United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401

IN REPLY REFER TO:
3162.7-3
Pete Gas Gathering System

April 25, 2002

Pendragon Energy Partners
C/O Walsh Engineering & Production Corp.
7415 East Main
Farmington, NM 87402

Dear Mr. Thompson:

Reference is made to your application for surface commingling and off-lease measurement and sales of gas and associated liquid hydrocarbons from the hereafter designated Pete Gas Gathering System (PGGS). You propose to measure production at an El Paso Field Services meter at the following location:

NESE section 35, T27N, R12W, San Juan County, New Mexico.

Your application indicates that measurement at a central delivery point is necessary to effectively and economically operate these wells and extend the economic life of the properties. We have reviewed your application and concur with these findings. As such, you are hereby authorized to measure natural gas and associated liquid hydrocarbons in accordance with the procedure outlined in your application. The following are conditions of this approval:

- Allocation methodology must be made on an MMBTU basis.
- Operational requirements for Navajo allotted wells, found in attachment 1-3, must be adhered to.
- In order to prevent waste and conserve natural gas, periodic review of the gathering system's venting procedures must be conducted in accordance with the requirements outlined in NTL-ADO-93-1. In the event that line purging or venting becomes necessary, the purged fluids must be allocated proportionally to coincide with the established production allocations.
- Fuel use must be allocated proportionally to coincide with the established production allocations.
- No other wells can be added to this system of measurement without the prior approval of this office.
- Contact this office in the event of any lost hydrocarbons between the wells and the central delivery point.

Failure to operate this facility in accordance with the conditions outlined above may subject this approval to revocation. In addition, this office reserves the right to rescind this approval should future evaluation of this method of measurement indicate that federal royalties would be reduced. Attached is a list of the wells recognized as contributing to PGGS.

If you have any questions regarding the above, contact Adrienne Garcia at (505) 559-6358 or Jim Lovato at (505) 599-6367.

Sincerely,

/s/ Jim Lovato

Jim Lovato
Team Lead, Petroleum Management Team

2 Enclosure: List of contributing wells
Attachment 1-3

cc: NMOCD, Santa Fe
NMOCD, Aztec
FIMO

Joe Whitney Gas Gathering System Well List

Well Name and No.	API No./Lease No.	Formation	Location
Joe Whitney #1	3004527113/NM 7579	Gallegos Fruitland PC	sec 35, T27N, R12W
Pete #1R	3004525663/NOO-C-14-20-7471	Basin Fruitland Coal	sec 35, T27N, R12W
Gallegos Fruitland #1	3004528232/NM 57579	Basin Fruitland Coal	sec 35, T27N, R12W

Operational Requirements

After obtaining approval, the operator will meet the following requirements:

1. Gas analysis will be performed semiannually for all Navajo allotted wells

2. The gathering system will be tested once every two years with a 72-hour advance notice to the AO. The methods of testing will be at the discretion of the operator

3. All equipment used in selling, storing, and measuring combined production must as a minimum meet the Onshore Oil and Gas Orders No. 3, Site Security; No. 4, Oil Measurement; and No. 5, Gas Measurement.

4. When reporting under the Disposition Section of the Minerals Management Service Form 3160-6 the following formulas will be used for Navajo allotted wells producing:

Allotted Wells Less than 100 MCFD *

Produced	=	Well meter volume	+	Gas utilized between the wellhead and well meter
Sold	=	Allocated sales volume from CDP		
Used	=	Gas used between wellhead and well meter	+	Gas used between well meter and CDP Meter
Vented /Flared	=	Any gas vented or flared		
Other	=	Any product reported in this column must be identified		
Comments	=	Any pertinent information		

Allotted Wells 100 MCFD or greater *

Produced	=	Well meter volume	+	Gas utilized between the wellhead and well meter
Sold	=	Produced volume	-	gas used between well head and well meter + gas used between well meter and CDP meter + vented/flared
Used	=	Gas used between wellhead and well meter	+	Gas used between well meter and CDP Meter
Vented /Flared	=	Any gas vented or flared		
Other	=	Any product reported in this column must be identified		
Comments	=	Any pertinent information		

*** Daily production equals Monthly production divided by number of days produced.**

Form 3160-5
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE – Other instructions on reverse side

5. Lease Serial No.: NM 57579
6. If Indian, Allottee or Tribe Name:
7. If Unit or CA/Agreement, Name and/or No.:
8. Well Name and No.: Gallegos Fruitland Coal #1
9. API Well No.: 30-045-28232
10. Field and Pool, or Exploratory Area: Basin Fruitland Coal
11. County or Parish, State: San Juan County, NM

1. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other
2. Name of Operator: *Pendragon Energy Partners c/o Walsh Engineering*
3a. Address: *7415 E. Main, Farmington, NM, 87402*
3b. Phone No. *(include area code)*: *505-327-4892*
4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*: *2485' FSL and 1515' FWL, Sec. 35, T27N, R12W*

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
☒ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☒ Other Surface Commingling
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ Water Disposal	

13. Describe Proposed or Completed Operations (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days Following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once Testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Pendragon Energy Partners requests permission for surface commingling and off-lease measurement according to the attached application. Gas production from the Gallegos Fruitland Coal #1 will be surface commingled with the gas production from the Joe Whitney #1 (NM 57579) and the Pete #1R (Navajo Lease NOO-C-14-20-7471).

RECEIVED
2002 APR 18 PM 12:36
070 FARMINGTON NM

14. I hereby certify that the foregoing is true and correct

Name *(Printed/Typed)*: Paul C. Thompson, P.E.
Title: Agent
Signature: Paul C. Thompson
Date: April 16, 2002

THIS SPACE FOR FEDERAL OR STATE USE

Approved by: **/s/ Jim Lovato**
Title: PeTr. Eng.
Date: 4/25/02

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office: BLM-FFO

Title 18 U.S.C. Section 1001, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

NMOCD

WALSH ENGINEERING & PRODUCTION CORP.

Petroleum Engineering Consulting
Lease Management
Contract Pumping

7415 East Main
Farmington, New Mexico 87402
(505) 327-4892 • Fax: (505) 327-9834

April 16, 2002

Ms. Lori Wrotenbery
New Mexico Oil Conservation Division
1220 S. St. Francis Dr.
Santa Fe, NM 87504

Re: Application for Surface Commingling
Pendragon Energy Partners
Gallegos Fruitland Coal #1, Joe Whitney #1, and Pete #1R
Section 35, T27N, R12W
San Juan County, New Mexico

Dear Ms. Wrotenbery,

This is a request on behalf of Pendragon Energy Partners for approval to surface commingle the gas production from the above mentioned wells.

1. **Proposed System** The wells will be commingled upstream of a CDP meter so that they can reduce compression costs. All three wells have allocation meters and the allocation formula is described below. Both the Gallegos Fruitland Coal #1 and the Pete #1R have pumping units and all three wells have separators. The gas flows into El Paso Field Services' gathering system and they will maintain the CDP meter. None of the wells produce any liquid hydrocarbons. The actual commercial value of the commingled production will not be less than the sum of the values of the production from each well.

2. **Location Map** Exhibit 1 is a topo map showing the location of the three wells.

3. **Wells, Locations, and Lease Numbers** Exhibit 2 is a C-102 for each well. The Gallegos Fruitland Coal #1 is a Basin Fruitland Coal well on Federal Lease NM 57579. The Joe Whitney #1 well is also on lease NM 57579 and is producing from the South Gallegos Fruitland Sand - Pictured Cliffs pool. The Pete #1R is a Basin Fruitland Coal well and is on Navajo Lease NOO-C-14-20-7471.

4. **Schematic Diagram** Exhibit 3 is a schematic diagram of the facilities.

5. **Fuel Gas** Each well has a separator that uses approximately 0.5 MCFD of fuel gas. Two wells have pump jacks which use 5 MCFD per well. All three wells will share a compressor that burns approximately 20 MCFD of fuel gas.

6. **Mechanical Integrity** The flow line from the Pete #1R and Joe Whitney #1 to the compressor is a 2" steel line. The flow line from the Gallegos Fruitland Coal #1 to the compressor is a 4" SDR-7 poly pipe. The discharge from the compressor is also a 4" SDR-7 poly line with a pressure rating of 267 psig. The compressor is on the Joe Whitney #1 location in the SW/4 and the CPD meter is in the SE/4 by the Pete #1R location. This line and all of the connections were tested to wellhead pressure which was approximately 100 psig. The MAOP of El Paso's gathering system is 150 psig.

7. **Production - Gravity/BTU** Actual production from the three wells is attached as Exhibit 4. Gas Analysis for each well are attached as Exhibit #5.

8. **Allocation Formula** The production assigned to each well will be the integrated volume from the allocation meter plus pump jack and separator fuel gas and the allocated volume of the compressor fuel as described in the attached spreadsheet (Exhibit #6). The Pete #1R is on a Navajo Allotted lease and this allocation spreadsheet is a requirement of the BIA.

9. **Line Purging** We do not anticipate purging the system very often, but if it is purged, the lost gas will be allocated equally to each of the three wells.

10. **Purged Fluids** Any fluids purged will be natural gas, and condensed water vapor.

11. **Meter Calibration Schedule** El Paso Field Services will maintain the CDP meter and Walsh Engineering will maintain the allocation meters. The CDP meter will be calibrated once each quarter and the allocation meters will be calibrated annually.

12. **Gas Analysis Schedule** El Paso Field Service will analyze the gas from the commingled stream twice a year. Walsh will have a sample of the gas from each of the wells analyzed annually.

13. **Effective Date** The system is currently in service.

14. **Notification** The working and revenue interest owners (listed in Exhibit #7) have been notified of this application by certified mail. Copies of these letters are attached as Exhibit #8.

Sincerely,

Paul C. Thompson

Paul C. Thompson, P.E.

