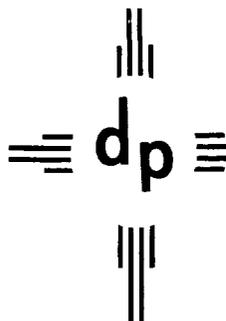


229426558 PLC

~~11/1/02~~
11/3/02



dugan production corp.

October 11, 2002

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

Mr. Steve Henke
Bureau of Land Management-FFO
1235 La Plata Highway, Suite A
Farmington, NM 87401

Re: Proposed Surface Commingling and Off-Lease Measurement of Natural Gas
23 Wells Operated by Dugan Production Corp.
Dugan Production Corp.'s Proposed Piñon Mesa Gathering System
San Juan County, New Mexico

Dear Ms. Wrotenbery and Mr. Henke:

We are writing to request your approvals for the surface commingling of natural gas and water, plus the off-lease measurement and sale of natural gas produced from 23 wells operated by Dugan Production Corp. (DPC). The 23 wells consist of 8 wells completed in the Basin Dakota Gas Pool (Pool No. 71599 - all of which are currently delivering gas directly to El Paso Natural Gas); 7 wells completed in the Basin Fruitland Coal Gas Pool (Pool No. 71629 - 2 of which are recently completed, 4 of which have recently been drilled and are being completed, and 1 of which is a location to be drilled); plus 8 wells completed in the Harper Hill Fruitland Sand-Pictured Cliffs Gas Pool (Pool No. 78160 - 2 of which are producing, 4 of which have recently been completed, and 2 of which have been drilled and are being completed). Dugan Production Corp. holds 100% of the working interest in 17 of the wells and the gathering system. The spacing units for all wells encompass all or parts of 11 Federal leases (NM-628, NM-2555, NM-6899, NM-10561, NM-13213, NM-15272, NM-26052, NM-70298, NM-71716, SF-079070, and SF-081231-B), and all royalty interest is Federal. All but two wells have overriding royalty interest owners. There will be no commingling of liquid hydrocarbons. Each well producing condensate will be equipped with the necessary separation equipment to separate and store the condensate at each individual well. In addition to requesting approvals for the proposed surface commingling and off-lease measurement, we are also advising that upon placing the Piñon Mesa Gas Gathering System in operation, the CDP's currently authorized for Dugan's Big Field No. 1 & 5 wells (NMOCD Commingling Order PC-1017) plus Dugan's Mucho Deal No. 1 & 14 wells (NMOCD Commingling Order PC-1019) will no longer be needed and will be discontinued.

The Piñon Mesa Gathering System is in an area that Dugan Production Corp. currently operates 8 Dakota wells producing a total of 208 mcf/d and 2.8 bbl. condensate per day (average of 26 mcf/well), plus 2 Fruitland Sand-PC wells producing a total of 313 mcf/d plus 229 BWP/D (average of 156 mcf/d and 115 BWP/D per well). All 10 wells are currently connected directly to El Paso's pipeline, which averages a pressure of 250 to 275 psi and at times will approach 400 psi. The Dakota wells are all considered to be marginal producers, and all have produced 22 to 31 years with cumulative production for all 8 wells being 2.31 Bcf (ranging from 96 to 485 mmcf/well). The two Fruitland Sand-PC wells have only been producing for approximately two years and to date have produced a total of 160 mmcf of gas plus 121,200 bbls. water. The terrain in this area is fairly rough, and the water production currently must be hauled by truck for disposal, which is becoming cost prohibitive. In order to continue development of the Fruitland Sand, Fruitland Coal, and Pictured Cliffs formations on DPC's leases and to optimize production from existing

wells, the Piñon Mesa Gathering System is being installed. This will entail installing approximately 40,400 ft. of 4" to 10" gas gathering lines, plus approximately 40,400 ft. of 2" to 6" water gathering lines. All gathering lines will be new polyethylene pipe rated for 160 psi operating pressure and will be buried. In addition, a central battery will be constructed to receive the gas produced from all wells plus the water produced from all Fruitland Sand-PC and Fruitland Coal wells. The small volumes of water produced from the Dakota wells (average of 0.1 BWPD/well) will continue to be separated and stored at the well and will be hauled by truck for disposal. In addition, a water disposal well, Dugan's Molly Pitcher No. 4 WDW, has been drilled at the central battery location (H-14-30N-14W) and will be used for disposal of produced water from the central battery (Administrative Order SWD-840 dated 06-27-02). Natural gas at the central battery will be compressed using a central compressor, and the gas delivered to a central delivery point (CDP) sales meter located on El Paso's pipeline at Dugan Production's Molly Pitcher No. 1 well (H-14-30N-14W). The meter currently installed for the Molly Pitcher No. 1 (El Paso Meter No. 90018) will be converted to the CDP sales meter and will be operated and maintained by El Paso. The gas pipeline between the compressor and the CDP sales meter will be 4" steel. All wells connected to the gathering system (including the Molly Pitcher No. 1) will be equipped with an allocation meter (Barton Dry Flow or equivalent) installed at each well to measure the gas volumes from each well. Dugan Production will operate and maintain the allocation meters. Upon placing the Piñon Mesa Gathering System in operation, we anticipate production from the wells connected to the gathering system will average ± 2.5 mmcf/d, ± 2.3 bbls. condensate per day plus ± 2225 BWPD.

Dugan's wells completed in the Fruitland Sand-PC and the Fruitland Coal pools typically produce natural gas up the casing-tubing annulus, and after metering the gas at the individual well site, the gas is transported to the central battery in a gas gathering system. The water from each well, plus any natural gas that is associated with the water production, is produced up the tubing (typically using rod pump artificial lift equipment) and is transported to the central battery in a gathering system separate from the gas. At the central battery, the commingled produced water streams and any associated natural gas will be separated. The water will be transferred to water storage tanks and then injected into Dugan Production's Molly Pitcher No. 4 water disposal well, using a water injection pump also located at the central battery. Any natural gas separated from the water at the central battery will be metered using conventional gas metering equipment, and after metering, the gas will be delivered to the central compressor for compression and sale. This meter will be of similar design to the gas metering equipment located at each well and will be treated the same as all other allocation meters. The gas recovered from the central battery water separator will be allocated to the individual wells contributing water production to the separator based upon volumes of water each well produced. Based upon our experience with other similar systems, we anticipate that very little gas will be produced with the water. The proposed allocation procedures for water and gas are presented on Attachment No. 5. The water production rates will be periodically tested at each well using Dugan's portable test unit. The test frequency will be based upon need as determined by volumes at the central battery; i.e., any changes of significance in the total volume will indicate the need for retesting each well.

To insure that gas volumes and revenues measured at the CDP sales meter are properly allocated to each well, we plan to install and maintain conventional, continuous recording gas meters (Barton dry flow or equivalent) on each well and will use a commercial integration service to integrate the individual charts each allocation period, which typically will be a calendar month. These volumes will then be used to determine allocation factors for each well. Gas BTUs and revenues will be allocated from the CDP sales meter to each well using allocation factors determined by applying gas heating values determined from gas samples taken from each well to the volumes measured by each lease allocation meter.

To insure the integrity of the Piñon Mesa Gas Gathering System, all lines will be pressure tested upon initial installation and then routinely surveyed using our portable gas detector. Should a leak be detected, we will initiate repairs as soon as possible.

Attachment No. 1 was reproduced from the Young Lake USGS Quadrangle Topography Map and presents the proposed Piñon Mesa Gas Gathering System, along with the wells to be connected, to the system. In addition, Dugan Production's leasehold interest for these wells is also presented. Attachment No. 2 presents well and lease information for each of the wells to be connected to the gathering system. Attachment No. 3 presents the C-102's for each of the wells, along with the dedicated spacing units and

associated leases. Attachment No. 4 presents the ownership for each of the wells, and Attachment No. 5 presents the proposed allocation procedures. Attachment No. 6 presents gas analyses believed to be representative of the gas to be surface commingled. The samples from the Basin Dakota and Harper Hill Fruitland Sand-PC come from system wells currently connected to El Paso; however, since a gas analysis is not available from any of the wells completed in the Fruitland Coal, a gas sample from Dugan's Jacobs Com #90, located ± 2 miles to the south, is presented and is believed to be representative of the Basin Fruitland Coal for the wells to be connected. It is our belief that these gases are compatible, and there will be no problems resulting from commingling. Attachment No. 7 presents production graphs for each of the eight Basin Dakota plus two Fruitland Sand-PC wells that are currently connected directly to El Paso. Upon reviewing the graphs, it can be seen that each of these wells have always been fairly low volume producers. Only four of the wells (Big Field No. 1 & 5, plus Mucho Deal No. 1 & 14) have compression installed, and all four exhibit improved production with the compressors. These four wells reflect two separate central delivery facilities previously authorized by the NMOCD and BLM. The Big Field No. 1 (Dakota) and Big Field No. 5 (Fruitland Sand-PC) were authorized by NMOCD Commingling Order PC-1017 dated 08-30-00 and approved by the BLM on 09-14-00. This CDP was necessary to produce the recently completed Big Field No. 5, which would not produce against El Paso's pipeline pressure without the aid of compression. Since the Big Field No. 1 well was in close proximity to the No. 5 well, both wells were able to benefit from the compression necessary to produce the No. 5 well. The second CDP was set up for the Mucho Deal No. 1 and 14 wells to accommodate the recent Fruitland Sand-PC completion in the No. 14, which also could not produce into the pipeline without the assistance of compression. The Mucho Deal No. 1 and 14 CDP was authorized by NMOCD Commingling Order PC-1019 dated 09-18-00 and was approved by the BLM on 09-14-00. Upon installing the Piñon Mesa Gathering System, it will no longer be necessary to maintain these two CDP's, and the Big Field No. 1 and No. 5, plus the Mucho Deal No. 1 and No. 14 wells, will each be equipped with individual allocation meters and will be operated the same as all other wells on the gathering systems. Compressors have not been installed on all of the Dakota wells due to marginal economics anticipated using individual wellhead compressors. Upon placing the Piñon Mesa Gathering System in operation using central compression, we anticipate the gathering system pressure will average ± 30 psi, which should allow for improved production in all Dakota wells and will be necessary for all Fruitland Sand-PC and Fruitland Coal wells to produce.

Attachment No. 8 presents a drawing of the central battery facilities which are constructed upon the location for Dugan's Molly Pitcher No. 4 WDW. The gas compressor initially will be equipped with a 225 hp engine. It is likely that this compressor will be resized after the gathering system is operating and the gas volumes established. The 225 hp engine will require 56.7 mcf/d for fuel. The only other gathering system fuel requirement will be 8.06 mcf/d for the 32 hp engine on the water disposal pump.

Attachment No. 9 presents a copy of the transmittal letter used to send copies of this application to the two working interest owners in six of the wells.

Attachment No. 10 is a copy of the notice letter sent to the overriding royalty interest owners (ORRI). We did not send copies of the application to the ORRI owners, but did offer to provide copies upon their request. All copies were sent by "certified - return receipt" mail, and upon receiving the receipts, copies will be forwarded to the NMOCD as evidence of interest owner notice.

In summary, Dugan Production Corp. is proposing to install a gathering system that will connect 23 wells to a central battery; will provide central compression for many wells that will not be able to support individual wellhead compressors; will provide a gathering system pressure of ± 30 psi which is necessary for the wells completed in the Fruitland Sand-PC plus Fruitland Coal pools to produce. In addition, all water will be moved from the individual wells to the central battery by pipeline, rather than trucking. This will not only be more economic, but will save a substantial road maintenance requirement should the water be moved by truck. The central compression as opposed to individual wellhead compressors will use less fuel and will produce less exhaust and noise emissions. All gas will be measured at each well with allocation meters, and revenues will be allocated from the CDP to individual wells using factors based upon BTU's computed for each individual well. All wells should benefit from the reduced operating expenses of a central battery and gathering system, which will ultimately result in the increased recoveries of natural gas reserves from each well.

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

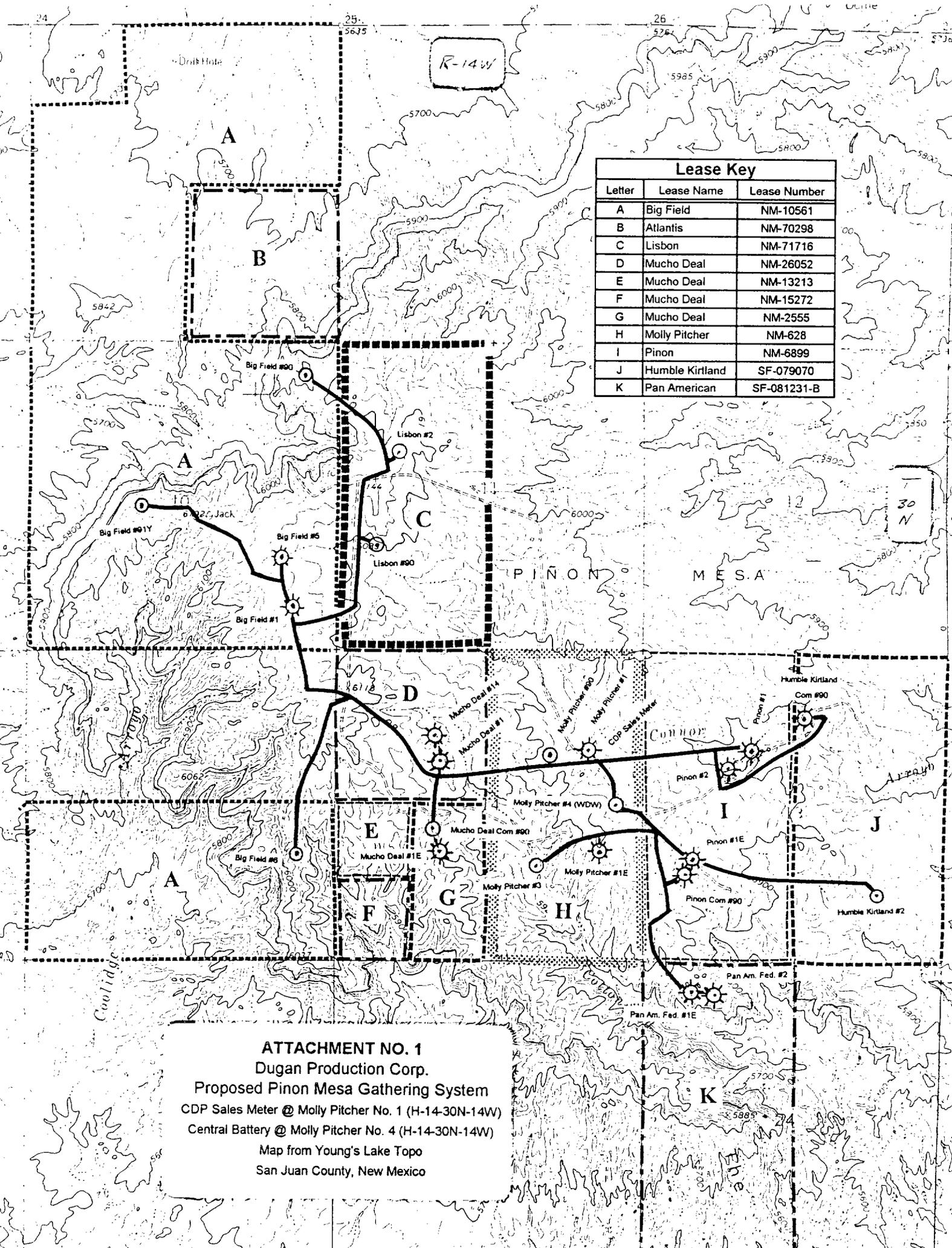
Sincerely,

A handwritten signature in cursive script that reads "John D. Roe".

John D. Roe
Engineering Manager

JDR:sh

cc: NMOCD – Aztec
Questar E&P Company
San Juan Basin Properties, LLD



R-14W

Lease Key		
Letter	Lease Name	Lease Number
A	Big Field	NM-10561
B	Atlantis	NM-70298
C	Lisbon	NM-71716
D	Mucho Deal	NM-26052
E	Mucho Deal	NM-13213
F	Mucho Deal	NM-15272
G	Mucho Deal	NM-2555
H	Molly Pitcher	NM-628
I	Pinon	NM-6899
J	Humble Kirtland	SF-079070
K	Pan American	SF-081231-B

30
N

ATTACHMENT NO. 1

Dugan Production Corp.

Proposed Pinon Mesa Gathering System

CDP Sales Meter @ Molly Pitcher No. 1 (H-14-30N-14W)

Central Battery @ Molly Pitcher No. 4 (H-14-30N-14W)

Map from Young's Lake Topo

San Juan County, New Mexico

**ATTACHMENT NO. 2
DUGAN PRODUCTION CORP.
PROPOSED PINON MESA GATHERING SYSTEM AND CDP
CDP Sales Meter @ H-14-30N-14W (Molly Pitcher No. 1 - El Paso Meter #90018)
SAN JUAN COUNTY, NEW MEXICO**

Well Name	API No. 30-045-	Well Location		Well Location Lse. Type	CA Number	Pool	Completion Date	Current Prod.			Spacing Unit	Sales to El Paso	
		UL-Sec-Twn-Rng	Lease No.					MCFD	BC/D	BW/D		First Delivery	El Paso Meter
Big Field #1	22763	P-10-30N-14W	NM10561	Federal	N/A	Basin Dakota	05/10/79	22	0	0.1	S/2-320A	06/23/80	93115
Big Field #5	30182	I-10-30N-14W	NM10561	Federal	N/A	Harper Hill FR Sand PC	08/01/00	200	0	112	SE/4-160A	11/13/00	93115
Big Field #6	30917	I-15-30N-14W	NM10561	Federal	N/A	Harper Hill FR Sand PC	⑤	150	0	100	SE/4-160A		
Big Field #90	30914	A-10-30N-14W	NM10561	Federal	N/A	Basin Fruitland Coal	Location	200	0	150	E/2-318.05A		
Big Field #91Y	31208	K-10-30N-14W	NM10561	Federal	N/A	Basin Fruitland Coal	⑤	200	0	150	W/2-319.11A		
Humble Kirtland #2	30931	P-13-30N-14W	SF-079070	Federal	N/A	Harper Hill FR Sand PC	08/06/02	125	0	95	SE/4-151.80A		
Humble Kirtland Com #90	30921	B-13-30N-14W	SF-079070	Federal	pending	Basin Fruitland Coal	06/18/02	100	0	200	N/2-314.98A		
Lisbon #2	30924	E-11-30N-14W	NM-71716	Federal	N/A	Harper Hill FR Sand PC	⑤	150	0	100	NW/4-156.52A		
Lisbon #90	30923	L-11-30N-14W	NM-71716	Federal	N/A	Basin Fruitland Coal	⑤	200	0	150	W/2-316.52A		
Molly Pitcher #1	22084	H-14-30N-14W	NM628	Federal	N/A	Basin Dakota	11/16/76	18	0.3	0.1	E/2-320A	05/22/78	90018
Molly Pitcher #1E	23612	I-14-30N-14W	NM628	Federal	N/A	Basin Dakota	10/24/79	19	0.3	0.1	E/2-320A	02/28/80	90904
Molly Pitcher #3	30915	J-14-30N-14W	NM628	Federal	N/A	Harper Hill FR Sand PC	08/06/02	110	0	150	SE/4-160A		
Molly Pitcher #90	30930	G-14-30N-14W	NM628	Federal	N/A	Basin Fruitland Coal	⑤	200	0	150	E/2-320A		
Mucho Deal #1	22570	F-14-30N-14W	NM-26052	Federal	SRM1154	Basin Dakota	08/02/77	21	0	0.1	W/2-320A	05/22/78	90019
Mucho Deal #1E	22571	K-14-30N-14W	NM-2555	Federal	SRM1154	Basin Dakota	10/24/79	10	0.3	0.1	W/2-320A	04/28/80	93004
Mucho Deal #14	30179	F-14-30N-14W	NM26052	Federal	N/A	Harper Hill FR Sand PC	07/26/00	113	0	117	NW/4-160A	11/22/00	90019
Mucho Deal Com #90	30916	K-14-30N-14W	NM-2555	Federal	pending	Basin Fruitland Coal	⑤	200	0	150	W/2-320A		
Pan American Federal #1E	23675	D-24-30N-14W	SF-081231-B	Federal	N/A	Basin Dakota	10/31/79	60	0.7	0.1	W/2-320A	04/28/80	93005
Pan American Federal #2	30918	D-24-30N-14W	SF-081231-B	Federal	N/A	Harper Hill FR Sand PC	06/28/02	100	0	200	NW/4-160A		
Pinon #1	20956	F-13-30N-14W	NM-6899	Federal	N/A	Basin Dakota	12/06/71	27	0.2	0.1	W/2-320A	06/19/72	87393
Pinon #1E	24186	L-13-30N-14W	NM-6899	Federal	N/A	Basin Dakota	05/27/80	31	0.5	0.1	W/2-320A	11/25/80	93398
Pinon #2	30920	F-13-30N-14W	NM-6899	Federal	N/A	Harper Hill FR Sand PC	06/18/02	100	0	200	NW/4-160A		
Pinon Com #90	30919	L-13-30N-14W	NM-6899	Federal	pending	Basin Fruitland Coal	06/28/02	100	0	200	S/2-311.80A		
23 Well Total								2,456	2.3	2,225			

Notes:

- N/A - Not applicable or not needed.
- ① Current production data represents daily average for 6/02 & 7/02. For wells completed but not producing, data presents IP test. For wells not completed, data presents anticipated production rates.
- ② NMOCD Commingling Order PC-1017, dated 08/30/00, authorized converting El Paso Meter #93115 (NENE 15-30N-14W) to a CDP for Dugan's Big Field No. 1 & 5 wells, plus the off-lease measurement for both wells. BLM approval was dated 09/14/00.
- ③ NMOCD Commingling Order PC-1019, dated 09/18/00, authorized converting El Paso Meter #90019 (SE/W 14-30N-14W) to a CDP for Dugan's Mucho Deal No. 1 & 14 wells. BLM approval was dated 09/14/00.
- ④ The Mucho Deal No. 1E currently is shut in. We anticipate doing remedial work to restore production upon installing the Pinon Mesa Gathering System. The production rates presented reflect anticipated production rates.
- ⑤ Development well activity:

Well	Spud	Casing Size & Depth	Well Status
Big Field No. 6	8/26/2002	5-1/2" @ 1,818'	Waiting on completion
Big Field No. 91Y	9/12/2002	5-1/2" @ 1,878'	Waiting on completion
Lisbon No. 2	10/7/2002	--	Drilling
Lisbon No. 90	9/30/2002	5-1/2" @ 1,905'	Waiting on completion
Molly Pitcher No. 90	7/18/2002	5-1/2" @ 1,818'	Waiting on completion
Mucho Deal Com No. 90	8/19/2002	5-1/2" @ 1,858'	Waiting on completion

N.M. OIL CONSERVATION COMMISSION
 WE LOCATION AND ACREAGE DEDICATION PLAT

Attachment
 No. 3
 Pg. 1 of 23

Form C-102
 Supersedes C-128
 Effective 1-1-55

API No. 30-045-22763 All distances must be from the outer boundaries of the Section.

