

Submit to Appropriate  
District Office  
State Lease - 4 copies  
Fee Lease - 3 copies

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

DISTRICT I  
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II  
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

Attachment  
No. 1  
Pg 1 of 3

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

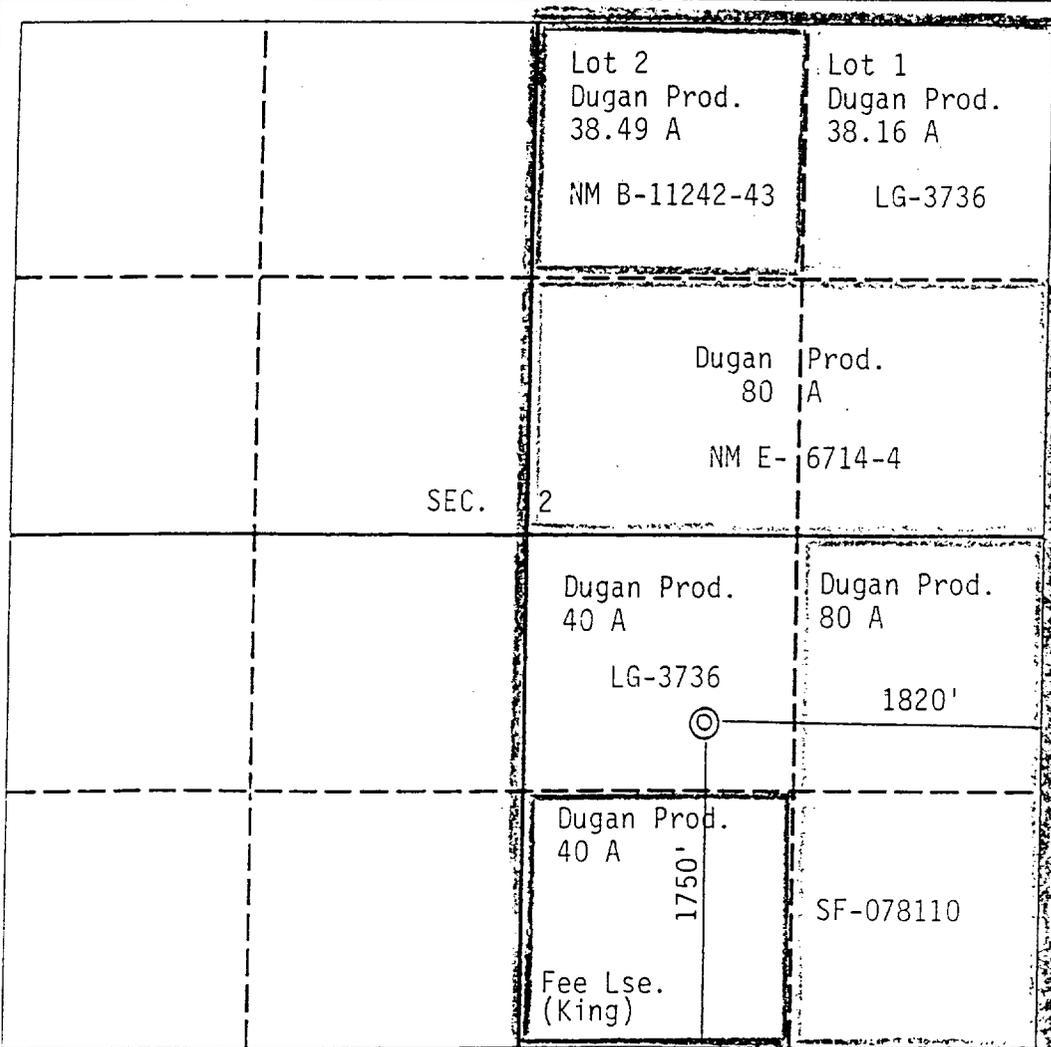
Operator DUGAN PRODUCTION CORP.			Lease Com		Well No. 1
Unit Letter J	Section 2	Township 29 North	Range 14 West	County San Juan	
Actual Footage Location of Well: 1750 feet from the South line and 1820 feet from the East line					
Ground level Elev. 5516'	Producing Formation Fruitland Coal	Pool Basin Fruitland Coal		Dedicated Acreage: 316.65 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?

Yes  No If answer is "yes" type of consolidation NSL-3226

If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary. C.A. Agrmt #NMNM 91272, approved 1/18/94, effective 12/1/90

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature  
*Jim L. Jacobs*

Printed Name  
Jim L. Jacobs

Position  
Vice President

Company  
Dugan Production Corp.

