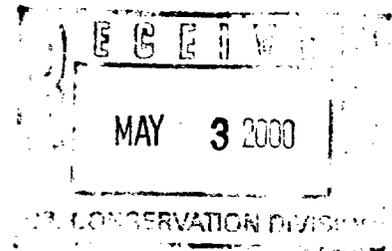




dugan production corp.



May 2, 2000

FEDERAL EXPRESSED

Mr. David Catanach
New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, NM 87504

Re: NMOCD Case No. 12389 - May 4, 2000
Dugan Production's Application for
Surface Commingling & Off-lease Measurement
Dugan's Tabor Gathering System
San Juan County, New Mexico

Dear Mr. Catanach,

I'm writing to send supplemental information for your consideration in the captioned case.
Enclosed are the following attachments:

- A. The original and 2 copies of Dugan Production's pre-hearing statement. For timely filing, this statement was faxed to you on 4-28-00.
- B. Copies of 3 pages that were amended on 4-6-00 and should be used to replace the corresponding pages in our initial application dated 3-29-00. These pages reflect changes made to our interest ownership in the Com No. 4 well and have been sent to all interest owners, including the NMOCD by Dugan letter dated 4-10-00.
- C. Copies of the "certified-Return Receipt" cards as evidence of mailing a complete copy of Dugan's 3-29-00 application to all interest owners. Please note that as of this date, we have not received the return card from Ann S. Henderson, however we have confirmed she did receive notice and the post office advises the card is lost in the mail (which they say "is not uncommon"!)) In addition, the notice sent to Texon Energy Corp. was returned with no forwarding address known. To date we have been unable to locate Texon and are continuing efforts to locate them, as they have a 1.899335% overriding royalty interest in our Com No. 4 well. They have no interest in the four other wells involved.

- D. Copy of Dugan's 4-7-2000 letter to Texon Energy Corporation transmitting copies of our 3-29-00 application and providing notice of the May 4th NMOCD hearing of our application. As presented above, to date we have not been able to locate Texon.
- E. Copy of Dugan's letter to all interest owners dated 4-10-00 transmitting copies of the amended pages to our 3-29-00 application and advising each interest owner of the May 4th NMOCD hearing. The NMOCD did receive this letter as part of our 4-10-00 mailing.
- F. Copies of the "Certified-Return Receipt" cards as evidence of our mailing the 4-10-00 notice listed above in item D to all interest owners. Please note that the notice card for Anne S. Henderson is included for this mailing and that as with our initial application mailing, we have not contacted Texon which represents a 1.899335% overriding royalty interest in the Com No. 4 well only. Again, our efforts to locate Texon continue. In addition, our hearing notice sent to Marcia M. Daniels was returned as her forwarding order had expired (our initial notice dated 3-29-00 was received). Please note that correspondence addressed to Ms. Daniels was sent in care of Clotilda M. Pope and Ms. Pope did received the 4-10-00 notice as evidenced by the return receipt card sent directly to her for her interest. Ms. Daniels holds a 0.03039% overriding royalty interest in our Com No. 1E and a 0.0614% overriding royalty interest in our Com No. 2 and 4 wells. Again, Ms. Pope did receive both mailings and Ms. Daniels did receive the first mailing.
- G. Copy of a letter dated 4-27-00 from the State Land office approving Dugan's 3-29-00 application.

David, I hope all goes well at the hearing and I appreciate you allowing Dugan's application to be considered without our actual testimony. Please let me know if you have any questions.

Sincerely,



John D. Roe
Engineering Manager

JDR/tmf

attachments