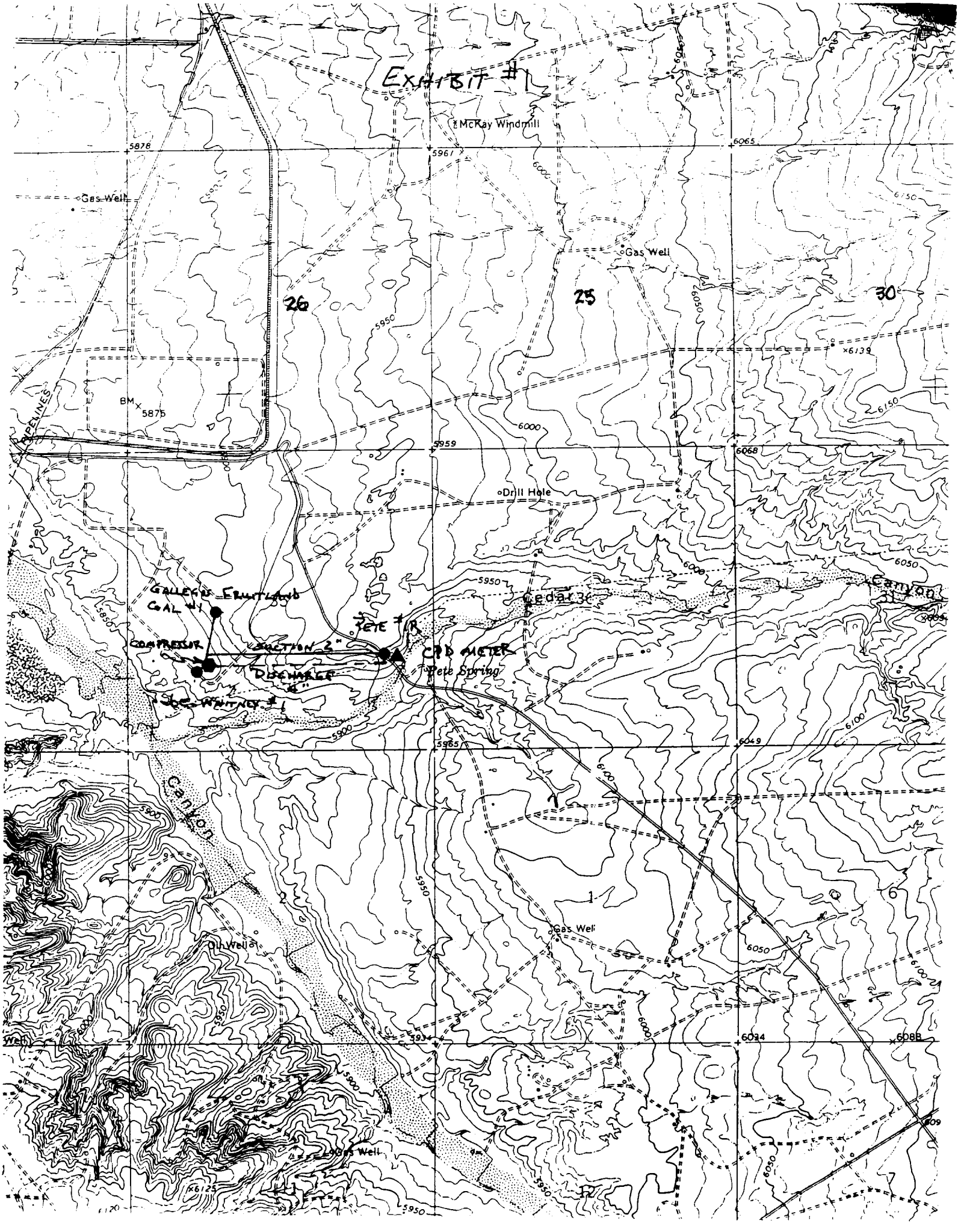


EXHIBIT #1
McKay Windmill
Gas Well
Gas Well
26
25
30
BM 5875
Drill Hole
GALLEGOS FRUITLAND
GAL #1
COMPRESSOR
SUCTION 2"
DISCHARGE 4"
JOE WHITNEY #1
PETE #1R
CPD METER
Pete Spring
Cedar
Canyon
Canyon
Oil Well
Gas Well
Gas Well
5878
5961
6065
5959
6068
5965
6049
6034
6088
5950
6000
6050
6100
5900
5850
6150
6139
6125

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

Form C-102
Revised 10-1-78

All distances must be from the outer boundaries of the Section.

Operator	Lease	Well No.
MERRION OIL & GAS CORPORATION	Pete	1R

Unit Letter	Section	Township	Range	County
I	35	27N	12W	San Juan

Actual Footage Location of Well:
1740 feet from the South line and 870 feet from the East line

Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage:
5936	Fruitland	Basin Fruitland Coal	160 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

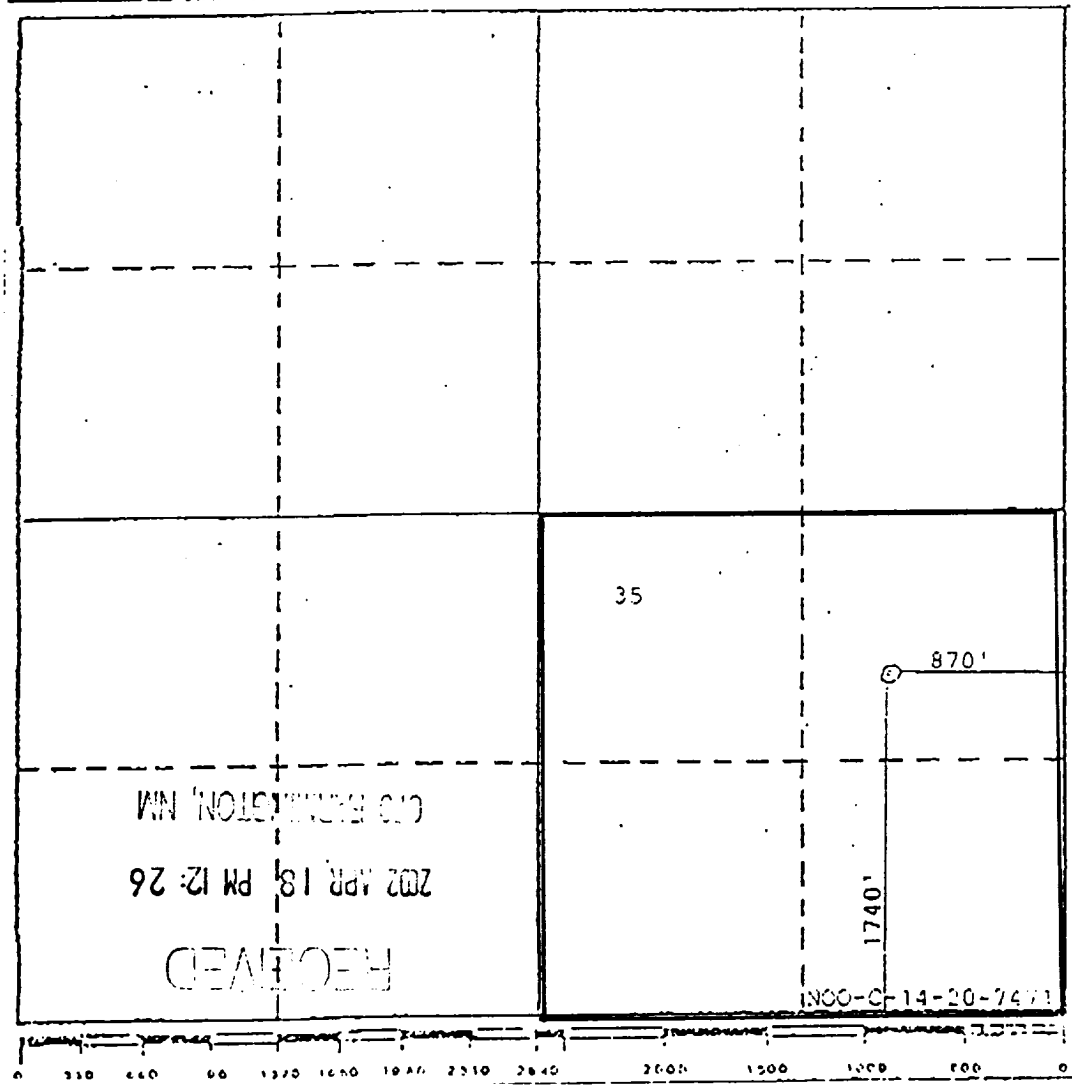
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling. etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Division.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name: Steven S. Dunn

Position: Operations Manager

Company: Merrion Oil & Gas Corp.

Date: 4/17/89

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed

Registered Professional Engineer and/or Land Surveyor

Certificate No.

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

RECEIVED
JUN 28 1989

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

June 22, 1989

Merrion Oil and Gas Corporation
P.O. Box 840
Farmington, NM 87499

Attention: Steven S. Dunn,
Operations Manager

Administrative Order NSP-1573

Dear Mr. Dunn:

Reference is made to your application of April 20, 1989, for a 160-acre non-standard gas proration unit consisting of the following acreage in the Basin-Fruitland Coal Gas Pool:

SAN JUAN COUNTY, NEW MEXICO
TOWNSHIP 27 NORTH, RANGE 12 WEST, NMPM
Section 35: SE/4

It is my understanding that this unit is to be dedicated to your existing Pete Well No. 1-R which is presently completed in the South Gallegos Fruitland-Pictured Cliffs Pool and is located at a previously authorized unorthodox coal gas well location (pursuant to Decretory Paragraph No. (9) of Division Order No. R-8768), 1740 feet from the South line and 870 feet from the East line (Unit I) of said Section 35.

By authority granted me under the provisions of Rule 6 of said Division Order No. R-8768, the above non-standard gas proration unit is hereby approved.

