

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



April 23, 2009

COMMINGLING ORDER CTB-560-A

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

Attention: Mr. John D. Roe

By the Division Commingling Order No. CTB-560, the Division authorized Dugan Production Corporation to commingle the Basin Fruitland Coal Gas Pool (71629) gas production from five (5) leases located in the following described acreage:

TOWNSHIP 24 NORTH, RANGE 11 WEST, NMPM

Section 1:	All
Section 2:	E/2
Section 11:	All
Section 12:	All

The Order approved gas production from 13 wells and the commingled gas production is being gathered and transported by a system of pipelines known as the Sesamee Street Gathering System (SSGS)

Dugan Production Corporation now seeks amendment of Order No. CTB-560 by adding 122 wells located in 42 leases comprising the following described acreage to the Sesamee Street Gathering System.

TOWNSHIP 23 NORTH, RANGE 10 WEST, NMPM

Sections 3 through 6, 9, 17 through 20, and 29	All
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TOWNSHIP 23 NORTH, RANGE 11 WEST, NMPM

Sections 1, 11 through 14, 22, 23	All
Section: 24	N/2
Section: 26	All
Section: 27	N/2



TOWNSHIP 24 NORTH, RANGE 10 WEST, NMPM

Sections 19, 20, 22, and 27	All
Section: 28	S/2
Sections: 29 through 34	All

TOWNSHIP 24 NORTH, RANGE 11 WEST, NMPM

Section: 36	All
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This application should be approved to prevent waste and protect correlative rights

IT IS THEREFORE ORDERED THAT

The Division Commingling Order No.CTB-560 is hereby amended, and Dugan Production Corporation is authorized to surface commingle the Basin Fruitland Coal Gas Pool (71629) gas production by adding 122 wells to the already approved 13 wells. The commingled gas production shall be gathered and transported by the Sesamee Street Gathering System (SSGS).

The additional 122 wells are located in 42 leases comprising the following acreage in San Juan County, New Mexico:

TOWNSHIP 23 NORTH, RANGE 10 WEST, NMPM

Sections 3 through 6, 9, 17 through 20, and 29	All
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TOWNSHIP 23 NORTH, RANGE 11 WEST, NMPM

Sections 1, 11 through 14, 22, 23	All
Section: 24	N/2
Section: 26	All
Section: 27	N/2

TOWNSHIP 24 NORTH, RANGE 10 WEST, NMPM

Sections 19, 20, 22, and 27	All
Section: 28	S/2
Sections: 29 through 34	All

TOWNSHIP 24 NORTH, RANGE 11 WEST, NMPM

Section: 36	All
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All the 135 wells currently approved for commingling operations are shown in exhibit "A", and the explanatory notes for Exhibit "A" are shown in Exhibit "A-1", all attached to this order.

Commingled gas production from all the wells shall be measured and sold at the Enterprises field services Central Delivery Point (CDP), located in Section 30, Township 25 North, Range 10 West, NMPM, San Juan County, New Mexico.

Gas production from all the wells shall be measured continuously with calibrated allocation meters installed in the wells prior to commingling with gas from other wells. Any liquid hydrocarbons produced from the wells shall **NOT** be commingled. The allocation and the Central Delivery Point meters shall be calibrated semi-annually

Gas production shall be allocated to each well and/or lease utilizing the method described in Exhibit "B" attached hereto.

NOTE: This installation shall be installed and operated in accordance with the applicable Division rules governing surface commingling of gas production.

It is the responsibility of the producer to notify the transporter of this commingling authority.

NOTE:: Additional Basin-Fruitland Coal Gas Pool wells that are **outside** the area defined by this order may be added to this surface commingling authority at a later time **without additional** notice to the interest owners within this defined acreage. Notice shall only be given to the interest owners in the well or wells to be added. The applicant shall submit a letter to the Santa Fe office of the Division identifying additional well or wells to be added to the gas gathering system.

FURTHER: The operator shall notify the supervisor of the Aztec District Office of the Division prior to implementing the commingling operations

DONE at Santa Fe, New Mexico, on this 23rd day of April, 2009.