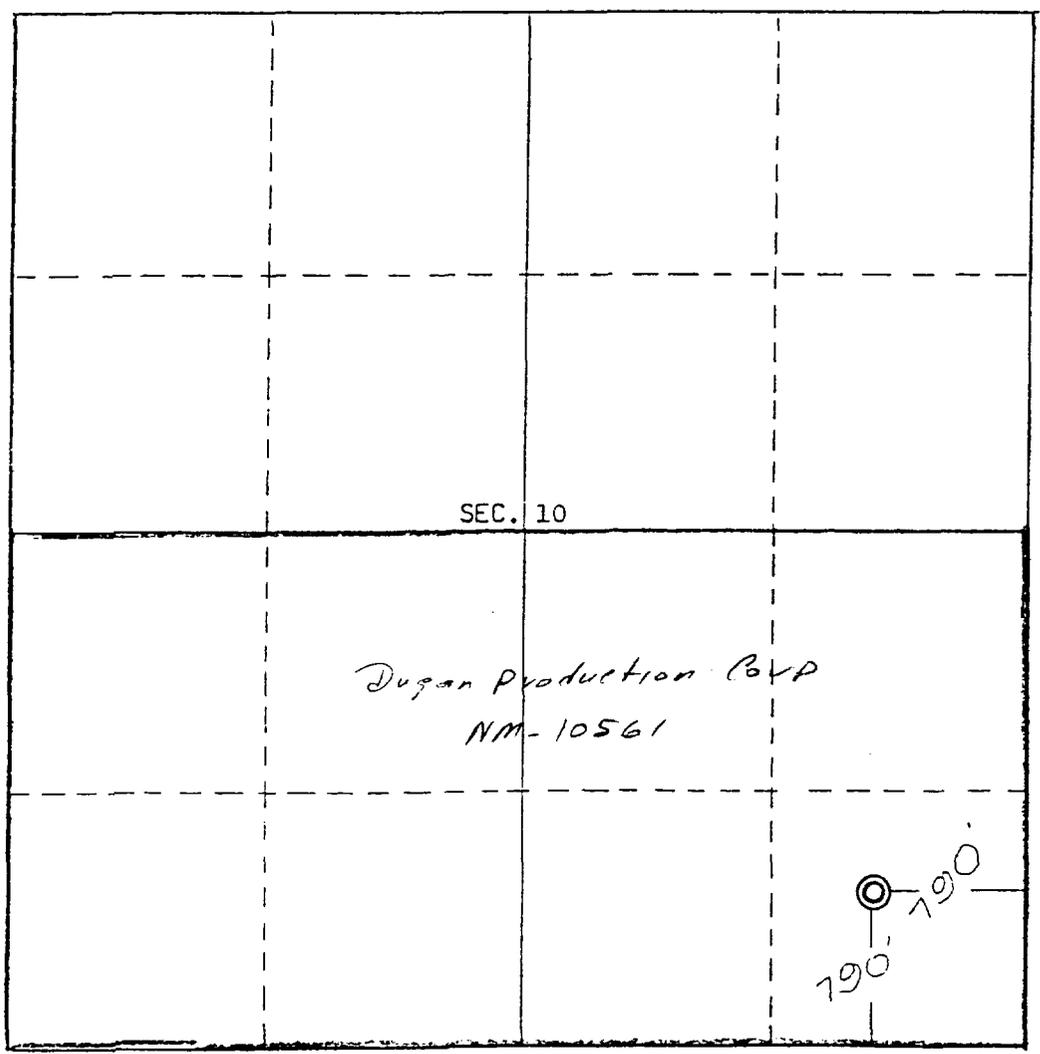
Operator Dugan Production Corporation		Lease Big Field			Well No. 1
Unit Letter P	Section 10	Township 30 North	Range 14 West	County San Juan	
Actual Footage Location of Well: 790 feet from the South line and 790 feet from the East line					
Ground Level Elev. 6143	Producing Formation Dakota		Pool Basin	Dedicated Acreage: 320 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 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
 10-5-77

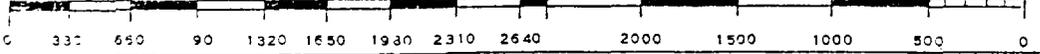
REGISTERED LAND SURVEYOR
 I hereby certify that the well location shown on this plat was plotted from field notes of legal surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.
 ERNEST V. ECHOHAWK
 REGISTERED LAND SURVEYOR

Date Surveyed
 May 9, 1977

Registered Professional Engineer and/or Land Surveyor

E.V. Echohawk
 Certificate No. 3602

E.V. Echohawk LS



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

Form C-102
 Revised February 21, 1994
 Instructions on back
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

Attachment
 No. 3
 Pg. 2 of 23

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-3018Z	² Pool Code 78160	³ Pool Name Harper Hill Fruitland Sand/PC
⁴ Property Code 003591	⁵ Property Name Big Field	
⁷ OGRID No. 006515	⁶ Operator Name Dugan Production Corporation	⁸ Well Number 5
		⁹ Elevation 6128'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
I	10	30N	14W	1	1555	South	960	East	San Juan

¹¹ Bottom Hole Location If Different From Surface

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

¹² Dedicated Acres 160.0	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
--	-------------------------------	----------------------------------	-------------------------

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	Section 10	NM-10561 DPC-100%		<p>¹⁷ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p><i>Sherman E. Dugan</i></p> <p>Signature Sherman E. Dugan</p> <p>Printed Name Vice-President</p> <p>Title March 3, 2000</p> <p>Date</p>
				<p>¹⁸ SURVEYOR CERTIFICATION</p> <p>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.</p> <p>February 8, 2000</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor: Edgar L. Hoover Certificate Number</p>

District I
PO Box 1981, Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals & Natural Resources Department

Form O-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

District II
PO Box 90, Artesia, NM 88211-0090

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

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

District IV
PO Box 2088, Santa Fe, NM 87504-2088

AMENDED REPORT

Attachment
No. 3
Pg. 3 of 23

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30 045 30917		*Pool Code 78150	*Pool Name HARPER HILL FRUITLAND SAND PICTURED CLIFFS
*Property Code	*Property Name BIG FIELD		*Well Number 6
*OGRI# No. 005515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 6034'

¹⁰ Surface Location

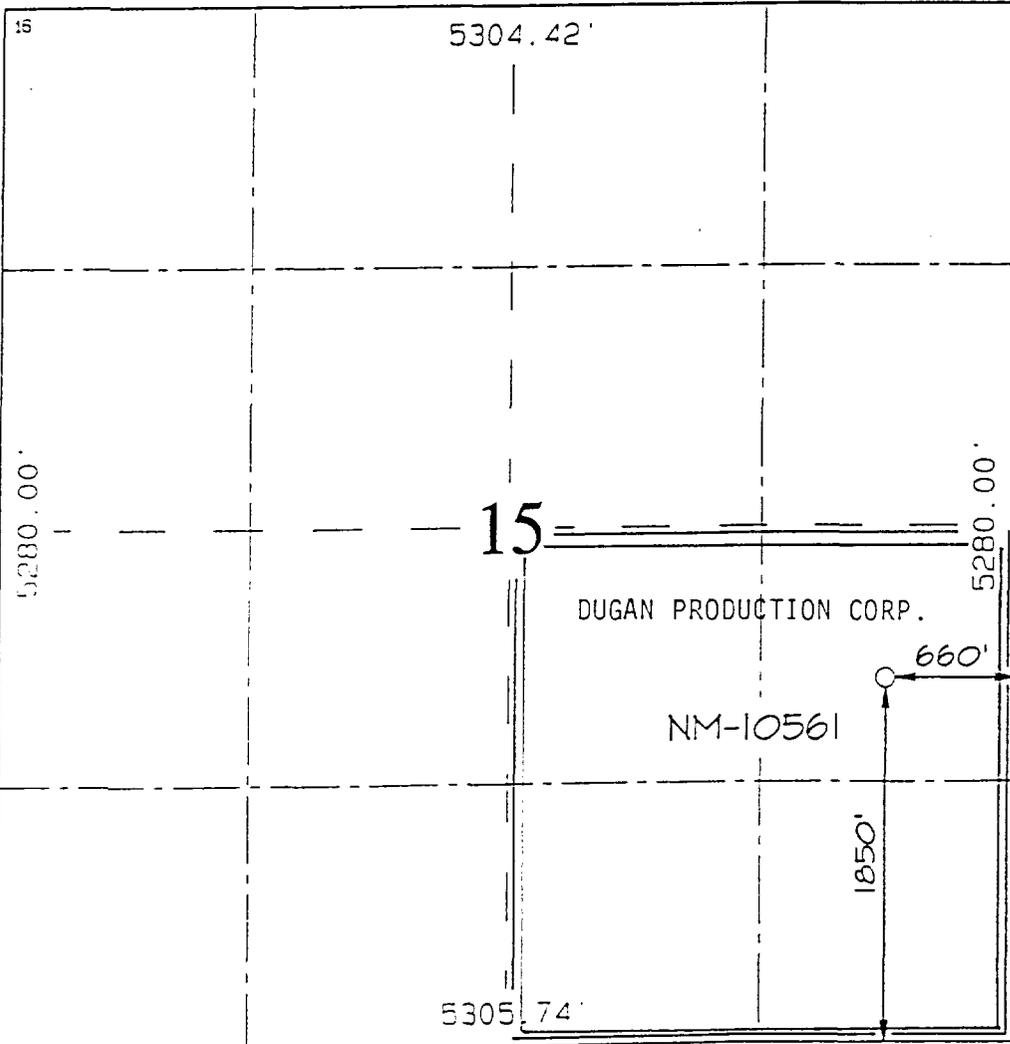
UL or lot no.	Section	Township	Range	Lot Ion	Feet from the	North/South line	Feet from the	East/West line	County
I	15	30N	14W		1850	SOUTH	660	EAST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

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

*Dedicated Acres 160 Acres (SE/4)	*Joint or Infill	*Consolidation Code	*Order No.
--------------------------------------	------------------	---------------------	------------

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



¹⁷ OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

Kurt Fagrelus
Signature

Kurt Fagrelus
Printed Name

Geologist
Title

November 7, 2001
Date

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.

Date of Survey: OCTOBER 4, 2001

Signature and Seal of Professional Surveyor

JASON C. EDWARDS
Certificate Number 15269

District I
PO Box 1990, Hobbs, NM 88241-1990

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised February 21, 1992
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

District II
PO Drawer 00, Artesia, NM 88211-0719

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

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

District IV
PO Box 2088, Santa Fe, NM 87504-2088

AMENDED REQUEST
Attachment
No. 3
Pg. 4 of 23

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30 045 30914		*Pool Code 71529	*Pool Name BASIN FRUITLAND COAL
*Property Code	*Property Name BIG FIELD		*Well Number 90
*GRID No. 006515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 6107'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Ion	Feet from the	North/South line	Feet from the	East/West line	County
A	10	30N	14W		555	NORTH	570	EAST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ion	Feet from the	North/South line	Feet from the	East/West line	County
*Dedicated Acres 318.05 Acres (E/2)					*Joint or Infill	*Consolidation Code	*Order No.		

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

1314.05'	LOT 4	LOT 3	LOT 2	LOT 1	1279.08'	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief <u>Kurt Fagrelius</u> Signature Kurt Fagrelius Printed Name Geologist Title November 7, 2001 Date
	5278.02'	NM-10561		570'		
1320.00'	10				1320.00'	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. Survey Date: OCTOBER 25, 2001 Signature and Seal of Professional Surveyor  <u>JASON C. EDWARDS</u> Certificate Number 15269
2634.06'	DUGAN PRODUCTION CORP.				2640.00'	
				5304.42'		

District I
PO Box 1980, Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals & Natural Resources Department

Form O-100
Revised February 21, 1999

District II
PO Drawer CC, Artesia, NM 88211-0719

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AMENDED REPORT

District IV
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Attachment
No. 3
Pg. 5 of 23

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30 045 31208		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code 003591	*Property Name BIG FIELD		*Well Number 91Y
*OGRID No. 005515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 6153'

¹⁰ Surface Location

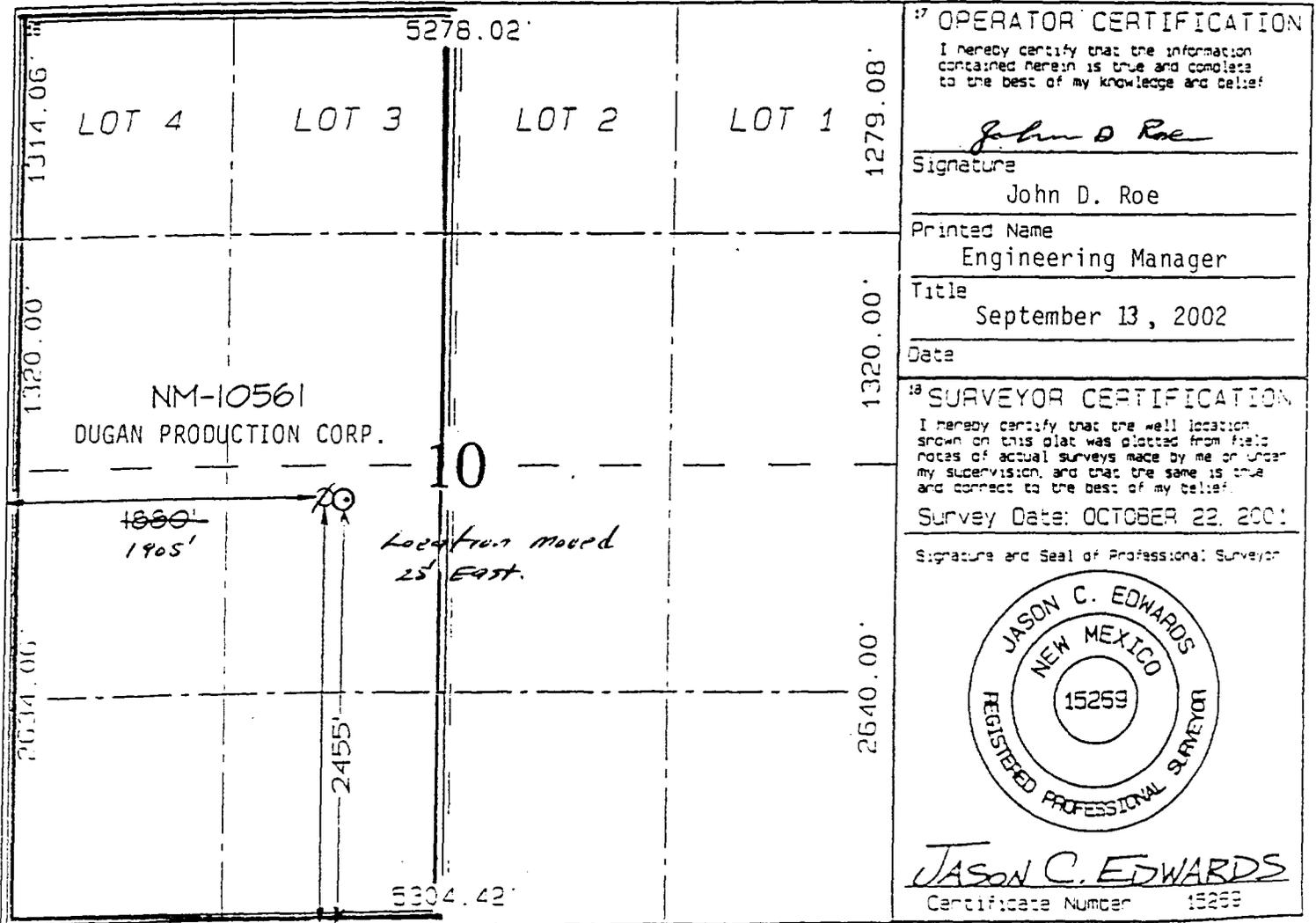
U. of lot no.	Section	Township	Range	Lot no.	Feet from the	North/South line	Feet from the	East/West line	County
K	10	30N	14W		2455	SOUTH	1880 1905'	WEST	SAN JUAN

¹¹ Bottom Hole Location if Different From Surface

U. of lot no.	Section	Township	Range	Lot no.	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres 319.11 Acres (W/2)	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
---	-------------------------------	----------------------------------	-------------------------

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



District I
 PO Box 1980, Hobbs, NM 88241-1980

State of New Mexico
 Energy, Minerals & Natural Resources Department

Form C-112
 Revised February 21, 1999

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District IV
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Attachment
 No. 3
 Pg. 6 of 23

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30 045 30931		*Pool Code 78160	*Pool Name HARPER HILL FRUITLAND SAND PICTURED CLIFFS
*Property Code	*Property Name HUMBLE KIRTLAND		*Well Number 2
*GRID No. 008515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 5878'

¹⁰ Surface Location

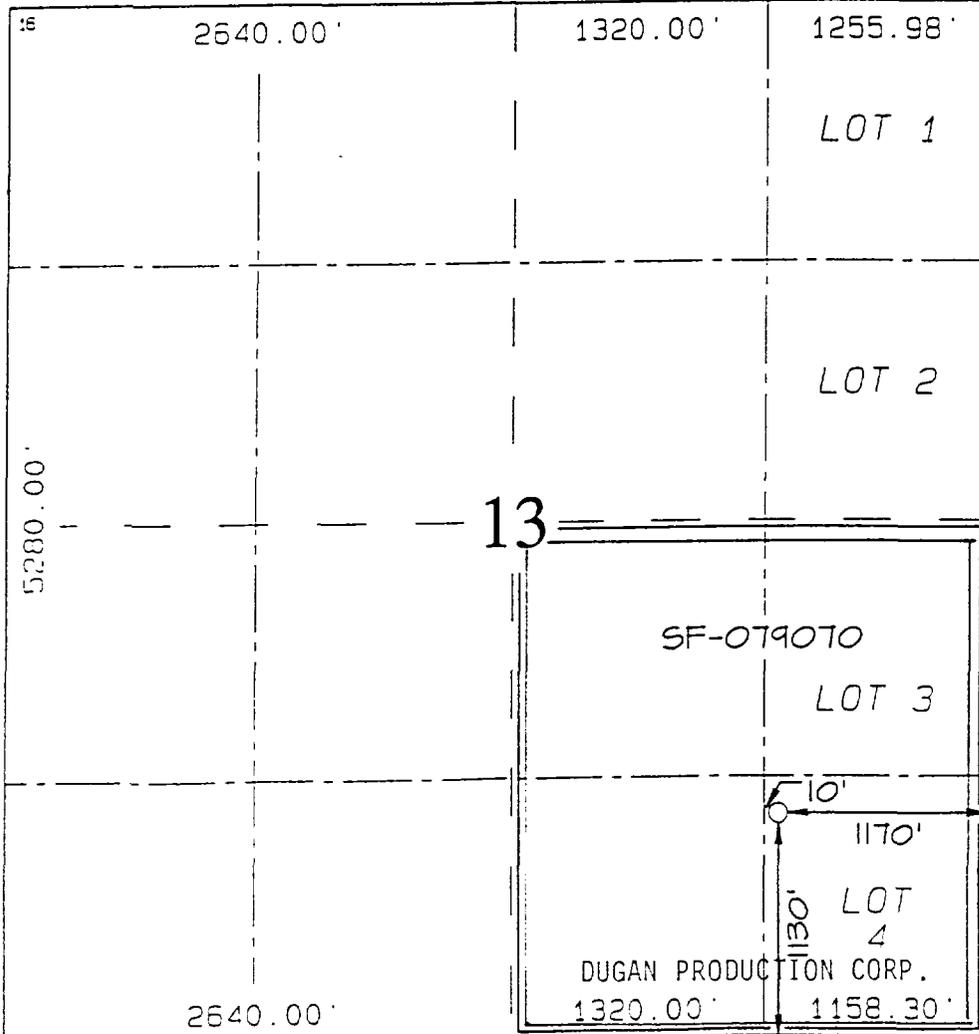
UL or lot no.	Section	Township	Range	Lot Ion	Feet from the	North/South line	Feet from the	East/West line	County
P	13	30N	14W		1130	SOUTH	1170	EAST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

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

¹² Dedicated Acres 151.80 Acres (SE/4)	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
--	-------------------------------	----------------------------------	-------------------------

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



¹⁷ OPERATOR CERTIFICATION
 I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief
Kurt Fagrelus
 Signature
 Kurt Fagrelus
 Printed Name
 Geologist
 Title
 November 7, 2001
 Date

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.
 Survey Date: OCTOBER 30, 2001
 Signature and Seal of Professional Surveyor



JASON C. EDWARDS
 Certificate Number 15269

District I
PO Box 1980, Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals & Natural Resources Department

Form O-102
Revised February 21, 1994

District II
PO Drawer C2, Artesia, NM 88211-0719

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Santa Fe, NM 87504-2088

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District IV
PO Box 2088, Santa Fe, NM 87504-2088

AMENDED REPORT

Attachment
No. 3
Pg. 7 of 23

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30 045 30921		*Pool Code 71529	*Pool Name BASIN FRUITLAND COAL
*Property Code	*Property Name HUMBLE KIRTLAND <i>Com</i>		*Well Number 90
*CGRID No. 005515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 5851'

¹⁰ Surface Location

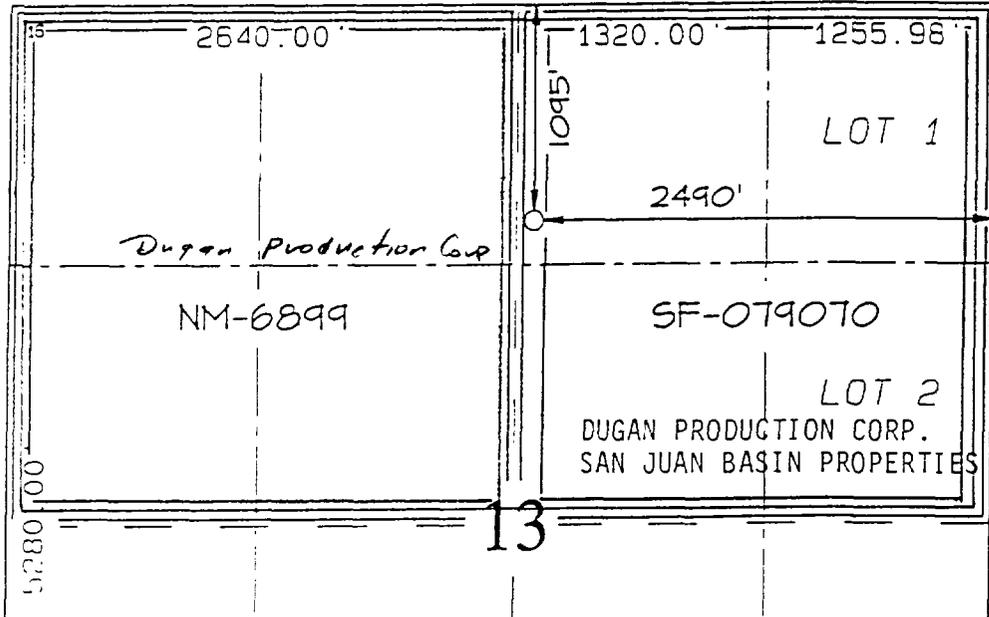
UL or lot no	Section	Township	Range	Lot Ion	Feet from the	North/South line	Feet from the	East/West line	County
B	13	30N	14W		1095	NORTH	2490	EAST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

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

¹² Dedicated Acres 314.98 Acres (N/2)	¹³ Joint or Infill	¹⁴ Consolidation Code C	¹⁵ Order No. —
---	-------------------------------	---------------------------------------	------------------------------

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



¹⁷ OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.
Kurt Fagrelus
Signature
Kurt Fagrelus
Printed Name
Geologist
Title
November 7, 2001
Date

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.
Survey Date: OCTOBER 15, 2001
Signature and Seal of Professional Surveyor



JASON C. EDWARDS
Certificate Number 15269

District I
 PO Box 1960, Hobbs, NM 88241-1960

District II
 PO Box 100, Artesia, NM 88211-0719

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

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

AMENDED REPORT

Attachment
 No. 3
 Pg. 8 of 23

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30 045 30924		*Pool Code 78160	*Pool Name HARPER HILL FRUITLAND SAND PICTURED CLIFFS
*Property Code	*Property Name LISBON		*Well Number 2
*CGRID No. 006515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 6118'

¹⁰ Surface Location

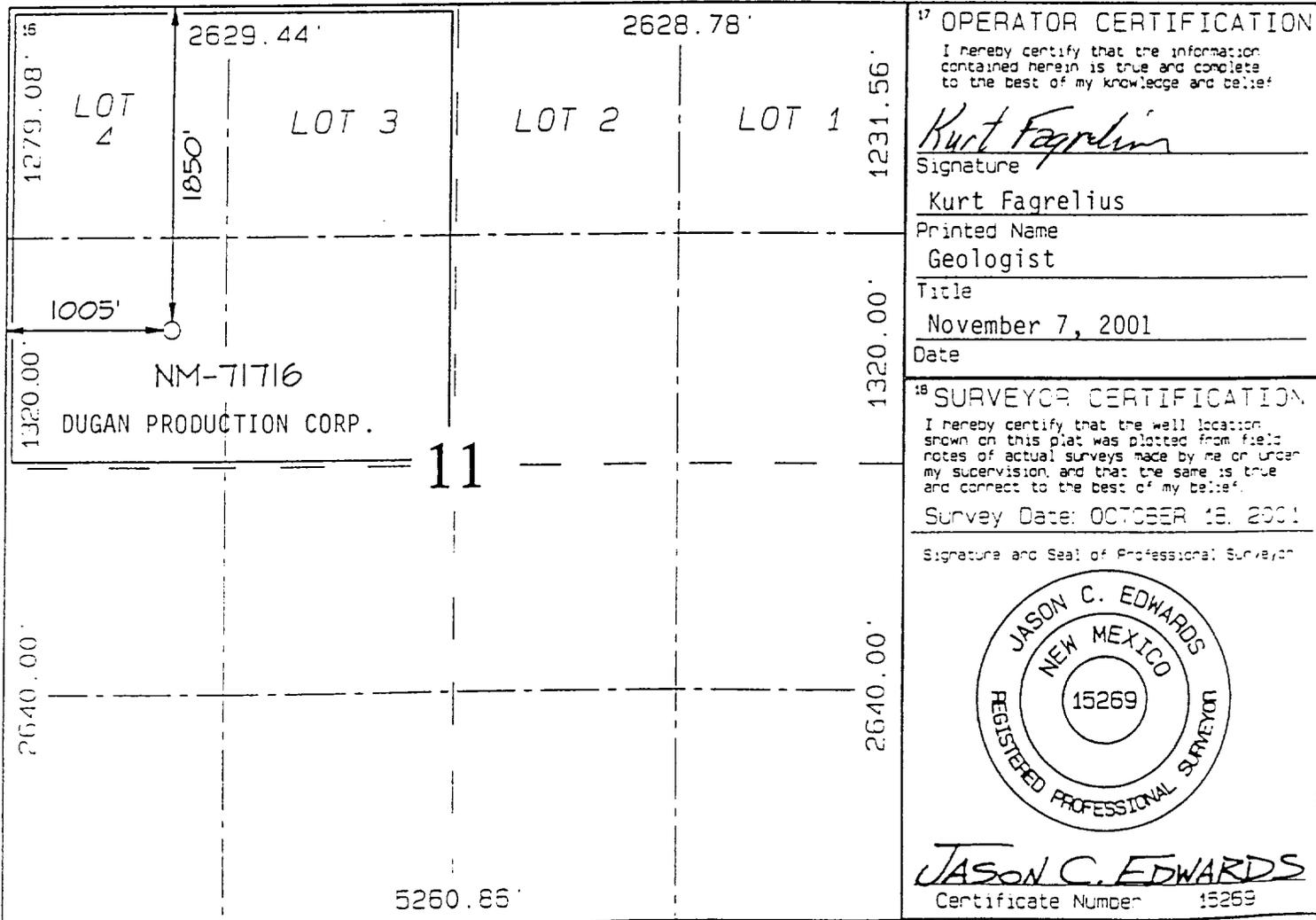
UL or lot no	Section	Township	Range	Lot 1/2/3/4	Feet from the	North/South line	Feet from the	East/West line	County
E	11	30N	14W		1850	NORTH	1005	WEST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

UL or lot no	Section	Township	Range	Lot 1/2/3/4	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres 155.52 Acres (NW/4)	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.

