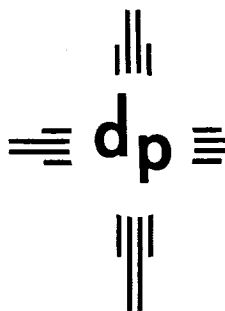


106530196

NSP

3/22/01



dugan production corp.

OIL CONSERVATION DIV.

CLINEZ-2 PH 1-59

February 28, 2001

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

Re: Application for 160 acre non-standard spacing unit  
 Basin Fruitland Coal Pool  
 Dugan Production Corp.'s Phillips No. 1 (API No. 30-045-26803)  
 SENE Section 5, T-24N, R-9W  
 San Juan County, New Mexico

Dear Ms. Wrotenbery,

We are writing to request your administrative approval for a  $\pm 160.76$  acre non-standard spacing unit comprising the NE/4 of Section 5, T-24N, R-9W for the existing Basin Fruitland Coal completion in Dugan Production's Phillips No. 1 well.

The Phillips No. 1 was completed on 10-1-87 testing a rate of 61 mcf/d @ 3 psig from perforations 1704'-1713' in a Wildcat-Fruitland pool and perforations 1714'-1717' in a Wildcat-Pictured Cliffs pool. The spacing unit for both completions was the NE/4 with Dugan Production holding 100% of the working interest. Since the Phillips No. 1 had tested a fairly marginal producing rate, was not close to a gas pipeline and was in a sparsely developed area, it was shut in until there was sufficient development in the area to warrant the construction of a pipeline.

Upon adoption of pool rules for the Basin Fruitland Coal (effective 11-1-88) we inadvertently did not include the Phillips No. 1 in our efforts to bring Dugan's existing coal completions into compliance with the newly adopted pool rules, i.e., we did not obtain NMOCDD approval for a non-standard unit for the Fruitland coal completion. The Phillips No. 1 remained shut in until 10-2-00 at which time it was connected to Dugan's Goodtimes Gas Gathering System which had been extended to include the Phillips No. 1. Upon reviewing well records, it was discovered that the Phillips No. 1 was considered to be a shut in Fruitland Sand (plus Pictured Cliffs) completion.

In an effort to correct the well completion records to reflect perforations 1704'-1713' as being in the Fruitland Coal rather than a Fruitland Sand, we need to either establish a north half,  $\pm 320$  acre spacing unit or secure a  $\pm 160$  acre NSPU. Since all activity on this well to date has been based upon a 160 acre spacing unit consisting of the NE/4, we are proposing to maintain a 160 acre spacing unit. All expenditures to drill, complete, test and connect the well to Dugan's Goodtimes Gas Gathering System have been based upon a NE/4 spacing unit held 100% by Dugan Production Corp. In addition, the NE/4 has been communitized for production from the Fruitland and Pictured Cliffs (CA No. NM015P35-87C-337) and the Fruitland/Pictured Cliffs have been approved for downhole commingling (DHC-680 dated 11-13-87).

Based upon production testing to date, we do not anticipate the Phillips No. 1 will produce significant volumes of gas (production during January, 2001 averaged 5.0 mcf/d plus 10.3 bwpd). Commingled production data for the Fruitland Coal and Pictured Cliffs is summarized as follows:

<u>Month</u>	<u>Gas-mcf</u>	<u>Water-bbl</u>	<u>Days On</u>
10/00	2	0	2
11/00	0	0	0
12/00	197	240	28
01/01	155	320	31
<u>Total</u>	<u>354</u>	<u>560</u>	<u>61</u>

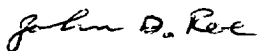
Should production volumes increase such that correlative rights of the owners in the NW/4 are at risk, we will take steps to protect the interests in the NW/4 of this section, which consists of federal lease NM-97108 and is held jointly by Dugan Production Corp. (99.5%) and James B. Fullerton (0.5%). We have discussed this proposal with Mr. Fullerton and he has no objection to producing the Phillips No. 1 with a NE/4, non-standard spacing unit. Attachment No. 1 is a copy of a waiver signed by Mr. Fullerton. All leasehold interest in the N/2 of Section 5 consists only of federal leases and thus there should not be any issue of correlative rights for the mineral interest owner as a result of forming a 160 acre NSPU for the Phillips No. 1. Attachment No. 2 presents the leasehold ownership of all lands offsetting the N/2 of Section 5. All offset interest owners are being provided a copy of this application and Attachment No. 3 is a copy of the transmittal letter which was sent by certified mail with return receipt requested. Upon receiving all return receipts, we will forward copies to the NMOCD as proof of notification to offsetting interest owners.

The Phillips No. 1 is located on the southern edge of the Basin Fruitland Coal pool and is in an area that has had little development to date in the Fruitland Coal. The only other Fruitland Coal wells in this area were also completed by Dugan Production. The Mo Valley No. 90, located in the SW/4SW/4 of Section 5 (T24N-R9W) was completed on 4-15-98 and has been producing since 1/00. Production during 1/01 averaged 30 MCFD plus 9.7 BWPD. Attachment No. 4 presents the production history for the Mo Valley #90. The Sanchez O'Brien No. 90 is located in the SW/4SW/4 of Section 6 (T24N, R9W) and was completed on 10-26-98. This well has been producing since 2/00 with production during 1/01 averaging 9.8 MCFD plus 11.3 BWPD. Attachment No. 5 presents the production history for the Sanchez O'Brien No. 90.

