

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement

- DHC CTB PLC PC OLS OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery

- WFX PMX SWD IPI EOR PPR

- [D] Other: Specify _____

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Oil Conservation Division

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply

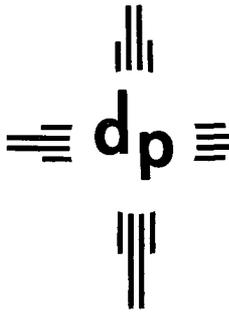
- [A] Working, Royalty or Overriding Royalty Interest Owners
 [B] Offset Operators, Leaseholders or Surface Owner
 [C] Application is One Which Requires Published Legal Notice
 [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
 [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
 [F] Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate and complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

John D. Roe	<u>John D Roe</u>	Engineering Manager	02/25/03
Print or Type Name	Signature	Title	Date
		johnroe@duganproduction.com	
		e-mail Address	



dugan production corp.

February 25, 2003

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

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

Mr. Steve Henke, Manager
Bureau of Land Management-FFO
1235 La Plata Highway, Suite A
Farmington, NM 87401

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

Dear Ms. Wrotenbery, Mr. Lyons and Mr. Henke:

We are writing to request your administrative approvals for the surface commingling, plus off-lease measurement and sale of natural gas produced from 34 additional wells to be added to our Topaz Gas Gathering System. The 34 wells to be added include 16 wells proposed (8 of which have APD's submitted) as infill wells to the 16 Fruitland Coal wells currently authorized for the system, plus 8 Fruitland Coal wells (5 of which are completed and one of which has an APD submitted) plus 8 associated infill Fruitland Coal wells. In addition, two wells completed in the WAW Fruitland Sand-Pictured Cliffs pool during 1985 and currently shut in are also included. All leasehold interest is either state or federal and Dugan Production is the operator of all wells on the system and to be added to the system.

Dugan Production's Topaz Gas Gathering System currently has 16 wells previously approved and during January of 2003 production averaged 1827 mcf. The CDP sales meter (El Paso meter No. 97690) is located on El Paso Field Service's system in the NW/4 SE/4 of Section 25, T26N, R13W and was initially authorized for 6 wells in 1994. This application will be the fifth expansion. NMOCD Form 107-B is attached in support of this application to add 34 wells to the Topaz Gas Gathering System. Attachment No. 1 presents a map of the Topaz Gas Gathering System with the proposed additions highlighted in blue. In addition, Dugan's leasehold interest is presented which includes 8 federal leases (SF-078156, SF-078156-A, NM-33027, NM-76866, SF-078155, SF-078091, NM-17781 & NM-10757) plus 2 state leases (LG-3734 & E-3148-2). Attachment No. 1 also presents 3 Navajo Allotted leases (NOO-C-14-20-7475, 7478 & 7479) plus 4 state leases (E-3148-6, E-4501, E-4500-3 & E-9707) which are also held by Dugan Production Corp. but are not included in the Topaz Gas Gathering System.

The 16 wells currently authorized by NMOCD Commingling Order CTB-407 for the Topaz Gas Gathering System are all completed in the Basin Fruitland Coal pool and 32 of the 34 wells to be added are also either completed or will be completed in the Basin Fruitland Coal pool. In addition to the 48 Fruitland Coal wells,

2 of the wells to be added are completed in the WAW Fruitland Sand-Pictured Cliffs gas pool and both have been shut in since completion in 1985. All 50 wells are anticipated to produce primarily dry natural gas with some water. All water will be separated at each well and will be moved to a central disposal facility by a separate pipeline installed parallel to the gas gathering system. We do not anticipate any liquid hydrocarbons to be produced. Each well will be equipped with a continuous recording allocation meter that will be operated and maintained by Dugan Production. The charts from each allocation meter will be integrated by a commercial integration service and the volumes recorded utilized to determine factors for allocating CDP volumes, BTU's and revenues to the individual wells. The allocation procedures currently approved and to be used on the wells to be added are presented on Attachment No. 4.

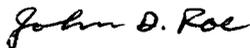
Attachment No. 5 presents a summary of the interest owners which includes 15 working interest, 2 royalty interest (state and federal) plus 30 overriding royalty interest owners. As required by OCD Rule 19.15.5.303B.(4)(d)(iii) all interest owners in the wells currently approved plus the wells proposed to be added to the gathering system have been provided with a copy of this application. Dugan Production as provided by rule 19.15.5.303B.(4)(d)(vii), is requesting that the NMOCD Order issued for this application also include a provision that for future additions to the gathering system, only the interest owners in the wells being added need to be notified, providing that in reasonable probability the proposed additions will not adversely affect the interest owners in the wells already approved for the system. Our transmittal letters to each of the interest owners did include a notice of this request.

It should be noted that there are two existing surface commingling orders that will no longer be necessary upon approval of this application. NMOCD Commingling Order CTB-511 dated 12/11/00 authorized Dugan's Paul Revere well Nos. 91 & 94 to use an on-lease CDP and deliver gas into El Paso's pipeline. In addition, NMOCD Commingling Order CTB-512 dated 12/26/00 authorized Dugan Production's Paul Revere Nos. 90, 92 & 93 to also use an on-lease CDP for gas deliveries to El Paso. Dugan Production now proposes to include all 5 of these wells in the current proposed expansion of Dugan's Topaz Gas Gathering System. Neither of the CDP's authorized by CTB-511 & 512 were utilized and can be terminated upon approval of this application.

In summary, Dugan Production Corp. is requesting approval to add 34 wells to the Topaz Gas Gathering System which will require surface commingling, plus off-lease measurement and sale of produced gas. These wells will be operated in the same manner that has been approved by the BLM, NMOCD and the State Land Office for the 16 wells currently approved for operation on the gathering system.

Should you need additional information or have questions regarding any of this information, please feel free to contact me at the letterhead address.

Sincerely,



John D. Roe
Engineering Manager

JDR/tmf

attachments

cc: NMOCD-Aztec
All Interest Owners



District I
1625 N. French Drive, Hobbs, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-B
200-

District II
1301 W. Grand Ave, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St Francis Dr, Santa Fe, NM
87505

OIL CONSERVATION DIVISION
1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Submit the original application to the Santa Fe office with one copy to the appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: Dugan Production Corp.
OPERATOR ADDRESS: P. O. Box 420, Farmington, NM 87499-0420
APPLICATION TYPE:

Pool Commingling Lease Commingling Pool and Lease Commingling Off-Lease Storage and Measurement (Only if not Surface Commingled)
LEASE TYPE: Fee State Federal

Is this an Amendment to existing Order? Yes No If "Yes", please include the appropriate Order No. CTB-407
Has the Comm. of Public Lands (BLM) and State Land office (SLO) consented in writing to the proposed commingling Yes No
(A) POOL COMMINGLING Application has been submitted to BLM & SLO
Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production	Value of Non-Commingled Production	Calculated Value of Commingled Production	Volumes
Basin FR Coal (71629)	1033	1036	Note A	Note A	5512 mcf/d
WAW FR Sand-PC (87190)	1150				127 mcf/d
Note A: Commingling is necessary to get production to a sales meter. CDP gas revenue & MMBTU will be allocated to individual wells using factors determined from the MMBTU produced from each well. There should be no loss in value to any well. Allocation					
(2) Are any wells producing at top allowables? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No procedures presented on Attachment No. 4.					
(3) Are all working, royalty and overriding royalty interests common between pools? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No					
(4) Include proof of notice to all interests if the answer to No. 3 is "No" Attachment No. 5					
(5) Measurement type: <input checked="" type="checkbox"/> Metering <input type="checkbox"/> Well Test <input type="checkbox"/> Subtraction Method					
(6) Will commingling decrease the value of production? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "yes", describe why commingling should be approved					

(B) LEASE COMMINGLING
Please attach sheets with the following information
(1) Pool Name and Code.
(2) Is all production from same source of supply? Yes No
(3) Are all working, royalty and overriding royalty interests common between leases? Yes No
(4) Include proof of notice to all interests if the answer to No. 3 is "No".
(5) Measurement type: Metering Well Test Subtraction Method (only when No. 3 is "Yes")

(C) POOL and LEASE COMMINGLING
Please attach sheets with the following information
(1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT
Please attached sheets with the following information
(1) Is all production from same source of supply? Yes No
(2) Include proof of notice to all interest owners. Attachment No. 5

(E) ADDITIONAL INFORMATION (for all application types)
Please attach sheets with the following information
(1) A schematic diagram of facility, including legal location. Attachment No. 3
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved. Attachment No. 1
(3) Lease Names, Lease and Well Numbers, and API Numbers. Attachment No. 2
(4) If production is to be measured by well test, include testing frequency.