Sincerely,

William J. LeMay
Director

WJL/MES/ag

cc: Oil Conservation Division - Aztec
NM Oil and Gas Engineering Committee - Hobbs
U.S. Bureau of Land Management - Farmington

Submit to Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator	Lease	Well No.
Giant Exploration & Production Company	Gallegos Fruitland Coal	1

Unit Letter	Section	Township	Range	County
K	35	27 North	12 West NMPM	San Juan

Actual Footage Location of Well:
2485 feet from the South line and 1565 feet from the West line

Ground level Elev.	Producing Formation	Pool	Dedicated Acreage:
5898	Fruitland	Basin Fruitland Coal	320 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

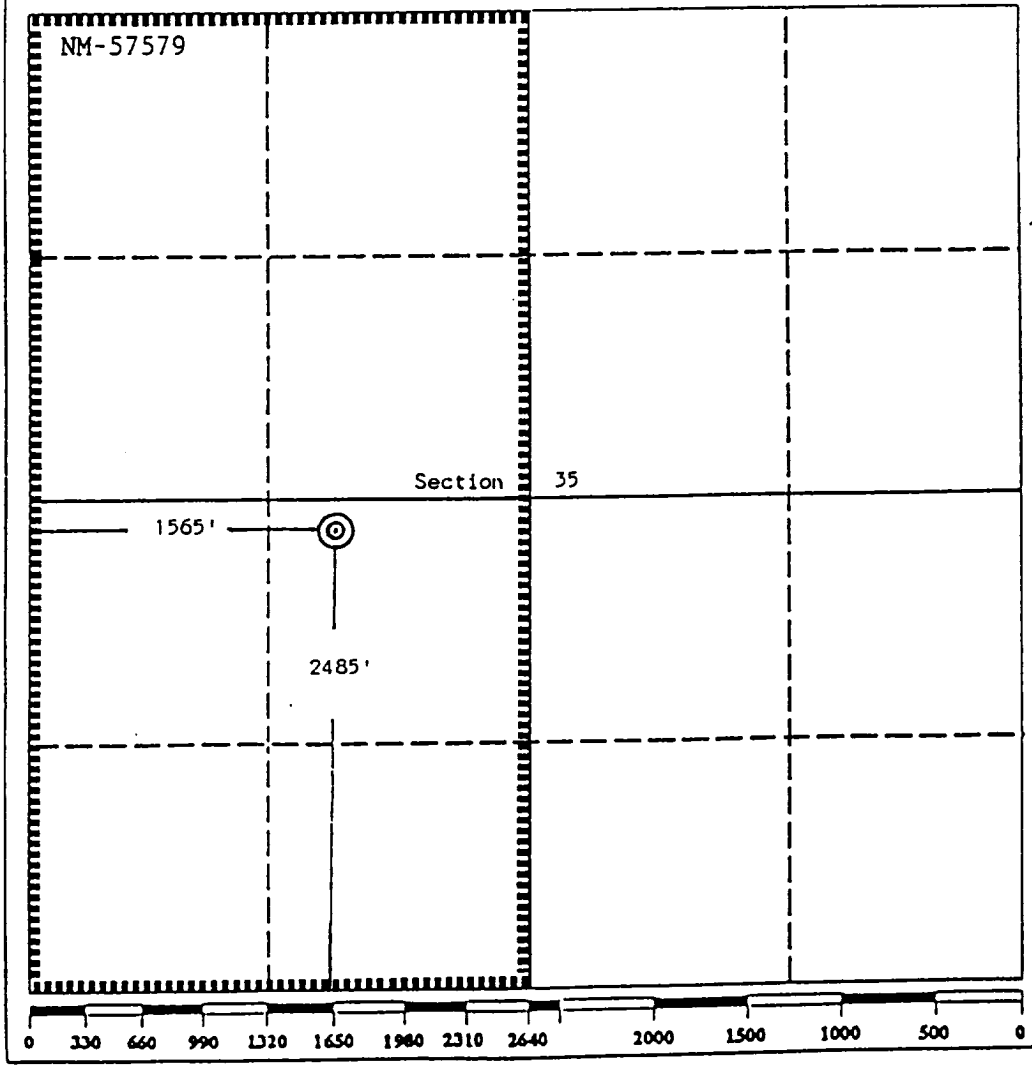
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?

☐ Yes ☐ No If answer is "yes" type of consolidation _____

If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if neccessary. _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

I hereby certify that the information contained herein in true and complete to the best of my knowledge and belief.

Signature: John C. Corbett

Printed Name: John C. Corbett

Position: Vice President-Exploration

Company: Giant Exploration & Production

Date: August 9, 1990

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervison, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed: July 10, 1990

Signature & Seal of Professional Surveyor: EDGAR L. RISENHOOVER NEW MEXICO REGISTERED LAND SURVEYOR

Certificate No. 5979

Edgar L. Risenhoover, P.S.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION

P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

Form C-102
Revised 10-1-78

All distances must be from the outer boundaries of the Section.

Operator: Giant Exploration & Production Company		Lease: Joe Whitney		Well No.: 1
Unit Letter: L	Section: 35	Township: 27 North	Range: 12 West	County: San Juan
Actual Footage Location of Well: 1450 feet from the South line and 1190 feet from the West line				
Ground Level Elev.: 5877	Producing Formation: Fruitland-Pictured Cliffs	Pool: South Gallegos Fruitland Sand Pictured Cliffs		Dedicated Acreage: 160 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

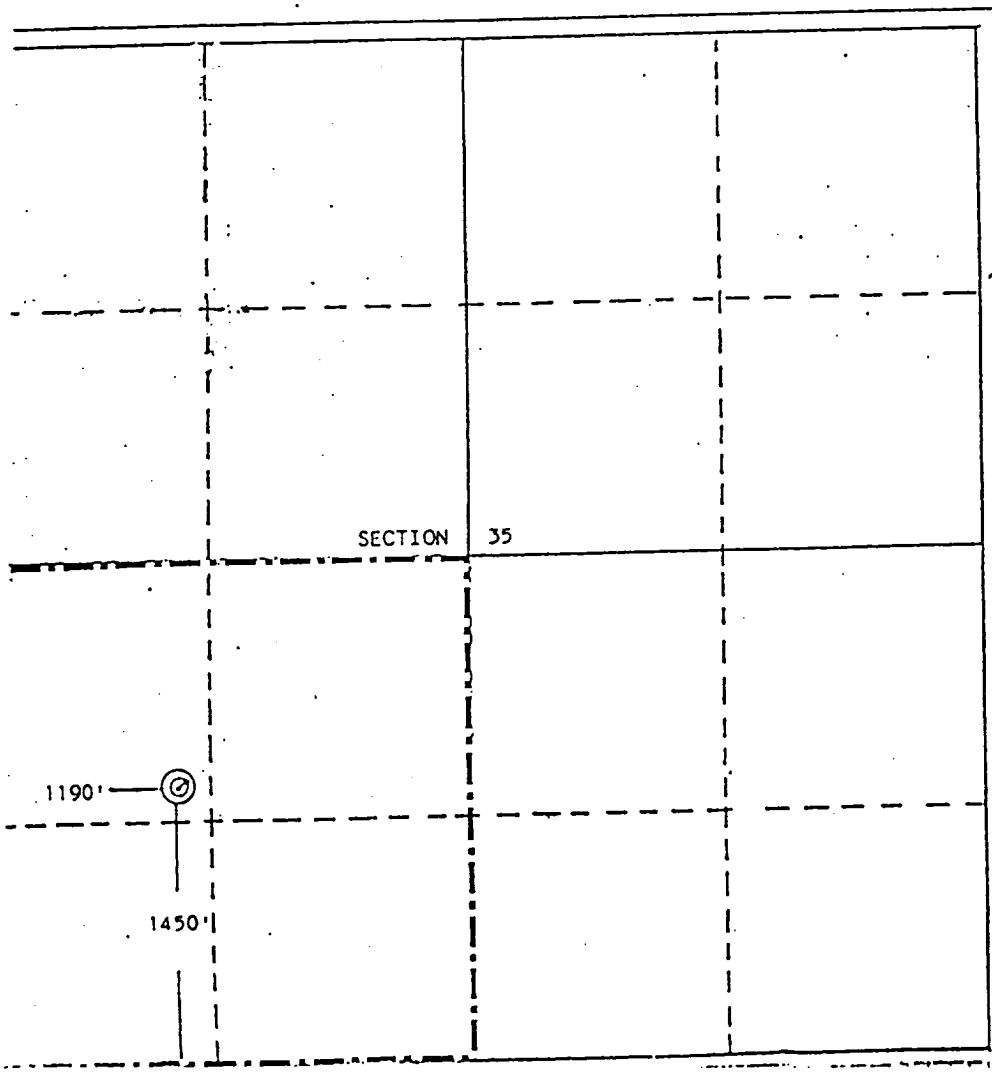
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling. etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Division.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name: John C. Corbett

Position: Executive Vice President

Company: Giant Exploration & Production Co.