Based upon the production to date from all 3 wells, we are fairly confident that production from the Phillips No. 1 well will not create a drainage concern for leases in the NW/4 of Section 5. Thus, as provided for in Rule No. 6 of the subject pool rules, we respectfully request your administrative approval for a 160.76 acre NSPU comprising the NE/4 of Section 5, T24N, R9W. This will allow Dugan Production to produce a fairly low volume well which we completed in Wildcat Fruitland and Pictured Cliffs pools prior to the establishment of pool rules for the Basin Fruitland Coal. To date, all activity on this well has been based upon a NE/4 spacing unit. The south half of this section is dedicated to Dugan's Mo Valley #90 and the NW/4 is jointly owned by Dugan Production plus one other interest owner which has signed a waiver indicating he has no objection to the Phillips No. 1 being produced on a 160 acre NSPU for the Fruitland Coal. All offsetting interest owners of the undeveloped acreage have received a copy of this application and since the Phillips No. 1 is fairly remote with respect to the established Fruitland Coal development we anticipate there will be no objection from offset interest owners.

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

Sincerely,



John D. Roe  
Engineering Manager

JDR/tmf

enclosures

xc: NMOCD - Aztec, NM  
BLM  
NMSLO  
Offset Interest Owners

Attachment  
No. 1  
pg 1 of 1

**WAIVER OF OBJECTION**

I, James B. Fullerton, as an owner of Fruitland Coal leasehold interests in the NW/4 of Section 5, T-24N, R-9W, hereby waive objection to the establishment of a  $\pm 160$ A non-standard spacing unit comprising the NE/4 of Section 5, T-24N, R-9W in San Juan County of New Mexico to be dedicated to the Fruitland Coal completion in Dugan Production Corp.'s Phillips No. 1 (API No. 30-045-26803).

