

dugan production corp.

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July 25, 2000

Mr. Mark Ashley  
NM Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, NM 87505

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

Re: NMOCD Commingling Order PLC-157 1<sup>st</sup> Amendment  
Dugan Production's King Gathering System  
Com No. 91 CDP (previously Com No. 1 CDP)

Dear Mr. Ashley and Mr. Chavez,

The captioned commingling order included a stipulation that similar approvals were also obtained from the Bureau of Land Management (BLM) and the New Mexico State Land Office (NMSLO).

Copies of both approvals are attached for your information and file.

The commingling order also stipulated that we advise the Aztec office of the NMOCD upon implementation of commingling. The Com No. 91 CDP (El Paso meter No. 98-081) was placed into service on 6/13/00 and the Com No. 1 CDP (El Paso meter No. 73-044) was discontinued on 6/16/00.

Thanks for your prompt handling of our application. Should you have questions, please let me know.

Sincerely,

John D. Roe  
Engineering Manager

JDR/tmf

attachments

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COMMISSIONER'S OFFICE

Phone (505) 827-5760  
Fax (505) 827-5766

ADMINISTRATION

Phone (505) 827-5700  
Fax (505) 827-5853

GENERAL COUNSEL

Phone (505) 827-5713  
Fax (505) 827-4262

PUBLIC AFFAIRS

Phone (505) 827-1245  
Fax (505) 827-5766



**New Mexico State Land Office  
Commissioner of Public Lands  
Ray Powell, M.S., D.V.M.**

COMMERCIAL RESOURCES

Phone (505) 827-5724  
Fax (505) 827-6157

MINERAL RESOURCES

Phone (505) 827-5744  
Fax (505) 827-4739

ROYALTY MANAGEMENT

Phone (505) 827-5772  
Fax (505) 827-4739

SURFACE RESOURCES

Phone (505) 827-5793  
Fax (505) 827-5711

June 27, 2000

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

Attn: Mr. John D. Roe

Re: Add Four Wells to Dugan's Com 1 CDP  
Surface Commingling, Off-Lease Measurement and Sale of Natural Gas  
Dugan Production Com No. 91 & Federal Wells No. 7, 8 and 98  
San Juan County, New Mexico



Dear Mr. Roe:

We are in receipt of your letter of May 30, 2000. In your letter you requested our approval for surface commingling, off-lease measurement and sale of natural gas, and to add the subject four wells operated by Dugan Production Corporation to the central delivery sales meter currently authorized for the Com No. 1, Com No. 3 and King Com No. 90.

It is our understanding that you also propose to change the CDP location from the Com No. 1 well site (J-2-29N-14W) to the Com No. 91 well site (L-2-29N-14W).

Since it appears that there will be no loss of revenue to the State of New Mexico's beneficiaries as a result of your proposed operation, your request is hereby approved. Our approval is given with the understanding that the Commissioner of Public Lands reserves the right to amend or withdraw his approval, should this operation prove to be unprofitable to the state at any time in the future. Also, our approval is subject to like approval by the New Mexico Oil Conservation Division and the Bureau of Land Management.

Our approval is also subject to Dugan Production Corporation acquiring the appropriate surface easements.

Your \$30.00 filing fee has been received.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.  
COMMISSIONER OF PUBLIC LANDS

BY:

A handwritten signature in cursive script, appearing to read "Jami Bailey".

JAMI BAILEY, Director  
Oil, Gas and Minerals Division  
(505) 827-5744

RP/JB/cpm

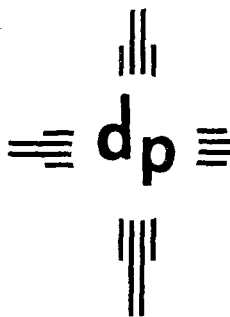
Enclosure

xc: Reader File

OCD-Mr. David Catanach, Mr. Ben Stone

*"WE WORK FOR EDUCATION"*

310 Old Santa Fe Trail, P. O. Box 1148 Santa Fe, New Mexico 87504-1148



dugan production corp.

May 31, 2000

Mr. Ray Powell, Commissioner  
New Mexico State Land Office  
P. O. Box 1148  
Santa Fe, NM 87504-1148

Re: Surface Commingling & Off-lease Measurement

Dugan Production Corp.'s

Com No. 1 (J-2-29N-14W)

Federal I No. 7 (J-3-29N-14W)

Com No. 3 (J-2-29N-14W)

Federal I No. 8 (C-11-29N-14W)

Com No. 91 (L-2-29N-14W)

Federal I No. 98 (B-10-29N-14W)

King Com No. 90 (B-11-29N-14W)

San Juan County, New Mexico

Dear Mr. Powell:

Attached is our check for the \$30.00 surface commingling application fee. Also attached for your approval is the captioned application. Our records indicate that the spacing units for Dugan Production's Com No. 1, Com No. 3 and Com No. 91 wells include State leases B-11242, E-2526, E-3555, E-6714, LG-3736 and V-5411.

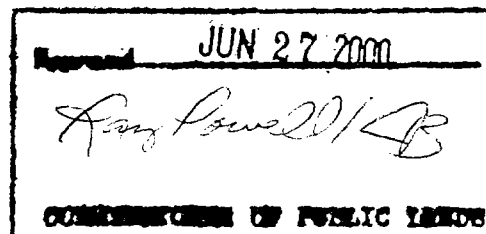
Should you have questions or need additional information, please let me know.