Date: September 11, 1991

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

EDGAR L. RISENHOOVER — NEW MEXICO — 5979 — REGISTERED LAND SURVEYOR

Date Surveyed: September 21, 1988

Registered Professional Engineer and/or Land Surveyor

Certificate No. 5979

EXHIBIT #3

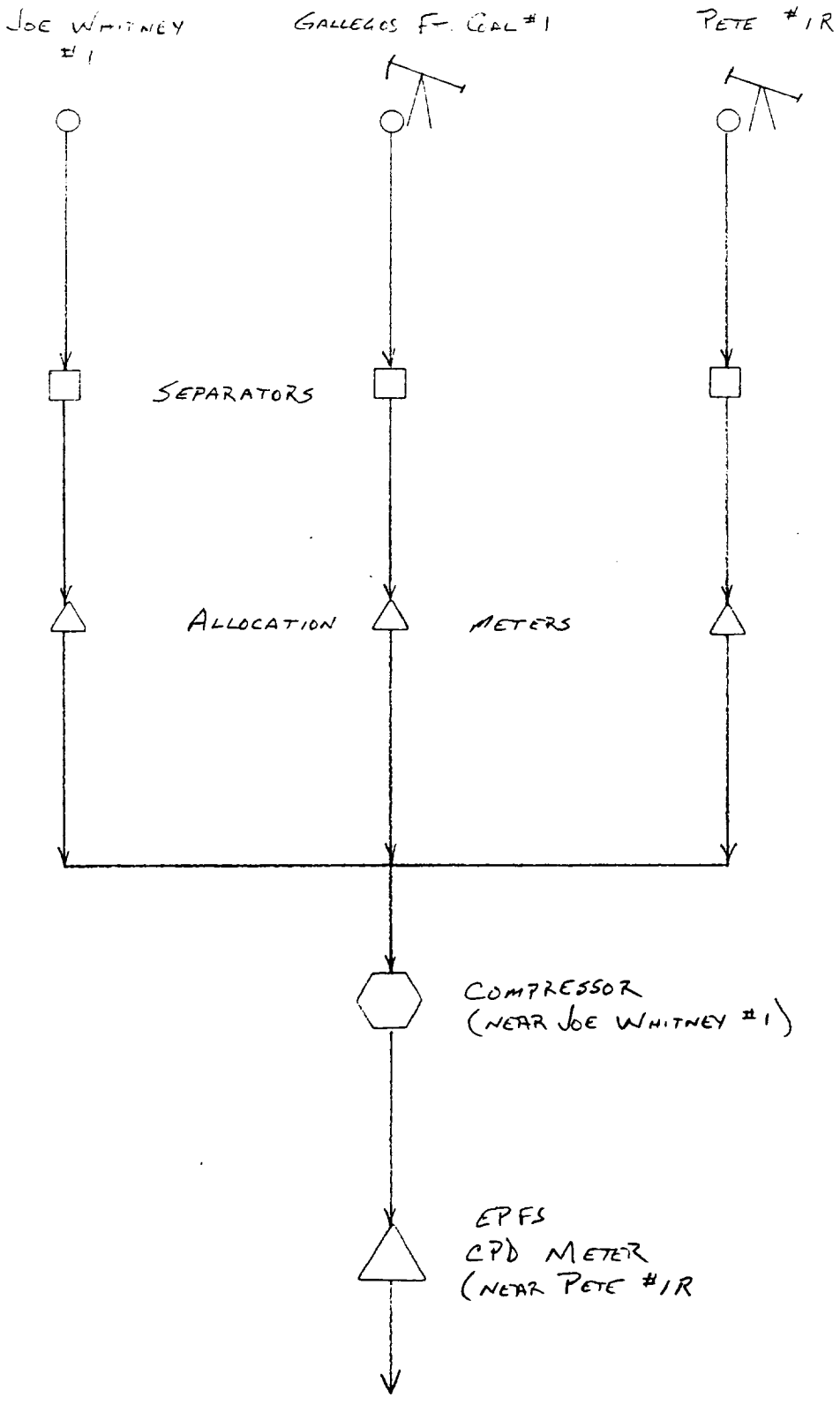


EXHIBIT #4

SAN JUAN NM
PETE 1R
PENDRAGON ENERGY PARTNERS INCORPORATED
ACTIVE

Detailed Production Report

Lease Name:	**PETE**	**Well Number:**	**1R**
Lease Number:	21704	Cum Oil:	
Operator Name:	PENDRAGON ENERGY PARTNER	Cum Gas:	76,010
State:	NEW MEXICO	Cum Water:	271,864 since JAN 1998
County:	SAN JUAN	First Production Date:	NOV 1990
Field:	BASIN	Last Production Date:	OCT 2001
Sec Twn Rng:	35I 27N 12W	Spot:	SW NE SE
Latitude/Longitude:		Lat/Long Source:	
Regulatory #:	21704	Completion Date:	
API:	30045256630000	Total Depth:	
Production ID:	2300430452566371629	Upper Perforation:	1241
Reservoir Name:	FRUITLAND COAL	Lower Perforation:	1350
Prod Zone:	FRUITLAND COAL	Gas Gravity:	
Prod Zone Code:	604FRLDC	Oil Gravity:	
Basin Name:	SAN JUAN BASIN	Temp Gradient:	
Gas Gatherer:	ELPS	N Factor:	0.0
Liquid Gatherer:		GOR:	
Status:	ACTIVE GAS		

Annual Production (12 years)

Year	Oil BBLS	Gas MCF	Water BBLS
Beginning Cum:			
1990		14	
1991		161	
1992		314	
1993		627	
1994		1,268	
1995		7,362	
1996		5,424	
1997		17,017	
1998		7,117	3,553
1999		5,746	184,181
2000		12,547	84,130
2001		18,413	
Totals:		76,010	271,864

Monthly Production

Date MO/YR	Oil BBLS	Gas MCF	Water BBLS	Cond Yld BBLS/MCF	% Water	# of Wells	Days on

NOV 1990		14		1	1
DEC 1990		0		0	0
Totals: 1990		14			
JAN 1991		38		1	1
FEB 1991		68		1	1
MAR 1991		0		0	0
APR 1991		0		0	0
MAY 1991		0		0	0
JUN 1991		0		0	0
JUL 1991		0		0	0
AUG 1991		0		0	0
SEP 1991		0		0	0
OCT 1991		27		1	1
NOV 1991		28		1	1
DEC 1991		0		0	0
Totals: 1991		161			
JAN 1992		0		0	0
FEB 1992		0		0	0
MAR 1992		0		0	0
APR 1992		0		0	0
MAY 1992		0		0	0
JUN 1992		0		0	0
JUL 1992		0		0	0
AUG 1992		0		0	0
SEP 1992		77		1	1
OCT 1992		80		1	1
NOV 1992		77		1	1
DEC 1992		80		1	1
Totals: 1992		314			
JAN 1993		80		1	1
FEB 1993		73		1	1
MAR 1993		80		1	1
APR 1993		77		1	1
MAY 1993		80		1	1
JUN 1993		77		1	1
JUL 1993		80		1	1
AUG 1993		80		1	1
SEP 1993		0		0	0
OCT 1993		0		0	0
NOV 1993		0		0	0
DEC 1993		0		0	0
Totals: 1993		627			
JAN 1994		0		0	0
FEB 1994		0		0	0
MAR 1994		80		1	31
APR 1994		77		1	30
MAY 1994		80		1	31
JUN 1994		77		1	30
JUL 1994		161		1	31

AUG 1994		161		1	31
SEP 1994		155		1	24
OCT 1994		161		1	31
NOV 1994		155		1	30
DEC 1994		161		1	31
Totals: 1994		1,268			
JAN 1995		161		1	31
FEB 1995		145		1	28
MAR 1995		1,579		1	31
APR 1995		923		1	30
MAY 1995		467		1	31
JUN 1995		867		1	30
JUL 1995		1,335		1	31
AUG 1995		882		1	31
SEP 1995		596		1	30
OCT 1995		390		1	24
NOV 1995		7		1	30
DEC 1995		10		1	31
Totals: 1995		7,362			
JAN 1996		10		1	2
FEB 1996		219		1	29
MAR 1996		886		1	31
APR 1996		475		1	30
MAY 1996		513		1	31
JUN 1996		483		1	30
JUL 1996		769		1	31
AUG 1996		180		1	31
SEP 1996		55		1	30
OCT 1996		77		1	31
NOV 1996		883		1	30
DEC 1996		874		1	31
Totals: 1996		5,424			
JAN 1997		1,365		1	31
FEB 1997		1,155		1	28
MAR 1997		1,552		1	31
APR 1997		1,605		1	30
MAY 1997		1,114		1	31
JUN 1997		1,578		1	30
JUL 1997		1,316		1	31
AUG 1997		1,710		1	31
SEP 1997		1,672		1	30
OCT 1997		1,149		1	22
NOV 1997		1,335		1	30
DEC 1997		1,466		1	31
Totals: 1997		17,017			
JAN 1998		808	651	1	31
FEB 1998		1,260	0	1	28
MAR 1998		750	0	1	31
APR 1998		1	0	1	30
MAY 1998		609	0	1	31

JUN 1998		1,250	532	1	28
JUL 1998		733	290	1	29
AUG 1998		623	192	1	24
SEP 1998		869	480	1	30
OCT 1998		188	496	1	31
NOV 1998		0	416	0	26
DEC 1998		26	496	1	31
Totals:					
1998		7,117	3,553		
JAN 1999		40	496	1	31
FEB 1999		39	448	1	28
MAR 1999		0	496	0	31
APR 1999		0	6,580	0	28
MAY 1999		0	6,815	0	29
JUN 1999		79	6,815	1	29
JUL 1999		1,002	851	1	23
AUG 1999		1,269	7,050	1	30
SEP 1999		1,167	133,950	1	30
OCT 1999		465	6,345	1	27
NOV 1999		626	7,050	1	30
DEC 1999		1,059	7,285	1	31
Totals:					
1999		5,746	184,181		
JAN 2000		596	7,050	1	30
FEB 2000		436	6,815	1	29
MAR 2000		440	7,285	1	31
APR 2000		741	6,815	1	29
MAY 2000		1,274	7,285	1	31
JUN 2000		1,218	7,050	1	30
JUL 2000		1,456	7,050	1	30
AUG 2000		1,304	6,815	1	29
SEP 2000		282	6,815	1	29
OCT 2000		1,771	7,050	1	30
NOV 2000		1,572	6,815	1	29
DEC 2000		1,457	7,285	1	31
Totals:					
2000		12,547	84,130		
JAN 2001		1,860		1	28
FEB 2001		1,860		1	28
MAR 2001		2,719		1	31
APR 2001		3,024		1	30
MAY 2001		2,785		1	28
JUN 2001		520		1	18
JUL 2001		1,323		1	28
AUG 2001		639		1	22
SEP 2001		1,465		1	25
OCT 2001		2,218		1	30
Totals:					
2001		18,413			