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



District I
PO Box 1980, Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised February 21, 1994

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1000 Rio Brazos Rd., Aztec, NM 87410

District IV
PO Box 2088, Santa Fe, NM 87504-2088

AMENDED REPORT

Attachment
No. 3
Pg. 9 of 23

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-30923		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code	*Property Name LISBON		*Well Number 90
*GRID No. 006515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 6086'

¹⁰ Surface Location

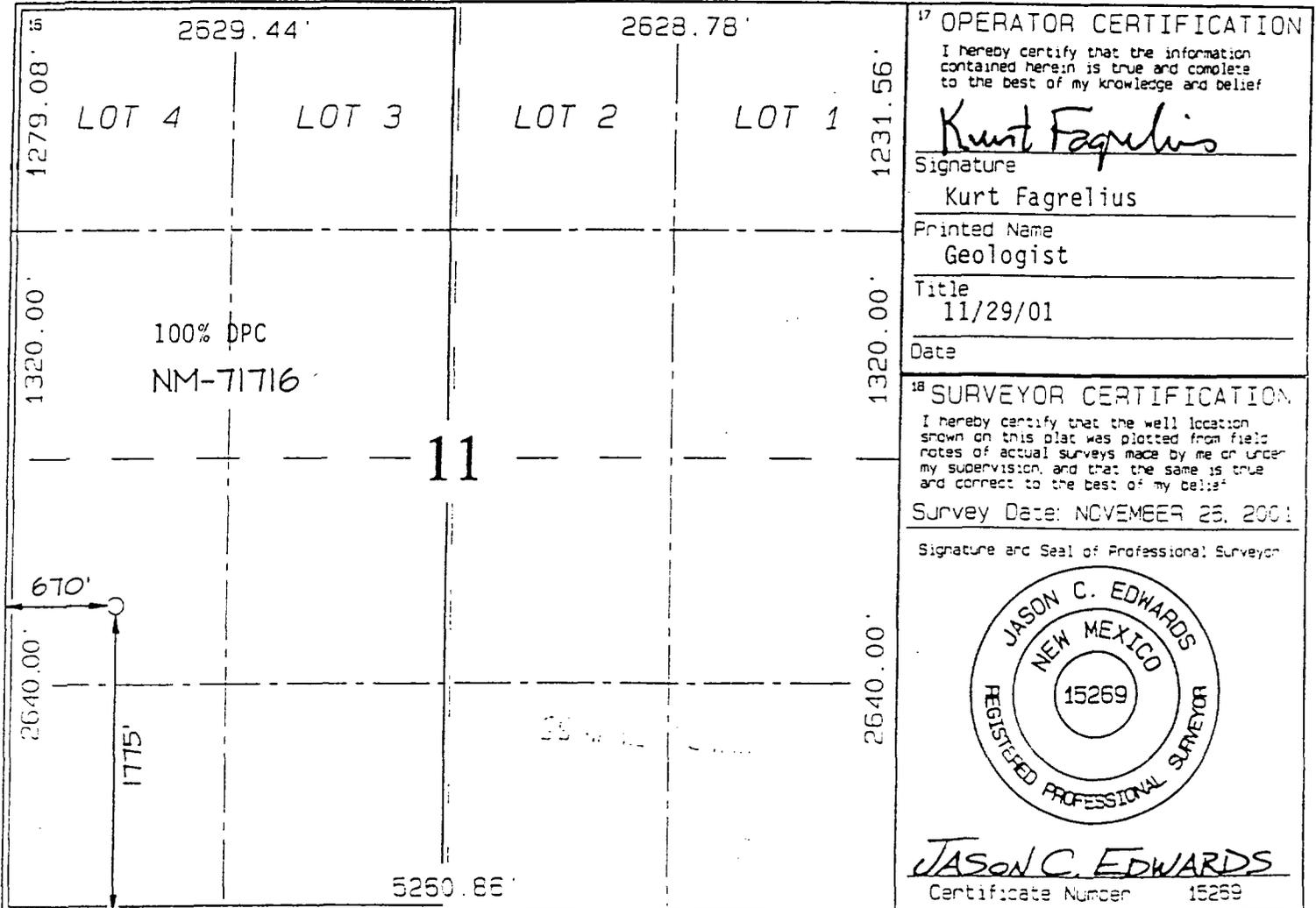
UL or lot no	Section	Township	Range	Lot Ion	Feet from the	North/South line	Feet from the	East/West line	County
L	11	30N	14W		1775	SOUTH	670	WEST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

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

¹² Dedicated Acres 316.52 Acres - (W/2)	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
---	-------------------------------	----------------------------------	-------------------------

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



NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Attachment
No. 3
Pg. 10 of 23

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

API NO 30-045-22084 All distances must be from the outer boundaries of the Section.

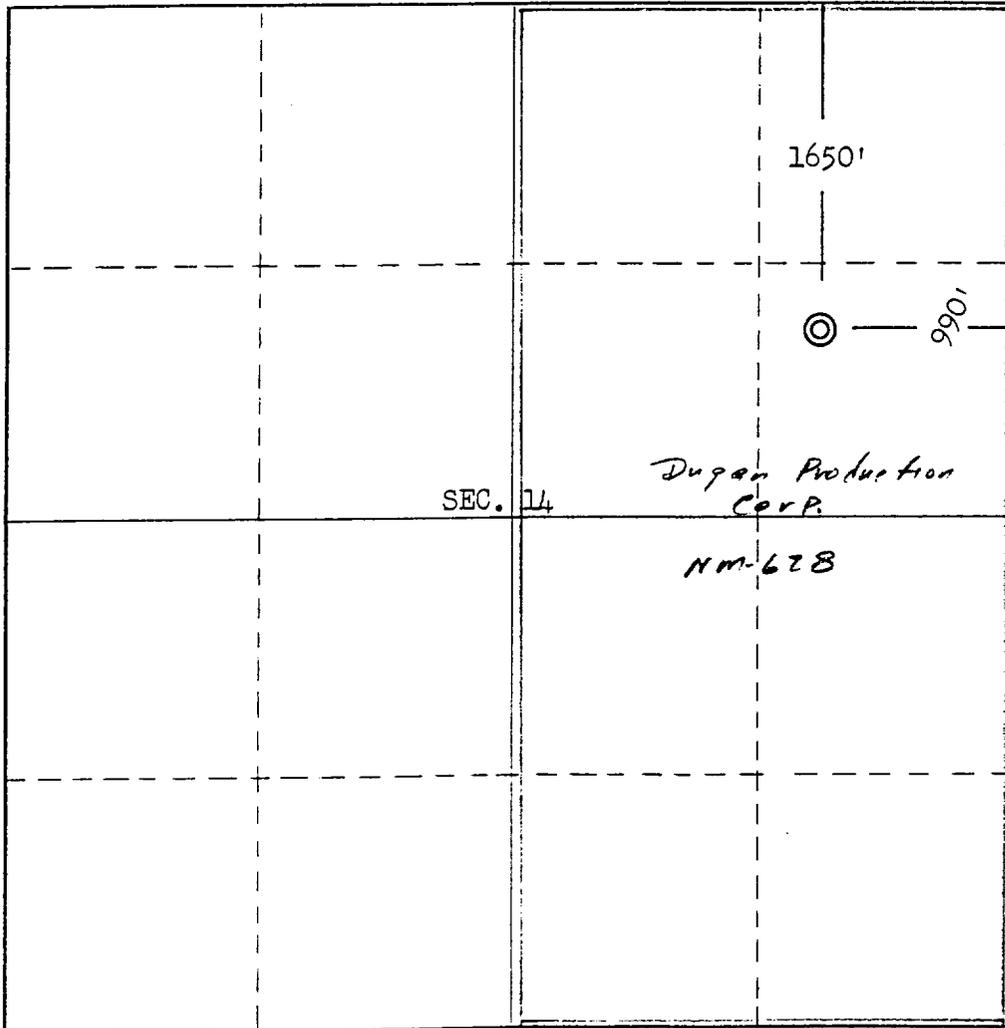
Operator Dugan Production Corporation		Lease Molly Pitcher		Well No. 1
Unit Letter H	Section 14	Township 30 North	Range 14 West	County San Juan
Actual Footage Location of Well: 1650 feet from the North line and 990 feet from the East line				
Ground Level Elev. 5959	Producing Formation Dakota	Pool Basin Dakota	Dedicated Acreage: 320 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 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
Engineer

Company
Jerome P. McHugh

Date
5-26-76

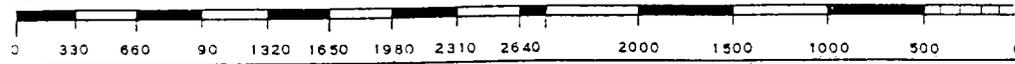
REGISTERED LAND SURVEYOR
STATE OF NEW MEXICO
I hereby certify that the location of the well on the attached plat is in accordance with field notes of actual surveys made to me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.
E.V. ECHOHAWK

Date Surveyed
April 3, 1975

Registered Professional Engineer and/or Land Surveyor

E.V. Echohawk

Certificate No. **3602**
E.V. Echohawk IS



NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION

Attachment
No. 3
Pg. 11 of 23

Form C-102
Supersedes C-120
Effective 1-1-67

API NO 30-045-23612 All distances must be from the outer boundaries of the Section.

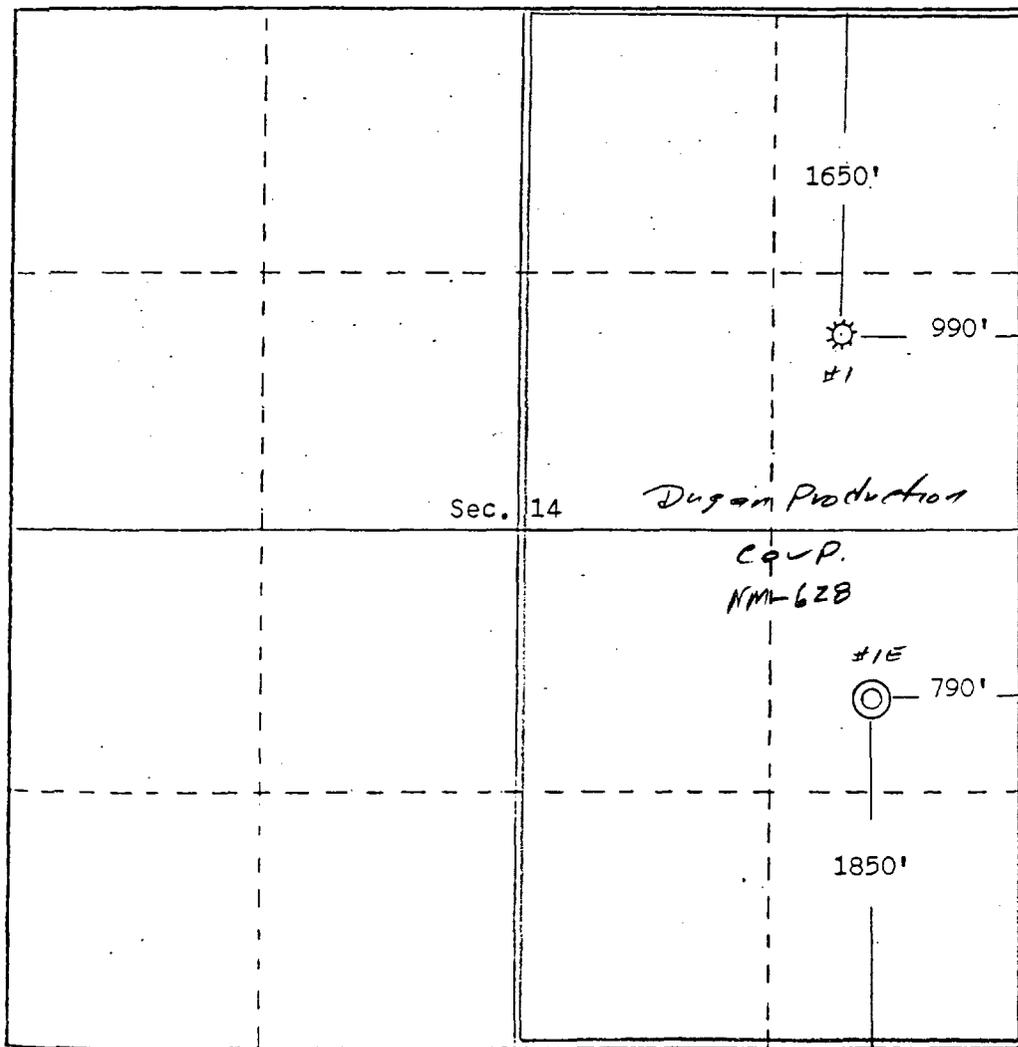
Operator Dugan Production Corporation		Lease Molly Pitcher			Well No. #1E
West Letter 1	Section 14	Township 30 North	Range 14 West	County San Juan	
Actual Footage Location of Well:					
1850	feet from the	South	line and	790	feet from the East line
Ground Level Elev. 5996	Producing Formation Dakota		Pool Basin Dakota	Dedicated Acreage: 320 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.

Name	Thomas A. Dugan
Position	Petroleum Engineer
Company	Dugan Production Corp.
Date	6-14-79

I hereby certify that the location shown on this plat was obtained 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.

EDGAR L. RISENHOVER
REGISTERED LAND SURVEYOR
5979

Date Surveyed	June 7, 1979
Registered Professional Engineer and/or Land Surveyor	Edgar L. Risenhoover
Certificate No.	5979
Edgar L. Risenhoover, L.S.	

District I
PO Box 1980, Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals & Natural Resources Department

Form O-112
Revised February 21, 1994
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OIL CONSERVATION DIVISION
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Santa Fe, NM 87504-2088

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

District IV
PO Box 2088, Santa Fe, NM 87504-2088

AMENDED REPORT
Attachment
No. 3
Pg. 12 of 23

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30 045 30915		*Pool Code 78150	*Pool Name HARPER HILL FRUITLAND SAND PICTURED CLIFFS
*Property Code	*Property Name MOLLY PITCHER		*Well Number 3
*GGRID No. 006515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 5935'

¹⁰ Surface Location

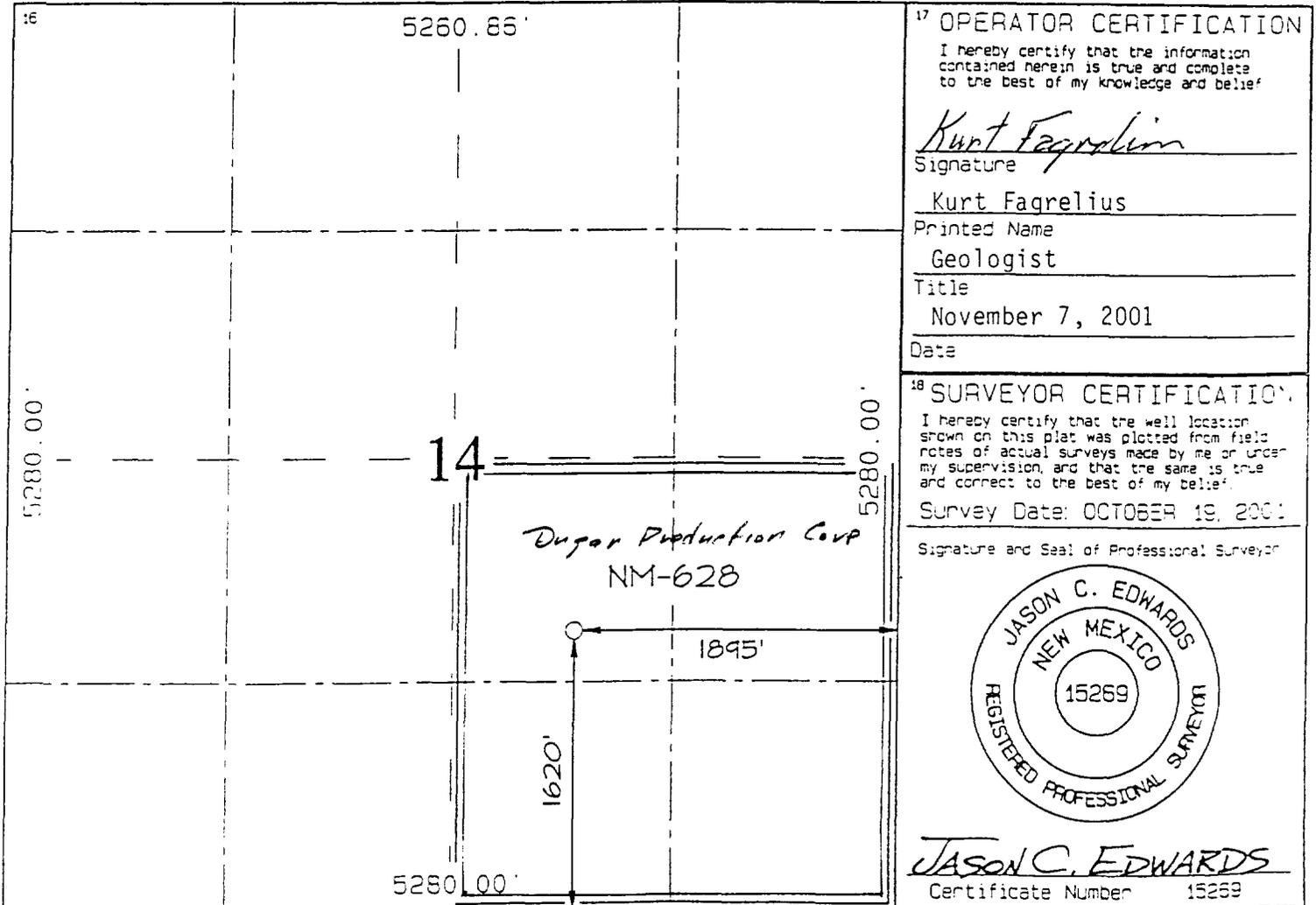
UL or lot no.	Section	Township	Range	Lot ID#	Feet from the	North/South line	Feet from the	East/West line	County
J	14	30N	14W		1620	SOUTH	1895	EAST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

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

¹² Dedicated Acres 160 Acres (SE/4)	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
---	-------------------------------	----------------------------------	-------------------------

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



¹⁷ OPERATOR CERTIFICATION

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

Kurt Fagrelus
Signature

Kurt Fagrelus
Printed Name

Geologist
Title

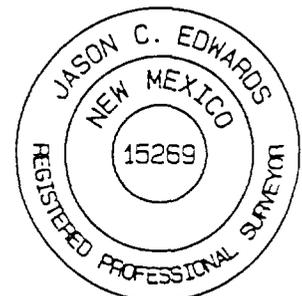
November 7, 2001
Date

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.

Survey Date: OCTOBER 19, 2001

Signature and Seal of Professional Surveyor



JASON C. EDWARDS
Certificate Number 15269

District II
PO Box 2088, Santa Fe, NM 87504-2088

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

District III
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District IV
PO Box 2088, Santa Fe, NM 87504-2088

AMENDED REPORT
Attachment
No. 3
Pg. 13 of 23

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30 045 30 930		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code	*Property Name MOLLY PITCHER		*Well Number 90
*CGRID No. 005515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 5984'

¹⁰ Surface Location

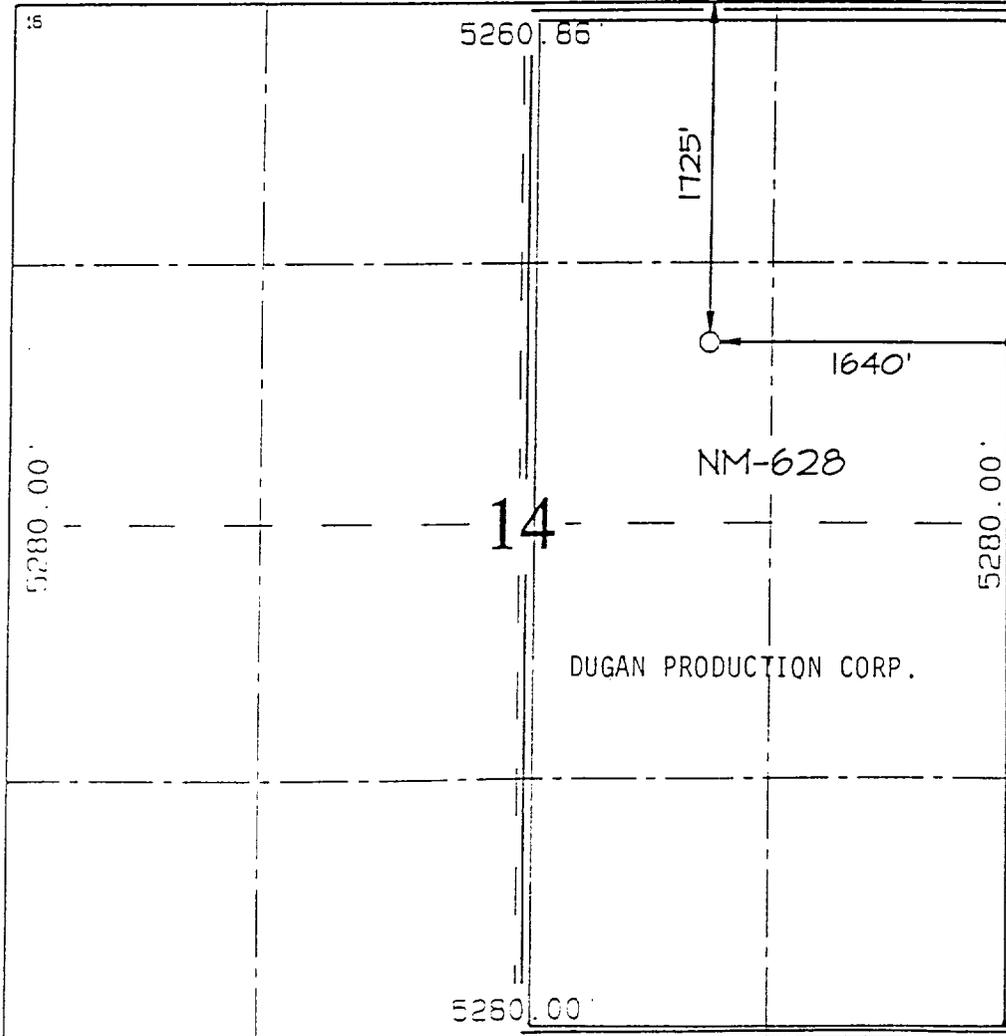
UL or lot no	Section	Township	Range	Lot Corn	Feet from the	North/South line	Feet from the	East/West line	County
G	14	30N	14W		1725	NORTH	1640	EAST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

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

¹² Dedicated Acres 320 Acres (E/2)	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
--	-------------------------------	----------------------------------	-------------------------

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



¹⁷ OPERATOR CERTIFICATION

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

Kurt Fagrelus
Signature
Kurt Fagrelus
Printed Name
Geologist
Title
November 7, 2001
Date

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

Survey Date: OCTOBER 19, 2001

Signature and Seal of Professional Surveyor



JASON C. EDWARDS
Certificate Number 15269

MEXICO OIL CONSERVATION COMMISS
WELL LOCATION AND ACREAGE DEDICATION PLAT

Attachment
No. 3
Pg. 14 of 23

Form C-122
Supersedes C-129
Effective 1-1-65

API No. 30-095-22570

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

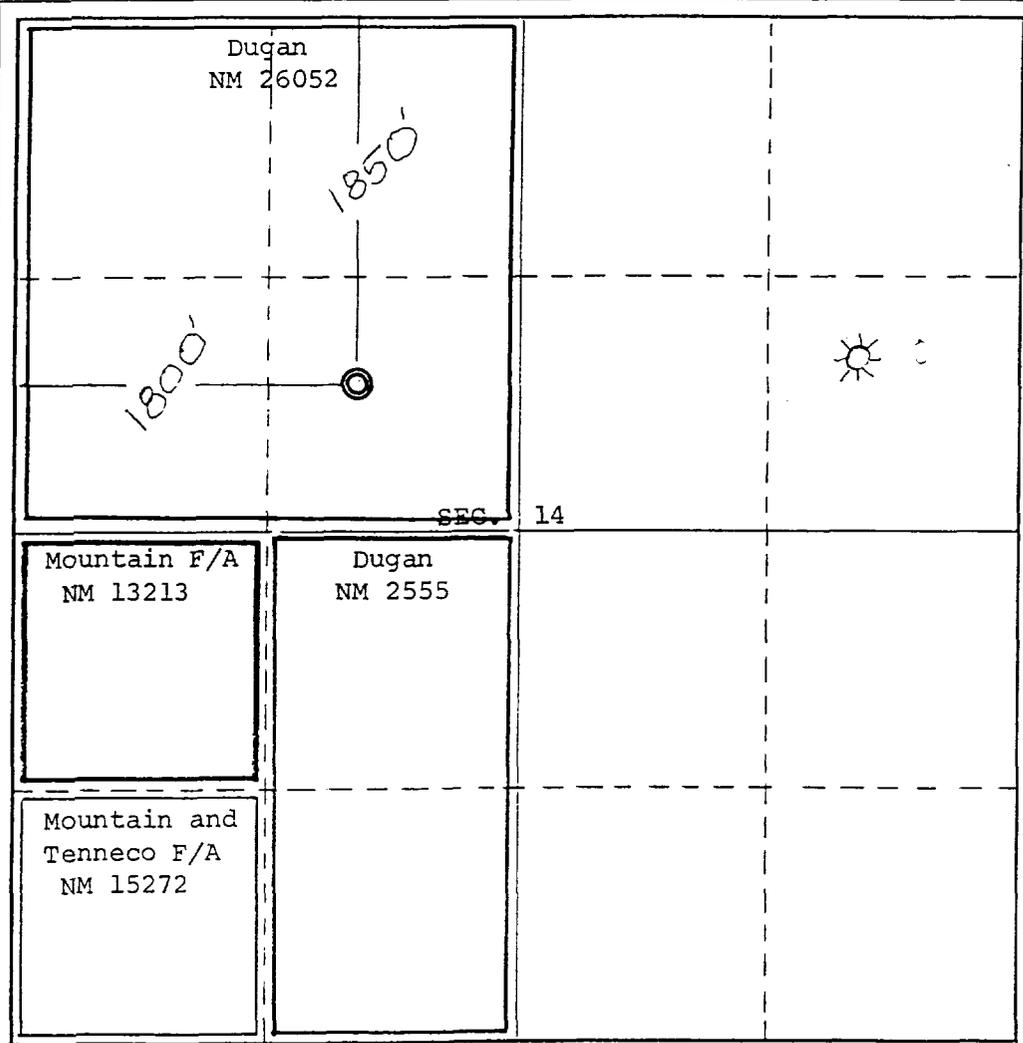
Operator Dugan Production Corporation		Lease Mucho Deal			Well No. 1
Unit Letter F	Section 14	Township 30 North	Range 14 West	County San Juan	
Actual Footage Location of Well: 1850. feet from the North line and 1800 feet from the West line					
Ground Level Elev. 6040	Producing Formation Dakota		Pool Basin	Dedicated Acreage: 320 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 interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation Communitization