MARK E. FESMIRE, P.E.
Division Director

MEF/re

cc: Oil Conservation Division – Aztec
Bureau of Land Management – Farmington

EXHIBIT "A"

DUGAN PRODUCTION CORP.
 SESAMEE STREET GATHERING SYSTEM (2-1-09)
 CENTRAL DELIVERY SALES METER (ENTERPRISE FIELD SERVICES METER #86238) K-30-25N-10W
 SAN JUAN COUNTY, NEW MEXICO

Well Name	MAP #	API # 30-045-	Well Location		Lease No.	Lease Type	Communitization Agreement No. (if Established)	Pool	Completion Date	Current Status	Current Average			Spacing Unit
			1/4	Sec-Twn-Rng							BTU @ 15.025	MC/D	BW/D	
WELLS TO BE ADDED TO SYSTEM (122 wells/locations)														
Adam Com 90	2	33348	NENW	19-23N-10W	NM96799	FED	NMNM116512	BASIN FR COAL	3/7/2006	Note 5	1020	1	72	W/2-320.08A
Adam Com 90S	2		SW	19-23N-10W	NM96799	FED	NMNM116512	BASIN FR COAL		LOC				W/2-320.08A
Ben Com 90	2	33347	SESE	18-23N-10W	NM96799	FED	NMNM116733	BASIN FR COAL	8/28/2007	Note 5	978	14	21	E/2-320.0A
Ben Com 90S	2		NE	18-23N-10W	NM86485	FED	NMNM116733	BASIN FR COAL		LOC				E/2-320.0A
Biff 90	1	33455	NESW	20-24N-10W	NM43442	FED		BASIN FR COAL	6/8/2007	Note 5	970	147	61	W/2-320.0A
Biff 90S	1	33454	NENW	20-24N-10W	NM43442	FED		BASIN FR COAL	6/20/2007	Note 5	969	76	67	W/2-320.0A
Biff 91	1	33546	NENE	20-24N-10W	NM43442	FED		BASIN FR COAL	6/7/2007	Note 5	981	79	37	E/2-320.0A
Biff 91S	1	33481	NESE	20-24N-10W	NM43442	FED		BASIN FR COAL	6/11/2007	Note 5	984	62	19	E/2-320.0A
Bonanza 90	2	33067	NWNW	26-23N-11W	NM96802	FED		BASIN FR COAL	8/13/2007	Note 5	972	23	21	W/2-320.0A
Bonanza 90S	2		SW	26-23N-11W	NM96802	FED		BASIN FR COAL		LOC				W/2-320.0A
Bonanza 91	2	33066	NENE	26-23N-11W	NM96802	FED		BASIN FR COAL	8/13/2007	Note 5	984	6	10	E/2-320.0A
Bonanza 91S	2		SE	26-23N-11W	NM96802	FED		BASIN FR COAL		LOC				E/2-320.0A
Bonanza Com 92	2	33312	SWNE	24-23N-11W	NM96802	FED	NMNM119988	BASIN FR COAL	Note 4	NC				N/2-320.0A
Bonanza Com 92S	2	33319	SENE	24-23N-11W	NM36952	FED	NMNM119988	BASIN FR COAL	8/23/2007	Note 5	957	2	74	W/2-320.0A
Calgary 90	1	34232	NENE	6-23N-10W	NM32124	FED		BASIN FR COAL	3/11/2008	Note 5	957	1	16	E/2-319.52A
Calgary 90S	1	34215	SESE	6-23N-10W	NM32124	FED		BASIN FR COAL	8/11/2008	Note 5	961	50	73	E/2-319.52A
Calgary 91	1	34216	SESW	6-23N-10W	NM32124	FED		BASIN FR COAL	8/13/2008	Note 5	965	156	73	W/2-317.2A
Calgary 91S	1	34217	SENE	6-23N-10W	NM32124	FED		BASIN FR COAL	3/7/2008	Note 5	963	54	92	W/2-317.2A
Cartwright Com 90	2	33349	NENE	19-23N-10W	NM96799	FED		BASIN FR COAL	8/27/2007	Note 5	1020	1	22	W/2-320.0A
Cartwright Com 90S	2	34017	SE	19-23N-10W	NM86485	FED	NMNM119327	BASIN FR COAL		LOC				E/2-320.0A
Champ 90	1	34219	NWNE	5-23N-10W	NM42059	FED		BASIN FR COAL	6/13/2008	Note 5	968	121	55	E/2-320.14A
Champ 90S	1	34233	SESE	5-23N-10W	NM42059	FED		BASIN FR COAL	8/27/2008	Note 5	970	64	92	E/2-320.14A
Champ 91	1	34220	SESW	5-23N-10W	NM42059	FED		BASIN FR COAL	8/26/2008	Note 5	1020	45	73	W/2-319.62A