Date  
3/7/94

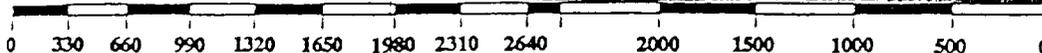
SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed  
3-21-61

Signature & Seal of Professional Surveyor  
Original signed survey plat by James P. Leese is on file.

Certificate No.  
1463



NEW MEXICO OIL CONSERVATION COMMISSION  
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102  
Supersedes C-128  
Effective 1-1-65

Attachment  
No. 1  
Pg 2 of 3

All distances must be from the outer boundaries of the Section.

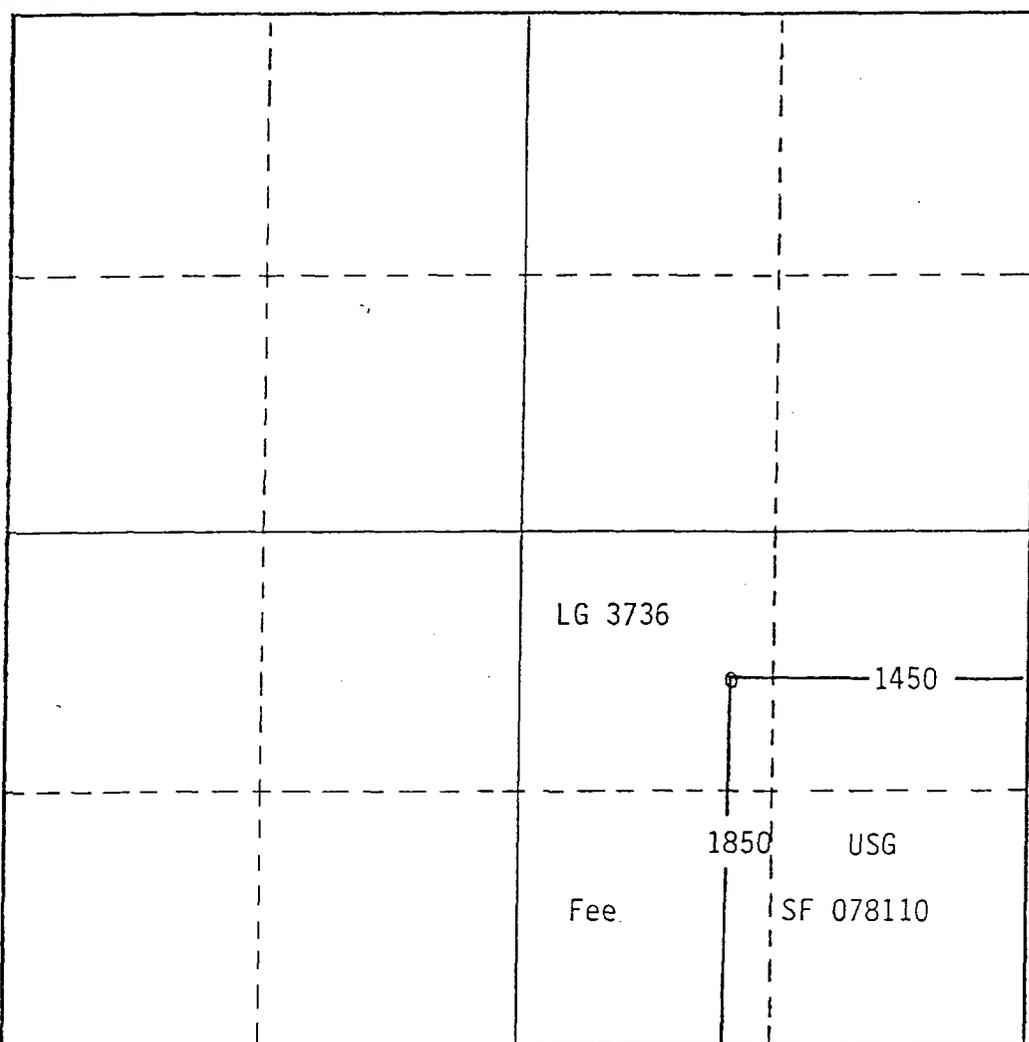
Operator Dugan Production Corp.		Lease Com			Well No. 3
Unit Letter J	Section 2	Township 29N	Range 14W	County San Juan	
Actual Footage Location of Well: 1850 feet from the South line and 1450 feet from the East line					
Ground Level Elev. 5515	Producing Formation Fruitland - PC	Pool Harper Hill FR Sand PC		Dedicated Acreage: 160 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes  No If answer is "yes," type of consolidation \_\_\_\_\_

