



PATRICK H. LYONS
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

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March 4, 2003

Dugan Production Corporation
P. O. Box 420
Farmington, New Mexico 87499-0420

Attn: Mr. John D. Roe

Re: Request for Surface Commingling, Off-Lease Measurement, and Sale of Produced Natural Gas
Dugan Production's Topaz Gas Gathering System
Thirty Four Additional Wells
San Juan County, New Mexico

Dear Mr. Roe:

We are in receipt of your letter of February 25, 2003 requesting our approval to include 34 additional wells to be added to Dugan's Topaz Gas Gathering System.

It is our understanding that the fifth expansion to the Topaz Gas Gathering System will now contain a total of 50 Federal, State and Navajo Alloted wells. These wells will be operated in the same manner that has been previously approved by the BLM, NMOCD and this office for the 16 wells currently in the gathering system.

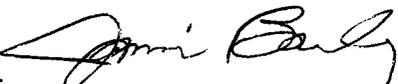
Since it appears that all the New Mexico Oil Conservation Division's rules and regulations have been complied with, and there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request is hereby approved. Our approval is subject to like approval by the New Mexico Oil Conservation Division and the Bureau of Land Management.

Your \$30.00 dollar filing has been received.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

PATRICK H. LYONS
COMMISSIONER OF PUBLIC LANDS



BY:
JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744
PL/JB/pm

pc: Reader File, ~~OGD-Attention: David Catanach, Ben Stone,~~
BLM-Farmington Attn: Mr. Steve Henke