SESE 20, T22N, R7W). In addition to adding wells to our BBGS and RCGS, plus consolidating the two gathering systems to form a new gathering system, we are also requesting the NMOCD to include a provision in their order that for future additions to the RGS, only the interest owners in the wells being added need to be notified, providing that it is reasonably certain that the proposed additions will not adversely affect the interest owners in the wells already approved for the gathering system. Our notice letters to each of the interest owners did include a notice of this request. This provision will be very helpful and will significantly reduce the work effort necessary to add future wells to the gathering system.

The RCGS was installed by Dome Petroleum and placed into service during January of 1982. Dugan Production acquired the gathering system and most of the wells connected to it in 1990. Currently there are 39 wells approved

for the RCGS which includes 32 that are currently active and seven that have been plugged and abandoned. Production currently averages a total of 154 mcf/d plus 5.1 bopd for an overall average of 5 mcf/d per well plus an average of 1.0 bopd for each of the five active oil wells. Well production ranges from 1 to 22 mcf/d. Of the eight wells proposed to be added to the RCGS, four have been connected and currently produce a total of 91 mcf/d for an average of 23 mcf/d per well, ranging from 1 mcf/d to 57 mcf/d. All four wells are marginal producers and detailed information for each is presented in Note 5 of Attachment 2A. Individual well production for the RCGS is presented on Attachment 2A and a summary of pool production is presented on Attachment No. 4.

The BBGS was installed by Dugan Production and first delivered gas to PNM on 2/4/02. A total of 33 wells (34 completions) have been approved for the BBGS by NMOC Order PLC-191-A dated 7/24/06, the BLM on 8/14/06, and the State Land Office on 7/24/06. Of the 34 completions currently approved for the BBGS, 28 are currently active and produce a total of 1271 mcf for an overall average of 45 mcf/d/well, ranging from 1 mcf/d to 307 mcf/d with 15 wells averaging less than 25 mcf/d. Of the 38 wells proposed to be added to the BBGS, 22 have been connected and currently produce a total of 1205 mcf/d for an overall average of 55 mcf/d/well, ranging from 3 mcf/d to 239 mcf/d, with eight averaging less than 25 mcf/d and only three producing more than 100 mcf/d. Note No. 13 on Attachment 2B presents detailed production information for each of the 22 wells. Individual well production for the BBGS is presented on Attachment No. 2B and a summary of pool production is presented on Attachment No. 4.

Dugan Production does understand that regulatory approvals are needed to add wells to gathering systems and will work to avoid future wells being added prior to receiving approvals to do so. We request that consideration be given to the fact that all four wells at RCGS plus 19 of the 22 wells at BBGS are considered to be marginal producers (less than 100 mcf/d) and that all production has been accounted for using the allocation procedures that have been approved for both gathering systems. There has not been any economic harm to anyone. Each of the subject wells was frac'd during completion and to insure minimal exposure to reservoir damage and to minimize the volumes of gas vented during flowback, it was important to place each well on production into the gathering system as quickly as possible following the frac, which was easy to do having the gathering system available.

Attachments No. 1A & 1B present maps of the RCGS and BBGS, respectively, with the wells proposed to be added highlighted in blue. In addition, Dugan Production's leases are also presented. This is an area that is somewhat remote to development activity in the San Juan Basin. Dugan Production has a majority of the leasehold interest and to date most wells drilled are considered to be marginal producers. The RCGS central delivery gas sales meter is located in the SENW of Section 12, T-22N, R-7W and delivers gas to Enterprise Field Services Meter No. 03049. As presented above, initially Dugan Production did attempt to deliver BBGS gas to a CDP on PNM's pipeline, however due to the high pipeline pressure (500 psi), and PNM's dehydration requirements, this CDP has been abandoned and BBGS gas delivered to RCGS.

Attachments No. 2A & 2B present information for the wells currently approved and the wells to be added to the RCGS and BBGS, respectively. Detailed production information for wells to be added is presented in Note 5 of Attachment No. 2A for the RCGS and Note 13 of Attachment No. 2B for the BBGS. It is important to note that on Attachment 2A for the RCGS, production for the 39 wells currently approved ranges from 1 to 22 mcf/d and averages 5 mcf/d/well. Production from the four wells being added ranges from 1 to 57 mcf/d and averages 23 mcf/d. There should be no question that all wells on the RCGS are very marginal producers. With reference to Attachment No. 2B for the BBGS, production from the 34 completions currently approved ranges from 1 to 307 mcf/d and averages 45 mcf/d. It should be noted that only 5 wells on the BBGS produce more than 100 mcf/d and that 23 wells produce less than 100 mcf/d averaging 12 mcf/d. Production from the wells being added ranges from 3 to 239 mcf/d and averages 55 mcf/d. Only three wells produce more than 100 mcf/d and 19 produce less than 100 mcf/d, averaging 35 mcf/d. Thus for the BBGS, a majority of the wells are considered to be marginal producers.

Attachments 3A & 3B present the interest ownership for the wells to be added to the RCGS and BBGS, respectively. From Attachment No. 3A, at the RCGS, Dugan Production holds 100% of the working interest in six wells being added and their infill locations, plus we have a majority working interest ($\pm 93\%$ before payout and $\pm 86\%$ after payout) in the fourth well and infill location. Royalty for four of the wells and infill locations is federal and royalty for four of the wells and infill locations is state. In addition, four of the wells and infill wells have six to 13 overriding royalty interest owners. From Attachment 3B, at the BBGS, Dugan Production holds 100% of the working interest in 28 of the wells and infill locations to be added. In addition, we have a majority working interest in eight of the wells and infill locations (four at $87\frac{1}{2}\%$ and four at 75%), and we have a 50% working interest in one well and its infill location. Of the 38 wells/locations to be added to the BBGS, 25 have federal royalty, four have state royalty, 4 have Navajo Nation Royalty, and eight have Navajo Allotted royalty. Note that three of the wells are communitized and include more than one type of royalty in their spacing units. Twenty-seven of the wells/locations being added also have overriding royalty interest owners ranging from one to six overriding royalty interest owners in any one well. All interest owners in the wells being added as presented in Attachments No. 3A and 3B (19 at RCGS + 16 at BBGS), plus all interest owners in the wells currently approved for BBGS and RCGS (58) will receive information pertaining to

this application, and Attachment No. 8 presents copies of our interest owner notice efforts. All notice letters have been sent by certified mail with return receipts, and upon receiving the receipts, copies will be forwarded to the NMOCD.

Attachment No. 4 presents a summary of the pools, wells, production and leases for the BBGS & RCGS. The BBGS has wells from four pools (three gas and one oil) authorized for the gathering system and with this application a fifth pool, the East Bisti Chacra gas pool (96384) is being added. The RCGS has wells from five pools (three oil and two gas) authorized for the gathering system. It is noted that two of the pools (Basin Fruitland Coal and Rusty Chacra) are authorized for both gathering systems. It is also noted that for the BBGS, of the 34 wells (28 active) currently approved for the gathering system, production averages 45 mcf/d and ranges from 2 to 73 mcf/d per well. Of the 38 wells/locations to be added with this application, 22 are currently producing and average 55 mcf/d per well. For the RCGS, 39 wells (32 active) currently approved for the gathering system, production averages 5 mcf/d per well and ranges from 1 to 17 mcf/d per well. Of the eight wells/locations to be added, four are currently producing and average 23 mcf/d per well. Clearly, all wells are considered to be marginal producers. Dugan Production's leases for the wells in each gathering system are summarized on Page 2 of Attachment No. 4. The BBGS has 19 federal, five state, seven Navajo Allotted, and one Navajo Nation lease, which is held by the Navajo Nation. The RCGS has 19 federal, six state (five by Dugan Production and one by Hicks Oil & Gas), and 13 Navajo Allotted leases.

Attachment No. 5 presents the proposed allocation procedures to be used for the consolidated BBGS and RCGS which will now be called the Rusty Gathering System. It should be noted that this allocation procedure is exactly the same allocation procedure that has been approved for both the RCGS and BBGS, and is currently being used.

Attachments No 6A and 6B present a comparison of connecting the proposed wells to the existing RCGS and BBGS as opposed to directly connecting each well to the nearest pipeline which will be Enterprise's line at the current CDP for RCGS in the SENW of Section 12, T22N, R7W. PNM does have a closer line, but our efforts to deliver BBGS to PNM have eliminated the PNM line as an option. This analysis was done to address the BLM's Instruction Memorandum No. 2013-152 dated 7/3/2013 and to support connecting the proposed wells to an existing gathering system operated by Dugan Production Corp.

From Attachment No. 6A, to connect each of the eight wells and infill locations to Dugan's RCGS, will require installing an estimated 16,271' (3.08 miles) of 4" polypipe which with a 40' ROW, will require disturbing an estimated 14.94 acres of surface. If each well were to be individually connected directly to a pipeline company for gas sales, the length of necessary pipeline would increase to 106,450' (20.16 miles) and result in disturbing 97.75 acres of surface. In addition, since we typically will install the required compressor at the well site, the line between the well and connection to the pipeline will be operating at a higher pressure for direct connection, which will require using 4" steel line as opposed to 4" polypipe which will increase the installation costs from \$15/ft to \$38/ft and will result in the pipeline cost increasing from \$244,065 for connecting to a gathering system to \$4,045,100 for connecting to Enterprise. In addition, and probably one of the biggest benefits of operating a gathering system is that we can install central gas compression facilities to serve multiple wells and we typically operate our gathering systems at 20 to 30 psig which provides an optimum surface operating pressure for wells connected to it. For direct connect, it will be necessary to install a compressor at each well in order to deliver gas into Enterprise's pipeline which is currently averaging 325 psig. This will require purchasing and installing significantly more compressors to deliver the same gas, which will result in using more produced gas for fuel and producing more noise and exhaust gas. In addition, the cost to make a connection to our gathering system averages about \$5,000/tap and meter run where Enterprise will charge an average of \$85,000 for each pipeline tap and meter run. For our analysis, since the infill wells will have the same interest ownership as the initial spacing unit well, we assumed it will be acceptable to connect the infill well to the initial well and use only one line and compressor to deliver the gas to Enterprise which will not only reduce the necessary pipeline length, but will reduce the meter run and connection cost for the infill well to \$5,000 and enable the infill well to use the compressor installed for the initial well.

From Attachment 6B, to connect each of the 38 wells and infill locations to Dugan's BBGS will require installing an estimated 97,244' (18.4 miles) of 4" polypipe which with a 40' ROW will require disturbing an estimated 89.3 acres of surface. If each well were to be connected directly to a pipeline company for gas sales, the length of necessary pipeline will increase to 1,014,212' (192.1 miles) and will result in a surface disturbance of 931.3 acres. As described above for the RCGS, a direct connect line will be operated at a higher pressure and will need to be 4" steel which will result in the pipeline costs increasing from \$1,458,660 to \$38,540,056. In addition, for direct connection, we will need to install 20 additional compressors which will result in using an additional 396 mcf/d for fuel which will result in lower gas volumes to be sold at a value of approximately \$526,848/year considering gas at a 1215 BTU and \$3.00/mcf. Assuming royalty rates of 12-1/2% to 16-2/3%, this will reduce royalties paid by approximately \$65,900 to \$87,800 per year!

Thus considering all factors of connecting to the existing gathering system versus directly connecting to Enterprise pipeline, the total costs presented on page 2 of Attachments 6A and 6B are summarized as follows:

<u>Gathering System</u>	<u>Connect to Gathering System</u>	<u>Connect to Enterprise</u>	<u>Additional Cost for Direct Connections</u>
BBGS	\$1,648,660	\$41,483,256	\$39,834,596
RCGS	\$ 284,065	\$ 4,637,740	\$ 4,353,675
Total	\$1,932,725	\$45,778,996	\$44,188,271

Considering that a majority of the wells to be added to the RCGS and BBGS are considered to be marginal producers, it will be very important that we receive approval to use the existing gathering systems as opposed to directly connecting each well to the pipeline company. Also considering that these wells are in an area that has significant archaeological, cultural, and paleontology presence, plus is in close proximity to two wilderness areas, and is within the threatened and endangered Brack's Cactus and Aztec Gila Habitat, it is important to minimize the surface disturbance and installation of necessary compression equipment.

Attachment 7 presents a summary of the equipment and facilities that are currently installed for the BBGS and RCGS. Since the Fruitland Coal is a significant part of our development to date at the BBGS plus represents a majority of the wells/locations to be added to both gathering systems, Dugan Production has drilled and currently operates two SWD wells, the Cochran No. 2 SWD and the Morrison No. 2 SWD. This is an important part of producing low volume gas wells and economically disposing of the water produced in association with the gas. Typically, when installing the gas pipeline, we also install a second pipeline for the produced water. The water is collected at a central location and any gas that may also be in the water stream is removed using a Conventional 2 Phase Separator. All gas recovered from the water will be metered and then delivered to the gas gathering line for sale. The metered volumes at the separator will then be used to allocate CDP gas volumes back to the separator using the same allocation procedure used for all other wells. The gas volumes allocated to the separator will then be allocated to each well delivering water to the separator based upon the water volumes delivered and the percentage of all water delivered to the separator. This procedure for handling and disposing of the produced water is a very important part of operating our gathering system and without this, as would be necessary for direct connection, it would be necessary to install separators and storage tanks at each well and to truck the water from each well for disposal. Thus we are able to reduce a significant surface disturbance for facilities to handle and store the produced water at the wellsite plus we significantly reduce the truck traffic and road maintenance needed to haul and dispose of the produced water. As part of this application, we request approvals to surface commingle the produced water and dispose of the produced water at one of Dugan's water disposal wells or if necessary, at a commercial water disposal facility.

There are two central compressor stations on the BBGS, one at the Cochran No. 2 SWD well which is necessary to maintain an optimum gathering system pressure of 20 to 30 psi for wells located on the outer portion of the gathering system, plus there is a central compressor station located at the James No. 1 well which is necessary to maintain the gathering system pressure for wells between the Cochran No. 2 compressor and the James No. 1 compressor, plus deliver gas from the BBGS to the RCGS. We anticipate continuing to operate both compressors after consolidation of the BBGS and RCGS.

Since the water disposal and central compression are a very important part of operating our gathering systems, we are requesting that the fuel gas needed to operate the equipment be considered a "beneficial use" for the wells connected to the gathering system.

Attachment No. 8 presents copies of our efforts to provide the required notice to all interest owners in the wells being added plus all interest owners in the wells currently approved for each gathering system.

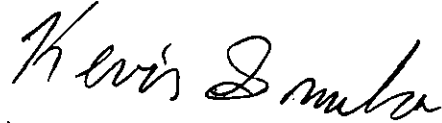
In summary, Dugan Production is requesting approvals to:

1. Add 38 wells/locations to Dugan's Big Band Gathering System;
2. Add 8 wells/locations to Dugan's Rusty Chacra Gathering System;
3. Consolidate the Big Band and Rusty Chacra Gathering systems into a new gathering system to be called the Rusty Gathering System;
4. Include a provision in NMOCD's order that for future wells to be added to the gathering system, only the interest owners in the wells being added require notice of the application;
5. Authorize the beneficial use of fuel used by equipment necessary to operate the gathering system;
6. Authorize the surface commingling plus off-lease disposal of produced water.

A majority of the wells on both gathering systems are considered to be low volume producers (100 mcf/d or less), many of which are marginally economic to operate. Dugan Production has made a substantial investment in the BBGS and RCGS which was necessary to sell gas from the low volume producers typical to this area, and is optimistic that we will be able to aggressively develop our substantial leasehold interest in an area that has little other oil and gas development activity.

Should you need additional information or have questions regarding this application, please feel free to contact me at the letterhead address.

Sincerely,

A handwritten signature in black ink, reading "Kevin Smaka". The signature is written in a cursive, flowing style.

Kevin Smaka
Production Engineer

cc: NMOCD – Aztec; All Working Interest Owners

District I
1625 N. French Drive, Hobbs, NM 88240
District II
1301 W. Grand Ave, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St Francis Dr, Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-B
Revised June 10, 2003

OIL CONSERVATION DIVISION

1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Submit the original
application to the Santa Fe
office with one copy to the
appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: Dugan Production Corp.
OPERATOR ADDRESS: P. O. Box 420, Farmington, NM 87499-0420
APPLICATION TYPE:

☐ Pool Commingling ☐ Lease Commingling ☒ Pool and Lease Commingling ☐ Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: ☐ Fee ☒ State ☒ Federal and Navajo Allotted Rusty Chacra & Big Band

Is this an Amendment to existing Order? ☒ Yes ☐ No If "Yes", please include the appropriate Order No. PLC-147-A & PLC-191-A
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling
☒ Yes ☐ No

(A) POOL COMMINGLING

Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes
See Attachment No. 4	Attachment No. 4	Attachment No. 4		Attachment No. 4	Attachment 4

- (2) Are any wells producing at top allowables? ☐ Yes ☒ No
(3) Has all interest owners been notified by certified mail of the proposed commingling? ☒ Yes ☐ No.
(4) Measurement type: ☒ Metering ☒ Other (Specify) See Attachment No. 4
(5) Will commingling decrease the value of production? ☐ Yes ☒ No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING

Please attach sheets with the following information

- (1) Pool Name and Code.
(2) Is all production from same source of supply? ☐ Yes ☐ No
(3) Has all interest owners been notified by certified mail of the proposed commingling? ☐ Yes ☐ No
(4) Measurement type: ☐ Metering ☐ Other (Specify)

(C) POOL and LEASE COMMINGLING

Please attach sheets with the following information

- (1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT

Please attached sheets with the following information

- (1) Is all production from same source of supply? ☐ Yes ☒ No
(2) Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all application types)

Please attach sheets with the following information

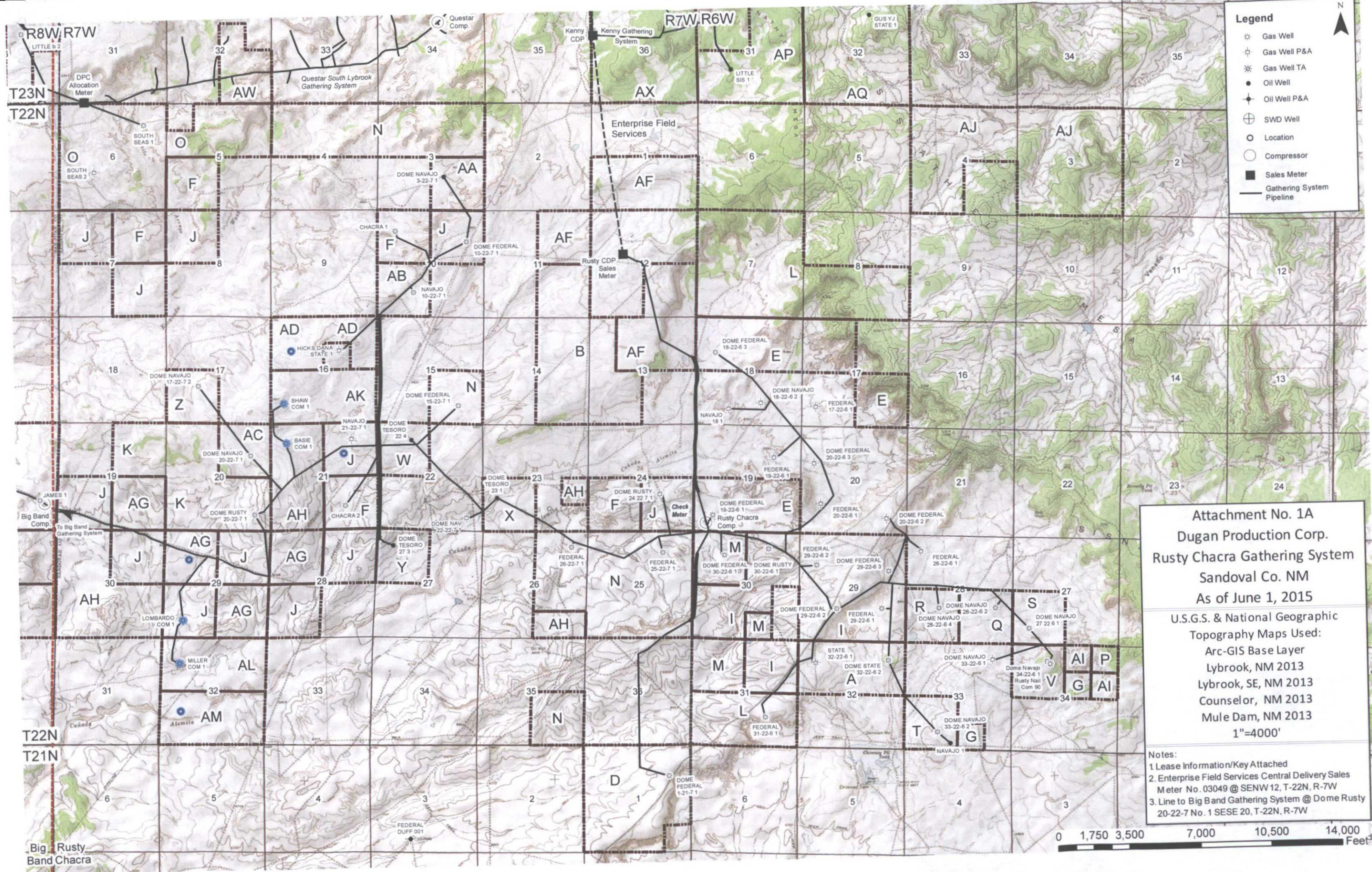
- (1) A schematic diagram of facility, including legal location. Attachments 1A & 1B
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved. Att. 1A & 1B
(3) Lease Names, Lease and Well Numbers, and API Numbers. Attachments 2A & 2B

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

SIGNATURE: Kevin Smaka TITLE: Engineering Manager DATE: 8/7/15

TYPE OR PRINT NAME Kevin Smaka TELEPHONE NO.: 505-325-1821

E-MAIL ADDRESS: kevin.smaka@duganproduction.com



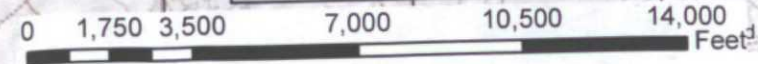
Legend

- Gas Well
- Gas Well P&A
- Gas Well TA
- Oil Well
- Oil Well P&A
- SWD Well
- Location
- Compressor
- Sales Meter
- Gathering System Pipeline

Attachment No. 1A
Dugan Production Corp.
Rusty Chacra Gathering System
Sandoval Co. NM
As of June 1, 2015

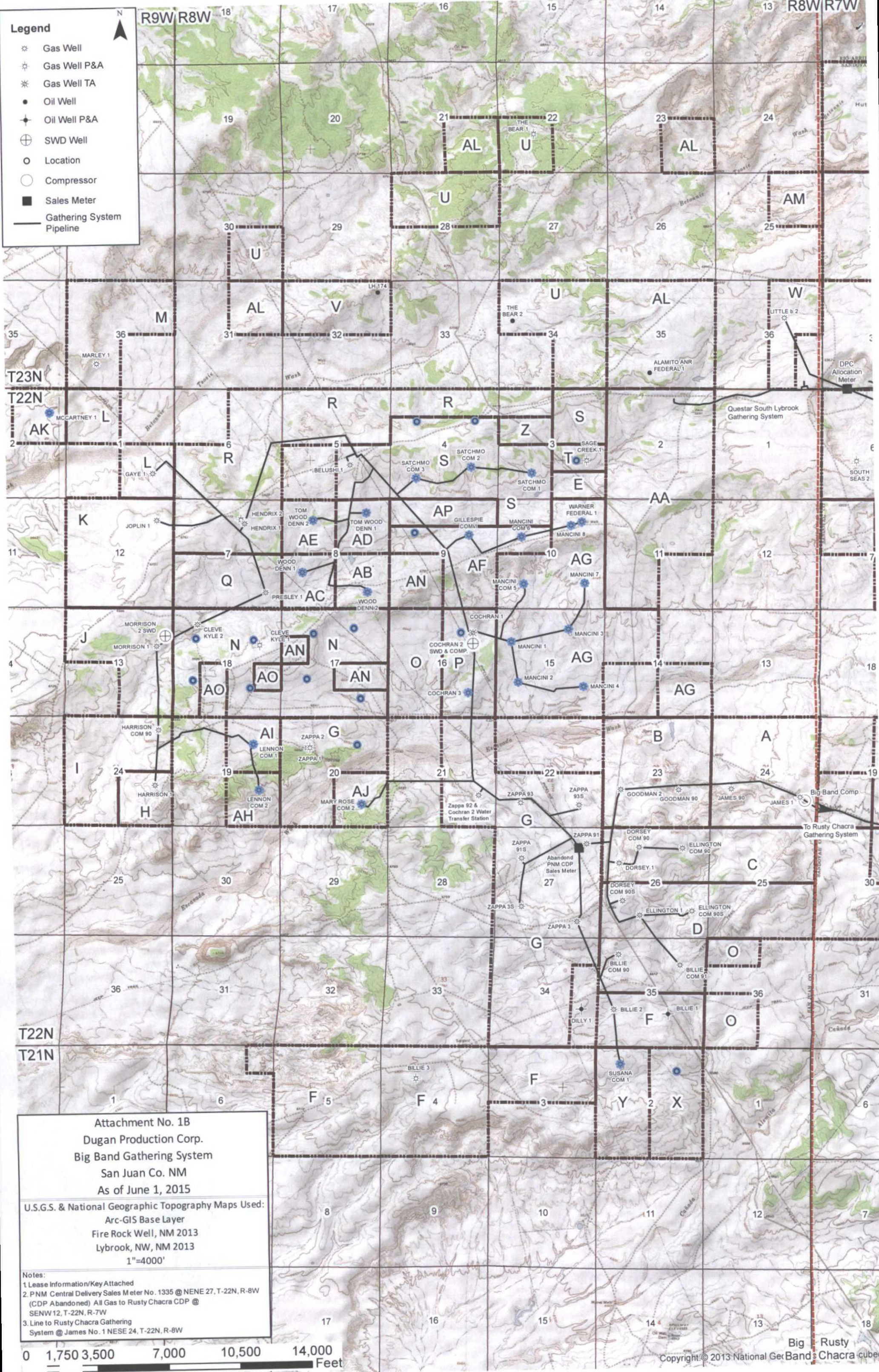
U.S.G.S. & National Geographic
 Topography Maps Used:
 Arc-GIS Base Layer
 Lybrook, NM 2013
 Lybrook, SE, NM 2013
 Counselor, NM 2013
 Mule Dam, NM 2013
 1"=4000'

Notes:
 1. Lease Information/Key Attached
 2. Enterprise Field Services Central Delivery Sales Meter No. 03049 @ SENW 12, T-22N, R-7W
 3. Line to Big Band Gathering System @ Dome Rusty 20-22-7 No. 1 SESE 20, T-22N, R-7W



ATTACHMENT NO. 1A
RUSTY CHACRA GATHERING SYSTEM
PAGE 2 OF 2

Rusty Chakra Lease Legend			
Letter	Lease Type	Lease Number	Lease Name
A	State	LG-3923	Dome State 32-22-6 & State 32-22-6
B	Federal	NM-0554433	Unnamed
D	Federal	NM-15649	Dome Federal 01-21-7
E	Federal	NM-21455	Dome Federal 18-22-6 & Dome Federal 19-22-6
F	Federal	NM-25821	Chacra
G	Federal	NM-27163	Unnamed
I	Federal	NM-6676	Dome Federal 29-22-6 & Dome Rusty 30-22-6 & Federal 29-22-6
J	Federal	NM-6680	Dome Federal 10-22-7 & Dome Rusty 24-22-7 & Navajo 21-22-7
K	Federal	NM-7262	Dome Rusty 20-22-7
L	Federal	NM-7776	Federal 31-22-6
M	Federal	NM-8641	Dome Federal 30-22-6
N	Federal	NM-8899	Dome Federal 15-22-7 & Federal 25-22-7 & Federal 26-22-7
O	Federal	NM-89023	South Seas
P	Federal	NM-93448	Unnamed
Q	NavAlt	NOOC-14-20-5044	Dome Navajo 28-22-6
R	NavAlt	NOOC-14-20-5045	Dome Navajo 28-22-6
S	NavAlt	NOOC-14-20-5046	Dome Navajo 27-22-6
T	NavAlt	NOOC-14-20-5048	Dome Navajo 33-22-6 & Navajo
V	NavAlt	NOOC-14-20-5051	Dome Navajo 34-22-6
W	NavAlt	NOOC-14-20-5356	Dome Tesoro 22
X	NavAlt	NOOC-14-20-5360	Dome Tesoro 23
Y	NavAlt	NOOC-14-20-5365	Dome Tesoro 27
Z	NavAlt	NOOC-14-20-5382	Dome Navajo 17-22-7
AA	NavAlt	NOOC-14-20-5555	Dome Navajo 03-22-7
AB	NavAlt	NOOC-14-20-5594	Navajo 10-22-7
AC	NavAlt	NOOC-14-20-5595	Dome Navajo 20-22-7
AD	State	V-7846	Shaw
AE	Federal	NM-109385	Unnamed
AF	Federal	NM-109391	Unnamed
AG	Federal	NM-109392	Lombardo
AH	Federal	NM-109393	Basie
AI	Federal	NM-113069	Unnamed
AJ	Federal	NM-109386	Lybrook - Encana
AK	State	V-7860	Shaw
AL	State	V-7847	Miller
AM	State	V-7861	Miller Com
AN	Federal	NM-28740	Emily
AO	Federal	NM-28741	LuLu
AP	Federal	NM-89021	Little Sis
AQ	State	V-1399	Gus
AR	Federal	NM-81638	Kite
AS	Federal	NM-28747	Ballymaloe
AT	Fee	12352	Unnamed
AU	Federal	NM-28747	Kinsale
AV	Federal	NM-36943	Henry AGC
AW	State	LG-3924	Alamito Unit
AX	State	LG-3925	Kenny



Legend

- Gas Well
- Gas Well P&A
- Gas Well TA
- Oil Well
- Oil Well P&A
- SWD Well
- Location
- Compressor
- Sales Meter
- Gathering System Pipeline

T23N
T22N
AK

T22N
T21N

Attachment No. 1B
Dugan Production Corp.
Big Band Gathering System
San Juan Co. NM
As of June 1, 2015

U.S.G.S. & National Geographic Topography Maps Used:
Arc-GIS Base Layer
Fire Rock Well, NM 2013
Lybrook, NW, NM 2013
1"=4000'

Notes:
1. Lease Information/Key Attached
2. PNM Central Delivery Sales Meter No. 1335 @ NENE 27, T-22N, R-8W (CDP Abandoned) All Gas to Rusty Chacra CDP @ SENW 12, T-22N, R-7W
3. Line to Rusty Chacra Gathering System @ James No. 1 NESE 24, T-22N, R-8W