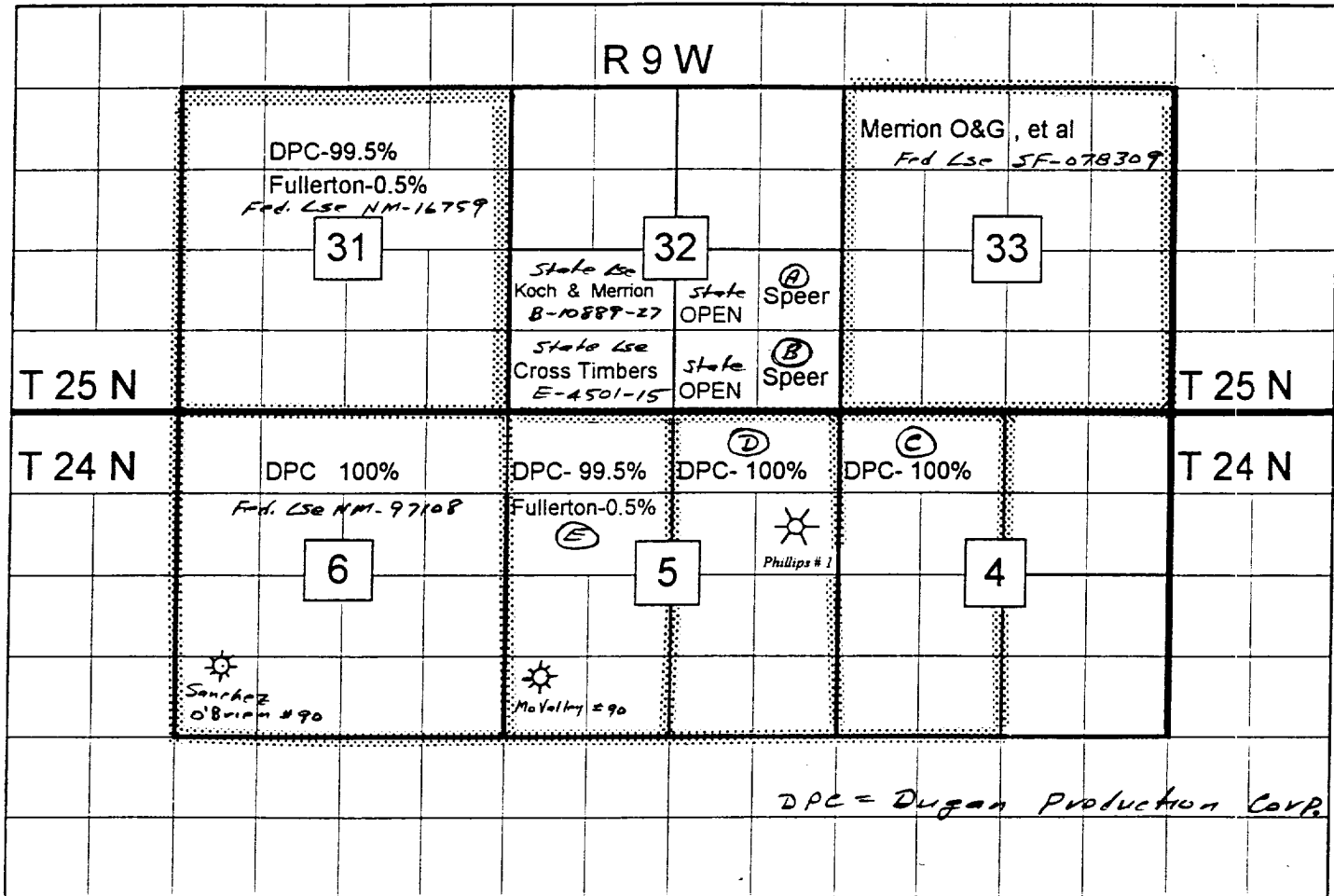
Signed by

James B. Fullerton

Date Signed

2-26-2001

**ATTACHMENT NO. 2**  
**OPERATORS/OWNERS OF UNDRILLED TRACTS**  
**ACREAGE OFFSETTING THE N/2 OF SECTION 5, T-24N, R-9W**  
**SAN JUAN COUNTY, NEW MEXICO**



- A. NE/4 SE/4 32-25N-9W: W.R. Speer - State Lease E-3148-10
- B. SE/4 SE/4 32-25N-9W: W.R. Speer - State Lease E-6633-2
- C. W/2 4-24N-9W: Dugan Production Corp.  
Federal Lease NM-97108: NW/4, N/2 SW/4, SE/4 SW/4  
Federal Lease NM-30854: SW/4 SW/4
- D. E/2 5-24N-9W: Dugan Production Corp.  
Federal Lease NM-63319: W/2 E/2, NE/4 NE/4  
Federal Lease NM-30854: SE/4 NE/4, E/2 SE/4
- E. W/2 5-24N-9W: Dugan Production Corp. 99.5%  
James B. Fullerton 0.5%  
Federal Lease NM-16759: NW/4, N/2 SW/4  
Federal Lease NM-23742: S/2 SW/4

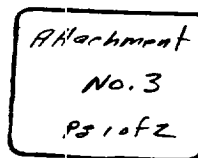


dugan production corp.



February 28, 2001

CERTIFIED RETURN RECEIPT



Bureau of Land Management  
1235 La Plata Hwy.  
Farmington, NM 87401  
Attn: Mr. Jim Lovato

New Mexico State Land Office  
P.O. Box 1148  
Santa Fe, Nm 87504-1148  
Attn: Mr. Pete Martinez

Offset Interest Owners (Address List Attached)

Re: Notice of Application to Form  
160 Acre Non-standard spacing unit  
Basin Fruitland Coal Pool  
Dugan's phillip No. 1  
SENE Section 5, T-24N, R-9W  
San Juan County, New Mexico

Attached for your information and review is a copy of our application to the New Mexico Oil Conservation Division requesting approval for a ±160.76 acre non-standard spacing unit comprising the NE/4 of Section 5, T-24N, R-9W for the Basin Fruitland Coal completion in Dugan Production's Phillips No. 1 well.

Our records indicate that you have leasehold interest offsetting the north half of Section 5, T-24N, R-9W, and as such are entitled to receive notice of our application. Attachment No. 2 in our application provides our offset leasehold information.

Should you have questions, need additional information or have any concern as to our application, please let me know. Should you have an objection to our application, you should so advise the New Mexico Oil Conservation Division 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  
xc: NMOCD - Santa Fe

**ATTACHMENT NO. 3**  
**OPERATORS/OWNERS OF UNDRILLED TRACTS**  
**ACREAGE OFFSETTING THE N/2 SECTION 5, T-24N, R-9W**  
**SAN JUAN COUNTY, NEW MEXICO**

Bureau of Land Management - 1235 La Plata Highway, Farmington, NM 87401

Cross Timbers - 2700 Farmington Ave., Building K, Suite 1, Farmington, NM 87401

James B. Fullerton - 1645 Court Place, Suite 406, Denver, CO 80208-4508

Koch Exploration Co. - P. O. Box 2256, Wichita, KS 67201

Merrion Oil & Gas - 610 Reilly Ave., Farmington, NM 87401

Merrion Oil & Gas, et al

Michael A. Barnes - 304 Gladeview, Farmington, NM 87401

William W. Bayne - 202 W. 38<sup>th</sup> Street, Farmington, NM 87401

Scott Bird - P. O. Box 4540, Farmington, NM 87499-4540

M.J. Brannon - 2240A Forest Park Blvd., Fort Worth, TX 76110

Chateau Oil & Gas - 2515 McKinney Ave., Dallas, TX 75201

Cross Timbers Oil Co. - 810 Houston Suite #2000, Fort Worth, TX 76102

Cross Timbers Oil Co. - 2700 Farmington Ave., Building K, Suite 1, Farmington, NM 87401

