



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

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

Corrected Administrative Order NSL-3840

Dear Mr. Fagrelius:

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. Lell Director

WJL/MES/kv

cc: Oil Conservation Division - Aztec

New Mexico State Land Office JSanta Fe



dugan production corp.



June 30, 1997

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

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 Fagrelius
Kurt Fagrelius

KF/cg

cc:

New Mexico Oil Conservation Division, Aztec

Bureau of Land Management, Farmington Offset Operator (Central Resources)

District 1 PO Box 1980, Hobbs, NM 88241-1980 District II PO Drawer DD, Artesla, NM 88211-0719 District III 1000 Rio Brazos Rd., Aztec, NM 87410 District IV

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

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Certificate Number

APPLICATION FOR UNORTHODOX LOCATION

DUGAN PRODUCTION CORP.

BISTI STATE NO. I

UNIT E, SEC. 2, T25N, R13W
SAN JUAN COUNTY, NM
BASIN FRUITLAND COAL
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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

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