

Oil Conservation Division  
1220 S. St Francis Dr.  
Santa Fe, NM 87505

Change of Operator

Warner Federal #1

Previous Operator Information

OGRID: 22044  
Name: MCELVAIN OIL AND GAS  
PROPERTIES INC  
Address: 1050 17TH STREET  
Address: SUITE 1800  
City, State, Zip: DENVER, CO 80265

New Operator Information

Effective Date: 4/1/2007  
OGRID: 6515  
Name: DUGAN PRODUCTION CORP  
Address: PO BOX 420  
Address:  
City, State, Zip: FARMINGTON, NM 87499

I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information on this form and the certified list of wells is true to the best of my knowledge and belief.

Previous Operator

Signature: John D. Steuble  
Printed Name: John D. Steuble  
Title: Vice President Engineering  
Date: 5/9/2007 Phone: 303-893-0933

New Operator

Signature: Kurt Fegrelius  
Printed Name: Kurt Fegrelius  
Title: V.P. Exploration  
Date: 5-10-07 Phone: 505-325-1821

Lease - NMNM048989

NMOCD Approval

Electronic Signature: Charlie Perrin, District 3  
Date: May 30, 2007

Township 22 North Range 8 West, NMPM  
Section 10: E/2, SW/4  
Section 14: NW/4, SE/4  
Section 15: All  
Containing 1,440.00 acres, more or less  
San Juan County, New Mexico