Steven S. Dunn - 3100 Western Ave., Farmington, NM 87401

Greystone Energy Inc. - 1801 Broadway #630, Denver, CO 80202

Paul Long - 2101 Municipal Drive, Farmington, NM 87401

Craig C. Merilatt - 2213 Western St., Farmington, NM 87401

Greg T. Merrion - 504 McDonald Road, Farmington, NM 87401

Michael K. Merrion - 3002 Crescent Ave., Farmington, NM 87401

Merrion Oil & Gas Corp. - 610 Reilly Ave., Farmington, NM 87401

Merrion Oil & Gas Corp. - 610 Reilly Ave., Farmington, NM 87401

George F. Sharpe - 2400 N. Wagner, Farmington, NM 87401

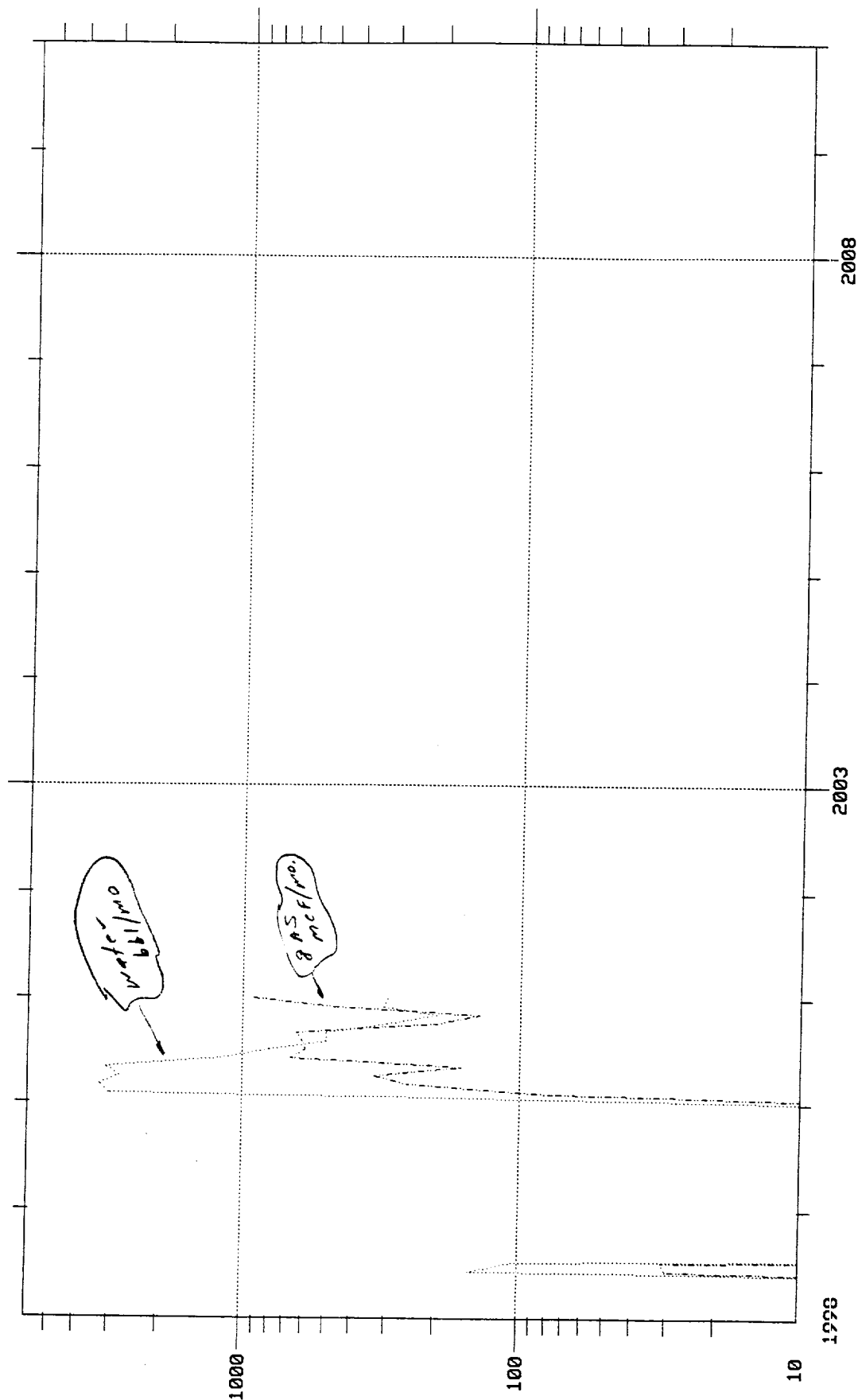
New Mexico State Land Office - P. O. Box 1148, Santa Fe, NM 87504-1148