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) \_\_\_\_\_

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



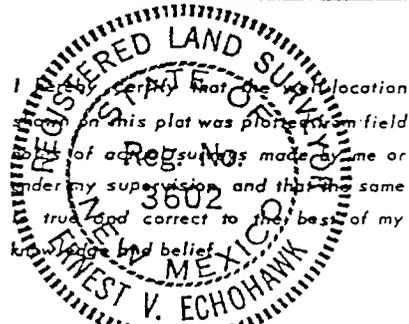
CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

*Thomas A. Dugan*

Name  
Thomas A. Dugan  
Position  
Petroleum Engineer  
Company  
Dugan Production Corp.

Date  
September 21, 1990



Date Surveyed  
Nov. 2, 1978

Registered Professional Engineer  
and/or Land Surveyor  
*E. V. Echohawk*

Certificate No. 3602  
E. V. Echohawk L.S.

District I  
 PO Box 1980, Hobbs, NM 88241-1980  
 District II  
 PO Drawer DD, Artesia, NM 88211-0719  
 District III  
 1000 Rio Brazos Rd., Aztec, NM 87410  
 District IV  
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
 PO Box 2088  
 Santa Fe, NM 87504-2088

Attachment  
 No. 1  
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Form C-102  
 Revised February 21, 1994  
 Instructions on back  
 Appropriate District Office  
 State Lease - 4 Copies  
 Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30 045		2 Pool Code 71629		3 Pool Name Basin Fruitland Coal	
4 Property Code		5 Property Name King Com			6 Well Number 90
7 OGRID No. 006515		8 Operator Name Dugan Production Corporation			9 Elevation 5478'

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	11	29N	14W	B	1128	North	1511	East	San Juan

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres 320.13	13 Joint or Infill	14 Consolidation Code	15 Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16	BLM Brass Cap	1294'	1294'	1128'	1511'	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief  Signature Sherman E. Dugan Printed Name Vice-President Title 3/19/99 Date
		DPC fee	Rebar w/cap #6159			
			Rebar w/cap #6159			
	Section	11	DPC - SF	078110		
			DPC fee			18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.  March 18, 1999 Date of Survey Signature and Seal  Certificate Number 5979
			DPC fee			

ATTACHMENT 2--PAGE 1 OF 3

Dugan Production Corp.

Com Well No. 1

Basin Fruitland Coal

Well Location: NWSE 2, T-29N, R-14W

Spacing Unit: E/2 Sec.2, T-29N, R-14W

(316.65A)

San Juan County, New Mexico

<u>INTEREST OWNER</u>	<u>INTEREST%</u>	
	<u>Net</u>	<u>Gross</u>
<u>Royalty</u>		
State of New Mexico State Land Office Attn: Pete Martinez P. O. Box 1148 Santa Fe, NM 87504-1148	7.762910	-0-
USA - Bureau of Land Management 1235 La Plata Hwy. Farmington, NM 87401	3.158070	-0-
Rilla E. King P. O. Box 186 Dolores, CO 81325	1.579030	-0-
<u>Overriding Royalty Interest</u>		
Marcia M. Daniels c/o Clotilda M. Pope 5480 Wisconsin Ave., Suite 814 Chevy Chase, MD 20015	0.030390	-0-
Louise Adair McDougal Hadley 2 Bluff Road Swansboro, NC 28584	0.121550	-0-
Charles Alan McDougal 7928 Rooksley Ct Raleigh, NC 27615	0.121550	-0-
Robert Bruce McDougal 6608 Penny Lane Bartlesville, OK 74006	0.121550	-0-
Anne S. Henderson 2969 Upton St. NW, Apt. 3 Washington, DC 20008	0.121550	-0-
Robin Thomas Henderson 5028 River Road Bethesda, MD 20016	0.030390	-0-
Russell Stewart Henderson, Jr. 5028 River Road Bethesda, MD 20016	0.030390	-0-
Clotilda M. Pope 5480 Wisconsin Ave., Suite 814 Chevy Chase, MD 20015	0.030390	-0-
Conoco, Inc. 10 Conoco Plaza, 10 Desta Drive Midland, TX 79705	2.368550	-0-
<u>Working Interest</u>		
Dugan Production Corp.	<u>84.523680</u>	<u>100.000000</u>
<b>TOTAL WELL</b>	<b>100.000000</b>	<b>100.000000</b>