0 1,750 3,500 7,000 10,500 14,000 Feet

Well Name	API No.	Well Location	Well Location		Communitization Agreement No. (If Established)	Pool	Completion Date	Well Status ①	Current Prod. ②			Spacing Unit	Dates for SC, OLM & S ③			
		UL-Sec-Twn-Rng	Lease No.	Lse.Type					MCFD	BC/D	BWPD		Application	BLM Approval	NMSLO Approval	NMOCD Approval
WELLS TO BE ADDED TO SYSTEM (4 WELLS + 4 LOCATIONS)																
Basie Com 1 (Note 5)	30-043-21112	D-21-22N-7W	NM109393	FED	NMNM112676	Basin Fruitland Coal	9/29/11	P	4	0	26.1	N/2-320A				
Basie Com infill well (Note 4)	pending	NE/4-21-22N-7W	NM6680	FED	NMNM112676	Basin Fruitland Coal		LOC				N/2-320A				
Lombardo Com 1 (Note 5)	30-043-21107	M-29-22N-7W	NM6680	FED	NMNM112653	Basin Fruitland Coal	12/7/11	P	29	0	78.6	W/2-320A				
Lombardo Com infill well	pending	NW/4-29-22N-7W	NM109392	FED	NMNM112653	Basin Fruitland Coal		LOC				W/2-320A				
Miller Com 1 (Note 5)	30-043-21109	D-32-22N-7W	V7847	ST	State CA-no #	Basin Fruitland Coal	12/7/11	P	57	0	54.8	W/2-320A				
Miller Com infill well	pending	SW/4-32-22N-7W	V7861	ST	State CA-no #	Basin Fruitland Coal		LOC				W/2-320A				
Shaw Com 1 (Note 5)	30-043-21108	M-16-22N-7W	V7860	ST	State CA-no #	Basin Fruitland Coal	9/19/11	P	1	0	10.5	W/2-320A				
Shaw Com infill well	pending	NW/4-16-22N-7W	V7846	ST	State CA-no #	Basin Fruitland Coal		LOC				W/2-320A				
WELLS PREVIOUSLY APPROVED FOR RUSTY GATHERING SYSTEM (39 WELLS)																
Chacra 1	30-043-20308	D-10-22N-7W	NM25821	FED		Rusty Chacra	2/9/1978	P	1	0	3.5	NW/4	8/17/98	10/13/99	8/31/98	9/8/98
Chacra 2	30-043-20309	O-21-22N-7W	NM25821	FED		Rusty Chacra	2/21/1978	P	3	0	0.0	SE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dana State 1 (Hicks Oil & Gas) P&A'd	30-043-20165	G-16-22N-7W	K04844	ST		Rusty Gallup	7/14/1975	PA 2/16/09				SW/4 NE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Federal 01-21-7 1	30-043-20638	H-1-21N-7W	NM15649	FED		Rusty Chacra	7/2/1982	P	1	0	0.0	NE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Federal 10-22-7 1	30-043-20484	H-10-22N-7W	NM6680	FED		Rusty Chacra	10/23/1980	P	8	0	11.6	NE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Federal 15-22-7 1	30-043-20281	P-15-22N-7W	NM8899	FED		Rusty Chacra	6/15/1979	P	10	0	0.0	SE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Federal 18-22-6 3	30-043-20481	E-18-22N-6W	NM21455	FED		Rusty Chacra	10/21/1980	P	2	0	18.4	NW/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Federal 19-22-6 1	30-043-20404	M-19-22N-6W	NM21455	FED		Rusty Chacra	8/30/1979	P	7	0	0.0	SW/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Federal 29-22-6 2	30-043-20406	K-29-22N-6W	NM6676	FED		Rusty Chacra	10/10/1980	P	0	0	0.0	SW/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Federal 29-22-6 3	30-043-20483	H-29-22N-6W	NM6676	FED		Rusty Chacra	12/31/1980	P	0	0	0.0	NE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Federal 30-22-6 1	30-043-20407	C-30-22N-6W	NM8641	FED		Rusty Chacra	8/30/1979	P	6	0	0.0	NW/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Navajo 03-22-7 1	30-043-20449	J-3-22N-7W	NOOC14205555	I		Alamito Gallup	3/21/1980	P	17	0	0.0	NW/4 SE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Navajo 17-22-7 2	30-043-20480	K-17-22N-7W	NOOC14205382	I		Rusty Chacra	10/28/1980	P	3	0	0.0	SW/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Navajo 18-22-6 2 P&A'd	30-043-20474	O-18-22N-6W	NM5452	FED		Rusty Chacra	11/4/1980	PA 12/11/01				SE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Navajo 20-22-7 1	30-043-20408	H-20-22N-7W	NOOC14205595	I		Rusty Chacra	7/25/1979	P	4	0	0.0	NE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Navajo 27-22-6 1	30-043-20475	M-27-22N-6W	NOOC14205046	I		Rusty Chacra	1/16/1987	P	2	0	0.0	SW/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Navajo 28-22-6 2	30-043-20477	I-28-22N-6W	NOOC14205044	I		Rusty Chacra	10/13/1980	P	1	0	0.0	SE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Navajo 28-22-6 4	30-043-20476	K-28-22N-6W	NOOC14205045	I		Rusty Chacra	12/31/1980		0	0	25.8	SW/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Navajo 33-22-6 1 P&A'd	30-043-20663	A-33-22N-6W	NOOC14205050	I		Rusty Chacra	12/2/1982	PA 11/15/10				NE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Navajo 33-22-6 2	30-043-20664	N-33-22N-6W	NOOC14205048	I		Rusty Chacra	12/2/1982	P	10	0	0.0	SW/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Navajo 34-22-6 1	30-043-20478	C-34-22N-6W	NOOC14205051	I		Rusty Chacra	1/23/1981	P	1	0	0.0	NW/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Rusty 20-22-7 1	30-043-20319	P-20-22N-7W	NM7262	FED		Rusty Chacra	8/28/1978	P	2	0	0.0	SE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Rusty 24-22-7 1 P&A'd	30-043-20320	J-24-22N-7W	NM6680	FED		Rusty Chacra	6/30/1978	PA 1/30/13				SE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Rusty 30-22-6 1	30-043-20318	B-30-22N-6W	NM6676	FED		Rusty Chacra	6/30/1978	P	10	0	0.0	NE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome State 32-22-6 2	30-043-20470	A-32-22N-6W	LG3923	ST		Rusty Chacra	1/5/1981	P	11	0	0.0	NE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Tesoro 22 4	30-043-20542	C-22-22N-7W	NOOC14205356	I		Rusty Gallup	4/30/1981	P	7	0.8	0.0	NE/4 NW/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Tesoro 23 1	30-043-20506	L-23-22N-7W	NOOC14205360	I		Rusty Gallup	11/29/1980	P	5	3.6	0.0	NW/4 SW/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Tesoro 27 3	30-043-20515	D-27-22N-7W	NOOC14205365	I		Rusty Gallup	2/9/1981	P	6	0.4	0.0	NW/4 NW/4	8/17/98	10/13/99	8/31/98	9/8/98
Federal 25-22-7 1	30-043-20398	B-25-22N-7W	NM8899	FED		Rusty Chacra	9/17/1982	P	0	0	0.0	NE/4	8/17/98	10/13/99	8/31/98	9/8/98
Federal 26-22-7 1	30-043-20363	A-26-22N-7W	NM8899	FED		Rusty Chacra	9/17/1978	P	5	0	0.0	NE/4	8/17/98	10/13/99	8/31/98	9/8/98
Federal 29-22-6 1	30-043-20344	I-29-22N-6W	NM6676	FED		Rusty Chacra	9/19/1978	P	4	0	0.0	SE/4	8/17/98	10/13/99	8/31/98	9/8/98
Federal 29-22-6 2	30-043-20393	E-29-22N-6W	NM6676	FED		Rusty Chacra	9/11/1982	P	22	0	0.0	NW/4	8/17/98	10/13/99	8/31/98	9/8/98
Federal 31-22-6 1	30-043-20383	J-31-22N-6W	NM7776	FED		Rusty Chacra	4/25/1979	P	1	0	0.0	SE/4	8/17/98	10/13/99	8/31/98	9/8/98
Navajo 1	30-043-20797	N-33-22N-6W	NOOC14205048	I		Rusty So. Gallup	11/19/1985	P	3	0.3	0.0	SE/4 SW/4	8/17/98	10/13/99	8/31/98	9/8/98
Navajo 10-22-7 1	30-043-20346	N-10-22N-7W	NOOC14205594	I		Rusty Chacra	9/15/1978	P	1	0	0.0	SW/4	8/17/98	10/13/99	8/31/98	9/8/98
Navajo 18-22-6 1 P&A'd	30-043-20286	N-18-22N-6W	NM5452	FED		Rusty Chacra	7/16/1979	PA 12/13/01				SW/4	8/17/98	10/13/99	8/31/98	9/8/98
Navajo 21-22-7 1 P&A'd	30-043-20282	A-21-22N-7W	NM6680	FED		Rusty Chacra	6/30/1978	PA 12/17/01				NE/4	8/17/98	10/13/99	8/31/98	9/8/98
Rusty Nail Com 90	30-043-20988	C-34-22N-6W	NOOC14205051	I	NMNM110562	Basin Fruitland Coal	6/21/2005	P	1	0	0.0	N/2	6/20/06	8/14/06	7/24/06	7/25/06
State 32-22-6 1 P&A'd	30-043-20400	D-32-22N-6W	LG3923	ST		Rusty Chacra	3/11/1982	PA 12/18/01				NW/4	8/17/98	10/13/99	8/31/98	9/8/98

Notes:

N/A = Not applicable or not needed
NR = None Reported

Note 1 - Well status as of 06/01/15
LOC = General location of potential infill well
NC = Not connected to gathering system
P = Producing
P-DHC = Producing downhole commingled
PA = Plugged & Abandoned
SI = Shut in
TA = Temporarily abandoned

Note 2 - Current production presents the average daily production during January, 2015.

Note 3 - Dates of application and regulatory approvals for permission to use Dugan's Rusty Chacra Gathering System to facilitate gas sales which typically requires the surface commingling (SC) plus off-lease measurement (OLM) and sale(S) of produced natural gas. The NMOCD has issued **commingling order PLC-147-A dated 7/25/06** for the Rusty Chacra Gas Gathering System.

Note 4 - Location is within the "Rusty Chacra Gas Gathering System Area" defined by NMOCD Order PLC-147-A dated 7/25/06 which provides that future wells completed in a pool covered by the order are also automatically included in the commingling authority of the order. Since only one of the eight wells/locations being added is covered by this provision, for simplicity, the Basie Com infill location is included with this application.

Note 5 - Gas deliveries to Rusty Chacra Gathering System (all gas volumes mcf @ 15.025 psi):

Well	1st gas to Rusty Chacra Gath. System	Production 7/14 thru 01/15			Average Production		Cumulative Production 2/1/15	
		mcf	bw	days	mcf/d	bw/d	mcf	bw
Basin Fruitland Coal Pool								
Basie Com 1	11/1/2011	1,431	6,729	206	6.9	32.7	3,114	22,505
Lombardo Com 1	1/19/2012	8,670	44,066	206	42.1	213.9	26,079	81,981
Miller Com 1	1/19/2012	17,099	23,391	206	83.0	113.5	56,115	91,902
Shaw Com 1	11/1/2011	587	2,761	207	2.8	13.3	2,043	8,756
Pool Total		26,787	2,761	825	134.9	373.5	87,351	205,144

ATTACHMENT NO. 1B
BIG BAND GATHERING SYSTEM
PAGE 2 OF 2

Big Band Lease Legend			
Letter	Lease Type	Lease Number	Lease Name
A	Federal	NM-93253	James
B	Federal	NM-90471	Goodman
C	Federal	NM-90472	Dorsey
D	Federal	NM-94067	Ellington
E	Federal	NM-116056	Satchmo
F	Federal	NM-8902	Billie
G	Federal	NM-57445	Zappa
H	Federal	NM-89099	Harrison
I	Federal	NM-92738	Harrison
J	Federal	NM-90477	Morrison
K	Federal	NM-90476	Joplin
L	Federal	NM-90475	Gaye
M	State	VA-1121	Marley
N	Federal	NM-43438	Cleve Kyle
O	State	B-10894-8	Cochran
P	State	VA-1119	Cochran
Q	Federal	NM-90469	Presley
R	Federal	NM-55836	Hendrix
S	Federal	NM-90468	Belushi
T	Federal	NM-96798	Sage Creek
U	Federal	NM-50999	Bear
V	State	LH-174	LH-174
W	State	LG-9090	Little b
X	State	V-7769	Susana
Y	State	V-7770	Susana
Z	Federal	NM-116055	Unnamed
AA	Federal	NM-048989-A	Federal G
AB	Nav Alt	NOG-0902-1755	Wood Denn #2
AC	Nav Alt	NOG-0902-1756	Wood Denn #1
AD	Nav Alt	NOG-0902-1757	Tom Wood Denn #1
AE	Nav Alt	NOG-0902-1758	Tom Wood Denn #2
AF	Federal	NM-109396	Gillespie
AG	Federal	NM-048989	Warner & Manein
AH	Nav Alt	NOG-0912-1763	Lennon Com #2
AI	Nav Alt	NOG-0912-1764	Lennon Com #1
AJ	Nav Alt	NOG-0912-1762	Mary Rose
AK	State	VA-1120	McCartney
AL	Federal	NM-76842	Alamito ANR
AM	Federal	NM-81638	Kite
AN	Federal	NM-130771	XTO Lease
AO	Nav Nation	NM-032341F1	Navajo Navajo Lease
AP	Federal	NM-117569	Cross Timbers Lease

Interest Ownership Summary - wells to be added

[illegible][illegible]

ATTACHMENT NO. 3A – PAGE 2 OF 4
Dugan Production Corp.
Basie Com #1 & infill
Basin Fruitland Coal
Well Location: NWNW 21, T22N, R7W
Infill Location: NE/4 21, T22N, R7W
Spacing Unit: N/2-320.0A
Sandoval County, New Mexico

<u>INTEREST OWNER</u>	<u>INTEREST %</u>	
	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u>		
Dugan Production Corp.	100.000000	82.843750
<u>Royalty</u>		
USA-c/o Bureau of Land Management 6251 College Blvd. Farmington, NM 87402	-0-	12.500000
<u>Overriding Royalty</u>		
Dugan Production Corp.	-0-	1.343750
Black Stone Natural Resources II-B, L.P. P O Box 301407 Dallas, TX 75303-1407	-0-	0.153472
Black Stone Natural Resources II, L.P. P O Box 301404 Dallas, TX 75303-1404	-0-	0.241485
Paul Charles Ellison BAD ADDRESS 7973 South Vance Street Littleton, CO 80123	-0-	0.060000
James S. Jameson 11611 Campos Houston, TX 77065	-0-	0.050000
Kent A. Johnson 7862 South Valentia Way Englewood, CO 80112	-0-	0.500000
Kochergen Enterprises Family LP 8163 W. McKinley Ave. Fresno, CA 93722	-0-	0.562500
Magnum Hunter Production Inc. #774031 4031 Solutions Center Chicago, IL 60677-4000	-0-	0.750000
Douglas B. McCallum 191 University Blvd. #839 Denver, CO 80206-4613	-0-	0.060000
F. Michael Murphy 3364 Wabash Street Denver, CO 80238	-0-	0.020000
Kurt T. Nelson BAD ADDRESS 695 South Corona Denver, CO 80209	-0-	0.250000
O'Connell Partners, L.P. P O Box 301491 Dallas, TX 75303-1491	-0-	0.605043
William T. & Betty Jean Philo, Jr. Tenants 708 Sunny Lane Corsicana, TX 75110	-0-	0.060000
TOTAL WELL	100.000000	100.000000

ATTACHMENT NO. 3A – PAGE 3 OF 4
Dugan Production Corp.
Lombardo Com #1 & infill
Basin Fruitland Coal
Well Location: SWSW 29, T22N, R7W
Infill Location: NW/4 29, T22N, R7W
Spacing Unit: W/2-320.0A
Sandoval County, New Mexico

INTEREST OWNER	INTEREST %			
	Gross - BPO	Net - BPO	Gross - APO	Net - APO
<u>Working Interest</u> Dugan Production Corp.	92.968750	78.205566	85.937500	71.193848
Mark A. Chapman P O Box 450 Sealy, TX 77474	-0-	-0-	7.031250	5.824951
Moon Royalty, LLC P O Box 720070 Oklahoma City, OK 73172-0070	7.031250	5.638184	7.031250	5.824951
<u>Royalty</u> USA-c/o Bureau of Land Management 6251 College Blvd. Farmington, NM 87402	-0-	12.500000	-0-	12.500000
<u>Overriding Royalty</u> Dugan Production Corp.	-0-	1.343750	-0-	1.343750
Black Stone Natural Resources II-B, LP P O Box 301407 Dallas, TX 75303-1404	-0-	0.153472	-0-	-0-
Black Stone Natural Resources II, LP P O Box 301404 Dallas, TX 75303-1404	-0-	0.241485	-0-	-0-
Paul Charles Ellison BAD ADDRESS 7973 South Vance Street Littleton, CO 80123	-0-	-0-	-0-	0.060000
James S. Jameson 11611 Campos Houston, TX 77065	-0-	-0-	-0-	0.050000
Kent A. Johnson 7862 South Valentia Way Englewood, CO 80112	-0-	-0-	-0-	0.500000
Kochergen Enterprises Family LP 8163 W. McKinley Ave. Fresno, CA 93722	-0-	0.562500	-0-	0.562500
Magnum Hunter Production, Inc. #774031 4031 Solutions Center Chicago, IL 60677-4000	-0-	0.750000	-0-	0.750000
Douglas B. McCallum 191 University Blvd. #839 Denver, CO 80206-4613	-0-	-0-	-0-	0.060000
F. Michael Murphy 3364 Wabash Street Denver, CO 80238	-0-	-0-	-0-	0.020000
Kurt T. Nelson BAD ADDRESS 695 South Corona Denver, CO 80209	-0-	-0-	-0-	0.250000
R.K. O'Connell Revocable Trust R.K. & Sue O'Connell, Co-Trustees P O Box 2003 Casper, WY 82602	-0-	0.605043	-0-	1.000000
William T. & Betty Jean Philo, Jt. Tenants 708 Sunny Lane Corsicana, TX 75110	-0-	-0-	-0-	0.060000
TOTAL WELL	100.000000	100.000000	100.000000	100.000000

ATTACHMENT NO. 3A – PAGE 4 OF 4

**Dugan Production Corp.
Miller Com #1 & infill
Basin Fruitland Coal
Well Location: NWNW 32, T22N, R7W
Infill Location: SW/4 32, T22N, R7W
Spacing Unit: W/2-320.0A
Sandoval County, New Mexico**

<u>INTEREST OWNER</u>	<u>INTEREST %</u>	
	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u>		
Dugan Production Corp.	100.000000	83.330000
<u>Royalty</u>		
New Mexico State Land Office Office of Commissioner of Public Lands P O Box 1148 Santa Fe, NM 87504-1148	-0-	16.670000
TOTAL WELL	100.000000	100.000000

**Dugan Production Corp.
Shaw Com #1 & infill
Basin Fruitland Coal
Well Location: SWSW 16, T22N, 7W
Infill Location: NW/4 16, T22N, R7W
Spacing Unit: W/2-320.0A
Sandoval County, New Mexico**

<u>INTEREST OWNER</u>	<u>INTEREST %</u>	
	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u>		
Dugan Production Corp.	100.000000	83.333333
<u>Royalty</u>		
New Mexico State Land Office Office of Commissioner of Public Lands P O Box 1148 Santa Fe, NM 87504-1148	-0-	16.666667
TOTAL WELL	100.000000	100.000000

Interest Ownership Summary - wells to be added
Dugan Production Corp.'s Big Band Gas Gathering System

[illegible]

ATTACHMENT NO. 3B – PAGE 2 OF 12

**Dugan Production Corp.
Cleve Kyle Location A & infill
Basin Fruitland Coal**

**Well Location: Well A = NE/4, infill = SE/4 Sec. 17, T22N, R8W
Spacing Unit: E/2-320.0A
San Juan County, New Mexico**

<u>INTEREST OWNER</u>	<u>INTEREST %</u>	
	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u>		
Dugan Production Corp.	75.000000	61.875000
XTO Energy Inc. 810 Houston Street Fort Worth, TX 76102-6203	25.000000	21.875000
<u>Royalty</u>		
USA-c/o Bureau of Land Management 6251 College Blvd. Farmington, NM 87402	-0-	12.500000
<u>Overriding Royalty</u>		
Dugan Production Corp.	-0-	3.750000
<u>TOTAL WELL</u>	<u>100.000000</u>	<u>100.000000</u>

**Dugan Production Corp.
Cleve Kyle Location B & infill
Basin Fruitland Coal**

**Well Location: Well B = NW/4, infill = SW/4 Sec. 17, T22N, R8W
Spacing Unit: W/2-320.0A
San Juan County, New Mexico**

<u>INTEREST OWNER</u>	<u>INTEREST %</u>	
	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u>		
Dugan Production Corp.	87.500000	72.187500
XTO Energy Inc. 810 Houston Street Fort Worth, TX 76102-6203	12.500000	10.937500
<u>Royalty</u>		
USA-c/o Bureau of Land Management 6251 College Blvd. Farmington, NM 87402	-0-	12.500000
<u>Overriding Royalty</u>		
Dugan Production Corp.	-0-	4.375000
<u>TOTAL WELL</u>	<u>100.000000</u>	<u>100.000000</u>

ATTACHMENT NO. 3B – PAGE 3 OF 12

**Dugan Production Corp.
Cleve Kyle Location C & infill
Basin Fruitland Coal
Well Location: Well C = NE/4, infill = SE/4 Sec. 18, T22N, R8W
Spacing Unit: E/2-320.0A
San Juan County, New Mexico**

<u>INTEREST OWNER</u>	<u>INTEREST %</u>	
	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u>		
Dugan Production Corp.	87.500000	72.187500
Navajo Nation P O Box 2350 Window Rock, AZ 86515	12.500000	10.937500
<u>Royalty</u>		
USA-c/o Bureau of Land Management 6251 College Blvd. Farmington, NM 87402	-0-	10.937500
Navajo Nation P O Box 2350 Window Rock, AZ 86515	-0-	1.562500
<u>Overriding Royalty</u>		
Dugan Production Corp.	-0-	4.375000
TOTAL WELL	100.000000	100.000000

**Dugan Production Corp.
Cleve Kyle Location D & infill
Basin Fruitland Coal
Well Location: Well D = NW/4, infill = SW/4 Sec. 18, T22N, R8W
Spacing Unit: W/2-320.0A
San Juan County, New Mexico**

<u>INTEREST OWNER</u>	<u>INTEREST %</u>	
	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u>		
Dugan Production Corp.	75.000000	61.875000
Navajo Nation P O Box 2350 Window Rock, AZ 86515	25.000000	21.875000
<u>Royalty</u>		
USA-c/o Bureau of Land Management 6251 College Blvd. Farmington, NM 87402	-0-	9.375000
Navajo Nation P O Box 2350 Window Rock, AZ 86515	-0-	3.125000
<u>Overriding Royalty</u>		
Dugan Production Corp.	-0-	3.750000
TOTAL WELL	100.000000	100.000000

ATTACHMENT NO. 3B – PAGE 4 OF 12
Dugan Production Corp.
Cochran #3 & infill
Basin Fruitland Coal
Well Location: SWSE 16, T22N, R8W
Infill Location: NE/4 16, T22N, R8W
Spacing Unit: E/2-320.0A
San Juan County, New Mexico

<u>INTEREST OWNER</u>	<u>INTEREST %</u>	
	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u> Dugan Production Corp.	100.000000	87.500000
<u>Royalty</u> New Mexico State Land Office Office of Commissioner of Public Lands P O Box 1148 Santa Fe, NM 87504-1148	-0-	12.500000
TOTAL WELL	100.000000	100.000000

Dugan Production Corp.
Gillespie Com #1 & infill
Basin Fruitland Coal
Well Location: SWNE 9, T22N, R8W
Infill Location: NW/4 9, T22N, R8W
Spacing Unit: N/2-320.0A
San Juan County, New Mexico

<u>INTEREST OWNER</u>	<u>INTEREST %</u>	
	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u> Dugan Production Corp.	50.000000	40.625000
Cross Timbers Energy, LLC 400 West Seventh Street Fort Worth, TX 76102	50.000000	43.750000
<u>Royalty</u> USA-c/o Bureau of Land Management 6251 College Blvd. Farmington, NM 87402	-0-	12.500000
<u>Overriding Royalty</u> The Blanco Company P O Box 25968 Albuquerque, NM 87125	-0-	2.375000
Philip L. White P O Box 25968 Albuquerque, NM 87125	-0-	0.750000
TOTAL WELL	100.000000	100.000000

ATTACHMENT NO. 3B – PAGE 5 OF 12
Dugan Production Corp.

<u>Well Name</u>	<u>Pool</u>	<u>Location</u>	<u>Spacing Unit</u>
Lennon Com #1	Basin Fruitland Coal	NENE 19-22N-8W	E/2-320.0A
Lennon Com #2	Basin Fruitland Coal	NESE 19-22N-8W	E/2-320.0A

INTEREST OWNER

INTEREST %

	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u>		
Dugan Production Corp.	100.000000	83.333333
<u>Royalty</u>		
Navajo Allotted	-0-	16.666667
c/o Federal Indian Minerals Office		
6251 College Blvd., Suite B		
Farmington, NM 87402		
TOTAL WELL	100.000000	100.000000

ATTACHMENT NO. 3B – PAGE 6 OF 12
Dugan Production Corp.

<u>Well Name</u>	<u>Pool</u>	<u>Location</u>	<u>Spacing Unit</u>
Mancini #1	Basin Fruitland Coal	SWNW 15-22N-8W	W/2-320.0A
Mancini #2	Basin Fruitland Coal	NWSW 15-22N-8W	W/2-320.0A
Mancini #3	Basin Fruitland Coal	NWNE 15-22N-8W	E/2-320.0A
Mancini #4	Basin Fruitland Coal	NESE 15-22N-8W	E/2-320.0A
Mancini #7	Basin Fruitland Coal	SESE 10-22N-8W	E/2-320.0A
Mancini #8	Basin Fruitland Coal	NWNE 10-22N-8W	E/2-320.0A
Warner Federal #1	East Bisti Chacra	NENE 10-22N-10W	NE/4-160.0A

<u>INTEREST OWNER</u>	<u>INTEREST %</u>	
	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u> Dugan Production Corp.	100.000000	85.000000
<u>Royalty</u> USA-c/o Bureau of Land Management 6251 College Blvd. Farmington, NM 87402	-0-	12.500000
<u>Overriding Royalty</u> J. Roger Friedman 425 Park Avenue New York, NY 10022	-0-	0.066000
Patricia M. Friedman c/o Lebhar-Friedman 425 Park Avenue New York, NY 10022	-0-	0.066000
Thomaston, LLC Independence Plaza 1001 16 th Street, B-180 Denver, CO 80265	-0-	2.368000
<u>TOTAL WELL</u>	<u>100.000000</u>	<u>100.000000</u>

ATTACHMENT NO. 3B – PAGE 7 OF 12
Dugan Production Corp.

<u>Well Name</u>	<u>Pool</u>	<u>Location</u>	<u>Spacing Unit</u>
Mancini Com #5	Basin Fruitland Coal	SWSW 10-22N-8W	W/2-320.0A
Mancini Com #6	Basin Fruitland Coal	SWNW 10-22N-8W	W/2-320.0A

<u>INTEREST OWNER</u>	<u>INTEREST %</u>	
	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u>		
Dugan Production Corp.	100.000000	83.437500
<u>Royalty</u>		
USA-c/o Bureau of Land Management 6251 College Blvd. Farmington, NM 87402	-0-	12.500000
<u>Overriding Royalty</u>		
The Blanco Company P O Box 25968 Albuquerque, NM 87125	-0-	1.187500
J. Roger Friedman 425 Park Avenue New York, NY 10022	-0-	0.033000
Patricia M. Friedman c/o Lebhar-Friedman 425 Park Avenue New York, NY 10022	-0-	0.033000
M.J. Harvey, Jr. 3811 Turtle Creek, Suite 2150 Dallas, TX 75219	-0-	1.250000
Thomaston, LLC Independence Plaza 1001 16 th Street, B-180 Denver, CO 80265	-0-	1.184000
Philip L. White Box 25968 Albuquerque, NM 87125	-0-	0.375000
<u>TOTAL WELL</u>	<u>100.000000</u>	<u>100.000000</u>

ATTACHMENT NO. 3B – PAGE 8 OF 12
Dugan Production Corp.

<u>Well Name</u>	<u>Pool</u>	<u>Location</u>	<u>Spacing Unit</u>
Mary Rose Com #2	Basin Fruitland Coal	SESE 20-22N-8W	E/2-320.0A
Mary Rose Com #2 Infill	Basin Fruitland Coal	NE 20-22N-8W	E/2-320.0A

<u>INTEREST OWNER</u>	<u>INTEREST %</u>	
	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u>		
Dugan Production Corp.	100.000000	81.916666
<u>Royalty</u>		
USA-c/o Bureau of Land Management 6251 College Blvd. Farmington, NM 87402	-0-	6.250000
Navajo Allotted c/o Federal Indian Minerals Office 6251 College Blvd., Suite B Farmington, NM 87402	-0-	8.333334
<u>Overriding Royalty</u>		
Dugan Production Corp.	-0-	2.000000
Charles B. & Susan J. Adams BAD ADDRESS 979 Windflower San Diego, CA 92106	-0-	0.500000
Unknown Interests	-0-	1.000000
<u>TOTAL WELL</u>	<u>100.000000</u>	<u>100.000000</u>

Dugan Production Corp.
McCartney #1
Bisti Chacra Ext.
Well Location: NENE 2, T22N, R9W
Spacing Unit: NE/4-161.24A
San Juan County, New Mexico

<u>INTEREST OWNER</u>	<u>INTEREST %</u>	
	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u>		
Dugan Production Corp.	100.000000	87.500000
<u>Royalty</u>		
USA-c/o Bureau of Land Management 6251 College Blvd. Farmington, NM 87402	-0-	12.500000
<u>TOTAL WELL</u>	<u>100.000000</u>	<u>100.000000</u>

ATTACHMENT NO. 3B – PAGE 9 OF 12

**Dugan Production Corp.
Satchmo Com #1 & infill
Basin Fruitland Coal
Well Location: SESW 3, T22N, R8W
Infill Location: SE/4 3, T22N, R8W
Spacing Unit: S/2-320.0A
San Juan County, New Mexico**

<u>INTEREST OWNER</u>	<u>INTEREST %</u>	
	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u>		
Dugan Production Corp.	100.000000	85.000000
<u>Royalty</u>		
USA-c/o Bureau of Land Management 6251 College Blvd. Farmington, NM 87402	-0-	12.500000
<u>Overriding Royalty</u>		
Harvey Royalty Partners, LP 1875 Laws Street Dallas, TX 75202-1700	-0-	2.500000
<u>TOTAL WELL</u>	<u>100.000000</u>	<u>100.000000</u>

ATTACHMENT NO. 3B – PAGE 10 OF 12

Dugan Production Corp.
 Satchmo Com #2 & infill
 Basin Fruitland Coal
 Well Location: NWSE 4, T22N, R8W
 Infill Location: NE/4 4, T22N, R8W
 Spacing Unit: E/2-322.5A
 San Juan County, New Mexico

<u>INTEREST OWNER</u>	<u>INTEREST %</u>	
	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u> Dugan Production Corp.	100.000000	83.011628
<u>Royalty</u> USA-c/o Bureau of Land Management 6251 College Blvd. Farmington, NM 87402	-0-	12.500000
<u>Overriding Royalty</u> Harvey Royalty Partners, LP 1875 Laws Street Dallas, TX 75202-1700	-0-	3.720930
Cathy Jean Henrickson BAD ADDRESS 7375 Rolling Dell Drive #79 Cupertino, CA 95014	-0-	0.767442
TOTAL WELL	100.000000	100.000000

Dugan Production Corp.
 Satchmo Com #3 & infill
 Basin Fruitland Coal
 Well Location: SWSW 4, T22N, R8W
 Infill Location: NW/4 4, T22N, R8W
 Spacing Unit: W/2-321.53A
 San Juan County, New Mexico

<u>INTEREST OWNER</u>	<u>INTEREST %</u>	
	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u> Dugan Production Corp.	100.000000	83.007137
<u>Royalty</u> USA-c/o Bureau of Land Management 6251 College Blvd. Farmington, NM 87402	-0-	12.500000
<u>Overriding Royalty</u> Harvey Royalty Partners, LP 1875 Laws Street Dallas, TX 75202-1700	-0-	3.732156
Cathy Jean Henrickson BAD ADDRESS 7375 Rolling Dell Drive #79 Cupertino, CA 95014	-0-	0.760707
TOTAL WELL	100.000000	100.000000

ATTACHMENT NO. 3B – PAGE 11 OF 12

Dugan Production Corp.
Susana Com #1 & infill
Basin Fruitland Coal
Well Location: NWNW 2, T21N, R8W
Infill Location: NE/4 2, T21N, R8W
Spacing Unit: N/2-321.44A
San Juan County, New Mexico

<u>INTEREST OWNER</u>	<u>INTEREST %</u>	
	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u> Dugan Production Corp.	100.000000	83.333333
<u>Royalty</u> New Mexico State Land Office Office of Commissioner of Public Lands P O Box 1148 Santa Fe, NM 87504-1148	-0-	16.666667
<u>TOTAL WELL</u>	<u>100.000000</u>	<u>100.000000</u>

ATTACHMENT NO. 3B – PAGE 12 OF 12
Dugan Production Corp.

<u>Well Name</u>	<u>Pool</u>	<u>Location</u>	<u>Spacing Unit</u>
Tom Wood Denn #1	Basin Fruitland Coal	NENE 8-22N-8W	N/2-320.0A
Tom Wood Denn #2	Basin Fruitland Coal	NENW 8-22N-8W	N/2-320.0A

INTEREST OWNER

	<u>INTEREST %</u>	
	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u> Dugan Production Corp.	100.000000	83.333333
<u>Royalty</u> Navajo Allotted c/o Federal Indian Minerals Office 6251 College Blvd., Suite B Farmington, NM 87402	-0-	16.666667
<u>TOTAL WELL</u>	<u>100.000000</u>	<u>100.000000</u>

Dugan Production Corp.

<u>Well Name</u>	<u>Pool</u>	<u>Location</u>	<u>Spacing Unit</u>
Wood Denn #1	Basin Fruitland Coal	NWSW 8-22N-8W	S/2-320.0A
Wood Denn #2	Basin Fruitland Coal	SESE 8-22N-8W	S/2-320.0A

INTEREST OWNER

	<u>INTEREST %</u>	
	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u> Dugan Production Corp.	100.000000	83.333333
<u>Royalty</u> Navajo Allotted c/o Federal Indian Minerals Office 6251 College Blvd., Suite B Farmington, NM 87402	-0-	16.666667
<u>TOTAL WELL</u>	<u>100.000000</u>	<u>100.000000</u>

**ATTACHMENT NO. 4
PRODUCTION SUMMARY
WELLS CONNECTED OR TO BE CONNECTED TO DUGAN PRODUCTION'S
BIG BAND & RUSTY CHACRA GAS GATHERING SYSTEMS**

POOL NAME & CODE	AVERAGE BTU btu/scf	WELLS OR COMPLETIONS ①		POOL PRODUCTION ALL WELLS - mcf/d ②		AVERAGE PRODUCTION PER WELL - mcf/d ③	
		EXISTING	PROPOSED	EXISTING	PROPOSED	EXISTING	PROPOSED
Big Band Gathering System (BBGS)							
Basin Fruitland Coal Gas (71629)	1019	18 (17)	36 (21)	1247	1202	73	57
Bisti Chacra Gas (96166)	1056	9 (5)	1 (0)	10	0	2	0
East Bisti Chacra Gas (96384)	1107	0 (0)	1 (1)	0	3	0	3
Nageezi Gallup Oil (47540)	1280	1 (0)	0 (0)	0	0	0	0
Rusty Chacra Gas (84360)	1058	6 (6)	0 (0)	14	0	2	55
Subtotal - BBGS	1020	34 (28)	38 (22)	1271	1205	45	55
Rusty Chacra Gathering System (RCGS)							
Alamito Gallup Oil (01039)	1266	1 (1)	0 (0)	17	0	17	0
Basin Fruitland Coal Gas (71629)	1024	1 (1)	8 (4)	1	91	1	23
Rusty Chacra Gas (84360)	1129	32 (26)	0 (0)	115	0	4	0
Rusty Gallup Oil (52860)	1306	4 (3)	0 (0)	18	0	6	0
South Rusty Gallup Oil (96236)	1133	1 (1)	0 (0)	3	0	3	0
Subtotal - RCGS	1112	39 (32)	8 (4)	154	91	5	23
Total - All wells (BBGS & RCGS)	1028	73 (60)	46 (26)	1425	1296	24	50

Calculated BTU of commingled production for BBGS & RCGS = 1028 btu/scf for all wells (existing and proposed) which compares fairly closely to the actual BTU average at the CDP sales meter during January 2015 of 1025.

Calculated value of commingled production: commingling is necessary to get produced natural gas to a gas sales meter from 119 (73 existing & 46 proposed) low volume gas wells. CDP gas revenue and MMBTU will be allocated to individual wells using factors determined from the MMBTU produced from each well. Each well will be equipped with an allocation meter or an approved method of alternative measurement. During June 2015, CDP sales volume from all wells (50 from Big Band & 36 from Rusty Chacra) averaged 2616 mcf/d and ranged from 2089 to 2860 mcf/d. There should be no loss in value to any well as a result of this commingling. Allocation procedures approved for both systems are identical for gas & MMBTU's (reference Attachment No. 5).

Notes:

- ① - Wells as of 6-1-2015. Existing = wells currently approved for gathering system. Proposed = wells & locations to be added to gathering system. Active completions in parentheses.
- ② - Production is average during January, 2015 (see Attachment 2A & 2B for individual well production) @ 15.025 psi.