W. R. Speer - P. O. Box 266, Roswell, NM 88202-0266

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

Attachment  
No. 4  
pg 1 of 1

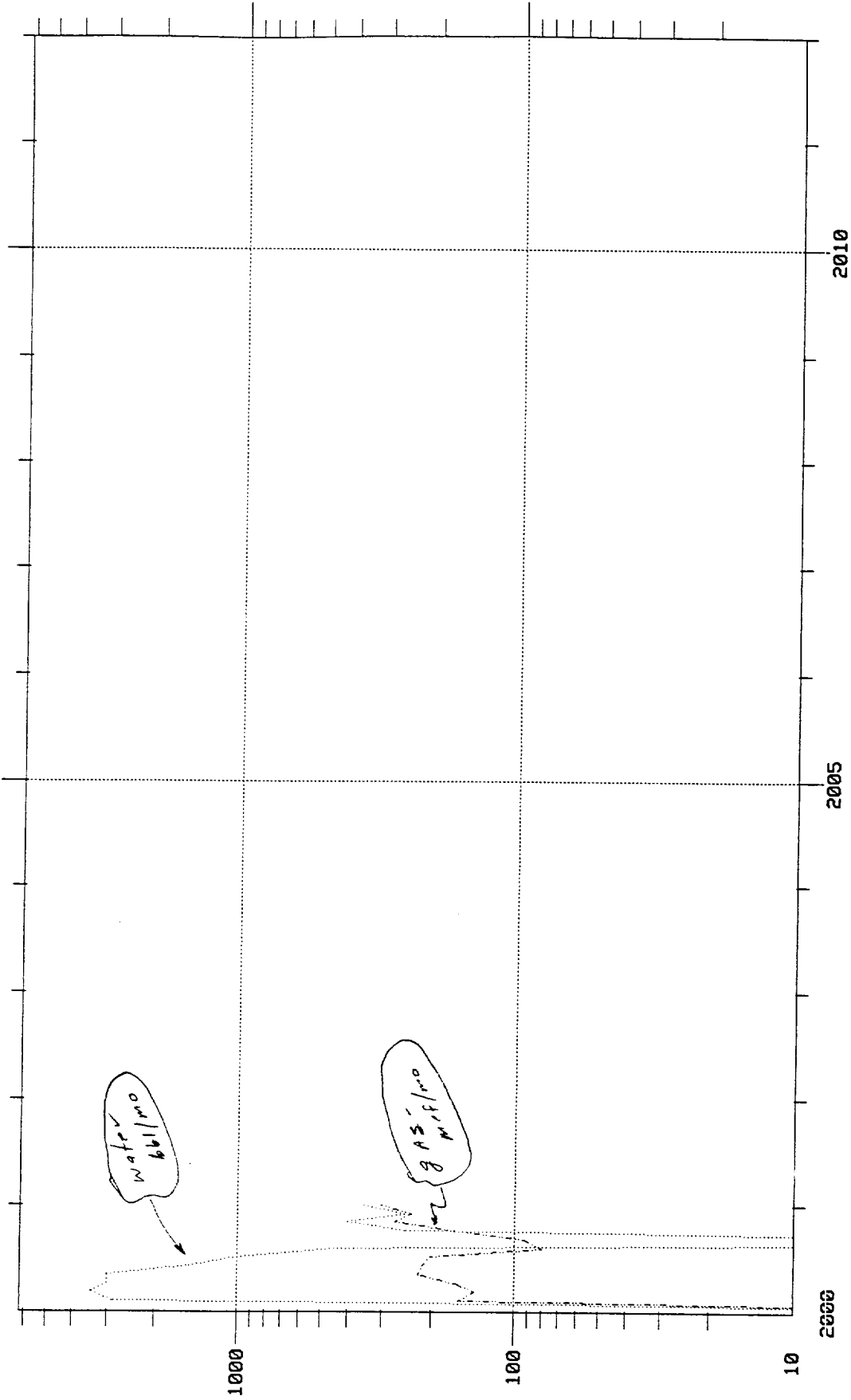
DUGAN PRODUCTION CORP  
Production Rate vs Time  
BBL/Mo or Mcf/Mo vs Months  
MO VALLEY NO. 90  
BASIN FRUITLAND COAL (M-5-24N-9W)



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

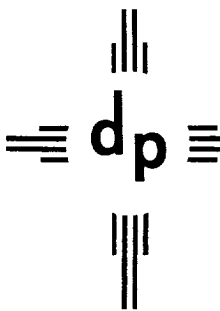
Attachment  
No. 5  
pg 1 of 1

DUGAN PRODUCTION CORP.  
Production Rate vs Time  
Bbl/Mo or Mcf/Mo vs Months  
SANCHEZ O'BRIAN NO. 90  
BASIN FRUITLAND COAL (M-6-24N-9W)



Reported Oil Production = 0 Bbls  
Reported Gas Production = 2249 Mcf  
Reported Water Production = 16470 Bbls





dugan production corp.

March 16, 2001

MAR 19 2001

CONSERVATION DIVISION

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

Re: Dugan's Application dated 2-28-01 for 160 Acre Non-standard Spacing Unit  
Basin Fruitland Coal Pool  
Dugan Production Corp.'s Phillips No. 1 (API No. 30-045-26803)  
SENE Section 6, T-24N, R-9W  
San Juan County, New Mexico

Dear Ms. Wrotenbery,

Attached for your consideration of the subject application are copies of the return receipts for each of the offset operators and owners of undeveloped acreage offsetting the north half of Section No. 5 T-24N, R-9W which reflects that all offset interest owners have received a copy of our application.

In addition, attached is a revised Page No. 2 of Attachment No. 3 to our 2-28-01 application, which reflects mailing address changes for William W. Bayne, Steven S. Dunn, Greystone Energy Inc. and Craig C. Merilatt. Also presented are changes in ownership for three interest owners.

William W. Bayne has sold his interest in the subject acreage to T. Greg Merrion who did receive a copy of our application for his individual ownership. The interest of Chateau Oil & Gas was sold to Greystone Energy Inc., who then sold their holdings (Chateau and Greystone) to Cordillera Energy Partners, LLC. In a telephone conversation on 3-15-01, with Cordillera's Mr. Greg Way (Vice-President, Engineering at 303-290-0990), I did confirm that the application Dugan sent to Greystone Energy had been forwarded to him by Greystone. He had reviewed our application on behalf of Cordillera and indicated he did not anticipate Cordillera would have any objection.

