

dugan production corp.

P\$ 10 F3



CERTIFIED MAIL RETURN RECEIPT REQUESTED

June 3, 2002

Interest Owners (Address List Attached) Dugan Production Corp.'s State Com Wells No. 1, 1A, 2, 90R & 91 Section 16, T32N, R12W San Juan County, New Mexico

Dear Interest Owner,

Attached for your information and file is a copy of our application requesting authorization to consolidate the two gas gathering systems currently authorized to gather and sell gas from five wells (State Com No. 1, 1A, 2, 90R & 91) operated by Dugan Production Corp.

The changes we are proposing should have no affect upon your interest in these wells and will allow Dugan Production Corp. increased compressor capacity which may allow for production improvements in some of the wells.

This matter does not require any action or expenditure on your part. Should you have any questions, need additional information, or have any concern as to our proposal, please let me know. Should you have an objection to our proposal, please let me know, or you can contact the New Mexico Oil Conservation Division directly at 1220 South St. Francis Drive, Santa Fe, NM 87505, and we would appreciate receiving a copy of your objection.

Sincerely,

John D. Roe

Engineering Manager

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JDR/tmf

attachments