EXHIBIT #4

SAN JUAN NM
JOE WHITNEY 1
PENDRAGON ENERGY PARTNERS INCORPORATED
ACTIVE

Detailed Production Report

Lease Name:	**JOE WHITNEY**	**Well Number:**	**1**
Lease Number:	21494	Cum Oil:	
Operator Name:	PENDRAGON ENERGY PARTNER	Cum Gas:	114,969
State:	NEW MEXICO	Cum Water:	
County:	SAN JUAN	First Production Date:	MAY 1989
Field:	GALLEGOS SOUTH	Last Production Date:	OCT 2001
Sec Twn Rng:	35L 27N 12W	Spot:	SE NW SW
Latitude/Longitude:		Lat/Long Source:	
Regulatory #:	21494	Completion Date:	
API:	30045271130000	Total Depth:	
Production ID:	2300430452711377310	Upper Perforation:	
Reservoir Name:	FRUITLAND PICTURED CLIFF	Lower Perforation:	
Prod Zone:	FRUITLAND-PICTURED CLIFFS	Gas Gravity:	
Prod Zone Code:	604FRPCL	Oil Gravity:	
Basin Name:	SAN JUAN BASIN	Temp Gradient:	
Gas Gatherer:	ELPS	N Factor:	0.0
Liquid Gatherer:		GOR:	
Status:	ACTIVE GAS		

Annual Production (13 years)

Year	Oil BBLS	Gas MCF	Water BBLS
Beginning Cum:			
1989		12,703	
1990		5,928	
1991		8,569	
1992		10,778	
1993		9,774	
1994		8,938	
1995		6,394	
1996		5,929	
1997		6,563	
1998		8,275	
1999		9,348	
2000		11,907	
2001		9,863	
Totals:		114,969	

Monthly Production

Date MO/YR	Oil BBLS	Gas MCF	Water BBLS	Cond Yld BBLS/MCF	% Water	# of Wells	Days on

MAY 1989		2,479		1	31
JUN 1989		3,490		1	30
JUL 1989		1,490		1	28
AUG 1989		1,635		1	27
SEP 1989		1,332		1	27
OCT 1989		447		1	19
NOV 1989		1,596		1	29
DEC 1989		234		1	11
Totals:					
1989		12,703			
JAN 1990		530		1	10
FEB 1990		671		1	20
MAR 1990		515		1	18
APR 1990		488		1	18
MAY 1990		462		1	14
JUN 1990		378		1	21
JUL 1990		154		1	21
AUG 1990		14		1	1
SEP 1990		213		1	7
OCT 1990		366		1	19
NOV 1990		1,240		1	27
DEC 1990		897		1	26
Totals:					
1990		5,928			
JAN 1991		4		1	2
FEB 1991		0		0	0
MAR 1991		650		1	13
APR 1991		1,078		1	28
MAY 1991		785		1	25
JUN 1991		1,018		1	30
JUL 1991		883		1	28
AUG 1991		845		1	16
SEP 1991		752		1	25
OCT 1991		765		1	29
NOV 1991		1,021		1	18
DEC 1991		768		1	24
Totals:					
1991		8,569			
JAN 1992		1,016		1	26
FEB 1992		997		1	27
MAR 1992		1,339		1	31
APR 1992		595		1	30
MAY 1992		951		1	29
JUN 1992		1,006		1	30
JUL 1992		978		1	26
AUG 1992		764		1	31
SEP 1992		80		1	9
OCT 1992		1,394		1	30
NOV 1992		848		1	28
DEC 1992		810		1	20
Totals:					
1992		10,778			
JAN 1993		733		1	23

FEB	1993	1,020		1	27
MAR	1993	1,101		1	25
APR	1993	1,237		1	30
MAY	1993	1,260		1	31
JUN	1993	815		1	30
JUL	1993	755		1	29
AUG	1993	532		1	16
SEP	1993	701		1	16
OCT	1993	473		1	30
NOV	1993	639		1	30
DEC	1993	508		1	31
Totals:					
1993		9,774			
JAN	1994	1,058		1	31
FEB	1994	690		1	28
MAR	1994	687		1	27
APR	1994	575		1	27
MAY	1994	828		1	31
JUN	1994	755		1	29
JUL	1994	786		1	31
AUG	1994	736		1	31
SEP	1994	628		1	23
OCT	1994	785		1	31
NOV	1994	658		1	30
DEC	1994	752		1	31
Totals:					
1994		8,938			
JAN	1995	729		1	28
FEB	1995	603		1	28
MAR	1995	766		1	23
APR	1995	548		1	15
MAY	1995	698		1	23
JUN	1995	0		0	0
JUL	1995	355		1	6
AUG	1995	756		1	31
SEP	1995	525		1	30
OCT	1995	524		1	24
NOV	1995	503		1	30
DEC	1995	387		1	31
Totals:					
1995		6,394			
JAN	1996	495		1	31
FEB	1996	663		1	29
MAR	1996	585		1	31
APR	1996	420		1	30
MAY	1996	402		1	31
JUN	1996	391		1	30
JUL	1996	562		1	31
AUG	1996	616		1	31
SEP	1996	602		1	30
OCT	1996	472		1	31
NOV	1996	355		1	30
DEC	1996	366		1	31
Totals:					
1996		5,929			

JAN	1997	568		1	31
FEB	1997	445		1	28
MAR	1997	391		1	31
APR	1997	424		1	30
MAY	1997	717		1	31
JUN	1997	527		1	30
JUL	1997	397		1	31
AUG	1997	415		1	31
SEP	1997	613		1	30
OCT	1997	724		1	31
NOV	1997	727		1	30
DEC	1997	615		1	31
Totals:					
	1997	6,563			
JAN	1998	1,109		1	31
FEB	1998	676		1	28
MAR	1998	785		1	31
APR	1998	664		1	30
MAY	1998	403		1	31
JUN	1998	481		1	28
JUL	1998	669		1	29
AUG	1998	490		1	24
SEP	1998	723		1	30
OCT	1998	687		1	31
NOV	1998	681		1	26
DEC	1998	907		1	31
Totals:					
	1998	8,275			
JAN	1999	585		1	31
FEB	1999	566		1	28
MAR	1999	670		1	31
APR	1999	699		1	28
MAY	1999	706		1	29
JUN	1999	807		1	29
JUL	1999	531		1	23
AUG	1999	969		1	30
SEP	1999	958		1	30
OCT	1999	803		1	27
NOV	1999	1,027		1	30
DEC	1999	1,027		1	31
Totals:					
	1999	9,348			
JAN	2000	1,055		1	30
FEB	2000	965		1	29
MAR	2000	924		1	31
APR	2000	1,067		1	29
MAY	2000	1,108		1	31
JUN	2000	1,054		1	30
JUL	2000	910		1	30
AUG	2000	814		1	29
SEP	2000	1,089		1	29
OCT	2000	902		1	30
NOV	2000	1,015		1	29
DEC	2000	1,004		1	31

Totals: 2000		11,907			
JAN 2001		791		1	28
FEB 2001		791		1	28
MAR 2001		984		1	31
APR 2001		1,090		1	30
MAY 2001		598		1	28
JUN 2001		710		1	18
JUL 2001		1,433		1	28
AUG 2001		992		1	22
SEP 2001		1,530		1	25
OCT 2001		944		1	30
Totals: 2001		9,863			

SAN JUAN NM
GALLEGOS FRUITLAND COAL 1
PENDRAGON ENERGY PARTNERS INCORPORATED
ACTIVE

Detailed Production Report

Lease Name:	**GALLEGOS FRUITLAND COA**	**Well Number:**	**1**
Lease Number:	21491	Cum Oil:	
Operator Name:	PENDRAGON ENERGY PARTNER	Cum Gas:	472,637
State:	NEW MEXICO	Cum Water:	199,604 since FEB 1998
County:	SAN JUAN	First Production Date:	SEP 1991
Field:	BASIN	Last Production Date:	OCT 2001
Sec Twn Rng:	35K 27N 12W	Spot:	NW NE SW
Latitude/Longitude:		Lat/Long Source:	
Regulatory #:	21491	Completion Date:	
API:	30045282320000	Total Depth:	
Production ID:	2300430452823271629	Upper Perforation:	
Reservoir Name:	FRUITLAND COAL	Lower Perforation:	
Prod Zone:	FRUITLAND COAL	Gas Gravity:	
Prod Zone Code:	604FRLDC	Oil Gravity:	
Basin Name:	SAN JUAN BASIN	Temp Gradient:	
Gas Gatherer:	GEP	N Factor:	0.0
Liquid Gatherer:		GOR:	
Status:	ACTIVE GAS		

Annual Production

Year	Oil BBLS	Gas MCF	Water BBLS
Beginning Cum:			
1991		4,572	
1992		13,472	
1993		11,264	
1996		3,531	
1997		13,867	
1998		69,982	28,034
1999		119,782	121,450
2000		132,239	50,120
2001		103,928	
Totals:		472,637	199,604