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

Sincerely,

John D. Roe  
Engineering Manager

JDR/tmf

attachments

c:\TF\Johnroe\phillips\flwupocd.wpd

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<p>■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p>		<p>A. Received by (Please Print Clearly) <u>Dupre</u> B. Date of Delivery <u>3-1-01</u></p> <p>C. Signature <u>X M Dupre</u> <input checked="" type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If YES, enter delivery address below:</p>	
<p>1. Article Addressed to:</p> <p><u>BLIN</u> <u>1235 La Plata Hwy</u> <u>Farm NM</u> <u>87401</u></p>		<p>3. Service Type</p> <p><input type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail</p> <p><input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p>	
<p>2. Article Number (Copy from service label)</p> <p><u>P 358 644 665</u></p>		<p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes <input type="checkbox"/> No</p>	

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

SENDER:		COMPLETE THIS SECTION ON DELIVERY	
<p>■ Complete items 1 and/or 2 for additional services.</p> <p>■ Complete items 3, 4a, and 4b.</p> <p>■ Print your name and address on the reverse of this form so that we can return this card to you.</p> <p>■ Attach this form to the front of the mailpiece, or on the back if space does not permit.</p> <p>■ Write "Return Receipt Requested" on the mailpiece below the article number.</p> <p>■ The Return Receipt will show to whom the article was delivered and the date delivered.</p>		<p>I also wish to receive the following services (for an extra fee):</p> <p>1. <input type="checkbox"/> Addressee's Address</p> <p>2. <input type="checkbox"/> Restricted Delivery</p>	
<p>3. Article Addressed to:</p> <p><u>Cress Timbers</u> <u>2700 Farm-Ave</u> <u>Bldg K, Ste 1</u> <u>Farm NM 87401</u></p>		<p>4a. Article Number <u>P 358 631 231</u></p> <p>4b. Service Type</p> <p><input type="checkbox"/> Registered <input type="checkbox"/> Certified</p> <p><input type="checkbox"/> Express Mail <input type="checkbox"/> Insured</p> <p><input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD</p>	
<p>5. Received By: (Print Name)</p> <p><u>R Small</u></p>		<p>7. Date of Delivery</p>	
<p>6. Signature (Addressee or Agent)</p> <p><u>R Small</u></p>		<p>8. Addressee's Address (Only if requested and fee is paid)</p>	

PS Form 3811, December 1994 102595-99-8-0223 Domestic Return Receipt

P 358 644 566

US Postal Service

**Receipt for Certified Mail**

No Insurance Coverage Provided.

Do not use for International Mail. (See reverse)

Sent to James Fullerton

Street & Number 1605 East Pl Ste 406

Post Office, State, & ZIP Code Denver, CO

Postage \$

Certified Fee \$

Special Delivery Fee \$

Restricted Delivery Fee \$

Return Receipt Showing to Whom & Date Delivered \$

Return Receipt Showing to Whom, Date & Addressee's Address \$

TOTAL Postage & Fees \$

Postmark or Date \$

AS of 3-16-01 we have not received the return receipt from Jim Fullerton, however on 3-15-01, I did confirm by telephone (303-534-4522) that Jim Fullerton was in receipt of our 2-28-01 applic. & Attachment No. 1 to our 2-28-01 Application presents Jim Fullerton's Waiver of Objection signed 2-24-01.

John Lee  
3-16-01

SENDER:		COMPLETE THIS SECTION ON DELIVERY	
<p>■ Complete items 1 and/or 2 for additional services.</p> <p>■ Complete items 3, 4a, and 4b.</p> <p>■ Print your name and address on the reverse of this form so that we can return this card to you.</p> <p>■ Attach this form to the front of the mailpiece, or on the back if space does not permit.</p> <p>■ Write "Return Receipt Requested" on the mailpiece below the article number.</p> <p>■ The Return Receipt will show to whom the article was delivered and the date delivered.</p>		<p>I also wish to receive the following services (for an extra fee):</p> <p>1. <input type="checkbox"/> Addressee's Address</p> <p>2. <input type="checkbox"/> Restricted Delivery</p>	
<p>3. Article Addressed to:</p> <p><u>Leah Eyr</u> <u>P.O. Box 2256</u> <u>Wichita, KS</u></p>		<p>4a. Article Number <u>P 358 646 681</u></p> <p>4b. Service Type</p> <p><input type="checkbox"/> Registered <input type="checkbox"/> Certified</p> <p><input type="checkbox"/> Express Mail <input type="checkbox"/> Insured</p> <p><input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD</p>	
<p>5. Received By: (Print Name)</p> <p><u>Leah Eyr</u></p>		<p>7. Date of Delivery <u>3/5/01</u></p>	
<p>6. Signature (Addressee or Agent)</p> <p><u>Leah Eyr</u></p>		<p>8. Addressee's Address (Only if requested and fee is paid)</p>	

