



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Reese Fullerton

Deputy Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

July 13, 2007

Dugan Production Corp
PO Box 420
Farmington NM 87499

Re: Pseudo Fruitland Coal Mine Gas #2 30-045-32361
Sec 35, T30N, R15W San Juan Co., NM

Gentlemen:

Please be advised that your permit to drill the referenced well has expired and has been cancelled. If drilling operations have commenced, you should contact this office immediately.

If you wish to drill this well in the future, it will be necessary to submit a new Form C101, Application to Drill, and drilling package for review and approval.

Sincerely,

Karen Sharp
Compliance Officer, District III

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Well File