

**ATTACHMENT NO. 2
DUGAN PRODUCTION CORP.
TABOR GATHERING SYSTEM AND CDP
SAN JUAN COUNTY, NEW MEXICO**

Well Name	API Number	Well Location		Well Location		CA Number	Pool	Completion Date	Current Prod.		Spacing Unit
		Unit	Sec-Twn-Rng	Lease No.	Lse. Type				MCFD	BC/D	
WELLS PREVIOUSLY APPROVED FOR SYSTEM											
Com No. 1E	30-045-23940	A	2-29N-14W	LG-3736	State	14080017765	Basin Dakota	12/8/79	47(1)	0.15	E2-316.65A
Com No. 2	30-045-23199	A	2-29N-14W	LG-3736	State	State C.A.	Harper Hill FrSd/PC	10/21/78	14(1)	0	NE-156.65A
Com No. 4	30-045-29986	C	2-29N-14W	B-11242	State	Pending	Harper Hill FrSd/PC	12/7/99	348(2)	0	NW-157.95A
Federal I No. 99	30-045-29989	H	3-29N-14W	SF-078110	Federal	N/A	Basin Fruitland Coal	12/9/99	0(3)	0	E2-318.45A
Tabor Com No. 90	30-045-29994	H	35-30N-14W	NM-33051	Federal	NMNM102982	Basin Fruitland Coal	12/6/99	0(4)	0	E2-332.49A
WELLS TO BE ADDED TO SYSTEM											
Jiggs No. 1	30-045-30183	E	35-30N-14W	NM-0206995	Federal	N/A	Harper Hill FrSd/PC	Location	---	---	NW-160A
Jiggs No. 2	30-045-25879	I	35-30N-14W	NM-0206995	Federal	N/A	Harper Hill FrSd/PC	See Note (5)	---	---	SE-172.49A

Notes:

N/A Not Needed

- (1) Average during April 2000. Cum production 2-1-2000: Com #1E=742,650 MCF + 7,552 bbl condensate, Com #2 = 235,528 MCF.
- (2) Well first delivered into El Paso's pipeline 2-2-2000. Production is average for 4/2000 - Water production = 100 BWPD
- (3) Well is shut in, ran rods & pump 6/27/00 - Test during completion 12/99 - SITP = 280 psig, est rate = 143 MCFD + 85 BWPD
- (4) Well is shut in waiting on pipeline connection - Test during completion 12/99 - SITP = 310 psig, est rate = 130 MCFD + 75 BWPD
- (5) Well spudded 6/22/00 and 4-1/2" casing cemented @ 1250' on 6/26/00. Well is waiting to be completed.

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

Attachment
No 3
pg 1 of 2

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 APT Number 30-045-30183		2 Pool Code 78160		3 Pool Name Harper Hill Fruitland Sand/PC		
4 Property Code 25879		5 Property Name Jiggs			6 Well Number 1	
7 OGRID No. 006515		8 Operator Name Dugan Production Corporation			9 Elevation 5557'	

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	35	30N	14W	E	1735	North	1010	West	San Juan

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
12 Dedicated Acres 160.0		13 Joint or Infill		14 Consolidation Code		15 Order No.			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<div>16</div> <p>NM-0206995 DPC-100%</p> <p>Section 35</p>				<div>17 OPERATOR CERTIFICATION</div> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p></p> <p>Signature Sherman E. Dugan Printed Name Vice-President Title March 3, 2000 Date</p>	
<div>18 SURVEYOR CERTIFICATION</div> <p>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 belief.</p> <p>February 7, 2000 Date of Survey</p> <p></p> <p>Signature and Seal of Professional Surveyor: Edgar L. Risenhoover Professional Surveyor PS #5979 Certificate Number</p>					

District I
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No. 3
Pg 2 of 2

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-045-30177		2 Pool Code 78160		3 Pool Name Harper Hill Fruitland Sand/PC		
4 Property Code 25879		5 Property Name Jiggs			6 Well Number 2	
7 OGRID No. 006515		8 Operator Name Dugan Production Corporation			9 Elevation 5515'	

10 Surface Location

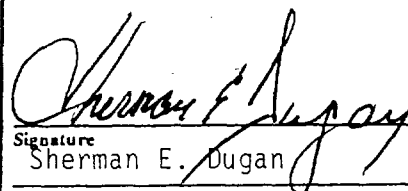
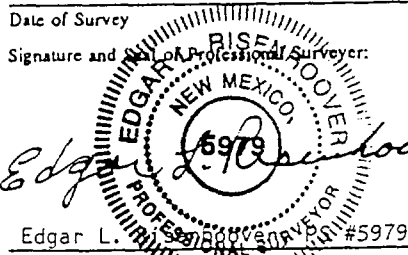
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
	35	30N	14W	1	1450	South	910	East	San Juan