Champ 91S	1	34218	NWNW	5-23N-10W	NM42059	FED		BASIN FR COAL	6/11/2008	Note 5	962	99	73	W/2-319.62A
Clementine Com 90	1	34015	SESW	27-24N-10W	NM21741	FED	NMNM112614	BASIN FR COAL	8/20/2007	Note 5	1025	18	32	S/2-320.0A
Clementine Com 90S	1	34017	SESE	27-24N-10W	NM112956	FED	NMNM112614	BASIN FR COAL	8/22/2007	Note 5	1022	25	52	S/2-320.0A
Dinger 90	1	34020	NWSE	28-24N-10W	NM21741	FED		BASIN FR COAL	7/23/2007	Note 5	1005	96	59	S/2-320.0A
Flo Jo 90	2	33381	SWNE	13-23N-11W	NM36952	FED		BASIN FR COAL	7/18/2007	Note 5	1011	213	122	S/2-320.0A
Flo Jo 90S	2	33345	NWSE	13-23N-11W	NM36952	FED		BASIN FR COAL	6/23/2008	Note 5	967	75	111	E/2-320.0A
Flo Jo 91	2	33344	NWSE	13-23N-11W	NM36952	FED		BASIN FR COAL	6/17/2008	Note 5	994	7	102	E/2-320.0A
Flo Jo 91S	2	33327	SWNW	13-23N-11W	NM36952	FED		BASIN FR COAL	8/14/2007	Note 5	969	117	148	W/2-320.0A
Flo Jo 92	1	34516	NWNE	1-23N-11W	NM36952	FED		BASIN FR COAL	8/14/2007	Note 5	969	177	206	W/2-320.0A
Flo Jo 93	1	34517	NWNW	1-23N-11W	NM36952	FED		BASIN FR COAL		LOC B				N/2-320.28A
Flo Jo 94	1	34522	SWSW	1-23N-11W	NM36952	FED		BASIN FR COAL		LOC B				N/2-320.28A
Flo Jo 95	1		NWSE	1-23N-11W	NM36952	FED		BASIN FR COAL		LOC B				S/2-320.0A
Frazzle Com 90	1	33483	NESW	30-24N-10W	NM78060	FED	NMNM110560	BASIN FR COAL	6/6/2007	Note 5	957	104	30	W/2-313.44A
Frazzle Com 90S	1	33482	NENW	30-24N-10W	NM15654	FED	NMNM110560	BASIN FR COAL	6/5/2007	Note 5	958	165	73	W/2-313.44A
Frazzle Com 91	1	33480	NENE	30-24N-10W	NM15654	FED	NMNM118636	BASIN FR COAL	6/1/2007	Note 5	974	251	61	E/2-320.0A
Frazzle Com 91S	1	33479	NESE	30-24N-10W	NM78060	FED	NMNM118636	BASIN FR COAL	4/24/2008	Note 5	972	186	59	E/2-320.0A
Gold Medal 90	1	34227	SESW	31-24N-10W	NM22044	FED		BASIN FR COAL	11/6/2007	Note 5	950	78	74	W/2-314.40A
Gold Medal 90S	1	34221	NENW	31-24N-10W	NM22044	FED		BASIN FR COAL	10/22/2007	Note 5	957	61	64	W/2-314.40A
Gold Medal 91	1	34225	NENE	31-24N-10W	NM22044	FED		BASIN FR COAL	10/30/2007	Note 5	962	90	92	E/2-320.0A
Gold Medal 91S	1	34226	SESE	31-24N-10W	NM22044	FED		BASIN FR COAL	11/5/2007	Note 5	956	12	32	E/2-320.0A
Gold Medal 92	1	34231	NENE	33-24N-10W	NM22044	FED		BASIN FR COAL	11/28/2007	Note 5	1021	183	66	N/2-320.0A
Gold Medal 92S	1	34222	NWNW	33-24N-10W	NM22044	FED		BASIN FR COAL	11/26/2007	Note 5	1012	62	45	W/2-320.0A
Gold Medal 93	1	34224	SWSW	33-24N-10W	NM22044	FED		BASIN FR COAL	6/10/2008	Note 5	1001	158	55	S/2-320.0A
Gold Medal 93S	1	34223	NESE	33-24N-10W	NM22044	FED		BASIN FR COAL	Note 4	NC				S/2-320.0A
Gold Medal 94	1	34229	SWNE	34-24N-10W	NM22044	FED		BASIN FR COAL	8/5/2008	Note 5	1032	68	64	N/2-320.0A
Gold Medal 94S	1	34230	NWNW	34-24N-10W	NM22044	FED		BASIN FR COAL	8/7/2008	Note 5	1023	85	55	W/2-320.0A
Helsinki Com 90	2		SW	9-23N-10W	NM36951	FED	pending	BASIN FR COAL		LOC A				S/2
											Current Average			

