



June 25, 2001

JUN 2 7 2001

P P F

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

Re: Dugan Production's 6-1-01 Application to add 28 wells and 15 locations to Dugan's

Turk's Toast Gas Gathering System

Dear Ms. Wrotenbery,

Attached for your consideration of the subject application is a copy of the BLM's approval dated 6-20-01. Please note that of the 23 wells and locations to be added to they system (BLM had previously approved 20 wells) only 19 were on federal leases. Three were on state and one on fee leases.

Should you have questions, please let me know.

Sincerely,

John D. Roe

Engineering Manager

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JDR/tmf

attachments

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United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office 1235 La Plata Highway, Suite A Farmington, New Mexico 87401

Turk's Toast Gas Gathering System (CDP) 3162.7-3 (07100)

JUN 20 2001

Mr. John Roe Dugan Production Corporation P.O. Box 420 Farmington, NM 87499-0420

Dear Mr. Roe:

Reference is made to your letter dated June 1, 2001, requesting approval to add nineteen Federal wells (see enclosure 1) to the previously approved Turk's Toast Gas Gathering System. Your request is approved subject to the following conditions.

This approval is subject to like approval from the New Mexico Oil Conservation Division and the New Mexico State Land Office, and terms and conditions established under the original approval. This agency reserves the right to rescind this approval if any of the procedures as stated in the request are not complied with as approved.

The operator must inform this office, via Sundry Notice (Form 3160-5) as soon as each well is connected to the CDP.

If you have any question regarding the above, contact Jim Lovato at (505) 599-6367.

Sincerely,

Vince R. Balderaz

Acting, Assistant Field Manager (Minerals)

1 Enclosure:

1 - List of Approved Wells (1 p)



Additional Federal wells approved to off lease measure at the Turk's Toast Gas Gathering System.

MAYRE 90	3004528291	SEKSW¼	Sec. 31, T. 30 N., R. 14 W.,	NM 4465
MAYRE 90R	3004530246	SE1/4SW 1/4	Sec. 31, T. 30 N., R. 14 W.,	NM 4465
PIHAM POND 5	3004529599	SW¼NE¼	Sec. 35, T. 30 N., R. 15 W.,	NM 10758
P.Ham -PITAM-POND 90	3004529995	<i>NE/4</i> SW /4NE /4	Sec. 35, T. 30 N., R. 15 W.,	NM 10758
TURK TOAST 6	Pending	SW1/4SW1/4	Sec. 18, T. 30 N., R. 14 W.,	NM 19163
Location A	Pending	SW	Sec. 17, T. 30 N., R. 14 W.,	NM 19163
Location B	Pending	SE	Sec. 17, T. 30 N., R. 14 W.,	NM 19163
Location C	Pending	NW	Sec. 17, T. 30 N., R. 14 W.,	NM 19163
Location D	Pending	NE	Sec. 17, T. 30 N., R. 14 W.,	NM 19163
Location E	Pending	SW	Sec. 18, T. 30 N., R. 14 W.,	NM 19163
Location F	Pending	SE	Sec. 18, T. 30 N., R. 14 W.,	NM 19163
Location G	Pending	NW	Sec. 18, T. 30 N., R. 14 W.,	NM 19403
Location H	Pending	NE	Sec. 18, T. 30 N., R. 14 W.,	NM 19403
Location I	Pending	NW	Sec. 19, T. 30 N., R. 14 W.,	NM 19163
Location J	Pending	NE	Sec. 19, T. 30 N., R. 14 W.,	NM 19163
Location K	Pending	sw	Sec. 24, T. 30 N., R. 14 W.,	NM 21465
Location L	Pending	SE	Sec. 24, T. 30 N., R. 14 W.,	NM 21465
Location M	Pending	NW	Sec. 24, T. 30 N., R. 14 W.,	NM 21465
Location N	Pending	NE	Sec. 24, T. 30 N., R. 14W.,	NM 21465



JUN 2 5 2001



June 22, 2001

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

Re:

Dugan Production's 6-1-01 Application to add 28 wells and 15 locations to Dugan's Turk's Toast Gas Gathering System

Dear Ms. Wrotenbery,

Attached for your consideration of the subject application is a copy of the return receipt card for one additional interest owner which combined with the copies sent to you on 6/15/01 brings the total return receipts to 55 of 58 interest owners. The remaining three interest owners are all overriding royalty owners. I have contacted each of these three by phone and have verified that each did receive our 5/29/01 letter notifying them of the subject application. None had objection.