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

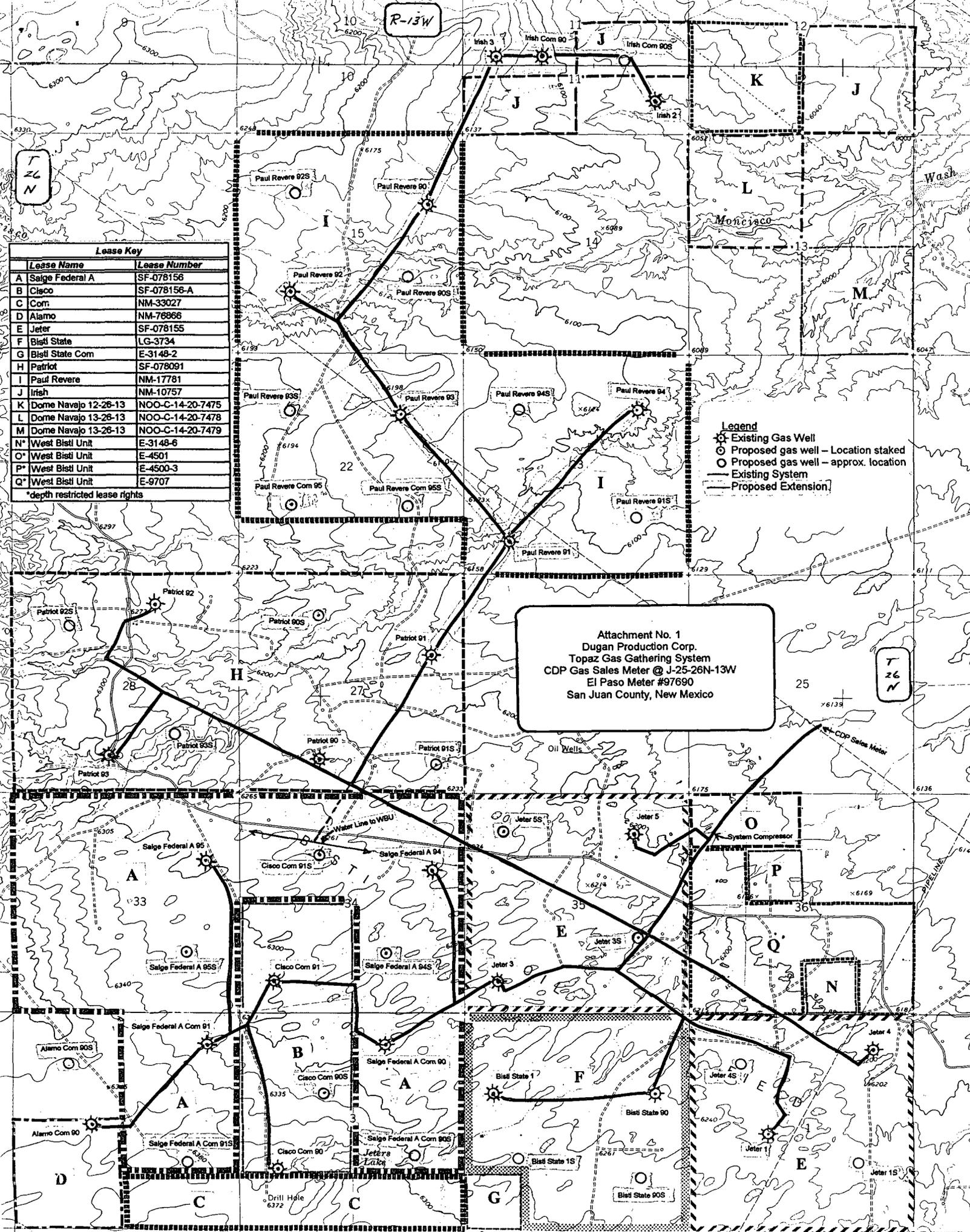
SIGNATURE: John D. Roe TITLE: Engineering Manager DATE: 02/25/03
TYPE OR PRINT NAME John D. Roe TELEPHONE NO.: (505)325-1821

Lease Key	
Lease Name	Lease Number
A Salge Federal A	SF-078156
B Cisco	SF-078156-A
C Com	NM-33027
D Alamo	NM-76866
E Jeter	SF-078155
F Bisti State	LG-3734
G Bisti State Com	E-3148-2
H Patriot	SF-078091
I Paul Revere	NM-17781
J Irish	NM-10757
K Dome Navajo 12-26-13	NOO-C-14-20-7475
L Dome Navajo 13-26-13	NOO-C-14-20-7478
M Dome Navajo 13-26-13	NOO-C-14-20-7479
N* West Bisti Unit	E-3148-6
O* West Bisti Unit	E-4501
P* West Bisti Unit	E-4500-3
Q* West Bisti Unit	E-9707

*depth restricted lease rights

- Legend**
- ⊗ Existing Gas Well
 - ⊙ Proposed gas well – Location staked
 - Proposed gas well – approx. location
 - Existing system
 - - - Proposed Extension

Attachment No. 1
 Dugan Production Corp.
 Topaz Gas Gathering System
 CDP Gas Sales Meter @ J-25-26N-13W
 El Paso Meter #97690
 San Juan County, New Mexico



ATTACHMENT NO. 2
DUGAN PRODUCTION CORP. TOPAZ GATHERING SYSTEM AND CPD
CDP SALES METER @ NWSE SECTION 25, T-26N, R-13W (EL PASO METER NO. 97690)
SAN JUAN COUNTY, NEW MEXICO

Well Name	API No. 30-045-	Well Location			CA Number	Pool	Completion Date	Current Production ①		Spacing Unit	Dates for SC, OLM & S ②			
		¼-Sec-Twn-Rng	Lease No.	Lse.Type				MCFD	BWPD		Application	BLM Approval	NMSLO Approval	NMOCD Approval
WELLS PREVIOUSLY APPROVED FOR SYSTEM (16 WELLS)														
Alamo Com 90	28806	NESW 04-25N-13W	NM-76866	Federal	NM NM 91217	Basin FR Coal	8/15/93	47	18.4	W/2-320A	8/26/94	10/11/94	10/9/96	2/9/95
Bisti State 1	25834	SWNW 02-25N-13W	LG-3734	State	State Com.	Basin FR Coal	9/11/97	152	9.2	W/2-319.57A	11/25/97	4/21/98	12/9/97	4/29/98
Bisti State 90	29216	SENE 02-25N-13W	LG-3734	State	N/A	Basin FR Coal	9/18/96	104	2.6	E/2-319.67A	9/26/96	12/12/96	10/9/96	12/4/96
Cisco Com 90	28662	NWSW 03-25N-13W	SF-078156-A	Federal	NM NM 89398	Basin FR Coal	2/22/93	28	2.6	W/2-319.55A	8/26/94	10/11/94	10/9/96	2/9/95
Cisco Com 91	28805	SWSW 34-26N-13W	SF-078156-A	Federal	NM NM 89374	Basin FR Coal	4/15/93	157	11.2	W/2-320A	8/26/94	10/11/94	10/9/96	2/9/95
Jeter 3	28860	SWSW 35-26N-13W	SF-078155	Federal	N/A	Basin FR Coal	4/12/93	101	4.9	S/2-320A	8/26/94	10/11/94	10/9/96	2/9/95
Jeter 4	28804	NENE 01-25N-13W	SF-078155	Federal	N/A	Basin FR Coal	12/21/92	110	5.5	N/2-320A	12/29/94	1/9/95	10/9/96	5/16/95
Jeter 5	29390	NENE 35-26N-13W	SF-078155	Federal	N/A	Basin FR Coal	9/17/96	87	11.3	N/2-320A	9/26/96	12/12/96	10/9/96	12/4/96
Patriot 90	29511	SESW 27-26N-13W	SF-078091	Federal	N/A	Basin FR Coal	2/20/98	350	122.5	W/2-320A	3/26/98	4/21/98	4/6/98	4/29/98
Patriot 91	29510	SENE 27-26N-13W	SF-078091	Federal	N/A	Basin FR Coal	2/26/98	180	82.8	E/2-320A	3/26/98	4/21/98	4/6/98	4/29/98
Patriot 92	29512	NWNE 28-26N-13W	SF-078091	Federal	N/A	Basin FR Coal	7/28/98	28	57.7	N/2-320A	3/26/98	4/21/98	4/6/98	4/29/98
Patriot 93	29513	SESW 28-26N-13W	SF-078091	Federal	N/A	Basin FR Coal	7/28/98	33	56.7	S/2-320A	3/26/98	4/21/98	4/6/98	4/29/98
Salge Federal A Com 90	28587	NWNE 03-25N-13W	SF-078156	Federal	NM NM 88297	Basin FR Coal	2/12/92	152	8.9	E/2-320A	8/26/94	10/11/94	10/9/96	2/9/95
Salge Federal A Com 91	28663	NENE 04-25N-13W	SF-078156	Federal	NM NM 89362	Basin FR Coal	2/14/93	129	6.3	E/2-320A	8/26/94	10/11/94	10/9/96	2/9/95
Salge Federal A 94	29501	SENE 34-26N-13W	SF-078156	Federal	N/A	Basin FR Coal	12/1/97	143	132.9	E/2-320A	11/25/97	4/21/98	12/9/97	4/29/98
Salge Federal A 95	29514	SENE 33-26N-13W	SF-078156	Federal	N/A	Basin FR Coal	2/25/98	160	57	E/2-320A	11/25/97	4/21/98	12/9/97	4/29/98
WELLS TO BE ADDED - INFILL TO WELLS PREVIOUSLY APPROVED (16 WELLS)														
Alamo Com 90S		NW 4-25N-13W	NM-33027	Federal	NMNM91217	Basin FR Coal	Location	125	40	W/2-320A	2/25/03			
Bisti State 1S		SW 2-25N-13W	LG-3734	State	State Com	Basin FR Coal	Location	125	40	W/2-319.57A	2/25/03			
Bisti State 90S		SE 2-25N-13W	LG-3734	State	N/A	Basin FR Coal	Location	125	40	E/2-319.67A	2/25/03			
Cisco Com 90S ①		SENE 3-25N-13W	SF-078156-A	Federal	NMNM89398	Basin FR Coal	Location	125	40	W/2 - 319.55	2/25/03			
Cisco Com 91S ①		SENE 34-26N-13W	SF-078156	Federal	NMNM89374	Basin FR Coal	Location	125	40	W/2 - 320A	2/25/03			
Jeter 3S ①		NESE 35-26N-13W	SF-078155	Federal	N/A	Basin FR Coal	Location	125	40	S/2 - 320A	2/25/03			
Jeter 4S		NW 1-25N-13W	SF-078155	Federal	N/A	Basin FR Coal	Location	125	40	N/2 - 320A	2/25/03			
Jeter 5S ①		NWNW 35-26N-13W	SF-078155	Federal	N/A	Basin FR Coal	Location	125	40	N/2 - 320A	2/25/03			
Patriot 90S ①		NENW 27-26N-13W	SF-078091	Federal	N/A	Basin FR Coal	Location	125	40	W/2 - 320A	2/25/03			
Patriot 91S ①		SESE 27-26N-13W	SF-078091	Federal	N/A	Basin FR Coal	Location	125	40	E/2 - 320A	2/25/03			
Patriot 92S		NW 28-26N-13W	SF-078091	Federal	N/A	Basin FR Coal	Location	125	40	N/2 - 320A	2/25/03			
Patriot 93S		SE 28-26N-13W	SF-078091	Federal	N/A	Basin FR Coal	Location	125	40	S/2 - 320A	2/25/03			
Salge Federal A Com 90S		SE 3-25N-13W	SF-078156	Federal	NMNM88297	Basin FR Coal	Location	125	40	E/2 - 320A	2/25/03			
Salge Federal A Com 91S		SE 4-25N-13W	SF-078156	Federal	NMNM89362	Basin FR Coal	Location	125	40	E/2 - 320A	2/25/03			
Salge Federal A 94S ①		NWSE 34-26N-13W	SF-078156	Federal	N/A	Basin FR Coal	Location	125	40	E/2 - 320A	2/25/03			
Salge Federal A 95S ①		NESE 33-26N-13W	SF-078156	Federal	N/A	Basin FR Coal	Location	125	40	E/2 - 320A	2/25/03			
WELLS TO BE ADDED (18)														
Irish 2	26093	SESE 11-26N-13W	NM-57580	Federal	pending	WAW FR SD-PC	1/22/85	72	0	SE/4 - 160A	2/25/03			
Irish 3	26092	NWSW 11-26N-13W	NM-57580	Federal	pending	WAW FR SD-PC	1/22/85	55	0	SW/4 - 160A	2/25/03			
Irish Com 90	30611	NESW 11-26N-13W	NM-57580	Federal	pending	Basin FR Coal	Location	125	40	S/2 - 320A	2/25/03			
Irish Com 90S		SE 11-26N-13W	NM-57580	Federal	pending	Basin FR Coal	Location	125	40	S/2 - 320A	2/25/03			
Jeter 1	28496	NESW 1-25N-13W	SF-078155	Federal	N/A	Basin FR Coal	5/9/92	21	0.2	S/2 - 320A	2/25/03			
Jeter 1S		SE 1-25N-13W	SF-078155	Federal	N/A	Basin FR Coal	Location	125	40	S/2 - 320A	2/25/03			
Paul Revere 90 ①	29842	SENE 15-26N-13W	NM-17781	Federal	N/A	Basin FR Coal	9/14/00	40	75	E/2 - 320A	2/25/03			
Paul Revere 90S		SE 15-26N-13W	NM-17781	Federal	N/A	Basin FR Coal	Location	125	40	E/2 - 320A	2/25/03			
Paul Revere 91 ①	29840	SWSW 23-26N-13W	NM-17781	Federal	N/A	Basin FR Coal	11/20/00	75	50	S/2 - 320A	2/25/03			
Paul Revere 91S		SE 23-26N-13W	NM-17781	Federal	N/A	Basin FR Coal	Location	125	40	S/2 - 320A	2/25/03			
Paul Revere 92 ①	28290	NWSW 15-26N-13W	NM-17781	Federal	N/A	Basin FR Coal	5/5/93	15	25	W/2 - 320A	2/25/03			
Paul Revere 92S		NW 15-26N-13W	NM-17781	Federal	N/A	Basin FR Coal	Location	125	40	W/2 - 320A	2/25/03			
Paul Revere 93 ①	29841	SWNE 22-26N-13W	NM-17781	Federal	N/A	Basin FR Coal	Location	125	40	N/2 - 320A	2/25/03			
Paul Revere 93S		NW 22-26N-13W	NM-17781	Federal	N/A	Basin FR Coal	Location	125	40	N/2 - 320A	2/25/03			