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I									

12 Dedicated Acres 172.47	13 Joint or Infill	14 Consolidation Code	15 Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<div>16</div> <div>Section 35</div> <div>NM-0206995 DPC-100%</div> <div>910'</div> <div>1450'</div>				<div>17 OPERATOR CERTIFICATION</div> <div>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</div> <div></div> <div>Signature Sherman E. Dugan</div> <div>Printed Name Vice-President</div> <div>Title March 3, 2000</div> <div>Date</div>	
				<div>18 SURVEYOR CERTIFICATION</div> <div>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 belief.</div> <div>February 8, 2000</div> <div>Date of Survey</div> <div>Signature and Seal of Professional Surveyor: </div> <div>Edgar L. Hoover #5979</div> <div>Certificate Number</div>	

**Interest Ownership Summary
Tabor Central Gathering System
Dugan Production Corp.
San Juan County, New Mexico**

Working Interest

Royalty Interest

Overriding Royalty Interest

[illegible]

ATTACHMENT 4, Pg 2 of 7
Dugan Production Corp.
Com Well No. #1E
Basin Dakota Pool
Well Location: NE/4 NE/4 Sec. 2-T29N-R14W
Spacing Unit: E/2 Sec. 2-T29N-R14W - 316.65 Acres
San Juan County, NM

<u>INTEREST OWNER</u>	<u>INTEREST - %</u>	
	<u>Net</u>	<u>Gross</u>
<u>Royalty</u> State of New Mexico, State Land Office P.O. Box 1148 Santa Fe, NM 87504-1148	7.762910	0.00
USA - Bureau of Land Management 1235 La Plata Hwy. Farmington, NM 87401	3.158070	0.00
Rilla E. King P.O. Box 186 Dolores, CO 81325	1.579030	0.00
<u>Overriding Royalty</u> Marsha M. Daniels, c/o Clotilda M. Pope 5028 River Road Bethesda, MD 20016	0.030390	0.00
Louise Adair McDougal Hadley 2 Bluff Road Swansboro, NC 28584	0.121550	0.00
Charles Alan McDougal 7928 Rooksley Ct. Raleigh, NC 27615	0.121550	0.00
Robert Bruce McDougal 6608 Penny Lane Bartlesville, OK 74006	0.121550	0.00
Anne S. Henderson 7611 Maple Ave., Apt 811 Silver Spring, MD 20912	0.121550	0.00
Robin Thomas Henderson 5028 River Road Bethesda, MD 20016	0.030390	0.00
Russell Stewart Henderson, Jr. 5028 River Road Bethesda, MD 20016	0.030390	0.00
Clotilda M. Pope 5028 River Road Bethesda, MD 20816	0.030390	0.00
<u>Working Interest</u> Conoco, Inc. 10 Conoco Plaza, 10 Desta Drive Midland, TX 79705	5.526610	6.316120
Dugan Production Corp.	<u>81.365620</u>	<u>100.000000</u>
WELL TOTAL	100.000000	100.000000

ATTACHMENT 4, Pg 3 of 7
Dugan Production Corp.
Com Well No. #2
Harper Hill Fruitland Sand PC
Well Location: NE/4 NE/4 Sec. 2-T29N-R14W
Spacing Unit: NE/4 Sec. 2-T29N-R14W - 156.65 Acres
San Juan County, NM

<u>INTEREST OWNER</u>	<u>INTEREST - %</u>	
	<u>Net</u>	<u>Gross</u>
<u>Royalty</u>		
State of New Mexico, State Land Office P.O. Box 1148 Santa Fe, NM 87504-1148	12.50	0.00
<u>Overriding Royalty</u>		
Marcia M. Daniels, c/o Clotilda M. Pope 5028 River Road Bethesda, MD 20016	0.061430	0.00
Louise Adair McDougal Hadley 2 Bluff Road Swansboro, NC 28584	0.245703	0.00
Charles Alan McDougal 7928 Rooksley Ct. Raleigh, NC 27615	0.245703	0.00
Robert Bruce McDougal 6608 Penny Lane Bartlesville, OK 74006	0.245704	0.00
Anne S. Henderson 7611 Maple Ave., Apt 811 Silver Spring, MD 20912	0.245700	0.00
Robin Thomas Henderson 5028 River Road Bethesda, MD 20016	0.061430	0.00
Russell Stewart Henderson, Jr. 5028 River Road Bethesda, MD 20016	0.061430	0.00
Clotilda M. Pope 5028 River Road Bethesda, MD 20816	0.061430	0.00
Conoco, Inc. 10 Conoco Plaza, 10 Desta Drive Midland, TX 79705	6.383660	0.00
<u>Working Interest</u>		
Dugan Production Corp.	<u>79.887810</u>	<u>100.000000</u>
WELL TOTAL	100.000000	100.000000