Well Name	MAP #	API #	Well Location	Lease No.	Lease Type	Agreement No. (If Established)	Pool	Completion Date	Current Status	BTU @ Production 15,025 MCF/D	Unit
Helsinki Com 91	2	33456	SE	9-23N-10W	NM1005	FED	pending		LOC A		S/2-320A
Homer Com 90	1	33456	NESW	29-24N-10W	NM21741	FED	NMNM118422	5/24/2007	Note 5	976	W/2-320.0A
Homer Com 90S	1	33527	NENW	29-24N-10W	NM15654	FED	NMNM118422	4/25/2008	Note 5	985	W/2-320.0A
Homer Com 91	1	33526	SENE	29-24N-10W	NM15654	FED	pending		Note 5	995	E/2-320.0A
Homer Com 91S	1	33457	SESE	29-24N-10W	NM21741	FED	pending		Note 5	1003	E/2-320.0A
Hop Sing 1	2	29378	NWNE	27-23N-11W	NM65528	FED		5/25/2004	Note 5	984	N/2-320.0A
Hop Sing 1S	2		NW	27-23N-11W	NM65528	FED			LOC		N/2-320.0A
Hoss Com 90	2	31360	NENE	11-23N-11W	NM96800	FED	NMNM108255	5/19/2003	Note 5	963	E/2-320.0A
Hoss Com 90S	2	34521	SESE	11-23N-11W	NM90482	FED	NMNM108255	Note 4	NC		E/2-320.0A
Hoss 91	2	33069	SESE	22-23N-11W	NM96800	FED		9/13/2006	Note 5	979	E/2-320.0A
Hoss 91S	2	33070	SENE	22-23N-11W	NM96800	FED		2/24/2006	Note 5	984	E/2-320.0A
Hoss 92	2	33068	SESW	22-23N-11W	NM96800	FED		9/19/2006	Note 5	994	W/2-320.0A
Hoss 92S	2		NW	22-23N-11W	NM96800	FED			LOC		W/2-320.0A
Hoss Com 93	2	34535	NWNW	11-23N-11W	NM96800	FED	pending	Note 4	NC		W/2-320.0A
Hoss Com 94	2	34536	SWSW	11-23N-11W	NM90482	FED	pending	Note 4	NC		W/2-320.0A
Hoss Com 95	2		NWSE	12-23N-11W	NM96800	FED	pending		LOC B		E/2-320.0A
Hoss Com Loc A	2		NE	12-23N-11W	NM80498	FED	pending		LOC		E/2-320.0A
Hoss Com 96	2	34601	SWSW	12-23N-11W	NO-G-0311-1696	I	pending		LOC B		W/2-320.0A
Hoss Com 97	2	34534	SWNW	12-23N-11W	NM80498	FED	pending	Note 4	NC		W/2-320.0A
Jim Thorpe Com 90	1		NE	3-23N-10W	NOO-C-14-20-5825	I	pending		LOC A		N/2-320A
Jim Thorpe Com 91	1		NW	3-23N-10W	NOO-C-14-20-7307	I	pending		LOC A		N/2-320A
Little Joe Com 90	2	33317	SENE	14-23N-11W	NM96800	FED	NMNM119377	8/24/2007	Note 5	981	E/2-320.0A
Little Joe Com 90S	2	33310	NWSE	14-23N-11W	NM90482	FED	NMNM119377	8/28/2007	Note 5	978	0
Little Joe 91	2	33311	SWSW	14-23N-11W	NM90482	FED		8/10/2007	Note 5	991	4
Little Joe 91S	2	33318	SWNW	14-23N-11W	NM90482	FED		8/10/2007	Note 5	974	12
Marathon Com 90	1	34570	NENE	4-23N-10W	NOO-C-14-20-7308	I	pending		LOC B		N/2-320.96A
Marathon Com 91	1	34539	NWNW	4-23N-10W	NOO-C-14-20-7309	I	pending	Note 4	NC		N/2-320.96A
Martinez Begay Com 1	1		SE	34-24N-10W	Note 8	I	pending		LOC		S/2-320.0A
