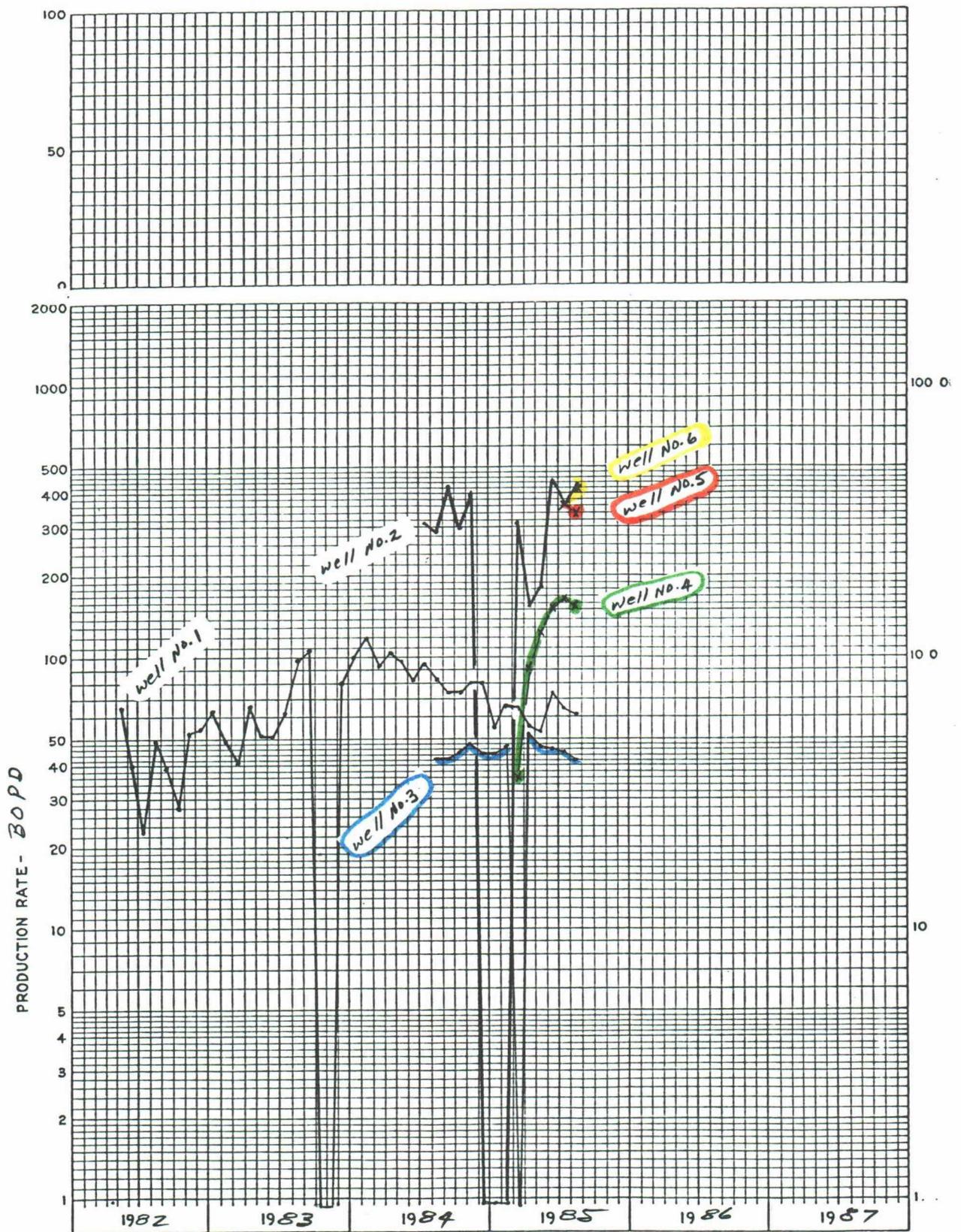


DAILY AVERAGE MANCOS PRODUCTION
 Gavilan Mancos Oil Pool and Proposed Northern Extension Areas
 Rio Arriba Co., New Mexico
 (all data from NMOCD form C-115)



Well #1-Northwest Exploration (Mesa Grande Resources as of approx. 10/84)
 Gavilan #1 - A-26-25N-2W

Well #2-Jerome P. McHugh
 Native Son #1 - A-34-25N-2W

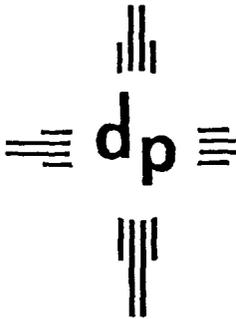
Well #3-Dugan Production Corp.
 Tapacitos #2 - L-25-26N-2W

Well #4-Mallon Oil Co.
 Ribeyowids #2-16 - P-2-25N-2W

Well #5-Mallon Oil Co.
 Fisher Fed. #2-1 - A-25-25N-2W

Well #6-Mallon Oil Co.
 Howard Fed. #1-8 - A-1-25N-2W

NMOCD CASE No. 8713
 Dugan Production Corp.
 Exhibit No. 5
 October 9, 1985



dugan production corp.