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

5-11-77

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

REGISTERED LAND SURVEYOR
E. V. ECHOHAWK
MEXICO
3602

Date Surveyed

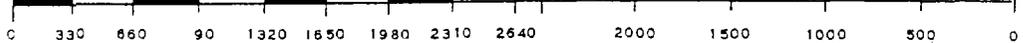
May 9, 1977

Registered Professional Engineer and/or Land Surveyor

E. V. Echohawk

Certificate No. 3602

E. V. Echohawk LS



N MEXICO OIL CONSERVATION COMMISS.
 W LOCATION AND ACREAGE DEDICAT PLAT

Attachment
 No. 3
 Pg. 15 of 23

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

API No 30-045-27571 All distances must be from the outer boundaries of the Section

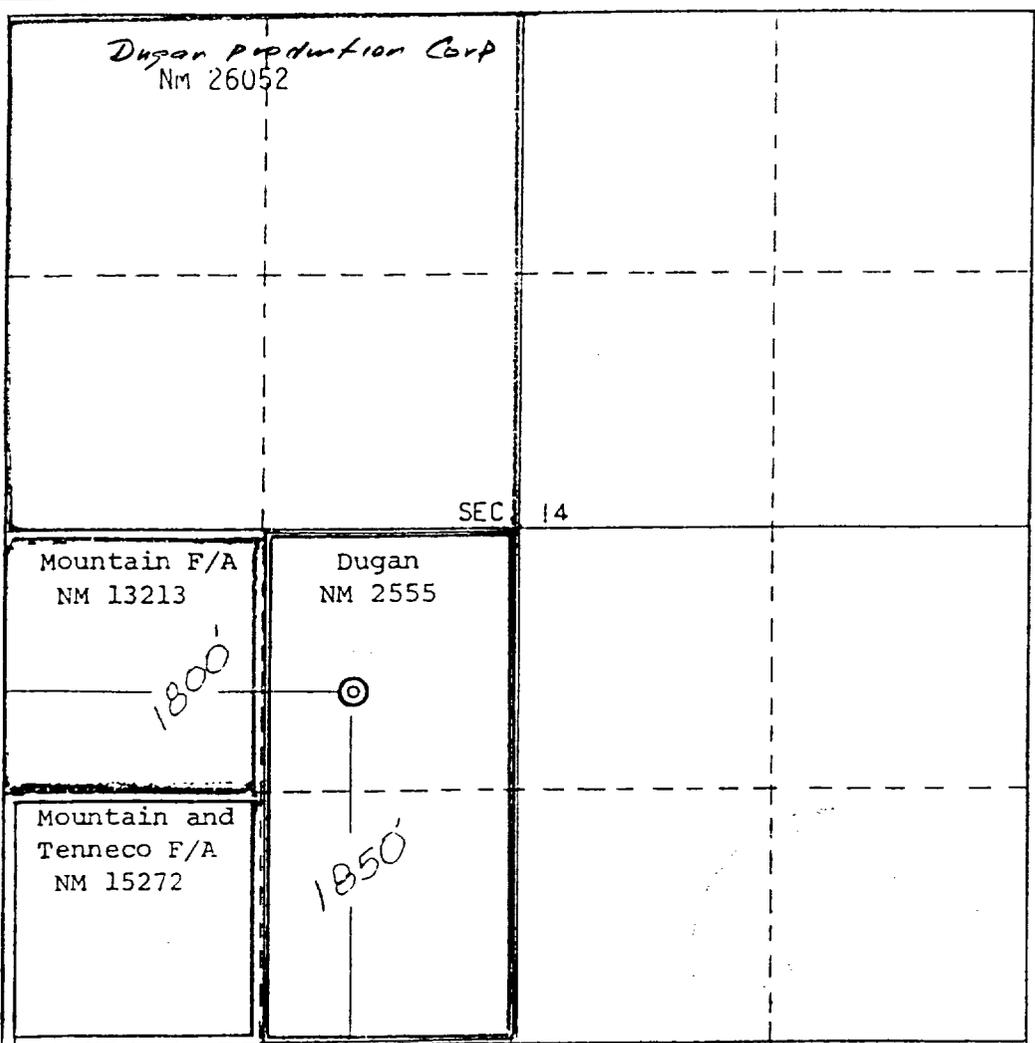
Operator Dugan Production Corporation		Lease <i>Mucho Real Mount-ten-du</i>		Well No. 1 E
Unit Letter H K	Section 14	Township 30 North	Range 14 West	County San Juan
Actual Footage Location of Well: 1850 feet from the South line and 1800 feet from the West line				
Ground Level Elev. 6027	Producing Formation Basin Dakota	Pool Wildcat BASIN DAKOTA	Dedicated Acreage: 320 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 interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation Communitization # SRM 1154

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.

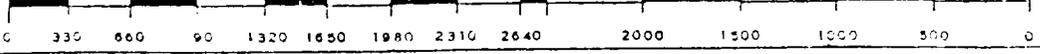


CERTIFICATION

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:
 7-3-79

Date Surveyed
 May 9, 1977
 Registered Professional Engineer
 and/or Land Surveyor
E.V. Echohawk
 Certificate No. 3602
 E.V. Echohawk LS



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

Form C-102
 Revised February 21, 1994
 Instructions on back
 Submit to Appropriate District Office
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Attachment
 No. 3
 Pg. 16 of 23

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-045-30179		2 Pool Code 78160		3 Pool Name Harper Hill Fruitland Sand/PC	
4 Property Code 003776		5 Property Name Mucho Deal			6 Well Number 14
7 OGRID No. 006515		8 Operator Name Dugan Production Corporation			9 Elevation 6062'

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
F	14	30N	14W	F	1450	North	1550	West	San Juan

11 Bottom Hole Location If Different From Surface

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

12 Dedicated Acres 160.0	13 Joint or Infill	14 Consolidation Code	15 Order No.
-----------------------------	--------------------	-----------------------	--------------

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

	<p>16</p>	<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Sherman E. Dugan</i> Signature Sherman E. Dugan Printed Name Vice-President Title March 1, 2000 Date</p>
	<p>Section 14</p>	<p>18 SURVEYOR CERTIFICATION</p> <p>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.</p> <p>February 8, 2000 Date of Survey Signature and Seal of Professional Surveyor: Edgar L. Risenhoover Certificate Number</p>

District II
 PO Drawer 22, Artesia, NM 88210-0022

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

District III
 1000 Rio Brazos Pk., Aztec, NM 87410

District IV
 PO Box 2088, Santa Fe, NM 87504-2088

AMENDED DESIGN

Attachment
 No. 3
 Pg. 17 of 23

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30 045 30916		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code	*Property Name MUCHO DEAL COM		*Well Number 90
*OSPID No. 006515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 6040'

10 Surface Location

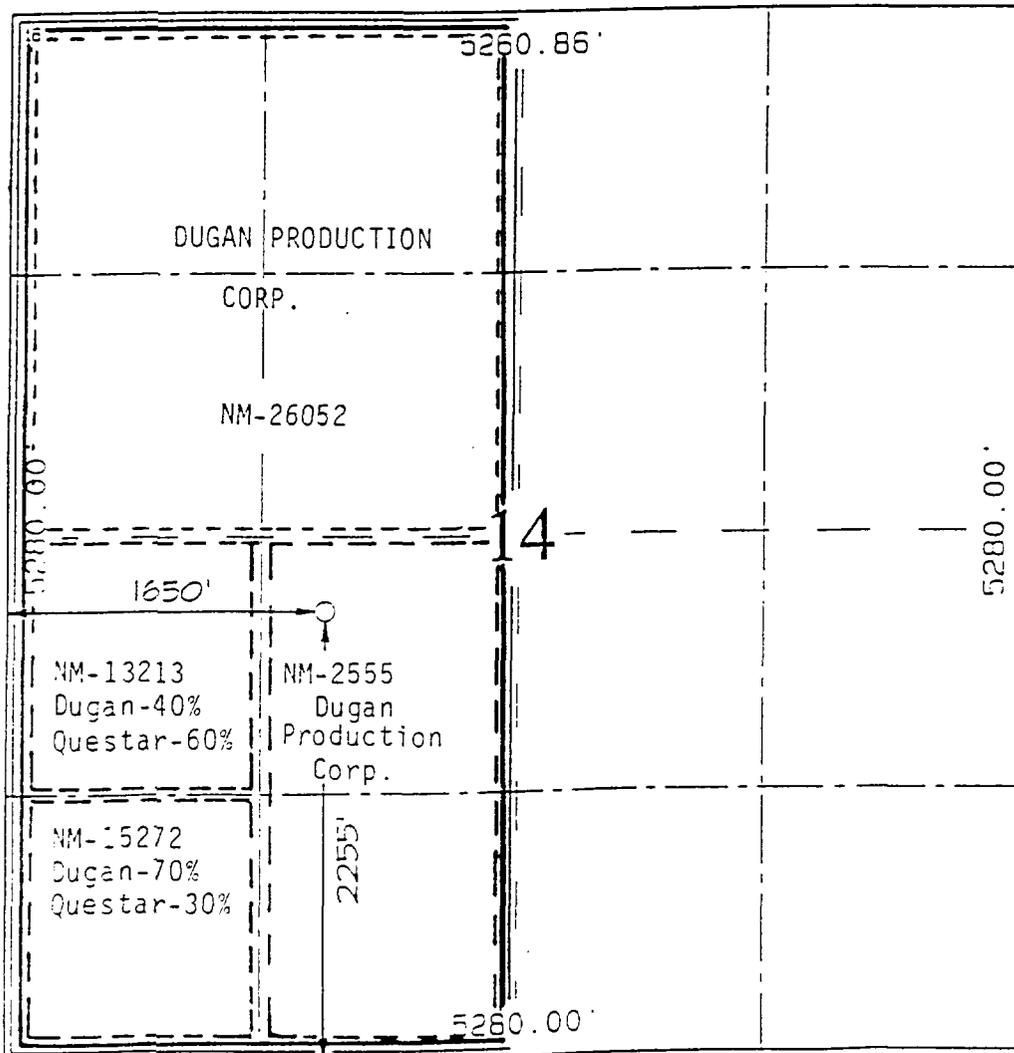
UL or lot no	Section	Township	Range	Lot Ion	Feet from the	North/South line	Feet from the	East/West line	County
K	14	30N	14W		2255	SOUTH	1650	WEST	SAN JUAN

11 Bottom Hole Location If Different From Surface

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

*Dedicated Acres 320 Acres - (W/2)	*Joint or Infill	*Consolidation Code C	*Order No.
---------------------------------------	------------------	--------------------------	------------

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



17 OPERATOR CERTIFICATION

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

John D. Roe

Signature

John D. Roe

Printed Name

Engineering Manager

Title

June 20, 2002

Date

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.

Date of Survey: OCTOBER 4, 2001

Signature and Seal of Professional Surveyor



JASON C. EDWARDS

Certificate Number 15269

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Attachment
No. 3
Pg. 18 of 23

Supersedes C-120
Effective 1-1-64

FPI No 30-045-23675

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

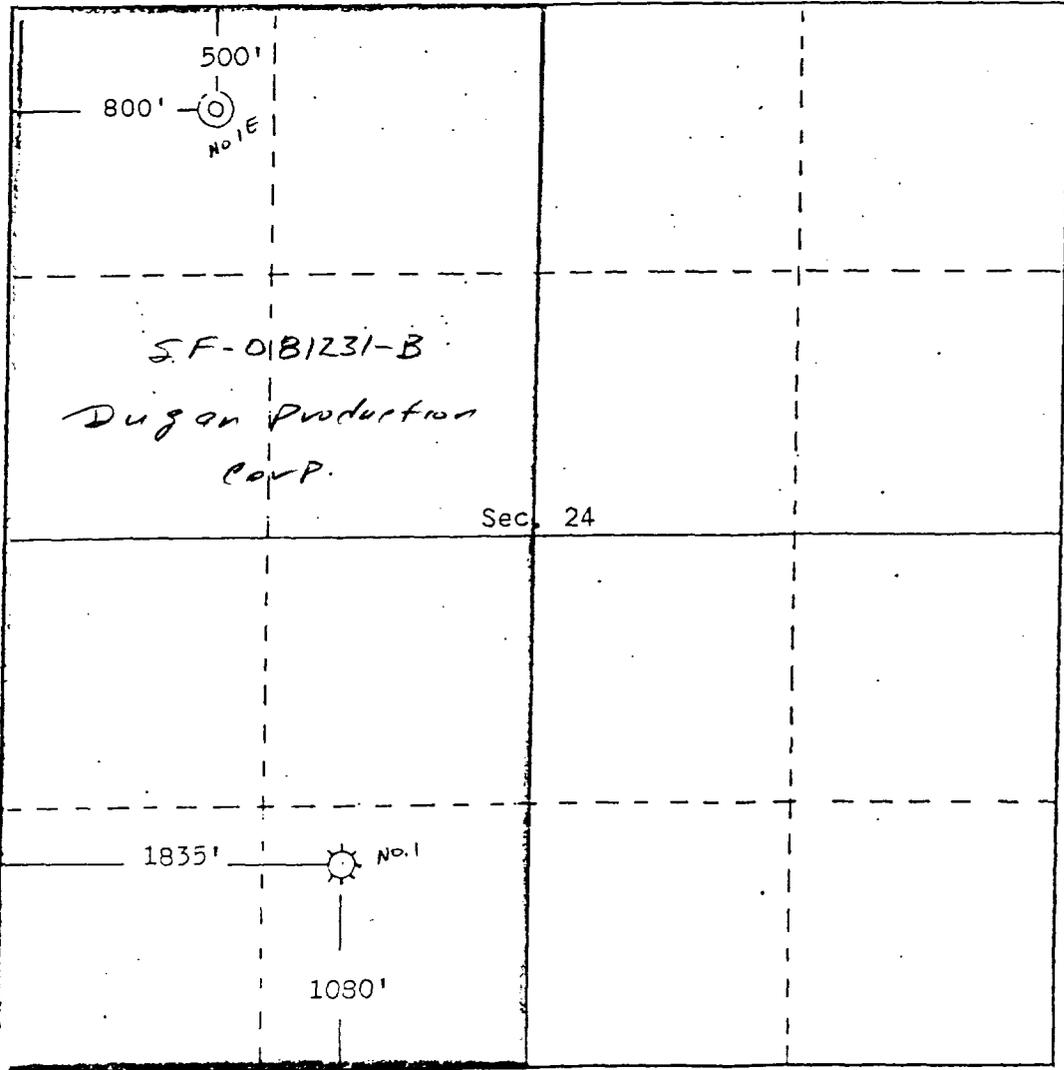
Operator Dugan Production Corporation		Lease Pan Am Fed			No. 1E
Unit Letter D	Section 24	Township 30 North	Range 14 West	County San Juan	
Actual Footage Location of Well:					
500 feet from the North line and		800 feet from the West line			
Ground Level Elev. 5878	Producing Formation Dakota	Pool Basin Dakota	Dedicated Acreage: 320 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
7-12-79

EDGAR L. RISENHOVER
REGISTERED LAND SURVEYOR
NEW MEXICO
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 are true and correct to the best of my knowledge and belief.

Date Surveyed
June 8, 1979

Registered Professional Engineer and/or Land Surveyor

Edgar L. Risenhoover

Certificate No. 5979
Edgar L. Risenhoover, L.S.

Form 1
 2001 Edition, Hobbs, NM 88241-1980

State of New Mexico
 Energy, Minerals & Natural Resources Dept.

Revised February 2001
 Instructions for
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

District II
 2100 Grand Ave., Artesia, NM 88211-0719

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

District III
 1000 Rio Grande Rd., Aztec, NM 87410

District IV
 PO Box 2088, Santa Fe, NM 87504-2088

Attachment
 No. 3
 Pg. 19 of 23

WELL LOCATION AND ACREAGE DEDICATION PLAT

'API Number 30 045 30918	'Pool Code 78150	'Pool Name HARPER HILL FRUITLAND SAND PICTURED CLIFFS
'Property Code	'Property Name PAN AMERICAN FEDERAL	'Well Number 2
'CGRID No 006515	'Operator Name DUGAN PRODUCTION CORPORATION	'Elevation 5577

10 Surface Location

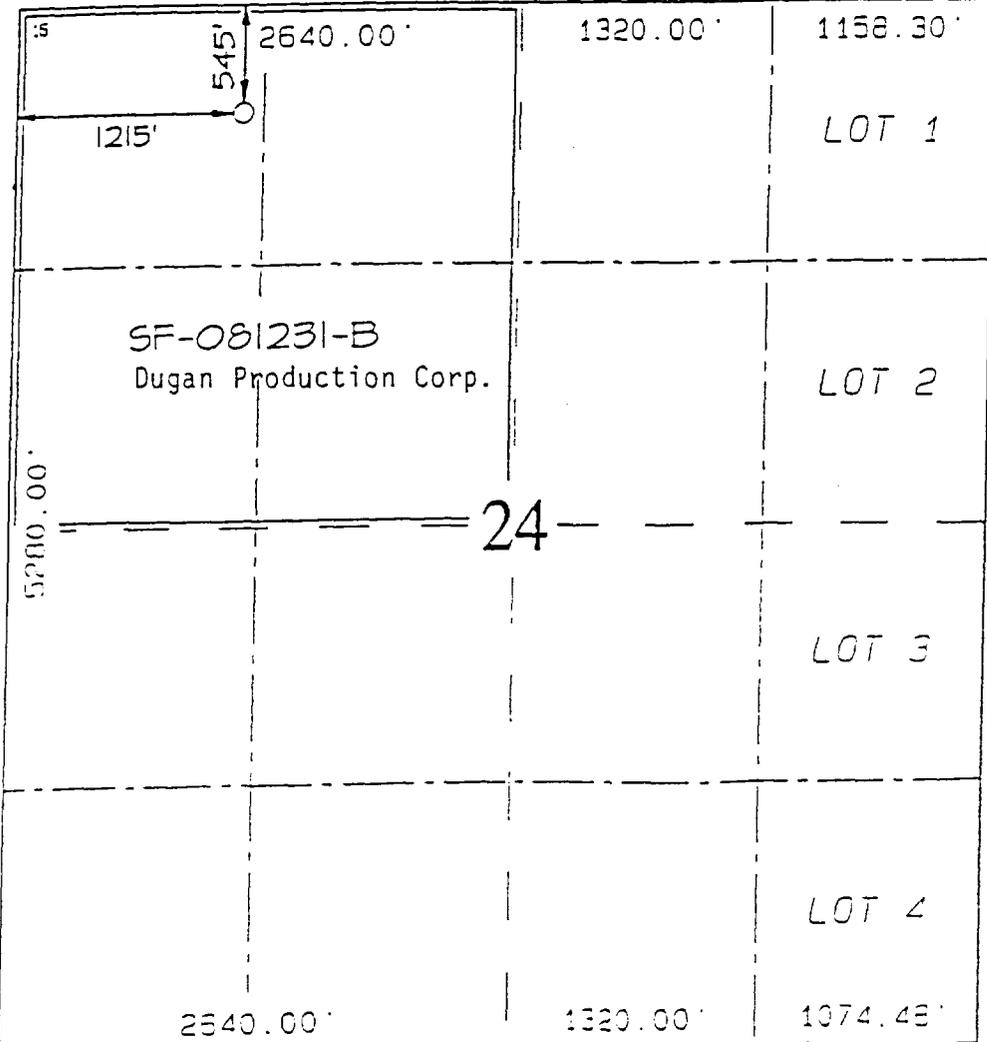
Lot or lot no.	Section	Township	Range	Lot 1st	Feet from the	North/South Line	Feet from the	East/West Line	County
0	24	30N	14W		545	NORTH	1215	WEST	SAN JUAN

11 Bottom Hole Location If Different From Surface

Lot or lot no.	Section	Township	Range	Lot 1st	Feet from the	North/South Line	Feet from the	East/West Line	County

'Dedicated Acres 160 Acres (NW/4)	'Date of Infill	'Consolidation Code	'Order No.
--------------------------------------	-----------------	---------------------	------------

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



17 OPERATOR CERTIFICATION
 I hereby certify that the information contained herein is true and correct to the best of my knowledge and belief.
Kurt Fagrelus
 Signature
 Kurt Fagrelus
 Printed Name
 Geologist
 Title
 November 19, 2001
 Date

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.
 Survey Date: NOVEMBER 10, 2001

Signature and Seal of Professional Surveyor

JASON C. EDWARDS
 Certificate Number 15259

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACERAGE DEDICATION PLAT

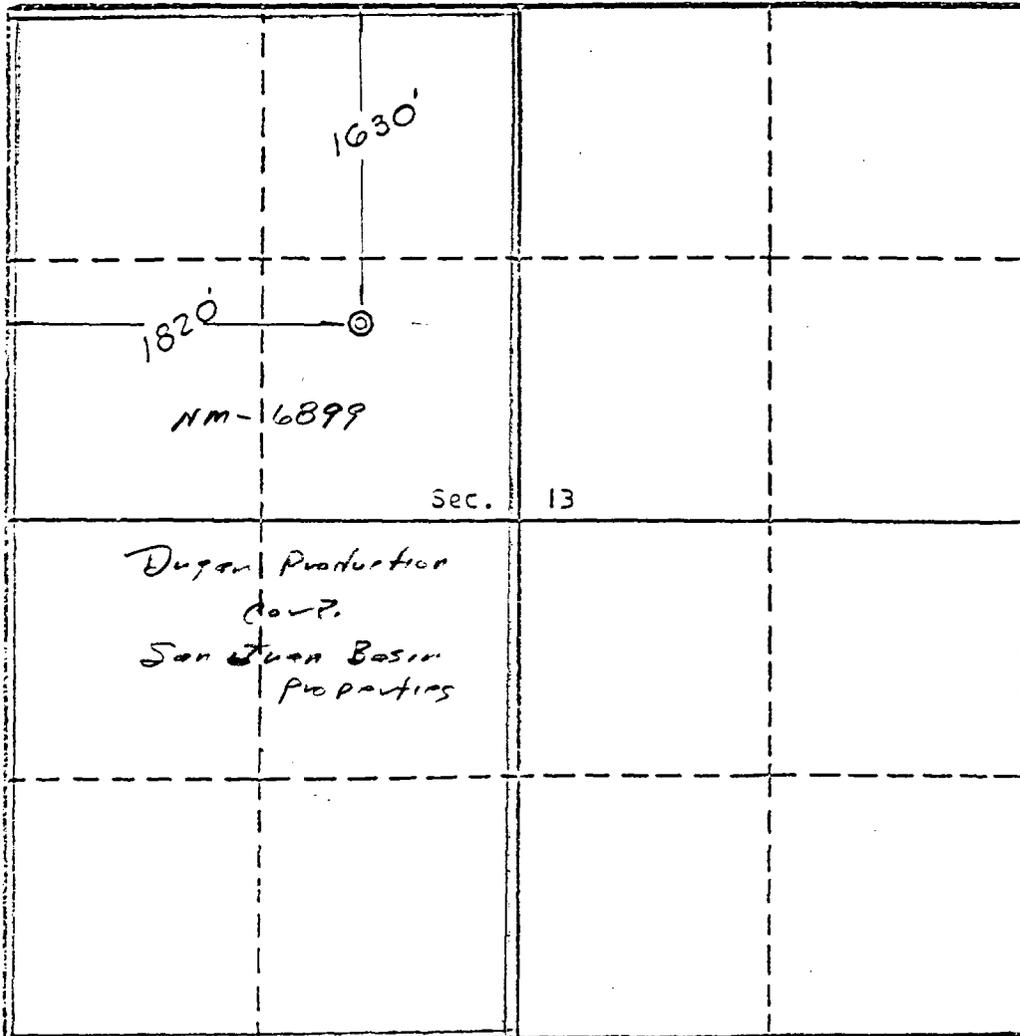
Attachment
No. 3
Pg. 20 of 23

HPT No. 30-045-20956

All distances must be from the outer boundaries of the Section

Operator JEROME P. McHUGH		Lease Pinon			Well No. 1
Unit Letter F	Section 13	Township 30 North	Range 14 West	County San Juan	
Actual Footage Location of Well: 1630 feet from the North line and 1820 feet from the West line					
Ground Level Elev 5904.5770	Producing Formation Dakota	Pool Basin Dakota	Dedicated Acreage: 320		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 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 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.

Original signed by T. A. Dugan

Name
Thomas A. Dugan
Position
Engineer
Company
Jerome P. McHugh
Date
11/1/71

I certify that the location shown on this plat was selected 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.

ESTABLISHED 1892
REGISTERED LAND SURVEYOR
E. V. ECHOHAWK
MEXICO

Date Surveyed
October 14, 1971
Registered Professional Engineer
and/or Land Surveyor

E. V. Echohawk
Certificate No. 3602
E. V. Echohawk LS

Scale, 1 inch = 1,000 feet

EXHIBIT "A"
MEXICO OIL CONSERVATION COMMISS
WELL LOCATION AND ACREAGE DEDICATION PLAT

Attachment
No. 3
Pg. 21 of 23

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

APJ No. 30-045-24186 All distances must be from the outer boundaries of the Section.