**Attachment No. 4
Dugan Production's
Lease Summary**

Big Band Gathering System

Federal Leases - NM-8902, NM-43438, NM-048989, NM-50999, NM-55836, NM-57445, NM-89099, NM-90468, NM-90469, NM-90471, NM-90472, NM-90475, NM-90476, NM-90477, NM-92738, NM-93253, NM-94067 & NM-96798, NM-109396

State Leases - VA-1119, VA-1120, VA-1121, V-7769, V-7770

Navajo Allotted Leases - NO-G-0902-1755, NO-G-0902-1756, NO-G-0902-1757, NO-G-0902-1758, NO-G-0912-1762, NO-G-0912-1763, NO-G-0912-1764

Navajo Nation Lease (Held by Navajo Nation) - NM-032341-F1

Rusty Chacra Gathering System

Federal Leases - NM-6676, NM-6680, NM-7262, NM-7776, NM-8641, NM-8899, NM-15649, NM-21455, NM-25821, NM-27163, NM-89023, NM-93448, NM-100285, NM-109385, NM-109391, NM-109392, NM-109393, NM-113069 & NM-0554433

State Leases (Dugan) - LG-3923, V-7846, V-7847, V-7860, V-7861

State Leases (Hicks) - K-04844

Navajo Allotted Leases - NOOC-14-20-5044, NOOC-14-20-5045, NOOC-14-20-5046, NOOC-14-20-5048, NOOC-14-20-5050, NOOC-14-20-5051, NOOC-14-20-5356, NOOC-14-20-5360, NOOC-14-20-5365, NOOC-14-20-5382, NOOC-14-20-5555, NOOC-14-20-5594 & NOOC-14-20-5595

ATTACHMENT NO. 5
Proposed Allocation Procedures
Dugan Production Corp.'s
Rusty Gathering System
(Consolidated Big Band & Rusty Chacra Gathering Systems)
CDP Gas Sales Meter: SENW 12, T-22N, R-7W
Enterprise Field Services Meter No. 03049
Sandoval County, New Mexico

Note: This Allocation Procedure was presented in Attachment No. 8 to application dated 6/20/06 & approved by the BLM 8/14/06, NMOCD 7/24/06 & the NMSLO 7/24/06.

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 Meter during allocation period.

Y = BTU's from CDP Sales Meter during allocation period.

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 specification and operating conditions.

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 = $(U / \text{Sum } U) \times V$.

ATTACHMENT NO. 6A
DUGAN PRODUCTION CORP.
RUSTY CHACRA GATHERING SYSTEM
CONNECTION TO GATHERING SYSTEM VS DIRECT CONNECT TO PIPELINE

Page 1 of 2

WELL	CONNECT TO GATHERING SYSTEM			DIRECT CONNECT TO PIPELINE		
	PIPELINE LENGTH ①		AREA DISTURBED ③	PIPELINE LENGTH ②		AREA DISTURBED ③
	FT	MILES	ACRES	FT	MILES	ACRES
Basie Com 1	1,796	0.34	1.65	19,000	3.60	17.45
Basie Com infill well	350	0.07	0.32	2,850	0.54	2.62
Lombardo Com 1	3,729	0.71	3.42	28,350	5.37	26.03
Lombardo Com infill well	350	0.07	0.32	3,050	0.58	2.80
Miller Com 1	2,407	0.46	2.21	29,900	5.66	27.46
Miller Com infill well	2,400	0.45	2.20	2,400	0.45	2.20
Shaw Com 1	2,589	0.49	2.38	18,250	3.46	16.76
Shaw Com infill well	2,650	0.50	2.43	2,650	0.50	2.43
TOTAL	16,271	3.08	14.94	106,450	20.16	97.75

Notes:

1. Pipeline length represents distance from survey, if available. If survey has not been taken, the pipeline length represents the distance to nearest gathering system line. For infill wells, the pipeline length represents the shorter of the distance to the gathering system line or to the initial spacing unit well.
2. Pipeline length represents the estimated distance to the nearest existing Enterprise pipeline, considering significant topographic features. For infill wells, the pipeline length represents the shorter of the distance to Enterprise's pipeline or to the initial spacing unit well.
3. The estimated area disturbed includes a 40' wide R-O-W which is typical for this area.

DIRECT CONNECT VS CONNECTION TO RUSTY CHACRA GATHERING SYSTEM

8 WELLS PROPOSED FOR ADDITION TO RUSTY CHACRA GATHERING SYSTEM

	Connect to Gathering System	Direct Connect to PL
Wells to be added	8	8
# Lines Required	8	8 total (4 to PL + 4 to initial well)
Total PL length	16,271' = 3.08 miles	106,450' = 20.16 miles
Average PL length per well	2,033' = 0.39 miles	13,306' = 2.52 miles
Surface disturbance w/40' ROW	14.94A	97.75A
# additional compressors needed	0 (See Note 1)	4
Additional compressor hp	0 (See Note 1)	472 - 4 @ 118 hp
Additional compressor fuel	0 (See Note 1)	79.2 mcf - 4 @ 19.8 mcf/compressor
Additional compressor exhaust volume	0 (See Note 1)	3.5 mmcf - 604 cfm/compressor
Value of fuel gas - \$/year	0 (See Note 1)	\$105,370 - \$3.00/mcf - 1215 btu
Additional Compressors	0 (See Note 1)	\$172,640 - 4 @ \$43,160/compressor
Pipeline Tap, Meter Run & Meter	\$40,000 = 8 @ \$5,000/well	\$380,000 - 4 @ \$85,000/well + 8 @ \$5,000/well
Pipeline Installed	\$244,065 = 16,271' @ \$15/ft (4" poly)	\$4,045,100 - 106,450' @ \$38/ft (4" steel)
Pipeline Pigging System	0	\$40,000 - 4 @ \$10,000/line
Total Connection Cost	\$284,065	\$4,637,740

Other Considerations**Archaeological & Cultural** - general area of significance

- Site LA-169201 Near Basie Corn #1 (O-21-22N-7W) - Navajo Hogan & scatter of historic artifacts
- Great North-South Road along western side of R-10W (T-23 to 27N) & eastern side of R-11W (T23 to 24N)
- Anasazi Antelope Trap on Champ Lease (NW 6, T-23N, R-10W)
- Pierre's Site (T-23N, R-10 & 11W)
- Chaco Cultural Park (T-21N, R-10W)

Paleontology Significance

- Bettonie Tsosie Fossil Area (T-23N, R-9W)
- Carson Fossil Pocket (T-25N, R-13W)
- Fossil Forest (T-23N, R-13W)
- Lybrook Fossil Area (T-23N, R-7,8 & 9W)

Threatened & Endangered Species

- Brack's Cactus & Aztec Gila habitat (T-21N to 23N & R-5W to 9W)

Wilderness Area

- Ah-Shi-Sie-Pah Wilderness Area (T-22N, R-10W)
- Bisti De-Na Zin (T-24N, R-11, 12 & 13W)

Note No. 1 - Of the 8 wells to be added to the RCGS, 4 wells & 91 mcf were added in November 2011, and January 2012, and 4 wells and ±400 mcf will be added when drilled. The central compression facility typically has sufficient volume capacity to handle gas being added. This is one of the significant benefits of operating a gathering system with central compression, i.e., daily volumes can fluctuate within the compressor range of operation and will not require compressors to be added. In order to maintain an optimum gathering system pressure (20 to 30 psig), we continually monitor compressor performance and when needed, either add compressors or install larger compressors. We currently operate the RCGS using two compressors, each equipped with 384 hp engines and having a combined capacity of 3,700 to 4,200 mcf at the existing Enterprise gas sales line pressure of 325 psig. Average CDP sales during June 2015 = 2616 mcf.

**ATTACHMENT NO. 6B
DUGAN PRODUCTION CORP.
BIG BAND GATHERING SYSTEM**

CONNECTION TO GATHERING SYSTEM VS DIRECT CONNECT TO PIPELINE

WELL	CONNECT TO GATHERING SYSTEM			DIRECT CONNECT TO PIPELINE		
	PIPELINE LENGTH ①		AREA DISTURBED ③	PIPELINE LENGTH ②		AREA DISTURBED ③
	FT	MILES		FT	MILES	
Cleve Kyle location A	1,850	0.35	1.70	50,850	9.63	46.69
Cleve Kyle Location A infill	3,400	0.64	3.12	3,400	0.64	3.12
Cleve Kyle Location B	2,000	0.38	1.84	52,800	10.00	48.48
Cleve Kyle Location B infill	2,200	0.42	2.02	2,200	0.42	2.02
Cleve Kyle Location C	2,800	0.53	2.57	55,700	10.55	51.15
Cleve Kyle Location C infill	2,300	0.44	2.11	2,300	0.44	2.11
Cleve Kyle Location D	600	0.11	0.55	58,500	11.08	53.72
Cleve Kyle Location D infill	2,050	0.39	1.88	2,050	0.39	1.88
Cochran 3	117	0.02	0.11	45,600	8.64	41.87
Cochran infill well	350	0.07	0.32	3,000	0.57	2.75
Gillespie Com 1	1,365	0.26	1.25	45,000	8.52	41.32
Gillespie Com infill well	600	0.11	0.55	2,600	0.49	2.39
Lennon Com 1	5,366	1.02	4.93	56,300	10.66	51.70
Lennon Com 2	2,356	0.45	2.16	2,356	0.45	2.16
Mancini 1	2,317	0.44	2.13	43,400	8.22	39.85
Mancini 2	2,089	0.40	1.92	2,089	0.40	1.92
Mancini 3	3,164	0.60	2.91	40,200	7.61	36.91
Mancini 4	3,356	0.64	3.08	3,000	0.57	2.75
Mancini Com 5	2,922	0.55	2.68	42,300	8.01	38.84
Mancini Com 6	2,317	0.44	2.13	2,317	0.44	2.13
Mancini 7	2,608	0.49	2.39	39,500	7.48	36.27
Mancini 8	2,718	0.51	2.50	2,900	0.55	2.66
Mary Rose Com 2	5,881	1.11	5.40	51,750	9.80	47.52
Mary Rose Com infill well	2,900	0.55	2.66	2,900	0.55	2.66
McCartney #1	5,800	1.10	5.33	62,750	11.88	57.62
Satchmo Com #1	3,065	0.58	2.81	42,100	7.97	38.66
Satchmo Com #1 infill	2,300	0.44	2.11	2,300	0.44	2.11
Satchmo Com #2	2,968	0.56	2.73	45,100	8.54	41.41
Satchmo Com #2 infill	2,250	0.43	2.07	2,250	0.43	2.07
Satchmo Com 3	1,499	0.28	1.38	47,700	9.03	43.80
Satchmo Com infill well	2,750	0.52	2.53	2,750	0.52	2.53
Susana Com 1	2,922	0.55	2.68	45,100	8.54	41.41
Susana Com infill well	2,750	0.52	2.53	2,750	0.52	2.53
Tom Wood Denn 1	3,192	0.60	2.93	50,000	9.47	45.91
Tom Wood Denn 2	1,889	0.36	1.73	2,600	0.49	2.39
Warner Federal 1	701	0.13	0.64	39,500	7.48	36.27
Wood Denn 1	1,764	0.33	1.62	53,000	10.04	48.67
Wood Denn 2	5,768	1.09	5.30	3,300	0.63	3.03
TOTAL	97,244	18.42	89.30	1,014,212	192.09	931.32

Notes:

1. Pipeline length represents distance from survey, if available. If survey has not been taken, the pipeline length represents the distance to nearest gathering system line. For infill wells, the pipeline length represents the shorter of the distance to the gathering system line or to the initial spacing unit well.
2. Pipeline length represents the estimated distance to the nearest existing Enterprise pipeline, considering significant topographic features. For infill wells, the pipeline length represents the shorter of the distance to Enterprise's pipeline or to the initial spacing unit well.
3. The estimated area disturbed includes a 40' wide R-O-W which is typical for this area.

ATTACHMENT 6B

**DIRECT CONNECT VS CONNECTION TO BIG BAND GATHERING SYSTEM
38 WELLS PROPOSED FOR ADDITION TO BIG BAND GATHERING SYSTEM**

	Connect to Gathering System	Direct Connect to PL
Wells to be added	38	38
# Lines Required	38	38 total (20 to PL + 18 to initial well)
Total PL length	97,244' = 18.4 miles	1,014,212' = 192.1 miles
Average PL length per well	2,559' = 0.48 miles	26,690' = 5.1 miles
Surface disturbance w/40' ROW	89.3A	931.3A
# additional compressors needed	0 (See Note 1)	20
Additional compressor hp	0 (See Note 1)	2360 - 20 @ 118 hp
Additional compressor fuel	0 (See Note 1)	396.0 mcf - 20 @ 19.8 mcf/compressor
Additional compressor exhaust volume	0 (See Note 1)	17.4 mmcf - 604 cfm/compressor
Value of fuel gas - \$/year	0 (See Note 1)	\$526,848 - \$3.00/mcf - 1215 btu
Additional Compressors	0 (See Note 1)	\$863,200 - 20 @ \$43,160/compressor
Pipeline Tap, Meter Run & Meter	\$190,000 = 38 @ \$5,000/well	\$1,880,000 - 20 @ \$85,000/well + 36 @ \$5,000/well
Pipeline Installed	\$1,458,660 = 97,244 @ \$15/ft (4" poly)	\$38,540,056 - 1,014,212' @ \$38/ft (4" steel)
Pipeline Pigging System	0	\$200,000 - 20 @ \$10,000/line
Total Connection Cost	\$1,648,660	\$41,483,256

Other Considerations

Archaeological & Cultural - general area of significance

- Site LA-169201 Near Basie Com #1 (O-21-22N-7W) - Navajo Hogan & scatter of historic artifacts
- Great North-South Road along western side of R-10W (T-23 to 27N) & eastern side of R-11W 9T23 to 24N)
- Anasazi Antelope Trap on Champ Lease (NW 6, T-23N, R-10W)
- Pierre's Site (T-23N, R-10 & 11W)
- Chaco Cultural Park (T-21N, R-10W)

Paleontology Significance

- Bettonie Tsosie Fossil Area (T-23N, R-9W)
- Carson Fossil Pocket (T-25N, R-13W)
- Fossil Forest (T-23N, R-13W)
- Lybrook Fossil Area (T-23N, R-7,8 & 9W)

Threatened & Endangered Species

- Brack's Cactus & Aztec Gila habitat (T-21N to 23N & R-5W to 9W)

Wilderness Area

- Ah-Shi-Sie-Pah Wilderness Area (T-22N, R-10W)
- Bisti De-Na Zin (T-24N, R-11, 12 & 13W)

Note No. 1 - Of the 38 wells to be added to the BBGS, 22 wells & 1240 mcf were added over a 6 year period between 10/12/07 & 9/30/13, with the gas volumes added at any one time ranging from 2.1 mcf to 238.7 mcf and averaging 56.4 mcf/well (see Note 13 of Attachment No. 2B). In addition, 1 well + 15 locations will be added when drilled or the BBGS is extended (McCartney No. 1). The gathering system central compression facilities typically have sufficient volume to handle gas being added. This is one of the significant benefits of operating a gathering system with central compression, i.e., daily volumes can fluctuate within the compressor range of operation and will not require compressors to be added. In order to maintain an optimum gathering system pressure (20 to 30 psig), we continually monitor compressor performance and when needed, either add compressors or install larger compressors. We currently operate the BBGS using two compressor stations, one located at the Cochran No. 2 well which has a 295 hp engine, and one at the James No. 1 well which has a 384 hp engine.

**ATTACHMENT NO. 7
GATHERING SYSTEM FACILITIES
DUGAN PRODUCTION'S BIG BAND & RUSTY CHACRA GATHERING SYSTEMS
SAN JUAN & SANDOVAL COUNTIES, NEW MEXICO**

Big Band Gathering System (San Juan County) – as of 8-1-15

Cochran #2 SWD well (See Pg. No. 2)

- Water Disposal Injection pump – 151 hp, 817 Waukesha-38.05 mcf/d fuel
- Gathering System Compressor Station – 295 hp, Ajax 2202LE – 47.18 mcf/d fuel

Cochran #2 SWD water transfer station – located @ Zappa #92 well (See Pg. No. 3)

- Water Transfer Pump – 67 hp, Arrow 330CF – 16.88 mcf/d fuel

James #1 well (See Pg. No. 4)

- Gathering System Compressor Station – 384 hp, Ajax 2802 LE – 60.86 mcf/d fuel

Morrison #2 SWD well (See Pg. No. 5)

- Water Disposal Injection Pump – 49 hp, 5.9 Cummins – 10.32 mcf/d fuel

Rusty Chacra Gathering System (Sandoval County) – as of 8-1-15

Gathering System Compressor Station (See Pg. No. 6) – two parallel compressors

- Compressor 1 – 384 hp, Ajax 2802 LE – 60.86 mcf/d fuel
- Compressor 2 – 384 hp, Ajax 2802 LE – 60.86 mcf/d fuel

Total Gathering System Fuel Needs (8/1/15)

Big Band

- Gas Compression 108.04 mcf/d
- Water Disposal 65.25 mcf/d

Rusty Chacra

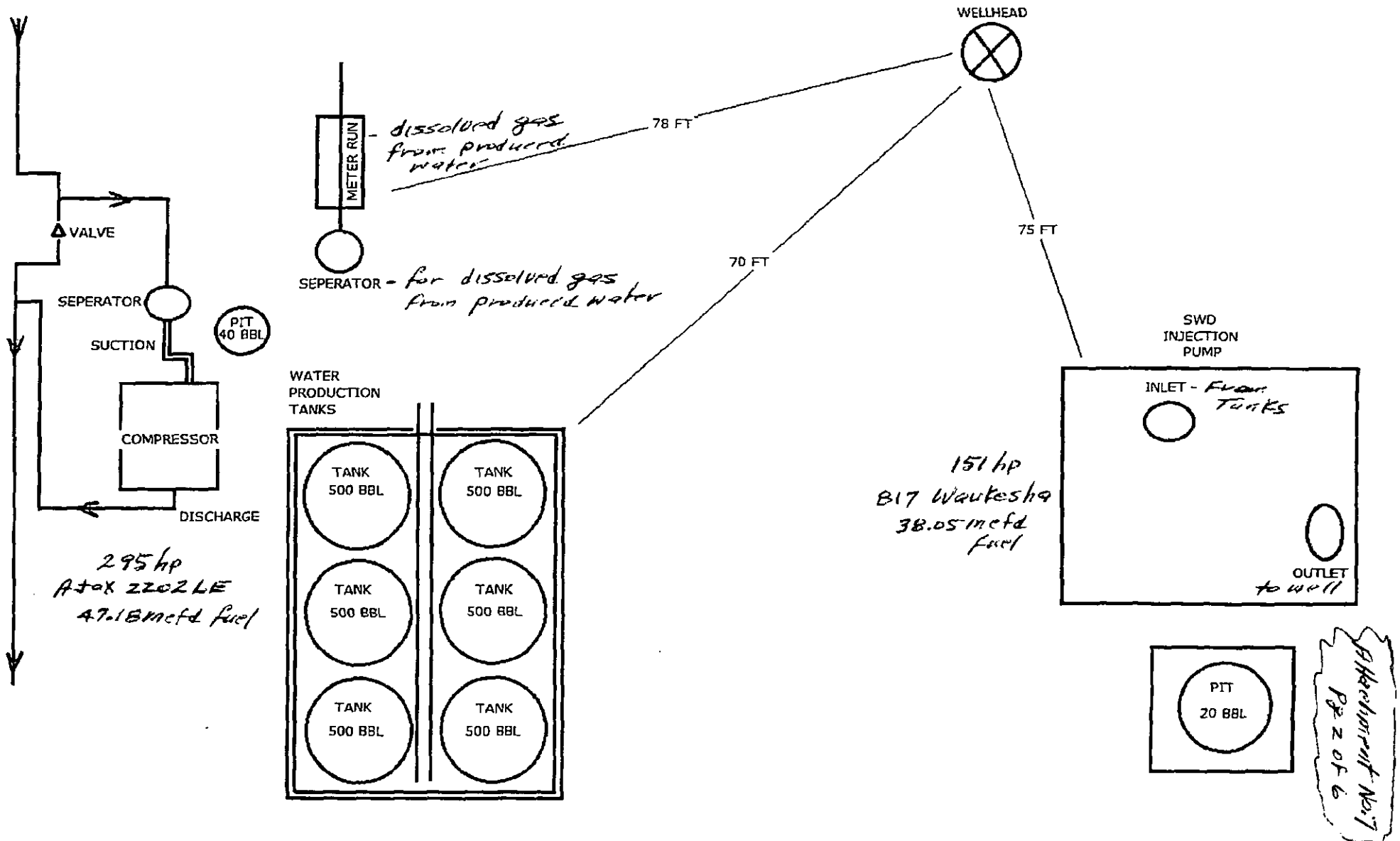
- Gas Compression 121.72 mcf/d

Total 295.01 mcf/d

DUGAN PRODUCTION CORPORATION
COCHRAN 2 SWD
LAT: 36.14232, LONG: 107.68204
1690 FNL, 1170 FEL, SEC. 16, T22N, R8W
SAN JUAN COUNTY, NEW MEXICO

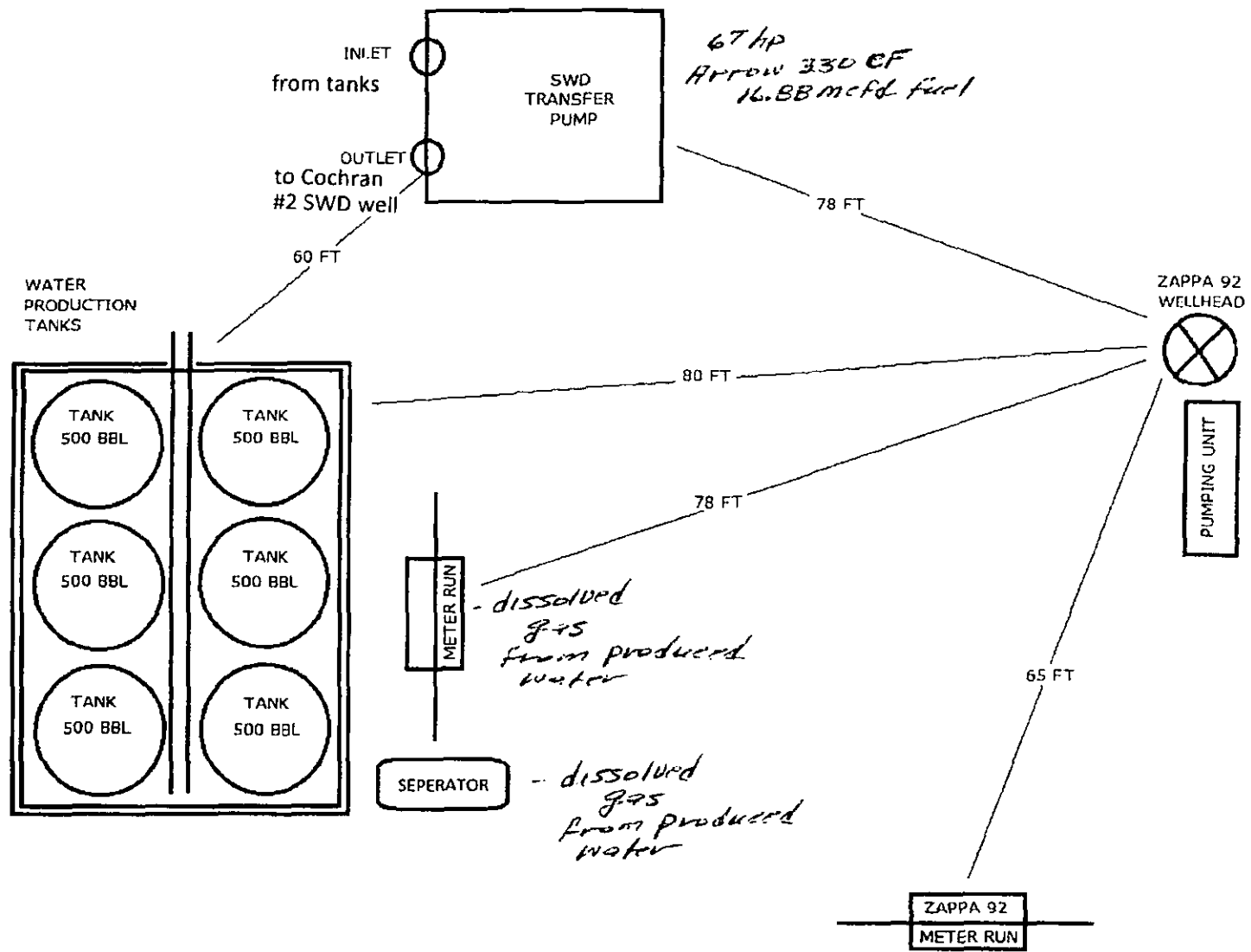
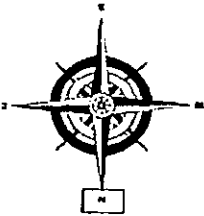
Tanks are not sealed.
Produced water tanks only.

* Diagram not drawn to scale



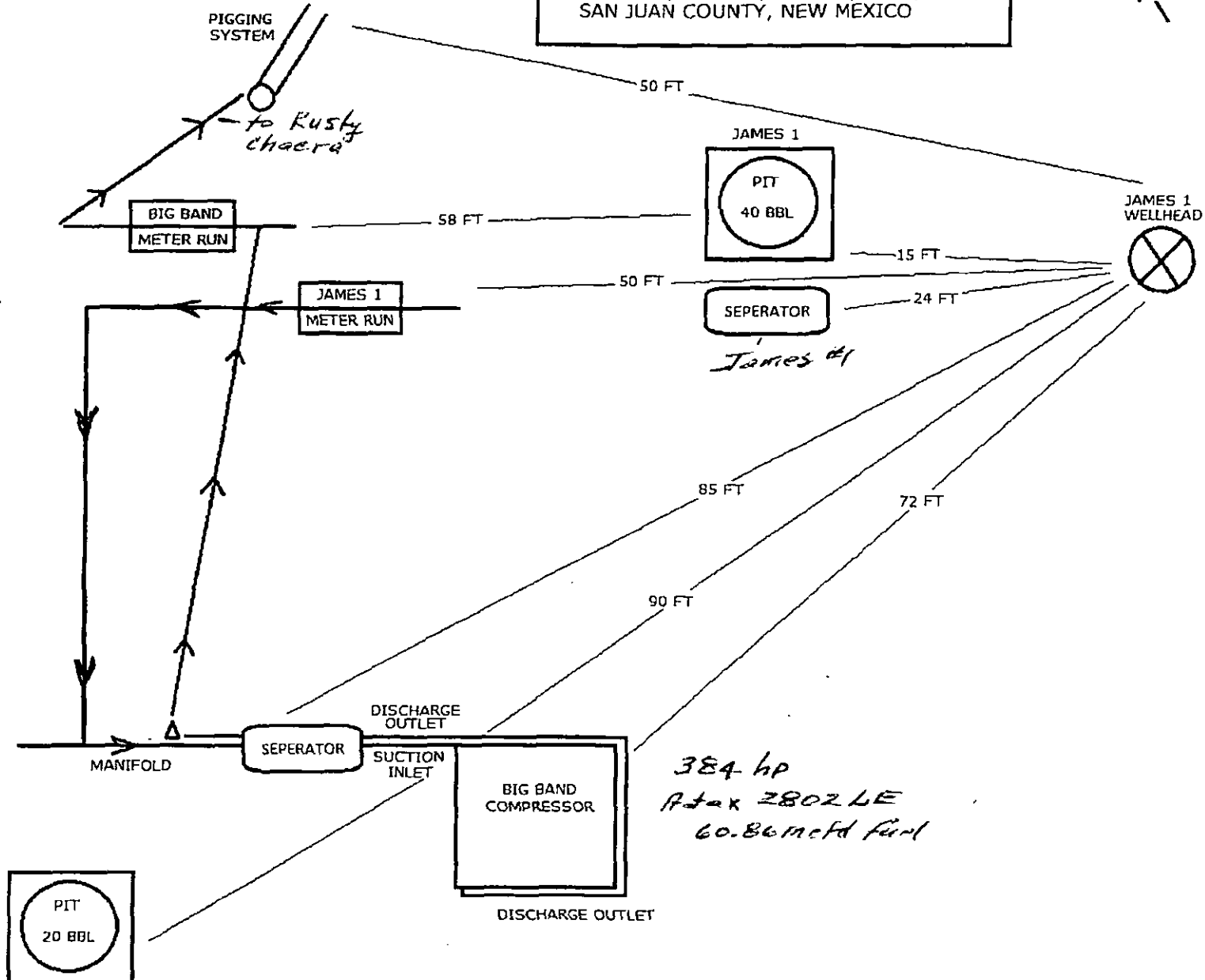
DUGAN PRODUCTION CORP.
COCHRAN 2 WATER TRANSFER
@ ZAPPA 92 WELL
LAT. 36.12216, LONG. -107.681119
1550' FSL, 850' FEL, SEC. 21, T22N, R8W
SAN JUAN COUNTY, NEW MEXICO

Tanks are not sealed.
Produced water tanks only.
* Diagram not drawn to scale



Attachment
No. 7
pg 3 of 6

DUGAN PRODUCTION CORPORATION
JAMES 1
LAT: 36.12182, LONG: 107.62804
1475 FSL, 878 FEL, SEC. 24, T22N, R8W
SAN JUAN COUNTY, NEW MEXICO



Attachment No. 1
184016

DUGAN PRODUCTION CORP.

MORRISON 2 SWD

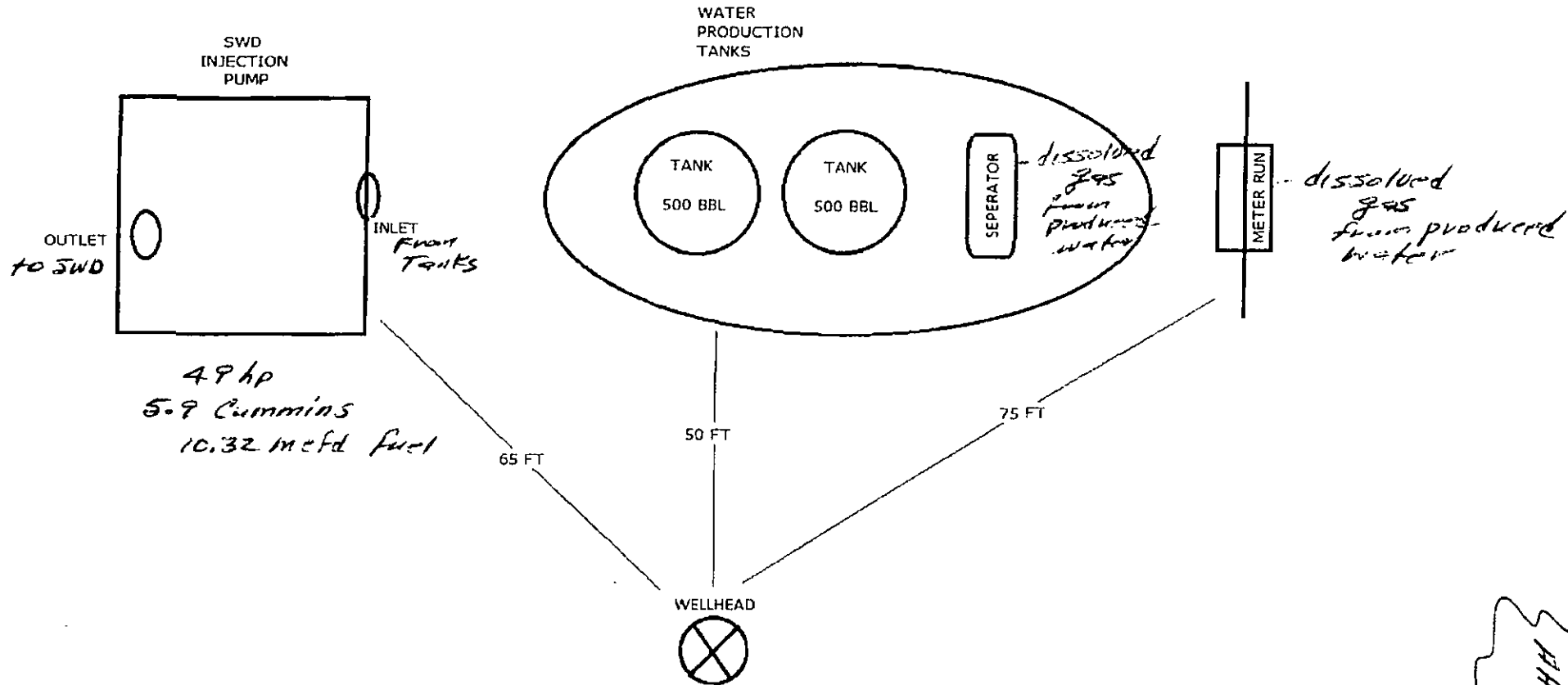
LAT. 36.141987 LONG. -107.73442

1350' FNL, 365' FEL, SEC. 13, T22N, R9W

SAN JUAN COUNTY, NEW MEXICO

Tanks are not sealed.
Produced water tanks only.

* Diagram not drawn to scale



Attachment No. 7
pg 5 of 6

DUGAN PRODUCTION CORP.

RUSTY CHACRA COMPRESSOR SITE

UNIT M, SEC. 19, T22N, R6W

±600' FWL & 450' FSL

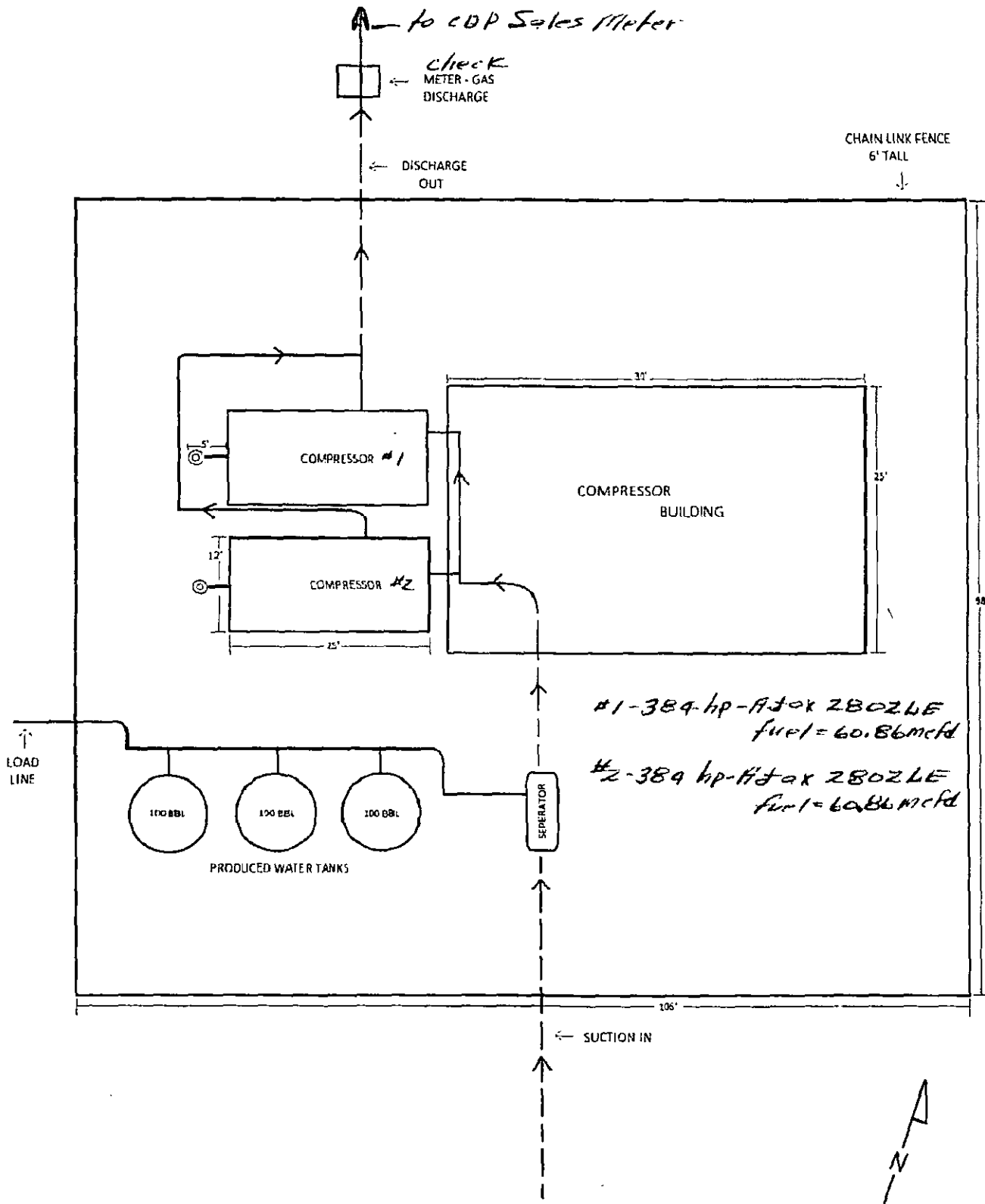
SW OF DOME FEDERAL 19-22-6 #1 TO CDP SALES METER

SANDOVAL, NEW MEXICO

Tanks are for produced water only.
Equalizer valve will be equalized on bottom for all tanks.

