

dugan production corp.

August 14, 2003

Mr. Will Jones
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Re: Dugan Production's application dated 7-23-03
Add 42 wells to Dugan's Goodtimes Gas Gathering System

Dear Mr. Jones,

Attached for your consideration of the captioned application are copies of the certified mail return receipts received to date for the working, royalty and overriding royalty interest owners in the 179 wells (194 completions) currently authorized plus the 42 wells proposed for Dugan's Goodtimes Gas Gathering System. This represents all interest owners which were identified on Attachment No. 4 of our application (copy attached for your reference and use) with the following exceptions:

- A. Mr. James B. Fullerton who holds a 0.146% WI in the Mo Valley #90, 0.375% WI in the Rodeo Rosie #1, 0.167% WI in the Rodeo Rosie #90 plus a 0.0125% ORRI in the Phillips #1 FR. We have confirmed by phone that Mr. Fullerton did receive the 7-10-03 application and has no objections.
- B. Koch Exploration holds a 0.9375% ORRI in the Holly #1 DK. The initial mailing of 7/10/03 was returned unclaimed. We found, and verified by phone, a new address for Koch Exploration and have re-mailed the application notice. See our letter dated 8-11-03 which is attached.
- C. Cassandra Keyser holds a 0.146% ORRI in the Adobe A #1 and Sapp #1,2,90 & 91 wells. Ms. Keyser lives in Canada and certified mail is not delivered in Canada. We know her address to be good as she routinely cashes royalty checks sent to that address.
- D. Elizabeth Bayer holds a 0.065% ORRI in the Adobe A #1 and Sapp #1,2,90 & 91 wells. We do not have a good address for Ms. Bayer and currently hold her ORRI payments in suspense.
- E. Mildred O. Dahl holds a 0.50% ORRI in the Rodeo Rosie #1. We do not have a good address for Ms. Dahl and hold her ORRI payments in suspense.
- F. C. B. Harrison, Jr., Trustee for Spindletop Oil & Gas holds a 1.75% ORRI in the Okie #1,2 & 4 wells plus proposed locations D & F. We do not have a good address for Mr. Harrison and hold his ORRI payments in suspense.

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OIL CONSERVATION
DIVISION

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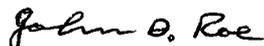
- G. Carl L. Kennedy holds a 0.20% ORRI in the Helsinki #52. We do not have a good address for Mr. Kennedy and hold his ORRI payments in suspense.
- H. Janet Larson holds a 0.50% ORRI in the Helsinki #52. We do not have a good address for Ms. Larson and hold her ORRI payments in suspense.
- I. Jerome P. Maltz holds a 1.12% ORRI in the Mo Valley #90 and 2.25% ORRI in the Phillips #1 FR. We do not have a good address for Mr. Maltz and hold his ORRI payments in suspense.
- J. Ninian Oil Co. holds a 0.156% ORRI in the Holly #1 DK. We do not have a good address for Ninian Oil and hold their ORRI payments in suspense.
- K. John & Jean Oakason Trust holds a 4.50% ORRI in the Rodeo Rosie #1. We do not have a good address and hold their ORRI payments in suspense.
- L. Target Exploration Inc. holds a 1.0% ORRI in the Target #1. We do not have a good address for Target Exploration and hold their ORRI payments in suspense.

These 12 interest owners hold working interests in three wells ranging from 0.146% to 0.375% plus overriding royalty interests in 14 wells plus two proposed locations ranging from 0.012% to 4.5%. In anticipation of that, out of the 11 working interest owners, three types of royalty interest owners and 144 overriding royalty interest owners, there would be some interest owners we could not deliver notice to, we have published a notice of our application in the Farmington Daily Times on 7-16-03 and a copy of this add and Affidavit of Publication was included in Attachment No. 5 to our application.

To date, other than the correspondence from Mr. W. James Langley, we have not had any objection from any of the interest owners and it is our understanding that Mr. Langley has withdrawn his objection. A copy of Mr. Langley's 8-5-03 letter withdrawing his objection was included in my letter dated 8-11-03 to your attention.

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

Sincerely,



John D. Roe
Engineering Manager

JDR/tmf

enclosures

ATTACHMENT NO. 4
 INTEREST OWNERS OF WELLS
 CONNECTED OR PROPOSED TO BE CONNECTED TO
 DUGAN PRODUCTION CORP.'S
 GOODTIMES GAS GATHERING SYSTEM
 AS OF 7-1-03

OWNER NAME & ADDRESS

WELLS & INTEREST OWNERSHIP (DECIMAL)

Overriding Royalty Interest Owners (cont.)