ATTACHMENT 2--PAGE 2 OF 3

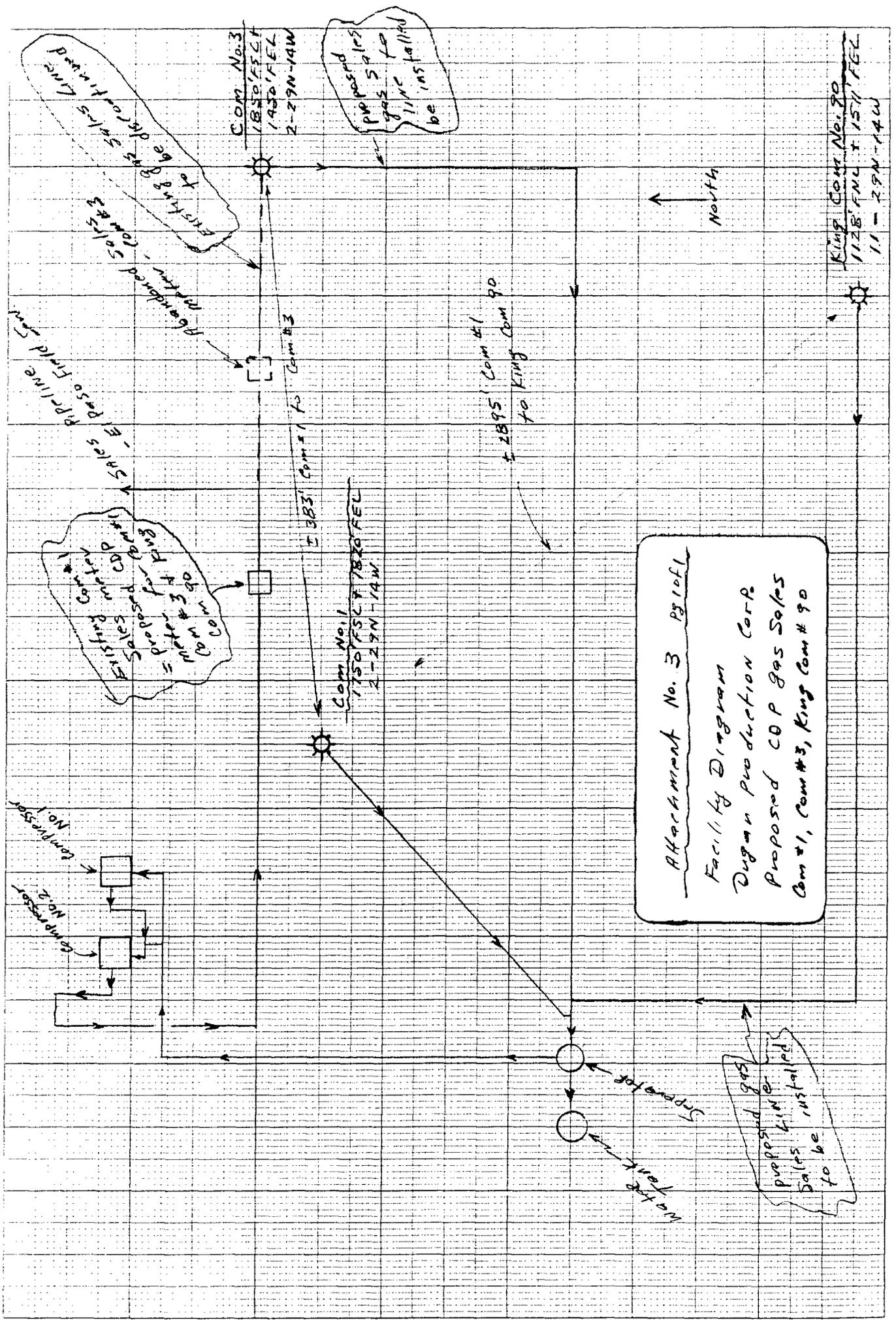
Dugan Production Corp.  
Com Well No. 3  
Harper Hill Fruitland Sand Pictured Cliffs  
Well Location: NWSE 2, T-29N, R-14W  
Spacing Unit: SE/4 Sec.2, T-29N, R-14W  
(160.00A)  
San Juan County, New Mexico

<u>INTEREST OWNER</u>	<u>INTEREST%</u>	
	<u>Net</u>	<u>Gross</u>
<u>Royalty</u> State of New Mexico State Land Office Attn: Pete Martinez P. O. Box 1148 Santa Fe, NM 87504-1148	3.125000	-0-
USA - Bureau of Land Management 1235 La Plata Hwy. Farmington, NM 87401	6.250000	-0-
Rilla E. King P. O. Box 186 Dolores, CO 81325	3.125000	-0-
<u>Working Interest</u> Dugan Production Corp.	<u>87.500000</u>	<u>100.000000</u>
<b>TOTAL WELL</b>	<b>100.000000</b>	<b>100.000000</b>