Monthly Production

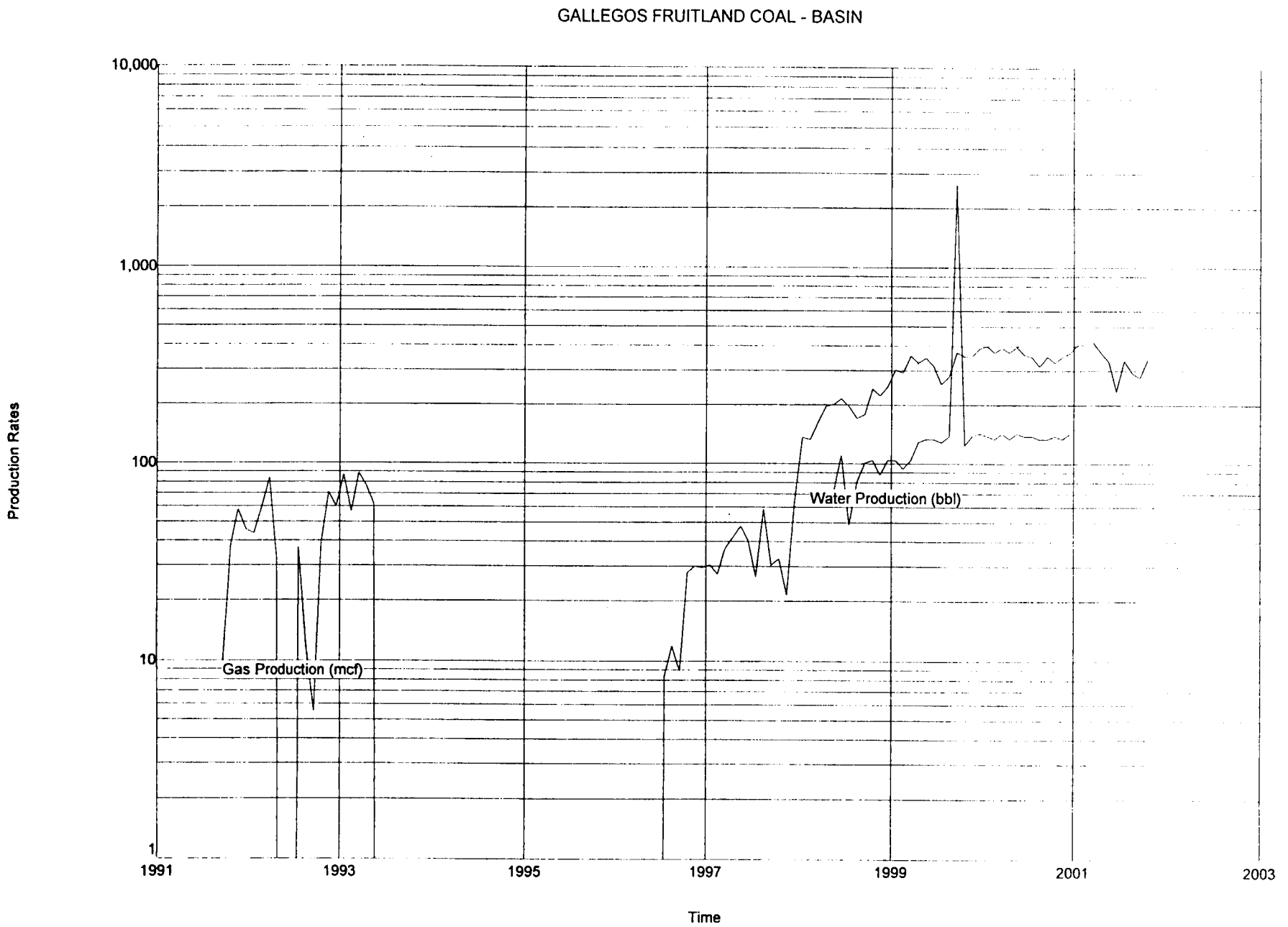
Date MO/YR	Oil BBLS	Gas MCF	Water BBLS	Cond Yld BBLS/MCF	% Water	# of Wells	Days on
SEP 1991		299				1	3
OCT 1991		1,129				1	23

NOV 1991		1,758		1	28
DEC 1991		1,386		1	27
Totals:					
1991		4,572			
JAN 1992		1,321		1	26
FEB 1992		1,810		1	28
MAR 1992		2,545		1	31
APR 1992		1,003		1	8
MAY 1992		0		0	0
JUN 1992		0		0	0
JUL 1992		1,122		1	7
AUG 1992		360		1	9
SEP 1992		166		1	2
OCT 1992		1,175		1	28
NOV 1992		2,149		1	30
DEC 1992		1,821		1	21
Totals:					
1992		13,472			
JAN 1993		2,643		1	27
FEB 1993		1,715		1	28
MAR 1993		2,691		1	29
APR 1993		2,335		1	30
MAY 1993		1,880		1	26
JUN 1993		0		0	0
JUL 1993		0		0	0
AUG 1993		0		0	0
SEP 1993		0		0	0
OCT 1993		0		0	0
NOV 1993		0		0	0
DEC 1993		0		0	0
Totals:					
1993		11,264			
JAN 1996		0		0	0
FEB 1996		0		0	0
MAR 1996		0		0	0
APR 1996		0		0	0
MAY 1996		0		0	0
JUN 1996		0		0	0
JUL 1996		253		1	0
AUG 1996		361		1	31
SEP 1996		270		1	30
OCT 1996		840		1	31
NOV 1996		912		1	30
DEC 1996		895		1	31
Totals:					
1996		3,531			
JAN 1997		926		1	31
FEB 1997		827		1	28
MAR 1997		1,114		1	31
APR 1997		1,272		1	30
MAY 1997		1,455		1	31
JUN 1997		1,229		1	30
JUL 1997		806		1	31
AUG 1997		1,774		1	31

SEP 1997		923		1	30
OCT 1997		991		1	31
NOV 1997		651		1	30
DEC 1997		1,899		1	31
Totals: 1997		13,867			
JAN 1998		4,139	0	1	31
FEB 1998		4,040	2,240	1	28
MAR 1998		4,965	2,170	1	31
APR 1998		5,968	2,100	1	30
MAY 1998		6,100	2,201	1	31
JUN 1998		6,542	3,360	1	28
JUL 1998		5,937	1,479	1	29
AUG 1998		5,195	2,448	1	24
SEP 1998		5,417	3,060	1	30
OCT 1998		7,353	3,162	1	31
NOV 1998		6,772	2,652	1	26
DEC 1998		7,554	3,162	1	31
Totals: 1998		69,982	28,034		
JAN 1999		9,174	3,162	1	31
FEB 1999		8,873	2,856	1	28
MAR 1999		10,783	3,162	1	31
APR 1999		9,987	3,920	1	28
MAY 1999		10,557	4,060	1	29
JUN 1999		9,644	4,060	1	29
JUL 1999		7,754	3,910	1	23
AUG 1999		8,525	4,200	1	30
SEP 1999		11,288	79,800	1	30
OCT 1999		10,705	3,780	1	27
NOV 1999		10,720	4,200	1	30
DEC 1999		11,772	4,340	1	31
Totals: 1999		119,782	121,450		
JAN 2000		12,088	4,200	1	30
FEB 2000		11,236	4,060	1	29
MAR 2000		11,855	4,340	1	31
APR 2000		11,257	4,060	1	29
MAY 2000		11,970	4,340	1	31
JUN 2000		10,967	4,200	1	30
JUL 2000		10,682	4,200	1	30
AUG 2000		9,567	4,060	1	29
SEP 2000		10,727	4,060	1	29
OCT 2000		10,008	4,200	1	30
NOV 2000		10,683	4,060	1	29
DEC 2000		11,199	4,340	1	31
Totals: 2000		132,239	50,120		
JAN 2001		12,337		1	28
FEB 2001		12,337		1	28
MAR 2001		12,762		1	31
APR 2001		11,312		1	30
MAY 2001		10,104		1	28
JUN 2001		7,152		1	18

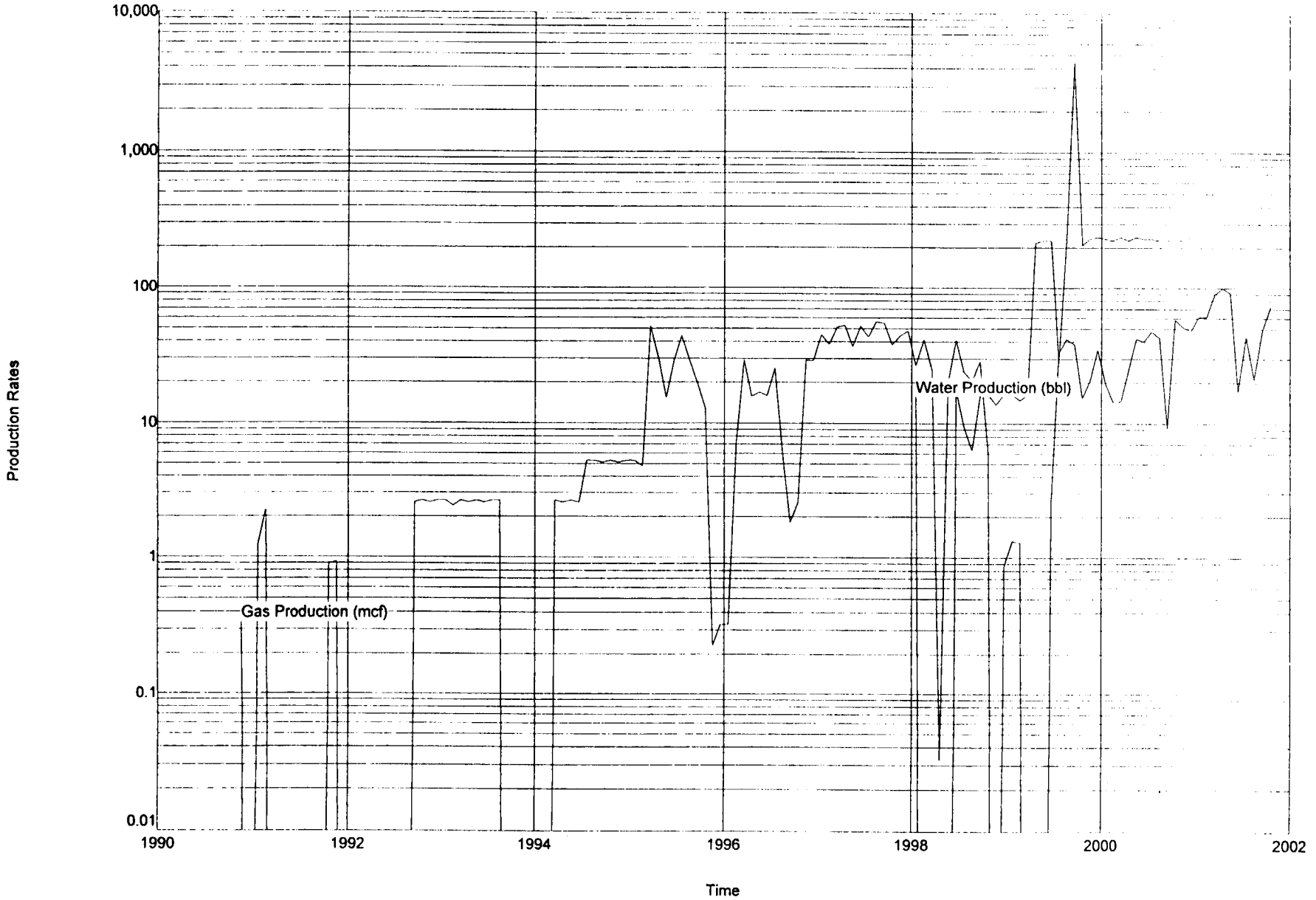
JUL	2001	10,267		1	28
AUG	2001	8,868		1	22
SEP	2001	8,387		1	25
OCT	2001	10,402		1	30
Totals:					
	2001	103,928			