On 6/18/01 I confirmed with Mr. Craig Malmgren (415-543-6900, ext 232) that the 1.25% ORRI (in Turk's Toast #1) of Creta M. Green had received notice and had no objection. In addition, Mr. Bob H. Anglin (972-267-1244, a 7.5% ORRI in Pole's Paradise #2) also verified he had received the notice and had no objection.

On 6/21/01, Mr. Rocky Holly (303-793-4784) with Texaco (a 3.75% ORRI in the Bi Knobs #1, #2, #2R & #91) was faxed a follow-up copy of our 5/29/01 letter and indicated he did not anticipate any objection from Texaco (a copy of our fax transmittal is attached).

Thus with this receipt and my phone calls, all interest owners have verified they have received notice of the subject application and to date we have received no objection or concern.

Should you have questions, please let me know.

Sincerely,

John D. Roe

Engineering Manager

John O Be

JDR/tmf

attachments

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FAX TRANSMITTAL

DATE:_	06/21/2001	TIME:
TO:	Mr. Rocky Holly	·
COMPA	NY: Texaco - Denver	
FAX NO	. 303-793-4642	TELEPHONE NO.
	old receive 5 page(s) in pages, please contact:	ncluding this cover sheet. If you did not receive all pages or are unable to
FROM: _	John D. Roe	TELEPHONE NO. (505)325-1821
Dear Mr.	Holly,	
owners in	wells connected or to	I'm faxing a copy of our 5/29/01 letter sent to all overriding royalty interest be connected to Dugan's Turk's Toast Gas Gathering System. This letter turn receipt mail and to date we have not received the receipt card from

our records indicate that Texaco's interest is a 3.75% ORRI in Dugan's Bi Knobs No. 1, 2, 2R and 91 wells. The No. 1 and 2 wells have previously been authorized for the system (the #2 was P&A'd on 3/30/01) and the #2R and 91 are proposed additions. This gathering system has been in service since 1983

Texaco. The New Mexico Oil Conservation Division requires that all interest owners receive notice of our

Should you have questions, need additional information or want to review the complete application, please let me know. I can be reached at the letterhead address and phone.

and is the only option available for a gas pipeline connection on these wells.

Sincerely,

Jehn D. Re.

John D. Roe

Engineering Manager

jdr/tmf

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LARGE FORMAT EXHIBIT HAS BEEN REMOVED AND IS LOCATED IN THE NEXT FILE





June 15, 2001

JUN | 8 2001

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

Re: Dugan Production's 6-1-01 Application to add 28 wells and 15 locations to Dugan's Turk's Toast Gas Gathering System

Dear Ms. Wrotenbery,

Attached for your consideration of the subject application is a copy of the return receipt cards for 54 of the 58 interest owners notified of our application to add wells to Dugan's Turk's Toast Gas Gathering System. We are attempting to contact the remaining four (1 fee royalty owner and three overriding royalty) interest owners by phone and will forward that information to you as soon as contact has been made.

In addition, I've attached a copy of approval from the State Land Office dated 6-11-01.

Should you have questions, please let me know.

Sincerely,

John D. Roe

Engineering Manager

John B, Rue

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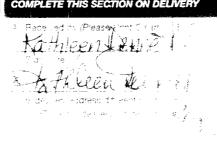
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Irving L.+ Wara L. Morton P.O. Box 344 Pleasant View, CD 81331	3. Service Type
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Total Postage & Fees \$ 3.74 Recipient's Name "Please Print Clearly, ito de completes by maillering further M. Street, Apr. No., of PO Box No. Street, Apr. No., of PO Box No. Cry. State. ZIP-1 Cry. State. ZIP-1 PS Form 3800, February 2000 See Reverse for Instruction	Total Postage & Fees \$ 3.74 Recipient's Name (Please Print Clearly) (To be completed by mailer) Clown Charles Street, Aptilvo.; or PO Box (No. City, State, ZIP+ 1 City, State, ZIP+ 1 75.376 - 4542
U.S. Postal Service CERTIFIED MAIL RECEIPT (Domestic Mail Only; No Insurance Coverage Provided)	U.S. Postal Service CERTIFIED MAIL RECEIPT (Domestic Mail Only; No Insurance Coverage Provided)
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Total Postage & Fees \$ 3.74 Recipient's Name i Please Print Clearly) ito be completed by maileri Street. Apt. No. or PO Box No. City, State, ZiP-4 PS Form 3800, February 2000 See Reverse for Instruction	Recipient's Name (Riease Pant Cleasy) to be completed by mailer
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4 Dana Landroth - 0.223 Notice Mailed 5/2 Phone 702-658-	7. Royalty - NICO #1

