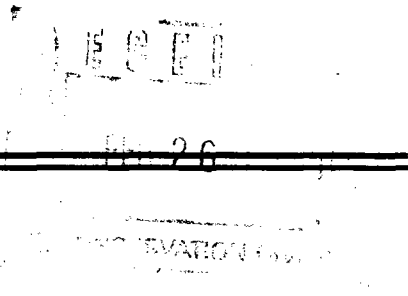


dugan production corp.



February 23, 2001

Ms. Lori Wrotenbery  
New Mexico Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, NM 87505

Re: Dugan Production's application dated 1-17-01  
Proposed Surface Commingling & Off-lease Measurement  
Dugan Production Corp.'s Cuccia No. 1 (API No. 30-045-10776)  
Dugan Production Corp.'s Cuccia Com No. 90 (API No. 30-045-30247)  
Units G & A, Section 14, T-31N, R-13W  
Federal Leases 024907 & Fee Lease  
Basin Dakota & Basin Fruitland Coal Gas Pools  
San Juan County, NM

Dear Ms. Wrotenbery,

Attached for your consideration of the subject application are copies of the return receipts which reflect that all interest owners did receive a copy of our application. Please note that we did not receive the return card from Harold and Patricia Huggins (a royalty interest owner), however I did confirm by phone that they did receive the application and have no objection.

Also attached is a copy of the BLM's approval dated 1-29-01.

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

Sincerely,

John D. Roe  
Engineering Manager

JDR/tmf

C:\TF\Johnroe\cuccia\cdp\oedflwup.wpd

# SENDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits.

Article Addressed to:

Margaret Munder-Nicks  
3719 Woodland Ave., NE.  
Albuquerque, NM 87112

Article Number (Copy from service label)

2-289-644-014

Form 3811, July 1999

Domestic Return Receipt

102595-00-M-0952

## COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery  
DEBRA COX 1-30-01

C. Signature  
x W. C. Cox  
D. Is delivery address different from item 1? ☐ Yes ☒ No  
If YES, enter delivery address below:

3. Service Type  
☒ Certified Mail ☐ Express Mail  
☐ Registered ☒ Return Receipt for Merchandise  
☐ Insured Mail ☐ C.O.D.  
4. Restricted Delivery? (Extra Fee) ☐ Yes

# SENDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits.

Article Addressed to:

Bureau of Land Management  
1235 La Plata Highway  
Birmingham, NM 87401

Article Number (Copy from service label)

2-289-644-015

Form 3811, July 1999

Domestic Return Receipt

102595-00-M-0952

## COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery  
Chavez 1-18-01

C. Signature  
x J. Chavez  
D. Is delivery address different from item 1? ☐ Yes ☒ No  
If YES, enter delivery address below:

3. Service Type  
☒ Certified Mail ☐ Express Mail  
☐ Registered ☒ Return Receipt for Merchandise  
☐ Insured Mail ☐ C.O.D.  
4. Restricted Delivery? (Extra Fee) ☐ Yes

## SENDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Barry Markstad  
Cross Timbers Oil Co.  
2700 Barrington Ave.  
Building K, Suite 1  
Barrington, TN 37401

Article Number (Copy from service label)

2-289-644-016

Form 3811, July 1999

Domestic Return Receipt

102595-00-M-0952

## SENDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Paul D. Boe  
7104 Wondenburg Street  
Las Vegas, NV 89131

2. Article Number (Copy from service label)

2-289-644-418

PS Form 3811, July 1999

Domestic Return Receipt

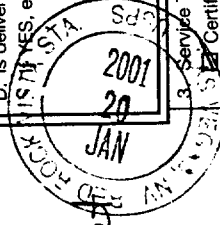
102595-00-M-0952

## COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery  
PAUL D. BOE

C. Signature  
x P-D. Boe  
D. Is delivery address different from item 1? ☐ Yes ☒ No  
If YES, enter delivery address below:

3. Service Type  
☒ Certified Mail ☐ Express Mail  
☐ Registered ☒ Return Receipt for Merchandise  
☐ Insured Mail ☐ C.O.D.  
4. Restricted Delivery? (Extra Fee) ☐ Yes



SENDER: COMPLETE THIS SECTION

1. Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.  
2. Print your name and address on the reverse so that we can return the card to you.  
3. Attach this card to the back of the mailpiece, or on the front if space permits.