Well Name	API No.	Well Location			CA Number	Pool	Completion Date	Current Production ①		Spacing Unit	Dates for SC, OLM & S ②			
		¼-¼-Sec-Twn-Rng	Lease No.	Lse. Type				MCFD	BWPD		Application	BLM Approval	NMSLO Approval	NMOCD Approval
Paul Revere 94 ③ ✓	29875	NENE 23-26N-13W	NM-17781	Federal	N/A	Basin FR Coal	11/29/00	25	25	N/2 - 320A	2/25/03			
Paul Revere 94S		NW 23-26N-13W	NM-17781	Federal	N/A	Basin FR Coal	Location	125	40	N/2 - 320A	2/25/03			
Paul Revere Com 95 ③		NWSW 22-26N-13W	NM-17781	Federal	pending	Basin FR Coal	Location	125	40	S/2 - 320A	2/25/03			
Paul Revere Com 95S		SE 22-26N-13W	NM-17781	Federal	pending	Basin FR Coal	Location	125	40	S/2 - 320A	2/25/03			

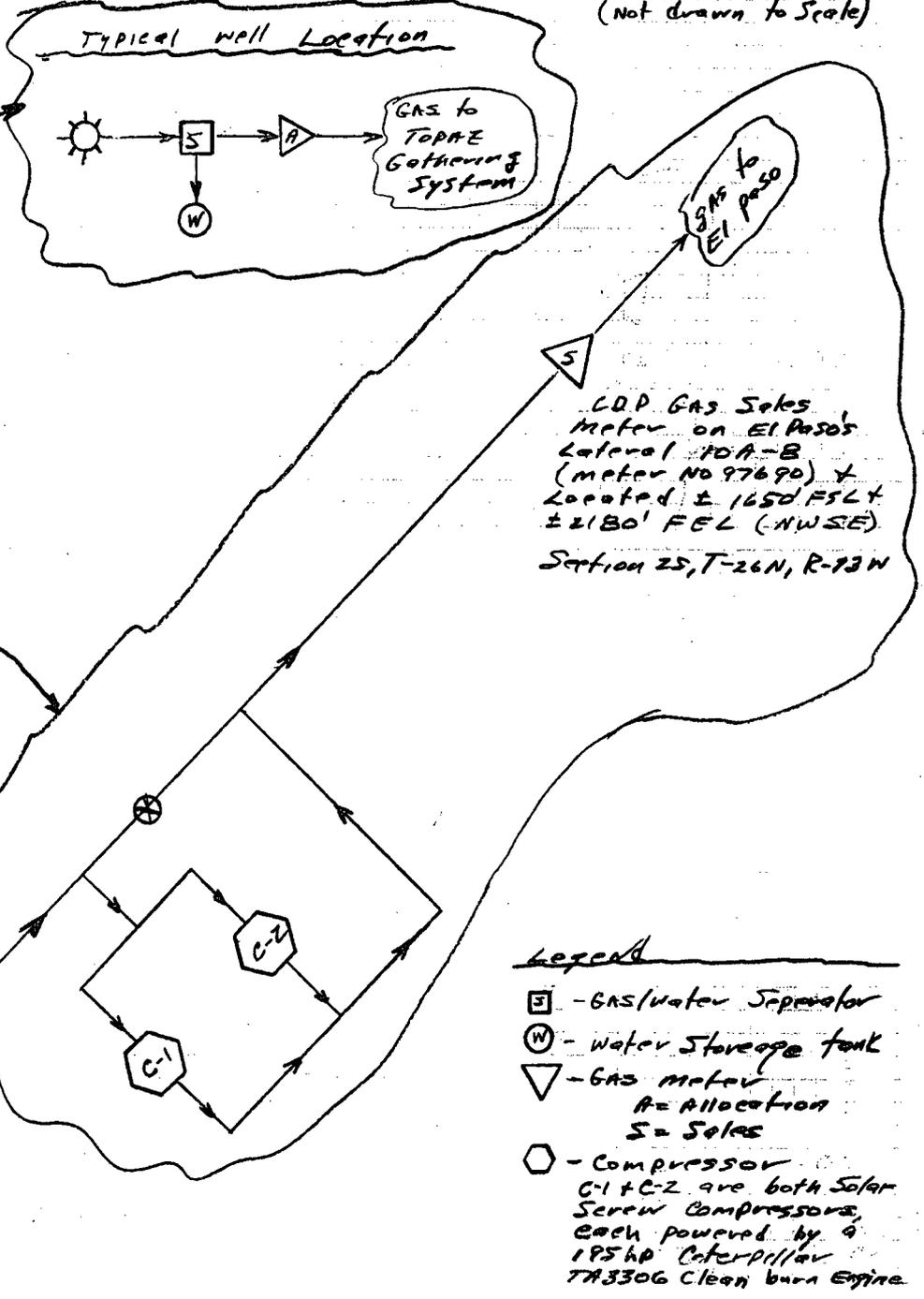
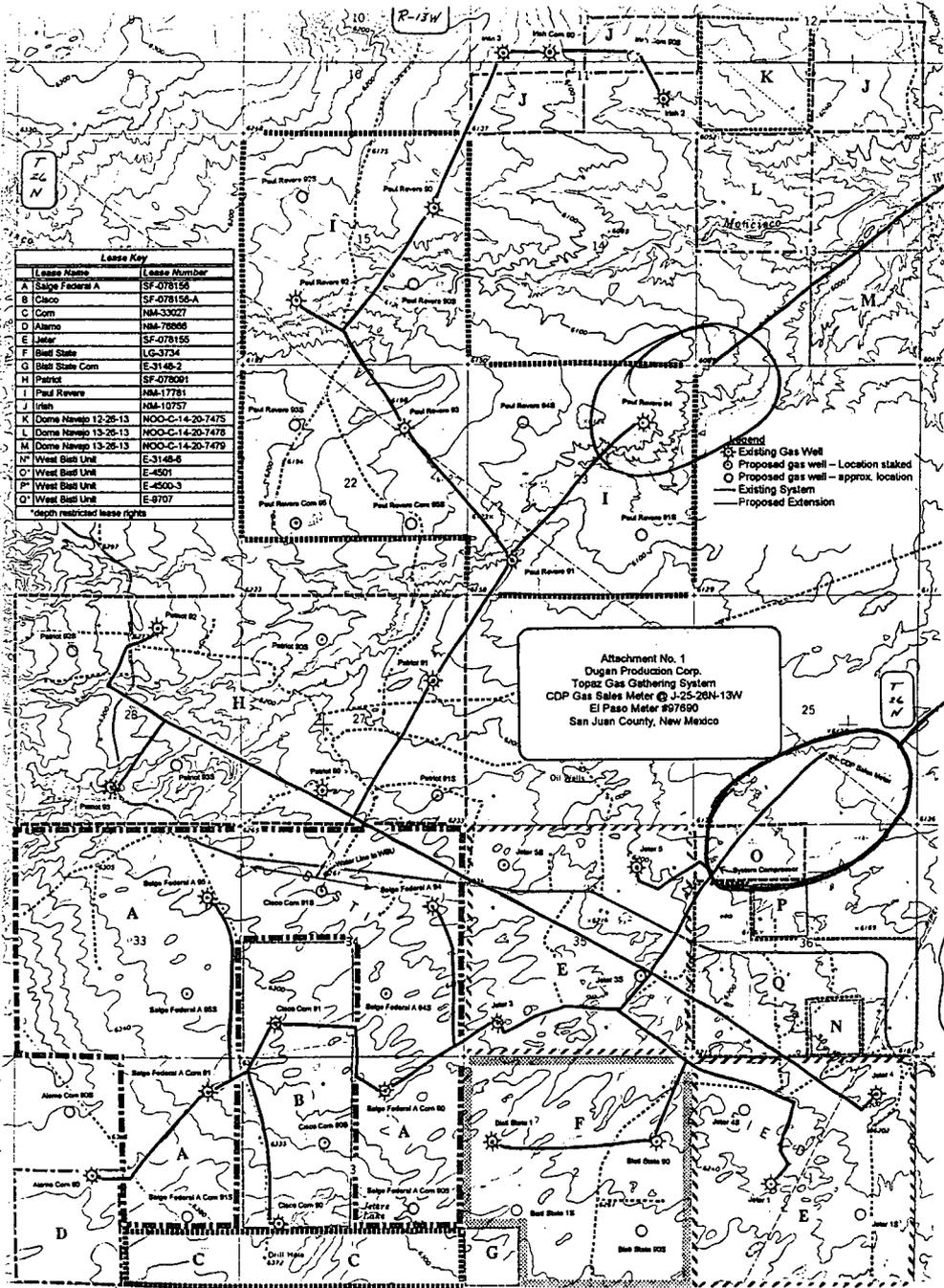
Footnotes:

