

**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

**APPLICATION OF DUGAN PRODUCTION
COMPANY FOR APPROVAL OF THE
SUNFLOWER FRUITLAND PICTURED CLIFFS UNIT,
SAN JUAN COUNTY, NEW MEXICO.**

CASE NO. 15435

APPLICATION

Dugan Production Company ("Dugan") files this application for an order approving it's Sunflower Fruitland Pictured Cliffs Unit. In support of its application, Dugan states:

1. The proposed Unit Area consists of approximately 6,976.53 acres of the following Federal and State lands situated in San Juan County, New Mexico:

TOWNSHIP 24 NORTH, RANGE 12 WEST, N.M.P.M.

Section 6: All
Section 7: N/2

TOWNSHIP 24 NORTH, RANGE 13 WEST, N.M.P.M.

Section 1: All
Section 2: All
Section 11: All
Section 12: All
Section 14: N/2NE/4 and NW/4
Section 15: N/2
Section 16: All
Section 17: All
Section 18: All
Section 19: All
Section 20: N/2 and SW/4
Section 21: NW/4

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2. Dugan is the designated operator under the Unit Agreement and the unitized interval is the stratigraphic equivalent of the top of the Fruitland Formation to the stratigraphic equivalent of the base of the Pictured Cliffs Sandstone as shown in the

Federal 12 #1 (API No. 30-045-25410) located in Section 12, Township 24 North, Range 12 West, N.M.P.M.

3. The Unit Agreement has been approved by a sufficient percentage of the interest owners within the proposed Unit Area to provide effective control of unit operations.

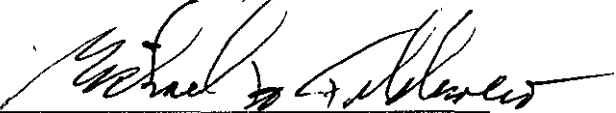
4. Dugan has met with the Bureau of Land Management and the New Mexico State Land Office and expects to receive preliminary approval of the Unit Agreement in advance of the hearing in this matter.

5. The Unit Agreement, and the unitized operation and management of the Unit Area, are in the best interests of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Dugan requests that this Application be set for hearing before an Examiner of the Oil Conservation Division on January 21, 2016, and that after notice and hearing as required by law, the Division enter its order granting this Application.

Respectfully submitted,

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**ATTORNEYS FOR
DUGAN PRODUCTION COMPANY.**

CASE 15435 Application Of Dugan Production Company For Approval Of The Sunflower Fruitland Pictured Cliffs Unit, San Juan County, New Mexico. Applicant seeks approval of its Sunflower Fruitland Pictured Cliffs Unit consisting of approximately 6,976.53 acres of the following Federal and State lands situated in San Juan County, New Mexico:

TOWNSHIP 24 NORTH, RANGE 12 WEST, N.M.P.M.

Section 6: All
Section 7: N/2

TOWNSHIP 24 NORTH, RANGE 13 WEST, N.M.P.M.

Section 1: All
Section 2: All
Section 11: All
Section 12: All
Section 14: N/2NE/4 and NW/4
Section 15: N/2
Section 16: All
Section 17: All
Section 18: All
Section 19: All
Section 20: N/2 and SW/4
Section 21: NW/4

The unitized interval is the stratigraphic equivalent of the top of the Fruitland Formation to the stratigraphic equivalent of the base of the Pictured Cliffs Sandstone as shown in the Federal 12 #1 (API No. 30-045-25410) located in Section 12, Township 24 North, Range 12 West, San Juan County, N.M.P.M. The subject acreage is located approximately 25 miles south of Farmington, New Mexico.