



dugan production corp.

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2015 DEC 28 P 3:19

December 23, 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

Re: Courtesy Notice to NMOCD and NMSLO regarding surface commingling and measurement/sale of produced natural gas for wells within approved leases and spacing units for Dugan's State Com Gas Gathering System San Juan County, New Mexico

Dear Mr. Catanach and Mr. Dunn,

We are writing to provide a courtesy notice to the New Mexico Oil Conservation Division and New Mexico State Land Office that two wells have been drilled and connected to the State Com Gas Gathering system located in Section 16 of Township 32-North, Range 12-West. Administrative Order PLC 153-B grants Dugan the authority to surface commingle production from two pools (Blanco Mesaverde 72319 & Basin Fruitland Coal 71629), from all leases located in Section 16, Township 32-North, Range 12-West. The order grants permission to commingle production from the following State leases: B-11571, E-3555-13, E-4426, and LG-0038-1. Since Dugan has only added wells that are located within the approved gathering system area and produce only from the approved pools, no further action is required on our part. There is no threat to correlative rights or conservation of recoverable reserves.

For further clarity, several attachments are included with this notice:

Attachment #1: We have included a map showing the leases and locations of wells currently connected to the gathering system. The wells being added are highlighted in blue.

Attachment #2: A list of the wells that are currently connected and for your information, the wells that have been added are the State Com #1C and State Com #2C. Both wells produce from the Blanco Mesaverde pool.

Attachment #3: We have included a list of all interest owners that hold an interest in a well that is connected to the gathering system.

Attachment #4: A copy of Order PLC 153-B.

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

Sincerely,

Kevin Smaka
Production Engineer

cc: NMOCD - Aztec

Legend

- ⊛ Gas Well
- ⊛ TA Gas Well
- ⊛ Well Being Added
- Compressor
- Sales Meters
- State Com Gas Gathering System



R12W

T32N

Attachment No. 1
Dugan Production Corp.
State Com Gas Gathering System
San Juan Co. NM
As of December 1, 2015

U.S.G.S. & National Geographic Topography Maps Used:
Arc-GIS Base Layer
1"=2000'

Notes:
State Com CDP No. 1 to El Paso Meter No. 87978
Located @ SESW 16, T-32N, R-12W

Lease Legend			
Letter	Lease Number	Leasee	Lease Name
A	LG-0038-1	DPC	State Com
B	B1-1571	DPC	State Com
		EOG RESOURCES & MERIDIAN OIL	State Com
C	E-3555-13	DPC	State Com
D	E-4426	DPC	State Com - FR Coal
		WPX	State Com - MV
E	B1-1571	DPC	State Com - FR Coal
		WPX	State Com - MV

0 750 1,500 3,000 4,500 6,000 Feet

ATTACHMENT NO. 2

DUGAN PRODUCTION CORP.

STATE COM GAS GATHERING SYSTEM

CDP SALES METER @ N-16-32N-12W (EL PASO METER NO. 87978)

SAN JUAN COUNTY, NEW MEXICO

Well Name	API # 30-045-	Well Location			CA Number	Pool	Completion Date	Spacing Unit
		UL-Sec-Twn-Rng	Lease No.	Lse.Type				
APPROVED FOR STATE COM CDP (EI Paso Meter No. 87978) - PLC 153-B								
State Com #1	21127	N-16-32N-12W	LG-0038	State	State CA	Blanco Mesaverde	09/05/73	S/2-320A
State Com #1A	22218	P-16-32N-12W	LG-0038	State	State CA	Blanco Mesaverde	12/28/76	S/2-320A
State Com #1B	32284	L-16-32N-12W	E-4426	State	State CA	Blanco Mesaverde	04/08/05	S/2-320A
State Com #1C	32630	J-16-32N-12W	B-11571	State	State CA	Blanco Mesaverde	04/15/05	S/2-320A
State Com #2	21128	G-16-32N-12W	B-11571	State	State CA	Blanco Mesaverde	09/18/74	N/2-320A
State Com #2A	32242	F-16-32N-12W	E-4426	State	State CA	Blanco Mesaverde	07/30/04	N/2-320A
State Com #2B	32631	D-16-32N-12W	E-4426	State	State CA	Blanco Mesaverde	04/25/05	N/2-320A
State Com #2C	32458	B-16-32N-12W	B-11571	State	State CA	Blanco Mesaverde	05/02/05	N/2-320A
State Com #90R	29739	B-16-32N-12W	B-11571	State	State CA	Basin Fruitland Coal	03/11/02	N/2-320A
State Com #90S	31270	E-16-32N-12W	LG-0038	State	State CA	Basin Fruitland Coal	01/10/03	N/2-320A
State Com #91	29681	M-16-32N-12W	LG-0038	State	State CA	Basin Fruitland Coal	07/06/00	S/2-320A
State Com #91S	31263	J-16-32N-12W	B-11571	State	State CA	Basin Fruitland Coal	12/11/02	S/2-320A

[illegible]