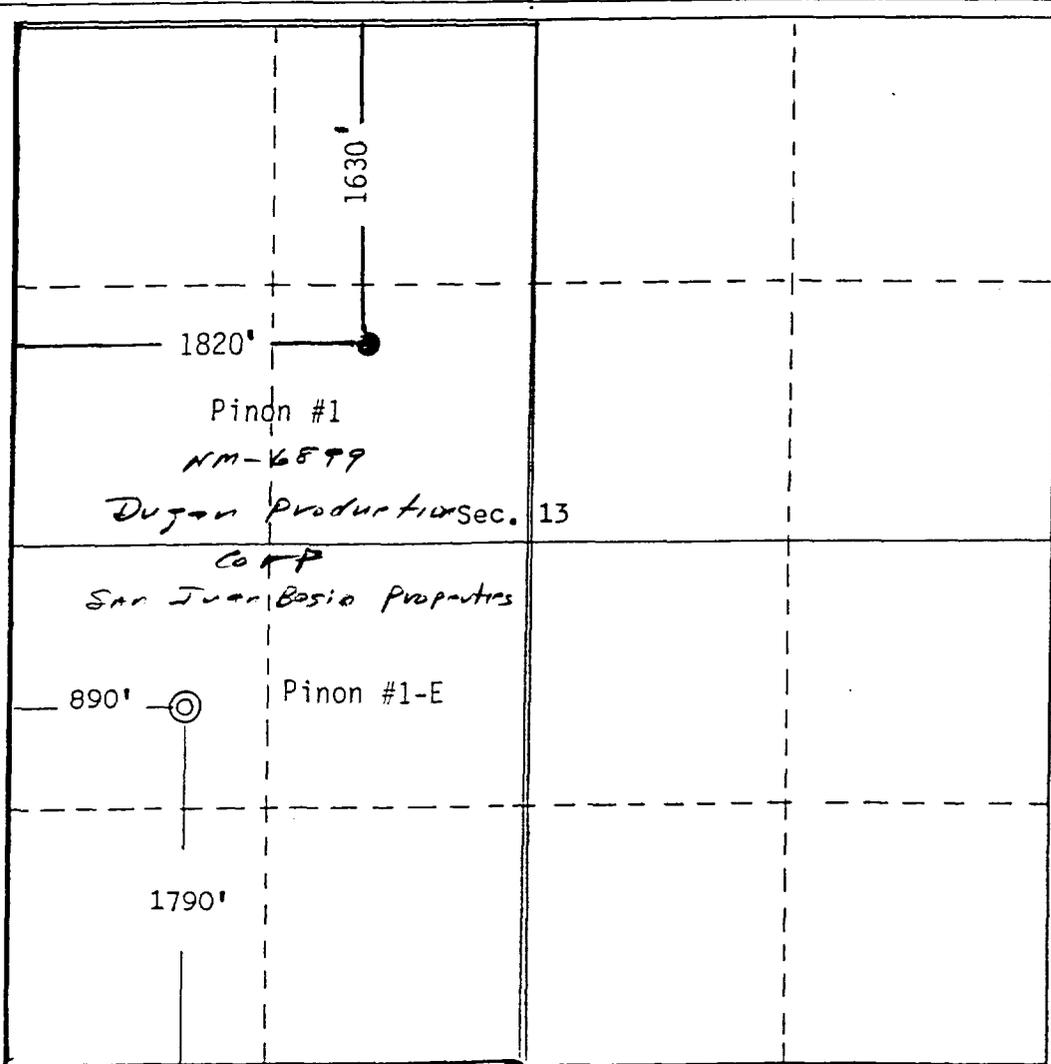
Operator Jerome P. McHugh		Lease Pinon			Well No. 1E
Unit Letter L	Section 13	Township 30 North	Range 14 West	County San Juan	
Actual Footage Location of Well: 1790 feet from the South line and 890 feet from the West line					
Ground Level Elev. 5938	Producing Formation Dakota		Pool Basin Dakota	Dedicated Acreage: 320 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
Agent

Company
Jerome P. McHugh

Date
1-11-80

Date Surveyed
December 13, 1979

Registered Professional Engineer and/or Land Surveyor
Edgar L. Risenhoover

Certificate No. **5919**

District II
PO Drawer 00, Artesia, NM 88211-0719

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

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

District IV
PO Box 2088, Santa Fe, NM 87504-2088

AMENDED REPORT
Attachment
No. 3
Pg. 22 of 23

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30 045 30920		*Pool Code 78160	*Pool Name HARPER HILL FRUITLAND SAND PICTURED CLIFFS
*Property Code	*Property Name PINON		*Well Number 2
*CGPIS No. 006515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 5597'

10 Surface Location

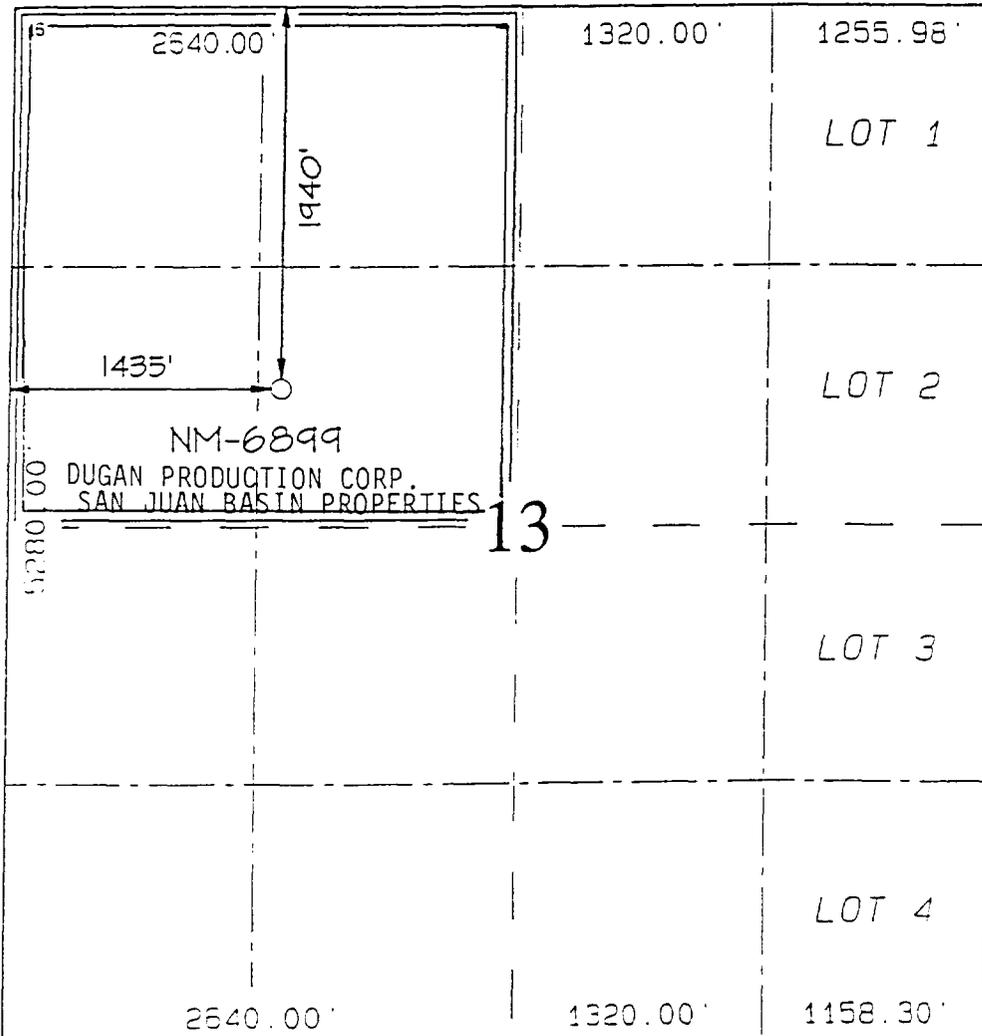
UL or Lot No.	Section	Township	Range	Lot (in)	Feet from the	North/South line	Feet from the	East/West line	County
F	13	30N	14W		1940	NORTH	1435	WEST	SAN JUAN

11 Bottom Hole Location If Different From Surface

UL or Lot No.	Section	Township	Range	Lot (in)	Feet from the	North/South line	Feet from the	East/West line	County

*Dedicated Acres 160 Acres (NW/4)	*Joint or Infill	*Consolidation Code	*Order No.
--------------------------------------	------------------	---------------------	------------

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



17 OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.
Kurt Fagrelus
Signature
Kurt Fagrelus
Printed Name
Geologist
Title
November 7, 2001
Date

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.
Survey Date: OCTOBER 17, 2001
Signature and Seal of Professional Surveyor

JASON C. EDWARDS
NEW MEXICO
REGISTERED PROFESSIONAL SURVEYOR
15269
JASON C. EDWARDS
Certificate Number 15269

District I
 PO Box 1987, Hobbs, NM 88241-1980

State of New Mexico
 Energy, Minerals & Natural Resources Department

Form O-111
 Revised February 21, 1997
 Instructions on back
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

District II
 PO Drawer CD, Artesia, NM 88211-0719

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

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

District IV
 PO Box 2088, Santa Fe, NM 87504-2088

AMENDED RECORD

Attachment
 No. 3
 Pg. 23 of 23

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30 045 30919		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code	*Property Name PINON COM		*Well Number 90
*CGRID No. 006515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 5924'

¹⁰ Surface Location

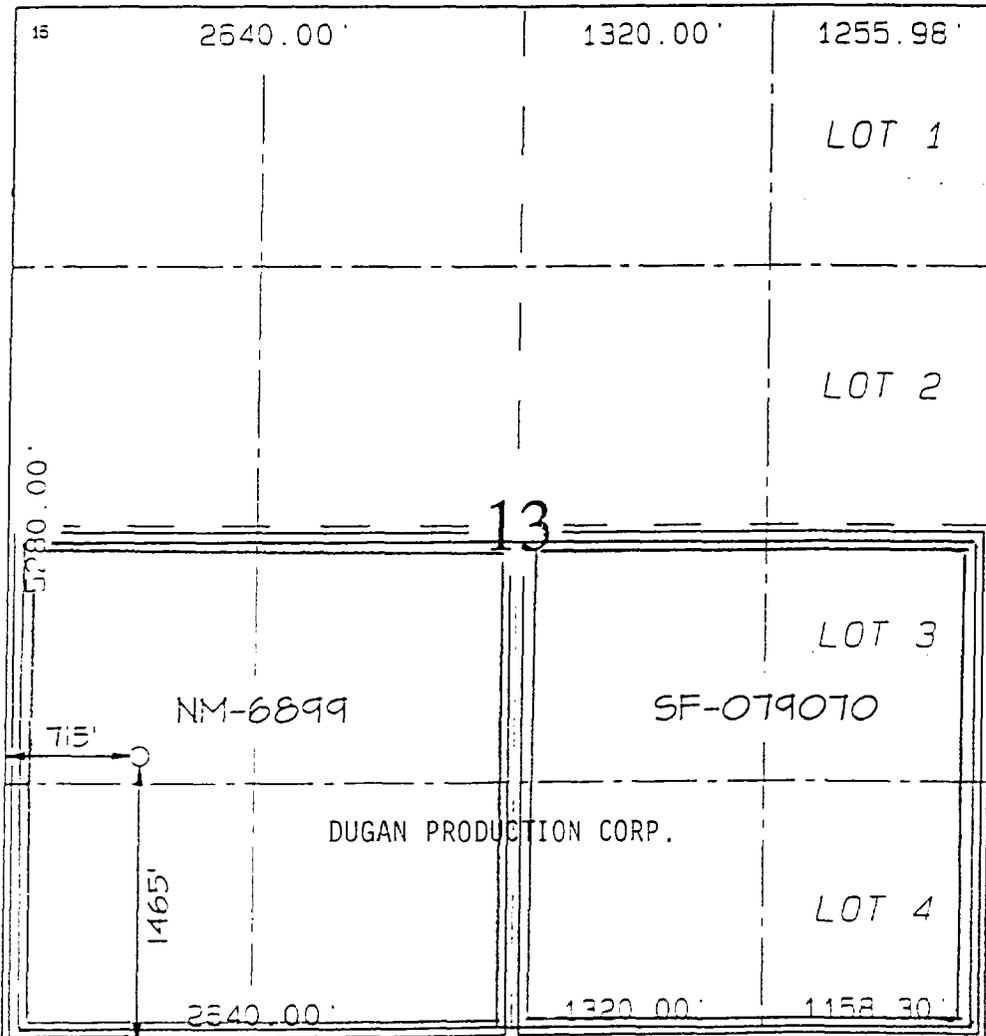
UL or lot no.	Section	Township	Range	Lot (or)	Feet from the	North/South line	Feet from the	East/West line	County
L	13	30N	14W		1465	SOUTH	715	WEST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

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

¹² Dedicated Acres 311.80 Acres (S/2)	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
---	-------------------------------	----------------------------------	-------------------------

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



¹⁷ OPERATOR CERTIFICATION

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

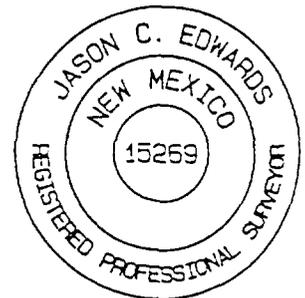
Kurt Fagrelius
 Signature
 Kurt Fagrelius
 Printed Name
 Geologist
 Title
 November 7, 2001
 Date

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

Survey Date: OCTOBER 17, 2001

Signature and Seal of Professional Surveyor



JASON C. EDWARDS
 Certificate Number 15269

ATTACHMENT NO. 4
Interest Ownership Summary
Wells to be included - Dugan Production Corp.'s
Proposed Piñon Mesa Gas Gathering System

	Big Field Well Nos. 1, 5, 6, 90 & 91Y Details on pg 2		Humble Kirtland No. 2 Details on pg 3		Humble Kirtland Com No. 90 Details on pg 3		Lisbon Well Nos. 2 & No 90 Details on pg 4		Molly Pitcher Well Nos. 1, 1E, 3 & 90 Details on pg 5		Mucho Deal Well Nos. 1, 1E & Corn 90 Details on pg 6		Mucho Deal No. 14 Details on pg 6		Pan American Federal Wells No. 1E & No. 2 Details on pg 7		Piñon Wells No. 1 & No. 2 Details on pg 8		Piñon No. 1E Details on pg 8		Piñon Com No. 90 Details on pg 9	
	WI - %	NI - %	WI - %	NI - %	WI - %	NI - %	WI - %	NI - %	WI - %	NI - %	WI - %	NI - %	WI - %	NI - %	WI - %	NI - %	WI - %	NI - %	WI - %	NI - %	WI - %	NI - %
Working Interest																						
Dugan Production Corp.	100.00	82.500	100.00	70.500	97.460156	69.754997	100.00	87.500	100.00	84.500	88.750	71.053130	100.00	83.500	100.00	75.000	95.00	69.033650	100.00	72.666700	100.00	71.611842
Questar E & P Co.					2.539844	1.845621					11.250	9.384370					5.00	3.633350				
Royalty Interest Owners																						
Bureau of Land Management		12.500		12.500		12.500000		12.500		12.500		12.500000		12.500		12.500		12.500000		12.500000		12.500000
Overriding Royalty Int. Owners																						
Jennifer Jones Black		1.500																				
Southern Sky Investment, Inc		1.000																				
Virginia L. Vance		2.500																				
Exxon Mobile Production Co.				10.000		4.920312																4.868505
Mary C. Hagood Royalty Trust				5.000		2.460156																2.434253
Questar E & P Co.				2.000		0.984062																0.973701
Burlington Resources Oil & Gas Co.						6.349609																6.414368
Dugan Production Corp.						1.185243																1.197331
Florence G. Burrow TRS 11-01560									3.000													
BP Amoco Production Co.																						
Diana H. Cook												0.781250										
Feil Living Trust, Marie A. Feil												0.125000										
Celeste C. Grynberg												0.250000										
Ruth P. Jeffers Trst, #00611360												0.781250										
W E Jeffers Revocable Trust												0.125000										
Chester L. Pringle 1991 Trust												0.125000										
Billie Robinson												2.000000										
F.H. & Louise G. Carpenter												2.875000										
TOTALS:	100.00	100.000	100.00	100.000	100.000000	100.000000	100.00	100.000	100.00	100.000	100.000	100.000000	100.00	100.000	100.00	100.000	100.00	100.000000	100.00	100.000000	100.00	100.000000

ATTACHMENT NO. 4
Interest Ownership Summary
Dugan Production Corp.'s Big Field Well
Nos. 1, 5, 6, 90 & 91

<u>Well Name</u>	<u>Pool</u>	<u>Lease #</u>	<u>Location</u>	<u>Spacing Unit</u>
Big Field #1	Basin Dakota	NM10561	SESE 10-30N-14W	S/2-320A
Big Field #5	Harper Hill FR Sand PC	NM10561	NESE 10-30N-14W	SE/4-160A
Big Field #6	Harper Hill FR Sand PC	NM10561	NESE 15-30N-14W	SE/4-160A
Big Field #90	Basin Fruitland Coal	NM10561	NENE 10-30N-14W	E/2-318.05A
Big Field #91Y	Basin Fruitland Coal	NM10561	NESW 10-30N-14W	W/2-319.11A

BIG FIELD WELL NOS. 1, 5, 6, 90 & 91Y

INTEREST OWNERSHIP

INTEREST %

Working Interest

Dugan Production Corp.

Gross

Net

100.00%

82.500000%

Royalty Interest

USA - Bureau of Land Management

12.500000%

Overriding Royalty Interest

Jennifer Jones Black

1.500000%

Southern Sky Investment, Inc.

1.000000%

Virginia L. Vance

2.500000%

TOTAL WELL

100.00%

100.000000%

Addresses

Jennifer Jones Black

11714 Sharpview

Houston, TX 77072

Dugan Production Corp.

P. O. Box 420

Farmington, NM 87499-0420

Southern Sky Investment, Inc.

P.O. Box 2167

Roswell, NM 88201

USA - Bureau of Land Management

1235 La Plata Hwy., Suite A

Farmington, NM 87401

Virginia L. Vance

26396 Rea Avenue

Conifer, CO 80433-8537

ATTACHMENT NO. 4
Interest Ownership Summary
Dugan Production Corp.'s Humble Kirtland Well
Nos. 2 & 90

<u>Well Name</u>	<u>Pool</u>	<u>Lease #</u>	<u>Location</u>	<u>Spacing Unit</u>
Humble Kirtland #2	Harper Hill FR Sand PC	SF-079070	SESE 13-30N-14W	SE/4-151.80A
Humble Kirtland Com #90	Basin Fruitland Coal	SF-079070	NWNE 13-30N-14W	N/2-314.98A

<u>INTEREST OWNERSHIP</u>	<u>HUMBLE KIRTLAND NO. 2</u>		<u>HUMBLE KIRTLAND COM NO. 90</u>	
	<u>INTEREST %</u>		<u>INTEREST %</u>	
	<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u>				
Dugan Production Corp.	100.00%	70.500000%	97.460156%	69.754997%
San Juan Basin Properties, LLC			2.539844%	1.845621%
<u>Royalty Interest</u>				
USA - Bureau of Land Management		12.500000%		12.500000%
<u>Overriding Royalty Interest</u>				
Burlington Resources Oil & Gas Company				6.349609%
Dugan Production Corp.				1.185243%
Exxon Mobile Production Company		10.000000%		4.920312%
Mary C. Hagood Royalty Trust		5.000000%		2.460156%
Questar Exploration & Production Company		2.000000%		0.984062%
TOTAL WELL	100.00%	100.000000%	100.000000%	100.000000%

Addresses

Burlington Resources Oil & Gas Company
Attn: Land Department
P.O. Box 4289
Farmington, NM 87499-4289

San Juan Basin Properties, LLC
1499 Blake Street, #7K
Denver, CO 80202

Dugan Production Corp.
P.O. Box 420
Farmington, NM 87499

USA - Bureau of Land Management
1235 La Plata Hwy., Suite A
Farmington, NM 87401

Exxon Mobile Production Company
P.O. Box 4697
Houston, TX 77210-4697

Mary C. Hagood Royalty Trust
P.O. Box 1010
Casper, WY 82601

Questar Exploration & Production Company
1050 17th Street, Suite 500
Denver, CO 80265

ATTACHMENT NO. 4
Interest Ownership Summary
Dugan Production Corp.'s Lisbon Well
Nos. 2 & 90

<u>Well Name</u>	<u>Pool</u>	<u>Lease #</u>	<u>Location</u>	<u>Spacing Unit</u>
Lisbon #2	Harper Hill FR Sand PC	NM-71716	SWNW 11-30N-14W	N/W4-156.52A
Lisbon #90	Basin Fruitland Coal	NM-71716	NWSW 11-30N-14W	W/2-316.52A

LISBON WELLS NO. 2 & NO. 90

INTEREST OWNERSHIP

INTEREST %

	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u>		
Dugan Production Corp.	100.00%	87.500000%
<u>Royalty Interest</u>		
USA - Bureau of Land Management		12.500000%
TOTAL WELL	100.00%	100.000000%

Addresses

Dugan Production Corp.
P.O. Box 420
Farmington, NM 87499

USA - Bureau of Land Management
1235 La Plata Hwy., Suite A
Farmington, NM 87401

ATTACHMENT NO. 4
Interest Ownership Summary
Dugan Production Corp.'s Molly Pitcher Well
Nos. 1, 1E, 3 & 90

<u>Well Name</u>	<u>Pool</u>	<u>Lease #</u>	<u>Location</u>	<u>Spacing Unit</u>
Molly Pitcher #1	Basin Dakota	NM-628	SENE 14-30N-14W	E/2-320A
Molly Pitcher #1E	Basin Dakota	NM-628	NESE 14-30N-14W	E/2-320A
Molly Pitcher #3	Harper Hill FR Sand PC	NM-628	NWSE 14-30N-14W	SE/4-160A
Molly Pitcher #90	Basin Fruitland Coal	NM-628	SWNE 14-30N-14W	E/2-320A

MOLLY PITCHER WELL NOS. 1, 1E, 3 & 90

INTEREST OWNERSHIP

INTEREST %

	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u>		
Dugan Production Corp.	100.00%	84.500000%
<u>Royalty Interest</u>		
USA - Bureau of Land Management		12.500000%
<u>Overriding Royalty Interest</u>		
Florence G. Burrow TRS 11-01560		3.000000%
TOTAL WELL	100.00%	100.000000%

Addresses

Florence G. Burrow TRS 11-01560
c/o Norwest Bank NM, NA Trustee
P.O. Box 5383
Denver, CO 80217

Dugan Production Corp.
P.O. Box 420
Farmington, NM 87499

USA - Bureau of Land Management
1235 La Plata Hwy., Suite A
Farmington, NM 87401

ATTACHMENT NO. 4
Interest Ownership Summary
Dugan Production Corp.'s Mucho Deal Well
Nos. 1, 1E, 14 & Com 90

<u>Well Name</u>	<u>Pool</u>	<u>Lease #</u>	<u>Location</u>	<u>Spacing Unit</u>
Mucho Deal #1	Basin Dakota	NM-26052	SEnw 14-30N-14W	W/2-320A
Mucho Deal #1E	Basin Dakota	NM-2555	NESW 14-30N-14W	W/2-320A
Mucho Deal #14	Harper Hill FR Sand PC	NM26052	SEnw 14-30N-14W	NW/4-160A
Mucho Deal Com #90	Basin Fruitland Coal	NM-2555	NESW 14-30N-14W	W/2-320A

<u>INTEREST OWNERSHIP</u>	<u>MUCHO DEAL WELL NOS. 1, 1E & COM 90</u>		<u>MUCHO DEAL WELL NO. 14</u>	
	<u>INTEREST %</u>		<u>INTEREST %</u>	
	<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u>				
Dugan Production Corp.	88.75%	71.053130%	100.00%	83.500000%
Questar E&P Company	11.25%	9.384370%		
<u>Royalty Interest</u>				
USA - Bureau of Land Management		12.500000%		12.500000%
<u>Overriding Royalty Interest</u>				
BP Amoco Production Company		0.781250%		
Diana H. Cook		0.125000%		
Feil Living Trust, Marie A. Feil		0.250000%		
Celeste C. Grynberg		0.781250%		
Ruth P. Jeffers Trust		0.125000%		
W.E. Jeffers Revocable Trust		0.125000%		
Chester L. Pringle 1991 Trust		2.000000%		4.000000%
Billie Robinson		2.875000%		
TOTAL WELL	100.00%	100.000000%	100.00%	100.000000%

Addresses

BP Amoco Production Company 200 Amoco Court Farmington, NM 87401	W.E. Jeffers Revocable Trust P.O. Box 65 Artesia, NM 88211-0065	USA - Bureau of Land Management 1235 La Plata Hwy., Suite A Farmington, NM 87401
Diana H. Cook 1740 S. Schooner Creek Rd. Lincoln City, OR 97367	Chester L. Pringle 1991 Trust Chester L. Pringle, Trustee P.O. Box 848 Marble Falls, TX 78654	
Feil Living Trust, Marie A. Feil 6096 Upland Terrace S. Seattle, WA 98118	Billie Robinson P.O. Box 1281 Santa Fe, NM 87504	
Celeste C. Grynberg c/o Grynberg Petroleum Company 5299 DTC Blvd., Suite 500 Greenwood Village, CO 80111	San Juan Basin Properties, LLC 1499 Blake Street, #7K Denver, CO 80202	
Ruth P. Jeffers Trust #00611360 Nations Bank TX, NA, Trustee P.O. Box 840738 Dallas, TX 75284-0738	Dugan Production Corp. P.O. Box 420 Farmington, NM 87499	

ATTACHMENT NO. 4
Interest Ownership Summary
Dugan Production Corp.'s Pan American Federal Well
Nos. 1E & 2

<u>Well Name</u>	<u>Pool</u>	<u>Lease #</u>	<u>Location</u>	<u>Spacing Unit</u>
Pan American Federal #1E	Basin Dakota	SF-081231-B	NWNW 24-30N-14W	W/2-320A
Pan American Federal #2	Harper Hill FR Sand PC	SF-081231-B	NWNW 24-30N-14W	NW/4-160A

PAN AMERICAN FEDERAL WELLS NO. 1E & NO. 2

INTEREST OWNERSHIP

INTEREST %

	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u>		
Dugan Production Corp.	100.00%	75.000000%
<u>Royalty Interest</u>		
USA - Bureau of Land Management		12.500000%
<u>Overriding Royalty Interest</u>		
BP Amoco Production Company		7.500000%
F.H. & Louise G. Carpenter		5.000000%
TOTAL WELL	100.00%	100.000000%

Addresses

BP Amoco Production Company
200 Amoco Court
Farmington, NM 87401

F.H. & Louise G. Carpenter
P.O. Box 608
Sourlake, TX 77659

Dugan Production Corp.
P.O. Box 420
Farmington, NM 87499

USA - Bureau of Land Management
1235 La Plata Hwy., Suite A
Farmington, NM 87401

ATTACHMENT NO. 4
Interest Ownership Summary
Dugan Production Corp.'s Piñon Well
Nos. 1, 1E & 2

<u>Well Name</u>	<u>Pool</u>	<u>Lease #</u>	<u>Location</u>	<u>Spacing Unit</u>
Piñon #1	Basin Dakota	NM-6899	SEnw 13-30N-14W	W/2-320A
Piñon #1E	Basin Dakota	NM-6899	NWSW 13-30N-14W	W/2-320A
Piñon #2	Harper Hill FR Sand PC	NM-6899	SEnw 13-30N-14W	NW/4-160A

<u>INTEREST OWNERSHIP</u>	<u>PIÑON WELLS NO. 1 & NO. 2</u>		<u>PIÑON WELL NO. 1E</u>	
	<u>INTEREST %</u>			
	<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u>				
Dugan Production Corp.	95.00%	69.033650%	100.00%	72.666700%
San Juan Basin Properties, LLC	5.00%	3.633350%		
<u>Royalty Interest</u>				
USA - Bureau of Land Management		12.500000%		12.500000%
<u>Overriding Royalty Interest</u>				
Burlington Resources Oil & Gas Company		12.500000%		12.500000%
Dugan Production Corp.		2.333000%		2.333000%
TOTAL WELL	100.00%	100.000000%	100.00%	100.000000%

Addresses

Burlington Resources Oil & Gas Company
 Attn: Land Department
 P.O. Box 4289
 Farmington, NM 87401

Dugan Production Corp.
 P.O. Box 420
 Farmington, NM 87499

San Juan Basin Properties, LLC
 1499 Blake Street, #7K
 Denver, CO 80202

USA - Bureau of Land Management
 1235 La Plata Hwy., Suite A
 Farmington, NM 87401

ATTACHMENT NO. 4
Interest Ownership Summary
Dugan Production Corp.'s Piñon Com Well No. 90

<u>Well Name</u>	<u>Pool</u>	<u>Lease #</u>	<u>Location</u>	<u>Spacing Unit</u>
Piñon Com #90	Basin Fruitland Coal	NM-6899	NWSW 13-30N-14W	S/2-311.8A

<u>INTEREST OWNERSHIP</u>	<u>PIÑON COM WELL NO. 90</u>	
	<u>INTEREST %</u>	
	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u>		
Dugan Production Corp.	100.00%	71.611842%
<u>Royalty Interest</u>		
USA - Bureau of Land Management		12.500000%
<u>Overriding Royalty Interest</u>		
Burlington Resources Oil & Gas Company		6.414368%
Dugan Production Corp.		1.197331%
Exxon Mobile Production Company		4.868505%
Mary C. Hagood Royalty Trust		2.434253%
Questar Exploration & Production Company		0.973701%
TOTAL WELL	100.00%	100.000000%

Addresses

Burlington Resources Oil & Gas Company
 Attn: Land Department
 P.O. Box 4289
 Farmington, NM 87401

Exxon Mobile Production Company
 P.O. Box 4697
 Houston, TX 77210

Mary C. Hagood Royalty Trust
 P.O. Box 1010
 Casper, WY 82601

Questar Exploration & Production Company
 1050 17th Street, Suite 500
 Denver, CO 80265

Dugan Production Corp.
 P.O. Box 420
 Farmington, NM 87499

USA - Bureau of Land Management
 1235 La Plata Hwy., Suite A
 Farmington, NM 87401

ATTACHMENT No. 5
Proposed Allocation Procedures
Dugan Production Corp.'s
Piñon Mesa Gathering System
CDP : SENE-14-30N-14W (El Paso Meter No. 90018)
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 (MCF) from allocation meters at individual wells and central battery separator during allocation period.