N/A - Not applicable or not needed

1. Current production data represents average for 9/02 and 10/02. For wells completed but not producing, data represents IP test. For wells not completed, data represents anticipated production rates.
2. Dates for surface commingling and off-lease measurement and sales applications and/or approvals. NMOCD Commingling Order CTB-407 was approved 2/9/95 & amended 5/16/95, 12/4/96 & 4/29/98.
3. APD submitted.
4. NMOCD Commingling Order CTB-512 dated 12/26/00 authorized surface commingling & delivering gas from Paul Revere wells No. 90, 92 & 93 to a new on lease, central delivery sales meter on El Paso's pipeline. Since CDP was on lease, BLM approval was not required.
5. NMOCD Commingling Order CTB-511 dated 12/11/00 authorized surface commingling & delivering gas from Paul Revere wells No. 91 & 94 to a new, on lease, central delivery sales meter on El Paso's pipeline. Since CDP was on lease, BLM approval was not required.
6. Basin FR Coal = Basin Fruitland Coal; WAW FR SD-PC = WAW Fruitland Sand-Pictured Cliffs

Attachment No. 1
Reduced to ± 50% of Full Scale

Attachment No. 3
Facility Diagram
Dugan Production Corp's
TOPAZ Gas Gathering System
(Not drawn to Scale)



Attachment No. 4
Allocation Procedures
Dugan Production Corp.'s
Topaz Gas Gathering System
CDP - NWSE 25, T-26N, R-13W
San Juan County, New Mexico
(Attachment No. 3 to last application dated 3/26/98)

Base Data:

W = Volume (MCF) from Well Allocation Meter

X = Volume (MCF) from CPD Sales Meter

Y = BTU's from CPD Sales Meter

Z = Gas Revenue (\$) from CPD Sales Meter

1. Individual Well Production = A + B + C + D + E

A = Allocated Sales Volume, MCF.

$$=(W/\text{SUM } W) \times X$$

B = On lease fuel usage, MCF. Determined from equipment specification and operating conditions.

C = Purged and/or vented gas from well and/or lease equipment, MCF. Calculated using equipment specifications and pressures.

D = Allocated fuel from gathering system equipment, MCF. The total fuel required to operate gathering system equipment will be allocated to the individual wells benefiting from the equipment using allocation factors determined by (W/SUM W) for the wells involved.

E = Allocated volume of gas lost and/or vented from the gathering system and/or gathering system equipment, MCF. The total volume will be determined using industry accepted procedures for the conditions existing at the time of the loss. All volumes corresponding to liquid condensation within the gathering system will also be determined. The total volume lost and/or vented will be allocated to the individual wells affected using factors determined by (W/SUM W).

2. Allocated Individual Well BTU's = ((W x Individual well BTU) / Sum (W x individual well BTU)) x Y.

Individual well gas heating values to be determined in accordance with BLM's On shore Order No. 5.

3. Allocated Individual Well Gas Revenues = (Allocated Individual well BTU's / Sum Allocated individual well BTU's) x Z

Attachment No. 5
Interest Ownership Notification
Dugan Production Corp.'s Application dated 2/25/03
Proposing the Addition of 34 Wells to
Dugan Production's Topaz Gas Gathering System

Presenting evidence that all interest ownership in the subject wells has been given notice of Dugan's application, attached is:

1. A tabulation presenting the interest ownership for all 50 wells. Only the summary page is being sent to the interest owners. The summary page plus associated pages 1 thru 10 are being sent to the BLM, NMOCD & SLO.
2. A copy of Dugan's transmittal letter dated 2/25/03 used to send copies of the subject application to the 14 working interest owners in addition to Dugan Production. Note, of the 50 wells, only 4 existing (Alamo Com No. 90, Irish No. 2 & 3 & Com 90) plus 4 proposed wells (Alamo Com No. 90S, Irish Com No. 90S, Paul Revere Com no. 95 & 95S) have working interest owners other than Dugan Production Corp. Dugan Production holds 100% of the working interest in 42 of the 50 wells. All letters were sent by certified mail with a return receipt requested. Upon receiving the receipts, copies will be sent to the NMOCD.
3. Copy of Dugan's transmittal letter dated 2/25/03 used to send copies of the subject application to the 30 overriding royalty interest owners. All letters were sent by certified mail with a return receipt requested. Upon receiving the receipts, copies will be sent to the NMOCD.
4. Copy of the interest owner address list used for Dugan's transmittal letters to working and overriding royalty interest owners.
5. Copy of an advertisement to be published in the 2/25/03 issue of the Farmington Daily Times regarding the subject application to add 34 wells to Dugan's Topaz Gas Gathering System. Upon publication, an Affidavit of Publication will be sent to the NMOCD as "proof of publication". This publication was made in anticipation that of the 44 interest owner letters mailed, there will be at least one either returned for some reason or the return receipt will be lost in the mail.

Interest Ownership Summary
Wells to be Included - Dugan Production Corp.'s
Topaz Gas Gathering System