Attachment No. 3
Wells Connected to
State Com Gathering System Interest Owners Address List
(wells with ownership interest in parentheses)

a=State Com 1, 1A, 1B, 1C; b=State Com 2; c=State Com 2A, 2B, 2C; d=State Com 90R, 90S; e=State Com 91, 91S

Working Interest Owners

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

Burlington Resources Oil & Gas (a,e)
P O Box 840656
Dallas, TX 75284-0656

Cross Timbers Energy LLC (b,c)
400 West 7th Street
Fort Worth, TX 76102

Griffin Resources, LLC (b,c,d)
732 Bison Ave.
Newport Beach, CA 92660-3207

Royalty Interest Owners

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

Overriding Royalty Interest Owners

Ronald I. Albin (deceased) (a,e)
627 Sea Pine Way (D-2)
West Palm Beach, FL 33415

James M. Atkins (b,c,d)
9055 Maple Glen Dr.
Dallas, TX 75231

John W. Barringer (b,c,d)
1054 Lynwood Blvd.
Nashville, TN 37215

Lewis T. Barringer, Jr. (b,c,d)
2422 Windrow Drive
Princeton, NJ 08540

Burlington Resources Oil & Gas (e)
P O Box 840656
Dallas, TX 75284-0656

Dr. Jo Anne Callan (b,c,d)
1028 Santa Florencia
Solano Beach, CA 92075

Megan Callan (b,c,d)
1028 Santa Florencia
Solano Beach, CA 92075

EOG Resources, Inc. (e)
P O Box 840321
Dallas, TX 75284-0321

Shelly A. Parmet-Evans (e)
2409 Appaloosa Circle
Sarasota, FL 34240

Francine Sue Greenberg (e)
64 Westminister Road
Yorktown Heights, NY 10598

Rene Lippman (e)
899 Jeffery Street 111-1
Boca Raton, FL 33487

Darryl I. Parmet (e)
4927 Chariton Ave.
Tampa, FL 33603

Lynn M. Shaw (b,c,d)
1490 Memory Lane
Kalispell, MT 59901-5108

Jay Silverman (e)
859 Jeffery Street 711-2
Boca Raton, FL 33487

Southland Royalty Co., LLC (a)
400 West 7th Street
Fort Worth, TX 76102

Benjamin Stern (e)
P O Box 7557
Nashua, NH 03060-7557

Jerrold Stern (e)
3124 N Ramble Road East
Bloomington, IN 47408

Jodi Phyllis Stern (e)
3334 South Eden Dr.
Bloomington, IN 47401-8743

Steven Stern (e)
226 Arrowhead Ct.
Johnstown, PA 15905-2960

Roxanne Tuerk (e)
14700 N. Beckley Square
Davie, FL 33325



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor
Betty Rivera
Cabinet Secretary

Lori Wrotenbery

Director
Oil Conservation Division

COMMINGLING ORDER PLC-153-B

Dugan Production Corporation
709 E. Murray Dr.
P.O. Box 420
Farmington, New Mexico 87499-0420

Attention: Mr. John D. Roe:

As per your application dated June 3, 2002, Division Order No. PLC-153 is hereby amended, adding the S/2 of Section 16 to the existing N/2 of section 16. Furthermore, Division Order No. PC-1012, which covered the S/2 of Section 16, is no longer in effect and is being supplanted by this order PLC-153-B which is specified as follows:

Dugan Production Corporation ("Dugan") is hereby authorized to surface commingle gas production and sell gas off lease from the following leases and locations within the following pools - all located within San Juan County:

Pools:

Blanco – Mesaverde (Prorated Gas 72319)
Basin – Fruitland Coal (Gas 71629)

Leases:

State Leases No. B-11571, E-3555-13, E-4426, LG-0038-1, and E-3555-13

Acreage:

All of Section 16, Township 32 North, Range 12 West, NMPM, San Juan County, New Mexico.

Each well shall be equipped with gas allocation meters and these allocation meters shall be calibrated on a regular basis. The allocation procedures for each lease and well for production, sales, and BTU content shall be as outlined in the accompanying attachment included from Dugan's application.

The commingled natural gas production shall be delivered to the transporter's CDP located at the State Com No. 1 well in the SE/4 SW/4 of Section 16, Township 32 North, Range 12 West, NMPM, San Juan County, New Mexico.

Oil or condensate shall not be commingled by this order. All liquids separation and sales shall occur from the well sites.

Administrative Commingling Order PLC-153-B
Dugan Production Corporation
June 25, 2002
Page 2

NOTE: This installation shall be installed and operated in accordance with the applicable provisions of Rule 309-B of the Division Rules and Regulations and the Division "Manual for the Installation and Operation of Commingling Facilities." It is the responsibility of the producer to notify the transporter of this commingling authority.

FURTHER: The operator shall notify the supervisor of the Aztec district office prior to implementation of the commingling process.

PROVIDING: Approval of this surface commingling is subject to like approval by the State Land Office.

DONE at Santa Fe, New Mexico, on this 25th day of June 2002.

Lori Wrotenberg (WVJ)

LORI WROTENBERY,
Division Director

LW/WVJ

Attachment

cc: Oil Conservation Division – Aztec
State Land Office – Santa Fe