COMMISSIONER'S OFFICE Phone (305) 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

Tune

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

July 11, 2001

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

Attention: Mr. John D. Roe

Re: Application to add 23 wells to

Dugan Production Corp.'s

Turk's Toast Gas Gathering System CDP Meter – SENE/4 Sec. 6-29N-14W

San Juan County, New Mexico

Dear Mr. Roe:

We are in receipt of your letter of June 1, 2001 requesting approval to add eight recently drilled plus 15 proposed wells to the Turk's Toast Gas Gathering System. Five of the wells are located on the following state leases: E-3555-16, E-6714-8, LG-3045-2 and VA-1696-0. The remaining wells are located on federal and fee leases. The Turk's Toast Gas Gathering System will now contain a total of 43 wells.

All wells on the system will be equipped with standard, continuously recording gas meters and the charts will be integrated using a commercial integrator with the volumes then being used to allocate gas volumes and revenues from the CDP to individual wells. Only produced gas will be surface commingled. All produced liquids will be separated, stored and sold/disposed of at each individual well.

Since it appears that all the New Mexico Oil Conservation Division's rules and regulations have been complied with, and there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request is hereby approved. Our approval is subject to like approval by the New Mexico Oil Conservation Division and the Bureau of Land Management.

Your \$30.00 dollar filing 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: JAMI BAILEY, Director

Oil, Gas and Minerals Division

(505) 827-5744 RP/JB/pm

pc: Reader File, OCD-Attention: David Catanach,

BLM-Farmington Attn: Mr. Lee Otteni







Mr. Lee Otteni Bureau of Land Management Farmington Field Office 1235 La Plata Highway Farmington, NM 87401 Mr. Ray Powell Commissioner of Public Lands New Mexico State Land Office P. O. Box 1148 Santa Fe, NM 87504-1148

Re:

Application to add 23 wells to Dugan Production Corp.'s Turk's Toast Gas Gathering System CDP Meter - SENE Section 6, T-29N, R-14W San Juan County, New Mexico

Dear Mr. Otteni and Commissioner Powell,

Attached for your review and approval is a copy of our application to the New Mexico Oil Conservation Division (NMOCD) to add eight recently drilled plus 15 proposed wells to the subject gas gathering system which currently has 20 wells approved for operation. The BLM last approved this system for 20 wells on 6-22-95 and the State Land Office on 7-17-95. Our application to the NMOCD requests approval not only for the 23 wells to be added, but also for the 20 wells previously approved since it appears that we inadvertently have not received NMOCD approval of our application for 20 wells dated 5-17-95. There is no obvious explanation for not receiving NMOCD approval, it just apparently slipped through the cracks not only at NMOCD but also at Dugan Production. Attachment No. 2 presents individual well data for the 23 wells and locations to be added along with the 20 wells already approved. Attachment No. 3 presents interest ownership for all wells and locations. A majority of the royalty interest is federal. Nineteen of the 28 wells and all of the proposed locations contain portions of the following 18 federal leases; NM-4465, NM-10561, NM-10758, NM-10875, NM-16057, NM-16765, NM-19163, NM-19403, NM-21463, NM-21465, NM-55114, NM-56318, NM-58896, NM-63321, NM-70298, NM-70299, NM-70300, NM-71716 and NM-76870. Five of the wells contain state leases (E-3555, E-6714-8, LG-3045-1, VA-1696).

The operation of the Turk's Toast Gas Gathering System is the only option available to produce these new wells and has the advantage of allowing a central system compressor to serve all wells as opposed to compressors at each individual well - less compressor fuel will be needed plus exhaust and noise emissions will be reduced.

All wells on the system will be equipped with standard, continuously recording gas meters and the charts will be integrated using a commercial integrator with the volumes then being used to allocate gas volumes and revenues from the CDP to individual wells. Only produced gas will be surface commingled. All produced liquids (condensate, oil and water) will be separated, stored and sold/disposed of at each individual well.

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

Sincerely,

Julian D. Rose

John D. Roe Engineering Manager

JDR/tmf

attachments

