



dugan production corp.

July 16, 2002

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

Re: NMOCD Commingling Order PLC-153-B, dated 06/25/02
Consolidation of Dugan Production's
State Com No. 2 CDP with State Com No. 1 CDP
Section 16, T-32N, R-12W
San Juan County, New Mexico

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NEW MEXICO
STATE LAND OFFICE

Dear Ms. Wrotenbery:

The captioned order included a stipulation that NMOCD's approval was conditioned upon Dugan Production also receiving approval of our 06/03/02 application from the State Land Office.

The State Land Office approved Dugan's application on 06/11/02, and a copy of their approval is attached for your review and file.

Please let me know should you have questions or need additional information.

Sincerely,

John D. Roe
Engineering Manager

JDR:sh

Attachment

COMMISSIONER'S OFFICE

Phone (505) 827-5760

Fax (505) 827-5766

ADMINISTRATION

Phone (505) 827-5700

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GENERAL COUNSEL

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**New Mexico State Land Office
Commissioner of Public Lands
Ray Powell, M.S., D.V.M.**

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SURFACE RESOURCES

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Fax (505) 827-5711

June 11, 2002

Dugan Production Corporation
P. O. Box 420
Farmington, New Mexico 87499-0420

Attn: Mr. John D. Roe

Re: Application to Consolidate Two Gas Gathering Systems
Dugan Production Corp.'s- State Com Well No 1 & State Com No. 2 CDP's
Section 16-32N-12W
State Lease Nos. B-11571, E-3555-13, E-4426 & LG-0038-1
Blanco Mesaverde and Basin Fruitland Coal Pools
NMOCD Commingling Order PLC-153-A
San Juan County, New Mexico

Dear Mr. Roe:

We have received your application of June 3, 2002 requesting our approval to consolidate two gas gathering systems currently being operated by Dugan Production. The consolidation will be achieved by redirecting the natural gas currently being sold at the State Com No 2 CDP (SW/4NW/4) to the State Com No. 1 CDP (SE/4SW/4, Sec. 16-32N-12W).

It is our understanding that only natural gas will be commingled after being measured with conventional, continuous recording allocation meters located at each well.

Since it appears that all the New Mexico Oil Conservation Division's rules and regulations have been complied with, and there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request is hereby approved. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Your \$30.00 dollar filing has been received.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY:

JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744

RP/JB/pm

pc: Reader File, OCD-Attention: David Catanach



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December 23, 2002

Dugan Production Corporation
P. O. Box 420
Farmington, New Mexico 87499-0420

Attn: Mr. John D. Roe

Re: Amendment of Application to Consolidate Two Gas Gathering Systems
Dugan Production Corp.'s- State Com Well No 1 & State Com No. 2 CDP's
Section 16-32N-12W
State Lease Nos. B-11571, E-3555-13, E-4426 & LG-0038-1
Blanco Mesaverde and Basin Fruitland Coal Pools
Addition of State Com Well Nos. 90R and 91
NMOCD Commingling Order PLC-153-B
San Juan County, New Mexico

Dear Mr. Roe:

We have received your fax transmittal of December 18, 2002 wherein you have notified this office of your plans to amend the above captioned application by adding two Fruitland Coal Wells to the existing consolidated State Com No. 1 & 2 CDP system.

It is our understanding that the State Com Well Nos. 90R and 91 are infill Fruitland Coal wells which will be added to the existing State Com CDP system.

We have no objection to your proposed request. This action is subject to like approval by the New Mexico Oil Conservation Division.

Please contact Ms. Debbie Padilla regarding a possible right-of-way through the NW/4SE/4, NE/4SW/4, and SE/4SW/4 of Section 16, Township 32 North, Range 12 West.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY:

Anthony N. [Signature]
JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744

RP/JB/pm

pc: Reader File, OCD-Attention: David Catanach