ATTACHMENT 2--PAGE 3 OF 3

Dugan Production Corp.  
King Com Well No. 90  
Basin Fruitland Coal  
Well Location: NWN 11, T-29N, R-14W  
Spacing Unit: E/2 Sec. 11, T-29N, R-14W  
(320.13A)  
San Juan County, New Mexico

<u>INTEREST OWNER</u>	<u>INTEREST %</u>	
	<u>Net</u>	<u>Gross</u>
Royalty USA - Bureau of Land Management 1235 La Plata Hwy. Farmington, NM 87401	7.814403	-0-
Rilla E. King P. O. Box 186 Dolores, CO 81325	2.342798	-0-
Joseph E. & Twila M. Goodding Living Trust c/o Twila M. Goodding, Trustee 1009 Crestview Circle Farmington, NM 87401	0.780933	-0-
Betty Jane Akins 1309 Dewey Lane Alamogordo, NM 88310	0.292850	-0-
Colleen McSparron 810 Stratford Pismo Beach, CA 93449	0.292850	-0-
LaRue Schenck 3016 Crestridge Farmington, NM 87401	0.292850	-0-
Geraldine Sterling Box 74 Farmington, NM 87499	0.292850	-0-
Robert F. Johnston and Janice A. Johnston 605 Parkland Drive Aztec, NM 87410	0.014642	-0-
Larry Dimmick 650 W. Main, Ste. C Farmington, NM 87401	0.029285	-0-
Bill Jensen 613 Merino Kraal Farmington, NM 87401	0.029285	-0-
Randall E. Presley P. O. Box 2200 Bakersfield, CA 92663	0.187424	-0-
Motor Property Partners 6515 Tevis Drive Bakersfield, CA 93309	0.187424	-0-
State Highway Department of New Mexico P. O. Box 1149 Santa Fe, NM 87504-1149	0.052713	-0-
<u>Working Interest</u> Lee Atchison P. O. Box 15069 Farmington, NM 87499-5069	0.117140	0.117140
Dugan Production Corp.	<u>87.272553</u>	<u>99.882860</u>
<b>TOTAL WELL</b>	<b>100.000000</b>	<b>100.000000</b>



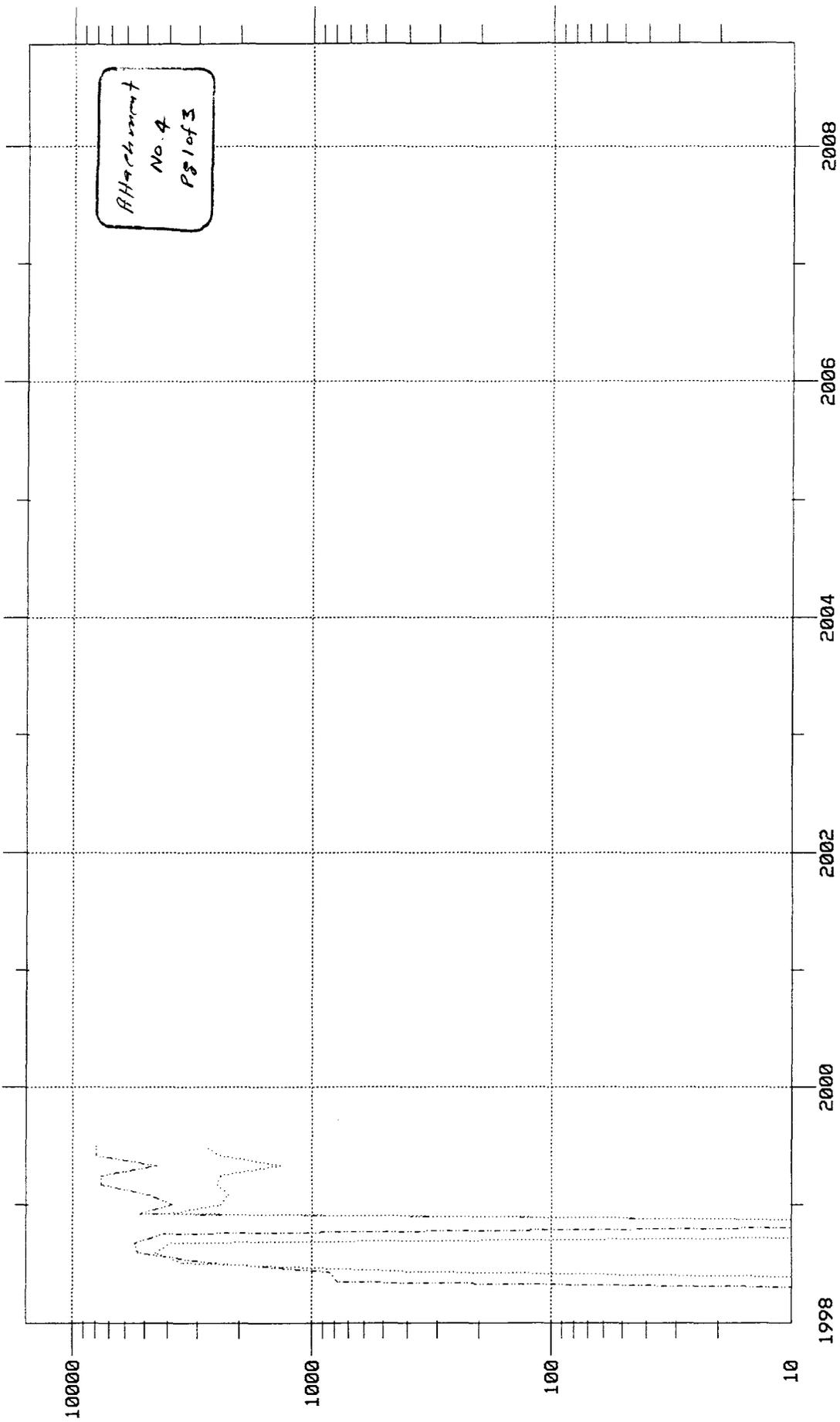
Attachment No. 3 Pg 1 of 1  
 Facility Diagram  
 Dugan Production Corp  
 Proposed COP Gas Sales  
 Com #1, Com #3, King Com # 90

