

**EXHIBIT A
APPLICATION OF DUGAN PRODUCTION CORP.
FOR COMPULSORY POOLING AND
DOWNHOLE COMMINGLING,
RIO ARRIBA COUNTY, NEW MEXICO**

**LEASEHOLD OWNERSHIP
S/2, SECTION 14, TOWNSHIP 26 NORTH, RANGE 7 WEST,
NMPM, RIO ARRIBA COUNTY, NEW MEXICO**

Caulkins Oil Company.
Post Office Box 340
Bloomfield, New Mexico 87413
Attn: Bobby Verquer

Marathon Oil Company
Post Office Box 552
Midland, Texas 79702
Attn: Steve Daniels

Louis-Dreyfus Natural Gas Corporation
14000 Quail Springs Parkway, Suite 600
Oklahoma City, Oklahoma 73134-2600
Attn: Rusty Waters

Dugan Production Corp.
Post Office Box 420
Farmington, New Mexico 87499
Attn: Dave Poage

SENDER
 Dugan Production Corp.
 Case 11897
 January 8, 1997 12/18/97

Can return this
 does not
 number:
 the date

I also wish to receive the following services (for an extra fee):
 Addressee's Address
 Restricted Delivery
 Consult postmaster for fee.

3. Article Addressed to:
 Chateau Oil & Gas Inc.
 P.O. Box 2038
 Farmington, NM 87499-2038

4a. Article Number
 2 194 413 181

4b. Service Type
 Registered
 Express Mail
 Return Receipt for Merchandise
 COD

7. Date of Delivery

5. Received By: (Print Name)
 Signature: (Address or Agent)
 PS Form 3811, December 1994

8. Addressee's Address (Only if requested and fee is paid)

Domestic Return Receipt

Thank you for using Return Receipt Service.

SENDER
 Dugan Production Corp.
 Case 11897
 January 8, 1997 12/18/97

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I also wish to receive the following services (for an extra fee):
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 Restricted Delivery
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3. Article Addressed to:
 Caulkins Oil Company
 P.O. Box 340
 Bloomfield, NM 87413
 Attn: Bobby Verquer

4a. Article Number
 2 194 413 182

4b. Service Type
 Registered
 Express Mail
 Return Receipt for Merchandise
 COD

7. Date of Delivery
 12/23/97

5. Received By: (Print Name)
 Signature: (Address or Agent)
 PS Form 3811, December 1994

8. Addressee's Address (Only if requested and fee is paid)

Domestic Return Receipt

Thank you for using Return Receipt Service.

SENDER
 Dugan Production Corp.
 Case 11897
 January 8, 1997 12/18/97

Can return this
 does not
 number:
 the date

I also wish to receive the following services (for an extra fee):
 Addressee's Address
 Restricted Delivery
 Consult postmaster for fee.

3. Article Addressed to:
 Louis Dreyfus Natural Gas
 14000 Quail Springs Parkway
 Suite 600
 Oklahoma City, OK 73134-2600
 Attn: Rusty Waters

4a. Article Number
 2 194 413 184

4b. Service Type
 Registered
 Express Mail
 Return Receipt for Merchandise
 COD

7. Date of Delivery
 12-23

5. Received By: (Print Name)
 Signature: (Address or Agent)
 PS Form 3811, December 1994

8. Addressee's Address (Only if requested and fee is paid)

Domestic Return Receipt

Is your RETURN ADDRESS completed on the reverse side?

SENDER
 Dugan Production Corp.
 Case 11897
 January 8, 1997 12/18/97

Can return this
 does not
 number:
 the date

I also wish to receive the following services (for an extra fee):
 Addressee's Address
 Restricted Delivery
 Consult postmaster for fee.

3. Article Addressed to:
 Marathon Oil Company
 P.O. Box 552
 Midland, TX 79702
 Attn: Steve Daniels

4a. Article Number
 2 194 413 183

4b. Service Type
 Registered
 Express Mail
 Return Receipt for Merchandise
 COD

7. Date of Delivery
 DEC 23 1997

5. Received By: (Print Name)
 Signature: (Address or Agent)
 PS Form 3811, December 1994

8. Addressee's Address (Only if requested and fee is paid)

Domestic Return Receipt

Thank you for using Return Receipt Service.

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

December 18, 1997

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

TO: ALL INTERESTED PARTIES OF THE HEARING
OF THE FOLLOWING NEW MEXICO
OIL CONSERVATION DIVISION CASE:

Re: NMOCD Case 11897: Application of Dugan Production Corp. for compulsory pooling and downhole commingling for S/2 Sec 14, T26N, R7W, Rio Arriba County, NM

Re: NMOCD Case 11899: Application of Dugan Production Corp. for two nonstandard spacing and proration units consisting of the SE/4 and the SW/4 of Section 14, T26N, R7W, Rio Arriba County, NM.

