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STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

July 29, 1997

RECEIVED
AUG - 1 1997
OIL CON. DIV
DIST. 3

Dugan Production Corp.
P. O. Box 420
Farmington, New Mexico 87499-0420
Attention: Kurt Fagrelus

Corrected Administrative Order NSL-3840

Dear Mr. Fagrelus:

Reference is made to your application dated June 30, 1997 for a non-standard Basin-Fruitland coal gas well location for your existing Bisti State Well No. 1 (API No. 30-045-25834), which was drilled in 1984 and completed in the Bisti-Lower Gallup Oil Pool at a standard oil well location 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 2, Township 25 North, Range 13 West, NMPM, San Juan County, New Mexico.

It is our understanding that the Gallup interval will be properly plugged back and said well will be recompleted to the Basin-Fruitland Coal (Gas) Pool, which pursuant to the "*Special Rules and Regulations for the Basin-Fruitland Coal (Gas) Pool*", as promulgated by Division Order No. R-8768, as amended, is off-pattern and unorthodox. Further, Lots 3 and 4, the S/2 NW/4, and the SW/4 (the W/2 equivalent) of said Section 2 is to be dedicated to the well to form a standard 319.57-acre gas spacing and proration unit for said pool.

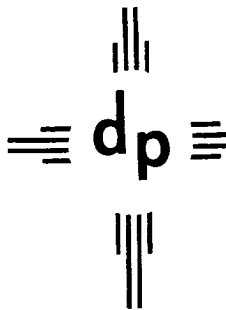
By the authority granted me under the provisions of Rule 8 of said Order No. R-8768, as amended, the above-described unorthodox coal gas well location is hereby approved.

Sincerely,

William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Aztec
New Mexico State Land Office - Santa Fe



dugan production corp.

June 30, 1997

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

RECEIVED
IN JUL - 2 1997
OIL CON. DIV.
SANTA FE

**Subject: *Administrative Approval of Unorthodox Location
 Dugan Production Corp.
 Bisti State #1
 1980' FNL & 660' FWL Sec. 2, T25N, R13W, NMPM
 San Juan County, NM
 Basin Fruitland Coal***

Dear Mr. Stogner:

Dugan Production Corp. requests administrative approval for an unorthodox location for its Bisti State #1 well under the provisions of NMOCD Order No. R-8768.

The subject well is currently completed in the Gallup formation and it is nonproductive. It is intended to abandon the Gallup zone and recomplete in the Basin Fruitland Coal.

A copy of this application is being submitted to all offset operators by certified mail with a request that they furnish your office in Santa Fe a Waiver of Objection.

Attached is a well location plat showing dedicated acreage, a well location map and a map showing all offsetting operators.

Sincerely,

Kurt Fagrelus
Kurt Fagrelus

KF/cg

cc: New Mexico Oil Conservation Division, Aztec
 Bureau of Land Management, Farmington
 Offset Operator (Central Resources)

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30 045 25834		² Pool Code 71629		³ Pool Name Basin Fruitland Coal	
⁴ Property Code 16429		⁵ Property Name Bisti State			⁶ Well Number 1
⁷ OGRID No. 006515		⁸ Operator Name Dugan Production Corp.			⁹ Elevation 6265' GL

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South Line	Feet from the	East/West line	County
E	2	25N	13W		1980	North	660	West	San Juan

¹¹ Bottom Hole Location If Different From Surface

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

¹² Dedicated Acres 320	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

	<p>¹⁷ OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i></p> <p><i>John Alexander</i> Signature John Alexander Printed Name Vice-President Title 6/27/97 Date</p>
	<p>¹⁸ SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p>March 9, 1981 Date of Survey Signature and Seal of Professional Surveyer: Original signed by Fred B. Kerr, Jr. 3950 Certificate Number</p>

APPLICATION FOR
UNORTHODOX LOCATION
DUGAN PRODUCTION CORP.
BISTI STATE NO. 1
UNIT E, SEC. 2, T25N, R13W
SAN JUAN COUNTY, NM
BASIN FRUITLAND COAL
OFFSET OPERATOR MAP