PS Form 3811, December 1994 102595-99-8-0223 Domestic Return Receipt

SENDER:		COMPLETE THIS SECTION ON DELIVERY	
<p>■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p>		<p>I also wish to receive the following services (for an extra fee):</p> <p>1. <input type="checkbox"/> Addressee's Address</p> <p>2. <input type="checkbox"/> Restricted Delivery</p>	
<p>3. Article Addressed to:</p> <p><u>Miriam Garcia Jr</u> <u>610 Reilly</u> <u>Farm NM</u> <u>87401</u></p>		<p>4a. Article Number <u>P 358 644 667</u></p> <p>4b. Service Type</p> <p><input type="checkbox"/> Registered <input type="checkbox"/> Certified</p> <p><input type="checkbox"/> Express Mail <input type="checkbox"/> Insured</p> <p><input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD</p>	
<p>5. Received By: (Print Name)</p> <p><u>P. Garcia</u></p>		<p>7. Date of Delivery <u>3/1/01</u></p>	
<p>6. Signature (Addressee or Agent)</p> <p><u>P. Garcia</u></p>		<p>8. Addressee's Address (Only if requested and fee is paid)</p>	

PS Form 3811, December 1994 102595-99-8-0223 Domestic Return Receipt

Thank you for using Return Receipt Service.

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<p>■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p>		<p>I also wish to receive the following services (for an extra fee):</p> <p>1. <input type="checkbox"/> Addressee's Address</p> <p>2. <input type="checkbox"/> Restricted Delivery</p>	
<p>1. Article Addressed to:</p> <p><u>Michael Barnes</u> <u>304 McGivie</u> <u>Farm NM</u> <u>87401</u></p>		<p>4a. Article Number <u>P 358 644 652</u></p> <p>4b. Service Type</p> <p><input type="checkbox"/> Registered <input type="checkbox"/> Certified</p> <p><input type="checkbox"/> Express Mail <input type="checkbox"/> Insured</p> <p><input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD</p>	
<p>5. Received By: (Print Name)</p> <p><u>P. Garcia</u></p>		<p>7. Date of Delivery <u>3/1/01</u></p>	
<p>6. Signature (Addressee or Agent)</p> <p><u>P. Garcia</u></p>		<p>8. Addressee's Address (Only if requested and fee is paid)</p>	

PS Form 3811, July 1999 Domestic Return Receipt 102595-99-8-0223

Z 289 644 017

JS Postal Service  
**Receipt for Certified Mail**  
 No Insurance Coverage Provided.  
 Do not use for International Mail (See reverse)

Sent to: William W. Bayne  
 Street & Number: 202 Jansport Street  
 Post Office, State, & ZIP Code: Little Rock 72201  
 Postage: \$ .55  
 Certified Fee: \$ 1.90  
 Special Delivery Fee:   
 Restricted Delivery Fee:   
 Return Receipt Showing to Whom & Date Delivered: 150  
 Return Receipt Showing to Whom, Date, & Addressee's Address:   
 TOTAL Postage & Fees: \$ 3.95  
 Postmark or Date: 3-5-01

As of 3-16-01 we have  
 Not Received the Return  
 Receipt from W. Bayne,  
 however by phone  
 (661-763-6417) on 3-15-01  
 I did confirm Mr.  
 Bayne had received  
 our application &  
 that his interest  
 had been sold to  
 To Greg Morrison.

John Roe  
 3-16-01

**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: Scott Bird  
P.O. Box 4540  
Farm, NM  
87499-4540

2. Article Number (Copy from service label): P 358 644 684

PS Form 3811, July 1999 Domestic Return Receipt 102595-00-M-09

**COMPLETE THIS SECTION ON DELIVERY**

A. Received by (Please Print Clearly): W. Bayne B. Date of Delivery: 3/16/01  
 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

**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: Chateau Oil & Gas  
2515 McKinney Ave  
DALLAS, TX  
75201

2. Article Number (Copy from service label): P 358 631 237

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

**COMPLETE THIS SECTION ON DELIVERY**

A. Received by (Please Print Clearly): Linda Jackson B. Date of Delivery: 3-6-01  
 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

Dugan's 2-28-01 Application  
 was received by Chateau Oil &  
 Gas on 3-6-01 + Subsequently  
 returned with no explanation.  
 We then sent a second  
 application to Chateau @  
 a different Dallas Address @  
 which time we found  
 Chateau's interest had been  
 sold to Greystone Energy Inc.

John Roe  
 3-16-01

**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: MJ Brannon  
2240A Forest Park Blvd  
Ft. Worth, TX  
76110

Article Number (Copy from service label): P 358 631 238

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

**COMPLETE THIS SECTION ON DELIVERY**

A. Received by (Please Print Clearly): Deborah Wamble B. Date of Delivery: 3-7-01  
 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

**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: Steve S. Dunn  
P.O. Box 248  
La Plata, TX 77418-0248

2. Article Number (Copy from service label): 7049-3400-CC18-9759-4306

PS Form 3811, July 1999 Domestic Return Receipt 102595-00-M-095

**COMPLETE THIS SECTION ON DELIVERY**

A. Received by (Please Print Clearly): [Signature] B. Date of Delivery: 3/6/01  
 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

**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:  
Bryant Energy  
9155 East Nichols Ave, Ste 360  
Englewood, CO 80112

2. Article Number (Copy from service label)  
7099 3400 0013 9759 4320

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  
C. Signature  
D. Is delivery address different from item 1? Yes No  
If YES, enter delivery address below:  
3/13

3. Service Type  
☒ Certified Mail ☐ Express Mail  
☐ Registered ☒ Return Receipt for Merchandise  
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) Yes No