- Not Drawn To Scale -

Calculated  
 Oil .....  
 Gas .....  
 Water - - - -

DUGAN PRODUCTION CORP  
 Production Rate vs Time  
 BBl/Mo or Mcf/Mo vs Months  
 COM No. 1  
 BASIN FRUITLAND COAL

Production  
 Oil .....  
 Gas .....  
 Water - - - -

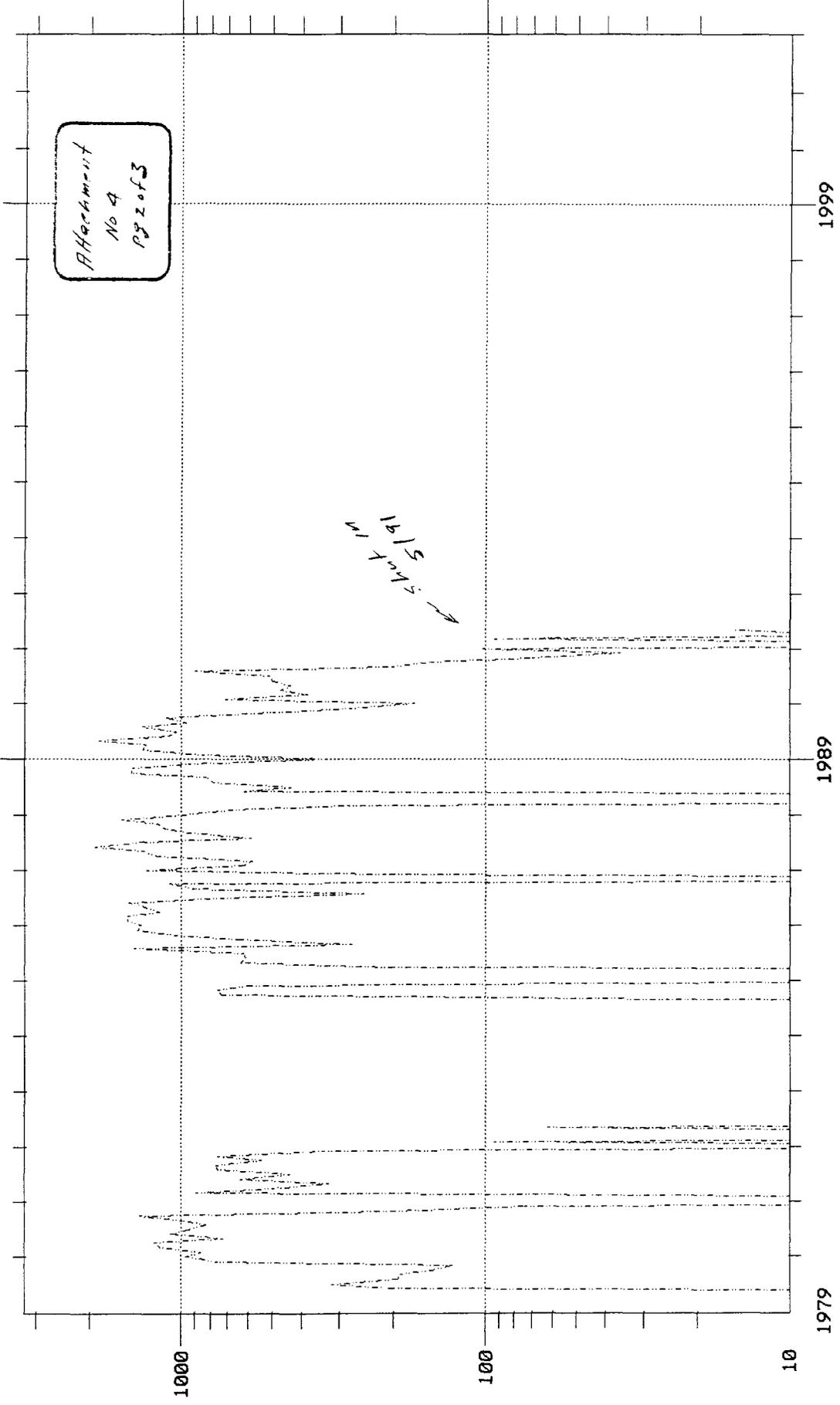


Reported Oil Production = 0 Bbls  
 Reported Gas Production = 68529 Mcf  
 Reported Water Production = 32186 Bbls

Calculated  
 Oil .....  
 Gas .....  
 Water - - -

DUGAN PRODUCTION CORP  
 Production Rate vs Time  
 BBl/Mo or Mcf/Mo vs Months  
 COM No. 3  
 HARPER HILL FRUITLAND SAND-PICTURED CLIFFS

Production  
 Oil .....  
 Gas .....  
 Water - - -



Reported Oil Production = 0 Bbls  
 Reported Gas Production = 77943 Mcf  
 Reported Water Production = 0 Bbls

**Attachment No. 4 - Page 3 of 3**  
**King Com No. 90**

**Completion & Test History**

5/24/99	Perforate Fruitland Coal 958'-964', 997'-1001', 1077'-1084
6/14/99	Pump into Fruitland Coal perms 958'-1084' w/500 gal. 15% HCL & 900 bbl water.
6/15/99	Installed 1-1/2" rod pump and commenced testing.
7/22/99	Pump tested 20 MCFD + 31 BWPD. Reported initial potential.
7/24-25/99	Pump tested 15.1 MCFD + 25.9 BWPD.
7/26-27/99	Pump tested 15.5 MCFD + 12.7 BWPD.
8/4-9/99	Pump tested 16.7 MCFD + 11.9 BWPD.
8/9/99	16.9 MCFD.
8/10/99	23.9 MCFD + 19 BWPD.
8/11/99	Shut in. Waiting on pipeline connection.

