



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
BETTY RIVERA
Cabinet Secretary

May 21, 2002

Lori Wrotenbery
Director
Oil Conservation Division

Texakoma Oil & Gas Corporation
One Lincoln Center
5400 LBJ Freeway – Suite 500
Dallas, Texas 75240

Attention: Tom Sprinkle

RE: *Administrative application for Texakoma Oil & Gas Corporation's proposed Black Hills "16" Well No. 1 (API No. 30-045-31077) to be drilled within the S/2 of Section 16, Township 26 North, Range 13 West, NMPM, San Juan County, New Mexico at an off-pattern unorthodox coal gas well location 772 feet from the South line and 701 feet from the East line (Unit P) of Section 16 (application reference No. pKRV0-213545806).*

Dear Mr. Sprinkle:

The Division is in receipt of an objection from Dugan Production Corporation to the subject application; see copy of letter dated May 10, 2002 attached.

This application will therefore be set for hearing before a Division Hearing Examiner on the next available docket scheduled for June 13, 2002. I have prepared the following advertisement in this matter:

"Application of Texakoma Oil & Gas Corporation for an unorthodox coal gas well location, San Juan County, New Mexico. Applicant seeks approval to drill its proposed Black Hills "16" Well No. 1 (API No. 30-045-31077) at an off-pattern non-standard coal gas well location 772 feet from the South line and 701 feet from the East line (Unit P) of Section 16, Township 26 North, Range 13 West, which is located approximately 17 miles south of Farmington, New Mexico. The S/2 of Section 16 is to be dedicated to this well in order to form a standard 320-acre lay-down gas spacing and proration unit for the Basin-Fruitland Coal (Gas) Pool."

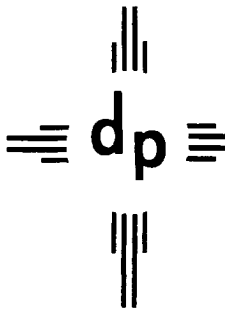
Should you have any questions concerning this matter, please contact me in Santa Fe at (505) 476-3465.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

MES/kv

cc: New Mexico Oil Conservation Division - Aztec
New Mexico State Land Office – Santa Fe
Dugan Production Corporation, Attention: Kurt H. Fagrelus – Farmington
Kathy Vades, NMOCD – Santa Fe



dugan production corp.

MAY 13 2002

May 10, 2002

New Mexico Oil Conservation Division
Attn: Michael E. Stogner
1220 South St. Francis Drive
Santa Fe, New Mexico 87504

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Re: Objection to Administrative Approval of the Texakoma Black Hills 16 #1
Unorthodox Fruitland Coal Well (Sec. 16, T26N, R13W).

Dear Mr. Sluetz:

By copy of this letter, Dugan Production Corp. hereby objects to Texakoma's request for administrative approval for the Black Hills #1 unorthodox Fruitland Coal gas well in the S/2 of Section 16, Township 26 North, Range 13 West, NMPM, San Juan County, New Mexico. Dugan Production is notifying Texakoma of its objection to the application and requests that the New Mexico Oil Conservation Division schedule this matter for public hearing.

Sincerely,

Kurt H. Fagrelus
Geologist