*Diagram not drawn to scale

Attachment
No. 7
P 36 of 6



Attachment No. 8
Interest Ownership Notification
Dugan Production Corp.'s Application dated 8/14/15
Proposing:

1. Addition of 38 wells (23 existing & 15 proposed locations) to Dugan Production's Big Band Gathering System (BBGS)
2. Addition of 8 wells (4 existing & 4 proposed locations) to Dugan Production's Rusty Chacra Gathering System (RCGS)
3. Consolidate Dugan Production's Big Band & Rusty Chacra Gathering Systems to form a new gathering system to be called the Rusty Gathering System (RGS) to be operated by Dugan Production Corp.
4. Requesting the NMOCD to include a provision in the order for the Rusty Gathering System regarding notice requirements to allow future additions to the Rusty gathering system following notice only to the interest owners of the wells being added.

Presenting evidence that all interest ownership in the subject wells have been given notice of Dugan's application, attached is:

Note: A tabulation presenting the interest ownership for all wells being added is presented on Attachment No. 3A for Rusty Chacra and Attachment 3B for Big Band. The interest ownership for all wells currently approved for both gathering systems is presented in the letter dated 8/14/15 to the subject interest owners (See #4 below).

1. A copy of Dugan's transmittal letter dated 8/14/15 used to send copies of the subject application to the 5 working interest owners in addition to Dugan Production for the wells being added to the BBGS & RCGS. For the 38 wells/locations being added to the BBGS, Dugan Production holds 100% of the working interest in 28 of the wells and infill locations to be added. In addition, we have a majority working interest in eight of the wells and infill locations (four at 87½% and four at 75%), and we have a 50% working interest in one well and its infill location. For the 8 wells/locations being added to the RCGS Dugan Production holds 100% of the working interest in six wells/locations, plus we have a majority working interest (±93% before payout and ±86% after payout) in the fourth well and infill location. All letters were sent by certified mail with a return receipt requested. Upon receiving the receipts, copies will be sent to the NMOCD.
2. Copy of Dugan's transmittal letter dated 8/14/15 used to send information and notice of the subject application to the 23 overriding royalty interest owners in the wells being added to the BBGS & RCGS. All letters were sent by certified mail with a return receipt requested. Upon receiving the receipts, copies will be sent to the NMOCD.
3. All royalty interest for all wells being added on both gathering systems is either federal, state, Navajo Nation or Navajo Allotted. There is no fee acreage. In addition to the NMOCD, this application is also addressed to the Bureau of Land Management (BLM) for the federal and Navajo Nation & Navajo Allotted royalty interests and to the State Land Office (SLO) for the state royalty interests. All letters were sent by registered mail with a return receipt requested. Upon receiving the receipts, copies will be sent to the NMOCD.
4. Copy of Dugan's transmittal letter dated 8/14/15 used to send information and notice of the subject application to the 58 interest owners in the wells currently approved for the BBGS (33 wells) & RCGS (39 wells). All letters were sent by certified mail with a return receipt requested. Upon receiving the receipts, copies will be sent to the NMOCD.
5. Copy of the legal advertisement published in the 8/12/15 issue of the Farmington Daily Times regarding the subject application. This publication was made in anticipation that of the 93 interest owners mailed, there will be at least one that is returned for some reason or the return receipt will be lost in the mail. All letters were sent by certified mail with a return receipt requested. Upon receiving the receipts, copies will be sent to the NMOCD.



dugan production corp.

Attachment
No. 8
pg 2 of 20

CERTIFIED MAIL
RETURN RECEIPTS REQUESTED

August 14, 2015

Working Interest Owners
Wells and locations to be added to
Dugan Production Corp.'s Big Band & Rusty Chacra Gathering Systems
(Address Lists Attached)

Re: Dugan Production's Application dated 8/14/15 to add 38 wells/locations to
Big Band & 8 wells/locations to Rusty Chacra Gathering Systems plus
Consolidate both gathering systems to form the Rusty Gathering System
San Juan & Sandoval Counties, New Mexico

Dear Working Interest Owner,

According to our records, you have a working interest in one or more of the wells that is proposed to be added to Dugan's Big Band and/or Rusty Chacra Gathering Systems. The wells and interest owners are listed on the attached address lists. Attached for your information and review is a complete copy of the subject application to the New Mexico Oil Conservation Division (NMOCD), Bureau of Land Management (BLM) and the State Land Office (SLO). Adding these wells to the gathering systems will require surface commingling of gas production from the subject wells, plus the measurement and sale of gas at an off-lease central delivery sales meter (CDP). Each well will be equipped with a meter to measure gas production for allocation purposes. Attachment No. 1A & 1B presents a map of each gathering system. Attachment No. 2A & 2B presents information for each of the wells to be added plus the wells currently approved for the gathering system. Dugan Production will install all equipment and will operate and maintain each gathering system and central battery facilities. As a working interest owner in wells to be connected to either gathering system, your only costs associated with the gathering system will be a fee for gathering and compression charged monthly for production from each well. You will not be billed for any costs associated with installing the gathering system (including the allocation meters). Dugan Production's current company-wide gathering system fee is \$0.27/MMBTU, and our compression fee is \$0.09/MMBTU. These fees will be used until operating economics indicate the need for revisions. The wells to be added should not affect production in wells that are currently connected to the gathering system. Adding the subject wells to the Big Band and/or Rusty Chacra Gathering Systems will allow these wells to begin selling produced natural gas for the benefit of all interest owners. This proposal will allow for optimum operations on all wells and will allow all wells to benefit from central compression which should keep wellhead operating pressures as low as possible. This method of operation will help to keep our operating expenses as low as possible, and will allow for the recovery of more of the gas reserves from each well.

This matter does not require any action on your part. Current NMOCD regulations require that all interest owners (wells in the existing system and those being added) receive notice of proposed additions to gathering systems. Included in Dugan's application, as permitted in the NMOCD rules, is a request that for future additions to either gathering system, only the interest owners in the wells to be added will require notification, provided the proposed additions will not adversely affect the existing wells. This will greatly simplify adding wells to the gathering system and should not affect the interests previously authorized to operate on the gathering system. Should you have any questions, need additional information, or have any concern as to our proposal, please let me know. Should you have an objection to our proposal, please let me know, or you can contact the New Mexico Oil Conservation Division directly at 1220 South St. Francis Drive, Santa Fe, NM 87505, and we would appreciate receiving a copy of your objection. Objections should be filed within 20 days after the NMOCD receives our application. We anticipate that our application will be received by the NMOCD approximately 8/17 or 18/15.

Sincerely,

Kevin Smaka
Production Engineer

KS/tmf

attachments

xc: New Mexico Oil Conservation Division, Bureau of Land Management, State Land Office

Wells to be Added
Big Band Gas Gathering System Interest Owners Address List
(wells with ownership interest in parentheses)

a=Cleve Kyle A & infill; b=Cleve Kyle B & infill; c=Cleve Kyle C & infill; d=Cleve Kyle D & infill; e=Cochran 3 & infill;
f=Gillespie Com 1 & infill; g=Lennon Com 1 & 2; h=Mancini 1, 2, 3, 4, 7, 8 and Warner Federal 1; i=Mancini Com 5, 6;
j=Mary Rose Com 2 & infill; k=McCartney 1; l=Satchmo Com 1 & infill; m=Satchmo Com 2 & infill; n=Satchmo Com 3 & infill;
o=Sugana Com 1 & infill; p=Tom Wood Denn 1, 2; q=Wood Denn 1, 2

Working Interest Owners

Dugan Production Corp. (all)
P. O. Box 420
Farmington, NM 87499-0420

Cross Timbers Energy, LLC (f)
400 West Seventh Street
Fort Worth, TX 76102

XTO Energy Inc. (a,b)
810 Houston Street
Fort Worth, TX 76102-6203

Navajo Nation (c,d)
P O Box 2350
Window Rock, AZ 86515

Royalty Interest Owners

Navajo Nation (c,d)
P O Box 2350
Window Rock, AZ 8651

Navajo Allotted (g,j,p,q)
c/o Federal Indian Minerals Office
6251 College Blvd., Suite B
Farmington, NM 87402

New Mexico State Land Office (i,k,o)
Office of Commissioner of Public Lands
P O Box 1148
Santa Fe, NM 87504-1148

USA-c/o Bureau of Land Management (a,b,c,d,e,f,g,h,i,j,k,l,m,n,p,q)
6251 College Blvd., Suite A
Farmington, NM 87402

Overriding Royalty Interest Owners

Charles B. & Susan J. Adams (j)
BAD ADDRESS
979 Windflower
San Diego, CA 92106

J. Roger Friedman (h)
425 Park Avenue
New York, NY 10022

Patricia M. Friedman (h)
c/o Lebar-Friedman
425 Park Avenue
New York, NY 10022

Harvey Royalty Partners LP (l,m)
1875 Laws Street
Dallas, TX 75202-1700

M. J. Harvey, Jr. (i)
3811 Turtle Creek, Suite 2150
Dallas, TX 75219

Cathy Jean Hendrickson (m,n)
BAD ADDRESS
7375 Rolling Dell Drive #79
Cupertino, CA 95014

M. J. Harvey, Jr. (i)
3811 Turtle Creek, Suite 2150
Dallas, TX 75219

Cathy Jean Hendrickson (m,n)
BAD ADDRESS
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Cupertino, CA 95014

The Blanco Company (f,j)
11611 Campos
Houston, TX 77065

Philip L. White (f,i)
P O Box 25968
Albuquerque, NM 87125

Dugan Production Corp. (a,b,c,d)
P O Box 420
Farmington, NM 87499-0420

Unknown Interests (j)

Wells to be Added

Rusty Chacra Gas Gathering System Interest Owners Address List

(wells with ownership interest in parentheses)

a=Basie Com 1 & infill; b=Lombardo Com 1 BPO & APO & infill; c=Miller Com 1 & infill; d=Shaw Com 1 & infill;

Working Interest Owners

Dugan Production Corp. (all)
P. O. Box 420
Farmington, NM 87499-0420

Mark Chapman (b)
P O Box 450
Sealy, TX 77474

Moon Royalty, LLC (b)
P O Box 720070
Oklahoma City, OK 73172-0070

Royalty Interest Owners

New Mexico State Land Office (c,d)
Office of Commissioner of Public Lands
P O Box 1148
Santa Fe, NM 87504-1148

USA-c/o Bureau of Land Management (a,b)
6251 College Blvd., Suite A
Farmington, NM 87402

Overriding Royalty Interest Owners

Black Stone Natural Resources II LP (a,b)
P O Box 301404
Dallas, TX 75303-1404

Black Stone Natural Resources II-B LP (a,b)
P O Box 301407
Dallas, TX 75303-1407

Dugan Production Corp. (a,b)
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Farmington, NM 87499-0420

Paul Charles Ellison (a,b)
BAD ADDRESS
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Littleton, CO 80123

James S. Jameson (a,b)
11611 Campos
Houston, TX 75202-1700

Kent A. Johnson (a,b)
7862 South Valentia Way
Englewood, CO 80112

Kochergen Enterprises Family LP (a,b)
8163 W. McKinley Ave.
Fresno, CA 95014

Magnum Hunter Production Inc. (a,b)
#774031
4031 Solutions Center
Chicago, IL 60677-4000

Douglas McCallum (a,b)
191 University Blvd. #839
Denver, CO 80206-4613

F. Michael Murphy (a,b)
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Denver, CO 80238

Kurt T. Nelson (a,b)
BAD ADDRESS
695 South Corona
Denver, CO 80209

O'Connell Partners LP (a)
P O Box 301491
Dallas, TX 75303-1491

R.K. O'Connell Revocable Trust (e)
R.K. & Sue O'Connell, Co-Trustees
P O Box 2003
Casper, WY 82602

William T. & Betty Jean Philo (a,b)
Joint Tenants
708 Sunny Lane
Corsicana, TX 75110



dugan production corp.

Attachment
No. 8
pg 5 of 20

CERTIFIED MAIL
RETURN RECEIPTS REQUESTED

August 14, 2015

Overriding Royalty Interest Owners
Wells and locations to be added to
Dugan Production Corp.'s Big Band & Rusty Chacra Gathering Systems
(Address Lists Attached)

Re: Dugan Production's Application dated 8/14/15 to add 38 wells/locations to
Big Band & 8 wells/locations to Rusty Chacra Gathering Systems plus
Consolidate both gathering systems to form the Rusty Gathering System
San Juan & Sandoval Counties, New Mexico

Dear Overriding Royalty Interest Owner,

According to our records, you have an overriding royalty interest in one or more of the wells that is proposed to be added to the Big Band and/or Rusty Chacra Gathering System. The wells and interest owners are listed on the attached address lists. The subject application to the New Mexico Oil Conservation Division (NMOCD), Bureau of Land Management (BLM) and the State Land Office (SLO), requests their approvals to add 38 wells/locations to Dugan's Big Band and 8 wells/locations to Dugan's Rusty Chacra Gathering System. This will require surface commingling of gas production from the subject wells, plus the sale of gas at an off-lease central delivery sales meter (CDP). Each well will be equipped with a meter to measure production for allocation purposes. Attached for your information are copies of Attachments No. 2A (for Rusty Chacra) and 2B (for Big Band) from the subject application which provides detailed information for all wells to be added and all wells currently approved. In addition, we are requesting that the two gathering systems be consolidated into a new gathering system to be called the Rusty Gathering System. Since your interest in these wells is an overriding royalty, there are no costs chargeable to you. The wells to be added should not affect production from wells that are currently connected to the gathering system. Adding the subject wells to the Big Band and/or Rusty Chacra Gathering Systems will allow these wells to begin selling produced natural gas for the benefit of all interest owners. This proposal will allow for optimum operations on all wells and will allow all wells to benefit from central compression which should keep wellhead operating pressures as low as possible. This method of operation will help to keep our operating expenses as low as possible, and will allow for the recovery of more of the gas reserves from each well.

This matter does not require any action on your part. Current NMOCD regulations require that all interest owners (wells in the existing system and those being added) receive notice of proposed additions to gathering systems. Included in Dugan's application, as permitted in the NMOCD rules, is a request that for future additions to either gathering system, only the interest owners in the wells to be added will require notification, provided the proposed additions will not adversely affect the existing wells. This will greatly simplify adding wells to the gathering system and should not affect the interests previously authorized to operate on the gathering system. Should you have any questions, need additional information, desire to receive a complete copy of our application, or have any concern as to our proposal, please let me know. Should you have an objection to our proposal, please let me know, or you can contact the New Mexico Oil Conservation Division directly at 1220 South St. Francis Drive, Santa Fe, NM 87505, and we would appreciate receiving a copy of your objection. Objections should be filed within 20 days after the NMOCD receives our application. We anticipate that our application will be received by the NMOCD approximately 8/17 or 18/15.

Sincerely,

Kevin Smaka
Production Engineer

KS/tmf

attachments

xc: New Mexico Oil Conservation Division, Bureau of Land Management, State Land Office

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Big Band Gas Gathering System Interest Owners Address List
(wells with ownership interest in parentheses)

a=Cleve Kyle A & infill; b=Cleve Kyle B & infill; c=Cleve Kyle C & infill; d=Cleve Kyle D & infill; e=Cochran 3 & infill;
f=Gillespie Com 1 & infill; g=Lennon Com 1 & 2; h=Mancini 1, 2, 3, 4, 7, 8 and Warner Federal 1; i=Mancini Com 5, 6;
j=Mary Rose Com 2 & infill; k=McCartney 1; l=Satchmo Com 1 & infill; m=Satchmo Com 2 & infill; n=Satchmo Com 3 & infill;
o=Susana Com 1 & infill; p=Tom Wood Denn 1, 2; q=Wood Denn 1, 2

Working Interest Owners

Dugan Production Corp. (all)
P. O. Box 420
Farmington, NM 87499-0420

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400 West Seventh Street
Fort Worth, TX 76102

XTO Energy Inc. (a,b)
810 Houston Street
Fort Worth, TX 76102-6203

Navajo Nation (c,d)
P O Box 2350
Window Rock, AZ 86515

Royalty Interest Owners

Navajo Nation (c,d)
P O Box 2350
Window Rock, AZ 8651

Navajo Allotted (g,i,p,q)
c/o Federal Indian Minerals Office
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Houston, TX 77065

Philip L. White (f,i)
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Albuquerque, NM 87125

Dugan Production Corp. (a,b,c,d)
P O Box 420
Farmington, NM 87499-0420

Unknown Interests (j)

Wells to be Added
Rusty Chacra Gas Gathering System Interest Owners Address List
(wells with ownership interest in parentheses)

a=Basie Com 1 & infill; b=Lombardo Com 1 BPO & APO & infill; c=Miller Com 1 & infill; d=Shaw Com 1 & infill;

Working Interest Owners

Dugan Production Corp. (all)
P. O. Box 420
Farmington, NM 87499-0420

Mark Chapman (b)
P O Box 450
Sealy, TX 77474

Moon Royalty, LLC (b)
P O Box 720070
Oklahoma City, OK 73172-0070

Royalty Interest Owners

New Mexico State Land Office (c,d)
Office of Commissioner of Public Lands
P O Box 1148
Santa Fe, NM 87504-1148

USA-c/o Bureau of Land Management (a,b)
6251 College Blvd., Suite A
Farmington, NM 87402

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Black Stone Natural Resources II LP (a,b)
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Black Stone Natural Resources II-B LP (a,b)
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Dallas, TX 75303-1407

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Houston, TX 75202-1700

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R.K. O'Connell Revocable Trust (e)
R.K. & Sue O'Connell, Co-Trustees
P O Box 2003
Casper, WY 82602

William T. & Betty Jean Philo (a,b)
Joint Tenants
708 Sunny Lane
Corsicana, TX 75110

ATTACHMENT NO. 2A

DUGAN PRODUCTION CORP.

RUSTY CHACRA GATHERING SYSTEM (APPLICATION DATED 7/2015)

CENTRAL DELIVERY SALES METER (ENTERPRISE METER NO. 03049) SENW 12, T-22N, R-7W

SAN JUAN COUNTY, NEW MEXICO

Well Name	API No.	Well Location	Well Location	Communitization Agreement No. (If Established)	Pool	Completion Date	Well Status	Current Prod. @			Spacing Unit	Dates for SC, OLM & S					
		UL Sec-Twn-Rng	Lease No.					Lse Type	MCFD	BC/D		BWPD	Application	BLM Approval	NMSLO Approval	NMOCD Approval	
WELLS TO BE ADDED TO SYSTEM (4 WELLS + 4 LOCATIONS)																	
Basin Com 1	(Note 5)	30-043-21112	D-21-22N-7W	NM109393	FED	NMNM112676	Basin Fruitland Coal	9/29/11	P	4	0	26.1	N/2-320A				
Basin Com infill well	(Note 4)	pending	NE/4-21-22N-7W	NM6680	FED	NMNM112676	Basin Fruitland Coal		LOC				N/2-320A				
Lombardo Com 1	(Note 5)	30-043-21107	M-29-22N-7W	NM6680	FED	NMNM112653	Basin Fruitland Coal	12/7/11	P	29	0	78.6	W/2-320A				
Lombardo Com infill well		pending	NW/4-29-22N-7W	NM109392	FED	NMNM112653	Basin Fruitland Coal		LOC				W/2-320A				
Miller Com 1	(Note 5)	30-043-21109	D-32-22N-7W	V7847	ST	State CA-no #	Basin Fruitland Coal	12/7/11	P	57	0	54.8	W/2-320A				
Miller Com infill well		pending	SW/4-32-22N-7W	V7861	ST	State CA-no #	Basin Fruitland Coal		LOC				W/2-320A				
Shaw Com 1	(Note 5)	30-043-21108	M-16-22N-7W	V7860	ST	State CA-no #	Basin Fruitland Coal	9/19/11	P	1	0	10.5	W/2-320A				
Shaw Com infill well		pending	NW/4-16-22N-7W	V7846	ST	State CA-no #	Basin Fruitland Coal		LOC				W/2-320A				
WELLS PREVIOUSLY APPROVED FOR RUSTY GATHERING SYSTEM (39 WELLS)																	
Chacra 1		30-043-20308	D-10-22N-7W	NM25821	FED		Rusty Chacra	2/9/1978	P	1	0	3.5	NW/4	8/17/98	10/13/99	8/31/98	9/8/98
Chacra 2		30-043-20309	O-21-22N-7W	NM25821	FED		Rusty Chacra	2/21/1978	P	3	0	0.0	SE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dana State 1 (Hicks Oil & Gas) P&A'd		30-043-20185	G-16-22N-7W	K04844	ST		Rusty Gallup	7/14/1975	PA 2/16/09				SW/4 NE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Federal 01-21-7 1		30-043-20638	H-1-21N-7W	NM15649	FED		Rusty Chacra	7/2/1982	P	1	0	0.0	NE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Federal 10-22-7 1		30-043-20484	H-10-22N-7W	NM6680	FED		Rusty Chacra	10/23/1980	P	8	0	11.6	NE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Federal 15-22-7 1		30-043-20281	P-15-22N-7W	NM8899	FED		Rusty Chacra	6/15/1979	P	10	0	0.0	SE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Federal 18-22-6 3		30-043-20481	E-18-22N-6W	NM21455	FED		Rusty Chacra	10/21/1980	P	2	0	18.4	NW/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Federal 19-22-6 1		30-043-20404	M-19-22N-6W	NM21455	FED		Rusty Chacra	8/30/1979	P	7	0	0.0	SW/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Federal 29-22-6 2		30-043-20406	K-29-22N-6W	NM6676	FED		Rusty Chacra	10/10/1980	P	0	0	0.0	SW/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Federal 29-22-6 3		30-043-20483	H-29-22N-6W	NM6676	FED		Rusty Chacra	12/31/1980	P	0	0	0.0	NE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Federal 30-22-6 1		30-043-20407	C-30-22N-6W	NM8641	FED		Rusty Chacra	8/30/1979	P	6	0	0.0	NW/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Navajo 03-22-7 1		30-043-20449	J-3-22N-7W	NOOC14205555	I		Alamito Gallup	3/21/1980	P	17	0	0.0	NW/4 SE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Navajo 17-22-7 2		30-043-20480	K-17-22N-7W	NOOC14205382	I		Rusty Chacra	10/28/1980	P	3	0	0.0	SW/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Navajo 18-22-6 2 P&A'd		30-043-20474	O-18-22N-6W	NM5452	FED		Rusty Chacra	11/4/1980	PA 12/11/01				SE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Navajo 20-22-7 1		30-043-20408	H-20-22N-7W	NOOC14205595	I		Rusty Chacra	7/25/1979	P	4	0	0.0	NE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Navajo 27-22-6 1		30-043-20475	M-27-22N-6W	NOOC14205046	I		Rusty Chacra	1/16/1987	P	2	0	0.0	SW/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Navajo 28-22-6 2		30-043-20477	I-28-22N-6W	NOOC14205044	I		Rusty Chacra	10/13/1980	P	1	0	0.0	SE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Navajo 28-22-6 4		30-043-20476	K-28-22N-6W	NOOC14205045	I		Rusty Chacra	12/31/1980	P	0	0	25.8	SW/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Navajo 33-22-6 1 P&A'd		30-043-20663	A-33-22N-6W	NOOC14205050	I		Rusty Chacra	12/2/1982	PA 11/15/10				NE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Navajo 33-22-6 2		30-043-20664	N-33-22N-6W	NOOC14205048	I		Rusty Chacra	12/2/1982	P	10	0	0.0	SW/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Navajo 34-22-6 1		30-043-20478	C-34-22N-6W	NOOC14205051	I		Rusty Chacra	1/23/1981	P	1	0	0.0	NW/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Rusty 20-22-7 1		30-043-20319	P-20-22N-7W	NM7282	FED		Rusty Chacra	8/28/1978	P	2	0	0.0	SE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Rusty 24-22-7 1 P&A'd		30-043-20320	J-24-22N-7W	NM6680	FED		Rusty Chacra	8/30/1978	PA 1/30/13				SE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Rusty 30-22-6 1		30-043-20318	B-30-22N-6W	NM6676	FED		Rusty Chacra	6/30/1978	P	10	0	0.0	NE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome State 32-22-6 2		30-043-20470	A-32-22N-6W	LG3923	ST		Rusty Chacra	1/5/1981	P	11	0	0.0	NE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Tesoro 22 4		30-043-20542	C-22-22N-7W	NOOC14205356	I		Rusty Gallup	4/30/1981	P	7	0.8	0.0	NE/4 NW/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Tesoro 23 1		30-043-20506	L-23-22N-7W	NOOC14205360	I		Rusty Gallup	11/25/1980	P	5	3.6	0.0	NW/4 SW/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Tesoro 27 3		30-043-20515	D-27-22N-7W	NOOC14205365	I		Rusty Gallup	2/9/1981	P	6	0.4	0.0	NW/4 NW/4	8/17/98	10/13/99	8/31/98	9/8/98
Federal 25-22-7 1		30-043-20398	B-25-22N-7W	NM8899	FED		Rusty Chacra	9/17/1982	P	0	0	0.0	NE/4	8/17/98	10/13/99	8/31/98	9/8/98
Federal 26-22-7 1		30-043-20363	A-26-22N-7W	NM8899	FED		Rusty Chacra	9/17/1978	P	5	0	0.0	NE/4	8/17/98	10/13/99	8/31/98	9/8/98
Federal 29-22-6 1		30-043-20344	I-29-22N-6W	NM6676	FED		Rusty Chacra	9/19/1978	P	4	0	0.0	SE/4	8/17/98	10/13/99	8/31/98	9/8/98
Federal 29-22-6 2		30-043-20393	E-29-22N-6W	NM6676	FED		Rusty Chacra	9/11/1982	P	22	0	0.0	NW/4	8/17/98	10/13/99	8/31/98	9/8/98
Federal 31-22-6 1		30-043-20383	J-31-22N-6W	NM7776	FED		Rusty Chacra	4/25/1979	P	1	0	0.0	SE/4	8/17/98	10/13/99	8/31/98	9/8/98
Navajo 1		30-043-20797	N-33-22N-6W	NOOC14205048	I		Rusty So. Gallup	11/19/1985	P	3	0.3	0.0	SE/4 SW/4	8/17/98	10/13/99	8/31/98	9/8/98
Navajo 10-22-7 1		30-043-20346	N-10-22N-7W	NOOC14205594	I		Rusty Chacra	9/15/1978	P	1	0	0.0	SW/4	8/17/98	10/13/99	8/31/98	9/8/98
Navajo 18-22-6 1 P&A'd		30-043-20286	N-18-22N-6W	NM5452	FED		Rusty Chacra	7/16/1979	PA 12/13/01				SW/4	8/17/98	10/13/99	8/31/98	9/8/98
Navajo 21-22-7 1 P&A'd		30-043-20282	A-21-22N-7W	NM6680	FED		Rusty Chacra	8/30/1978	PA 12/17/01				NE/4	8/17/98	10/13/99	8/31/98	9/8/98
Rusty Nail Com 90		30-043-20988	C-34-22N-6W	NOOC14205051	I	NMNM110502	Basin Fruitland Coal	6/21/2005	P	1	0	0.0	N/2	6/20/06	8/14/06	7/24/06	7/25/06
State 32-22-6 1 P&A'd		30-043-20400	D-32-22N-6W	LG3923	ST		Rusty Chacra	3/11/1982	PA 12/18/01				NW/4	8/17/98	10/13/99	8/31/98	9/8/98

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Notes:

N/A = Not applicable or not needed

NR = None Reported

Note 1 - Well status as of 06/01/15

LOC = General location of potential infill well

NC = Not connected to gathering system

P = Producing

P-DHC = Producing downhole commingled

PA = Plugged & Abandoned

SI = Shut in

TA = Temporarily abandoned

Note 2 - Current production presents the average daily production during January, 2015.

Note 3 - Dates of application and regulatory approvals for permission to use Dugan's Rusty Chacra Gathering System to facilitate gas sales which typically requires the surface commingling (SC) plus off-lease measurement (OLM) and sale(s) of produced natural gas. The NMOCDC has issued commingling order PLC-147-A dated 7/25/06 for the Rusty Chacra Gas Gathering System.

Note 4 - Location is within the "Rusty Chacra Gas Gathering System Area" defined by NMOCDC Order PLC-147-A dated 7/25/06 which provides that future wells completed in a pool covered by the order are also automatically included in the commingling authority of the order.

Since only one of the eight wells/locations being added is covered by this provision, for simplicity, the Basia Com infill location is included with this application.

Note 5 - Gas deliveries to Rusty Chacra Gathering System (all gas volumes mcf @ 15,025 psi):

Well	1st gas to Rusty Chacra Gath. System	Production 7/14 thru 01/15			Average Production		Cumulative Production 2/1/15	
		mcf	bw	days	mcf/d	bw/d	mcf	bw
		<u>Basin Fruitland Coal Pool</u>						
Basia Com 1	11/1/2011	1,431	6,729	206	6.9	32.7	3,114	22,505
Lombardo Com 1	1/19/2012	8,670	44,066	206	42.1	213.9	26,079	61,981
Miller Com 1	1/19/2012	17,099	23,391	206	83.0	113.5	56,115	91,902
Shaw Com 1	11/1/2011	567	2,761	207	2.8	13.3	2,043	8,756
Pool Total		26,787	2,761	825	134.9	373.5	87,351	205,144

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ATTACHMENT NO. 28
DUGAN PRODUCTION CORP.