Martinez Begay Com 2	1		SW	34-24N-10W	NO-G-0902-1754	I	pending		LOC		S/2-320.0A
Mary Lou 90	1	28026	SWSW	32-24N-10W	V-1509	STATE		9/15/1990	Note 5	971	78
Mary Lou 90S	1	31695	NWSE	32-24N-10W	V-1509	STATE		10/2/2003	Note 5	980	139
Mary Lou Com 91	1	31694	SENE	32-24N-10W	V-1509	STATE	State	6/12/2006	Note 5	1000	377
Mary Lou Com 91S	1	31696	SENE	32-24N-10W	V-1509	STATE	State	10/3/2003	Note 5	967	154
Olympic 90	1		SW	3-23N-10W	NM-23744	FED			LOC A		S/2-320A
Olympic 91	1		SE	3-23N-10W	NM-23744	FED			LOC A		S/2-320A
Phoebe Com 90	1	34053	NWNW	22-24N-10W	NM100808	FED	NMNM119013	10/31/2007	Note 5	946	1
Phoebe Com 90S	1	34023	NENE	22-24N-10W	NM15654	FED	NMNM119013	8/3/2007	Note 5	949	70
Pierre Com 90	2	33056	SWSW	23-23N-11W	NM80498	FED	NMNM121634	2/24/2006	Note 5	971	23
Pierre Com 90S	2	33058	SENE	23-23N-11W	NM36952	FED	NMNM121634	3/1/2006	Note 5	979	22
Pierre Com 91	2	33071	NWSE	23-23N-11W	NM80498	FED	NMNM122057	3/1/2006	Note 5	956	12
Pierre Com 91S	2	33057	SENE	23-23N-11W	NM36952	FED	NMNM122057	3/7/2006	Note 5	953	5
Ponderosa Com 90	2	33346	NWWSW	18-23N-10W	NM96799	FED	NMNM119328	8/29/2007	Note 5	1020	2
Ponderosa Com 90S	2		NW	18-23N-10W	NM86485	FED	NMNM119328		LOC		W/2-320.08A
Road Runner 90	1	28027	NESW	36-24N-11W	V2364	ST		11/26/1990	NC		S/2-320.0A
Road Runner 91	1	34525	SWSE	36-24N-11W	V2364	ST			LOC B		S/2-320.0A
Road Runner 92	1	34524	NWNE	36-24N-11W	V2364	ST			LOC B		N/2-320.0A
Road Runner 93	1	34523	NWNW	36-24N-11W	V2364	ST			LOC B		N/2-320.0A
Rodeo Rosie 90	1	34052	NWWSW	22-24N-10W	NM15654	FED		8/23/2007	Note 5	926	8
Rodeo Rosie 90S	1	34014	SESE	22-24N-10W	NM15654	FED		8/16/2007	Note 5	943	138
St. Louis Com 90	2		NE	9-23N-10W	NOO-C-14-20-7312	I	pending		LOC A		N/2-320A
St. Louis Com 91	2		NW	9-23N-10W	NOO-C-14-20-7313	I	pending		LOC A		N/2-320A
Squaw Valley Com 90	1	34561	SESW	4-23N-10W	NOO-C-14-20-7310	I	pending	Note 4	NC		S/2-320.0A
Squaw Valley Com 91	1	34577	SESE	4-23N-10W	NOO-C-14-20-7311	I	pending		LOC B		S/2-320.0A
Tiddlebug Com 90	1	34016	NWNW	27-24N-10W	NM15654	FED	NMNM103018	7/25/2007	Note 5	996	70
Tiddlebug Com 90S	1	34018	NENE	27-24N-10W	NM112956	FED	NMNM103018	7/27/2007	Note 5	986	52
Zoe 90	1	33452	NESW	19-24N-10W	NM43442	FED		6/18/2007	Note 5	1029	134
Zoe 90S	1	33451	NENW	19-24N-10W	NM43442	FED		7/11/2007	Note 5	957	245
	MAP	API #	Well Location				Communitization Agreement No.	Completion	Current	BTU @ Production	