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

Y = BTU's 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 + F

A = Allocated Sales Volume, MCF. = $(W/\text{SUM } W) \times X$

B = Allocated gas sales volume (MCF) associated with water production
= mcf allocated to the central battery water separator multiplied by a factor of $(U/\text{SUM } U)$
for wells delivering water to the central battery water separator.

C = On lease fuel usage, MCF. Determined from equipment specification and operating conditions.

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

E = 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.

F = 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 regulations (currently On shore Order No. 5).

3. 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 1/07/99

CHROMATOGRAPHIC GAS ANALYSIS REPORT

Attachment
NO. 6
Pg 1 of 3

MAILEE
26730

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

METER NUMBER 90018 - MOLLY PITCHER #1 (H-14-30N-14W)
OPERATOR 1862 - DUGAN PRODUCTION CORP Basin Dakota

ANALYSIS DATE 11/02/98 TYPE CODE 2 - ACTUAL
SAMPLE DATE 10/29/98 H2S GRAINS 0
EFFECTIVE DATE 12/01/98 LOCATION F - FARM BECK
EFFECTIVE FOR 6 MONTHS

COMPONENTS	NORMALIZED MOL %	GPM
CO2	1.06	.000
H2S	.00	.000
N2	.56	.000
METHANE	81.81	.000
ETHANE	8.77	2.346
PROPANE	4.54	1.251
ISO-BUTANE	.78	.255
NORM-BUTANE	1.33	.419
ISO-PENTANE	.42	.154
NORM-PENTANE	.34	.123
HEXANE PLUS	<u>.39</u>	<u>.170</u>
	100.00	4.718

SPECIFIC GRAVITY .711
MIXTURE HEATING VALUE
(BTU @ 14.73 DRY) 1222
RATIO OF SPECIFIC HEATS .000
NO TEST SECURED FOR H2S CONTENT



30 AFTON PLACE
 FARMINGTON, N.M. 87401
 (505) 325-6622

ANALYSIS NO. DU220082
 CUST. NO. 23000 - 11385

WELL/LEASE INFORMATION

CUSTOMER NAME DUGAN PRODUCTION CORP.
 WELL NAME JACOBS COM 90
 COUNTY/ STATE SAN JUAN NM
 LOCATION *G-26-30N-14W*
 FIELD *Basin Fruitland Coal*
 FORMATION
 CUST.STN.NO. 202E176690

SOURCE N/A
 PRESSURE 60 PSIG
 SAMPLE TEMP 84 DEG.F
 WELL FLOWING Y
 DATE SAMPLED 4/15/02
 SAMPLED BY MARK SANDOVAL
 FOREMAN/ENGR. TOM BLAIR

*Attachment
 No. 6
 Pg 2 of 3*

REMARKS

ANALYSIS

COMPONENT	MOLE %	GPM**	B.T.U.*	SF.GR *
NITROGEN	0.443	0.0000	0.00	0.0043
CO2	0.474	0.0000	0.00	0.0072
METHANE	98.551	0.0000	997.63	0.5459
ETHANE	0.309	0.0827	5.48	0.0032
PROPANE	0.121	0.0333	3.05	0.0018
I-BUTANE	0.017	0.0056	0.55	0.0003
N-BUTANE	0.034	0.0107	1.11	0.0007
I-PENTANE	0.010	0.0037	0.40	0.0002
N-PENTANE	0.009	0.0033	0.36	0.0002
HEXANE PLUS	0.032	0.0140	1.65	0.0010
TOTAL	100.000	0.1532	1,010.23	0.5650

* @ 14.730 PSIA DRY & UNCORRECTED FOR COMPRESSIBILITY

** @ 14.730 PSIA & 60 DEG. F.

COMPRESSIBILITY FACTOR (1/Z) 1.0020
 BTU/CU.FT (DRY) CORRECTED FOR (1/Z) 1,012.3
 BTU/CU.FT (WET) CORRECTED FOR (1/Z) 994.7
 REAL SPECIFIC GRAVITY 0.5659

ANALYSIS RUN AT 14.730 PSIA & 60 DEGREES F

DRY BTU @ 14.650 1,006.8
 DRY BTU @ 14.696 1,009.9
 DRY BTU @ 14.730 1,012.3
 DRY BTU @ 15.025 1,032.6

CYLINDER # A092
 CYLINDER PRESSURE 54 PSIG
 DATE RUN 4/17/02
 ANALYSIS RUN BY JANA CARANTA



30 AFTON PLACE
 FARMINGTON, N.M. 87401
 (505) 325-6622

ANALYSIS NO. DU220106
 CUST. NO. 23000 - 11310

WELL/LEASE INFORMATION

CUSTOMER NAME	DUGAN PRODUCTION CORP.	SOURCE	N/A
WELL NAME	MUCHO DEAL #14	PRESSURE	53 PSIG
COUNTY/ STATE	SAN JUAN NM	SAMPLE TEMP	74 DEG.F
LOCATION	<i>F-14-30N-14W</i>	WELL FLOWING	Y
FIELD	<i>Hopper Hill Fruitland Sand-PC</i>	DATE SAMPLED	4/24/02
FORMATION		SAMPLED BY	MARK SANDOVAL
CUST.STN.NO.	202A252630	FOREMAN/ENGR.	TOM BLAIR

*Attachment
 No. 6
 Pg 3 of 3*

REMARKS

ANALYSIS

COMPONENT	MOLE %	GPM**	B.T.U.*	SP_GR *
NITROGEN	0.692	0.0000	0.00	0.0067
CO2	0.395	0.0000	0.00	0.0060
METHANE	98.885	0.0000	1,001.01	0.5477
ETHANE	0.028	0.0075	0.50	0.0003
PROPANE	0.000	0.0000	0.00	0.0000
I-BUTANE	0.000	0.0000	0.00	0.0000
N-BUTANE	0.000	0.0000	0.00	0.0000
I-PENTANE	0.000	0.0000	0.00	0.0000
N-PENTANE	0.000	0.0000	0.00	0.0000
HEXANE PLUS	0.000	0.0000	0.00	0.0000
TOTAL	100.000	0.0075	1,001.51	0.5607

* @ 14.730 PSIA DRY & UNCORRECTED FOR COMPRESSIBILITY

** @ 14.730 PSIA & 60 DEG. F.

COMPRESSIBILITY FACTOR	(1/Z)	1.0020
BTU/CU.FT (DRY) CORRECTED FOR	(1/Z)	1,003.5
BTU/CU.FT (WET) CORRECTED FOR	(1/Z)	986.0
REAL SPECIFIC GRAVITY		0.5618

ANALYSIS RUN AT 14 730 PSIA & 60 DEGREES F

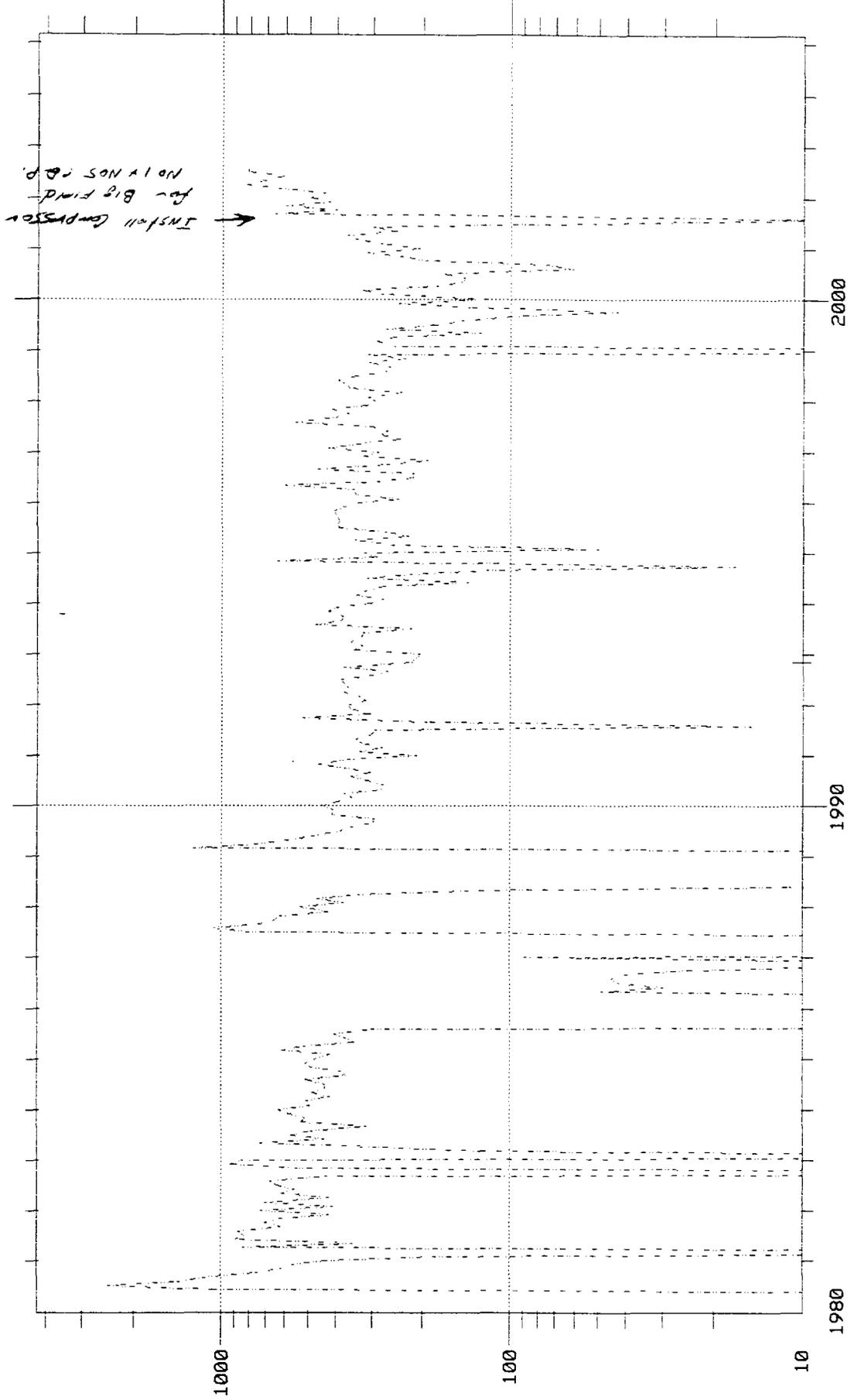
DRY BTU @ 14.650	998.1
DRY BTU @ 14.696	1,001.2
DRY BTU @ 14.730	1,003.5
DRY BTU @ 15.025	1,023.6

CYLINDER #	K058
CYLINDER PRESSURE	36 PSIG
DATE RUN	4/25/02
ANALYSIS RUN BY	JANA CARANTA

DUGAN PRODUCTION CORP.
 Gas Production Rate vs Time
 Mcf/Mo vs Months
 Big Field No. 1
 Basin Dakota Gas Pool (P-10-30N-14W)

Production
 Oil ———
 Gas - - - -
 Water

Attachment
 No. 7
 Pg. 1 of 10

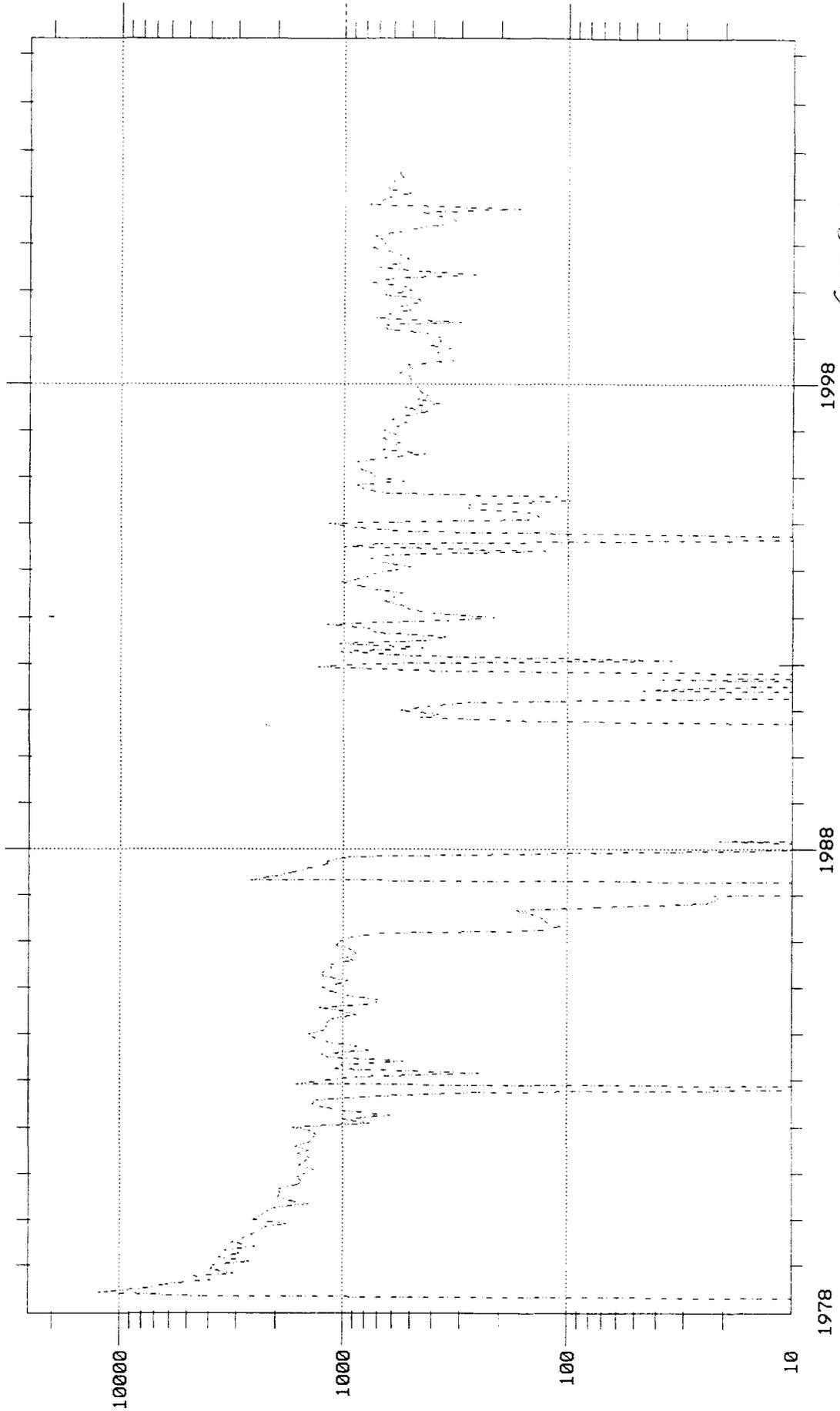


Sum 9-1-02
 GAS - 2,583,332 mcf
 COND - 1,877,661
 WATER - 19,043,661

DUGAN PRODUCTION CORP.
 Gas Production Rate vs Time
 Mcf/Mo vs Months
 Molly Pitcher No.1
 Basin Dakota Gas Pool (H-14-30N-14W)

Production
 Oil ———
 Gas - - - -
 Water

Attachment
 No. 7
 Pg. 2 of 10

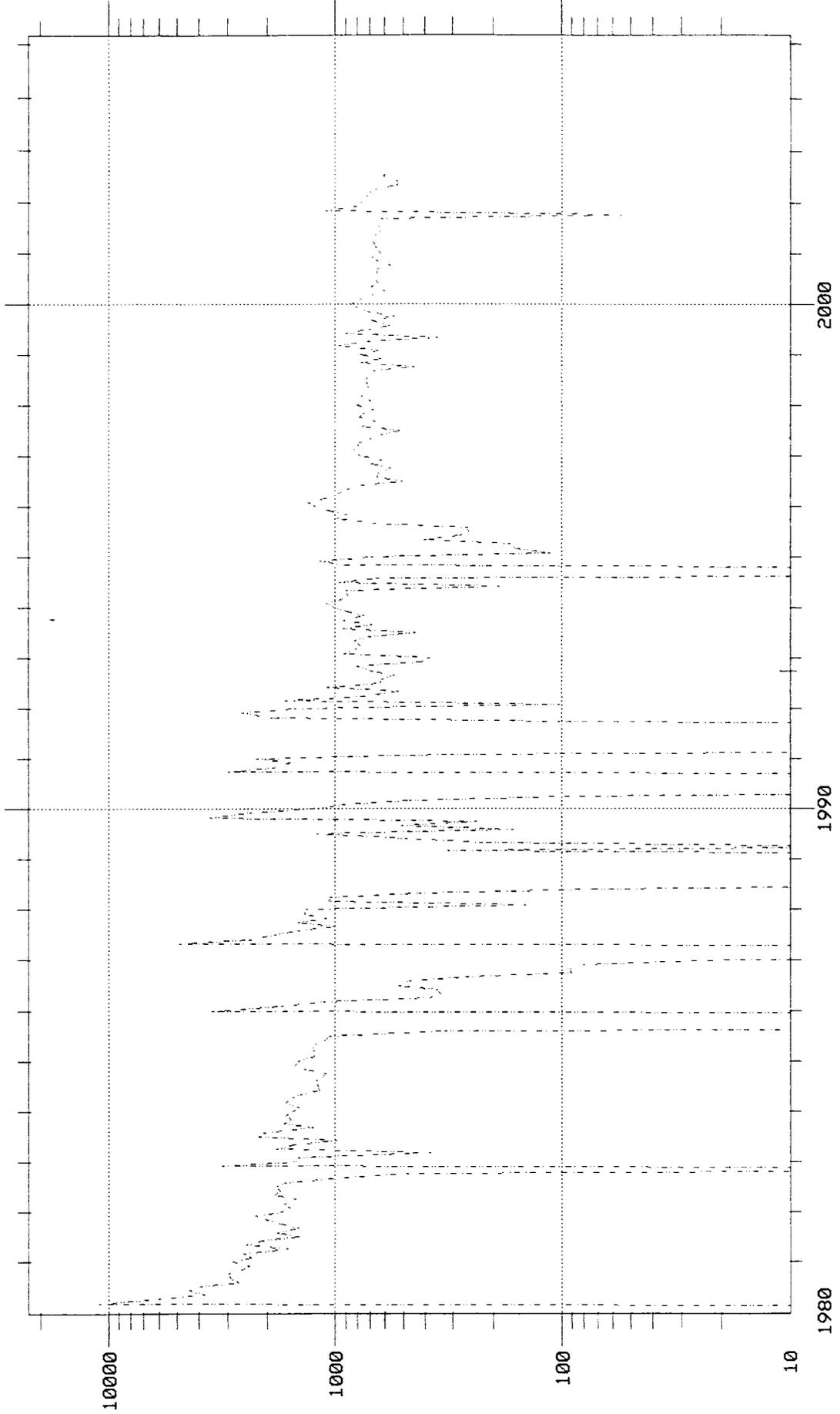


Cur 8-1-02
 257,145 mcf
 192,001
 10,086
 1288 661

DUGAN PRODUCTION CORP.
 Gas Production Rate vs Time
 Mcf/Mo vs Months
 Molly Pitcher No.1E
 Basin Dakota Gas Pool (I-14-30N-14W)

Production
 Oil ———
 Gas - - - -
 Water

Attachment
 No. 7
 Pg. 3 of 10

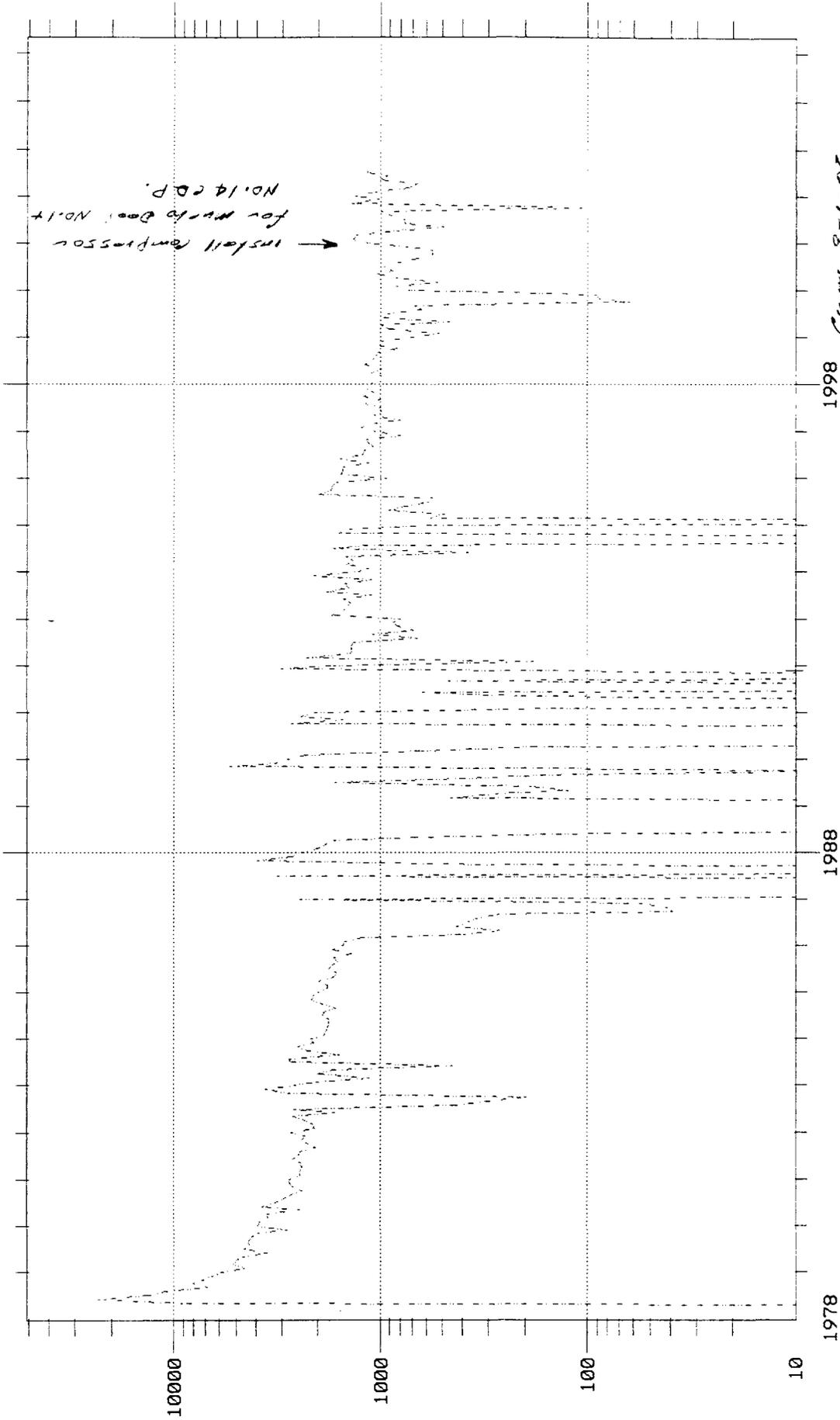


Cum Prod 9-1-02
 895 - 272,750 mcf
 Prod - 9,410,661
 Water - 8715 bbl

DUGAN PRODUCTION CORP.
 Gas Production Rate vs Time
 Mcf/Mo vs Months
 Mucho Deal No.1
 Basin Dakota Gas Pool (F-14-30N-14W)