BIG BAND GATHERING SYSTEM (APPLICATION DATED 7/2015)

CENTRAL DELIVERY SALES METER (ENTERPRISE METER NO. 03049) SENW 12, T-22N, R-7W (4)
SAN JUAN COUNTY, NEW MEXICO

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Well Name	API No.	Well Location	Well Location	Communitization Agreement No. (If Established)	Pool	Completion Date	Well Status	Current Prod. @			Spacing Unit	Dates for SC, OLM & S					
		UL-Sec-Twn-Rng	Lease No.					Lse Type	MCFO	BC/O		BWPD	Application	BLM Approval	NMSLO Approval	NMCCD Approval	
WELLS TO BE ADDED TO SYSTEM (23 WELLS + 15 LOCATIONS)																	
Cleve Kyle location A		pending	NE/4-17-22N-8W	NM43438	FED	pending	Basin Fruitland Coal		LOC			E/2-320A					
Cleve Kyle location A infill		pending	SE/4-17-22N-8W	NM43438	FED	pending	Basin Fruitland Coal		LOC			E/2-320A					
Cleve Kyle location B		pending	NW/4-17-22N-8W	NM43438	FED	pending	Basin Fruitland Coal		LOC			W/2-320A					
Cleve Kyle location B infill		pending	SW/4-17-22N-8W	NM43438	FED	pending	Basin Fruitland Coal		LOC			W/2-320A					
Cleve Kyle location C		pending	NE/4-18-22N-8W	NM43438	FED	pending	Basin Fruitland Coal		LOC			E/2-320A					
Cleve Kyle location C infill		pending	SE/4-18-22N-8W	NM43438	FED	pending	Basin Fruitland Coal		LOC			E/2-320A					
Cleve Kyle location D	(Note 16)	pending	NW/4-18-22N-8W	NM43438	FED	pending	Basin Fruitland Coal		LOC			W/2-320A					
Cleve Kyle location D infill		pending	SW/4-18-22N-8W	NM43438	FED	pending	Basin Fruitland Coal		LOC			W/2-320A					
Cochran 3	(Note 13)	30-045-34893	O-16-22N-8W	VA1119	ST	N/A	Basin Fruitland Coal	9/24/09	P	5	0	85.7	E/2-320A				
Cochran infill well	(Note 16)	pending	NE/4-16-22N-8W	VA1119	ST	N/A	Basin Fruitland Coal		LOC			E/2-320A					
Gillespie Com 1	(Note 13)	30-045-34936	G-9-22N-8W	NM109396	FED	NMNM112645	Basin Fruitland Coal	11/5/10	P	12	0	59.6	N/2-320A				
Gillespie Com infill well		pending	NW/4-9-22N-8W	NM109396	FED	NMNM112645	Basin Fruitland Coal		LOC			N/2-320A					
Lennon Com 1	(Note 13 & 15)	30-045-35149	A-19-22N-8W	NO-G-0912-1764	I	NMNM112661	Basin Fruitland Coal	10/2/12	P	79	0	52.4	E/2-320A				
Lennon Com 2	(Note 13 & 15)	30-045-35148	I-19-22N-8W	NO-G-0912-1763	I	NMNM112661	Basin Fruitland Coal	10/2/12	P	239	0	72.2	E/2-320A				
Mancini 1	(Note 13 & 15)	30-045-34333	E-15-22N-8W	NM048989	FED	N/A	Basin Fruitland Coal	9/26/07	P	17	0	37.6	W/2-320A				
Mancini 2	(Note 13 & 15)	30-045-34334	L-15-22N-8W	NM048989	FED	N/A	Basin Fruitland Coal	9/25/07	P	49	0	64.7	W/2-320A				
Mancini 3	(Note 13 & 15)	30-045-34757	B-15-22N-8W	NM048989	FED	N/A	Basin Fruitland Coal	9/9/13	P	79	0	91.9	E/2-320A				
Mancini 4	(Note 13 & 15)	30-045-34758	I-15-22N-8W	NM048989	FED	N/A	Basin Fruitland Coal	9/10/13	P	57	0	101.7	E/2-320A				
Mancini Com 5	(Note 13 & 15)	30-045-34761	M-10-22N-8W	NM048989	FED	NMNM1130418	Basin Fruitland Coal	8/28/13	P	139	0	96.4	W/2-320A				
Mancini Com 6	(Note 13 & 15)	30-045-34759	E-10-22N-8W	NM109396	FED	NMNM1130418	Basin Fruitland Coal	8/21/13	P	56	0	101.0	W/2-320A				
Mancini 7	(Note 13 & 15)	30-045-34760	P-10-22N-8W	NM048989	FED	N/A	Basin Fruitland Coal	8/30/13	P	60	0	75.5	E/2-320A				
Mancini 8	(Note 13 & 15)	30-045-34764	B-10-22N-8W	NM048989	FED	N/A	Basin Fruitland Coal	8/26/13	P	24	0	58.2	E/2-320A				
Mary Rose Com 2	(Note 13)	30-045-35147	P-20-22N-8W	NO-G-0912-1762	I	NMNM112652	Basin Fruitland Coal	12/2/12	P	154	0	97.6	E/2-320A				
Mary Rose Com 2 infill well		pending	NE/4-20-22N-8W	NM57445	FED	N/A	Basin Fruitland Coal		LOC			E/2-320A					
McCartney 1		30-045-29659	A-2-22N-8W	VA1120	ST	N/A	Bisti Chacra Ext.	10/12/08	SI-NC			NE/4					
Satchmo Com 1	(Note 13)	30-045-34429	N-3-22N-8W	NM90468	FED	NMNM121554	Basin Fruitland Coal	5/27/08	P	14	0	54.3	S/2-320A				
Satchmo Com infill well	(Note 16)	pending	SE/4-3-22N-8W	NM96798	FED	NMNM121554	Basin Fruitland Coal		LOC			S/2-320A					
Satchmo Com 2	(Note 13)	30-045-34425	J-4-22N-8W	NM90468	FED	NMNM121116	Basin Fruitland Coal	5/30/08	P	16	0	46.2	E/2-322.5A				
Satchmo Com infill well		pending	NE/4-4-22N-8W	NM55836	FED	NMNM121116	Basin Fruitland Coal		LOC			E/2-322.5A					
Satchmo Com 3	(Note 13)	30-045-34402	M-4-22N-8W	NM90468	FED	NMNM121133	Basin Fruitland Coal	6/3/08	P	25	0	85.3	W/2-321.53A				
Satchmo Com infill well		pending	NW/4-4-22N-8W	NM90468	FED	NMNM121133	Basin Fruitland Coal		LOC			W/2-321.53A					
Susana Com 1	(Note 13)	30-045-35243	D-2-21N-8W	V7770	ST	State CA-no #	Basin Fruitland Coal	9/19/11	P	76	0	55.2	N/2-321.44A				
Susana Com infill well		pending	NE/4-2-21N-8W	V7769	ST	State CA-no #	Basin Fruitland Coal		LOC			N/2-321.44A					
Tom Wood Denn 1	(Note 13 & 15)	30-045-34926	A-8-22N-8W	NO-G-0902-1757	I	NMNM112639	Basin Fruitland Coal	9/20/10	P	12	0	96.6	N/2-320A				
Tom Wood Denn 2	(Note 13 & 15)	30-045-34933	C-8-22N-8W	NO-G-0902-1758	I	NMNM112639	Basin Fruitland Coal	9/20/10	P	37	0	34.3	N/2-320A				
Warner Federal 1		30-045-05065	A-10-22N-8W	NM048989	FED	N/A	East Bisti Chacra	10/15/65	P	3	0	80.9	NE/4-160A				
Wood Denn 1	(Note 13 & 15)	30-045-34925	L-8-22N-8W	NO-G-0902-1756	I	NMNM112635	Basin Fruitland Coal	10/23/10	P	26	0	110.9	S/2-320A				
Wood Denn 2	(Note 13 & 15)	30-045-34924	P-8-22N-8W	NO-G-0902-1755	I	NMNM112635	Basin Fruitland Coal	11/10/10	P	26	0	93.0	S/2-320A				
WELLS PREVIOUSLY APPROVED FOR BIG BAND GATHERING SYSTEM (33 WELLS + 34 LOCATIONS)																	
Bear 2		30-045-28552	E-34-23N-8W	NM50959	FED		Nageezi Gallup	4/23/92	P-NC	0	0	0.1	SW/4 NW/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Belushi 1	(Note 17)	30-045-31257	J-5-22N-8W	NM90468	FED		Bisti Ch & Basin FR Coal	2/8/05	P	3	0	51.4	SE/4 & E/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Bilo 2	(Note 7)	30-045-24713	L-35-22N-8W	NM8902	FED		Rusty Chacra	1/31/81	P	3	0	11.3	SW/4	9/6/2001	2/15/2002	N/A	10/5/2001
Bilo Com 90		30-045-33672	D-35-22N-8W	NM94067	FED	NMNM118430	Basin Fruitland Coal	5/17/07	P	33	0	75.4	W/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Bilo Com 91		30-045-33673	A-35-22N-8W	NM94067	FED	NMNM119554	Basin Fruitland Coal	9/27/07	P	3	0	50.6	E/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Cleve Kyle 2		30-045-29038	D-18-22N-8W	NM34338	FED		Bisti Chacra Ext.	5/12/91	P	4	0	1.0	NW/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Cochran 1		30-045-24465	A-18-22N-8W	VA1119	ST		Bisti Chacra Ext.	6/24/98	SI-NC			NE/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006	
Dorsey 1	(Note 7)	30-045-29909	E-26-22N-8W	NM80472	FED		Rusty Chacra	12/1/99	P	0	0	0.0	NW/4	9/6/2001	2/15/2002	N/A	10/5/2001
Dorsey Com 90		30-045-33861	C-26-22N-8W	NM90472	FED	NMNM118403	Basin Fruitland Coal	9/29/09	P	24	0	145.9	W/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Dorsey Com 90S		30-045-33862	L-26-22N-8W	NM94067	FED	NMNM118403	Basin Fruitland Coal	5/10/07	P	118	0	70.7	W/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006

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Well Name	API No.	Well Location	Well Location	Lease No.	Lease Type	Communitization Agreement No. (If Established)	Pool	Completion Date	Well Status	Current Prod. @			Spacing Unit	Dates for SC, OLM & S			
										MCFD	BC/D	BWPD		Application	BLM Approval	NMSLO Approval	NMOCD Approval
Elmington 1 (Note 7)	30-045-29907	N-26-22N-8W	NM90467	FED			Rusty Chacra	10/6/99	P	1	0	15.9	SW/4	9/6/2001	2/15/2002	N/A	10/5/2001
Elmington Corn 90	30-045-33871	B-28-22N-8W	NM90472	FED		NMNM112646	Basin Fruitland Coal	10/20/09	P	11	0	53.8	E/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Elmington Corn 90S	30-045-33870	P-28-22N-8W	NM90467	FED		NMNM112646	Basin Fruitland Coal	10/9/09	P	204	0	150.4	E/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Gnye 1	30-045-29063	P-1-22N-8W	NM90475	FED			Bisti Chacra	6/7/94	P	1	0	1.9	SE/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Goodman 2 (Note 7)	30-045-29191	L-23-22N-8W	NM90471	FED			Rusty Chacra	1/4/95	P	0	0	0.0	SW/4	9/6/2001	2/15/2002	N/A	10/5/2001
Goodman 90	30-045-30780	J-23-22N-8W	NM90471	FED			Basin Fruitland Coal	12/9/03	P	10	0	39.0	E/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Harrison 1	30-045-31087	I-24-22N-8W	NM90999	FED			Bisti Chacra Ext.	2/5/03	P	1	0	1.1	SE/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Harrison Corn 90	30-045-31092	A-24-22N-8W	NM92738	FED		NMNM108160	Basin Fruitland Coal	2/5/03	P	31	0	46.5	E/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Hendrix 1	30-045-28931	B-7-22N-8W	NM55836	FED			Bisti Chacra	5/11/93	P	0	0	1.0	NE/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006
James 1 (Note 7)	30-045-29910	I-24-22N-8W	NM93253	FED			Rusty Chacra	12/31/99	P	0	0	0.0	SE/4	9/6/2001	2/15/2002	N/A	10/5/2001
James 90	30-045-30779	L-24-22N-8W	NM93253	FED			Basin Fruitland Coal	12/10/03	P	10	0	43.3	W/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Joplin 1	30-045-28976	A-12-22N-8W	NM90476	FED			Bisti Chacra	9/21/93	P	1	0	2.0	NE/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Matley 1 (Note 10)	30-045-29158	N-36-23N-8W	VA1121	ST			Basin Fruitland Coal	10/28/05	SI	---	---	---	W/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Morrison 1	30-045-28980	H-13-22N-8W	NM90477	FED			Bisti Chacra	9/3/93	P	0	0	1.0	NE/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Presley 1	30-045-29061	P-7-22N-8W	NM90469	FED			Bisti Chacra	5/23/94	SI	0	0	0.0	SE/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Sage Creek 1 P&A'd	30-045-26757	I-3-22N-8W	NM96798	FED			Basin Fruitland Coal	2/5/2007	PA 6/8/09				E/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Zappa 3 FC (Note 7 & 8)	30-045-29908	P-27-22N-8W	NM57445	FED			Basin Fruitland Coal	12/2/99	P-DHC	10	0	42.8	S/2	9/6/2001	2/15/2002	N/A	10/5/2001
Zappa 3 FC (Note 7 & 8)	30-045-29906	P-27-22N-8W	NM57445	FED			Rusty Chacra	12/2/99	P-DHC	10	0	42.8	SE/4	9/6/2001	2/15/2002	N/A	10/5/2001
Zappa 3S	30-045-33855	L-27-22N-8W	NM57445	FED			Basin Fruitland Coal	4/2/07	P	199	0	65.6	S/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Zappa 91	30-045-29997	A-27-22N-8W	NM57445	FED			Basin Fruitland Coal	2/2/01	P	12	0	35.1	N/2	9/6/2001	2/15/2002	N/A	10/5/2001
Zappa 91S	30-045-33856	E-27-22N-8W	NM57445	FED			Basin Fruitland Coal	4/2/07	P	307	0	92.0	N/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Zappa 92	30-045-33857	I-21-22N-8W	NM57445	FED			Basin Fruitland Coal	5/16/07	P	163	0	74.8	E/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Zappa 93	30-045-33858	M-22-22N-8W	NM57445	FED			Basin Fruitland Coal	4/27/07	P	55	0	72.6	S/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Zappa 93S	30-045-33859	P-22-22N-8W	NM57445	FED			Basin Fruitland Coal	4/27/07	P	57	0	69.8	S/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
SWD WELLS																	
Cochran 2 SWD (Note 14)	30-045-33932	H-16-22N-8W	VA1119	ST			SWD; Morrison	3/20/07	SWD								
Morrison 2 SWD (Note 14)	30-045-33684	H-13-22N-8W	NM90477	FED			SWD; Entrada	9/12/12	SWD								

Notes:

N/A = Not applicable or not needed

NR = None Reported

Note 1 - Well status as of 07/01/15

LOC = General location. The actual location will be staked and APD prepared at a later date.

NC = Not connected to gathering system

P = Producing

P-DHC = Producing downhole commingled

PA = Plugged & Abandoned

SI = Shut in

TA = Temporarily abandoned

Note 2 - Current production presents the average daily production during January, 2015.

Note 3 - Dates of application and regulatory approvals for permission to use Dugan's Big Band Gathering System to facilitate gas sales which typically requires the surface commingling (SC) plus off-lease measurement (OLM) and sale(S) of produced natural gas. The NMOCD has issued commingling order PLC-191-A (Corrected) dated 4/17/07 for the Big Band Gathering System.

Note 4 - Big Band Central Delivery Sales Meter (CDP) was initially authorized to be PNM's Meter no. 1335 located @ NENE 27, T-22N, R-9W with an option to deliver gas to the Rusty Chacra Gathering System & CDP (Enterprise Meter No. 03049 located @ SE/4 NW 12, T-22N, R-7W) should gas delivery to PNM at their CDP not be possible. Dugan Production did attempt to deliver to PNM, however, we were not able to meet PNM's gas quality requirements since PNM's who was delivering gas to the Albuquerque area for residential consumption and PNM did not have treatment facilities. In addition, we found that the fuel requirement to operate a 3 stage compressor and the two dehydrators necessary to operate on PNM's 500 PSI pipeline were not economically feasible.

Note 7 - The Chacra completion was initially believed to be an extension to the Bisti Chacra pool. NMOCD Order R-11445 dated 9-5-00 extended the Rusty Chacra pool to include the subject well and acreage.

Note 8 - Production from the Rusty Chacra and Basin Fruitland Coal are downhole commingled by NMOCD Order DHC-2673. Commingled production (gas and water) is allocated 50% to the Chacra and 50% to the Basin Fruitland Coal.

Note 10 - The Chacra completion was plugged 8/30/05 and the Fruitland Coal perforated on 9/23/05. A gas rate of 24 mcf has been tested following a breakdown of the perforations. The Fruitland Coal will be considered for fracture stimulation upon obtaining a pipeline connection for gas sales.

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Note 13 - Gas deliveries to Rusty Chacra Gathering System (all gas volumes mcf @ 15.025 psig).

Well	Rusty Chacra Gath. System	Production 7/14 thru 01/15			Average Production			Cumulative Production 2/1/2015		
		mcf	bw	days	mcf/d	bw/d		mcf	bw	
East Chacra Pool										
Warner Federal 1	1/12/2010	435	13,732	206	2.1	66.7		6,730	83,472	
Basin Fracturing Coal Pool										
Cochran 3	10/28/2009	908	20,357	215	4.5	94.7		5,810	78,016	
Gallegos Com 1	12/9/2010	2,169	11,337	206	10.5	55.0		16,902	143,230	
Lennon Com 1	10/23/2012	16,587	15,863	267	80.1	75.2		36,018	23,130	
Lennon Com 2	10/23/2012	49,181	15,990	206	238.7	77.6		103,916	21,898	
Manaca 1	10/12/2007	4,544	6,078	184	24.7	43.9		82,823	196,213	
Manaca 2	10/12/2007	6,743	11,167	206	32.7	54.2		71,435	176,656	
Manaca 3	9/30/2013	16,922	18,383	206	82.1	89.2		34,810	44,737	
Manaca 4	9/30/2013	11,864	18,531	206	57.6	80.0		27,482	28,449	
Manaca Com 5	9/28/2013	35,885	17,763	206	173.2	86.2		75,311	42,475	
Manaca Com 6	9/11/2013	12,379	20,678	206	60.1	100.4		45,351	44,225	
Manaca 7	9/30/2013	13,077	16,452	206	63.5	79.9		27,958	35,891	
Manaca 8	9/11/2013	4,013	11,571	206	19.5	56.2		14,454	25,803	
Mary Rose Com 2	10/24/2012	36,589	19,602	206	177.7	95.2		112,955	69,342	
Sachimo Com 1	7/10/2008	2,930	11,647	206	14.2	56.5		24,144	180,300	
Sachimo Com 2	7/10/2008	1,633	6,464	206	8.9	31.4		14,211	134,811	
Sachimo Com 3	7/10/2008	5,163	18,165	206	25.2	88.3		56,555	187,830	
Susana Com 1	10/12/2011	18,943	12,295	206	92.0	59.7		102,617	104,262	
Tom Wood Dam 1	9/23/2010	2,371	20,062	206	11.5	97.3		19,321	110,214	
Tom Wood Dam 2	10/14/2010	4,780	6,575	206	23.2	31.9		30,137	127,957	
Wood Dam 1	10/23/2010	3,569	19,042	206	17.3	92.4		26,322	125,792	
Wood Dam 2	11/10/2010	4,412	17,805	206	21.4	86.4		21,515	90,131	
Pool Total		254,692	317,537		1240.5	1,608.3		961,031	1,391,030	

Note 14 - NMOCD Administrative Order authorizing winter disposal by underground injection: Cochran No. 2 SWD (SWD-1047), Morrison No. 2 SWD (SWD - 1317)
Note 15 - Dugan Production has changed from using the letter "S" to designate a well as being a Fractured Coal well and initiated using unique numbers for each well. The wells using unique numbering and sharing a common spacing unit are:

Common Spacing Unit	
Lennon Com 1 & 2	E2 15-22N-8W
Manaca 1 & 2	W2 15-22N-8W
Manaca 3 & 4	E2 15-22N-8W
Manaca Com 5 & 6	W2 10-22N-8W
Manaca 7 & 8	E2 10-22N-8W
Tom Wood Dam 1 & 2	N2 8-22N-8W
Wood Dam 1 & 2	S2 8-22N-8W

Note 16 - Location is within the "Big Bend Gas Gathering System Area" defined by NMOCD Order PL-191-A (Corrected) dated 4/17/07, which provides that future wells completed in a pool covered by the order are also included in the continuing order. Since only 3 of the 38 well locations being acted are covered by this provision, the locations for Cleve Kyle, Cochran, and Sachimo Com 1 units are included in this application.
Note 17 - The Basin Fractured Coal interval has not been completed, but it is being considered for completion, and upon completion, an application to downhole commingle with the Basin Chacra will be submitted.



dugan production corp.

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CERTIFIED MAIL
RETURN RECEIPTS REQUESTED

August 14, 2015

Interest Owners

Wells currently approved for operation on
Dugan Production Corp.'s Big Band & Rusty Chacra Gathering Systems
(Address List Attached)

Re: Dugan Production's Application dated 8/14/15 to add 38 wells/locations to
Big Band & 8 wells/locations to Rusty Chacra Gathering Systems plus
Consolidate both gathering systems to form the Rusty Gathering System
San Juan & Sandoval Counties, New Mexico

Dear Interest Owner,

According to our records, you have an interest (working, royalty, or overriding royalty) in one or more of the wells that is currently approved for the Big Band and/or Rusty Chacra Gathering System. The wells and interest owners are listed on the attached address list. You are receiving this notice for your information as required by the New Mexico Oil Conservation Division (NMOCD) and this matter does not require any action on your part. The subject application to the New Mexico Oil Conservation Division (NMOCD), Bureau of Land Management (BLM) and the State Land Office (SLO), requests their approvals to add 38 wells/locations to Dugan's Big Band and 8 wells/locations to Dugan's Rusty Chacra Gathering System. This will require surface commingling of gas production from the subject wells, plus the sale of gas at an off-lease central delivery sales meter (CDP). Each well will be equipped with a meter to measure production for allocation purposes. Attached for your information are copies of Attachments No. 2A (for Rusty Chacra) and 2B (for Big Band) from the subject application which provides detailed information for all wells to be added and all wells currently approved. In addition, we are requesting that the two gathering systems be consolidated into a new gathering system to be called the Rusty Gathering System. Since your interest is in wells that are currently approved, there are no costs chargeable to you. The wells to be added should not affect production from wells that are currently connected to the gathering system.

This matter does not require any action on your part. Current NMOCD regulations require that all interest owners (wells in the existing system and those being added) receive notice of proposed additions to gathering systems. Included in Dugan's application, as permitted in the NMOCD rules, is a request that for future additions to either gathering system, only the interest owners in the wells to be added will require notification, provided the proposed additions will not adversely affect the existing wells. This will greatly simplify adding wells to the gathering system and should not affect the interests previously authorized to operate on the gathering system. Should you have any questions, need additional information, desire to receive a complete copy of our application, or have any concern as to our proposal, please let me know. Should you have an objection to our proposal, please let me know, or you can contact the New Mexico Oil Conservation Division directly at 1220 South St. Francis Drive, Santa Fe, NM 87505, and we would appreciate receiving a copy of your objection. Objections should be filed within 20 days after the NMOCD receives our application. We anticipate that our application will be received by the NMOCD approximately 8/17 or 18/15.

Sincerely,

Kevin Smaka
Production Engineer

KS/tmf

attachments

xc: New Mexico Oil Conservation Division, Bureau of Land Management, State Land Office

Wells Approved for Gathering Systems
Big Band/Rusty Chacra Gas Gathering System Interest Owners Address List

(wells with ownership interest in parentheses)

a=Bea 2; b=Belushi 1; c=Billie 2; d=Chacra 1 & 2; e=Cleve Kyle 2; f=Cochran 1; h=Dome Federal 1-21-7 1;
i=Dome Federal 10-22-7 1; j=Dome Federal 15-22-7 1; k=Dome Federal 18-22-6 3; m=Dome Federal 19-22-6 1; n=Dome Federal 29-22-6 2;
o=Dome Federal 29-22-6 3; p=Dome Federal 30-22-6 1; q=Dome Navaio 3-22-7 1; r=Dome Navaio 17-22-7 2;
t=Dome Navaio 20-22-7 1; u=Dome Navaio 27-22-6 1; v=Dome Navaio 28-22-6 2; w=Dome Navaio 28-22-6 4; x=Dome Navaio 33-22-6 2;
y=Dome Navaio 34-22-6 1; z=Dome Rusty 20-22-7 1; ab=Dome Rusty 30-22-6 1; ac=Dome State 32-22-6 2;
ad=Dome Tesoro 22 4; ae=Dome Tesoro 23 1; af=Dome Tesoro 27 3; ag=Dorsey 1; ah=Ellington 1; ai=Federal 25-22-7 1;
aj=Federal 26-22-7 1; ak=Federal 29-22-6 1 & 2; al=Federal 31-22-6 1; am=Gaye 1; an=Goodman 2 & 3; ao=Goodman 90; ap=Harrison 1;
aq=Harrison Com 90; ar=Hendrix 1; as=James 1 & 2; at=James 90; au=Joplin 1; av=Marley 1; aw=Morison 1; ax=Navaio 1;
ay=Navaio 10-22-7 1; bb=Presley 1; bc=Rusty Nail Com 90; bd=Zappa 3, 3S, 91, 91S, 92, 93, 93S; bq=Billie Com 90, 91;
bh=Dorsey Com 90, 90S; bi=Ellington Com 90, 90S

Working Interest Owners

Dugan Production Corp. (a thru bi)
P. O. Box 420
Farmington, NM 87499-0420

Key Exploration (h,x)
P O Box 52963
Lafayette, LA 70505

Royalty Interest Owners

Navajo Allotted (q,r,t thru y,ad,ae,af,ax,ay,bc)
Farmington Indian Minerals Office
c/o Bureau of Land Management
1235 La Plata Highway
Farmington, NM 87401

State of New Mexico (f,g,ac,av,bc)
State Land Office
P. O. Box 1148
Santa Fe, NM 87504-1148

USA - BLM (a thru e, h thru p, s,z,ab,ag thru
1235 La Plata Highway au,aw,bc,bf)
Farmington, NM 87401

Overriding Royalty Interest Owners

Charles Breck & Susan J. Adams (bf)
979 Windflower Way - BAD ADDRESS
San Diego, CA 92106

Cathy Jean Hendrickson (ar)
7375 Rollins Dell Drive #79 - BAD ADDRESS
Cupertino, CA 95014

O'Brien Family, LLC (ai,aj)
5461 W. Kent Place
Denver, CO 80235

Blu-Chip Resources, LLC (h)
P. O. Box 504
Cheyenne, WY 82003-0504

Cynthia E. Huff (ax)
1912 Lancaster Drive
Edmond, OK 73003

R.K. O'Connell (i)
P O Box 2003
Casper, WY 82602

Sam Boltz Family Trust (j,ai,aj)
Sam T. Boltz, Trustee
509 Princeton Drive
Tyler, TX 75703-5164

James S. Jameson (z,aa,ab,ai,aj,ak,al,ay)
11611 Campos
Houston, TX 77065

C. Pat Payne (j,ai,aj)
4242 Lomo Alto Dr., Apt S-37
Dallas, TX 75219

Monty Brosious (j,ai,aj)
2484 W. Dolphin Drive
Citrus Springs, FL 34434

Jen-Son Oil (bc)
1505 116th Ave SE
Lake Stevens, WA 98258

Ann Lisa Pearson (j,ai,aj)
7441 S. Fillmore Circle
Littleton, CO 80122-1963

Billie Cloak (j,ai,aj)
529 N. Ridley Circle - BAD ADDRESS
Morton, PA 19070

Kent A. Johnson (z,a,ab,ai,aj,ak,al,ay)
7862 South Valencia Way
Englewood, CO 80112

William T. & Betty Jean Philo (z,ai,aj,ak,al,ay)
708 Sunny Lane
Corsicana, TX 75110

David Family Oil & Gas Interest & Ptnshp (h)
P O Box 1497
Cheyenne, WY 82003

Rebecca Ann Jones (j,ai,aj)
119 Bedford Bend
Gun Barrel, TX 75156

R.W. Scott Investments, LLC (j,ai,aj)
1275 Lupine Way, Genesee
Golden, CO 80401

Warren D. Driskell (j,ai,aj)
1252 Pine Street
Wheatland, WY 82201

JWD III, Inc. (bc)
P O Box 467
Oklahoma City, OK 73101-0467

Ricard Properties, LLC (j,ai,aj)
P. O. Box 1478
Parker, CO 80134

Dugan Production Corp. (h,i,n,o,p,u,x,z,ab,ai thru
P. O. Box 1497 al,ay)
Cheyenne, WY 82003

Robbie Riggs Kirkpatrick (j,ai,aj)
13615 CR 2919
Eustace, TX 75124

Margaret Schwartz (a)
115 Jones Street
Gregory, SD 57533-1508

Paul Charles Ellison (z,aa,ab,ai thru al, ay)
7973 South Vance Street - BAD ADDRESS
Littleton, CO 80123

Kochergen Ent. Fam. Ltd. Ptnrshp (n,o,ab,ak)
8163 W. McKinley Ave.
Fresno, CA 93722

Sidwell Investments, LLC (h)
P. O. Box 1560
Brewster, MA 02631

EMG Revocable Trust (ah,ap,aq,bg,bh,bi),
Eileen M Grooms, Trustee
1000 W. Fourth Street
Roswell, NM 88201

Kellie M. Kross (ah,ap,aq,bg,bh,bi)
P. O. Box 1453
Roswell, NM 88202-1453

David T. Sorenson (ah,ap,aq,bg,bh,bi)
P. O. Box 1453
Roswell, NM 88202-1453

Irene R. Fellis (c,bg)
725 Calle Del Pajarito, NW
Albuquerque, NM 87114

Magnum Hunter Production Inc. (l,n,aa,ab,ak)
#774031
4031 Solutions Center
Chicago, IL 60677-4000

Matthew N. Sorenson (ah,ap,aq,bg,bh,bi)
P. O. Box 1453
Roswell, NM 88202-1453

Geilser Family Ltd. Partnership (ab)
c/o Michael Geilser, President
5106 Springmeadow Drive
Dallas, TX 75229

J. Paul Mathias (j,ai,aj)
8871 E. Easter Place
Englewood, CO 80112

Buck Stanley Family Trust (j,ai,aj)
R. H. Stanley & C. Sullivan, Trustees
38021 Fawn Meadows Trail
Elizabeth, CO 80107

F. Andrew Grooms (bg,bh,ah,bi,ap,aq)
P O Box 2328
Roswell, NM 88202-2328

Douglas B. McCallum. (z,ab,ai,aj,ak,al,ay)
191 University Blvd. #839
Denver, CO 80206-4613

Elsie Stephens (j,ai,aj)
Forestell Apartments - BAD ADDRESS
11851 Highdale #130B
Dallas, TX 75234

Gene Grubitz III Trust (c,bg)
Gene Grubitz, III Trustee
P O Box 1245
Salem, VA 24153-1245

Christine V. Grim Merchant (ah,ap,aq,bg,bh,bi)
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Roswell, NM 88202-1453

Elzafene Sullivan (bc)
P. O. Box 1001
Ft. Lauderdale, FL 33302

John M. Hall (j,ai,aj)
Marty Boss, Power of Attorney
1300 Thoreau Lane
Allen, TX 75002

Merrion Oil & Gas Corp. (ax)
610 Reilly Ave.
Farmington, NM 87401

Dean Unruh (z,ai)
5911 So. Middlefield Rd., Suite 100
Littleton, CO 80123

Ann Lee Harris (o)
2100 Van Ness at Pacific
San Francisco, CA 94109

F. Michael Murphy (z,ab,ai,aj,ak,al,ay)
3364 Wabash St.
Denver, CO 80238

Kurt T. Nelson (z,ab,ai,aj,ak,al,ay)
695 South Corona - BAD ADDRESS
Denver, CO 80209

Harvey Royalty Partners LP (b)
1875 Laws St.
Dallas, TX 75202-1700

Jean C. Oakason, Marital Trust (p)
Bank of America, NA, Successor Trustee
P O Box 830308
Dallas, TX 75283-0308

Hawthorn Oil Co. (ai, aj)
c/o Black Stone Family Mineral Co.
1001 Fannin Suite 2020
Houston, TX 77002

The Oakason Jr. Co., LC (p)
Bank of America NA, Agent
P O Box 830308
Dallas, TX 75283-0308

Haymaker Minerals & Royalties, LLC (n) p,z,ab,ah,ai)
4601 Washington Ave., Ste 220
Houston, TX 77007

Approved
No. 8
P314 of 20

ATTACHMENT NO. 2A
DUGAN PRODUCTION CORP.
RUSTY CHACRA GATHERING SYSTEM (APPLICATION DATED 7/2015)
CENTRAL DELIVERY SALES METER (ENTERPRISE METER NO. 03049) SENW 12, T-22N, R-7W
SAN JUAN COUNTY, NEW MEXICO

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Well Name	API No.	Well Location	Well Location	Communication Agreement No. (If Established)	Pool	Completion Date	Well Status	Current Prod. @			Spacing Unit	Dates for SC, OLM & S				
		UL-Sec-Twn-Rng	Lease No.					Lse.Type	MC/D	BC/D		BWPD	Application	BLM Approval	NMSLO Approval	NMOCD Approval
WELLS TO BE ADDED TO SYSTEM (4 WELLS + 4 LOCATIONS)																
Basie Com 1 (Note 5)	30-043-21112	D-21-22N-7W	NM109393	FED	NMNM112676	Basin Fruitland Coal	9/29/11	P	4	0	26.1	N/2-320A				
Basie Com infill well (Note 4)	pending	NE/4-21-22N-7W	NM5680	FED	NMNM112676	Basin Fruitland Coal		LOC				N/2-320A				
Lombardo Com 1 (Note 5)	30-043-21107	M-29-22N-7W	NM6680	FED	NMNM112653	Basin Fruitland Coal	12/7/11	P	29	0	78.6	W/2-320A				
Lombardo Com infill well	pending	NW/4-29-22N-7W	NM109392	FED	NMNM112653	Basin Fruitland Coal		LOC				W/2-320A				
Miller Com 1 (Note 5)	30-043-21109	D-32-22N-7W	V7847	ST	State CA-no #	Basin Fruitland Coal	12/7/11	P	57	0	54.8	W/2-320A				
Miller Com infill well	pending	SW/4-32-22N-7W	V7861	ST	State CA-no #	Basin Fruitland Coal		LOC				W/2-320A				
Shaw Com 1 (Note 5)	30-043-21108	M-16-22N-7W	V7860	ST	State CA-no #	Basin Fruitland Coal	8/19/11	P	1	0	10.5	W/2-320A				
Shaw Com infill well	pending	NW/4-16-22N-7W	V7846	ST	State CA-no #	Basin Fruitland Coal		LOC				W/2-320A				
WELLS PREVIOUSLY APPROVED FOR RUSTY GATHERING SYSTEM (39 WELLS)																
Chacra 1	30-043-20308	D-10-22N-7W	NM25821	FED		Rusty Chacra	2/9/1978	P	1	0	3.5	NW/4	8/17/98	10/13/99	8/31/98	9/8/98
Chacra 2	30-043-20309	O-21-22N-7W	NM25821	FED		Rusty Chacra	2/21/1978	P	3	0	0.0	SE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dana State 1 (Hicks Oil & Gas) P&A'd	30-043-20165	G-16-22N-7W	K04844	ST		Rusty Gallup	7/14/1975	PA 2/16/09				SW/4 NE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Federal 01-22-7 1	30-043-20638	H-1-21N-7W	NM15649	FED		Rusty Chacra	7/2/1982	P	1	0	0.0	NE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Federal 10-22-7 1	30-043-20484	H-10-22N-7W	NM6680	FED		Rusty Chacra	10/23/1980	P	8	0	11.6	NE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Federal 15-22-7 1	30-043-20281	P-15-22N-7W	NM8899	FED		Rusty Chacra	6/15/1979	P	10	0	0.0	SE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Federal 18-22-6 3	30-043-20481	E-18-22N-6W	NM21455	FED		Rusty Chacra	10/21/1980	P	2	0	18.4	NW/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Federal 19-22-6 1	30-043-20404	M-19-22N-6W	NM21455	FED		Rusty Chacra	8/30/1979	P	7	0	0.0	SW/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Federal 29-22-6 2	30-043-20405	K-29-22N-6W	NM6676	FED		Rusty Chacra	10/10/1980	P	0	0	0.0	SW/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Federal 29-22-6 3	30-043-20483	H-29-22N-6W	NM6676	FED		Rusty Chacra	12/31/1980	P	0	0	0.0	NE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Federal 30-22-6 1	30-043-20407	C-30-22N-6W	NM8541	FED		Rusty Chacra	6/30/1979	P	6	0	0.0	NW/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Navajo 03-22-7 1	30-043-20449	J-3-22N-7W	NOOC14205555	I		Alamito Gallup	3/21/1980	P	17	0	0.0	NW/4 SE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Navajo 17-22-7 2	30-043-20480	K-17-22N-7W	NOOC14205382	I		Rusty Chacra	10/28/1980	P	3	0	0.0	SW/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Navajo 18-22-6 2 P&A'd	30-043-20474	O-18-22N-6W	NM5452	FED		Rusty Chacra	11/4/1980	PA 12/11/01				SE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Navajo 20-22-7 1	30-043-20408	H-20-22N-7W	NOOC14205595	I		Rusty Chacra	7/25/1979	P	4	0	0.0	NE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Navajo 27-22-6 1	30-043-20475	M-27-22N-6W	NOOC14205046	I		Rusty Chacra	1/16/1987	P	2	0	0.0	SW/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Navajo 28-22-6 2	30-043-20477	I-28-22N-6W	NOOC14205044	I		Rusty Chacra	10/13/1980	P	1	0	0.0	SE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Navajo 28-22-6 4	30-043-20476	K-28-22N-6W	NOOC14205045	I		Rusty Chacra	12/31/1980	P	0	0	25.8	SW/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Navajo 33-22-6 1 P&A'd	30-043-20663	A-33-22N-6W	NOOC14205050	I		Rusty Chacra	12/2/1982	PA 11/15/10				NE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Navajo 33-22-6 2	30-043-20664	N-33-22N-6W	NOOC14205048	I		Rusty Chacra	12/2/1982	P	10	0	0.0	SW/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Navajo 34-22-6 1	30-043-20478	C-34-22N-6W	NOOC14205051	I		Rusty Chacra	1/23/1981	P	1	0	0.0	NW/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Rusty 20-22-7 1	30-043-20319	P-20-22N-7W	NM7262	FED		Rusty Chacra	8/28/1978	P	2	0	0.0	SE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Rusty 24-22-7 1 P&A'd	30-043-20320	J-24-22N-7W	NM6680	FED		Rusty Chacra	6/30/1978	PA 1/30/13				SE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Rusty 30-22-6 1	30-043-20316	B-30-22N-6W	NM6676	FED		Rusty Chacra	6/30/1978	P	10	0	0.0	NE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome State 32-22-6 2	30-043-20470	A-32-22N-6W	LG3923	ST		Rusty Chacra	1/5/1991	P	11	0	0.0	NE/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Tesoro 22 4	30-043-20542	C-22-22N-7W	NOOC14205356	I		Rusty Gallup	4/30/1981	P	7	0.8	0.0	NE/4 NW/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Tesoro 23 1	30-043-20506	L-23-22N-7W	NOOC14205360	I		Rusty Gallup	11/29/1980	P	5	3.6	0.0	NW/4 SW/4	8/17/98	10/13/99	8/31/98	9/8/98
Dome Tesoro 27 3	30-043-20515	D-27-22N-7W	NOOC14205365	I		Rusty Gallup	2/9/1981	P	6	0.4	0.0	NW/4 NW/4	8/17/98	10/13/99	8/31/98	9/8/98
Federal 25-22-7 1	30-043-20398	B-25-22N-7W	NM8899	FED		Rusty Chacra	9/17/1982	P	0	0	0.0	NE/4	8/17/98	10/13/99	8/31/98	9/8/98
Federal 26-22-7 1	30-043-20363	A-26-22N-7W	NM8899	FED		Rusty Chacra	9/17/1978	P	5	0	0.0	NE/4	8/17/98	10/13/99	8/31/98	9/8/98
Federal 29-22-6 1	30-043-20344	I-29-22N-6W	NM6676	FED		Rusty Chacra	9/19/1978	P	4	0	0.0	SE/4	8/17/98	10/13/99	8/31/98	9/8/98
Federal 29-22-6 2	30-043-20393	E-29-22N-6W	NM6676	FED		Rusty Chacra	9/11/1982	P	22	0	0.0	NW/4	8/17/98	10/13/99	8/31/98	9/8/98
Federal 31-22-6 1	30-043-20383	J-31-22N-6W	NM7776	FED		Rusty Chacra	4/25/1979	P	1	0	0.0	SE/4	8/17/98	10/13/99	8/31/98	9/8/98
Navajo 1	30-043-20797	N-33-22N-6W	NOOC14205048	I		Rusty So. Gallup	11/19/1985	P	3	0.3	0.0	SE/4 SW/4	8/17/98	10/13/99	8/31/98	9/8/98
Navajo 10-22-7 1	30-043-20346	N-10-22N-7W	NOOC14205594	I		Rusty Chacra	9/15/1978	P	1	0	0.0	SW/4	8/17/98	10/13/99	8/31/98	9/8/98
Navajo 18-22-6 1 P&A'd	30-043-20286	N-18-22N-6W	NM5452	FED		Rusty Chacra	7/16/1979	PA 12/13/01				SW/4	8/17/98	10/13/99	8/31/98	9/8/98
Navajo 21-22-7 1 P&A'd	30-043-20282	A-21-22N-7W	NM6680	FED		Rusty Chacra	6/30/1978	PA 12/17/01				NE/4	8/17/98	10/13/99	8/31/98	9/8/98
Rusty Nail Com 90	30-043-20988	C-34-22N-6W	NOOC14205051	I	NMNM110562	Basin Fruitland Coal	6/21/2005	P	1	0	0.0	N/2	6/20/06	8/14/06	7/24/06	7/25/06
State 32-22-6 1 P&A'd	30-043-20400	D-32-22N-6W	LG3923	ST		Rusty Chacra	3/11/1982	PA 12/18/01				NW/4	8/17/98	10/13/99	8/31/98	9/8/98

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Notes:

N/A = Not applicable or not needed

NR = None Reported

Note 1 - Well status as of 06/01/15

LOC = General location of potential infill well

NC = Not connected to gathering system

P = Producing

P-DHC = Producing downhole commingled

PA = Plugged & Abandoned

SI = Shut in

TA = Temporarily abandoned

Note 2 - Current production presents the average daily production during January, 2015.

