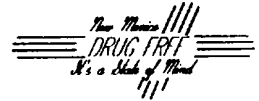




STATE OF NEW MEXICO
ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-6178

May 11, 1992

Mr. Jim L. Jacobs
Executive Vice President
Dugan Production Corporation
P O Box 420
Farmington, NM 87499-0420

Re: McAdams #2 P-34-27N-10W

Dear Mr. Jacobs:

Your recommended allocation of commingled production to referenced well is hereby approved as follows:

	Gas	Oil
Angel Peak Gallup	79%	67
Basin Dakota	21%	33%

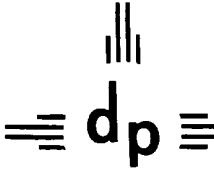
Sincerely,

Frank T. Chavez, District Supervisor

FTC/sh

cc Santa Fe
transporters

McAdams 2



dugan production corp.



April 30, 1992

RECEIVED
MAY 01 1992
OIL CON. DIV.
DIST. 3

Mr. Frank Chavez
New Mexico Oil Conservation Division
1000 Rio Brazos Road
Aztec, NM 87410

RE: McAdams #2
Unit P, Sec. 34, T27N, R10W
Commingled in Basin Dakota and Angel Peak Gallup
DHC Order No. R-6824 dated November 24, 1981

Dear Mr. Chavez:

In response to a telephone conversation with you today, Dugan Production Corp. finds the following allocation factors to be acceptable for the above captioned well:

	<u>Oil</u>	<u>Gas</u>
Angel Peak Gallup	67%	79%
Basin Dakota	33%	21%

We request that the allocation factors set forth above be approved for future reporting.

Sincerely,

Jim L. Jacobs
Executive Vice President

JLJ/LH