Article Addressed to:  
*Dorothy J. Caulfield*  
*14647 Loneview Terrace*  
*Chino Hills, CA 91710*

A. Received by (Please Print Clearly) *[Signature]* B. Date of Delivery *7/27/99*  
C. Signature *[Signature]* ☒ Agent ☐ Addressee  
D. Is delivery address different from item 1? ☐ Yes ☒ No  
If YES, enter delivery address below:

3. Service Type  
☒ Certified Mail ☐ Express Mail  
☐ Registered ☒ Return Receipt for Merchandise  
☐ Insured Mail ☐ C.O.D.  
4. Restricted Delivery? (Extra Fee) ☐ Yes ☐ No

Article Number (Copy from service label)  
*2-289-644-414*  
PS Form 3811, July 1999 Domestic Return Receipt 102595-00-M-0952

SENDER: COMPLETE THIS SECTION

1. Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.  
2. Print your name and address on the reverse so that we can return the card to you.  
3. Attach this card to the back of the mailpiece, or on the front if space permits.

Article Addressed to:  
*George B. Conley*  
*P.O. Box 99*  
*Parker, CO 80134*

A. Received by (Please Print Clearly) *[Signature]* B. Date of Delivery  
C. Signature *[Signature]* ☐ Agent ☐ Addressee  
D. Is delivery address different from item 1? ☐ Yes ☒ No  
If YES, enter delivery address below:

3. Service Type  
☒ Certified Mail ☐ Express Mail  
☐ Registered ☒ Return Receipt for Merchandise  
☐ Insured Mail ☐ C.O.D.  
4. Restricted Delivery? (Extra Fee) ☐ Yes ☐ No

Article Number (Copy from service label)  
*2-289-644-415*  
PS Form 3811, July 1999 Domestic Return Receipt 102595-00-M-0952

SENDER: COMPLETE THIS SECTION

1. Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.  
2. Print your name and address on the reverse so that we can return the card to you.  
3. Attach this card to the back of the mailpiece, or on the front if space permits.

Article Addressed to:

A. Received by (Please Print Clearly) B. Date of Delivery

C. Signature ☐ Agent ☐ Addressee  
D. Is delivery address different from item 1? ☐ Yes ☒ No  
If YES, enter delivery address below:

3. Service Type  
☐ Certified Mail ☐ Express Mail  
☐ Registered ☒ Return Receipt for Merchandise  
☐ Insured Mail ☐ C.O.D.  
4. Restricted Delivery? (Extra Fee) ☐ Yes ☐ No

Article Number (Copy from service label)

PS Form 3811, July 1999 Domestic Return Receipt 102595-00-M-0952

SENDER: COMPLETE THIS SECTION

1. Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.  
2. Print your name and address on the reverse so that we can return the card to you.  
3. Attach this card to the back of the mailpiece, or on the front if space permits.

Article Addressed to:  
*Roberta Ruth Cox*  
*7500 Meadowood Dr.*  
*Albuquerque, NM 87120*

A. Received by (Please Print Clearly) *[Signature]* B. Date of Delivery *10-22-01*  
C. Signature *[Signature]* ☒ Agent ☐ Addressee  
D. Is delivery address different from item 1? ☐ Yes ☒ No  
If YES, enter delivery address below:

3. Service Type  
☒ Certified Mail ☐ Express Mail  
☐ Registered ☒ Return Receipt for Merchandise  
☐ Insured Mail ☐ C.O.D.  
4. Restricted Delivery? (Extra Fee) ☐ Yes ☐ No

Article Number (Copy from service label)  
*2-289-644-416*  
PS Form 3811, July 1999 Domestic Return Receipt 102595-00-M-0952