ATTACHMENT 4, Pg 4 of 7
Dugan Production Corp.
Com Well No. #4
Harper Hill Fruitland Sand PC
Well Location: NE/4 NW/4 Sec. 2-T29N-R14W
Spacing Unit: NW/4 Sec. 2-T29N-R14W - 157.95 Acres
San Juan County, NM

<u>INTEREST OWNER</u>	<u>Net</u>	<u>INTEREST - %</u> <u>Gross</u>
<u>Working Interest</u> Dugan Production Corp.	78.709678	100.00
<u>Royalty</u> State of New Mexico, State Land Office P.O. Box 1148 Santa Fe, NM 87504-1148	9.402501	0.00
USA - Bureau of Land Management 1235 La Plata Hwy Farmington, NM 87401	3.097499	0.00
<u>Overriding Royalty</u> James A. & H.H. Borland 222 Fourteenth St., NW Albuquerque, NM 87104	2.395571	0.00
Conoco, Inc. P.O. Box 201940 Houston, TX 77216-1940	2.374169	0.00
Marsha M. Daniels, c/o Clotilda M. Pope 5028 River Road Bethesda, MD 20016	0.061428	0.00
Louise Adair McDougal Hadley 2 Bluff Road Swansboro, NC 28584	0.245711	0.00
Anne S. Henderson 7611 Maple Ave., Apt 811 Silver Spring, MD 20912	0.245711	0.00
Robin Thomas Henderson 5028 River Road Bethesda, MD 20016	0.061427	0.00
Russell Stewart Henderson, Jr. 5028 River Road Bethesda, MD 20016	0.061427	0.00
Elsye L. Kilgore Trust c/o Sunwest Trust Dept/Don Kerby P.O. Box 26900 Albuquerque, NM 87125	0.446347	0.00
Lee W. Kilgore Trust c/o Sunwest Trust Dept/Don Kerby P.O. Box 26900 Albuquerque, NM 87125	0.446347	0.00
Charles Alan McDougal 7928 Rooksley Ct. Raleigh, NC 27615	0.245711	0.00
Robert Bruce McDougal 6608 Penny Lane Bartlesville, OK 74006	0.245711	0.00
Clotilda M. Pope 5028 River Road Bethesda, MD 20816	0.061427	0.00
Texon Energy Corporation Dept. 1041 P.O. Box 4554 Houston, TX 77210-4554	1.899335	0.00
WELL TOTAL	100.000000	100.000000

ATTACHMENT 4, Pg 5 of 7
Dugan Production Corp.
Federal I #99
Basin Fruitland Coal Pool
Well Location: SE/4 NE/4 Sec. 3-T29N-R14W
Spacing Unit: E/2 Sec. 3-T29N-R14W - 318.45 Acres
San Juan County, NM

<u>INTEREST OWNER</u>	<u>INTEREST - %</u>	
	<u>Net</u>	<u>Gross</u>
<u>Royalty</u>		
USA - Bureau of Land Management 1235 La Plata Hwy. Farmington, NM 87401	12.50	0.00
<u>Working Interest</u>		
Dugan Production Corp. P. O. Box 420 Farmington, NM 87499-0420	87.500	100.00
WELL TOTAL	100.000000	100.00000

ATTACHMENT 4 Pg No. 6 of 7
Dugan Production Corp.
Tabor Com #90
Basin Fruitland Coal Pool
Well Location: SE/4 NE/4 Sec. 35-T30N-R14W
Spacing Unit: E/2 Sec. 35-T30N-R14W 332.49 Acres
San Juan County, NM

<u>INTEREST OWNER</u>	<u>INTEREST - %</u>	
	<u>Net</u>	<u>Gross</u>
<u>Royalty</u>		
USA- Bureau of Land Management 1235 La Plata Hwy. Farmington, NM 87401	9.492391	0.00
Patricia Harbin 6401 Glendora NE Albuquerque, NM 87109	1.503805	0.00
Joseph O. & Cicily M. Muench Family Trust P.O. Box 779 Placitas, NM 87043	1.503804	0.00
<u>Overriding Royalty</u>		
Burlington Resources Oil & Gas 801 Cherry Street, Suite 700 Ft. Worth, TX 76102	6.484781	0.00
Linda Orwitz Palley, Trustee Estate of Samuel D. Orwitz 14125 Seven Acres Lane Los Altos Hills, CA 94022	1.296956	0.00
Winifred and Forrest Jacobs 1000 SW Santa Fe Lake Road Towanda, KS 67144-9213	0.481217	0.00
<u>Working Interest</u>		
Dugan Production Corp. P.O. Box 420 Farmington, NM 87499-0420	79.237046	100.00
Well Total	100.00000	100.00000