	Alamo Com No. 90 & 90S Details on pg 2		Bisti State No. 1 & 1S Details on pg 3		Ristr State No. 90 & 90S Details on pg 3		Cisco Com Nos. 90 & 90S Details on pg 4		Cisco Com Nos. 91 & 91S Details on pg 4		Irish Nos. 2 & 3 Details on pg 5		Irish Com No. 90 & 90S Details on pg 5		Jeter Nos. 1, 1S 3, 3S, 4, 4S, 5 & 5S Details on pg 6		Patriot Nos. 90, 90S, 91, 91S, 92, 92S, 93 & 93S Details on pg 7		Paul Revere Nos. 90, 90S, 91, 91S 92, 92S, 93, 93S, 94 & 94S Details on pg 8		Paul Revere Com No. 95 & 95S Details on pg 8		Salge Federal A Com 90&90S Com 91&91S, 94, 94S, 95 & 95S Details on pg 10	
	WI - %	NI - %	WI - %	NI - %	WI - %	NI - %	WI - %	NI - %	WI - %	NI - %	WI - %	NI - %	WI - %	NI - %	WI - %	NI - %	WI - %	NI - %	WI - %	NI - %	WI - %	NI - %	WI - %	NI - %
Working Interest																								
Dugan Production Corp.	50.088	43.827	100.000	84.140	100.000	84.375	100.000	86.750	100.000	86.500	25.000	21.875	50.000	40.688	100.000	86.500	100.000	86.500	100.000	80.000	50.000	40.000	100.000	86.750
R. P. Brewer III Est.	5.546	4.853																						
Betty Brewer Chumney	2.773	2.426																						
Elizabeth H. Chumney	0.924	0.809																						
India Brewer Chumney DeMarigny	0.924	0.809																						
Elm Ridge Exploration Co.	18.024	15.771																						
Winifred Chumney Meaden	0.924	0.809																						
Questar E & P Co.	20.797	18.197																						
Energen Resources Corp.											50.000	43.750	50.000	43.750										
R. K. O'Connell											25.000	21.875												
Edwards Energy Corp.																					25.313	21.094		
Merrion Oil & Gas																					9.375	7.813		
Devon SFS Operating, Inc.																					2.812	2.344		
SG Interests III, Ltd.																					11.875	9.381		
Maralex Resources Inc.																					0.625	0.516		
Royalty Interest Owners																								
Bureau of Land Management		12.500						12.500		12.500		12.500		12.500		12.500		12.500		12.500		12.500		12.500
State of New Mexico				12.500		12.500																		
Overriding Royalty Int. Owners																								
Jean Burroughs				0.313																				
John Burroughs Estate				0.313																				
Stephen C. Helbing				1.367		1.563																		
Petrojarl, Inc.				1.367		1.563																		
Fay's Trust								0.187		0.250						0.250								0.187
M.L. & N.C. Ginther Grantor Trust								0.187		0.250						0.250								0.187
Ellen Ginther Reifslager								0.094		0.125						0.125								0.094
Jan Ginther Rose								0.094		0.125						0.125								0.094
S. A. & Dorothy Chomey														1.563										
Hawthorne Oil Co.														1.500										
Manon Gladys Marye																0.250								
Energen Resources Corp.																		0.500						
Trust A of Fritts Living Trust																		0.500						
William M. Lansdale																				5.000				
Questar E & P Co.																				2.500				3.750
Dorothy Gourley																								0.625
Roy G. Barton Jr., Trustee																								0.313
Roy G. Barton Jr., Ind.																								0.313
Norma J. Barton																								0.313
The W.L. & Virginia Todd Rev. Tst																								0.286
Margaret Todd Sherril & Thomas E. Todd, Jnty																								0.001
Thomas E. Todd, Jr.																								0.084
Margaret Todd Sherril																								0.084
Mary Anne Todd																								0.106
Harry L. Todd, Jr.																								0.019
Raymond L. Todd																								0.019
Tommy T. Todd																								0.019
Anne T. Barfield																								0.006
Maralex Resources, Inc.																								0.416
Dugan Production Corp.								0.187		0.250														0.187
TOTALS:	100.000	100.000	100.000	100.000	100.000	100.000	100.000	100.000	100.000	100.000	100.000	100.000	100.000	100.000	100.000	100.000	100.000	100.000	100.000	100.000	100.000	100.000	100.000	100.000

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ATTACHMENT NO. 5
Interest Ownership Summary
Dugan Production Corp.'s
Alamo Com Well Nos. 90 & 90S

<u>Well Name</u>	<u>Pool</u>	<u>Lease #</u>	<u>Location</u>	<u>Spacing Unit</u>
Alamo Com #90	Basin Fruitland Coal	NM-76866	NESW 4-25N-13W	W/2 - 320A
Alamo Com #90S	Basin Fruitland Coal	NM-76866	NW 4-25N-13W	W/2 - 320A

INTEREST OWNERSHIP**INTEREST %**

	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u>		
Dugan Production Corp.	50.087650%	43.826690%
R. P. Brewer III Est.	5.545810%	4.852590%
Betty Brewer Chumney	2.772880%	2.426270%
Elizabeth H. Chumney	0.924270%	0.808740%
India Brewer Chumney DeMarigny	0.924280%	0.808740%
Elm Ridge Exploration Co.	18.023975%	15.770975%
Winifred Chumney Meaden	0.924280%	0.808740%
Questar E & P. Co.	20.796855%	18.197255%
<u>Royalty Interest</u>		
USA - Bureau of Land Management		12.500000%
TOTAL WELL	100.00%	100.00%

Addresses

R. P. Brewer III Est. Rebecca J. Brewer c/o W. T. Chumney, Jr. 40 N. E. Loop 410, Suite 200 San Antonio, TX 78216-5876	India Brewer Chumney DeMarigny c/o W. T. Chumney, Jr. 40 N. E. Loop 410, Suite 200 San Antonio, TX 78216-5876	Questar E & P Co. 1050 17th Street, Suite 500 Denver, CO 80265
Betty Brewer Chumney c/o W. T. Chumney, Jr. 40 N. E. Loop 410, Suite 200 San Antonio, TX 78216-5876	Elm Ridge Exploration Co. 12225 Greenville Ave., Suite 950 Dallas, TX 75243-2104	Bureau of Land Management 1235 La Plata Highway, Suite A Farmington, NM 87401
Elizabeth H. Chumney c/o W. T. Chumney, Jr. 40 N. E. Loop 410, Suite 200 San Antonio, TX 78216-5876	Winifred Chumney Meaden c/o W. T. Chumney, Jr. 40 N. E. Loop 410, Suite 200 San Antonio, TX 78216-5876	Dugan Production Corp. P. O. Box 420 Farmington, NM 87499-0420

ATTACHMENT NO. 5
Interest Ownership Summary
Dugan Production Corp.'s Bisti State Well
Nos. 1, 1S, Com #90 & Com 90S

<u>Well Name</u>	<u>Pool</u>	<u>Lease #</u>	<u>Location</u>	<u>Spacing Unit</u>
Bisti State #1	Basin Fruitland Coal	LG-3734	SWNW 2-25N-13W	W/2 - 319.57A
Bisti State #1S	Basin Fruitland Coal	LG-3734	SW 2-25N-13W	W/2 - 319.57A
Bisti State Com #90	Basin Fruitland Coal	LG-3734	SENE 2-25N-13W	E/2 - 319.67A
Bisti State Com #90S	Basin Fruitland Coal	LG-3734	SE 2-25N-13W	E/2 - 319.67A

INTEREST OWNERSHIP

	<u>BISTI STATE NO. 1 WELL</u>		<u>BISTI STATE COM NO. 90 WELL</u>	
	<u>INTEREST %</u>		<u>INTEREST %</u>	
<u>Working Interest</u>	<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>
Dugan Production Corp.	100.00%	84.14031%	100.00%	84.37500%
<u>Royalty Interest</u>				
State of New Mexico		12.500000%		12.500000%
<u>Overriding Royalty Interest</u>				
Jean Burroughs		0.312920%		
John Burroughs Estate		0.312920%		
Stephen C. Helbing		1.366925%		1.562500%
Petrojarl, Inc.		1.366925%		1.562500%
TOTAL WELL	100.00%	100.00%	100.00%	100.00%

Addresses

Jean Burroughs
9350 Arroyo Lane
Colorado Springs, CO 80908

John Burroughs Estate
Herb Marchman, Personal Representative
9350 Arroyo Lane
Colorado Springs, CO 80908

Stephen C. Helbing
P. O. Box 4037
Midland, TX 79704

Petrojarl, Inc. *
Attn: Jarl P. Johnson
200 Tamarac Road
Avon, CO 81620

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

Dugan Production Corp.
P. O. Box 420
Farmington, NM 87499-0420

*last known address

ATTACHMENT NO. 5
Interest Ownership Summary
Dugan Production Corp.'s Cisco Com Well
Nos. 90, 90S, 91 & 91S

<u>Well Name</u>	<u>Pool</u>	<u>Lease #</u>	<u>Location</u>	<u>Spacing Unit</u>
Cisco Com #90	Basin Fruitland Coal	SF-078156-A	NWSW 3-25N-13W	W/2-319.55A
Cisco Com #90S	Basin Fruitland Coal	SF-078156-A	SEnw 3-25N-13W	W/2-319.55A
Cisco Com #91	Basin Fruitland Coal	SF-078156-A	SWSW 34-26N-13W	W/2-320A
Cisco Com #91S	Basin Fruitland Coal	SF-078156-A	SEnw 34-26N-13W	W/2-320A

<u>INTEREST OWNERSHIP</u>	<u>CISCO COM WELL NOS. 90 & 90S</u>		<u>CISCO COM WELL NOS. 91 & 91S</u>	
	<u>INTEREST %</u>			
	<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u>				
Dugan Production Corp.	100.00%	86.750380%	100.00%	86.500000%
<u>Royalty Interest</u>				
USA - Bureau of Land Management		12.500000%		12.500000%
<u>Overriding Royalty Interest</u>				
Fay's Trust		0.187400%		0.250000%
M. L. & N. C. Ginther Grantor Trust		0.187410%		0.250000%
Ellen Ginther Reifslager		0.093700%		0.125000%
Jan Ginther Rose		0.093700%		0.125000%
Dugan Production Corp.		0.187410%		0.250000%
TOTAL WELL	100.00%	100.000000%	100.000000%	100.000000%

Addresses

Fay's Trust
Norma M. Williams, Trustee
6219 San Felipe
Houston, TX 77057

Jan Ginther Rose
12215 Ravenmoor Drive
Houston, TX 77077

M. L. & N. C. Ginther Grantor Trust
Lisa De Montaigu, Trustee
3262 Westheimer Road, Box 429
Houston, TX 77098

USA - Bureau of Land Management
1235 La Plata Hwy., Suite A
Farmington, NM 87401

Ellen Ginther Reifslager
c/o First National Bank
P. O. Box 470
El Campo, TX 77437