Attachment No. 5  
Allocation Procedures  
Dugan Production Corp.'s  
Proposed Surface Commingling & Off-Lease Measurement  
Com No. 1 CDP: J-2-29N-14W  
San Juan County, New Mexico

Base Data:

U=Water volume (BWPD) from Periodic Well Test x days operated during allocation period

V=Water volume (bbl) at Central Battery during allocation period

W=Gas volume (MCFD) from Periodic Well Test x days operated during allocation period

X=Gas volume (MCF) from CDP Sales Meter during allocation period

Y=BTU's from CDP Sales Meter during allocation period

Z=Gas Revenue (\$) from CDP Sales Meter during allocation period

Allocation Period is typically a calendar month and will be the same for all wells.

1. Individual Well Gas Production = A+B+C+D+E

A = Allocated Sales Volume, MCF.

$$= (W/\text{SUM } W) \times X$$

B = On lease fuel usage, MCF. Determined from equipment specifications and operating conditions.

C = Purged and/or vented gas from well and/or lease equipment, MCF. Calculated using equipment specifications and pressures.

D = Allocated fuel from gathering system equipment, MCF. The total fuel required to operate gathering system equipment will be allocated to the individual wells benefiting from the equipment using allocation factors determined by  $W / \text{Sum } W$  for the wells involved.