Well Name	#	30-045-	1/4	Sec-Twn-Rng	Lease No.	Lease Type	(If Established)	Pool	Date	Status	15.025	MCFD	BW/D	Unit
Zoe 91	1	33450	NENE	19-24N-10W	NM43442	FED		BASIN FR COAL	7/16/2007	Note 5	969	237	46	E/2-320.0A
Zoe 91S	1	33453	NESE	19-24N-10W	NM43442	FED		BASIN FR COAL	6/19/2007	Note 5	972	420	46	E/2-320.0A
SSGS Loc C	2		NW	17-23N-10W	NM57005	FED		BASIN FR COAL		LOC			*	N/2-320A
SSGS Loc D	2		NE	17-23N-10W	NM57005	FED		BASIN FR COAL		LOC			*	N/2-320A
SSGS Loc E	2		SW	17-23N-10W	NM57005	FED		BASIN FR COAL		LOC			*	S/2-320A
SSGS Loc F	2		SE	17-23N-10W	NM57005	FED		BASIN FR COAL		LOC			*	S/2-320A
SSGS Loc G	2		NW	20-23N-10W	NM42740	FED		BASIN FR COAL		LOC			*	N/2-320A
SSGS Loc H	2		NE	20-23N-10W	NM42740	FED		BASIN FR COAL		LOC			*	N/2-320A
SSGS Loc I	2		SW	20-23N-10W	NM42740	FED		BASIN FR COAL		LOC			*	S/2-320A
SSGS Loc J	2		SE	20-23N-10W	NM42740	FED		BASIN FR COAL		LOC			*	S/2-320A
SSGS Loc K	2		NW	29-23N-10W	NM42740	FED		BASIN FR COAL		LOC			*	N/2-320A
SSGS Loc L	2		NE	29-23N-10W	NM42740	FED		BASIN FR COAL		LOC			*	N/2-320A
SSGS Loc M Com	2		SW	29-23N-10W	NM42740	FED	pending	BASIN FR COAL		LOC			*	S/2-320A
SSGS Loc N Com	2		SE	29-23N-10W	NM42740	FED	pending	BASIN FR COAL		LOC			*	S/2-320A
WELLS PREVIOUSLY APPROVED FOR SYSTEM (13 wells)														
Bert Com No. 90	1	32714	SWSE	2-24N-11W	NM-39017	Federal	NMNM112857	BASIN FR COAL	9/30/2005	P	952	62	9	E/2-321.22A
Bert Com No. 90S	1	32924	SENE	2-24N-11W	NO-G-0502-1718	Nav. Altd.	NMNM112857	BASIN FR COAL	10/5/2005	P	946	14	7	E/2-321.22A
Elmo Com No. 90	1	32704	SENE	11-24N-11W	NM-17015	Federal	NMNM110561	BASIN FR COAL	10/13/2005	P	944	46	25	N/2-320A
Elmo Com No. 90S	1	32925	SWNE	11-24N-11W	NO-G-0502-1719	Nav. Altd.	NMNM110561	BASIN FR COAL	1/6/2006	P	955	68	14	N/2-320A
Ernie Com No. 90	1	32919	NWNE	1-24N-11W	NO-G-0502-1717	Nav. Altd.	NMNM112582	BASIN FR COAL	9/9/2005	P	938	21	20	E/2-321.72A
Ernie Com No. 90S	1	32703	SWSE	1-24N-11W	NM-39017	Federal	NMNM112582	BASIN FR COAL	9/9/2005	P	955	29	72	E/2-321.72A
Herry Monster No. 90	1	32708	NESW	11-24N-11W	NM-17015	Federal		BASIN FR COAL	12/19/2005	P	937	166	36	S/2-320A
Herry Monster No. 90S	1	32713	SWSE	11-24N-11W	NM-17015	Federal		BASIN FR COAL	12/16/2005	P	940	82	19	S/2-320A
Herry Monster No. 91	1	32706	NESW	12-24N-11W	NM-17015	Federal		BASIN FR COAL	2/4/2006	P	950	42	19	S/2-320A
Herry Monster No. 91S	1	32709	NWSE	12-24N-11W	NM-17015	Federal		BASIN FR COAL	2/1/2006	P	958	83	16	S/2-320A
Kermit Com No. 90	1	32707	SENE	12-24N-11W	NM-17015	Federal	NMNM104900	BASIN FR COAL	1/27/2006	P	954	81	30	N/2-320A
Sesamée Street No. 90	1	32702	NWSW	1-24N-11W	NM-39017	Federal		BASIN FR COAL	9/22/2005	P	954	43	4	W/2-332.48A
Sesamée Street No. 90S	1	33189	NENW	1-24N-11W	NM-39017	Federal		BASIN FR COAL	6/9/2006	P	942	9	7	W/2-332.48A
SWD, WELLS														
Flo Jo B SWD	2	33320	NENE	23-23N-11W	NM36952	Federal		Entrada SWD	2/10/2006	Note 10				
Frazzle 1 SWD	1	33865	NENW	30-24N-10W	NM15654	Federal		Entrada SWD	2/9/2007	Note 10				
Herry Monster No. 3 SWD	1	33217	SENE	11-24N-11W	NM-17015	Federal		Entrada SWD	11/14/2005	Note 10				
Mary Lou 1 SWD	1	26460	NENE	32-24N-10W	V-1509	State		Mesaverde SWD	9/23/2003	Note 10				