Dugan Production Corp.
P. O. Box 420
Farmington, NM 87499-0420

ATTACHMENT NO. 5
Interest Ownership Summary
Dugan Production Corp.'s Irish Well
Nos. 2, 3, Com 90 & Com 90S

<u>Well Name</u>	<u>Pool</u>	<u>Lease #</u>	<u>Location</u>	<u>Spacing Unit</u>
Irish #2	WAW FR Sand PC	NM-57580	SESE 11-26N-13W	SE/4 - 160A
Irish #3	WAW FR Sand PC	NM-57580	NWSW 11-26N-13W	SW/4 - 160A
Irish Com #90	Basin Fruitland Coal	NM-57580	NESW 11-26N-13W	S/2 - 320A
Irish Com #90S	Basin Fruitland Coal	NM-57580	SE 11-26N-13W	S/2 - 320A

<u>INTEREST OWNERSHIP</u>	<u>IRISH WELL NOS. 2 & 3</u>		<u>IRISH COM WELL NOS. 90 & 90S</u>	
	<u>INTEREST %</u>		<u>INTEREST %</u>	
	<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u>				
Energen Resources Corp.	50.00%	43.750000%	50.00%	43.750000%
R. K. O'Connell	25.00%	21.875000%		
Dugan Production Corp.	25.00%	21.875000%	50.00%	40.687500%
<u>Royalty Interest</u>				
USA - Bureau of Land Management		12.500%		12.500000%
<u>Overriding Royalty Interest</u>				
S. A. & Dorothy Chorney				1.562500%
Hawthorne Oil Company				1.500000%
TOTAL WELL	100.00%	100.000%	100.00%	100.000000%

Addresses

Energen Resources Corporation
2198 Bloomfield Highway
Farmington, NM 87401

USA - Bureau of Land Management
1235 La Plata Hwy., Suite A
Farmington, NM 87401

R. K. O'Connell
P. O. Box 2003
Casper, WY 82602-2003

Dugan Production Corp.
P.O. Box 420
Farmington, NM 87499

S. A. & Dorothy Chorney *
5299 DTC Blvd. #760
Englewood, CO 80111-3328

Hawthorne Oil Company
P. O. Box 2693
Casper, WY 82601

*last known address

ATTACHMENT NO. 5
Interest Ownership Summary
Dugan Production Corp.'s Jeter Well
Nos. 1, 1S, 3, 3S, 4, 4S, 5 & 5S

<u>Well Name</u>	<u>Pool</u>	<u>Lease #</u>	<u>Location</u>	<u>Spacing Unit</u>
Jeter #1	Basin Fruitland Coal	SF-078155	NESW 1-25N-13W	S/2 - 320A
Jeter #1S	Basin Fruitland Coal	SF-078155	SE 1-25N-13W	S/2 - 320A
Jeter #3	Basin Fruitland Coal	SF-078155	SWSW 35-26N-13W	S/2 - 320A
Jeter #3S	Basin Fruitland Coal	SF-078155	NESE 35-26N-13W	S/2 - 320A
Jeter #4	Basin Fruitland Coal	SF-078155	NENE 1-25N-13W	N/2 - 320A
Jeter #4S	Basin Fruitland Coal	SF-078155	NW 1-25N-13W	N/2 - 320A
Jeter #5	Basin Fruitland Coal	SF-078155	NENE 35-26N-13W	N/2 - 320A
Jeter #5S	Basin Fruitland Coal	SF-078155	NWNW 35-26N-13W	N/2 - 320A

JETER WELLS NO. 1, 1S, 3, 3S, 4, 4S, 5 & 5S

INTEREST OWNERSHIP

INTEREST %

	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u>		
Dugan Production Corp.	100.00%	86.500000%
<u>Royalty Interest</u>		
USA - Bureau of Land Management	5	12.500000%
<u>Overriding Royalty Interest</u>		
Fay's Trust		0.250000%
M. L. & N. C. Ginther Grantor Trust		0.250000%
Ellen Ginther Reifslager		0.125000%
Jan Ginther Rose		0.125000%
Marion Gladys Marye		0.250000%
TOTAL WELL	100.00%	100.000000%

Addresses

Fay's Trust
Norma M. Williams, Trustee
6219 San Felipe
Houston, TX 77057

Marion Gladys Marye
505 Bering Drive #426
Houston, TX 77057

M. L. & N. C. Ginther Grantor Trust
Lisa De Montaigu, Trustee
3262 Westheimer Road, Box 429
Houston, TX 77098

Dugan Production Corp.
P.O. Box 420
Farmington, NM 87499

Ellen Ginther Reifslager
c/o First National Bank
P. O. Box 470
El Campo, TX 77437

USA - Bureau of Land Management
1235 La Plata Hwy., Suite A
Farmington, NM 87401

Jan Ginther Rose
12215 Ravenmoor Drive
Houston, TX 77077

ATTACHMENT NO. 5
Interest Ownership Summary
Dugan Production Corp.'s Patriot Well
Nos. 90, 90S, 91, 91S, 92, 92S, 93 & 93S

<u>Well Name</u>	<u>Pool</u>	<u>Lease #</u>	<u>Location</u>	<u>Spacing Unit</u>
Patriot #90	Basin Fruitland Coal	SF-078091	SESW 27-26N-13W	W/2 - 320A
Patriot #90S	Basin Fruitland Coal	SF-078091	NENW 27-26N-13W	W/2 - 320A
Patriot #91	Basin Fruitland Coal	SF-078091	SENE 27-26N-13W	E/2 - 320A
Patriot #91S	Basin Fruitland Coal	SF-078091	SESE 27-26N-13W	E/2 - 320A
Patriot #92	Basin Fruitland Coal	SF-078091	NWNE 28-26N-13W	N/2 - 320A
Patriot #92S	Basin Fruitland Coal	SF-078091	NW 28-26N-13W	N/2 - 320A
Patriot #93	Basin Fruitland Coal	SF-078091	SESW 28-26N-13W	S/2 - 320A
Patriot #93S	Basin Fruitland Coal	SF-078091	SE 28-26N-13W	S/2 - 320A

PATRIOT WELLS NO. 90, 90S, 91, 91S, 92, 92S, 93 & 93S

INTEREST OWNERSHIP

INTEREST %

	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u>		
Dugan Production Corp.	100.00%	96.500000%
<u>Royalty Interest</u>		
USA - Bureau of Land Management		12.500000%
<u>Overriding Royalty Interest</u>		
Energen Resources Corp.		0.500000%
Trust A of Fritts Living Trust		0.500000%
TOTAL WELL	100.00%	100.000000%

Addresses

Energen Resources Corporation
2198 Bloomfield Highway
Farmington, NM 87401

Trust A of Fritts Living Trust
Trust #2, Amended, Ruth C. Fritts
P. O. Box 53445
Lubbock, TX 79453

USA - Bureau of Land Management
1235 La Plata Hwy., Suite A
Farmington, NM 87401

Dugan Production Corp.
P. O. Box 420
Farmington, NM 87499-0420

ATTACHMENT NO. 5
Interest Ownership Summary
Dugan Production Corp.'s Paul Revere Well
Nos. 90, 90S, 91, 91S, 92, 92S, 93, 93S, 94, 94S, 95 & 95S

<u>Well Name</u>	<u>Pool</u>	<u>Lease #</u>	<u>Location</u>	<u>Spacing Unit</u>
Paul Revere #90	Basin Fruitland Coal	NM-17781	SENE 15-26N-13W	E/2 - 320A
Paul Revere #90S	Basin Fruitland Coal	NM-17781	SE 15-26N-13W	E/2 - 320A
Paul Revere #91	Basin Fruitland Coal	NM-17781	SWSW 23-26N-13W	S/2 - 320A
Paul Revere #91S	Basin Fruitland Coal	NM-17781	SE 23-26N-13W	S/2 - 320A
Paul Revere #92	Basin Fruitland Coal	NM-17781	NWSW 15-26N-13W	W/2 - 320A
Paul Revere #92S	Basin Fruitland Coal	NM-17781	NW 15-26N-13W	W/2 - 320A
Paul Revere #93	Basin Fruitland Coal	NM-17781	SWNE 22-26N-13W	N/2 - 320A
Paul Revere #93S	Basin Fruitland Coal	NM-17781	NW 22-26N-13W	N/2 - 320A
Paul Revere #94	Basin Fruitland Coal	NM-17781	NENE 23-26N-13W	N/2 - 320A
Paul Revere #94S	Basin Fruitland Coal	NM-17781	NW 23-26N-13W	N/2 - 320A
Paul Revere #95	Basin Fruitland Coal	NM-17781	NWSW 22-26N-13W	S/2 - 320A
Paul Revere #95S	Basin Fruitland Coal	NM-17781	SE 22-26N-13W	S/2 - 320A

PAUL REVERE WELL NOS. 90, 90S, 91, 91S, 92, 92S, 93, 93S, 94 & 94S

PAUL REVERE WELL NO. 95 & 95S

INTEREST OWNERSHIP

INTEREST %

INTEREST %

	<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u>		3		
Dugan Production Corp.	100.00%	80.00%	50.0000%	40.000000%
Edwards Energy Corp.			25.3125%	21.093869%
Merrion Oil & Gas			9.3750%	7.812545%
Devon SFS Operating, Inc.			2.8125%	2.343764%
SG Interests III, Ltd			11.8750%	9.381247%
Maralex Resources, Inc.			0.6250%	0.515625%
<u>Royalty Interest</u>				
USA - Bureau of Land Management		12.50%		12.500000%
<u>Overriding Royalty Interest</u>				
William M. Lansdale		5.00%		
Questar E & P Co.		2.50%		3.750000%
Devon SFS Operating, Inc.				
SG Interests III, Ltd.				
Maralex Resources, Inc.				
Dorothy Gourley				0.624750%
Roy G. Barton, Jr., Trustee				0.312525%
Roy G. Barton, Jr., Individually				0.312525%
Norma J. Barton				0.312525%
The W. L. & Virginia Todd Rev. Trust				0.285763%
Margaret Todd Sherrill & Thomas E. Todd, Jtly				0.000833%
Thomas E. Todd, Jr.				0.084391%
Margaret Todd Sherrill				0.084391%
Mary Anne Todd				0.106116%
Harry L. Todd, Jr.				0.019219%
Raymond L. Todd				0.019219%
Tommy T. Todd				0.019219%
Anne T. Barfield				0.005849%
Maralex Resources, Inc.				0.415625%
TOTAL WELL	100.00%	100.00%	100.00%	100.000000%