Note 3 - Dates of application and regulatory approvals for permission to use Dugan's Rusty Chacra Gathering System to facilitate gas sales which typically requires the surface commingling (SC) plus off-lease measurement (OLM)

and sale(S) of produced natural gas. The NMOCDC has issued commingling order PLC-147-A dated 7/25/06 for the Rusty Chacra Gas Gathering System.

Note 4 - Location is within the "Rusty Chacra Gas Gathering System Area" defined by NMOCDC Order PLC-147-A dated 7/25/06 which provides that future wells completed in a pool covered by the order are also automatically included in the commingling authority of the order.

Since only one of the eight wells/locations being added is covered by this provision, for simplicity, the Basie Com infill location is included with this application.

Note 5 - Gas deliveries to Rusty Chacra Gathering System (all gas volumes mcf @ 15.025 psi):

Well	1st gas to Rusty Chacra Gath. System	Production 7/14 thru 01/15			Average Production		Cumulative Production 2/1/15	
		mcf	bw	days	mcf/d	bw/d	mcf	bw
Basin Fruitland Coal Pool								
Basie Com 1	11/1/2011	1,431	6,729	206	6.9	32.7	3,114	22,505
Lombardo Com 1	1/19/2012	8,670	44,066	206	42.1	213.9	25,079	81,981
Miller Com 1	1/19/2012	17,099	23,391	206	83.0	113.5	56,115	91,902
Shaw Com 1	11/1/2011	587	2,761	207	2.8	13.3	2,043	8,756
Pool Total		26,787	2,761	825	134.9	373.5	87,351	205,144

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ATTACHMENT NO. 2B

DUGAN PRODUCTION CORP.

BIG BAND GATHERING SYSTEM (APPLICATION DATED 7/2015)

CENTRAL DELIVERY SALES METER (ENTERPRISE METER NO. 03049) SENW 12, T-22N, R-7W (4)

SAN JUAN COUNTY, NEW MEXICO

Well Name	API No.	Well Location	Well Location	Communication Agreement No. (If Established)	Pool	Completion Date	Well Status	Current Prod. @			Spacing Unit	Dates for SC, OLM & S				
		UL-SEC-TWN-RNG	Lease No.				Lse Type	Φ	MCFD	BC/D		BWPD	Application	BLM Approval	NMSLO Approval	NMOCD Approval
WELLS TO BE ADDED TO SYSTEM (23 WELLS - 15 LOCATIONS)																
Cleve Kyle location A	pending	NE/4-17-22N-8W	NM43438	FED	pending	Basin Fruitland Coal		LOC				E/2-320A				
Cleve Kyle location A infill	pending	SE/4-17-22N-8W	NM43438	FED	pending	Basin Fruitland Coal		LOC				E/2-320A				
Cleve Kyle location B	pending	NW/4-17-22N-8W	NM43438	FED	pending	Basin Fruitland Coal		LOC				W/2-320A				
Cleve Kyle location B infill	pending	SW/4-17-22N-8W	NM43438	FED	pending	Basin Fruitland Coal		LOC				W/2-320A				
Cleve Kyle location C	pending	NE/4-18-22N-8W	NM43438	FED	pending	Basin Fruitland Coal		LOC				E/2-320A				
Cleve Kyle location C infill	pending	SE/4-18-22N-8W	NM43438	FED	pending	Basin Fruitland Coal		LOC				E/2-320A				
Cleve Kyle location D (Note 16)	pending	NW/4-18-22N-8W	NM43438	FED	pending	Basin Fruitland Coal		LOC				W/2-320A				
Cleve Kyle location D infill	pending	SW/4-18-22N-8W	NM43438	FED	pending	Basin Fruitland Coal		LOC				W/2-320A				
Cochran 3 (Note 13)	30-045-34593	O-16-22N-8W	VA1119	ST	N/A	Basin Fruitland Coal	9/24/09	P	5	0	85.7	E/2-320A				
Cochran infill well (Note 16)	pending	NE/4-16-22N-8W	VA1119	ST	N/A	Basin Fruitland Coal		LOC				E/2-320A				
Gilgospie Corn 1 (Note 13)	30-045-34930	G-9-22N-8W	NM109396	FED	NMNM112645	Basin Fruitland Coal	11/5/10	P	12	0	59.6	N/2-320A				
Gilgospie Corn infill well	pending	NW/4-9-22N-8W	NM109396	FED	NMNM112645	Basin Fruitland Coal		LOC				N/2-320A				
Lennon Corn 1 (Note 13 & 15)	30-045-35149	A-18-22N-8W	NO-G-0912-1764	I	NMNM112661	Basin Fruitland Coal	10/2/12	P	79	0	52.4	E/2-320A				
Lennon Corn 2 (Note 13 & 15)	30-045-35148	I-19-22N-8W	NO-G-0912-1763	I	NMNM112661	Basin Fruitland Coal	10/2/12	P	239	0	72.2	E/2-320A				
Mancini 1 (Note 13 & 15)	30-045-34333	E-15-22N-8W	NM048989	FED	N/A	Basin Fruitland Coal	9/26/07	P	17	0	37.6	W/2-320A				
Mancini 2 (Note 13 & 15)	30-045-34334	L-15-22N-8W	NM048989	FED	N/A	Basin Fruitland Coal	9/25/07	P	49	0	64.7	W/2-320A				
Mancini 3 (Note 13 & 15)	30-045-34757	R-15-22N-8W	NM048989	FED	N/A	Basin Fruitland Coal	9/9/13	P	79	0	91.9	E/2-320A				
Mancini 4 (Note 13 & 15)	30-045-34758	I-15-22N-8W	NM048989	FED	N/A	Basin Fruitland Coal	9/10/13	P	57	0	101.7	E/2-320A				
Mancini Corn 5 (Note 13 & 15)	30-045-34761	M-10-22N-8W	NM048989	FED	NMNM130418	Basin Fruitland Coal	8/28/13	P	139	0	98.4	W/2-320A				
Mancini Corn 6 (Note 13 & 15)	30-045-34759	E-10-22N-8W	NM109396	FED	NMNM130418	Basin Fruitland Coal	8/21/13	P	56	0	101.0	W/2-320A				
Mancini 7 (Note 13 & 15)	30-045-34760	P-10-22N-8W	NM048989	FED	N/A	Basin Fruitland Coal	8/30/13	P	60	0	75.5	E/2-320A				
Mancini 8 (Note 13 & 15)	30-045-34764	R-10-22N-8W	NM048989	FED	N/A	Basin Fruitland Coal	8/26/13	P	24	0	58.2	E/2-320A				
Mary Rose Corn 2 (Note 13)	30-045-35147	P-20-22N-8W	NO-G-0912-1762	I	NMNM112652	Basin Fruitland Coal	12/2/12	P	154	0	97.0	E/2-320A				
Mary Rose Corn 2 infill well	pending	NE/4-20-22N-8W	NM57445	FED		Basin Fruitland Coal		LOC				E/2-320A				
McCartney 1	30-045-29659	A-2-22N-9W	VA1120	ST	N/A	Basin Chacra Exl.	10/12/98	SI-NC	---	---	---	NE/4				
Satchmo Corn 1 (Note 13)	30-045-34429	N-3-22N-8W	NM90468	FED	NMNM121554	Basin Fruitland Coal	5/27/08	P	14	0	54.3	S/2-320A				
Satchmo Corn infill well (Note 16)	pending	SE/4-3-22N-8W	NM90468	FED	NMNM121554	Basin Fruitland Coal		LOC				S/2-320A				
Satchmo Corn 2 (Note 13)	30-045-34425	J-4-22N-8W	NM90468	FED	NMNM121116	Basin Fruitland Coal	5/30/08	P	16	0	46.2	E/2-322.5A				
Satchmo Corn infill well	pending	NE/4-4-22N-8W	NM55836	FED	NMNM121116	Basin Fruitland Coal		LOC				E/2-322.5A				
Satchmo Corn 3 (Note 13)	30-045-34402	M-4-22N-8W	NM90468	FED	NMNM121133	Basin Fruitland Coal	6/3/08	P	25	0	85.3	W/2-321.53A				
Satchmo Corn infill well	pending	NW/4-4-22N-8W	NM90468	FED	NMNM121133	Basin Fruitland Coal		LOC				W/2-321.53A				
Susana Corn 1 (Note 13)	30-045-35243	D-2-21N-8W	V7770	ST	State CA-no #	Basin Fruitland Coal	9/19/11	P	76	0	55.2	N/2-321.44A				
Susana Corn infill well	pending	NE/4-2-21N-8W	V7769	ST	State CA-no #	Basin Fruitland Coal		LOC				N/2-321.44A				
Tom Wood Denn 1 (Note 13 & 15)	30-045-34926	A-8-22N-8W	NO-G-0902-1757	I	NMNM112639	Basin Fruitland Coal	9/20/10	P	12	0	96.6	N/2-320A				
Tom Wood Denn 2 (Note 13 & 15)	30-045-34933	C-8-22N-8W	NO-G-0902-1758	I	NMNM112639	Basin Fruitland Coal	9/20/10	P	37	0	34.3	N/2-320A				
Warner Federal 1	30-045-05065	A-10-22N-8W	NM048989	FED	N/A	East Basin Chacra	10/16/65	P	3	0	80.9	NE/4-160A				
Wood Denn 1 (Note 13 & 15)	30-045-34925	L-8-22N-8W	NO-G-0902-1756	I	NMNM112635	Basin Fruitland Coal	10/23/10	P	26	0	110.9	S/2-320A				
Wood Denn 2 (Note 13 & 15)	30-045-34924	P-8-22N-8W	NO-G-0902-1755	I	NMNM112635	Basin Fruitland Coal	11/10/10	P	26	0	93.0	S/2-320A				
WELLS PREVIOUSLY APPROVED FOR BIG BAND GATHERING SYSTEM (33 WELLS & 34 completions)																
Bear 2	30-045-28552	E-34-23N-8W	NM50999	FED		Nagleez Gallup	4/23/92	P-NC	0	0	0.1	SW/4 NW/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Bolushi 1 (Note 17)	30-045-31257	J-5-22N-8W	NM50468	FED		Basin CH & Basin FRI Coal	2/8/05	P	3	0	51.4	SE/4 & E/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Bolan 2 (Note 7)	30-045-24713	L-35-22N-8W	NM89002	FED		Rusty Chacra	1/31/81	P	3	0	11.3	SW/4	9/6/2001	2/15/2002	N/A	10/5/2001
Ballo Corn 90	30-045-33972	D-35-22N-8W	NM94067	FED	NMNM118430	Basin Fruitland Coal	5/17/07	P	33	0	75.4	W/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Ballo Corn 91	30-045-33873	A-35-22N-8W	NM94067	FED	NMNM119554	Basin Fruitland Coal	9/27/07	P	3	0	50.6	E/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Cleve Kyle 2	30-045-29038	D-18-22N-8W	NM43438	FED		Basin Chacra Exl.	5/12/94	P	4	0	1.0	NW/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Cochran 1	30-045-24465	A-16-22N-8W	VA1119	ST		Basin Chacra Exl.	6/24/98	SI-NC	---	---	---	NE/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Dorsey 1 (Note 7)	30-045-29909	E-26-22N-8W	NM90472	FED		Rusty Chacra	12/1/98	P	0	0	0.0	NW/4	9/6/2001	2/15/2002	N/A	10/5/2001
Dorsey Corn 90	30-045-33861	C-20-22N-8W	NM90472	FED	NMNM118403	Basin Fruitland Coal	9/29/09	P	24	0	145.9	W/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Dorsey Corn 90S	30-045-33862	L-26-22N-8W	NM94067	FED	NMNM118403	Basin Fruitland Coal	5/10/07	P	118	0	70.7	W/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006

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Well Name	API No.	Well Location UL-Sub-Town-Rng	Well Location		Communitization Agreement No. (If Established)	Pool	Completion Date	Well Status (1)	Current Prod. (2)			Spacing Unit	Dates for SC, OLM & S (3)			
			Lease No.	Lease Type					MC/D	BC/D	BW/D		Application	BLM Approval	NMSLO Approval	NMOCD Approval
Ellington 1 (Note 7)	30-045-29907	N-26-22N-8W	NM94067	FED		Rusty Chacra	10/6/99	P	1	0	15.9	SW/4	9/6/2001	2/15/2002	N/A	10/5/2001
Ellington Corn 90	30-045-33871	B-26-22N-8W	NM94072	FED	NMNM112646	Basin Fruitland Coal	10/20/09	P	11	0	53.8	E/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Ellington Corn 90S	30-045-33870	P-26-22N-8W	NM94067	FED	NMNM112646	Basin Fruitland Coal	10/9/09	P	204	0	150.4	E/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Gaye 1	30-045-29063	P-1-22N-9W	NM90475	FED		Basin Chacra	6/7/94	P	1	0	1.9	SE/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Goodman 2 (Note 7)	30-045-29191	L-23-22N-8W	NM90471	FED		Rusty Chacra	1/14/05	P	0	0	0.0	SW/4	9/6/2001	2/15/2002	N/A	10/5/2001
Goodman 90	30-045-30780	J-23-22N-8W	NM90471	FED		Basin Fruitland Coal	12/8/03	P	10	0	39.0	E/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Harrison 1	30-045-31087	I-24-22N-9W	NM89099	FED		Basin Chacra Ext.	2/5/03	P	1	0	1.1	SE/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Harrison Corn 90	30-045-31092	A-24-22N-9W	NM92738	FED	NMNM108180	Basin Fruitland Coal	2/5/03	P	31	0	46.5	E/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Hendrix 1	30-045-28931	B-7-22N-8W	NM55836	FED		Basin Chacra	5/11/93	P	0	0	1.0	NE/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006
James 1 (Note 7)	30-045-29910	I-24-22N-8W	NM93253	FED		Rusty Chacra	12/31/99	P	0	0	0.0	SE/4	9/6/2001	2/15/2002	N/A	10/5/2001
James 90	30-045-30779	L-24-22N-8W	NM93253	FED		Basin Fruitland Coal	12/10/03	P	10	0	43.3	W/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Joplin 1	30-045-28976	A-12-22N-9W	NM90476	FED		Basin Chacra	9/21/93	P	1	0	2.0	NE/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Marley 1 (Note 10)	30-045-29158	N-36-23N-9W	VA1121	ST		Basin Fruitland Coal	10/28/05	SI	---	---	---	W/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Morrison 1	30-045-28980	H-13-22N-9W	NM90477	FED		Basin Chacra	9/3/93	P	0	0	1.0	NE/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Presley 1	30-045-29081	P-7-22N-8W	NM90469	FED		Basin Chacra	5/23/94	SI	0	0	0.0	SE/4	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Sage Creek 1 P&A's	30-045-26757	I-3-22N-8W	NM96798	FED		Basin Fruitland Coal	2/5/2007	PA 6/3/09				E/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Zappa 3 FC (Note 7 & 8)	30-045-29908	P-27-22N-8W	NM57445	FED		Basin Fruitland Coal	12/2/99	P-DHC	10	0	42.8	S/2	9/6/2001	2/15/2002	N/A	10/5/2001
Zappa 3 RC (Note 7 & 8)	30-045-29906	P-27-22N-8W	NM57445	FED		Rusty Chacra	12/2/99	P-DHC	10	0	42.8	SE/4	9/6/2001	2/15/2002	N/A	10/5/2001
Zappa 3S	30-045-33855	L-27-22N-8W	NM57445	FED		Basin Fruitland Coal	4/2/07	P	199	0	65.6	S/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Zappa 91	30-045-29997	A-27-22N-8W	NM57445	FED		Basin Fruitland Coal	2/2/01	P	12	0	36.1	N/2	9/6/2001	2/15/2002	N/A	10/5/2001
Zappa 91S	30-045-33856	E-27-22N-8W	NM57445	FED		Basin Fruitland Coal	4/2/07	P	307	0	92.0	N/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Zappa 92	30-045-33857	I-21-22N-8W	NM57445	FED		Basin Fruitland Coal	5/16/07	P	163	0	74.8	E/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Zappa 93	30-045-33858	M-22-22N-8W	NM57445	FED		Basin Fruitland Coal	4/27/07	P	55	0	72.6	S/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
Zappa 93S	30-045-33859	P-22-22N-8W	NM57445	FED		Basin Fruitland Coal	4/27/07	P	57	0	69.8	S/2	6/20/2006	8/14/2006	7/24/2006	7/24/2006
SWD WELLS																
Cochran 2 SWD (Note 14)	30-045-33932	H-16-22N-8W	VA1119	ST		SWD; Morrison	3/20/07	SWD								
Morrison 2 SWD (Note 14)	30-045-33684	H-13-22N-9W	NM90477	FED		SWD; Entrachi	9/12/12	SWD								

Notes:

N/A = Not applicable or not needed

NR = None Reported

Note 1 - Well status as of 07/01/15

LOC = General location. The actual location will be staked and APD prepared at a later date.

NC = Not connected to gathering system

P = Producing

P-DHC = Producing downhole commingled

PA = Plugged & Abandoned

SI = Shut in

TA = Temporarily abandoned

Note 2 - Current production presents the average daily production during January, 2015.

Note 3 - Dates of application and regulatory approvals for permission to use Dugan's Big Band Gathering System to facilitate gas sales which typically requires the surface commingling (SC) plus off-base measurement (OLM) and sale(s) of produced natural gas. The NMOCD has issued commingling order PLC-191-A (Corrected) dated 4/17/07 for the Big Band Gathering System.

Note 4 - Big Band Central Delivery Sales Meter (CDP) was initially authorized to be PNM's Meter no. 1335 located @ NENE 27, T-22N, R-8W with an option to deliver gas to the Rusty Chacra Gathering System & CDP (Enterprise Meter No. 03049 located @ SENW 12, T-22N, R-7W) should gas delivery to PNM at their CDP not be possible. Dugan Production did attempt to deliver to PNM, however, we were not able to meet PNM's gas quality requirements since PNM's line was delivering gas to the Albuquerque area for residential consumption and PNM did not have treatment facilities. In addition, we found that the fuel requirement to operate a 3 stage compressor and the two dehydrators necessary to operate on PNM's 500 PSI pipeline were not economically feasible.

Note 7 - The Chacra completion was initially believed to be in or an extension to the Basin Chacra pool. NMOCD Order R-11445 dated 9-5-00 extended the Rusty Chacra pool to include the subject well and acreage.

Note 8 - Production from the Rusty Chacra and Basin Fruitland Coal are downhole commingled by NMOCD Order DHC-2673. Commingled production (gas and water) is allocated 50% to the Chacra and 50% to the Basin Fruitland Coal.

Note 10 - The Chacra completion was plugged 8/30/05 and the Fruitland Coal perforated on 9/23/05. A gas rate of 24 mcf/d has been tested following a breakdown of the perforations. The Fruitland Coal will be considered for fracture stimulation upon obtaining a pipeline connection for gas sales.

Attachment
No. 2B
Pg 15 of 20

Note 13 - Gas deliveries to Rusty Chacra Gathering System (all gas volumes mcf @ 15.025 psi).

Well	1st gas to Rusty Chacra Gath. System	Production 7/14 thru 01/15			Average Production		Cumulative Production 2/1/2015	
		mcf	bw	days	mcf/d	dwpd	mcf	bw
East Chacra Pool								
Warner Federal 1	1/12/2010	435	13,732	206	2.1	66.7	6,730	83,472
Basin Fruitland Coal Pool								
Cochran 3	10/28/2009	968	20,357	215	4.5	91.7	5,816	78,016
Gillespie Com 1	12/9/2010	2,169	11,337	206	10.5	55.0	16,902	143,230
Lennon Com 1	10/23/2012	16,587	15,563	207	80.1	75.2	36,018	23,130
Lennon Com 2	10/23/2012	49,181	15,990	206	238.7	77.6	105,918	21,898
Mancini 1	10/12/2007	4,544	8,078	184	24.7	43.9	82,823	196,211
Mancini 2	10/12/2007	6,743	11,167	206	32.7	54.2	71,435	176,656
Mancini 3	9/30/2013	16,922	18,383	206	82.1	89.2	34,810	44,737
Mancini 4	9/30/2013	11,864	18,531	206	57.6	90.0	27,462	28,449
Mancini Com 5	9/28/2013	35,685	17,763	206	173.2	86.7	75,311	42,475
Mancini Com 6	9/11/2013	12,379	20,678	206	60.1	100.4	45,351	44,225
Mancini 7	9/30/2013	13,077	16,452	206	63.5	79.9	27,956	36,991
Mancini 8	9/11/2013	4,013	11,571	206	19.5	56.2	14,454	25,803
Mary Rose Com 2	10/24/2012	36,599	19,602	206	177.7	95.2	112,955	69,342
Salchimo Com 1	7/10/2008	2,930	11,647	206	14.2	56.5	24,144	180,300
Salchimo Com 2	7/10/2008	1,833	6,464	206	8.9	31.4	14,211	134,811
Salchimo Com 3	7/10/2008	5,183	18,185	206	25.2	88.3	56,555	167,830
Susana Com 1	10/12/2011	18,943	12,295	206	92.0	59.7	102,617	104,762
Tom Wood Denn 1	9/23/2010	2,371	20,052	206	11.5	97.3	19,321	110,274
Tom Wood Denn 2	10/14/2010	4,780	8,575	206	23.2	31.9	39,137	127,967
Wood Denn 1	10/23/2010	3,509	19,042	206	17.0	92.4	28,322	123,792
Wood Denn 2	11/10/2010	4,412	17,805	206	21.4	86.4	21,515	90,131
Pool Total		254,692	317,537		1240.5	1,608.3	961,031	1,991,030

Note 14 - NMOC Administrative Order authorizing water disposal by underground injection: Cochran No. 2 SWD (SWD-1047), Morrison No. 2 SWD (SWD - 1317)

Note 15 - Dugan Production has changed from using the letter "S" to designate a well as being a Fruitland Coal infl and initiated using unique numbers for each well. The wells using unique numbering and sharing a common spacing unit are:

Wells	Common Spacing Unit
Lennon Com 1 & 2	E/2 15-22N-BW
Mancini 1 & 2	W/2 15-22N-BW
Mancini 3 & 4	E/2 15-22N-BW
Mancini Com 5 & 6	W/2 10-22N-BW
Mancini 7 & 8	E/2 10-22N-BW
Tom Wood Denn 1 & 2	N/2 8-22N-BW
Wood Denn 1 & 2	S/2 8-22N-BW

Note 16 - Location is within the "Big Bend Gas Gathering System Area" defined by NMOC Order PLC-191-A (Corrected) dated 4/17/07, which provides that future wells completed in a pool covered by the order are also included in the commingling order. Since only 3 of the 38 wells/locations being added are covered by this provision, for simplicity, the locations for Cleve Kyia Location D, Cochran infl and Salchimo Com 1 infl are included at this application.

Note 17 - The Basin Fruitland Coal interval has not been completed, but it is being considered for completion, and upon completion, an application to downhole commingling with the Rusty Chacra will be submitted.

Attachment
No. 26
Pg 19 of 20

**Legal Advertisement Published
In the Wednesday, August 12, 2015
Publication of the Farmington Daily Times**

Dugan Production Corp. (DPC) is applying to the New Mexico Oil Conservation Division (NMOCD), the Bureau of Land Management (BLM) and the New Mexico State Land Office (NMSLO), for regulatory approvals to add 38 natural gas wells (23 existing & 15 proposed) to the Big Band Gathering System (BBGS) and 8 natural gas wells (4 existing & 4 proposed) to the Rusty Chacra Gathering System (RCGS). Both systems are operated by DPC. In addition, DPC is requesting approval to consolidate the BBGS & RCGS into a new gathering system to be called the Rusty Gathering System (RGS) to be operated by DPC. Gas sales for the RGS will continue to be at the central deliver sales meter (CDP) established for the RCGS & currently serving both BBGS & the RCGS. The CDP for the RCGS is located in the SENW of Section 12, T-22N, R-7W and delivers gas to Enterprise Field Services Meter No. 03049. This CDP is also authorized to be used as needed by the BBGS in the event gas deliveries to PNM at the CDP sales meter established for the BBGS were not feasible. The BBGS CDP to PNM has been abandoned as not being feasible for operation on the BBGS, and all gas from BBGS is now delivered to the RCGS as authorized by NMOCD Order PLC-191-A, dated 4/17/07. This will require the surface commingling of natural gas and produced water plus the off-lease measurement and sale of natural gas. There will not be any commingling of oil or condensate. DPC is also requesting that the NMOCD include a provision in the order for the consolidated RGS to allow future additions following notice only to the interest owners being added, provided it is reasonably certain that the proposed additions will not affect the wells previously authorized for the gathering systems. The wells to be added and the existing gathering systems are located as follows: BBGS: Section 2 of T-21N, R-8W; Sections 3 thru 10, 15 thru 24, 26, 27, 34 & 35 of Township 22N, Range 8W; Section 34 of T-23N, R-8W; Sections 1, 2, 12, 13 & 24 of T-22N, R-9W; & Section 36 of T-23N, R-9W. RCGS: Sections 18, 19, 20 & 27 thru 34 of T-22N, R-6W; Sections 3, 10, 12, 13, 15 thru 17, 19 thru 27, 29, 30 & 32 of T-22N, R-7W; Section 1 of T-21N, R-7W, all located in San Juan or Sandoval Counties of New Mexico. The BBGS currently has 33 wells (34 completions) which are completed in the following 3 gas pools: Basin Fruitland Coal (18 wells), Bisti Chacra (9 wells) & Rusty Chacra (6 wells), plus one well in the Nageezi oil pool. Of the 38 wells to be added to the BBGS, one is in the Bisti Chacra, one in the East Bisti Chacra, 36 are in the Basin Fruitland Coal gas pool. The RCGS currently has 39 wells which are completed in the following 5 pools: Basin Dakota (1 well), Rusty Chacra gas (32 wells), Alamito Gallup oil (1 well), Rusty Gallup oil (4 wells) & South Rusty Gallup oil (1 well). The 8 wells to be added to the RCGS will be completed in the Basin Fruitland Coal gas pool. All wells are located upon one of the following leases held by Dugan Production Corp.: BBGS leases: federal leases NM-8902, NM-43438, NM-048989, NM-50999, NM-55836, NM-57445, NM-89099, NM-90468, NM-90469, NM-90471, NM-90472, NM-90475, NM-90476, NM-90477, NM-92738, NM-93253, NM-94067 & NM-96798 & NM-109396; state leases VA-1119, VA-1120, VA-1121, V-7769 & V-7770; Navajo Allotted leases NO-G-0902-1755, NO-G-0902-1756, NO-G-0902-1757, NO-G-0902-1758, NO-G-0912-1762, NO-G-0912-1763 & NO-G-0912-1764. The leases for the RCGS are: federal leases NM-6676, NM-6680, NM-7262, NM-7776, NM-8641, NM-8899, NM-15649, NM-21455, NM-25821, NM-27163, NM-89023, NM-93448, NM-100285, NM-109385, NM-109391, NM-109392, NM-109393, NM-113069 & NM-0554433; Navajo Allotted leases NOOC-14-20-5044, NOOC-14-20-5045, NOOC-14-20-5046, NOOC-14-20-5048, NOOC-14-20-5050, NOOC-14-20-5051, NOOC-14-20-5356, NOOC-14-20-5360, NOOC-14-20-5365, NOOC-14-20-5382, NOOC-14-20-5555, NOOC-14-20-5594 & NOOC-14-20-5595; plus state leases LG-3923, V-7846, V-7847, V-7860 & V-7861. Any person holding an interest in any of these lands or leases may contact Dugan Production Corp. for additional information. Inquiries should be directed to Kevin Smaka at 505-325-1821 or by mail at P. O. Box 420, Farmington, NM 87499. Any objection or request for a formal hearing should be filed in writing with the NMOCD's Santa Fe Office within 20 days from the initial date of this publication. In the absence of objection, Dugan Production Corp. has requested that the NMOCD approve its application administratively. The NMOCD's address is 1220 South St. Francis Drive, Santa Fe, NM 87505.

District I
1625 N. French Dr., Hobbs, NM 88240

State of New Mexico
Energy, Minerals & Natural Resources Department

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1220 South St. Francis Dr.
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JAN 26 2011 ☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-043-21112	Pool Code 71629	Pool Name BASIN FRUITLAND COAL
Property Code 38592	Property Name BASIE COM	Well Number 1
GRID No. 006515	Operator Name DUGAN PRODUCTION CORPORATION	Elevation 6882

10 Surface Location

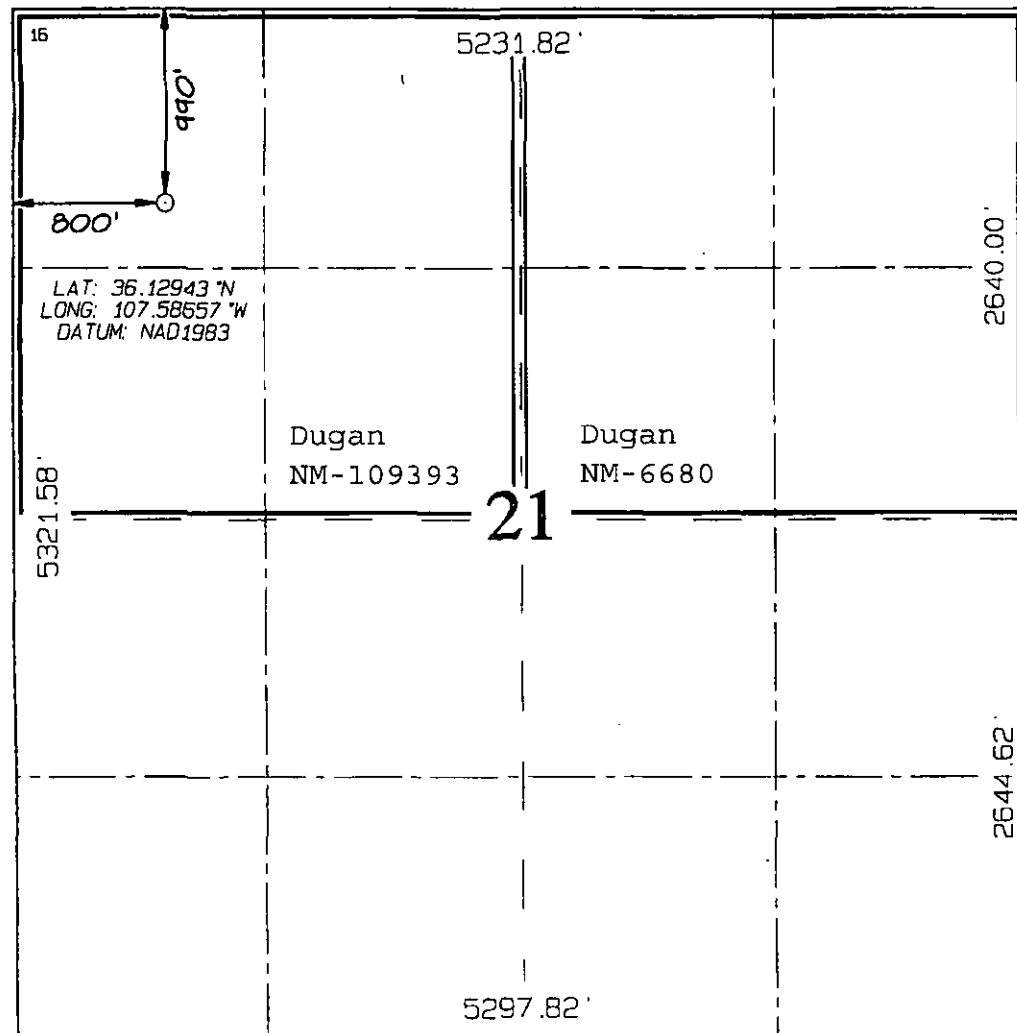
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	21	22N	7W		990	NORTH	800	WEST	SANDOVAL

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres 320.0 Acres - (N/2)	13 Joint or Infill	14 Consolidation Code	15 Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Kurt Fagrelus
Signature
Date 1/10/2011
Kurt Fagrelus
Printed Name

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey: AUGUST 16, 2010

Signature and Seal of Professional Surveyor



JASON C. EDWARDS
Certificate Number 15269

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Energy, Minerals & Natural Resources Department

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Farmington Field Office
Bureau of Land Management

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-043-21107	*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code 38665	*Property Name LOMBARDO COM	*Well Number 1
*GRID No. 006515	*Operator Name DUGAN PRODUCTION CORPORATION	*Elevation 6649'

¹⁰ Surface Location


UL or lot no	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	29	22N	7W		850	SOUTH	990	WEST	SANDOVAL

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres 320.0 Acres - (W/2)	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No
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¹⁶ 5346.66' Dugan NM-10392 Dugan NM-6680 LAT 36.10532°N LONG 107.60442°W DATUM NAD1983 990' 850' 5233.80'	5285.94'	5327.52'	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division <i>Kurt Fagrelus</i> 1/7/2011 Signature Date Kurt Fagrelus Printed Name
	29		¹⁸ SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief Survey Date: OCTOBER 30, 2010 Signature and Seal of Professional Surveyor  JASON C. EDWARDS Certificate Number 15269

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WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-043-21109	*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code 38466	*Property Name MILLER COM	*Well Number 1
*GRID No. 006515	*Operator Name DUGAN PRODUCTION CORPORATION	*Elevation 6630'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	32	22N	7W		1300	NORTH	900	WEST	SANDOVAL

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 320.0 Acres - (W/2)					¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.		