Attachment No. 4, Page 7 of 7
Dugan Production Corp.
Jiggs Lease, Wells No. 1 & 2
Harper Hill Fruitland Sand-Pictured Cliffs Gas Pool
San Juan County, New Mexico

<u>Well No.</u>	<u>Location</u>	<u>Spacing Unit</u>
1	SWNW Section 35, T-30N, R-14W	NW/4-160A
2	NESE Section 35, T-30N, R-14W	SE/4 - 172.49A

INTEREST OWNER

	<u>INTEREST - %</u>	
	<u>Net</u>	<u>Gross</u>
<u>Working Interest</u>		
Dugan Production Corp. P. O. Box 420 Farmington, NM 87499-0420	71.93360	100.00
<u>Royalty</u>		
USA - Bureau of Land Management 1235 La Plata Hwy. Farmington, NM 87401	12.50000	0.00
<u>Overriding Royalty Interest</u>		
Burlington Resources Oil & Gas Co. 801 Cherry Street, Suite 700 Forth Worth, TX 76102	12.50000	0.00
Linda Orwitz Palley, Trustee Estate of Samuel D. Orwitz 14125 Seven Acres Lane* Los Altos Hills, CA 94022	2.50000	0.00
Ocean Energy, Inc. 1001 Fannin, Suite 1600 Houston, TX 77002	0.56640	0.00
WELL TOTAL	100.000000	100.00000

*Address is last known, but is not current and have been unable to locate interest owner.

ATTACHMENT No. 5
Allocation Procedures
Dugan Production Corp.'s
Tabor Gathering System
CDP : NENE-2-29N-14W
San Juan County, New Mexico

Base Data:

U = Water Volume (BWPD) from Periodic Well Test x days operated during allocation period.

V = Water Volume (bbl) at Central Battery during allocation period.

W = Gas Volume (MCF) from allocation meters at individual wells and central battery separator during allocation period.

X = Gas Volume (MCF) from CDP Sales Meter during allocation period.

Y = BTU's from CDP Sales Meter during allocation period.

Allocation Period is typically a calendar month and will be the same for all wells.

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

A = Allocated Sales Volume, MCF. = $(W / \text{SUM } W) \times X$

B = Allocated gas sales volume (MCF) associated with water production
= (A) in mcf for the central battery separator multiplied by a factor of $(U / \text{SUM } U)$ for wells delivering gas and water to the central battery separator.