E = Allocated volume of gas lost and/or vented from the gathering system and/or gathering system equipment, MCF. The total volume will be determined using industry accepted procedures for the conditions existing at the time of the loss. All volumes corresponding to liquid condensation within the gathering system will also be determined. The total volume lost and/or vented will be allocated to the individual wells affected using factors determined by  $W / \text{Sum } W$ .

2. Allocated Individual Well BTU's =  $((W \times \text{Individual well BTU}) / \text{Sum } (W \times \text{individual well BTU})) \times Y$ .

Individual well gas heating values to be determined in accordance with BLM's Onshore Order No. 5.

3. Allocated Individual Gas Revenues =  $(\text{Allocated Individual well BTU's} / \text{Sum Allocated individual well BTU's}) \times Z$

4. Individual Well Water Production = Allocated production volume, bbl= $(U / \text{Sum } U) \times V$

CO.CD 23 EL PASO NATURAL GAS  
CUSTOMER ACCOUNTING SERVICES DEPARTMENT  
VOLUME CALCULATION DIVISION  
POST OFFICE BOX 1492  
EL PASO, TEXAS 79978

CONTACTS:  
EL PASO FIELD SERVICES  
(713) 757-5953  
EL PASO MAINLINE  
(915) 496-2595

DATE 7/07/99

CHROMATOGRAPHIC GAS ANALYSIS REPORT

Attachment  
No. 6  
Pg 1 of 2

MAILEE  
26730

DUGAN PRODUCTION CORPORATION  
P O BOX 420  
FARMINGTON, NM 87499-0420

METER NUMBER 73044 - COM #1 - Basin Fruitland Cool (J-2-29N-14W)  
OPERATOR 1862 - DUGAN PRODUCTION CORP

ANALYSIS DATE 5/17/99 TYPE CODE 2 - ACTUAL  
SAMPLE DATE 5/14/99 H2S GRAINS 0  
EFFECTIVE DATE 6/01/99 LOCATION F - FARM BECK  
EFFECTIVE FOR 6 MONTHS

COMPONENTS	NORMALIZED MOL %	GPM
CO2	.69	.000
H2S	.00	.000
N2	.19	.000
METHANE	97.32	.000
ETHANE	1.10	.294
PROPANE	.37	.102
ISO-BUTANE	.07	.023
NORM-BUTANE	.10	.032
ISO-PENTANE	.04	.015
NORM-PENTANE	.03	.011
HEXANE PLUS	<u>.09</u>	<u>.039</u>
	100.00	0.516

SPECIFIC GRAVITY .578  
MIXTURE HEATING VALUE  
(BTU @ 14.73 DRY) 1029  
RATIO OF SPECIFIC HEATS .000  
NO TEST SECURED FOR H2S CONTENT

EL PASO NATURAL GAS COMPANY  
 VOLUME ACCOUNTING DEPARTMENT  
 MEASUREMENT DIVISION  
 POST OFFICE BOX 1492  
 EL PASO, TEXAS 79978  
 PHONE: (915) 541-5267  
 CHROMATOGRAPHIC GAS ANALYSIS REPORT

DATE 11/13/89

MAILEE  
 26730

DUGAN PRODUCTION CORPORATION  
 P. O. BOX 208  
 FARMINGTON, NEW MEXICO 87401

Attachment  
 No. 6  
 pg 2 of 2

METER NUMBER 90541 - COM 3 - Harper Hill Fruitland Sand - PC (J-2-29N-14W)  
 OPERATOR 1862 - DUGAN PRODUCTION CORP

ANALYSIS DATE 0/00/00 TYPE CODE 2 - ACTUAL  
 SAMPLE DATE 10/20/89 H2S GRAINS 0  
 EFFECTIVE DATE 11/01/89 LOCATION F - FARMINGTON  
 EFFECTIVE FOR 6 MONTHS

COMPONENTS	NORMALIZED MOL %	GPM
CO2	.56	.000
H2S	.00	.000
N2	.37	.000
METHANE	95.82	.000
ETHANE	1.71	.457
PROPANE	.78	.215
ISO-BUTANE	.06	.020
NORM-BUTANE	.30	.095
ISO-PENTANE	.08	.029
NORM-PENTANE	.06	.022
HEXANE PLUS	<u>.26</u>	<u>.113</u>
	100.00	0.951

SPECIFIC GRAVITY .593  
 MIXTURE HEATING VALUE  
 (BTU @ 14.73 DRY) 1053  
 RATIO OF SPECIFIC HEATS 1.302  
 NO TEST SECURED FOR H2S CONTENT