Production
 Oil ———
 Gas - - - -
 Water

Attachment
 No. 7
 Pg. 4 of 10

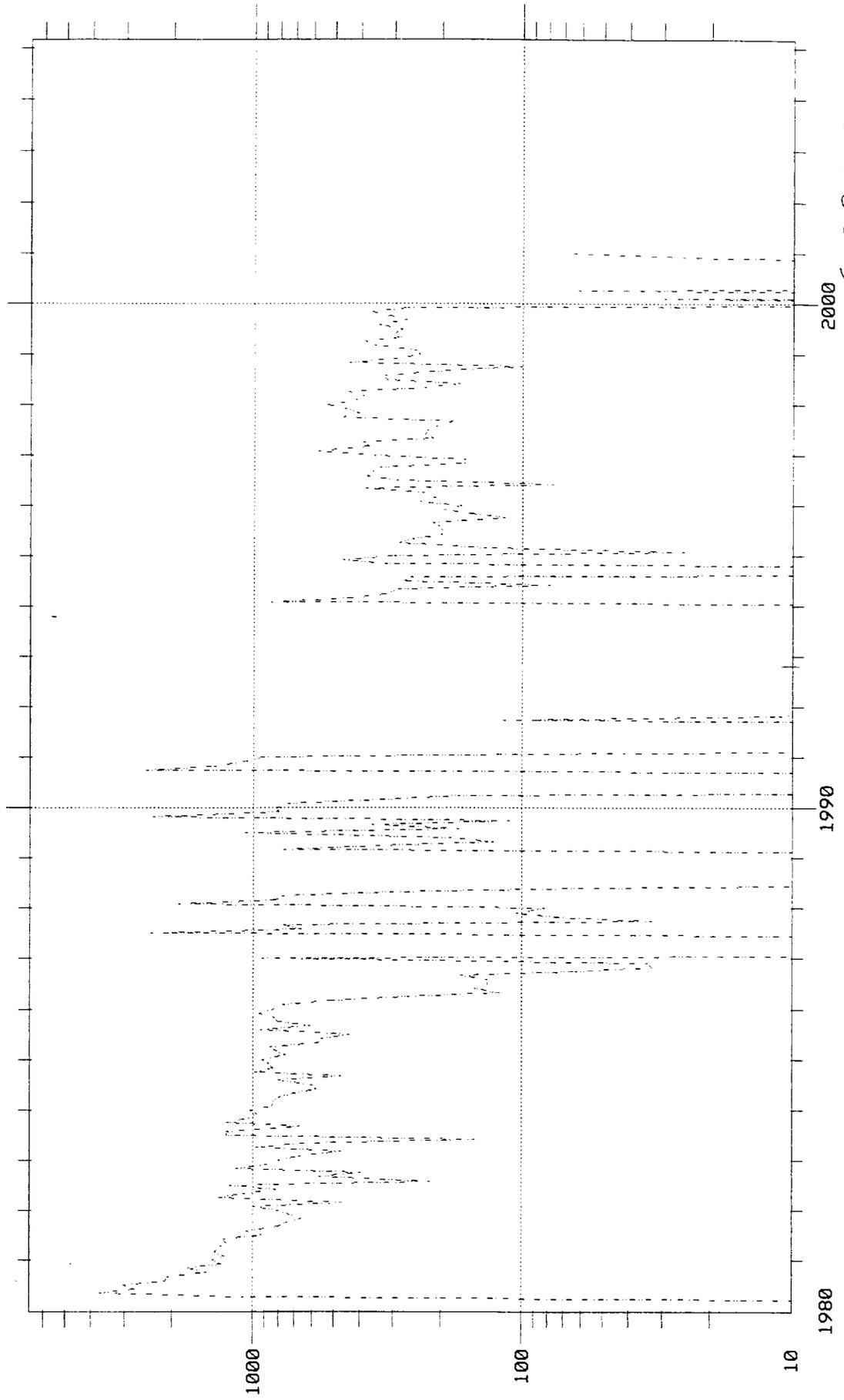


1998 Cum 9-1-02
 895 - 485,307 mcf
 road - 8,667 bbl
 WTR - 650 bbl

DUGAN PRODUCTION CORP.
 Gas Production Rate vs Time
 Mcf/Mo vs Months
 Mucho Deal No.1E
 Basin Dakota Gas Pool (K-14-30N-14W)

Production
 Oil
 Gas
 Water

Attachment
 No. 7
 Pg. 5 of 10

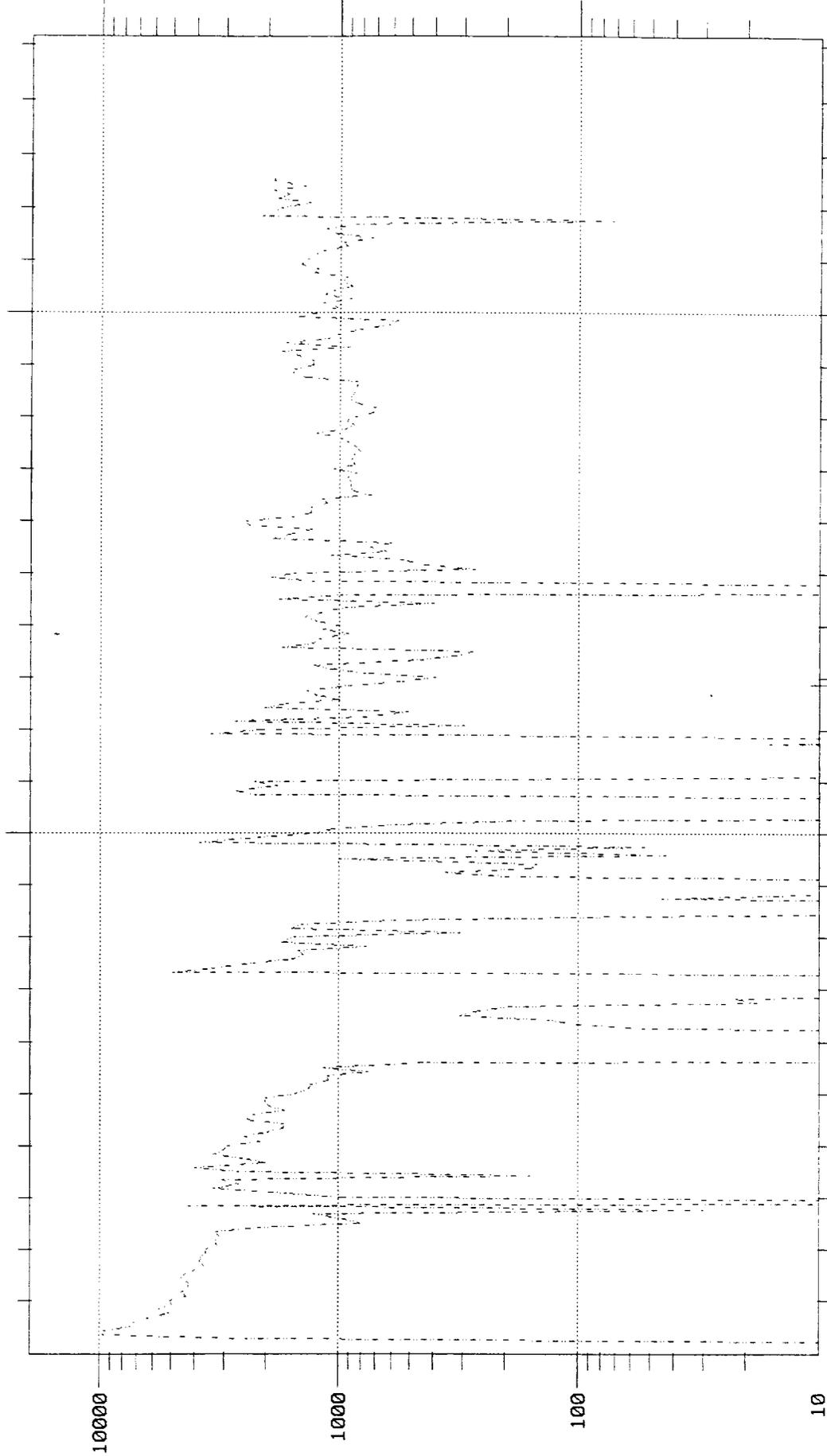


2000
 Cum 9-1-03
 295 - 117,800 MCF
 2000 - 1,650 bbl
 2000 - 3,295 bbl

DUGAN PRODUCTION CORP.
 Gas Production Rate vs Time
 Mcf/Mo vs Months
 Pan American Federal No.1E
 Basin Dakota Gas Pool (D-24-30N-14W)

Attachment
 No. 7
 Pg. 6 of 10

Production
 Oil ———
 Gas - - - -
 Water

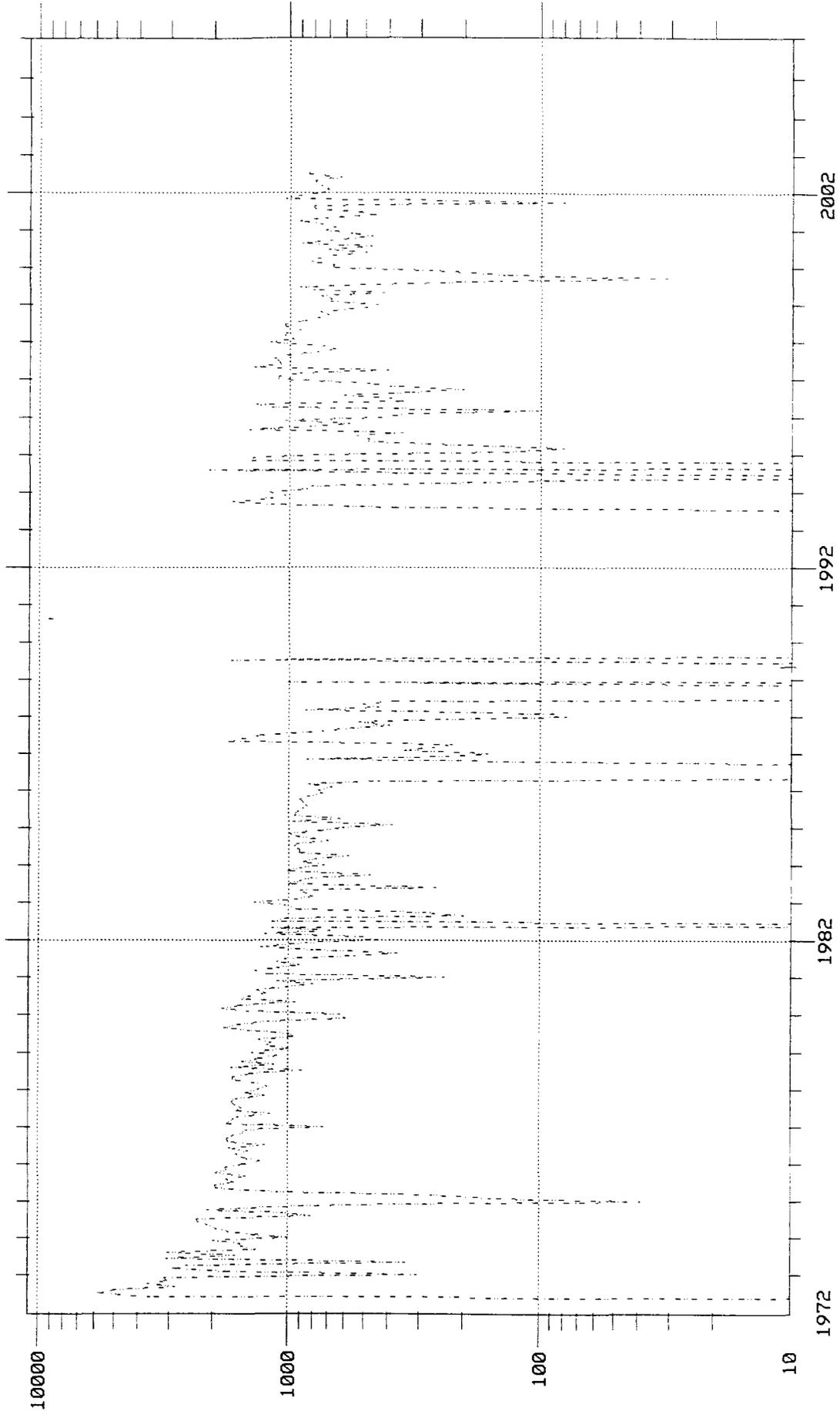


2000
 Cum 9-1-05
 805 - 388,602 mmt
 Prod - 9,539 bbl
 Water - 3,985 bbl

DUGAN PRODUCTION CORP.
 Gas Production Rate vs Time
 Mcf/Mo vs Months
 Pinon No. 1
 Basin Dakota Gas Pool (F-13-30N-14W)

Attachment
 No. 7
 Pg. 7 of 10

Production
 Oil ———
 Gas - - - -
 Water

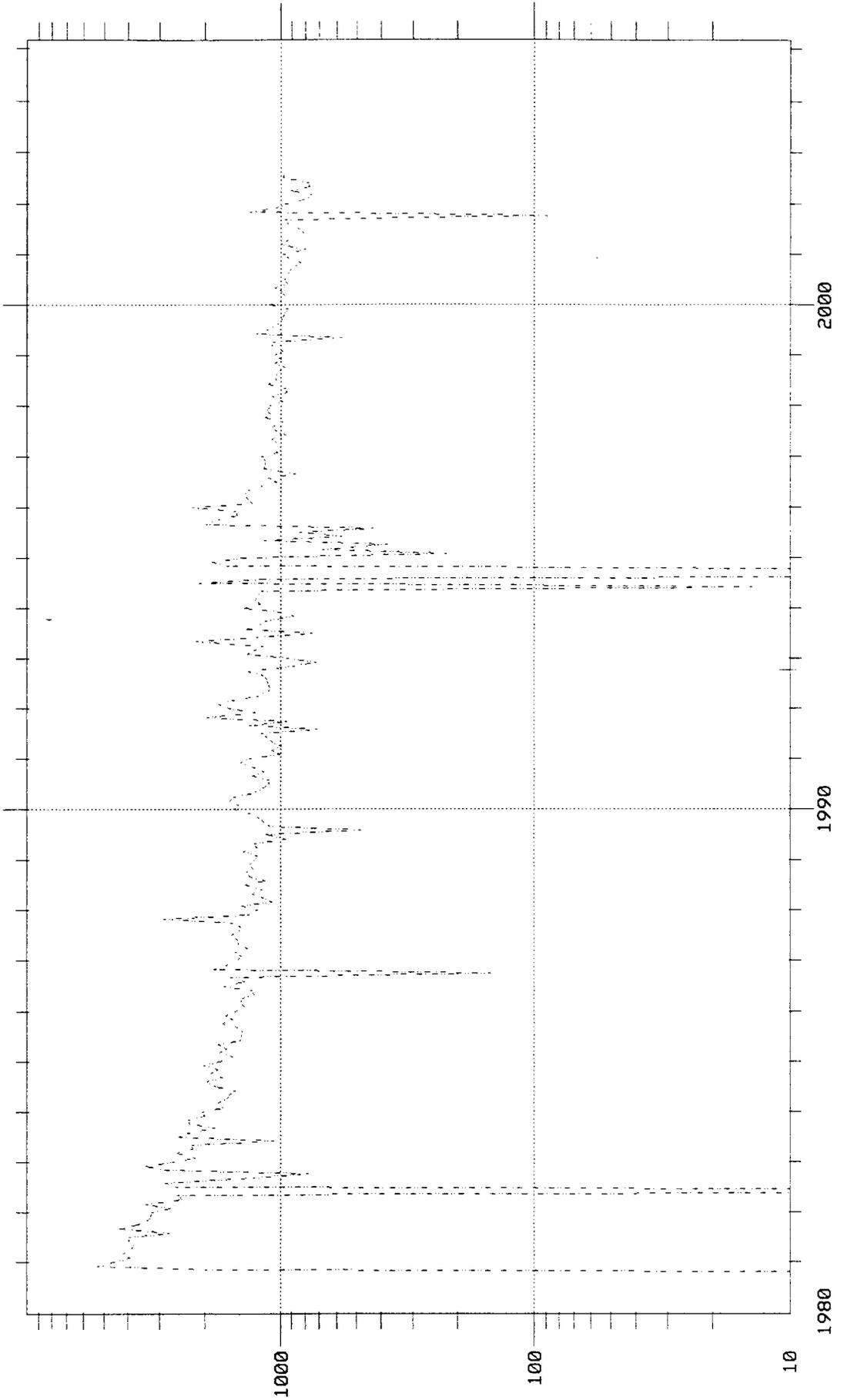


Cum 9-1-02
 FPS - 309,526 MCF
 CONS - 11,900 bbl
 WTR - 796 bbl

DUGAN PRODUCTION CORP.
 Gas Production Rate vs Time
 Mcf/Mo vs Months
 Pinon No. 1E
 Basin Dakota Gas Pool (L-13-30N-14W)

Production
 Oil ———
 Gas - - - -
 Water - - - -

Attachment
 No. 7
 Pg. 8 of 10

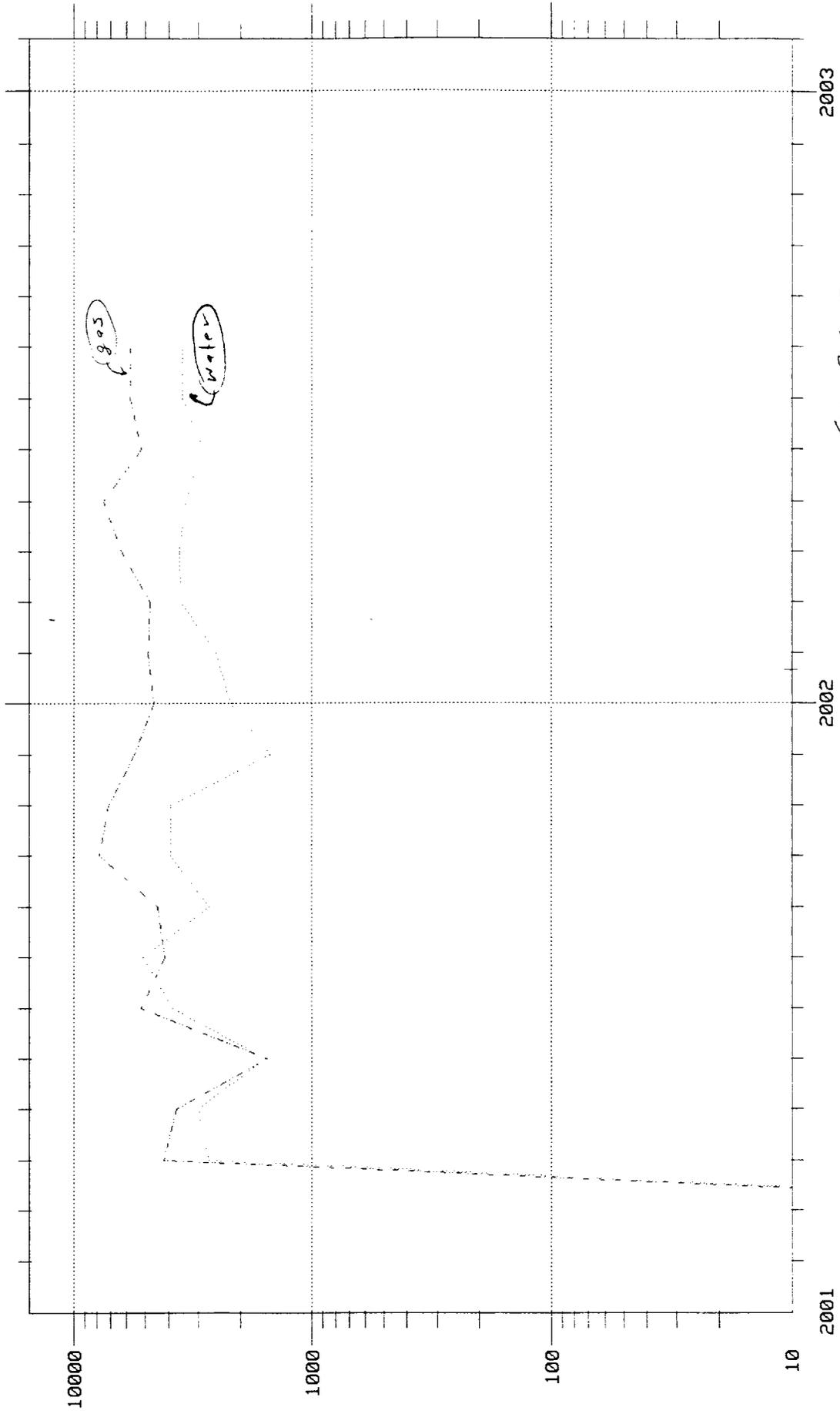


Cum Prod P-1-02
 845 - 371,631 mcf
 cond - 11,743 bbl
 water - 751,266 l

DUGAN PRODUCTION CORP.
 Production Rate vs Time
 BBl/Mo or Mcf/Mo vs Months
 Big Field No.5
 Harper Hill Fruitland Sand-PC (I-10-30N-14W)

Production
 Oil ———
 Gas - - - -
 Water - - - -

Attachment
 No. 7
 Pg. 9 of 10



2003

2002

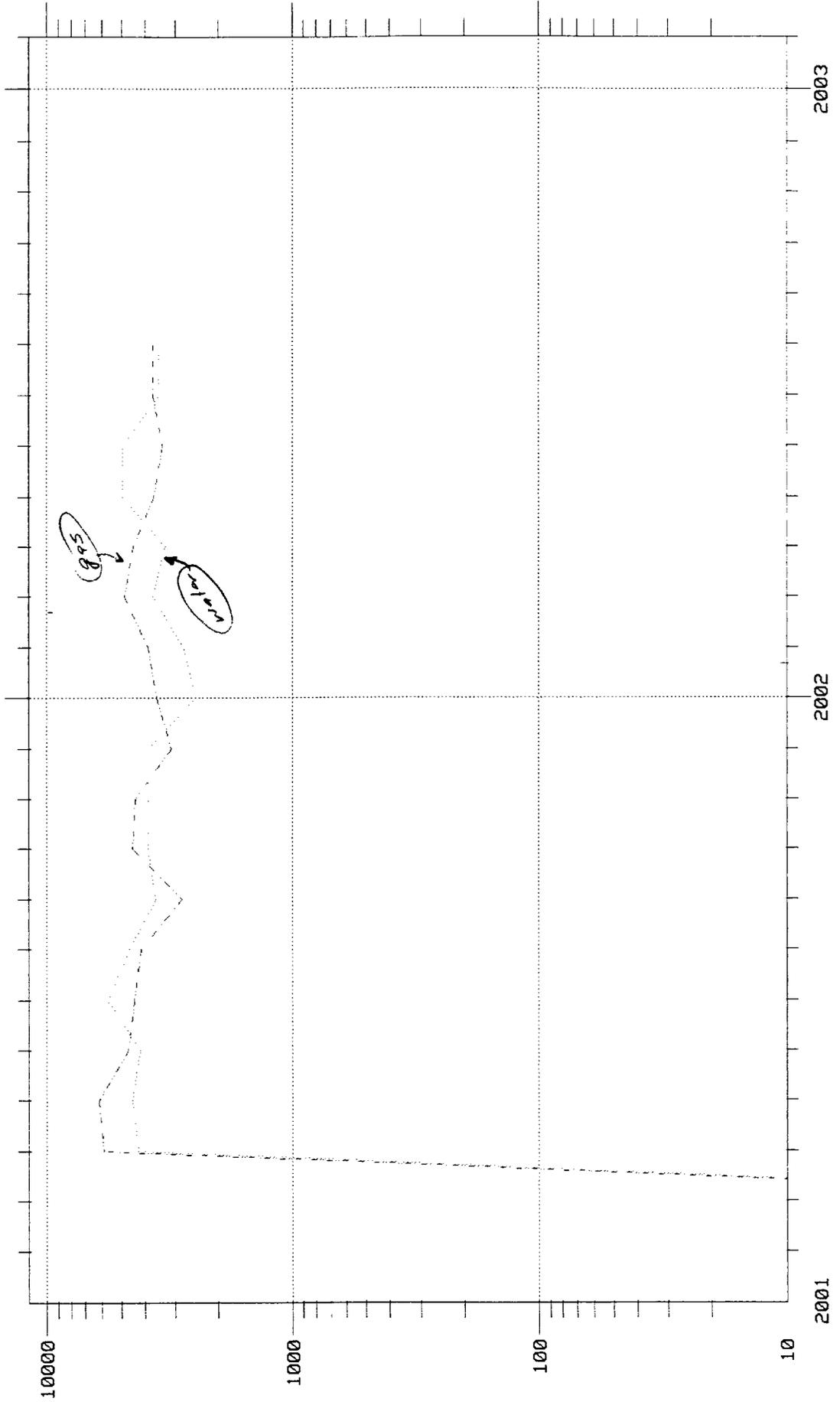
2001

Sum 9.1.02
 895 - 88,548 mcf
 Cond - 0 661
 W/P - 53,403 661

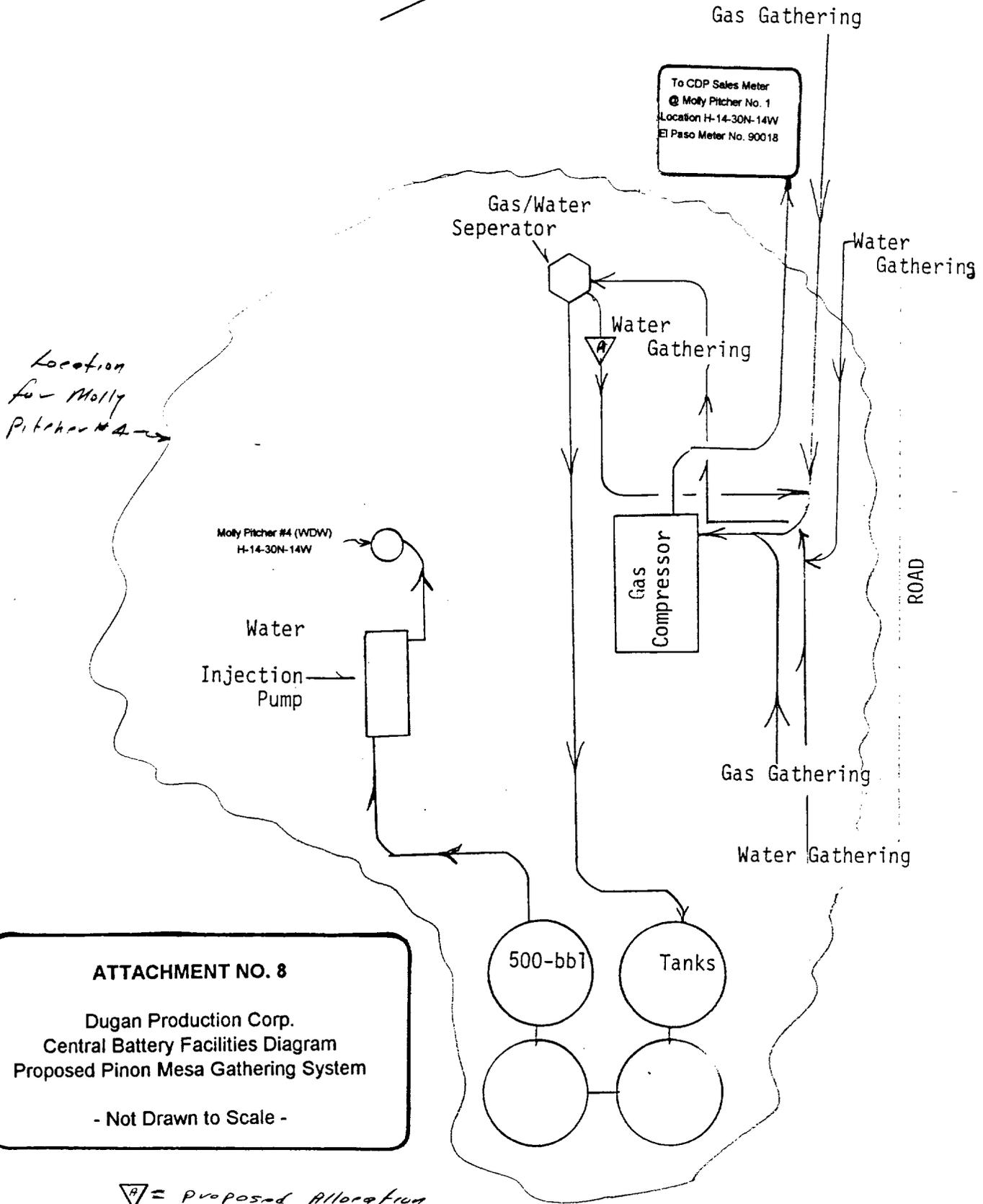
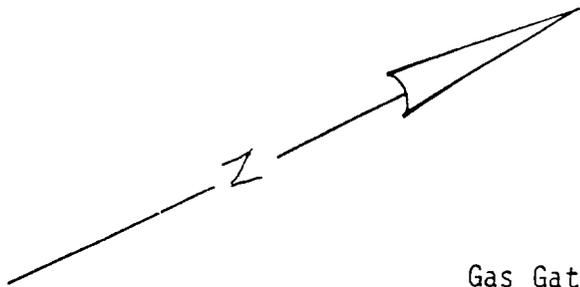
DUGAN PRODUCTION CORP.
 Production Rate vs Time
 BBl/Mo or Mcf/Mo vs Months
 Mucho Deal N0.14
 Harper Hill Fruitland Sand-PC(F-14-30N-14W)