Addresses

William Lansdale
P. O. Box 27
Seal Beach, CA 90740

Mary Anne Todd
6815 Prestonsshore
Dallas, TX 75225-2715

Questar Exploration & Production Co.
1050 17th Street, Suite 500
Denver, CO 80265

Harry L. Todd, Jr.
14017 Tanglewood Circle
Dallas, TX 75234

Devon SFS Operating, Inc.
20 N. Broadway #1500
Oklahoma City, OK 73102

Raymond L. Todd
1107 Shawnee Trail
Carrollton, TX 75007

SG Interests III, Ltd.
811 Dallas #1505
Houston, TX 77002

Tommy T. Todd
1107 Shawnee Trail
Carrollton, TX 75007

Maralex Resources, Inc.
621 17th Street #1125
Denver, CO 80293

Anne T. Barfield
P. O. Box 738
Wimberly, TX 78676

Dorothy Gourley
900 Hickory Lane
Ardmore, OK 73401-3436

Edwards Energy Corp.
1401 17th Street, Suite 1400
Denver, CO 80202

Roy G. Barton, Jr., Trustee
P. O. Box 978
Hobbs, NM 88240

Merrion Oil & Gas
610 Reilly Avenue
Farmington, NM 87401

Roy G. Barton, Jr., Individually
P. O. Box 978
Hobbs, NM 88240

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

Norma J. Barton
P. O. Box 978
Hobbs, NM 88240

Dugan Production Corp.
P. O. Box 420
Farmington, NM 87499-0420

The W. L. & Virginia Todd Revocable Trust
3612 Euclid Avenue
Dallas, TX 75205

Margaret Todd Sherrill & Thomas E. Todd, Jointly
313 Jemez Drive
Hobbs, NM 88240

Thomas E. Todd, Jr.
204 McBride
Ruidoso, NM 88345

Margaret Todd Sherrill
313 Jemez Drive
Hobbs, NM 88240

ATTACHMENT NO. 5
Interest Ownership Summary
Dugan Production Corp.'s Salge Federal A Well
Nos. Com 90, Com 90S, Com 91, Com 91S, 94, 94S, 95 & 95S

<u>Well Name</u>	<u>Pool</u>	<u>Lease #</u>	<u>Location</u>	<u>Spacing Unit</u>
Salge Federal A Com #90	Basin Fruitland Coal	SF-078156	NWNE 3-25N-13W	E/2 - 320A
Salge Federal A Com #90S	Basin Fruitland Coal	SF-078156	SE 3-25N-13W	E/2 - 320A
Salge Federal A Com #91	Basin Fruitland Coal	SF-078156	NENE 4-25N-13W	E/2 - 320A
Salge Federal A Com #91S	Basin Fruitland Coal	SF-078156	SE 4-25N-13W	E/2 - 320A
Salge Federal A #94	Basin Fruitland Coal	SF-078156	SENE 34-26N-13W	E/2 - 320A
Salge Federal A #94S	Basin Fruitland Coal	SF-078156	NWSE 34-26N-13W	E/2 - 320A
Salge Federal A #95	Basin Fruitland Coal	SF-078156	SENE 33-26N-13W	E/2 - 320A
Salge Federal A #95S	Basin Fruitland Coal	SF-078156	NESE 33-26N-13W	E/2 - 320A

SALGE FEDERAL A WELL NOS. COM 90 & 90S, COM 91 & 91S, 94 & 94S

SALGE FEDERAL A WELL NOS. 95 & 95S

<u>INTEREST OWNERSHIP</u>	<u>INTEREST %</u>		<u>INTEREST %</u>	
	<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>
<u>Working Interest</u>				
Dugan Production Corp.	100.00%	86.750370%	100.00%	86.937790%
<u>Royalty Interest</u>				
USA - Bureau of Land Management		12.500000%		12.500000%
<u>Overriding Royalty Interest</u>				
Fay's Trust		0.187410%		0.187400%
M. L. & N. C. Ginther Grantor Trust		0.187410%		0.187410%
Ellen Ginther Reifslager		0.093700%		0.093700%
Jan Ginther Rose		0.093700%		0.093700%
Dugan Production Corp.		0.187410%		
TOTAL WELL	100.00%	100.000000%	100.00%	100.00%

Addresses

Fay's Trust
Norma M. Williams, Trustee
6219 San Felipe
Houston, TX 77057

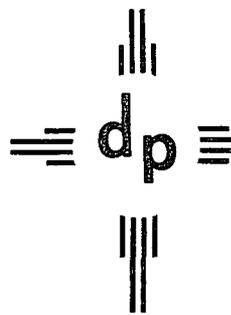
USA - Bureau of Land Management
1235 La Plata Hwy., Suite A
Farmington, NM 87401

M. L. & N. C. Ginther Grantor Trust
Lisa De Montaigu, Trustee
3262 Westheimer Road, Box 429
Houston, TX 77098

Dugan Production Corp.
P.O. Box 420
Farmington, NM 87499

Ellen Ginther Reifslager
c/o First National Bank
P. O. Box 470
El Campo, TX 77437

Jan Ginther Rose
12215 Ravenmoor Drive
Houston, TX 77077



dugan production corp.

Attachment
No. 5
42

February 25, 2003

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

To: Working Interest Owners (Address list attached)
Dugan Production Corp.'s
Alamo Com #90, Irish #2, Irish #3 & Irish Com #90 wells

Re: Dugan Production's Application dated 2/25/03
Proposed addition of 34 wells to Dugan's Topaz Gas Gathering System
San Juan County, New Mexico

Dear Ladies/Gentlemen:

According to our records, each of you has an interest in one or more of the wells that is either currently connected or proposed to be connected to Dugan's Topaz Gas Gathering System. Attached for your information and review is a complete copy of Dugan's application to the NMOCD, BLM and State Land Office (SLO), requesting their approvals to add 34 wells to the Topaz Gas Gathering System which currently has 16 wells approved for the system. This will require surface commingling of production from the subject wells, plus the sale of gas at a central delivery sales meter (CDP). Dugan Production will install, operate, and maintain the gathering system, central battery, and water disposal facilities and will pay all costs associated with this proposal. As a working interest owner in wells connected or to be connected to the Topaz Gas Gathering System, your only costs associated with the gathering system will be a fee charged for gathering, compression, and water disposal. You will not be billed for any costs associated with installing the gathering system (including the allocation meters) and water disposal facilities. Dugan Production's current company-wide gathering system fee is \$0.27/MMBTU, and our compression fee is \$0.09/MMBTU. These fees will be used until operating economics indicate the need for revisions. The water disposal fees have not been determined, but will be less than would have been charged had the water been trucked for commercial disposal.

This proposal should not affect your interest in these wells and should allow for optimum operations on Fruitland coal wells that typically produce large volumes of water in association with the gas. Since produced water will be transported for disposal by pipeline and all wells producing water will share in disposal costs, the water disposal costs will be kept to a minimum. In addition, all wells will benefit from central compression which should keep wellhead operating pressures as low as possible. This method of operation will help to keep our operating expenses as low as possible, which will allow all interest owners to recover more of the gas reserves from each well.

This matter does not require any action on your part. Current NMOCD regulations require that all interest owners (those in the existing system and those being added) receive notice of proposed additions to gathering systems. Included in Dugan's application is a request that for future additions to the gathering system, only the interest owners in the wells to be added will require notification provided that the proposed additions will not adversely affect the existing wells. This will greatly simplify adding wells to a gathering system and should not affect the interests previously authorized to operate on a gathering system. 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 in Santa Fe, New Mexico 87505, and we would appreciate receiving a copy of your objection.

Sincerely,

John D. Roe

John D. Roe

Engineering Manager

JDR/tmf

Attachments

xc: New Mexico Oil Conservation Division, Bureau of Land Management, State Land Office



dugan production corp.

Attachment

No. 5

#3

February 25, 2003

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

To: Overriding Interest Owners (Address list attached)
Dugan Production Corp.'s
Topaz Gas Gathering System

Re: Dugan Production's Application dated 2/25/03
Proposed addition of 34 wells to Dugan's Topaz Gas Gathering System
San Juan County, New Mexico

Dear Ladies/Gentlemen:

According to our records, each of you has an interest in one or more of the wells that is either currently connected or proposed to be connected to Dugan's Topaz Gas Gathering System. Attached for your information and review is a copy of Dugan's application to the New Mexico Oil Conservation Division (NMOCD), Bureau of Land Management (BLM) and State Land Office (SLO), requesting their approvals to add 34 wells to the Topaz Gas Gathering System which currently has 16 wells approved for the system. This will require surface commingling of production from the subject wells, plus the sale of gas at a central delivery sales meter (CDP). Dugan Production will install, operate, and maintain the gathering system, central battery, and water disposal facilities and will pay all costs associated with this proposal.