| | |
|--|--|
| Martin, James M. & Blanche D. 943 T Avenue Rural Route 1 Box 321 Council Grove, KS 66846-8777 | August 1 (.05000000) |
| McBride Oil & Gas Corporation P O Box 1515 Roswell, NM 88202-1515 | April Surprise 2,3,5,6,7,8,4GA,90 (.00900000), 4DK (.00450300) July Jubilee 1DK (.00337500) |
| McBride, Frank J. Trust #1 c/o Sunflower Bank AC#105769458 P O Box 800 Salina, KS 67401-0800 | Mo Valley 90 (.00170454), Phillips 1 (.00169648), 1FR (.00084900) |
| McDougall, John W. P O Box 267997 Weston, FL 33326 | McDougal 2 (.06250000) |
| McKenna, Deborah M. 7555 South Biscay Street Aurora, CO 80016 | Holly 1 DK (.00125000) |
| Miller, Robert M. 5358 South Havana Court Englewood CO 80111 | Helsinki 52 (.00200000) |
| Ninian Oil Co. P O Box 297166 * Houston, TX 77297 | Holly 1 DK (.00156250) |
| Oakason, John E. & Jean C. Trusts c/o Wells Fargo, T. Davies Oil/Gas * 1700 Lincoln Street Salt Lake City, UT 84130 | Rodeo Rosie 1 (.04500000) |
| Oklahoma Oil Co. Attn: Wheeler Sears 4925 Greenville Ave., Suite 717 Dallas, TX 75206 | Okie 1,2,4 (.03250000), Locations D,F (.03250000) |
| Olson, Maurice G. & Lorraine R. 1007 Farnam Street Omaha, NE 68102 | Olson 1 (.04000000) |
| Ostiller, Rosemarie 1847 Noel Place Beverly Hills, CA 90210 | Mo Valley 90 (.00125000) |
| Patterson, Ben M. Jr. 613 NW Loop 410, Suite 680 San Antonio, TX 78216 | Largo Federal B 1 (.00250000) |
| Phillips, Clare M. 1315 E Bello Circle Lockport, IL 60441 | Mo Valley 90 (.00078125), Phillips 1 (.00077756), 1FR (.00038875) |
| Phillips, James 3400 Bob-O-Link Denton, TX 76209 | Mo Valley 90 (.00007813), Phillips 1 (.00007775), 1FR (.00003888) |
| Preston Hollow United Methodist Church 6315 Walnut Hill Lane Dallas, TX 75230 | Largo Federal B 1 (.00375000) |
| Puckett Energy Company 5460 South Quebec Street, Suite 250 Greenwood Village, CO 80111-1917 | Helsinki 52 (.01100000) |
| Questar E&P P O Box 45601 Salt Lake City, UT 84145-0601 | Bronze Medal 1,2 (.03330000), December Dream 1,2,3 (.04500000) Fairway 1 (.04500000), Gold Medal 1,2,3,4,5,6 (.04500000) Holly 1 DK (.00156250), Lake Placid 1 (.03330000) Marathon 1,2 (.03330000), MF 4,3GA,3DK (.07500000) Montreal 1,2 (.03330000), Mountain 1 (.10000000) Olympic 1,2,3,4 (.04500000), Seoul 88 (.03330000) Squaw Valley 1,2 (.03330000), St Louis 12 (.03330000) Witty Lease (.04500000), Locations I,J,K,L,M (.10000000) |

ATTACHMENT NO. 4
 INTEREST OWNERS OF WELLS
 CONNECTED OR PROPOSED TO BE CONNECTED TO
 DUGAN PRODUCTION CORP.'S
 GOODTIMES GAS GATHERING SYSTEM
 AS OF 7-1-03

OWNER NAME & ADDRESS

WELLS & INTEREST OWNERSHIP (DECIMAL)

Overriding Royalty Interest Owners (cont.)