Lease Name: GALLEGOS FRUITLAND COAL
County, State: SAN JUAN, NM
Operator: PENDRAGON ENERGY PARTNERS INCORPORAT
Field: BASIN
Reservoir: FRUITLAND COAL
Location: 35 27N 12W NW NE SW



Lease Name: PETE
County, State: SAN JUAN, NM
Operator: PENDRAGON ENERGY PARTNERS INCORPORAT
Field: BASIN
Reservoir: FRUITLAND COAL
Location: 35 27N 12W SW NE SE

PETE - BASIN



Lease Name: JOE WHITNEY
County, State: SAN JUAN, NM
Operator: PENDRAGON ENERGY PARTNERS INCORPORAT
Field: GALLEGOS SOUTH
Reservoir: FRUITLAND PICTURED C
Location: 35 27N 12W SE NW SW

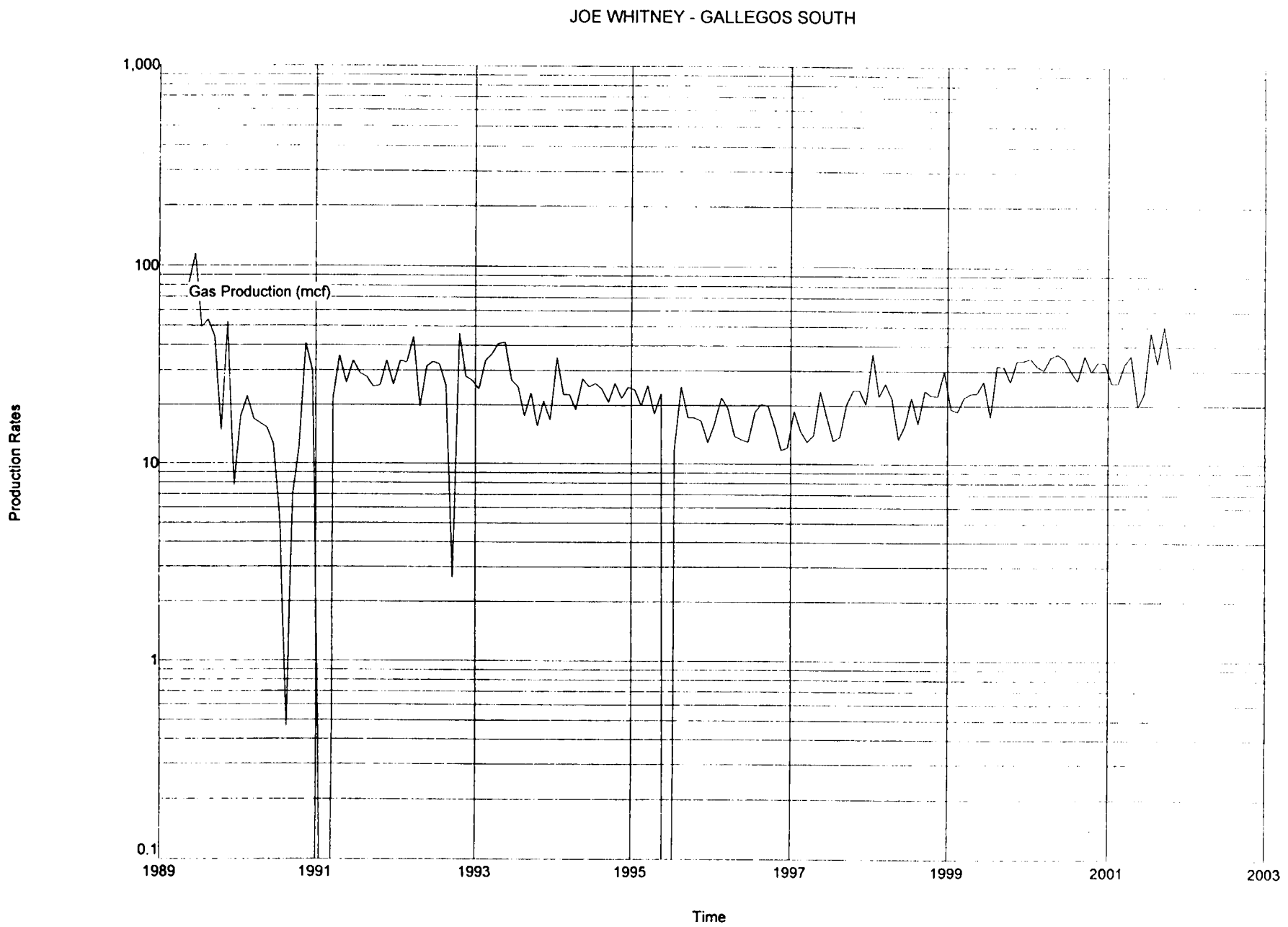


EXHIBIT #5

RECEIVED

DEC 21 2001

GAS ANALYSIS SERVICE

2030 AFTON PLACE
FARMINGTON, N.M. 87401
(505) 325-6622

PENDRAGON ENERGY PARTNERS, INC.

ANALYSIS NO. PE210006
CUST. NO. 60000 - 10115

WELL/LEASE INFORMATION

CUSTOMER NAME	PENDRAGON ENERGY PRTNRS	SOURCE	TUBING WELLHEAD
WELL NAME	JOE WHITNEY #1	PRESSURE	PSIG
COUNTY/ STATE	SAN JUAN NM	SAMPLE TEMP	DEG.F
LOCATION		WELL FLOWING	Y
FIELD		DATE SAMPLED	12/11/01
FORMATION	PICTURED CLIFFS	SAMPLED BY	KENNY WHTEHORN
CUST.STN.NO.	97047	FOREMAN/ENGR.	

REMARKS GOES TO CPD METER: TUBING PRESSURE 16#, CASING PRESSURE 50#
PRESSURED WITH HELIUM TO 25#
UNNORMALIZED MOLE PERCENT = 37.646%

ANALYSIS

COMPONENT	MOLE %	GPM**	B.T.U.*	SP.GR *
NITROGEN	0.272	0.0000	0.00	0.0026
CO2	0.042	0.0000	0.00	0.0006
METHANE	96.491	0.0000	976.78	0.5345
ETHANE	2.484	0.6645	44.06	0.0258
PROPANE	0.558	0.1538	14.07	0.0085
I-BUTANE	0.147	0.0481	4.79	0.0029
N-BUTANE	0.000	0.0000	0.00	0.0000
I-PENTANE	0.006	0.0022	0.24	0.0001
N-PENTANE	0.000	0.0000	0.00	0.0000
HEXANE PLUS	0.000	0.0000	0.00	0.0000
TOTAL	100.000	0.8685	1,039.94	0.5751

* @ 14.730 PSIA DRY & UNCORRECTED FOR COMPRESSIBILITY
** @ 14.730 PSIA & 60 DEG. F.

COMPRESSIBLITY FACTOR	(1/Z)	1.0022
BTU/CU.FT (DRY) CORRECTED FOR	(1/Z)	1,042.2
BTU/CU.FT (WET) CORRECTED FOR	(1/Z)	1,024.1
REAL SPECIFIC GRAVITY		0.5764

ANALYSIS RUN AT 14.730 PSIA & 60 DEGREES F

DRY BTU @ 14.650	1,036.6
DRY BTU @ 14.696	1,039.8
DRY BTU @ 14.730	1,042.2
DRY BTU @ 15.025	1,063.1

CYLINDER #	1EK084
CYLINDER PRESSURE	20 PSIG
DATE RUN	12/12/01
ANALYSIS RUN BY	DAWN BLASSINGAME

EXHIBIT #5

GAS ANALYSIS SERVICE

[redacted]0 AFTON PLACE
FARMINGTON, N.M. 87401
(505) 325-6622

ANALYSIS NO. PE220003
CUST. NO. 60000 - 10110

WELL/LEASE INFORMATION

CUSTOMER NAME	PENDRAGON ENERGY PRTNRS	SOURCE	METER RUN
WELL NAME	GALLEGOS FC #1	PRESSURE	70 PSIG
COUNTY/ STATE	SAN JUAN NM	SAMPLE TEMP	N/A DEG.F
LOCATION		WELL FLOWING	Y
FIELD		DATE SAMPLED	3/11/02
FORMATION	FRUITLAND COAL	SAMPLED BY	SUSAN SULLIVAN
CUST.STN.NO.	6389	FOREMAN/ENGR.	

