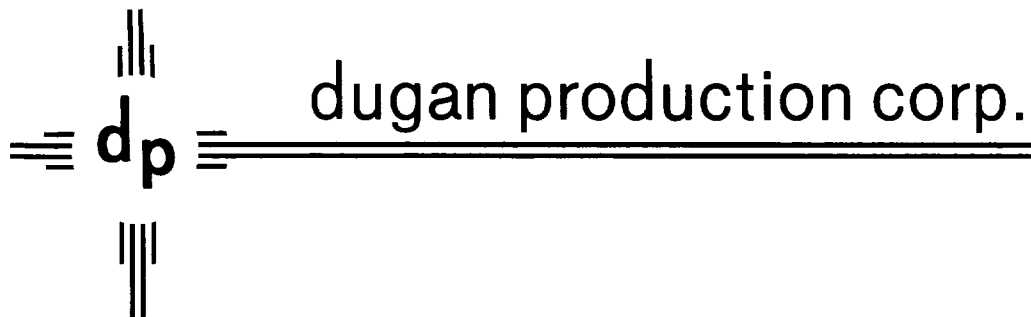




July 5, 2000

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: Correction to Dugan's Application dated 6-30-00
Add 2 wells to Dugan's Com 1E CDP (Tabor Gathering System)
Plus Surface Commingling, Off-lease Measurement and Sale of Natural Gas
Dugan Production's Jiggs No. 1 & Jiggs No. 2
Federal Lease No. NM-0206995
San Juan County, New Mexico

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

Attachment No. 2 to our 6-30-00 application has been revised to reflect a correction to the API number for the Jiggs No. 2 and the lease numbers for the Jiggs No. 1 and 2 wells. I've included a copy of Attachment No. 2 (revised 7-5-00) which should be used to replace Attachment No. 2 initially included in our application.

Also attached for your ease in noting these corrections is the original Attachment No. 2 on which I've noted the changes.

We hope this does not create any significant problem in your processing our application and appreciate your making the changes or using the revised version of Attachment No. 2 whichever is most convenient for you. Please let me know if you have questions.

Sincerely,

John D. Roe
Engineering Manager

JDR/tmf

attachments

ATTACHMENT NO. 2 (Revised 7-5-00)
DUGAN PRODUCTION CORP.
TABOR GATHERING SYSTEM AND CDP
SAN JUAN COUNTY, NEW MEXICO

Well Name	API Number	Well Location		Well Location		CA Number	Pool	Completion Date	Current Prod.		Spacing Unit
		Unit	Sec-Twn-Rng	Lease No.	Lse.Type				MCFD	BC/D	
WELLS PREVIOUSLY APPROVED FOR SYSTEM											
Com No. 1E	30-045-23940	A	2-29N-14W	LG-3736	State	14080017765	Basin Dakota	12/8/79	47(1)	0.15	E2-316.65A
Com No. 2	30-045-23199	A	2-29N-14W	LG-3736	State	State C.A.	Harper Hill FrSd/PC	10/21/78	14(1)	0	NE-156.65A
Com No. 4	30-045-29986	C	2-29N-14W	B-11242	State	Pending	Harper Hill FrSd/PC	12/7/99	348(2)	0	NW-157.95A
Federal I No.99	30-045-29989	H	3-29N-14W	SF-078110	Federal	N/A	Basin Fruitland Coal	12/9/99	0(3)	0	E2-318.45A
Tabor Com No. 90	30-045-29994	H	35-30N-14W	NM-33051	Federal	NMNM102982	Basin Fruitland Coal	12/6/99	0(4)	0	E2-332.49A
WELLS TO BE ADDED TO SYSTEM											
Jiggs No. 1	30-045-30183	E	35-30N-14W	NM-0206995	Federal	N/A	Harper Hill FrSd/PC	Location	---	---	NW-160A
Jiggs No. 2	30-045-30177	I	35-30N-14W	NM-0206995	Federal	N/A	Harper Hill FrSd/PC	See Note (5)	---	---	SE-172.49A

Notes:

N/A Not Needed

- (1) Average during April 2000. Cum production 2-1-2000: Com #1E=742,650 MCF + 7,552 bbl condensate, Com #2 = 235,528 MCF.
- (2) Well first delivered into El Paso's pipeline 2-2-2000. Production is average for 4/2000 - Water production = 100 BWPD
- (3) Well is shut in, ran rods & pump 6/27/00 - Test during completion 12/99 - SITP = 280 psig, est rate = 143 MCFD + 85 BWPD
- (4) Well is shut in waiting on pipeline connection - Test during completion 12/99 - SITP = 310 psig, est rate = 130 MCFD + 75 BWPD
- (5) Well spudded 6/22/00 and 4-1/2" casing cemented @ 1250' on 6/26/00. Well is waiting to be completed.

ATTACHMENT NO. 2 (Revised 7-5-00)
DUGAN PRODUCTION CORP.
TABOR GATHERING SYSTEM AND CDP
SAN JUAN COUNTY, NEW MEXICO

Well Name	API Number	Well Location		Well Location		CA Number	Pool	Completion Date	Current Prod.		Spacing Unit
		Unit	Sec-Twn-Rng	Lease No.	Lse. Type				MCFD	BC/D	
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Com No. 2	30-045-23199	A	2-29N-14W	LG-3736	State	State C.A.	Harper Hill FrSd/PC	10/21/78	14(1)	0	NE-156.65A
Com No. 4	30-045-29986	C	2-29N-14W	B-11242	State	Pending	Harper Hill FrSd/PC	12/7/99	348(2)	0	NW-157.95A
Federal I No.99	30-045-29989	H	3-29N-14W	SF-078110	Federal	N/A	Basin Fruitland Coal	12/9/99	0(3)	0	E2-318.45A
Tabor Com No. 90	30-045-29994	H	35-30N-14W	NM-33051	Federal	NMNM102982	Basin Fruitland Coal	12/6/99	0(4)	0	E2-332.49A
WELLS TO BE ADDED TO SYSTEM											
Jiggs No. 1	30-045-30183	E	35-30N-14W	NM-020699	Federal	N/A	Harper Hill FrSd/PC	Location	---	---	NW-160A
Jiggs No. 2	30-045-25879	I	35-30N-14W	NM-020699	Federal	N/A	Harper Hill FrSd/PC	See Note (5)	---	---	SE-172.49A

Notes:

N/A Not Needed

- (1) Average during April 2000. Cum production 2-1-2000: Com #1E=742,650 MCF + 7,552 bbl condensate, Com #2 = 235,528 MCF.
- (2) Well first delivered into El Paso's pipeline 2-2-2000. Production is average for 4/2000 - Water production = 100 BWPD
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→ Should be 30-045-30177 → Should be NM-0206995