



dugan production corp.

RECEIVED

MAR 27 2003

OIL CONSERVATION
DIVISION

March 25, 2003

Ms. Lori Wrotenbery, Director
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Re: Dugan's Application dated 2/25/03
Request for Surface Commingling, Off-lease Measurement and
Sale of Produced Natural Gas – Thirty Four Additional Wells
Dugan Production's Topaz Gas Gathering System
San Juan County, New Mexico

Dear Ms. Wrotenbery,

Attached for your consideration of the subject application is a copy of the return receipt cards for 36 of the 44 interest owners (14 working, 2 royalty & 28 overriding royalty) that were mailed copies of Dugan's application. In addition, although we haven't actually received the return receipt cards for eight interest owners, we have confirmed with the U.S. Postal Service through their internet access (www.usps.com) that five of the interest owners did receive our application by certified, return-receipt mail and copies of these tracking confirmations are also attached. Thus only three interest owners (all overriding royalty interest) have not received Dugan's application and all three mailings have been returned as undeliverable at our "last known address".

S. A. & Dorothy Chorney have a 1.563% ORRI in the Irish Com #90 & #90S. Petrojarl Inc. has a 1.367% ORRI in the Bisti State Wells #1 & #1S, plus a 1.563% ORRI in the Bisti State #90 & #90S. Mary Ann Todd has a 0.106% ORRI in the Paul Revere Com #95 & #95S.

All 14 working interest owners, both royalty interest owners and 25 of the ORRI owners have received the subject application.

Also attached for your consideration is an original "Affidavit of Publication" for the legal notice of Dugan's application which has published in the 2/26/03 edition of the Farmington Daily Times. To date, we have received no objection from any of the interest owners.

Should you have questions or need additional information, please let me know.

Sincerely,

John D. Roe
Engineering Manager

JDR/tmf
enclosures