Production
 Oil ———
 Gas - - - -
 Water

Attachment
 No. 7
 Pg. 10 of 10

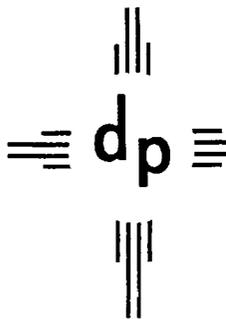


Sum 9-1-02
 gas - 71,386 mcf/d
 cond - 0 bbl
 wtr - 67,811 bbl



ATTACHMENT NO. 8
Dugan Production Corp.
Central Battery Facilities Diagram
Proposed Pinon Mesa Gathering System
- Not Drawn to Scale -

∇A = Proposed Allocation meter if gas volumes from water are sufficient to measure.



dugan production corp.

Attachment
No. 9
Pg 1 of 1

October 11, 2002

Questar E&P Company
Attention: Mr. Gary Ohlman
1050 17th Street, Suite 500
Denver, CO 80265

San Juan Basin Properties, LLC
1499 Blake Street, #7K
Denver, CO 80202

Re: Dugan Production's Application
Surface Commingling and Off-Lease Measurement
Dugan's Proposed Piñon Mesa Gathering System
San Juan County, New Mexico

According to our records, each of you has an interest in one or more of the wells Dugan Production Corp. is proposing to connect to our Piñon Mesa Gathering System. Questar has a working interest in Dugan's Mucho Deal wells No. 1, 1E, and 90, plus an overriding royalty interest in Dugan's Humble Kirtland wells No. 2 & 90 and Piñon Com No. 90. San Juan Basin Properties has a working interest in Dugan's Humble Kirtland Com No. 90 and Piñon wells No. 1 & 2.

Attached is a complete copy of Dugan's application to the NMOCD and BLM requesting their approvals to surface commingle production from the wells you have an interest in, plus to sell the gas at a central delivery sales meter (CDP). Dugan Production will install, operate, and maintain the gathering system, central battery, and water disposal facilities. As a working interest owner in wells to be connected to the Piñon Mesa Gathering System, your only costs associated with the gathering system will be a fee charged for gathering, compression, and water disposal. You will not be billed any costs associated with installing the gathering system (including the allocation meters) and water disposal facilities.

Dugan Production's company-wide gathering system fee is \$0.27/MMBTU, and our compression fee is \$0.09/MMBTU. These fees will be used until operating economics indicate the need for revisions. The water disposal fees have not been determined, but will be less than would have been charged had the water been trucked for commercial disposal.

This proposal should not affect your interest in these wells and should allow your revenues to increase since less compressor fuel will be used, and hopefully all wells will exhibit an increase in the volumes of gas available for sale as a result of the central gas compression. In addition, our operating expenses will be lowered, which will allow all interest owners to recover more of the gas reserves from each well.

This matter does not require any action on your part. Dugan Production, as operator of the gathering system, will pay all costs associated with this proposal. Should you have any questions, need additional information, or have any concern as to our proposal, please let me know. Should you have an objection to our proposal, please let me know, or you can contact the New Mexico Oil Conservation Division directly at 1220 South St. Francis Drive in Santa Fe, New Mexico 87505, and we would appreciate receiving a copy of your objection.

Sincerely,

John D. Roe
Engineering Manager

JDR:sh

Attachments

xc: New Mexico Oil Conservation Division
Bureau of Land Management



dugan production corp.

Attachment
No. 10
Pg 1 of 7

October 11, 2002

To: Overriding Royalty Interest Owners (address list attached)
23 Wells to be Connected to Dugan Production's
Proposed Piñon Mesa Gathering System
San Juan County, New Mexico

Dear Overriding Royalty Interest Owner,

We are writing to let you know that we have filed an application with the New Mexico Oil Conservation Division (NMOCD) and the Bureau of Land Management (BLM) to operate the Piñon Mesa Gathering System, which will require regulatory approvals to surface commingle natural gas and water produced from 13 wells which Dugan Production is currently developing in the Harper Hill Fruitland Sand-PC and Basin Fruitland Coal gas pools, plus 8 Basin Dakota and 2 Harper Hill Fruitland Sand-PC wells that are currently producing directly into El Paso's pipeline.

Attachment No. 1 presents a map of the gathering system, which will require the installation of approximately 40,400 ft. of gas gathering lines and approximately 40,400 ft. of water gathering lines, plus construction of a central battery near Dugan Production's Molly Pitcher No. 1 well, which is located in the SENE of Section 14, T-30N, R-14W. This gathering system will handle the water and gas production from 23 wells, which are presented on Attachment No. 2. The central battery will be equipped with a central compressor which will deliver natural gas to El Paso Natural Gas Company at a central delivery gas sales meter (CDP) operated and maintained by El Paso. In addition, Dugan Production Corp. has drilled and completed the Molly Pitcher No.4 water disposal well at the central battery, which will be used for disposal of produced water from wells connected to the gathering system.

All wells in the gathering system will be equipped with conventional gas meters which will be installed, operated, and maintained by Dugan Production Corp. and will be used to allocate gas volumes, BTU's, and revenues from El Paso's CDP sales meter to each well. Attachment No. 3 presents a copy of the proposed allocation procedure included in Dugan's application. Attachment No. 4 is a copy of the summary page from Dugan's application and presents a summary of interest ownership for each well.

Since your interest in these wells is an overriding royalty interest, there are no costs chargeable to you. All wells will benefit from the operation of one central compressor which will provide a gathering system pressure of ± 30 psi, as compared to a pipeline pressure of 250 to 400 psi in El Paso's system. The low gathering system pressure is necessary for the wells completed in the Fruitland Sand-PC and Fruitland Coal pools and should benefit the wells completed in the Dakota. The central compressor will use less fuel and will have less noise and exhaust emissions than would occur if wellhead compressors were installed on all 23 wells (It is important to note that many of the wells will not economically support the operation of an individual wellhead compressor). In addition, since produced water will be moved from the well to the central battery for disposal by pipeline rather than truck, water disposal costs will be less, and there will be a significant reduction in road maintenance compared to hauling the water by truck.

Attachment 1010
Pg 2 of 7

This proposal should not affect your interest in these wells and should allow your revenues to increase since less compressor fuel will be used which will increase the volumes of gas available for sale from each well. In addition, our operating expenses will be lowered, which will allow all interest owners to recover more of the gas reserves from each well.

This matter does not require any action on your part. Dugan Production, as operator of the gathering system, will pay all costs associated with this proposal. Should you have any questions, need additional information, or have any concern as to our proposal, please let me know. I can be reached at the letterhead address and phone. Should you desire to review the application, please let me know, and we will be happy to send a copy to you. Should you have an objection to our proposal, please let me know, or you can contact the New Mexico Oil Conservation Division directly at 1220 South St. Francis Drive in Santa Fe, New Mexico 87505, and we would appreciate receiving a copy of your objection.

Sincerely,
John D. Roe

John D. Roe
Engineering Manager

JDR:sh

Attachments

xc: New Mexico Oil Conservation Division – Santa Fe
Bureau of Land Management

Piñon Mesa Gas Gathering System Interest Owners Address List

(wells with ownership interest in parentheses)

*H. Ho = 6/11/2010
1/26/10
P. 301*

a = Big Field Wells No. 1, 5, 6, 90 & 91Y; b = Humble Kirtland No.2; c = Humble Kirtland Com No. 90; d = Lisbon Wells No. 2 & 90; e = Molly Pitcher Wells No. 1, 1E, 3, & 90; f = Mucho Deal Wells No. 1, 1E & Com 90; g = Mucho Deal No. 14; h = Pan American Federal Wells No. 1E & 2; i = Piñon Wells No. 1 & 2; j = Piñon No. 1E; k = Piñon Com No. 90

Working Interest Owners

Dugan Production Corp. (a,b,c,d,e,f,g,h,i,j,k)
P.O. Box 420
Farmington, NM 87499

Questar Exploration & Production Company (f)
1050 17th Street, Suite 500
Denver, CO 80265

San Juan Basin Properties, LLC (c, i)
1499 Blake Street, #7K
Denver, CO 80202

Royalty Interest Owners

USA - c/o Bureau of Land Management (a,b,c,d,e,f,g,h,i,j,k)
1235 La Plata Highway, Suite A
Farmington, NM 87401

Overriding Royalty Interest Owners

Jennifer Jones Black (a)
11714 Sharpview
Houston, TX 77072

BP Amoco Production Company (f, h)
200 Amoco Court
Farmington, NM 87401

Burlington Resources Oil & Gas Company, LLC (e, i, j, k)
Attention: Joint Interest Department
P.O. Box 4289
Farmington, NM 87499-4289

Florence G. Burrow Trust 11-01560 (e)
c/o Norwest Bank NM, NA Trustee
P.O. Box 5383
Denver, CO 80217

F.H. & Louise G. Carpenter (h)
P.O. Box 608
Sourlake, TX 77659

Diana H. Cook (f)
1740 S. Schooner Creek Rd.
Lincoln City, OR 97367

Dugan Production Corp. (c, i, j, k)
P.O. Box 420
Farmington, NM 87499

Exxon Mobil Production Company (b, c, k)
P.O. Box 4697
Houston, TX 77210-4697

Feil Living Trust (f)
Marie A. Feil, Successor Trustee
6096 Upland Terrace S.
Seattle, WA 98118

Celeste C. Grynberg (f)
c/o Grynberg Petroleum Company
5299 DTC Blvd., Suite 500
Greenwood Village, CO 80111

Mary C. Hagood Royalty Trust (b, c, k)
P.O. Box 1010
Casper, WY 82601

Ruth Jeffers Trust #00611360 (f)
Nations Bank TX, NA, Trustee
P.O. Box 840738
Dallas, TX 75284-0738

W.E. Jeffers Revocable Trust (f)
P.O. Box 65
Artesia, NM 88211-0065

Questar Exploration & Production Company (b, c, k)
1050 17th Street, Suite 500
Denver, CO 80265

Chester L. Pringle 1991 Trust (f, g)
Chester L. Pringle, Trustee
P.O. Box 848
Marble Falls, TX 78654

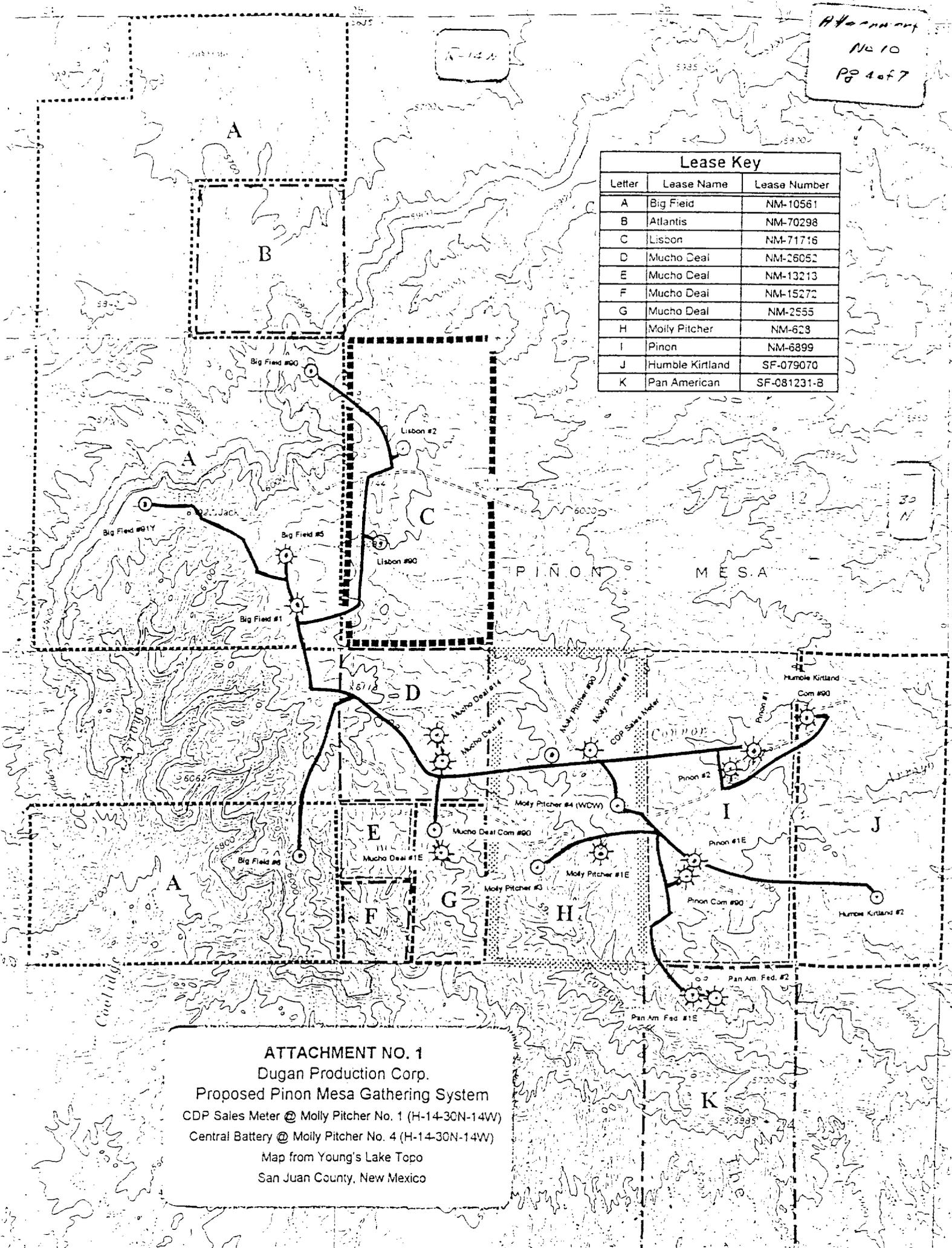
Billie Robinson (f)
P.O. Box 1281
Santa Fe, NM 87504

Southern Sky Investment, Inc. (a)
P.O. Box 2167
Roswell, NM 88201

Virginia L. Vance (a)
26396 Rea Avenue
Conifer, CO 80433-8537

Attachment
 No 10
 Pg 4 of 7

Lease Key		
Letter	Lease Name	Lease Number
A	Big Field	NM-10561
B	Atlantis	NM-70298
C	Lisbon	NM-71716
D	Mucho Deal	NM-26052
E	Mucho Deal	NM-13213
F	Mucho Deal	NM-15272
G	Mucho Deal	NM-2555
H	Molly Pitcher	NM-623
I	Pinon	NM-6899
J	Humble Kirtland	SF-079070
K	Pan American	SF-081231-8



ATTACHMENT NO. 1
 Dugan Production Corp.
 Proposed Pinon Mesa Gathering System
 CDP Sales Meter @ Molly Pitcher No. 1 (H-14-30N-14W)
 Central Battery @ Molly Pitcher No. 4 (H-14-30N-14W)
 Map from Young's Lake Topo
 San Juan County, New Mexico

**ATTACHMENT NO. 2
DUGAN PRODUCTION CORP.
PROPOSED PINON MESA GATHERING SYSTEM AND CDP
CDP Sales Meter @ H-14-30N-14W (Molly Pitcher No. 1 - El Paso Meter #90018)
SAN JUAN COUNTY, NEW MEXICO**

Well Name	API No. 30-045-	Well Location		Well Location		CA Number	Pool	Completion Date	Current Prod.		Spacing Unit	Sales to El Paso	
		UL-Sec-Twn-Rng	Lease No.	Lse. Type	Lse. Type				MCFD	BC/D		First Delivery	El Paso Meter
Big Field #1 ②	22763	P-10-30N-14W	NM10561	Federal	N/A	Basin Dakota	05/10/79	22	0	0.1	S/2-320A	06/23/80	93115
Big Field #5 ②	30182	I-10-30N-14W	NM10561	Federal	N/A	Harper Hill FR Sand PC	08/01/00	200	0	112	SE/4-160A	11/13/00	93115
Big Field #6	30917	I-15-30N-14W	NM10561	Federal	N/A	Harper Hill FR Sand PC	⑤	150	0	100	SE/4-160A		
Big Field #90	30914	A-10-30N-14W	NM10561	Federal	N/A	Basin Fruitland Coal	Location	200	0	150	E/2-318.05A		
Big Field #91Y	31208	K-10-30N-14W	NM10561	Federal	N/A	Basin Fruitland Coal	⑤	200	0	150	W/2-319.11A		
Humble Kirtland #2	30931	P-13-30N-14W	SF-079070	Federal	N/A	Harper Hill FR Sand PC	09/06/02	125	0	95	SE/4-151.80A		
Humble Kirtland Com #90	30921	B-13-30N-14W	SF-079070	Federal	pending	Basin Fruitland Coal	08/18/02	100	0	200	N/2-314.98A		
Lisbon #2	30924	E-11-30N-14W	NM-71716	Federal	N/A	Harper Hill FR Sand PC	⑤	150	0	100	N/W4-156.52A		
Lisbon #90	30923	L-11-30N-14W	NM-71716	Federal	N/A	Basin Fruitland Coal	⑤	200	0	150	W/2-316.52A		
Molly Pitcher #1	22084	H-14-30N-14W	NM628	Federal	N/A	Basin Dakota	11/16/76	18	0.3	0.1	E/2-320A	05/22/78	90018
Molly Pitcher #1E	23612	I-14-30N-14W	NM628	Federal	N/A	Basin Dakota	10/24/79	19	0.3	0.1	E/2-320A	02/28/80	90904
Molly Pitcher #3	30915	J-14-30N-14W	NM628	Federal	N/A	Harper Hill FR Sand PC	09/06/02	110	0	150	SE/4-160A		
Molly Pitcher #90	30930	G-14-30N-14W	NM628	Federal	N/A	Basin Fruitland Coal	⑤	200	0	150	E/2-320A		
Mucho Deal #1 ③	22570	F-14-30N-14W	NM-26052	Federal	SRM1154	Basin Dakota	08/02/77	21	0	0.1	W/2-320A	05/22/78	90019
Mucho Deal #1E ③	22571	K-14-30N-14W	NM-26052	Federal	SRM1154	Basin Dakota	10/24/79	10	0.3	0.1	W/2-320A	04/28/80	93004
Mucho Deal #14 ③	30179	F-14-30N-14W	NM-2555	Federal	N/A	Harper Hill FR Sand PC	07/26/00	113	0	117	NW/4-160A	11/22/00	90019
Mucho Deal Com #90	30916	K-14-30N-14W	NM-2555	Federal	pending	Basin Fruitland Coal	⑤	200	0	150	W/2-320A		
Pan American Federal #1E	23675	D-24-30N-14W	SF-081231-B	Federal	N/A	Basin Dakota	10/31/79	60	0.7	0.1	W/2-320A	04/28/80	93005
Pan American Federal #2	30918	D-24-30N-14W	SF-081231-B	Federal	N/A	Harper Hill FR Sand PC	06/28/02	100	0	200	NW/4-160A		
Pinon #1	20956	F-13-30N-14W	NM-6899	Federal	N/A	Basin Dakota	12/06/71	27	0.2	0.1	W/2-320A	06/19/72	87393
Pinon #1E	24186	L-13-30N-14W	NM-6899	Federal	N/A	Basin Dakota	05/27/80	31	0.5	0.1	W/2-320A	11/25/80	93398
Pinon #2	30920	F-13-30N-14W	NM-6899	Federal	N/A	Harper Hill FR Sand PC	08/18/02	100	0	200	NW/4-160A		
Pinon Com #90	30919	L-13-30N-14W	NM-6899	Federal	pending	Basin Fruitland Coal	06/28/02	100	0	200	S/2-311.80A		
23 Well Total								2,456	2.3	2,225			

Notes:

- N/A - Not applicable or not needed.
- ① Current production data represents daily average for 6/02 & 7/02. For wells completed but not producing, data presents IP test. For wells not completed, data presents anticipated production rates.
- ② NMOCD Commingling Order PC-1017, dated 08/30/00, authorized converting El Paso Meter #93115 (NENE 15-30N-14W) to a CDP for Dugan's Big Field No. 1 & 5 wells, plus the off-lease measurement for both wells. BLM approval was dated 09/14/00.
- ③ NMOCD Commingling Order PC-1019, dated 09/18/00, authorized converting El Paso Meter #90019 (SENW 14-30N-14W) to a CDP for Dugan's Mucho Deal No. 1 & 14 wells. BLM approval was dated 09/14/00.
- ④ The Mucho Deal No. 1E currently is shut in. We anticipate doing remedial work to restore production upon installing the Pinon Mesa Gathering System. The production rates presented reflect anticipated production rates.
- ⑤ Development well activity.

Well	Spud	Casing Size & Depth	Well Status
Big Field No. 6	8/26/2002	5-1/2" @ 1,818'	Waiting on completion
Big Field No. 91Y	9/12/2002	5-1/2" @ 1,878'	Waiting on completion
Lisbon No. 2	10/7/2002	—	Drilling
Lisbon No. 90	9/30/2002	5-1/2" @ 1,905'	Waiting on completion
Molly Pitcher No. 90	7/18/2002	5-1/2" @ 1,818'	Waiting on completion
Mucho Deal Com No. 90	8/19/2002	5-1/2" @ 1,858'	Waiting on completion

Approval
No 10
Pg 5 of 7

Attachment
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Pg 6 of 7

ATTACHMENT No. ³5
Proposed Allocation Procedures
Dugan Production Corp.'s
Piñon Mesa Gathering System
CDP : SENE-14-30N-14W (El Paso Meter No. 90018)
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 (MCF) from allocation meters at individual wells and central battery separator during allocation period.
- X = Gas Volume (MCF) from CDP Sales Meter during allocation period.
- Y = BTU's 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 + F
 - A = Allocated Sales Volume, MCF. = $(W / \text{SUM } W) \times X$
 - B = Allocated gas sales volume (MCF) associated with water production
= mcf allocated to the central battery water separator multiplied by a factor of $(U / \text{SUM } U)$ for wells delivering water to the central battery water separator.
 - C = On lease fuel usage, MCF. Determined from equipment specification and operating conditions.
 - D = Purged and/or vented gas from well and/or lease equipment, MCF. Calculated using equipment specifications and pressures.
 - E = 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.
 - F = 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 regulations (currently On shore Order No. 5).
3. Individual Well Water Production = Allocated production volume, bbl = $(U / \text{Sum } U) \times V$.