Z 289 644 502

US Postal Service

**Receipt for Certified Mail**

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

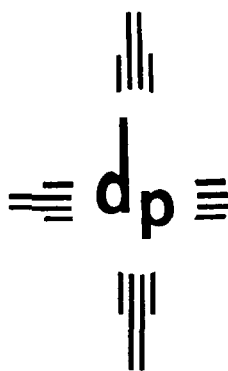
Sent to	
Harold + Patricia Huggins	
Street & Number	
P.O. Box 217	
Post Office, State, & ZIP Code	
Guthrie, NM 87418	
Postage	\$ .77
Certified Fee	1.90
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.50
Return Receipt Showing to Whom, Date, & Addressee's Address	
<b>TOTAL Postage &amp; Fees</b>	<b>\$ 4.17</b>
Postmark or Date	
1-17-01 JDR	

PS Form 3800, April 1995 Caccia, CDP

← copy of  
Receipt for  
mailing

As of 2/15/01 - We had Not Received the Return Receipt - I called Mr. Harold Huggins at 505-325-2099 & did confirm he had received our 1-17-01 letter proposing the Surface Coring & Off-Lease Measurement for Dugan's Caccia No. 1 & Caccia Com No. 90 wells. He had no objection.

John D Roe  
2/15/01



# dugan production corp.

January 17, 2001



MINERAL RESOURCES	
ALL TEAM LEADERS	
LAND REQUIREMENTS	
ENVIRONMENT	
FILES	

Ms. Lori Wrotenbery  
New Mexico Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, NM 87505

Mr. Lee Otteni  
Bureau of Land Management  
1235 La Plata Highway  
Farmington, NM 87401

Re: Proposed Surface Commingling & Off-lease Measurement  
Dugan Production Corp.'s Cuccia No. 1 (API No. 30-045-10776)  
Dugan Production Corp.'s Cuccia Com No. 90 (API No. 30-045-30247)  
Units G & A, Section 14, T-31N, R-13W  
Federal Leases 024907 & Fee Lease  
Basin Dakota & Basin Fruitland Coal Gas Pools  
San Juan County, NM

Dear Ms. Wrotenbery and Mr. Otteni,

We are writing to request your approvals to surface commingle natural gas produced from the captioned wells plus the off-lease measurement for natural gas produced from the Cuccia Com No. 90. This will allow us to convert the existing natural gas sales meter for the Cuccia No. 1 (El Paso's meter no. 73286) to a central delivery sales meter (CDP) for the Cuccia No. 1 and Cuccia Com No. 90 wells. The spacing unit for each well comprises the east half (316.66 acres) of Section 14 and all interest ownership (working, royalty and overriding royalty) is common. We plan to install continuous recording dry flow meters at each well site which will provide a continuous measurement of all natural gas production from each well. These meters will be maintained to regulatory standards (currently BLM's Onshore Order No. 5) by Dugan Production and will provide the basis for determining allocation factors for the CDP sales volumes. Very little liquid hydrocarbon production is anticipated and any that does occur (along with any water production) will be separated, stored and either sold or disposed of at each well site. There will be no commingling of oil, condensate or water.

Attachment No. 1 was reproduced from the La Plata USGS Quadrangle Topography map and presents the proposed Cuccia CDP along with the subject leases and wells. Attachment No. 2 presents information for each of the wells proposed for this CDP and Attachment No. 3 presents C-102's for each well which also includes the dedicated spacing units. Dugan Production Corp. is the operator of both wells and holds 100% of the working interest. Attachment No. 4 presents the interest ownership for both wells.

The Cuccia No. 1 was completed in the Basin Dakota gas pool on 6-10-62 and had produced 450.0 mmcf of gas plus 1969 bbl condensate as of 12-1-00. The well is currently averaging 14 mcf/d plus very little condensate (a total of 12 bbl during the first 11 months of 2000). The production history is presented on Attachment No. 5. This well has produced fairly marginal rates since completion and is difficult to keep producing with the small volumes of liquids (water and condensate) which tend to accumulate in the wellbore.

*Operator Copy*