Sincerely,

John D. Roe  
Engineering Manager

JDR/tmf

attachments



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Commissioner of Public Lands  
Ray Powell, M.S., D.V.M.**

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Fax (505) 827-5711

July 11, 2000

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

Attn: Mr. John D. Roe

Re: Corrected System Map - Dugan's Com 1/Com 91 CDP  
Units J & L, Section 2-29N-14W  
King Gathering System  
San Juan County, New Mexico

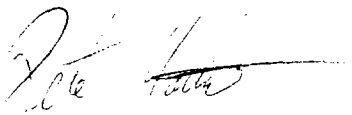
Dear Mr. Roe:

Your letter of July 7, 2000, has been received and has been filed in our commingling files.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.  
COMMISSIONER OF PUBLIC LANDS

BY: 

PETE MARTINEZ  
Oil, Gas and Minerals Division  
(505) 827-5791

RP/PM/cpm

Enclosure

xc: Reader File

OCD-Mr. David Catanach, Mr. Ben Stone



UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
Budget Bureau No. 1004-0135  
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.  
Use "APPLICATION FOR PERMIT -" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other CDP Gas Sales	7. If Unit or CA, Agreement Designation
2. Name of Operator Dugan Production Corp.	8. Well Name and No. Com #1 CDP
3. Address and Telephone No. P.O. Box 420, Farmington, NM 87499 (505) 325 - 1821	9. API Well No. Multiple - see below
Location of Well (Footage, Sec., T., R., M., or Survey Description) Multiple - see below	10. Field and Pool, or Exploratory Area Basin Fruitland Coal/ Harper Hill FR Sd/PC
	11. County or Parish, State San Juan, NM

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input checked="" type="checkbox"/> Other Surface commingling & Off-lease Measurement & move CDP location
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Dispose Water

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)\*

Dugan Production Corp. in application dated 5/30/00, has proposed to expand the Com 1 CDP (NWSE, 2, T-29N, R-14W) to include the four wells listed:

Well No.	API No. 30-045	Location: 1/4-S-T-R	Lease No.
Com No. 91	29935	NWSW-2-29N-14W	C.A. pending
Federal I No. 7	30181	NWSE-3-29N-14W	SF-078110
Federal I No. 8	30178	NENW-11-29N-14W	SF-078110
Federal I No. 98	30180	NWNE-10-29N-14W	SF-078110

In addition, we are proposing to move the Com No. 1 CDP sales meter from the Com No. 1 wellsite in NWSE 2-29N-14W to the Com No. 91 wellsite in NWSW 2-29N-14W. Both meter sites belong to El Paso Field Services and upon moving the CDP to the Com No. 91, the CDP at the Com No. 1 will be removed from service.

For natural gas sales at the Com No. 91 CDP; located in the NWSW of Section 2, T-29N, R-14W; each of the four wells will require BLM approval for surface commingling and the Federal I No. 7, 8 & 98 will require off-lease measurement/sale of natural gas - Com No. 91 will be on lease.

In addition, the following three wells currently approved for sales at the Com No. 1 CDP will need BLM approval for off-lease measurement/sale at the Com No. 91 CDP meter site.

Well No.	API No. 30 045	Location: 1/4-S-T-R	Lease No.
Com No. 1	08722	NWSE-2-29N-14W	CA#NMNM91272
Com No. 3	23267	NWSE-2-29N-14W	CA#SMR1419
King Com No. 90	29883	NWNE-11-29N-14W	CA#NMNM102963

14. I hereby certify that the foregoing is true and correct

Signed John D. Roe Title Engineering Manager Date 7/5/2000

(This space for Federal or State office use)

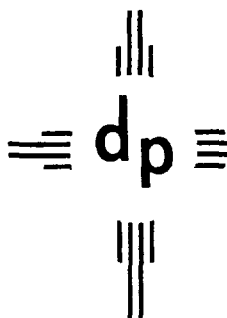
Approved by [Signature] Title Engineer Date JUL 07 2000

Conditions of approval, if any:

Operator Copy

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

\*See Instruction on Reverse Side



# dugan production corp.

July 7, 2000

7/7/00 7:11:20

010 1111 1111 111



Mr. Mark Ashley  
New Mexico Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, NM 87505

Mr. Pete Martinez  
New Mexico State Land Office  
P. O. Box 1148  
Santa Fe, NM 87504-1148

Mr. Richard Dembowski  
Bureau of Land Management - Farmington Field Office  
1235 La Plata Highway  
Farmington, NM 87401

Re: Corrected System Map - Dugan's Com 1/Com 91 CDP  
Units J & L, Section 2, T-29N, R-14W  
King Gathering System  
San Juan County, NM

Dear Mr. Ashley, Mr. Martinez, Mr. Dembowski,

Attached is a revised map of Dugan Production Corp.'s King Gathering System. This map revises the map presented as Attachment No. 1 in our 5/30/00 application to add four wells to the Com No. 1 CDP and to move the CDP location from the Com No. 1 well site (J-2-29N-14W) to the Com No. 91 well site (L-2-29N-14W).

These changes in our gathering system pipelines were necessary to connect the Federal I No. 8 and King Com No. 90 wells to the gathering system and other than right-of-ways, should have no affect upon our application as initially submitted. I have highlighted the pipeline changes in blue.

Since the New Mexico State Land Office (on 6-27-00) and the NMOCD (on 6-20-00 with Commingling Order PLC-157 1<sup>st</sup> Amendment) have already approved our application as submitted, hopefully these changes will have no affect upon these approvals and this map will serve as an update of the gathering system pipeline locations. For the BLM, please consider this map as a replacement of Attachment No. 1 in our 5-30-00 application.

Please let me know if there are any questions or additional information is needed.

Sincerely,

John D. Roe  
Engineering Manager

JDR/tmf

attachments

xc: NMOCD- Aztec

c:\TF\Johnroe\comcdp\maprevsn.wpd