September 17, 1985

TO: LEASE-HOLD OWNERS WITHIN & ADJACENT TO PROPOSED AREA OF EXPANSION TO
GAVILAN MANCOS OIL POOL
Townships 25 & 26N, Range 2W, NMPM
Rio Arriba County, New Mexico

Gentlemen:

Dugan Production has made application to the New Mexico Oil Conservation Division to extend the Gavilan Mancos Oil Pool to include all of sections 1, 2, 11, 12, 13 and 14 of T25N, R2W, NMPM plus sections 25, 26, 35 and 36 of T26N, R2W, NMPM, all in Rio Arriba County, New Mexico. Lease hold records available to us indicate that you or your company have lease hold interest either within the subject area or within 1 mile of the subject area. The commission has advertised our application as Case #8713, scheduled for hearing on September 25, 1985 (Docket No. 29-85). Our application was not properly advertised and thus our application has been readvertised and continued to the October 9, 1985 examiner hearing.

In addition to extending the Gavilan Mancos Pool, we have asked that the commission grant an unorthodox location for an existing well drilled by Mallon Oil Company in the NE/4 of section 1, T25N, R2W, since this well, being located 870' FEL of said section, will require an unorthodox location under the existing Gavilan Mancos Pool Rules, which require an off-set of 1650' to the eastern boundary of the pool which is contiguous with the western boundary of the West Puerto Chiquito-Mancos Oil Pool.

Our notice to you as a lease hold owner is a matter of courtesy, and requires no action on your part. Should you agree with and support our application, we would encourage you to so notify the Oil Conservation Division prior to the hearing on October 9, 1985, and also advise us of your support. Likewise, should you choose to oppose our application, I would appreciate knowing of this also.

Sincerely,

John D. Roe

John D. Roe
Petroleum Engineer

JDR/cg

ESTADO LIBRE ASOCIADO DE QUINTANA ROO	
OIL CONSERVATION DIVISION	
DUGAN EXHIBIT NO.	6
CASE NO.	8713

Amoco
Attn: Chuck Boyce
1670 Broadway, Box 800
Denver, CO 80201

Bob Andes
Four Corners Drilling Company
P O Box 1067
Farmington, NM 87499

Allison Beach
c/o Lewis C. Beach
430 Mayo Bldg.
Tulsa, OK 74103

Daniel Beach
c/o Lewis C. Beach
430 Mayo Bldg.
Tulsa, OK 74103

David Beach
c/o Lewis Beach
430 Mayo Bldg.
Tulsa, OK 74103

W.C. Berry
Box 1858
Tulsa, OK 74101

Warren Clark Trust
Box 73
Austin, Texas 78767

El Paso Natural Gas Company
Box 1492
El Paso, Texas 79978

Exxon Corp.
Box 2305
Houston, Texas 77028

Forest Oil Corp.
821 17th Street, Suite 700
Denver, CO 80202

E.L. Fundingsland
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Littleton, CO 80160

Ralph Gilliland
2211 Adolphus Tower
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Rolf Gilliland
Mountain States Natural Gas Corp.
Box 35426
Tulsa, OK 74543

Ruth Gilliland
Mountain States Natural Gas Corp.
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Tulsa, OK 74543

Al Greer *AT H*
Benson-Montin-Greer
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501 Airport Drive
Farmington, NM 87401

Precilla Guest
c/o Lewis C. Beach
430 Mayo Bldg.
Tulsa, OK 74103

Helmerie & Payne
1579 E. 21st St.
Tulsa, OK 74114

A.G. Hill
107 Garrison Street
Abilene, TX

Alinda Hunt Hill Trust
700 Mercantile Bank Bldg.
Dallas, Texas

Margaret Hill
700 Mercantile Bank Bldg.
Dallas, Texas

*Hooper, Kimball & Williams, Inc.
Suffolk Co., MA

Keener Oil Co.
320 S. Boston, Suite 406
Tulsa, OK 74103

Koch Ind., Inc. *HT H*
Box 2256
Wichita, Kansas 67201

Kodine Petroleum
5700 S. Quebec #320
Englewood, CO 80111

Earl Lang
c/o Four Corners Drilling Company
P O Box 1067
Farmington, NM 87499

George Mallon *Present at H*
Mallon Oil *Agents*
1616 Glenarm
Denver, CO 80201

Jerome P. McHugh *AT H*
650 South Cherry, Suite 1225
Denver, CO 80222

Peter J. McMahon
320 S. Boston Ave., Suite 1605
Tulsa, OK 74103

*Insufficient address
for mailing

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Salt Lake City, UT 84147

Mountain States Natural Gas Corp.
Box 35426
Tulsa, OK 74543

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Denver, CO 80202

Northwest Pipeline Company
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Denver, CO 80202

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

P.C. Limited
Box 911
Breckenridge, Texas 76024

E. A. Phillips
Mesa Grande Resources
1200 Philtower Building
Tulsa, OK 74103

Reading & Bates Production
3200 Midcontinent Tower
Tulsa, OK 74103

Southland Royalty Corp.
Attn: Bob Fielder
P O Drawer 570
Farmington, NM 87499

L.B. Stableford
1010 Central Bldg.
Wichita, Kansas

Betsy Stone
c/o Lewis Beach
430 Mayo Bldg.
Tulsa, OK 74103

Duer Wagner, Jr.
2906 Texas American Bank Bldg.
Ft. Worth, Texas