



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

April 6, 1998

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OIL CON. DIV.
DIST. 3

Dugan Production Corporation
P. O. Box 420
Farmington, New Mexico 87499-0420
Attention: John Alexander

Administrative Order NSL-3986

Dear Mr. Alexander:

Reference is made to your application dated March 9, 1998 for a non-standard gas well location within the South Gallegos-Fruitland Sand-Pictured Cliffs Pool for the existing Navajo "L" Well No. 1 (API No. 30-045-05930), which was drilled by Skelly Oil Company in 1958 and is located 1980 feet from the South line and 660 feet from the East line (Unit I) of Section 11, Township 26 North, Range 12 West, NMPM, San Juan County, New Mexico. The SE/4 of said Section 11 is to be dedicated to said well to form a standard 160-acre gas spacing and proration unit for said pool.

The application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division").

By the authority granted me under the provisions of Division General Rule 104.F(2), the above-described unorthodox gas well location is hereby approved.

Sincerely,


Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec /
U.S. Bureau of Land Management - Farmington