

dugan production corp.

August 16, 1989

Mr. David Catanach
New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87504

Re: NMOCD Case #9572

Application of Dugan Production Corp. for
Non-Standard Gas Spacing & Proration Unit
Knauff #1 - Basin Fruitland Coal Gas Pool
NW/4 of Section 31, T28N, R10W, NMPM
San Juan County, NM

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AUG 17 1989
OIL CONSERVATION
DIST. 3

Dear Mr. Catanach:

I am writing to confirm our phone conversation this morning during which I requested that the Oil Conservation Division dismiss our application for the captioned non-standard spacing and proration unit. Dugan Production has reached an agreement with Meridian Oil wherein Dugan Production's interest in the Knauff #1 is being purchased by Meridian Oil and it is my understanding that Meridian intends to establish a standard 320 acre spacing unit for the Knauff #1 Basin Fruitland gas pool completion.

Please take the necessary steps to dismiss this case from the August 23, 1989 docket and consider this matter resolved with respect to Dugan Production Corp.

By copy of this letter, we are notifying the offset operators, Meridian Oil, and the Aztec Oil Conservation Division office.

Should you have any questions or need additional information, please feel free to contact me.

Sincerely,

John D. Roe

John D. Roe
Petroleum Engineer

JDR/cg

cc: Offsetting Operators (Address List Attached)
✓NMOCD, Aztec
Tom Kellahin
Tommy Roberts