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<div><p>16</p><p>5233.80'</p><p>1300'</p><p>900'</p><p>LAT: 36.09942°N LONG: 107.60499°W DATUM: NAD1983</p><p>Dugan V-7847</p><p>5347.32'</p><p>Dugan V-7861</p><p>32</p><p>5254.26'</p></div>	<div><h4>¹⁷ OPERATOR CERTIFICATION</h4><p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p><p><i>Kurt Fagrelis</i> 1/7/2011 Signature Date Kurt Fagrelis Printed Name</p></div>
	<div><h4>¹⁸ SURVEYOR CERTIFICATION</h4><p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p><p>Survey Date: OCTOBER 30, 2010</p><p>Signature and Seal of Professional Surveyor</p><div><p>JASON C. EDWARDS NEW MEXICO 15269 REGISTERED PROFESSIONAL SURVEYOR</p></div><p>JASON C. EDWARDS Certificate Number 15269</p></div>

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WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-043-21108	*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code 38465	*Property Name SHAW COM	*Well Number 1
*OGRID No. 006515	*Operator Name DUGAN PRODUCTION CORPORATION	*Elevation 6866

10 Surface Location


UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	16	22N	7W		990	SOUTH	660	WEST	SANDOVAL

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres 320.0 Acres - (W/2)	13 Joint or Infill	14 Consolidation Code	15 Order No.
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16	5243.04'	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. <i>Kurt Fagrelus</i> 1/10/2011 Signature Date Kurt Fagrelus Printed Name
Dugan V-7846	5280.00'	18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. Date of Survey: AUGUST 16, 2010 Signature and Seal of Professional Surveyor  JASON C. EDWARDS Certificate Number 15269
Dugan V-7860		
5322.24'	16	
LAT: 36.13486 °N LONG: 107.58700 °W DATUM: NAD1983	5231.82'	
660'	990'	

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WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-045-34693		Pool Code 71629	Pool Name BASIN FRUITLAND COAL
Property Code 13625	Property Name COCHRAN		Well Number 3
GRID No. 006515	Operator Name DUGAN PRODUCTION CORPORATION		Elevation 6643


10 Surface Location

UL or lot no. 0	Section 16	Township 22N	Range 8W	Lot 10	Feet from the 1195	North/South line SOUTH	Feet from the 1380	East/West line EAST	County SAN JUAN
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11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot 10	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 320.0 Acres - (E/2)					Joint or Infill	Consolidation Code	Order No.		

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

15	5257.56'	DUGAN VA-1119	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. <i>Kurt Fagrelus</i> 3/17/2008 Signature Date Kurt Fagrelus Printed Name
5285.94'	16	LAT: 36.13573°N LONG: 107.68299°W DATUM: NAD83	18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. Survey Date: FEBRUARY 26, 2008 Signature and Seal of Professional Surveyor  <i>JASON C. EDWARDS</i> Certificate Number 15269
2632.74'	1317.69'	1380'	5284.62'

District I
1625 N French Dr. Hobbs, NM 88240

District II
1301 W Grand Avenue, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
1220 S St Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

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Farmington Field Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-34930		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code 37708	*Property Name GILLESPIE COM		*Well Number 1
*OGRID No. 006515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 6748'


10 Surface Location

U. or lot no	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	9	22N	8W		1750	NORTH	1450	EAST	SAN JUAN

11 Bottom Hole Location If Different From Surface

U. or lot no	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
12 Dedicated Acres 320.0 Acres - (N/2)					13 Joint or Infill		14 Consolidation Code		15 Order No

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16 XTO NM-117568 DUGAN NM-109396 LAT: 36.15668°N LONG. 107.68296°W DATUM: NAD1983	5265.48'	1750'	1450'	96.6825'	5257.56'
	5285.28'				
17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. Signature: <u>Kurt Fagrelus</u> Date: <u>3/30/2009</u> Printed Name: <u>Kurt Fagrelus</u>					
18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. Date of Survey: <u>MARCH 2, 2009</u> Signature and Seal of Professional Surveyor  <u>JASON C. EDWARDS</u> Certificate Number: <u>15269</u>					

District I
1625 N. French Dr., Hobbs, NM 88240

District II
1301 W. Grand Avenue, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec, NM 87410

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WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-35149		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code 38547	*Property Name LENNON COM		*Well Number 1
*GRID No. 006515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 6687'

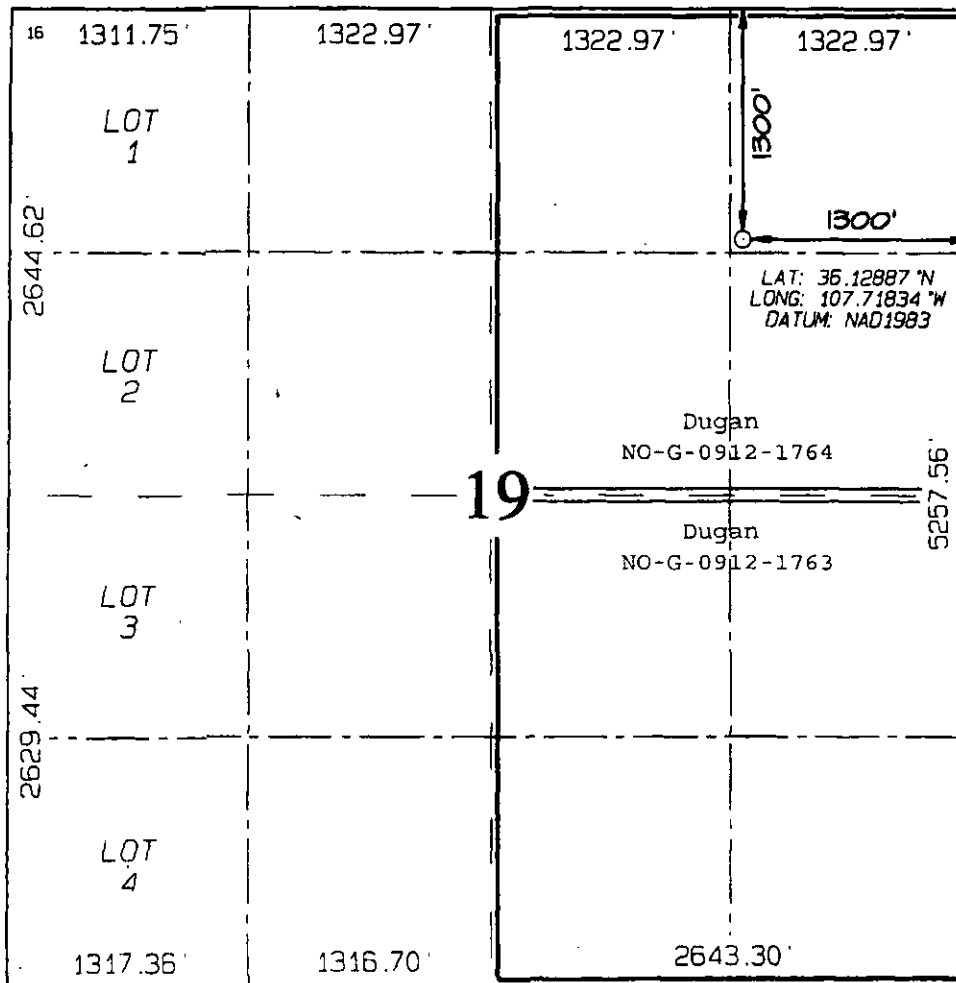
¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idh	Feet from the	North/South line	Feet from the	East/West line	County
A	19	22N	8W		1300	NORTH	1300	EAST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idh	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 320.0 Acres - (E/2)					¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



¹⁷ OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Kurt Fagrelus 4-22-2010
Signature Date

Kurt Fagrelus

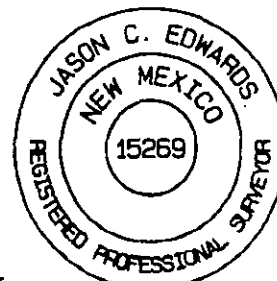
Printed Name

¹⁸ SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief

Date of Survey: APRIL 10, 2009

Signature and Seal of Professional Surveyor



Jason C. Edwards
Certificate Number 15269

District I
1625 N. French Dr., Hobbs, NM 88240

District II
1301 W. Grand Avenue, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec, NM 87410

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MAY 04 2010

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30045-35148	*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code 38547	*Property Name LENNON COM	*Well Number 2
*OGRIID No. 006515	*Operator Name DUGAN PRODUCTION CORPORATION	*Elevation 6603'

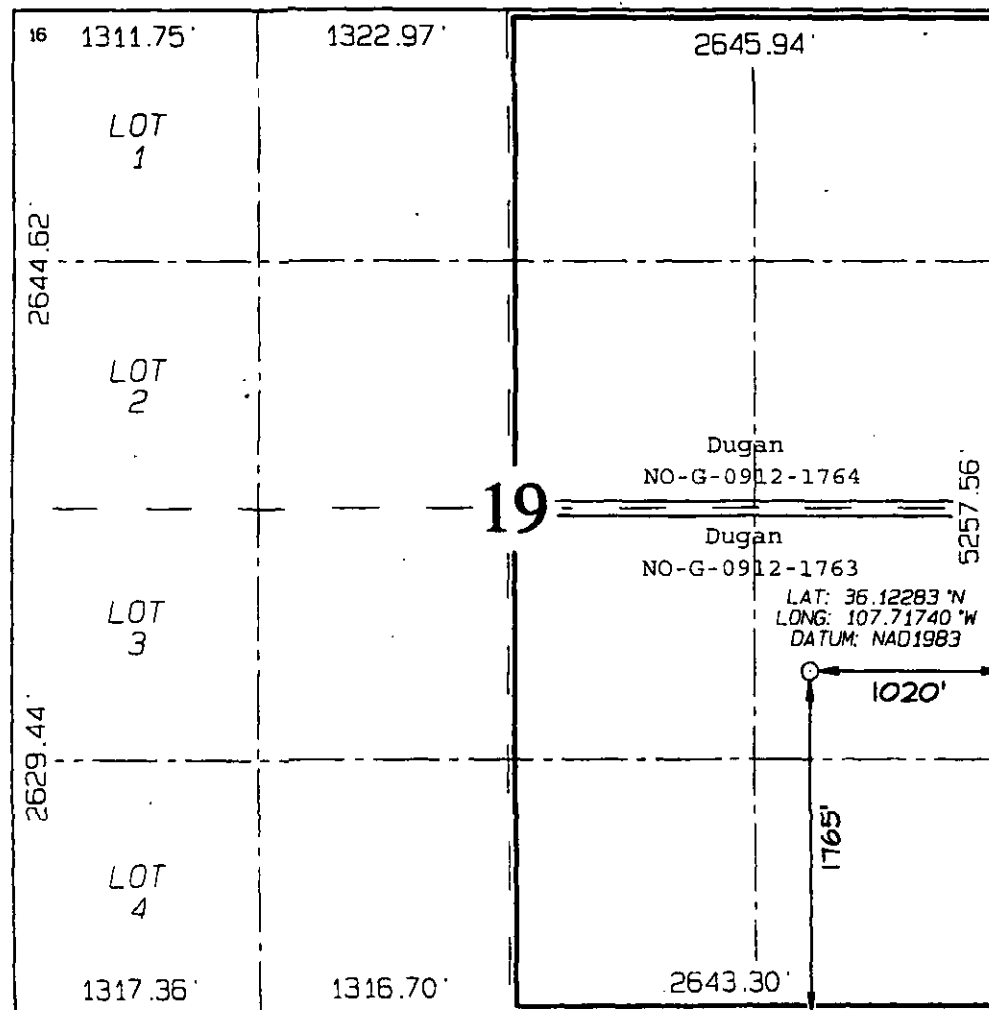
10 Surface Location

U. or lot no. I	Section 19	Township 22N	Range 8W	Lot Idn	Feet from the 1765	North/South line SOUTH	Feet from the 1020	East/West line EAST	County SAN JUAN
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11 Bottom Hole Location If Different From Surface

U. or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
12 Dedicated Acres 320.0 Acres - (E/2)					13 Joint or Infill	14 Consolidation Code	15 Order No.		

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Kurt Fagrelus 4-22-2010
Signature Date

Kurt Fagrelus

Printed Name

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey: APRIL 10, 2009

Signature and Seal of Professional Surveyor



Jason C. Edwards

Certificate Number 15269

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

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210 EASTERN AVE

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-3433		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code 36587	*Property Name MANCINI		*Well Number 1
*GRID No 006515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 6651'

¹⁰ Surface Location

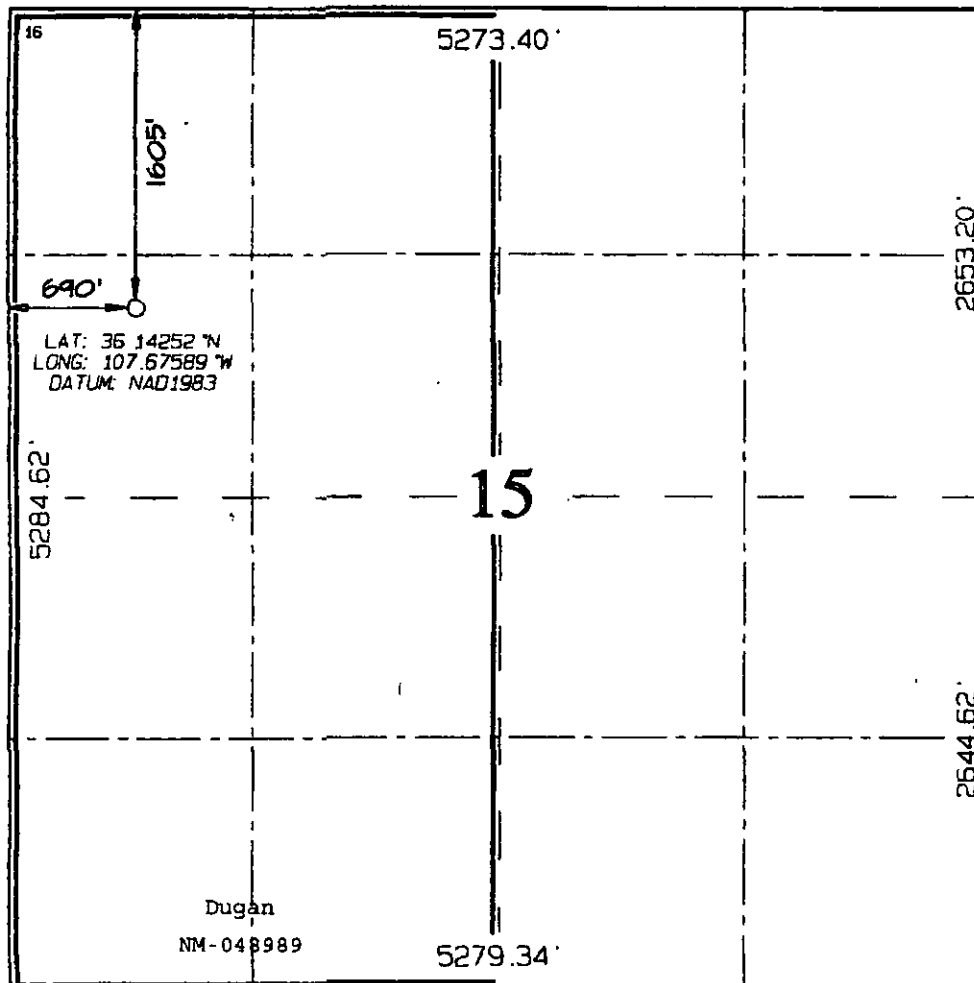

U. or lot no.	Section	Township	Range	Lot Ion	Feet from the	North/South line	Feet from the	East/West line	County
E	15	22N	8W		1605	NORTH	690	WEST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

U. or lot no.	Section	Township	Range	Lot Ion	Feet from the	North/South line	Feet from the	East/West line	County

*Dedicated Acres 320.0 Acres - (W/2)	*Joint or Infill	*Consolidation Code	*Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p>¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. <i>Kurt Fagrelus</i> May 25, 2007 Signature _____ Date _____ Kurt Fagrelus Printed Name</p> <p>¹⁸ SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. Date of Survey: MAY 11, 2007 Signature and Seal of Professional Surveyor  <i>JASON C. EDWARDS</i> Certificate Number 15269</p>
--	---

District I
1625 N. French Dr., Hobbs, NM 88240

District II
1301 W. Grand Avenue, Artesia, NM 88210

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1000 Rio Brazos Rd., Aztec, NM 87410

District IV
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WELL LOCATION AND ACREAGE DEDICATION PLAT 15 FARMINGTON NM

*API Number 30-045-34334	*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code 36587	*Property Name MANCINI	*Well Number 2
*GRID No. 006515	*Operator Name DUGAN PRODUCTION CORPORATION	*Elevation 6616'

¹⁰ Surface Location

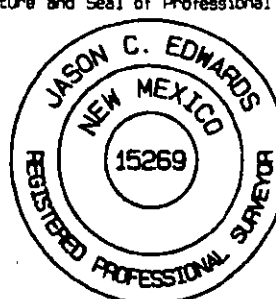
UL or lot no. L	Section 15	Township 22N	Range 8W	Lot Idn	Feet from the 1700	North/South line SOUTH	Feet from the 1050	East/West line WEST	County SAN JUAN
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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*Dedicated Acres 320.0 Acres - (W/2)	*Joint or Infill	*Consolidation Code	*Order No.
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OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<div>16</div> <div>Dugan</div> <div>NM-048989</div> <div>5273.40'</div> <div>5284.62'</div> <div>1050'</div> <div>1700'</div> <div>5279.34'</div> <div>LAT: 36.13711°N LONG: 107.67475°W DATUM: NAD1983</div>	<div>15</div> <div>2653.20'</div> <div>2644.62'</div>	<div>¹⁷ OPERATOR CERTIFICATION</div> <div>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</div> <div>Kurt Fagrelis May 25, 2007</div> <div>Signature Date</div> <div>Kurt Fagrelis</div> <div>Printed Name</div> <div>¹⁸ SURVEYOR CERTIFICATION</div> <div>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</div> <div>Date of Survey: MAY 14, 2007</div> <div>Signature and Seal of Professional Surveyor</div> <div></div> <div>JASON C. EDWARDS</div> <div>Certificate Number 15269</div>
---	---	--

District I
1625 N. French Dr., Hobbs, NM 88240

District II
1301 W. Grand Avenue, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

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WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-34757		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code 36587	*Property Name MANCINI		*Well Number 3
*OGRID No 006515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 6693'

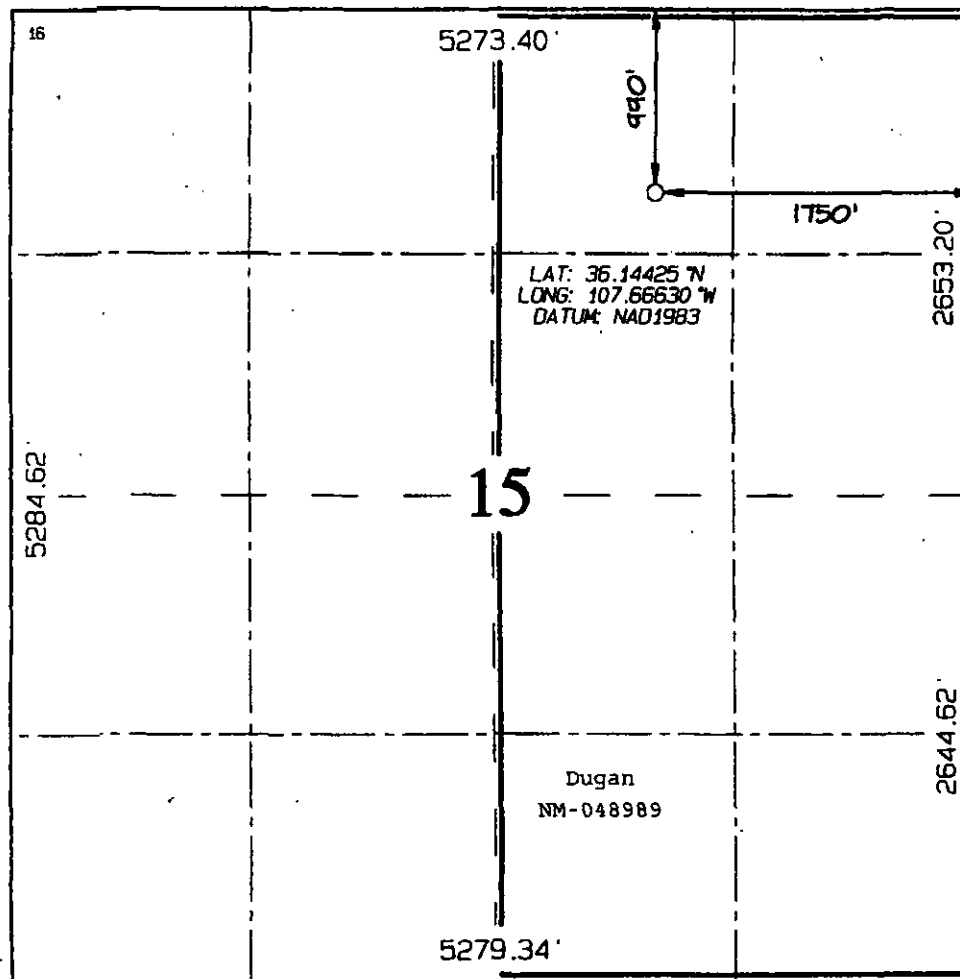
¹⁰ Surface Location

UL or Lot no.	Section	Township	Range	Lot 1st	Feet from the	North/South line	Feet from the	East/West line	County
B	15	22N	8W		990	NORTH	1750	EAST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

UL or Lot no.	Section	Township	Range	Lot 1st	Feet from the	North/South line	Feet from the	East/West line	County
* Dedicated Acres 320.0 Acres - (E/2)					* Joint or Infill		* Consolidation Code		* Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



¹⁷ OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Kurt Fagrelis -2-2008
Signature Date

Kurt Fagrelis

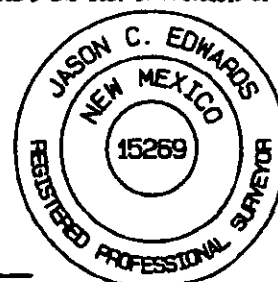
Printed Name

¹⁸ SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey: MARCH 6, 2008

Signature and Seal of Professional Surveyor



JASON C. EDWARDS
Certificate Number 15269

District I
1625 N. French Dr., Hobbs, NM 88240

District II
1301 W. Grand Avenue, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
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WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30045-34758	Pool Code 71629	Pool Name BASIN FRUITLAND COAL
Property Code 36587	Property Name MANCINI	Well Number 4
GRID No. 006515	Operator Name DUGAN PRODUCTION CORPORATION	Elevation 6627'


¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot 1st	Feet from the	North/South line	Feet from the	East/West line	County
I	15	22N	8W		1500	SOUTH	1000	EAST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot 1st	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 320.0 Acres - (E/2)					¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16	5284.62'	5273.40'	15	5279.34'	1500'	1000'	2653.20'	2644.62'	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. <i>Kurt Fagrelus</i> 4-2-2008 Signature Date Kurt Fagrelus Printed Name ¹⁸ SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. Date of Survey: MARCH 7, 2008 Signature and Seal of Professional Surveyor  JASON C. EDWARDS Certificate Number 15269

District I
1625 N. French Dr., Hobbs, NM 88240

District II
1301 W. Grand Avenue, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
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Bureau of Land Management
Farmington Field Office

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30045.347001		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code 37443	*Property Name MANCINI COM		*Well Number 5
*GRID No. 006515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 6687'

10 Surface Location


UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	10	22N	8W		1175	SOUTH	1245	WEST	SAN JUAN

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres 320.0 Acres - (W/2)	13 Joint or Infill	14 Consolidation Code	15 Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16 Dugan NM-090468	5269.44'	<div>10</div> <div>LAT: 36°09.0107' N LONG: 107°40.3978' W DATUM: NAD1927</div> <div>LAT: 36°15.019' N LONG: 107°47.391' W DATUM: NAD1983</div> <div>1245'</div> <div>1175'</div> <div>5273.40'</div>	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. Kurt Fagrelis 7-23-2008 Signature Date Kurt Fagrelis Printed Name
Dugan NM-109396			18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief Date of Survey: JUNE 30, 2008 Signature and Seal of Professional Surveyor
Dugan NM-048989			 JASON C. EDWARDS Certificate Number 15269

District I
1625 N. French Dr., Hobbs, NM 88240

District II
1301 W. Grand Avenue, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
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Bureau of Land Management
WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30045-34759	*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code 36587	*Property Name MANCINI COM	*Well Number 6
*GRID No. 006515	*Operator Name DUGAN PRODUCTION CORPORATION	*Elevation 6794'

¹⁰ Surface Location

U. or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	10	22N	8W		1850	NORTH	1100	WEST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

U. or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 320.0 Acres - (W/2)					¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.		

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p>¹⁷ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Kurt Fagrelus</i> 7-15-2008 Signature Date</p> <p>Kurt Fagrelus Printed Name</p>
	<p>¹⁸ SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>Date of Survey: JULY 1, 2008</p> <p>Signature and Seal of Professional Surveyor</p> <p></p> <p><i>JASON C. EDWARDS</i> Certificate Number 15269</p>

District I
1625 N. French Dr., Hobbs, NM 88240

District II
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1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

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

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JUL 21 2008

☐ AMENDED REPORT

Bureau of Land Management
WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30045-347100		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code 36587	*Property Name MANCINI		*Well Number 7
*OGRID No. 006515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 6725'

¹⁰ Surface Location

UL or lot no. P	Section 10	Township 22N	Range 8W	Lot Idh	Feet from the 1215	North/South line SOUTH	Feet from the 955	East/West line EAST	County SAN JUAN
--------------------	---------------	-----------------	-------------	---------	-----------------------	---------------------------	----------------------	------------------------	--------------------

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idh	Feet from the	North/South line	Feet from the	East/West line	County
*Dedicated Acres 320.0 Acres - (E/2)					*Joint or Infill	*Consolidation Code	*Order No.		

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16	5269.44'		Dugan NM-048989		17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the Division. Kurt Fagrelis Signature Date Kurt Fagrelis Printed Name
	10		7-15-2008		
	5273.40'		Date of Survey: JUNE 25, 2008		
5283.96'	1215'		955'		18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. Date of Survey: JUNE 25, 2008 Signature and Seal of Professional Surveyor JASON C. EDWARDS Certificate Number 15269
LAT: 36°09.0176' N LONG: 107°39.7735' W DATUM: NAD1927		LAT: 36.15031' N LONG: 107.66350' W DATUM: NAD1983			
5305.08'		5305.08'			

District I
1625 N. French Dr., Hobbs, NM 88240

District II
1301 W. Grand Avenue, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
1220 S St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

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

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WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-045-34764	Pool Code 71629	Pool Name BASIN FRUITLAND COAL
Property Code 36587	Property Name MANCINI	Well Number 8
GRID No 006515	Operator Name DUGAN PRODUCTION CORPORATION	Elevation 6842'


¹⁰ Surface Location

UL or lot no	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	10	22N	8W		1300	NORTH	1650	EAST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

UL or lot no	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 320.0 Acres - (E/2)					¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No		

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

¹⁶	5269.44'	1300'	1650'	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the Division. <i>Kurt Fagrelus</i> 8-2-2008 Signature Date Kurt Fagrelus Printed Name
	LAT: 36°09.4764' N LONG: 107°39.9091' W DATUM: NAD1927 LAT: 36.15795° N LONG: 107.66576° W DATUM: NAD1983			
5283.96'	10	5305.08'	¹⁸ SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. Date of Survey: JULY 17, 2008 Signature and Seal of Professional Surveyor  JASON C. EDWARDS Certificate Number 15269	
	Dugan NM-048989			
	5273.40'			

District I
1525 N. French Dr., Hobbs, NM 88240

District II
1301 W. Grand Avenue, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

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Energy, Minerals & Natural Resources Department

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

MAY 04 2010 ☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-35147	*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code 38533	*Property Name MARY ROSE COM	*Well Number 2
*GRID No 006515	*Operator Name DUGAN PRODUCTION CORPORATION	*Elevation 6588'

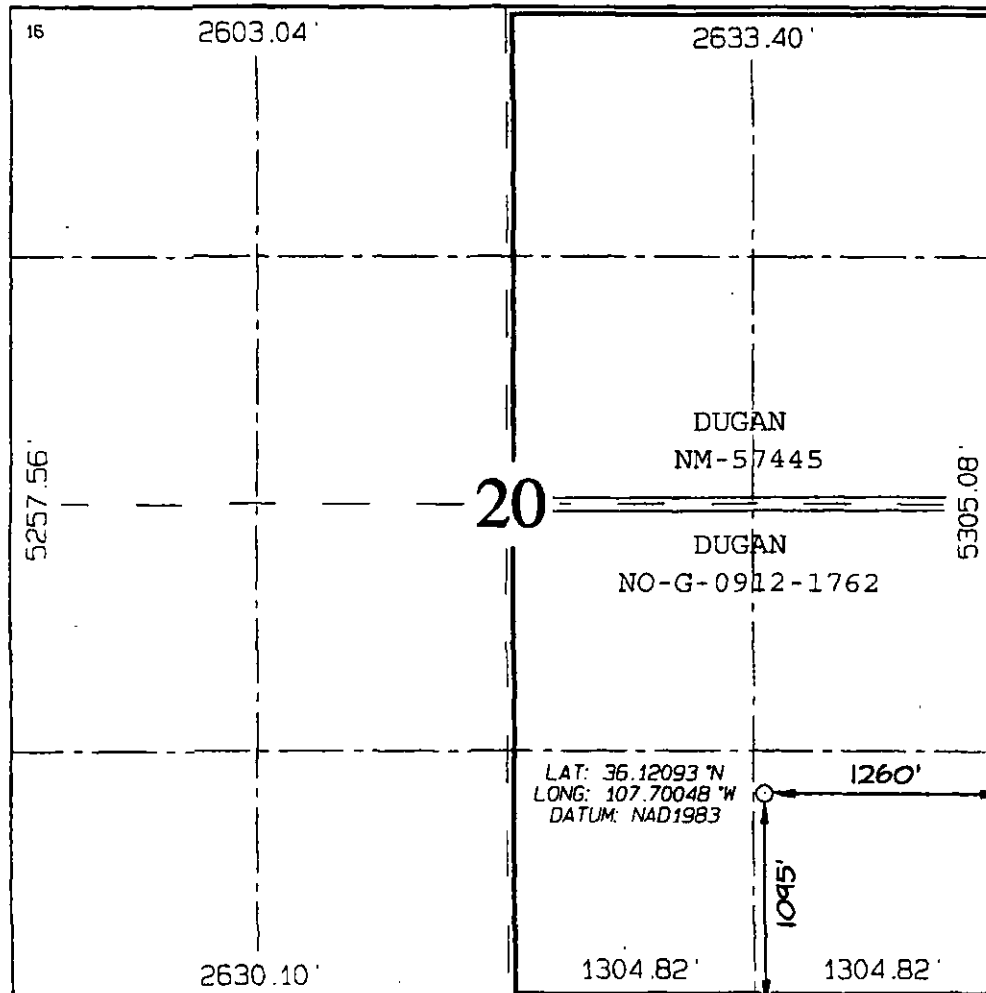
¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot 10n	Feet from the	North/South line	Feet from the	East/West line	County
P	20	22N	8W		1095	SOUTH	1260	EAST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot 10n	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 320.0 Acres - (E/2)					¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



¹⁷ OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division

Kurt Fagrelis 4-22-2010
Signature Date
Kurt Fagrelis
Printed Name

¹⁸ SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief

Date of Survey: MAY 25, 2009
Signature and Seal of Professional Surveyor



JASON C. EDWARDS
Certificate Number 15269

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

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WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30 045 <u>29659</u>		Pool Code 96166	Pool Name WHE Bisti Chacra <u>EXT</u>
Property Code <u>23661</u>	Property Name McCartney		Well Number 1
OGRID No. 006515	Operator Name Dugan Production Corporation		Elevation 6598' Estimated

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	2	22N	9W	A	1190	North	825	East	San Juan

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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12 Dedicated Acres <u>16.24</u> 600	13 Joint or Infill	14 Consolidation Code	15 Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16 RECEIVED SEP 3 1998 OIL CON. DIV. DIST. 3	2 <u>40.63</u>	1 <u>40.61</u> 1190' 825'	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief <u>Sherman E. Dugan</u> Signature Sherman E. Dugan Printed Name Agent Title 8/31/98 Date
	40 Dugan Production VA-1120	40	
Section 2			18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. July 13, 1998 Date of Survey Signature and Seal EDGAR A. RISENHOWER NEW MEXICO 5979 SURVEYOR Certificate Number 5979

District I
1625 N. French Dr. Hobbs, NM 88240

District II
1301 W Grand Avenue, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

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

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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-34429		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code 36792	*Property Name SATCHMO COM		*Well Number 1
*OGRID No. 006515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 6801'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	3	22N	8W		1250	SOUTH	1600	WEST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 320.0 Acres - (S/2)					¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.		