EXHIBIT "A-1", Notes to exhibit "A"

N/A – Not applicable or not needed.

NR – None Reported

1 – Status of well 2/1/09

LOC = proposed general location

LOC A = proposed location – staked

LOC B = proposed location – APD submitted

NC = not connected to gathering system

P = producing, includes wells temporarily shut in but able to produce

2 – Production during December, 2008. MCFD = MCF of gas produced per day. BWPD = bbl of water per day. For wells first delivering after 12/31/08, rate is average of days produced

* = well not producing 2/1/09. For wells not completed, anticipated production: Basin Fruitland Coal = 150 mcf/d + 150 BWPD plus no oil or condensate.

3 – Dates of application and approval for permission to use Dugan's Sesamee Street Gas Gathering System to facilitate gas sales which typically requires the surface commingling (SC)

plus off-lease measurement (OLM) and sales (S) of produced natural gas. The current NMOCD approval is Commingling Order CTB-560 dated 9/20/05.

4 – Well Name

Spud Date

Well Status 2-1-09

Waiting on completion – 5½" csg cemented @ 820'

Waiting on completion – 5½" csg cemented @ 1150'

Waiting on completion – 5½" csg cemented @ 1125'

Waiting on completion – 5½" csg cemented @ 1252'

Waiting on completion – 5½" csg cemented @ 857'

Waiting on completion – 5½" csg cemented @ 890'

Waiting on completion – 5½" csg cemented @ 798'

Waiting on completion – 5½" csg cemented @ 946'

Waiting on completion – 5½" csg cemented @ 1179'

Waiting on completion – 5½" csg cemented @ 1128'