REMARKS

ANALYSIS

COMPONENT	MOLE %	GPM**	B.T.U.*	SP.GR *
NITROGEN	0.421	0.0000	0.00	0.0041
CO2	0.675	0.0000	0.00	0.0103
METHANE	96.965	0.0000	981.58	0.5371
ETHANE	1.875	0.5016	33.26	0.0195
PROPANE	0.031	0.0085	0.78	0.0005
I-BUTANE	0.007	0.0023	0.23	0.0001
N-BUTANE	0.007	0.0022	0.23	0.0001
I-PENTANE	0.003	0.0011	0.12	0.0001
N-PENTANE	0.001	0.0004	0.04	0.0000
HEXANE PLUS	0.015	0.0065	0.77	0.0005
TOTAL	100.000	0.5226	1,017.01	0.5722

* @ 14.730 PSIA DRY & UNCORRECTED FOR COMPRESSIBILITY
** @ 14.730 PSIA & 60 DEG. F.

COMPRESSIBLITY FACTOR	(1/Z)	1.0021
BTU/CU.FT (DRY) CORRECTED FOR	(1/Z)	1,019.2
BTU/CU.FT (WET) CORRECTED FOR	(1/Z)	1,001.4
REAL SPECIFIC GRAVITY		0.5735

ANALYSIS RUN AT 14.730 PSIA & 60 DEGREES F

DRY BTU @ 14.650	1,013.6
DRY BTU @ 14.696	1,016.8
DRY BTU @ 14.730	1,019.2
DRY BTU @ 15.025	1,039.6

CYLINDER #	037A
CYLINDER PRESSURE	68 PSIG
DATE RUN	3/13/02
ANALYSIS RUN BY	DAWN BLASSINGAME

EXHIBIT #5

GAS ANALYSIS SERVICE

[redacted]0 AFTON PLACE
FARMINGTON, N.M. 87401
(505) 325-6622

ANALYSIS NO. PE220005
CUST. NO. 60000 - 10120

WELL/LEASE INFORMATION

CUSTOMER NAME	PENDRAGON ENERGY PRTNRS	SOURCE	METER RUN
WELL NAME	PETE #1R	PRESSURE	65 PSIG
COUNTY/ STATE	SAN JUAN NM	SAMPLE TEMP	N/A DEG.F
LOCATION		WELL FLOWING	N
FIELD		DATE SAMPLED	3/11/02
FORMATION	PICTURED CLIFFS	SAMPLED BY	SUSAN SULLIVAN
CUST.STN.NO.	9415	FOREMAN/ENGR.	

REMARKS

ANALYSIS

COMPONENT	MOLE %	GPM**	B.T.U.*	SP.GR *
NITROGEN	0.223	0.0000	0.00	0.0022
CO2	0.162	0.0000	0.00	0.0025
METHANE	97.022	0.0000	982.15	0.5374
ETHANE	2.238	0.5987	39.70	0.0232
PROPANE	0.246	0.0678	6.20	0.0037
I-BUTANE	0.077	0.0252	2.51	0.0015
N-BUTANE	0.006	0.0019	0.20	0.0001
I-PENTANE	0.006	0.0022	0.24	0.0001
N-PENTANE	0.000	0.0000	0.00	0.0000
HEXANE PLUS	0.020	0.0087	1.03	0.0006
TOTAL	100.000	0.7045	1,032.03	0.5715

* @ 14.730 PSIA DRY & UNCORRECTED FOR COMPRESSIBILITY
** @ 14.730 PSIA & 60 DEG. F.

COMPRESSIBLITY FACTOR	(1/Z)	1.0021
BTU/CU.FT (DRY) CORRECTED FOR	(1/Z)	1,034.2
BTU/CU.FT (WET) CORRECTED FOR	(1/Z)	1,016.2
REAL SPECIFIC GRAVITY		0.5726

ANALYSIS RUN AT 14.730 PSIA & 60 DEGREES F

DRY BTU @ 14.650	1,028.6
DRY BTU @ 14.696	1,031.8
DRY BTU @ 14.730	1,034.2
DRY BTU @ 15.025	1,054.9

CYLINDER #	015
CYLINDER PRESSURE	59 PSIG
DATE RUN	3/13/02
ANALYSIS RUN BY	DAWN BLASSINGAME

Exhibit #6

Allocation Spreadsheet for Navajo Allotted Wells

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
Well Name	Wellhead Meter Integration MCF	Volume Ratio	Wellhead Btu Content	Wellhead Metered MMBtu	Wellhead MMBtu Ratio	MMBtu for Low Volume Wells	Low Volume Ratio (<100 MCFD)	iscrepanc Allocation (MCF) OTHER (1	Discrepancy Allocation (Allotted >= 100 MCFD OTHER (2)	ompresso Use Allocation MCF (Vol)	Lease Use MCF (Vol)	Wellhead (MCF) Produced	Allocated (MCF) Sold	Allotted Allocated (MCF) Sold (2)	Allocated Btu Content
Pete #1R															
Joe Whitney #1															
Gallegos Ft. Coal #1															
Totals															

Formulas:

B=A/(Sum A)
D=A*C
E=D/(Sum D)
F: If >=100 MCFD and well is Allotted, F = 0.
If < 100 MCFD and well is Allotted, or well is Federal, F = 0.
G= F/(Sum F)
H= E*W (this column used if NO allotted well producing >= 100 MCFD); otherwise use I
I= G*W
J = B*Z
K = Gas used on lease upstream of well allocation meter
L = A+K
M = B*X (this column is used if NO alloted wells producing >+ 100 MCFD); otherwise use N
N = A_I_J
O = E* Y/M

W = Discrepancy Calculation ((Sum A)-X-Z
X = CDP Volume Sold (MCF)
Y = CDP MMBtu Sold
Z = CDP Compressor Use (MCF)
CDP Btu Content

Well #	Days Produced	Production (L)	MCFD
Pete #1R			
Joe Whitney #1			
Gallegos Ft. Coal #1			

Note: Columns to be reported on the MMS-3160 are Bolded

Produced: Column L
UOL: both Compressor Use Allocation (J) and Lease Use (K)

Other (1) and SOLD (1): Allotted wells < 1000 MCFD and all Federal wells (columns H and M)
Other (2) and SOLD (2): Allotted wells >= 1000 MCFD (columns I and N)
Btu Content: weighted average of Column O * Column M or N/CDP Volume Sold, by lease or Case Number.

Exhibit #7

Gallegos Fruitland Coal #1 and Joe Whitney #1

Name	WI %	NRI%
R.W. Beck Plant Management Ltd Receiver for Edwards Energy 1125 17th Street, Suite 1900 Denver, CO. 80202-2615	25.0	20.5
Mr. Patrick Hegarty P.O. Box 1317 Aztec, NM 87410		3.0
Minerals Management Service P.O. Box 5640 Denver, CO 80217		12.5
Pendragon Resources II, LP 621 17th Street, Suite 750 Denver, CO 80223	75.0	64.0

Pete #1R

R.W. Beck Plant Management Ltd Receiver for Edwards Energy 1125 17th Street, Suite 1900 Denver, CO. 80202-2615	25.0	20.0
Minerals Management Service (Indian) P.O. Box 5640 Denver, CO 80217		20.0
Pendragon Resources II, LP 621 17th Street, Suite 750 Denver, CO 80223	75.0	60.0

WALSH ENGINEERING & PRODUCTION CORP.

Petroleum Engineering Consulting
Lease Management
Contract Pumping

7415 East Main
Farmington, New Mexico 87402
(505) 327-4892 • Fax: (505) 327-9834

CERTIFIED - RETURN RECEIPT

April 16, 2002

Mr. Peter Mueller
R.W. Beck Plant Management Ltd
Receiver for Edwards Energy
1125 17th Street, Suite 1900
Denver, CO. 80202-2615

Re: Application for Surface Commingling
Pendragon Energy Partners
Gallegos Fruitland Coal #1, Joe Whitney #1, and Pete 1R
Section 35, T27N, R12W
San Juan County, New Mexico

Dear Mr.Mueller,

As an interest owner in one or more of the wells referenced above, you are being notified of the application to the NMOCD to administratively approve the request to surface commingle the production from these wells. Surface commingling will reduce compression costs for all three wells.

A copy of the application is being furnished to you for your review. If you have no objections to this application, then no action is required on your part.

If you object to, or wish to submit remarks concerning this application, please send them to Ms. Lori Wrotenbery, Director, New Mexico Oil and Gas Conservation Division, 1220 S. St. Francis Dr., Santa Fe, NM 87504. A copy of any comments to the undersigned would be appreciated.

Please do not hesitate to call upon me if you have any questions.

Sincerely,

Paul C. Thompson

Paul C. Thompson, P. E.
Agent

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Petroleum Engineering Consulting
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Farmington, New Mexico 87402
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CERTIFIED - RETURN RECEIPT

April 16, 2002

Mr. James Miles
Farmington Indian Minerals Office
Bureau of Indian Affairs
1235 La Plata Hwy., Suite B
Farmington NM

Re: Application for Surface Commingling
Pendragon Energy Partners
Gallegos Fruitland Coal #1, Joe Whitney #1, and Pete 1R
Section 35, T27N, R12W
San Juan County, New Mexico

Dear Mr. Miles,

As an interest owner in one or more of the wells referenced above, you are being notified of the application to the NMOCD to administratively approve the request to surface commingle the production from these wells. Surface commingling will reduce compression costs for all three wells.

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Please do not hesitate to call upon me if you have any questions.

Sincerely,

Paul C. Thompson

Paul C. Thompson, P. E.
Agent

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CERTIFIED - RETURN RECEIPT

April 16, 2002

Mr. Patrick Hegarty
P.O. Box 1317
Aztec, NM 87410

Re: Application for Surface Commingling
Pendragon Energy Partners
Gallegos Fruitland Coal #1, Joe Whitney #1, and Pete 1R
Section 35, T27N, R12W
San Juan County, New Mexico

Dear Mr. Hegarty,

As an interest owner in one or more of the wells referenced above, you are being notified of the application to the NMOCD to administratively approve the request to surface commingle the production from these wells. Surface commingling will reduce compression costs for all three wells.

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