Since your interest in these wells is an overriding royalty interest, there are no costs chargeable to you and this proposal should not affect your interest in these wells. This proposal will however, allow for optimum operations on Fruitland coal wells that typically produce large volumes of water in association with the gas and since produced water will be transported for disposal by pipeline rather than truck, the water disposal costs will be kept to a minimum. In addition, all wells will benefit from central compression which should keep wellhead operating pressures as low as possible. This method of operation will help to keep our operating expenses as low as possible, which will allow all interest owners to recover more of the gas reserves from each well.

This matter does not require any action on your part. Current NMOCD regulations require that all interest owners (those in the existing system and those being added) receive notice of proposed additions to gathering systems. Included in Dugan's application is a request that for future additions to the gathering system, only the interest owners in the wells to be added will require notification provided that the proposed additions will not adversely affect the existing wells. This will greatly simplify adding wells to a gathering system and should not affect the interests previously authorized to operate on a gathering system. 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 in Santa Fe, New Mexico 87505, and we would appreciate receiving a copy of your objection.

Sincerely,

John D. Roe
Engineering Manager

JDR/tmf

Attachments

xc: New Mexico Oil Conservation Division, Bureau of Land Management, State Land Office

Topaz Gas Gathering System Interest Owners Address List

(wells with ownership interest in parentheses)

Attachment
No 5
#4

a = Alamo Com 90 & 90S; b = Bisti State 1 & 1S; c = Bisti State 90 & 90S; d = Cisco Com 90 & 90S; e = Cisco Com 91 & 91S;
f = Irish No. 2 & 3; g = Irish Com 90 & 90S; h = Jeter 1, 1S, 3, 3S, 4, 4S, 5 & 5S; i = Patriot 90, 90S, 91, 91S, 92, 92S, 93 & 93S;
j = Paul Revere 90, 90S, 91, 91S, 92, 92S, 93, 93S, 94 & 94S; k = Paul Revere Com 95 & 95S; l = Salge Federal A Com 90 & 90S, Com 91 & 91S, 94,
94S, 95 & 95S

Working Interest Owners

Dugan Production Corp. (a,b,c,d,e,f,g,h,i,j,k,l)
P.O. Box 420
Farmington, NM 87499

R. P. Brewer III Est. (a)
Rebecca J. Brewer
c/o W. T. Chumney, Jr.
40 N.E. Loop 410, Suite 200
San Antonio, TX 78216-5876

Betty Brewer Chumney (a)
c/o W. T. Chumney, Jr.
40 N.E. Loop 410, Suite 200
San Antonio, TX 78216-5876

Elizabeth H. Chumney (a)
c/o W. T. Chumney, Jr.
40 N.E. Loop 410, Suite 200
San Antonio, TX 78216-5876

India Brewer Chumney DeMarigny (a)
c/o W. T. Chumney, Jr.
40 N.E. Loop 410, Suite 200
San Antonio, TX 78216-5876

Devon SFS Operating, Inc. (k)
20 N. Broadway #1500
Oklahoma City, OK 73102

Edwards Energy Corp. (k)
1401 17th Street, Suite 1400
Denver, CO 80202

Elm Ridge Exploration Co. (a)
12225 Greenville Ave., Suite 950
Dallas, TX 75243-2104

Energen Resources Corp. (f,g)
2198 Bloomfield Highway
Farmington, NM 87401

Maralex Resources, Inc. (k)
621 17th Street #1125
Denver, CO 80293

Winifred Chumney Meaden (a)
c/o W. T. Chumney, Jr.
40 N.E. Loop 410, Suite 200
San Antonio, TX 78216-5876

Merrion Oil & Gas (k)
610 Reilly Avenue
Farmington, NM 87401

R. K. O'Connell (f)
P. O. Box 2003
Casper, WY 82602-2003

Questar Exploration & Production Co. (a)
1050 17th Street, Suite 500
Denver, CO 80265

SG Interests III, Ltd. (k)
811 Dallas #1505
Houston, TX 77002

Royalty Interest Owners

USA - c/o Bureau of Land Management (a,d,e,f,g,h,i,j,k,l)
1235 La Plata Highway, Suite A
Farmington, NM 87401

State of New Mexico (b,c)
P. O. Box 1148
Santa Fe, NM 87504-1148

Overriding Royalty Interest Owners

Anne T. Barfield (k)
P. O. Box 738
Wimberty, TX 78676

Norma J. Barton (k)
P. O. Box 978
Hobbs, NM 88240

Roy G. Barton, Jr., Individually (k)
P. O. Box 978
Hobbs, NM 88240

Roy G. Barton, Jr., Trustee (k)
P.O. Box 978
Hobbs, NM 88240

Jean Burroughs (b)
9350 Arroyo Lane
Colorado Springs, CO 80908

John Burroughs Estate (b)
Herb Marchman, Personal Rep.
9350 Arroyo Lane
Colorado Springs, CO 80908

S. A. & Dorothy Chorney (g)
5299 DTC Blvd., #760
Englewood, CO 80111-3328

Dugan Production Corp. (d,e,l)
P.O. Box 420
Farmington, NM 87499-0420

Energen Resources Corp. (i)
2198 Bloomfield Highway
Farmington, NM 87401

Fay's Trust (d,e,h,l)
Norma M. Williams, Trustee
6219 San Felipe
Houston, TX 77057

Trust A of Fritts Living Trust (i)
Trust #2 Amended, Ruth C. Fritts
P. O. Box 53445
Lubbock, TX 79453

M.L. & N.C. Ginther Grantor Tst (d,e,h,l)
Lisa DeMontaigu, Trustee
3262 Westheimer Road Box 429
Houston, TX 77098

Dorothy Gourley (k)
900 Hickory Lane
Ardmore, OK 73401-3436

Hawthorne Oil Co. (g)
P. O. Box 2693
Casper, WY 82601

Stephen C. Helbing (b,c)
P. O. Box 4037
Midland, TX 79704

William M. Lansdale (j)
P. O. Box 27
Seal Beach, CA 90740

Maralex Resources, Inc. (k)
621 17th Street, #1125
Denver, CO 80293

Marion Gladys Marye (h)
505 Bering Drive #426
Houston, TX 77057

Petrojarl, Inc. (b,c)
Jarl P. Johnson
200 Tamarac Road
Avon, CO 81620

Questar E & P Co. (j,k)
1050 17th Street, Suite 500
Denver, CO 80265

Ellen Ginther Reifslager (d,e,h,l)
c/o First National Bank
P. O. Box 470
El Campo, TX 77437

Jan Ginther Rose (d,e,h,l)
12215 Ravemoor Drive
Houston, TX 77007

Margaret Todd Sherrill & (k)
Thomas E. Todd, Jointly
313 Jemez Drive
Hobbs, NM 88420

Harry L. Todd (k)
14017 Tanglewood Circle
Dallas, TX 75234

Mary Anne Todd (k)
6815 Prestonshore
Dallas, TX 75225-2715

Raymond L. Todd (k)
1107 Shawnee Trail
Carrollton, TX 75007

Thomas E. Todd (k)
204 McBride
Ruidoso, NM 88345

Tommy T. Todd (k)
1107 Shawnee Trail
Carrollton, TX 75007

The W.L. & Virginia Todd Rev. Tst (k)
3612 Euclid Avenue
Dallas, TX 75205

Attachment
No. 5
5

**Attachment No. 5
Interest Owner Notice**

As a precaution, and considering that there are 15 parties holding a working interest, 2 royalty interest owners and 30 overriding royalty interest owners associated with the 50 wells approved and/or proposed for Dugan Production's Topaz Gas Gathering System, the following newspaper advertisement is scheduled to be published in the February 26, 2003 issue of the Farmington Daily Times. Upon publication, the Daily times will provide an "Affidavit of Publication" which will be forwarded to the NMOCD upon receipt.

Please place in the legal ads as soon as possible. Once the ad has been run, please send Affidavit of Publication to Dugan Production Corp., Attn: John Roe, P. O. Box 420, Farmington, NM 87499-0420.

Dugan Production Corp. is applying to the New Mexico Oil Conservation Division (NMOCD) for regulatory approvals to add 7 existing plus 27 proposed natural gas wells to Dugan Production Corp.'s Topaz Gas Gathering System. This will require the surface commingling of natural gas and produced water plus the off-lease measurement and sale of natural gas. The wells to be added and the existing gathering system are located within Sections 10, 11, 15, 22, 23, 25, 26, 27, 28, 33, 34, 36 & 36 of Township 26N, Range 13W plus Sections 1, 2, 3 & 4 of Township 25N, Range 13W of San Juan County, New Mexico. The central delivery gas sales meter is located in the NWSE of Section 25, T-26N, R-13W and delivers gas to El Paso Natural Gas. The gathering system currently has 16 wells all of which are completed in the Basin Fruitland Coal gas pool and it is proposed to add 32 additional wells to be completed in the Basin Fruitland Coal gas pool plus 2 wells completed in the WAW Fruitland Sand-Pictured Cliffs gas pool. All wells are located upon one of the following eight leases held by Dugan Production Corp; Alamo, Bisti State, Cisco, Irish, Jeter, Patriot, Paul Revere & Salge Federal A. Any person holding an interest in any of these leases may contact Dugan Production Corp. for additional information. Inquiries should be directed to John D. Roe at 505-325-1821 or by mail at P. O. Box 420, Farmington, NM 87499. Any objection or request for a formal hearing should be filed in writing with the NMOCD's Santa Fe office within 20 days from the initial date of this publication. In the absence of objection, Dugan Production Corp. has requested that the NMOCD approve its application administratively. The NMOCD's address is 1220 South St. Francis Drive, Santa Fe, NM 87505.