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

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

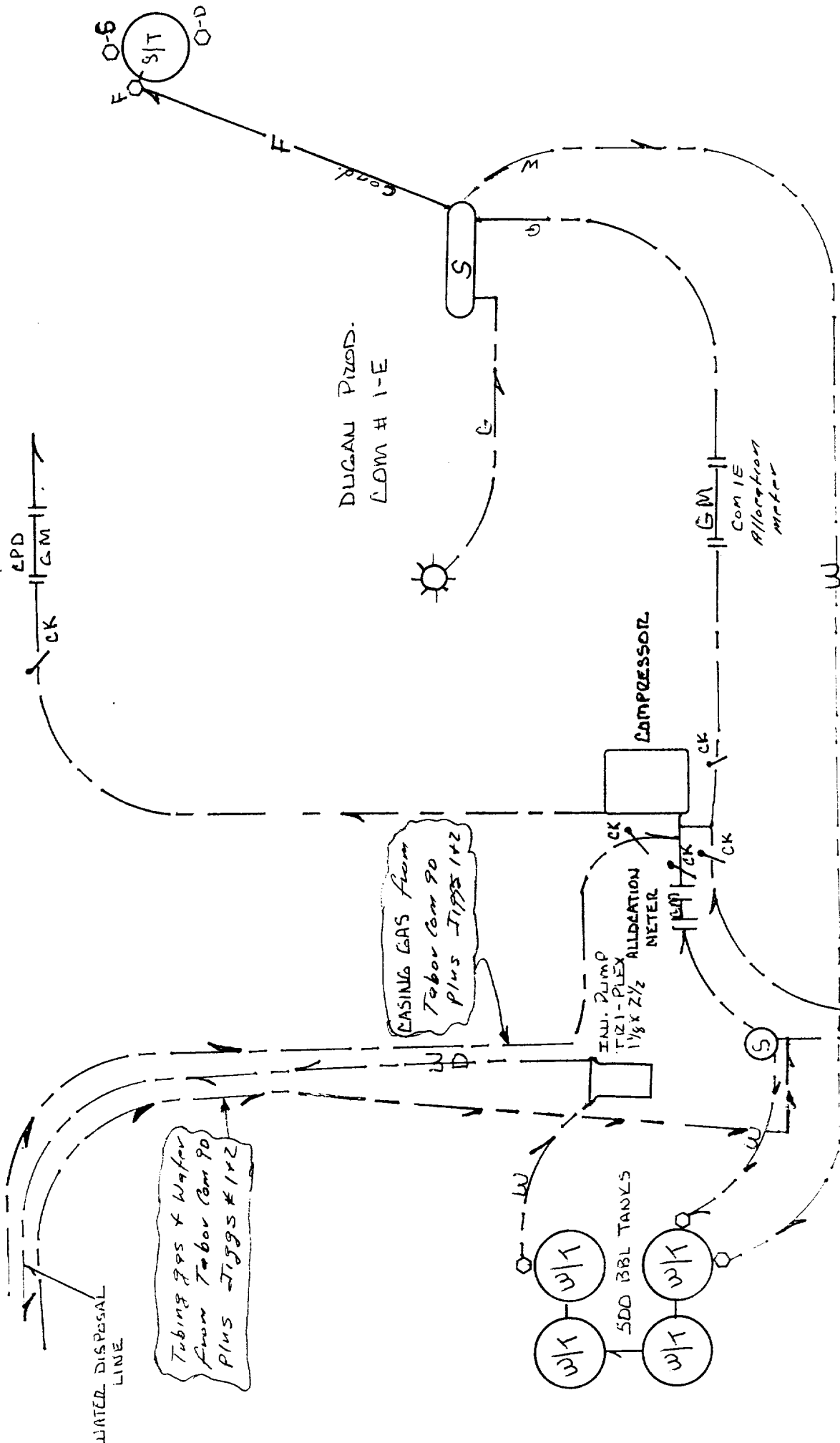
E = Allocated fuel from gathering system equipment, MCF. The total fuel required to operate gathering system equipment will be allocated to the individual wells benefiting from the equipment using allocation factors determined by $W / \text{SUM } W$ for the wells involved.

F = 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 $W / \text{SUM } W$.

2. Allocated Individual Well BTU's = $((W \times \text{Individual well BTU}) / \text{Sum } (W \times \text{individual well BTU})) \times Y$.
Individual well gas heating values to be determined in accordance with BLM regulations (currently On shore Order No. 5).

3. Individual Well Water Production = Allocated production volume, bbl = $(U / \text{Sum } U) \times V$.

LYNG



Attachment No. 6
Dugan Production Corp.
Taber Gasaring System
Central Battery Sketch
Located @ Com No. 1E London
Drawing Not to Scale





dugan production corp.

Attachment
No. 7
Pg 1 of 1

June 30, 2000

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Burlington Resources Oil & Gas Co.
801 Cherry Street, Suite 700
Fort Worth, TX 76102

Ocean Energy, Inc.
1001 Fannin, Suite 1600
Houston, TX 77002

Linda Orwitz Palley, Trustee
Estate of Samuel D. Orwitz
14125 Seven Acres Lane
Los Altos Hills, CA 94022

Re: Dugan Production Corp.'s
Jiggs No. 1 (E-35-30N-14W)
Jiggs No. 2 (I-35-30N-14W)
San Juan County, New Mexico

Ladies and Gentlemen:

Attached for your information, review and file is a copy of our application to the New Mexico Oil Conservation Division, the New Mexico State Land Office, and the Bureau of Land Management to surface commingle and off lease measure natural gas produced from the captioned wells in which you have an overriding royalty interest ownership. Neither well has been completed and the Jiggs No. 1 has not been drilled but we anticipate drilling the No. 1 in the near future. Upon completion of these wells we plan to connect them to our Tabor Gathering System which will allow both wells to share the cost of operating a central compressor and production facilities with five other wells as opposed to installing and operating separate facilities at each individual well.

This proposal should not affect your interest in these wells and since less compressor fuel will be used there will be more gas available for sale from each well which will increase your royalty revenues. In addition, by using a central compressor and battery facilities which will be shared with other wells, our operating expenses for each well will be lowered which will allow us to recover more of the gas reserves from each well.

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, you should so advise the New Mexico Oil Conservation Division at 2040 South Pacheco Street 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