



dugan production corp.

December 20, 1977

Al R. Kendrick
Supervisor, District III
New Mexico Oil Conservation Commission
1000 Rio Brazos Road
Aztec, NM 87410

Re: Sunset Lease
Jicarilla Apache Tribal Contract No. 37-A
Rio Arriba County, New Mexico

A New Dawn #1 Well - *L-14-24-5*
Rio Arriba County, New Mexico

Dear Al:

We are in receipt of your letter dated December 14, 1977 requesting a division of production for the captioned well as required by the NMOCC Order No. R-5002 dated April 29, 1975.

As you are probably aware, we spudded the A New Dawn #1 Well on October 2, 1977. After drilling to a total depth of 6,825 feet, we completed the well by commingling the Otero Gallup oil pool and the Basin Dakota gas pool in the wellbore.

The well was tested after its completion date of November 16, 1977 by certain employees of Dugan Production Corp. and also by certain employees of Northwest Pipeline Corporation. It is the professional opinion of Thomas A. Dugan after reviewing these tests as well as his personal involvement in the completion of this well that the allocation of the production from these two zones should be as follows:

<u>Gas Production</u>	
Basin Dakota	95%
Otero Gallup	5%
<u>Oil Production</u>	
Basin Dakota	10%
Otero Gallup	90%



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Accordingly, we hereby propose the adoption by the New Mexico Oil Conservation Commission of the above allocation for the oil and gas production from this well.

Respectfully submitted,

A handwritten signature in cursive script that reads "Rick Tully".

Richard Tully
Landman

xc: Joe D. Ramey
Secretary-Director
New Mexico Oil Conservation Commission
Box 2088
Santa Fe, NM 87501