Cumulative Production as of 2-1-09

MCF BW

881 21,964

6,462 10,859

66,257 60,283

59,372 48,599

27,379 44,031

23,552 37,062

10,963 6,810

1,290 1,650

192 5,833

7,757 18,271

4,171 10,250

16,311 12,551

9,876 29,461

684 5,608

14,256 18,689

5,428 13,662

3,429 11,790

9,878 11,982

19,185 42,061

15,083 30,725

27,727 58,647

68,052 57,370

9,875 16,971

698 16,421

12,607 20,772

20,740 18,794

69,043 62,018

64,441 78,320

128,502 85,251

41,154 19,965

37,499 48,743

28,435 50,537

26,366 38,577

24,533 56,896

36,540 32,355

58,596 44,635

5 – Well Name

Adam Com 90

Ben Com 90

Biff 90

Biff 90S

Biff 91

Biff 91S

Bonanza 90

Bonanza 91

Bonanza Com 92S

Calgary 90

Calgary 90S

Calgary 91

Calgary 91S

Cartwright Com 90

Champ 90

Champ 90S

Champ 91

Champ 91S

Clementine Com 90

Clementine Com 90S

Dinger 90

Dinger 90S

Flo Jo 90

Flo Jo 90S

Flo Jo 91

Flo Jo 91S

Frazzle Com 90

Frazzle Com 90S

Frazzle Com 91

Frazzle Com 91S

Gold Medal 90

Gold Medal 90S

Gold Medal 91

Gold Medal 91S

Gold Medal 92

Gold Medal 92S

Cumulative Production as of 1-1-09

MCF BW

27,472 19,877

7,838 9,682

8,092 9,313

142,873 71,191

33,068 21,364

88,851 54,497

76,592 59,737

28,925 87,748

70,512 330,283

18,150 82,694

4,231 39,918

3,680 105,449

2,758 17,312

4,516 15,297

554 5,825

604 15,618

51,409 293,244

95,509 196,692

149,328 81,924

177,132 210,079

2,532 16,654

17,849 61,273

18,043 18,168

8,200 43,120

17,594 27,138

13,482 17,569

890 13,837

12,660 48,543

46,417 58,428

55,396 61,617

33,134 61,565

87,235 63,591

78,674 69,240

87,988 52,478

143,415 50,132

* - Date of 1st delivery into the Sesamee Street Gas Gathering System – See Note 6. Cumulative Production represents only the gas delivered into SSGS.

- 6 - Well was initially approved for operation on the Goodtimes Gathering System and upon completion of expansions to the Sesamee Street Gathering System, was transferred from the Goodtimes to the Sesamee Street Gathering System on 6-13-07 (14 wells, Hop Sing 1, Hoss Com 90, Hoss 91, 91S & 92, Mary Lou 90 & 90S, Mary Lou Com 91 & 91S, Pierre Com 90, 90S, 91 & 91S, Road Runner 90).
- 7 - During 1/07, Dugan Production changed from using the letter "S" to designate a well as being a Fruitland Coal infill and initiated using unique numbers for each well. The wells using unique numbering and sharing a common spacing unit are:
- | Wells | Common Spacing Unit | Wells | Common Spacing Unit |
|------------------------|---------------------|--------------------------|---------------------|
| Flo Jo 92 & 93 | N/2 1-23N-11W | Marathon Com 90 & 91 | N/2 4-23N-10W |
| Flo Jo 94 & 95 | S/2 1-23N-11W | Martinez Begay Com 1 & 2 | S/2 34-24N-10W |
| Helsinki Com 90 & 91 | S/2 9-23N-10W | Olympic 90 & 91 | S/2 3-24N-11W |
| Hoss Com 93 & 94 | W/2 11-23N-11W | Road Runner 90 & 91 | S/2 36-24N-11W |
| Hoss Com 95 & Infill | E/2 12-23N-11W | Road Runner 92 & 93 | N/2 36-24N-11W |
| Hoss Com 96 & 97 | W/2 12-23N-11W | Squaw Valley Com 90 & 91 | S/2 4-23N-10W |
| Jim Thorpe Com 90 & 91 | N/2 3-24N-10W | St. Louis Com 90 & 91 | N/2 9-23N-10W |
- 8 - Dugan Production is in the later stages of negotiations to secure oil and gas leases with Navajo Allottees owning mineral interests in the SE/4 of Sections 34, T-24N, R10W (Allotment No. 258808).
- 9 - Well is located on lease held by XTO and communitized with lease held under Dugan Production Corp.
- 10 - NMOCD Administrative Orders authorizing water disposal by underground injection: Flo Jo 8 SWD (SWD-1006), Frazzle 1 SWD (SWD-1048), Herry Monster 3 SWD (SWD-994), Mary Lou 1 SWD (SWD-884-B)

Exhibit "B"
Gas Allocation Procedure
Dugan Production Corp.'s
Sesamee Street Gathering System

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 = $(W / \sum W) \times X$

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 $W / \sum W$ for the wells involved.

B = 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 $W / \sum W$.

F = Allocated gas sales volume (MCF) associated with water production = (A) in mcf for the central battery separator multiplied by a factor of $(TJ / \sum U)$ for wells delivering gas and water to the central battery separator.

2. Allocated Individual Well BTU's = $((W \times \text{Individual well BTU}) / \sum (W \times \text{individual well BTU})) \times Y$.
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 = $(U / \sum U) \times V$.