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16 1370.49'	5274.06'				1339.47'
	LOT 4	LOT 3	LOT 2	LOT 1	
1320.99'					1326.27'
2641.98'	3				2652.54'
NM-90468		NM-96798			
LAT: 36.16493°N LONG: 107.67254°W DATUM: NAD1983		NM-116056			
1600'		5269.44'			
1250'					

¹⁷ OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Kurt Fagrelus 98/12/2007
Signature Date
Kurt Fagrelus
Printed Name

¹⁸ SURVEYOR CERTIFICATION
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.

Survey Date: SEPTEMBER 11, 2007

Signature and Seal of Professional Surveyor

JASON C. EDWARDS
NEW MEXICO
15269
REGISTERED PROFESSIONAL SURVEYOR

JASON C. EDWARDS
Certificate Number 15269

District I
1625 N. French Dr., Hobbs, NM 88240

District II
1301 W. Grand Avenue, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

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

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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION

API Number 30045-34425		Pool Code 71629	Property Name SATCHMO COM		Well Number 2
Property Code 36792		Operator Name DUGAN PRODUCTION CORPORATION			Elevation 6825'
OGRID No 006515					


¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot 1st	Feet from the	North/South line	Feet from the	East/West line	County
J	4	22N	8W		1550	SOUTH	1350	EAST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot 1st	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 322.50 Acres - (E/2)					¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16 2624.82'		2637.36'		¹⁷ OPERATOR CERTIFICATION	
1338.48'	LOT 4	LOT 3	LOT 2	LOT 1	I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.
			NM-55836		
1321.32'			NM-90468		Signature <u>Kurt Fagrelius</u> 9/11/2007 Date Kurt Fagrelius Printed Name
2642.64'					¹⁸ SURVEYOR CERTIFICATION
					Date of Survey: AUGUST 3, 2007
					Signature and Seal of Professional Surveyor
					
					Certificate Number 15269

District I
1625 N. French Dr., Hobbs, NM 88240

District II
1301 W. Grand Avenue, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
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Santa Fe, NM 87505

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WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-34402		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code 36792	*Property Name SATCHMO COM		*Well Number 3
*OGRID No. 006515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 6781'


¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	4	22N	8W		1000	SOUTH	1250	WEST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 321.53 Acres - (W/2)					¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

¹⁶ 2624.82' LOT 4 LOT 3 NM-55836 NM-90468 1338.48' 1321.32' 2642.64' 1250' 1000' LAT: 36.16425°N LONG: 107.69157°W DATUM: NAD1983		¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. <i>Kurt Fagrelus</i> 8-16-2007 Signature Date Kurt Fagrelus Printed Name ¹⁸ SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. Date of Survey: MAY 16, 2007 Signature and Seal of Professional Surveyor  JASON C. EDWARDS Certificate Number 15269	
2637.36' LOT 2 LOT 1 1370.49' 1320.99' 2641.98' 5265.48'			

District I
1625 N. French Dr., Hobbs, N.M. 88240

District II
1301 W. Grand Avenue, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec, N.M. 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
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WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-35243		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code 38467	*Property Name SUSANA COM		*Well Number #1
*GRID No. 006515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 6700'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	2	21-N	8-W		790'	NORTH	1200'	WEST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
*Dedicated Acres 321.44 320 ACRES - (N/2)					*Joint or Infill	*Consolidation Code	*Order No.		

No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.

16 FD 2 1/2 BRASS CAP GLD 1947	589°36'26"E 2628.29'(M) FD 2 1/2 BRASS CAP GLD 1947	589°36'45"E 2629.40'(M) FD 2 1/2 BRASS CAP GLD 1947
LOT 4	LOT 3	LOT 2
1200'	N89°37'W 79.61 Chains (R)	
50°02'38"E 2642.28'(M) 50°02'E 80.0 Chains (R)	DUGAN PRODUCTION CORPORATION SUSANA COM #1 LAT. 36.08641°N LONG. 107.65770°W DATUM: NAD 1983	
	Dugan V-7770	Dugan V-7769
2		
FD 2 1/2 BRASS CAP GLD 1947		

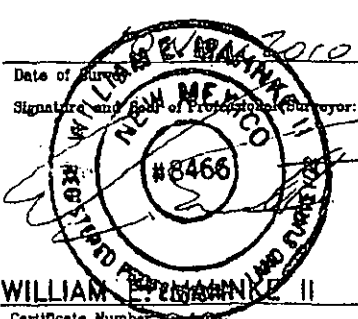
¹⁷ OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Kurt Faqrelis 1/10/2011
Signature Date
Kurt Faqrelis
Printed Name

¹⁸ SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey
Signature and Seal of Professional Surveyor:

WILLIAM E. FAQRELIS II
Certificate Number 8466

District I
1625 N. French Dr., Hobbs, NM 88240

District II
1301 W Grand Avenue, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
1220 S. St Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

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

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Bureau of Land Management

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-34926		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code 37701	*Property Name TOM WOOD DENN		*Well Number 1
*GRID No 006515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 6747'

¹⁰ Surface Location

UL or lot no	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	8	22N	BW		660	NORTH	1145	EAST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

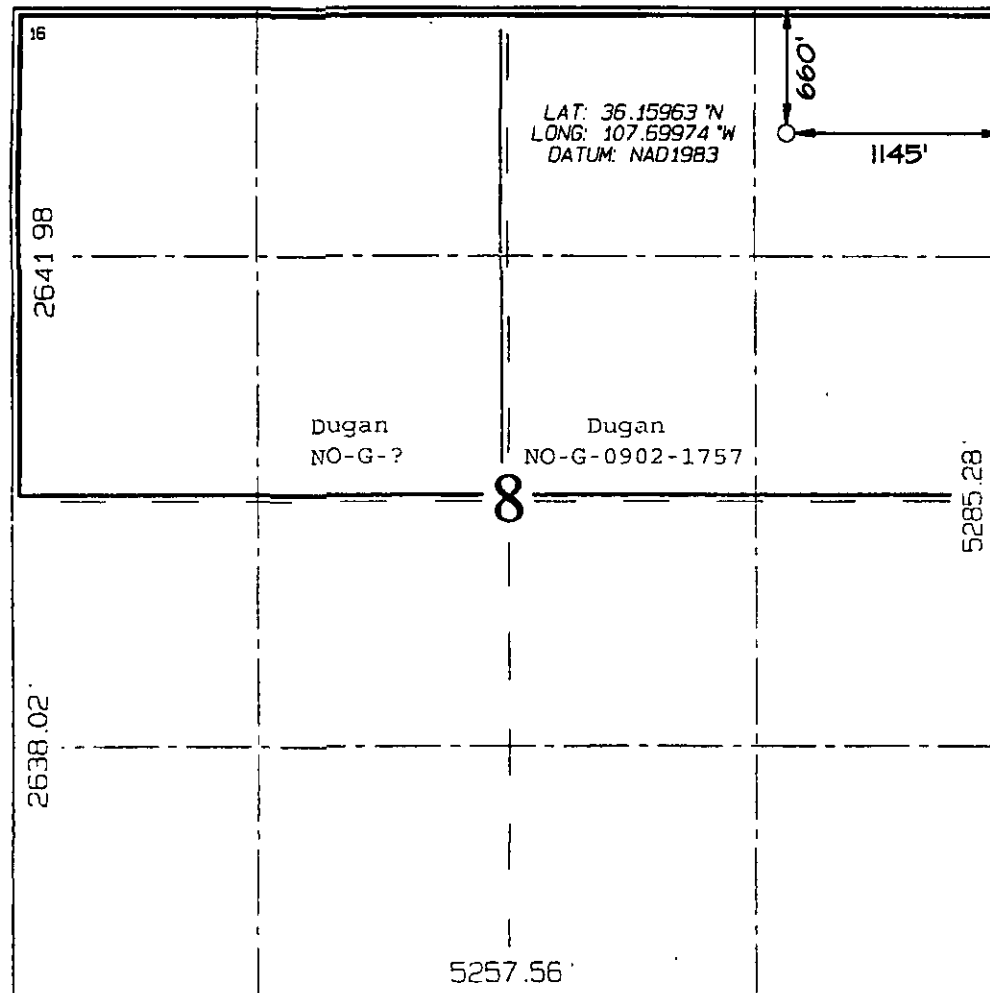
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres 320.0 Acres - (N/2)	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No
--	-------------------------------	----------------------------------	------------------------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

2644.62'

2630.10'



¹⁷ OPERATOR CERTIFICATION

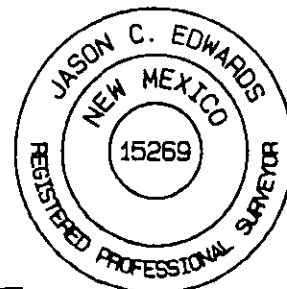
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Kurt Fagrelus 02-23-2009
Signature Date
Kurt Fagrelus
Printed Name

¹⁸ SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.

Date of Survey JUNE 2, 2008
Signature and Seal of Professional Surveyor



JASON C. EDWARDS
Certificate Number 15269

District I
1625 N. French Dr., Hobbs, NM 88240

District II
1301 W. Grand Avenue, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
1220 S St Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, NM 87505

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Bureau of Land Management
Farmington Field Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30045-34933	*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code 37701	*Property Name TOM WOOD DENN	*Well Number 2
*GRID NO. 006515	*Operator Name DUGAN PRODUCTION CORPORATION	*Elevation 6742'

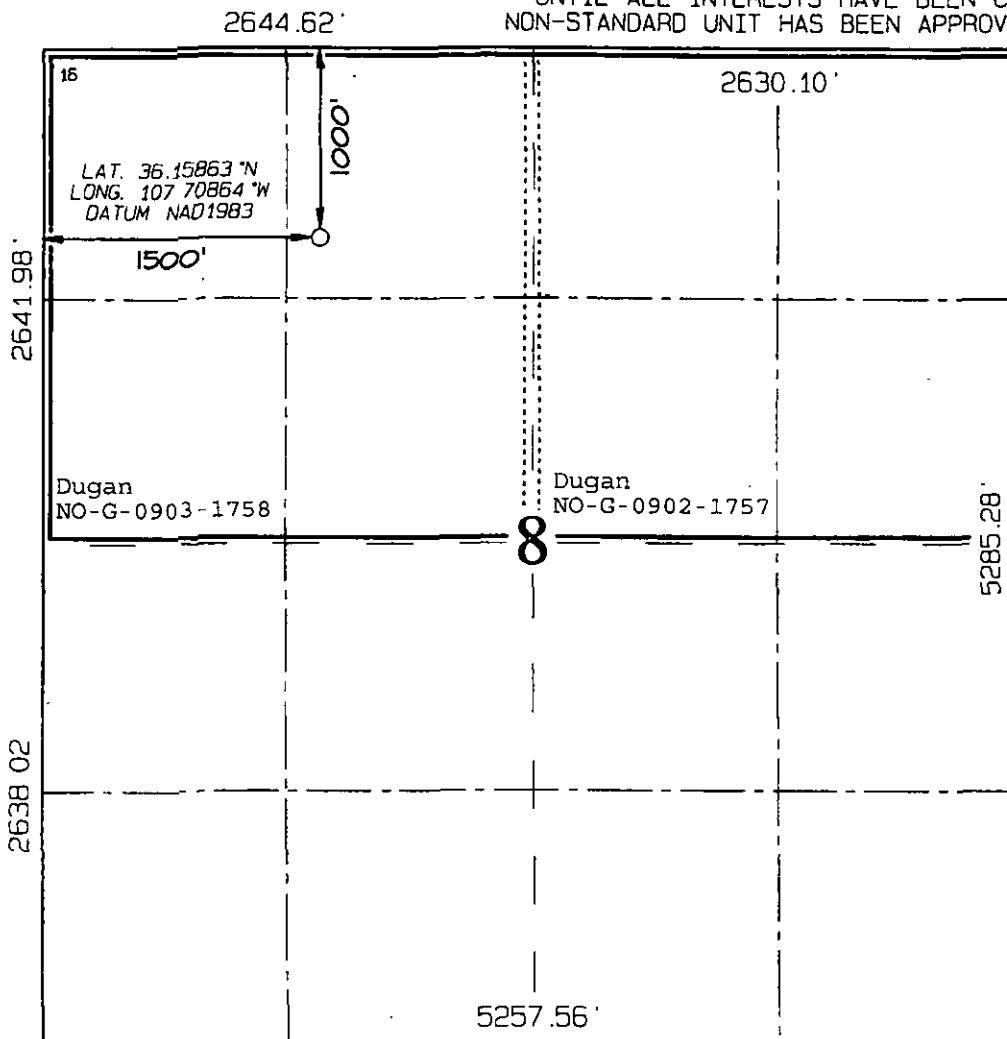
10 Surface Location

UL or lot no	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	8	22N	8W		1000	NORTH	1500	WEST	SAN JUAN

11 Bottom Hole Location If Different From Surface

UL or lot no	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
12 Dedicated Acres 320.0 Acres - (N/2)					13 Joint or Infill		14 Consolidation Code		15 Order No

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION
UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A
NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Kurt Fagrelus 3/31/2009
Signature Date

Kurt Fagrelus

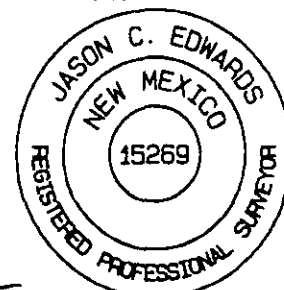
Printed Name

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief

Date of Survey: APRIL 28, 2008

Signature and Seal of Professional Surveyor



JASON C. EDWARDS
Certificate Number 15269

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised October 15, 2009
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-05065		² Pool Code 96384		³ Pool Name Bisti; Chacra, East	
⁴ Property Code 17313		⁵ Property Name Warner Federal			⁶ Well Number 1
⁷ OGRID No. 006515		⁸ Operator Name Dugan Production Corp.			⁹ Elevation 6858' DF

¹⁰ Surface Location

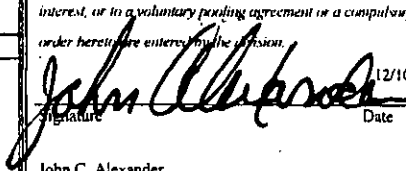
U/L or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	10	22N	8W		1130	North	1130	East	San Juan

¹¹ Bottom Hole Location If Different From Surface

U/L or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
									RCVD JAN 4 '10

¹² Dedicated Acres 160	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.	OIL CONS. DIV. DIST. 3
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

¹⁶				¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.  Date 12/10/09 John C. Alexander Printed Name
				¹⁸ SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. May 22, 1957 Date of Survey Signature and Seal of Professional Surveyor: Original survey signed by W. S. Westerfeld 1382 Certificate Number

District I
1625 N. French Dr., Hobbs, NM 88240

District II
1301 W. Grand Avenue, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

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

Form C-102
Revised October 12, 2005
Instructions on back
State Lease - 4 Copies
Fee Lease - 3 Copies

MAR 10 2009

☐ AMENDED REPORT

Bureau of Land Management

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-045-34925		Pool Code 71629	Pool Name BASIN FRUITLAND COAL
Property Code 37702	Property Name WOOD DENN		Well Number 1
GRID No. 006515	Operator Name DUGAN PRODUCTION CORPORATION		Elevation 6665'

10 Surface Location

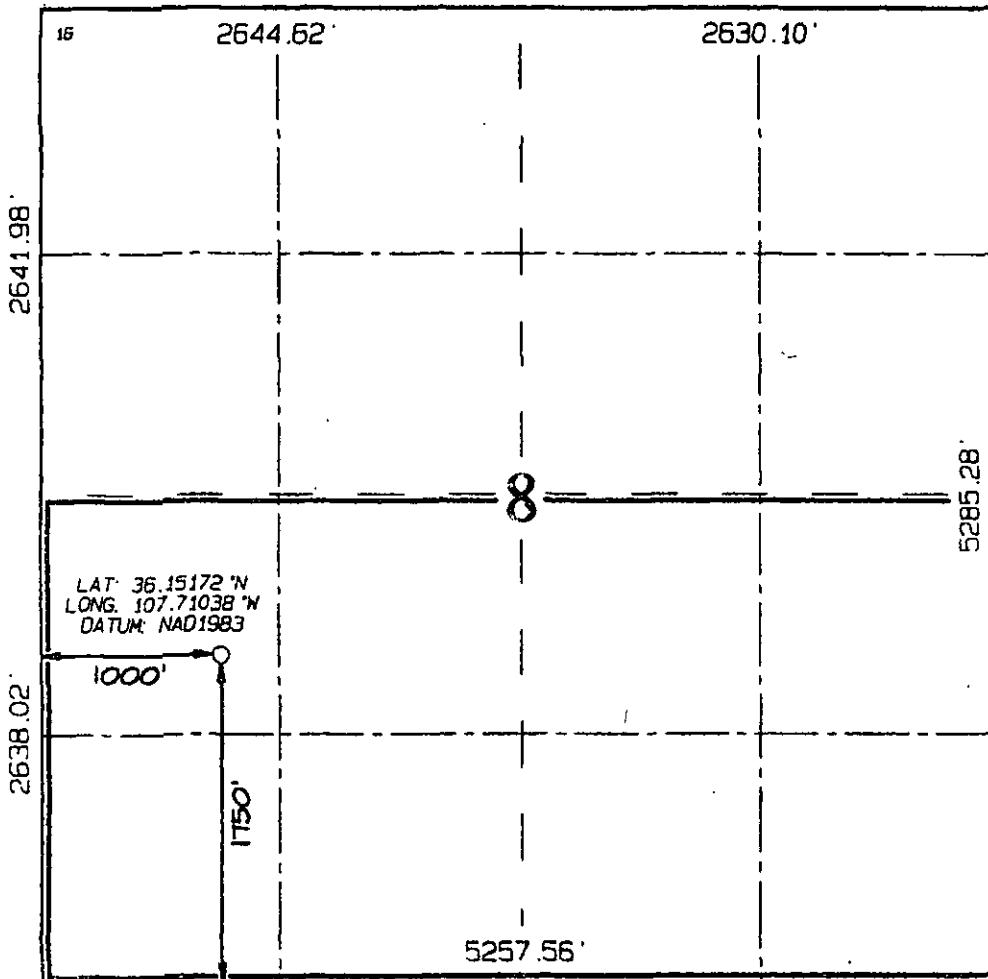
UL or lot no. L	Section 8	Township 22N	Range 8W	Lot Idn	Feet from the 1750	North/South line SOUTH	Feet from the 1000	East/West line WEST	County SAN JUAN
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11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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12 Dedicated Acres 320.0 Acres - (S/2)	13 Joint or Infill	14 Consolidation Code	15 Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Kurt Fagrelus 06/09/2008
Signature Date

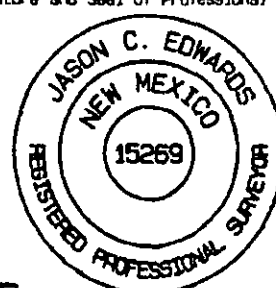
Kurt Fagrelus
Printed Name

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey: APRIL 29, 2008

Signature and Seal of Professional Surveyor



JASON C. EDWARDS
Certificate Number 15269

District I
1625 N. French Dr., Hobbs, NM 88240

District II
1301 W. Grand Avenue, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec, NM 87410

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1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

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

Form C-102
Revised October 12, 2005
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Free Lease - 3 Copies

MAP 10 2006 AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION

*API Number 30045-34924		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code 37702	*Property Name WOOD DENN		*Well Number 2
*GRID No. 006515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 6737'

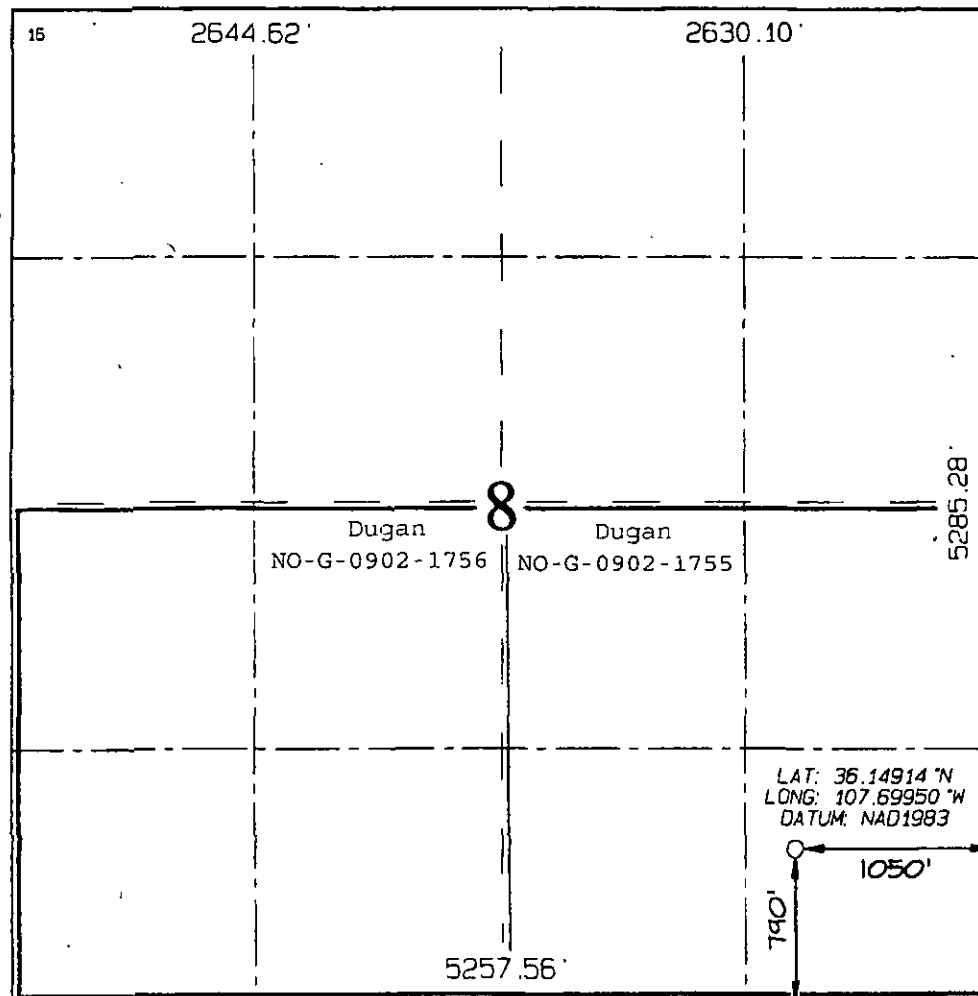
10 Surface Location

UL or lot no. P	Section 8	Township 22N	Range 8W	Lot Idn.	Feet from the 790	North/South line SOUTH	Feet from the 1050	East/West line EAST	County SAN JUAN
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11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn.	Feet from the	North/South line	Feet from the	East/West line	County
12 Dedicated Acres 320.0 Acres - (S/2)					13 Joint or Infill	14 Consolidation Code	15 Order No.		

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



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Kurt Fagrelis 2-23-2009
Signature Date

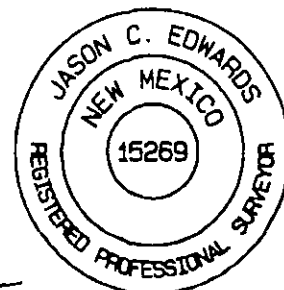
Kurt Fagrelis
Printed Name

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey JUNE 3, 2008

Signature and Seal of Professional Surveyor



JASON C. EDWARDS
Certificate Number 15269

AFFIDAVIT OF PUBLICATION

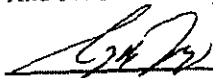
Ad No. 71810

STATE OF NEW MEXICO County of San Juan:

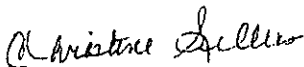
SAMMY LOPEZ, being duly sworn says:
That he IS the PUBLISHER of THE
DAILY TIMES, a daily newspaper of
general circulation published in English at
Farmington, said county and state, and that
the hereto attached Legal Notice was
published in a regular and entire issue of the
said DAILY TIMES, a daily newspaper
duly qualified for the purpose within the
meaning of Chapter 167 of the 1937 Session
Laws of the State of New Mexico for
publication and appeared in the Internet at
The Daily Times web site on the following
day(s):

Wednesday, August 12, 2015

And the cost of the publication is \$195.42



ON 8/17/15 SAMMY LOPEZ
appeared before me, whom I know
personally to be the person who signed the
above document.



COPY OF PUBLICATION

Dugan Production Corp. (DPC) is applying to the New Mexico Oil Conservation Division (NMOC), the Bureau of Land Management (BLM) and the New Mexico State Land Office (NMSLO) for regulatory approvals to add 38 natural gas wells (23 existing & 15 proposed) to the Big Bend Gathering System (BBGS) and 8 natural gas wells (4 existing & 4 proposed) to the Rusty Chacra Gathering System (RCGS). Both systems are operated by DPC. In addition, DPC is requesting approval to consolidate the BBGS & RCGS into a new gathering system to be called the Rusty Gathering System (RGS) to be operated by DPC. Gas sales for the RGS will continue to be at the central deliver sales meter (CDP) established for the RCGS & currently serving both BBGS & the RCGS. The CDP for the RCGS is located in the SE1/4 of Section 12, T-22N, R-7W and delivers gas to Enterprise Field Services Meter No. 03049. This CDP is also authorized to be used as needed by the BBGS in the event gas deliveries to PNM at the CDP sales meter established for the BBGS were not feasible. The BBGS CDP to PNM has been abandoned as not being feasible for operation on the BBGS and all gas from BBGS is now delivered to the RCGS as authorized by NMOC Order PLC-191-A dated 4/17/07. This will require the surface commingling of natural gas and produced water plus the off-lease measurement and sale of natural gas. There will not be any commingling of oil or condensate. DPC is also requesting that the NMOC include a provision in the order for the consolidated RGS to allow future additions following notice only to the interest owners being added, provided it is reasonably certain that the proposed additions will not affect the wells previously authorized for the gathering systems. The wells to be added and the existing gathering systems are located as follows: BBGS: Section 2 of T-21N, R-8W, Sections 13 thru 15, 24, 25, 27, 34 & 35 of Township 22N, Range 8W, Section 34 of T-23N, R-8W, Sections 1, 2, 12, 13 & 24 of T-22N, R-9W, & Section 36 of T-23N, R-9W. RCGS: Sections 18, 19, 20 & 27 thru 34 of T-22N, R-6W, Sections 13, 10, 12, 13, 15 thru 17, 19 thru 27, 29, 30 & 32 of T-22N, R-7W, Section 11 of T-21N, R-7W, all located in San Juan or Sandoval Counties of New Mexico. The BBGS currently has 33 wells (34 completions) which are completed in the following 3 gas pools: Basin Fruitland Coal (18 wells), Blstl Chacra (9 wells) & Rusty Chacra (6 wells), plus one well in the Nageezi oil pool. Of the 38 wells to be added to the BBGS, one is in the Blstl Chacra, one in the East Blstl Chacra, 36 are in the Basin Fruitland Coal gas pool. The RCGS currently has 39 wells which are completed in the following 5 pools: Basin Dakota (1 well), Rusty Chacra gas (32 wells), Alamo Gallup oil (1 well), Rusty Gallup oil (4 wells) & South Rusty Gallup oil (1 well). The 8 wells to be added to the RCGS will be completed in the Basin Fruitland Coal gas pool. All wells are located upon one of the following leases held by Dugan Production Corp.: BBGS leases: federal leases NM-8902, NM-43438, NM-048989, NM-50999, NM-55836, NM-57445, NM-89099, NM-90468, NM-90469, NM-90471, NM-90472, NM-90475, NM-90476, NM-90477, NM-92738, NM-93253, NM-94067 & NM-96798 & NM-109396, state leases VA-1119, VA-1120, VA-1121, V-7769 & V-7770; Navajo Allotted leases NO-G-0902-1755, NO-G-0902-1756, NO-G-0902-1757, NO-G-0902-1758, NO-G-0912-1762, NO-G-0912-1763 & NO-G-0912-1764. The leases for the RCGS are: federal leases NM-6676, NM-6680, NM-7262, NM-7776, NM-8641, NM-8899, NM-15649, NM-21455, NM-25821, NM-27163, NM-89023, NM-93448, NM-100285, NM-109385, NM-109391, NM-109392, NM-109393, NM-113069 & NM-055443; Navajo Allotted leases NOOC-14-20-5044, NOOC-14-20-5045, NOOC-14-20-5046, NOOC-14-20-5048, NOOC-14-20-5050, NOOC-14-20-5051, NOOC-14-20-5356, NOOC-14-20-5360, NOOC-14-20-5365, NOOC-14-20-5382, NOOC-14-20-5555, NOOC-14-20-5594 & NOOC-14-20-5595, plus state leases LG-3923, V-7846, V-7847, V-7860 & V-7861. Any person holding an interest in any of these lands or leases may contact Dugan Production Corp. for additional information. Inquiries should be directed to Kevin Smaka at 505-325-1821 or by mail at P.O. Box 7420, Farmington, NM 87499. Any objection or request for a formal hearing should be filed in writing with the NMOC's Santa Fe Office within 20 days from the initial date of this publication. In the absence of objection, Dugan Production Corp. has requested that the NMOC approve its application administratively. The NMOC's address is 1220 South St. Francis Drive, Santa Fe, NM 87505.

Legal No. 71810 published in The Daily Times on August 12, 2015.



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

COMMINGLING ORDER PLC-147-A

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

Attention: Mr. John D. Roe

The above-named company is hereby authorized to surface commingle gas production from the following-described pools within the following-described area (hereinafter referred to as Dugan Production Corporation's Rusty Chacra Gas Gathering System Area):

<u>Pool Name</u>	<u>Pool Code</u>
Rusty-Chacra Gas Pool	(Gas – 84360)
Basin-Fruitland Coal Gas Pool	(Gas – 71629)
Alamito-Gallup Pool	(Oil – 01039)
Rusty-Gallup Pool	(Oil – 52860)
Wildcat South Rusty-Gallup Pool	(Oil – 96236)

Rusty Chacra Gas Gathering System Area

Township 21 North, Range 7 West, NMPM

Section 1: NE/4

Township 22 North, Range 6 West, NMPM

Section 18: S/2, NW/4
Section 19: SW/4
Section 27: SW/4
Section 28: S/2
Section 29: All
Section 30: N/2
Section 31: SE/4
Section 32: N/2
Section 33: NE/4, SW/4
Section 34: N/2

Township 22 North, Range 7 West, NMPM

Section 3: NW/4 SE/4
Section 10: N/2, SW/4
Section 15: SE/4
Section 16: SW/4 NE/4
Section 17: SW/4
Section 20: E/2
Section 21: E/2
Section 22: NE/4 NW/4
Section 23: NW/4 SW/4
Section 24: SE/4
Section 25: NE/4
Section 26: NE/4
Section 27: NW/4 NW/4

This area contains all or portions of **Federal Leases No.** NM-6676, NM-6680, NM-7262, NM-7776, NM-8641, NM-8899, NM-15649, NM-21455, NM-25821, NM-27163, NM-89023, NM-93448, NM-100285, NM-109385, NM-109391, NM-109392, NM-109393, NM-113069 and NM-0554433, all or portions of **State Leases No.** LG-3923 and K-04844, and all or portions of **Navajo Allotted Leases No.** NOOC-14-20-5044, NOOC-14-20-5045, NOOC-14-20-5046, NOOC-14-20-5048, NOOC-14-20-5050, NOOC-14-20-5051, NOOC-14-20-5356, NOOC-14-20-5360, NOOC-14-20-5365, NOOC-14-20-5382, NOOC-14-20-5555, NOOC-14-20-5594 and NOOC-14-20-5595.

This area currently contains, or will contain, subsequent to completion of additional drilling operations, thirty-nine (39) wells that are either singly completed within the Rusty-Chacra, Rusty-Gallup, Wildcat South Rusty-Gallup, Alamito-Gallup or Basin-Fruitland Coal Gas Pool, or downhole commingled within these pools. All wells within the area, with the exception of the Dana State Well No. 1 (API No. 30-043-20165) which is operated by Hicks Oil & Gas, are currently operated by Dugan Production Corporation.

Production shall be allocated by metering the gas production from each of the wells within the Rusty Chacra Gas Gathering System Area utilizing individual allocation meters. Gas production shall then be commingled and transported to an Enterprise Field Services gas sales meter located in the SE/4 NW/4 of Section 12, Township 22 North, Range 7 West, NMPM. Production shall be allocated back to each well utilizing allocation and sales meter volume data, and shall be determined in accordance with the procedure set forth in Exhibit "A" attached to this order.

Water production from the wells within the Rusty Chacra Gas Gathering System Area may be commingled and collected at a central facility. Any gas that is recovered from the produced water shall be allocated back to the wells in accordance with the procedure set forth in Exhibit "A".

Additional existing or wells that may be drilled in the future can be added to the commingling authority granted by the order without additional application or notice to interest owners provided that:


- a) the well(s) are located within the Rusty Chacra Gas Gathering Area defined by this order; and
- b) the well(s) produce from one or more of the five pools approved by this order.

To obtain approval to add wells, Dugan Production Corporation shall file a C-103 (Sundry Notice) with the Santa Fe and Aztec Offices of the Division that describe the well(s) to be included. Additional notice may be required to the Bureau of Land Management.

Dugan is further authorized to periodically, and when necessary, deliver gas from its Rusty Chacra Gas Gathering System to the Big Band Gas Gathering System (approved by Division Order No. PLC-191, as amended). When this occurs, Dugan shall allocate production to the wells in the Rusty Chacra Gas Gathering System and the Big Band Gas Gathering System in accordance with the procedure set forth in Exhibit "A".

NOTE: This installation shall be installed and operated in accordance with the applicable rules and regulations of the Division applicable to surface commingling. It is the responsibility of the producer to notify the transporter of this commingling authority.

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


MARK E. FESMIRE, P.E.
Director

MEF/drc

cc: Oil Conservation Division – Aztec
Bureau of Land Management-Farmington
File: PLC-191