| | |
|--|--|
| R.F. Partnership, Ltd. 755 S Elizabeth Denver, CO 80209 | Muddy Mudda Com 90 (.01875000), November 24 1, 24 2 (.03750000) |
| Resource Enterprises Inc. 345 East 4500 South, Suite 300 Salt Lake City, UT 84107 | Helsinki 52 (.00400000) |
| Robins, Melvin P O Drawer 2225 Albuquerque, NM 87102 | Mo Valley 90 (.00045455), Phillips 1 (.00045240), 1FR (.00022600) |
| Robinson, Billie P O Box 1281 Santa Fe, NM 87501-1281 | Muddy Mudda Com 90 (.01875000), November 24 1, 24 2 (.03750000) |
| Roman, Kathleen P O Box 1055 Buena Vista, CO 81211 | Angel's Gate 90 (.00125000) |
| James J. & Nickola A. Rubow 200 S. Main Street Aztec, NM 87410 | Billary 90 (.01500000) |
| San Juan Basin Properties, LLC 1499 Blake Street, #7K Denver, CO 80202 | Luna 3 (.02500000), Rodeo Rosie 1 (.00500000) |
| Sapp, John Dillon 1993 Trust Chase Bank of Texas, Trustee P O Box 201884 Houston, TX 77216-1884 | Adobe A 1 (.00333334), Sapp 1,2,90,91 (.00333333) |
| Sapp, Mary Margaret 1993 Trust Chase Bank of Texas, Trustee P O Box 201884 Houston, TX 77216-1884 | Adobe A 1 (.00333333), Sapp 1,2 (.00333334), 90 (.00333333), 91 (.00333334) |
| Sapp, William Dean 1993 Trust Chase Bank of Texas, Trustee P O Box 201884 Houston, TX 77216-1884 | Adobe A 1 (.00333333), Sapp 1,2 (.00333333), 90 (.00333334), 91 (.00333333) |
| Sealy & Company, LP P O Box 9557 Fort Worth, TX 76147 | Adobe A 1 (.00195430), Sapp 1,2,90,91 (.00195430) |
| SECO Energy Corp. 1801 Broadway, Suite 900 Denver, CO 80202 | Bowers 1,90,91,91S (.01750000), Locations N,O (.01750000) |
| Sheridan, Susan C. 151 South Birch Street Denver, CO 80246-1016 | Calgary 2,3,4,5,6,7,8,88 (.01000000) |
| Slomp, C.B. Family Trust #1501172 Lillian Slomp & Chase Bank of Texas P O Box 201884 Houston, TX 77216-1884 | So Huerfano Federal 1 (.00500000) |
| Spear, Howell & Mary Nan DBA Paradox Oil & Gas Co. P O Box 30169 Pensacola, FL 32503 | Fairway 1 (.03000000) |
| Stewart, Viola I. P O Box 291245 Kerrville TX 78029-1245 | Adobe A 1 (.00043290), Sapp 1,2,90,91 (.00043290) |
| David J. & Jennie F. Steyard, Joint Tenants 19456 E. Nassau Drive Aurora, CO 80013 | Billary 90 (.02500000) |
| Stubberman, Violet Graves c/o David Stubberman P O Box 3473 Ablene, TX 79604 | Adobe A 1 (.00032570), Sapp 1,2,90,91 (.00032570) |

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AS OF 7-1-03**

OWNER NAME & ADDRESS

WELLS & INTEREST OWNERSHIP (DECIMAL)

Overriding Royalty Interest Owners (cont.)

| | |
|---|--|
| Sweeney, Lisa 152 Mary Lynn Lane Newman, GA 30265 | Mo Valley 90 (.00007813), Phillips 1 (.00007776), 1FR (.00003887) |
| Target Exploration Inc. 9180 Rumsey Road Columbia, MD 21045 | Target 1 (.01000000) |
| Ternes, Stella 1275 Sierra Ridge New Lenox, IL 60451 | Mo Valley 90 (.00007813), Phillips 1 (.00007776), 1FR (.00003888) |
| Texas Commerce Bank Trustee, Acct 5067200 P O Box 209871 Houston, TX 77216-9871 | Sapp 90,91 (.00017314) |
| Trujillo, Rosita P O Box 1225 Cheyenne, WY 82003 | Silver Medal 1 (.01250000) |
| Tucker, Dorothy J. Trust 200 Cascade Ave. Cheyenne, WY 82009 | Angel's Gate 90 (.00070313) |
| Unknown Interest Owners c/o Bureau of Land Management 1235 La Plata Highway Farmington, NM 87401 | Holly DK (.01171875) & (.00312500) |
| Voils, George 519 Glen Arbor Grosse Pointe, MI 48236 | Champ 1,2,3,4,5,6,7,8,9 (.05000000) |
| Westway Petro 500 N. Akard, Suite 200 Dallas, TX 75201 | Holly 1GA (.01187500), 1DK (.00742190) |
| Wieland, William K. 7831 Academy Trail NE Albuquerque, NM 87109 | Mo Valley 90 (.00045455), Phillips 1 (.00045240), 1FR (.00022600) |
| Wilkinson, Jack B. Jr. P O Box 305 Midland, TX 79702 | Adobe A 1 (.00129950), Sapp 1,2,90,91 (.00129950) |
| Williams, J.L. 7700 La Condesa NE Albuquerque, NM 87110 | Mo Valley 90 (.00045455), Phillips 1 (.00045240), 1FR (.00022600) |
| Williamson, Martha K. 4949 Skillman #155 Dallas, TX 75206 | Adobe A 1 (.00064930), Sapp 1,2,90,91 (.00064930) |
| Willis, Guy M. P O Box 823447 Dallas, TX 75382 | Mo Valley 90 (.01250000) |
| Wood, Patti Peck P O Box 1099 Rising Star, TX 76471 | Adobe A 1 (.00178850), Sapp 1,2,90,91 (.00178850) |
| Yellow Ribbon Inc. P O Box 6901 Denver, CO 80206 | April Surprise 4DK (.00999400), July Jubilee 2,3,1GA (.02000000) July Jubilee 1DK (.01000000) |
| Zimmerman, Richard c/o Advantage Trust Company P O Box 1337 Salina, KS 67402-1337 | Mo Valley 90 (.00045455), Phillips 1 (.00045240), 1FR (.00022600) |