**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 Long  
2101 Municipal  
Farm. NM  
87401

2. Article Number (Copy from service label)  
P 358 628 386

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  
C. Signature  
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

**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:  
Craig Merritt  
P.O. Box 406 (Hwy 170)  
Santa Fe, NM 87413-0406

2. Article Number (Copy from service label)  
7099-3400-0013-9759-4313

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  
C. Signature  
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

**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:  
Greg T. Merrion  
504 McDonald Rd  
Farm NM  
87401

2. Article Number (Copy from service label)  
Z 289 643 202

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  
C. Signature  
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

**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:  
Mike Merrion  
3002 Crescent  
Farm. NM  
87401

2. Article Number (Copy from service label)  
Z 289 643 205

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  
C. Signature  
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

**SENDER:**

■ 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:  
George Sharpe  
2400 N. Wagner  
Farm. NM  
87401

2. Article Number (Copy from service label)  
Z 289 643 204

PS Form 3811, December 1994 Domestic Return Receipt 102595-99-B-0023

**COMPLETE THIS SECTION ON DELIVERY**

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

# 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:

New Mexico State  
Land Office  
PO Box 1148  
Santa Fe, NM 87504-1148

2. Article Number (Copy from service label)

2 289 643 203

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

C. Signature

X

☐ Agent

☐ Addressee

D. Is delivery address different from item 1?

If YES, enter delivery address below:

☐ Yes

☐ No

MAR 02 2001

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 items 1 and/or 2 for additional services. Complete items 3, 4a, and 4b.
- ☐ Print your name and address on the reverse of this form so that we can return this card to you.
- ☐ Attach this form to the front of the mailpiece, or on the back if space does not permit.
- ☐ Write "Return Receipt Requested" on the mailpiece below the article number.
- ☐ The Return Receipt will show to whom the article was delivered and the date delivered.

3. Article Addressed to:

W.R. Speer  
P.O. Box 266  
Roswell, NM 88202-0266

4a. Article Number

2 289 643 206

4b. Service Type

☐ Registered

☐ Express Mail

☒ Certified ☐ Insured

☐ Return Receipt for Merchandise ☐ COD

7. Date of Delivery

3-5-01

5. Received By: (Print Name)

Stephen W. Speer

6. Signature (Addressee or Agent)

Stephen W. Speer

I also wish to receive the following services (for an extra fee):

1. ☐ Addressee's Address

2. ☐ Restricted Delivery

Is your RETURN ADDRESS completed on the reverse side?

Thank you for using Return Receipt Service.

PS Form 3811, December 1994

102595-99-8-0223

Domestic Return Receipt

**ATTACHMENT NO. 3 (Revised 3-16-01)**  
**OPERATORS/OWNERS OF UNDRILLED TRACTS**  
**ACREAGE OFFSETTING THE N/2 SECTION 5, T-24N, R-9W**  
**SAN JUAN COUNTY, NEW MEXICO**

Bureau of Land Management - 1235 La Plata Highway, Farmington, NM 87401

Cross Timbers - 2700 Farmington Ave., Building K, Suite 1, Farmington, NM 87401

James B. Fullerton - 1645 Court Place, Suite 406, Denver, CO 80208-4508

Koch Exploration Co. - P. O. Box 2256, Wichita, KS 67201

Merrion Oil & Gas - 610 Reilly Ave., Farmington, NM 87401

Merrion Oil & Gas, et al

Michael A. Barnes - 304 Gladeview, Farmington, NM 87401

\*William W. Bayne - Elk Hills, California (phone - 661-763-6417)

*Interest sold to T. Greg Merrion*

Scott Bird - P. O. Box 4540, Farmington, NM 87499-4540

M.J. Brannon - 2240A Forest Park Blvd., Fort Worth, TX 76110

\*Chateau Oil & Gas - 5950 Berkshire Lane, Suite 275, Dallas, TX 74225

*Interest sold to Greystone Energy Inc.*

Cross Timbers Oil Co. - 810 Houston Suite #2000, Fort Worth, TX 76102

Cross Timbers Oil Co. - 2700 Farmington Ave., Building K, Suite 1, Farmington, NM 87401

\*Steven S. Dunn - P. O. Box 298, La Plata, NM 87418-0298

\*Greystone Energy Inc. - 9155 E. Nichols Ave., Suite 350, Englewood, CO 80112

*Interest sold to Cordillera Energy Partners, LLC*

Paul Long - 2101 Municipal Drive, Farmington, NM 87401

\*Craig C. Merilatt - P. O. Box 466, La Plata, CO 87418-0466

Greg T. Merrion - 504 McDonald Road, Farmington, NM 87401

Michael K. Merrion - 3002 Crescent Ave., Farmington, NM 87401

Merrion Oil & Gas Corp. - 610 Reilly Ave., Farmington, NM 87401

George F. Sharpe - 2400 N. Wagner, Farmington, NM 87401

\*Cordillera Energy Partners, LLC - 5251 DTC Parkway, Suite 1120, Englewood, CO 80111

New Mexico State Land Office - P. O. Box 1148, Santa Fe, NM 87504-1148

W. R. Speer - P. O. Box 266, Roswell, NM 88202-0266

*\*revision to original application dated 2-28-01*