On behalf of Dugan Production Corp., please find enclosed copies of its referenced applications and four letters dated December 12, 1997 addressed to the Division concerning these cases. These cases have been continued for hearing on the New Mexico Oil Conservation Division Examiner's docket now scheduled for January 8, 1998. The hearing will be held at the Division hearing room located at 2040 South Pacheco, Santa Fe, New Mexico.

As a party who may be affected by this application, we are notifying you of your right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to the application. Failure to appear at the hearing may preclude you from any involvement in this case at a later date.

Pursuant to the Division's Memorandum 2-90, you are further notified that if you desire to appear in this case, then you are requested to file a Pre-Hearing Statement with the Division not later than 4:00 PM on Friday, January 1, 1998, with a copy delivered to the undersigned.

Very truly yours,



W. Thomas Kellahin

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

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POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

December 12, 1997

W. THOMAS KELLAHIN*

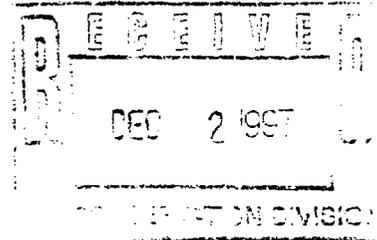
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NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

HAND DELIVERED

Mr. Michael E. Stogner
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505



Re: AMENDED APPLICATION
*OCD Case 11899—Application of Dugan Production Corp.
for two non-standard gas spacing and a proration units,
Rio Arriba County, New Mexico.*

Dear Mr. Stogner:

In review this application I note that the notice for this case only describes one of the two non-standard gas spacing and proration units. Accordingly, I request that the case be continued to the January 8, 1998 hearing and readvertised as follows:

Case 11899: Application of Dugan Production Corp. for two non-standard gas spacing and proration units, Rio Arriba County, New Mexico. Applicant seeks approval of two non-standard gas proration and spacing units in the Blanco-Mesaverde Gas Pool and the Basin-Dakota Gas Pool, one to consist of the SE/4 of Section 14 Township 26 North, Range 7 West to be dedicated to its Mona Lisa Well No. 2 to be drilled at a standard location 1620 feet from the South line and 1850 feet from the East line (Unit J) of said Section 14 and the other to be operated by Caulkins Oil Company and to consist of the SW/4 of said Section 14. Said units are located approximately 17-1/2 miles northeast of Blanco Trading Post, New Mexico.

Very truly yours,

W. Thomas Kellahin

cfx: William F. Carr, Esq.
Attorney for Caulkins Oil Company
cfx: Dugan Production Corp.
Attn: David Poage

KELLAHIN AND KELLAHIN

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December 12, 1997

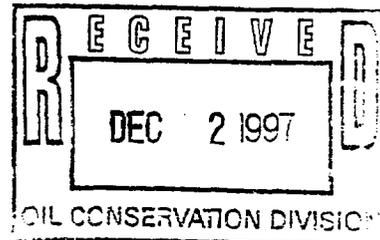
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HAND DELIVERED



Mr. Michael E. Stogner
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Re: **AMENDED APPLICATION**
OCD Case 11897--Application of Dugan Production Corp.
for compulsory pooling and downhole commingling
Rio Arriba County, New Mexico.

Dear Mr. Stogner:

Dugan Production Corp. intends to drill this well for development of the Blanco Mesaverde and Basin Dakota gas pools and at this time only desires a pooling of this 320-acre spacing unit for that purpose.

Accordingly, on behalf of Dugan Production Corp., I would appreciate you continuing this case to the January 8, 1998 docket and readvertising it to reflect pooling of only those two pools.

Very truly yours,

A handwritten signature in black ink, appearing to read "W. Thomas Kellahin".

W. Thomas Kellahin

cfx: William F. Carr, Esq.
Attorney for Caulkins Oil Company
cfx: Dugan Production Corp.
Attn: David Poage

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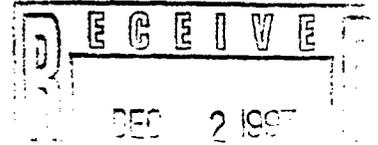
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NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

December 12, 1997

HAND DELIVERED



Mr. Michael E. Stogner
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Re: **REQUEST FOR CONTINUANCE**
OCD Case 11897--Application of Dugan Production Corp.
for compulsory pooling and downhole commingling
Rio Arriba County, New Mexico.

Dear Mr. Stogner:

As a result of a District Court hearing, I am unable to appear at the Division hearing of the referenced case now set for December 18, 1997. Accordingly, on behalf of Dugan Production Corp., I would appreciate you continuing this case to the January 8, 1998 docket. Mr. Carr, on behalf of Caulkins Oil Company, has concurred in this continuance request.

Very truly yours,

A handwritten signature in black ink, appearing to read "W. Thomas Kellahin". The signature is fluid and cursive, with a large initial "W" and a long, sweeping underline.

W. Thomas Kellahin

cc: William F. Carr, Esq.
Attorney for Caulkins Oil Company
cc: Dugan Production Corp.
Attn: David Poage