

**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 #9573**  
Application of Dugan Production Corp. for  
Non-Standard Gas Spacing & Proration Unit  
**Hana #1** - Basin Fruitland Coal Gas Pool  
NE/4 of Section 18, T29N, R11W, NMPM  
San Juan County, NM

**RECEIVED**  
AUG 17 1989  
OIL CON. DIV  
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. After extensive negotiations with Meridian Oil, Dugan Production has decided to establish a standard 320 acre spacing unit for the Basin Fruitland Coal completion or abandon the Basin Fruitland Coal completion in this wellbore. Our exact plan is dependant upon the election of the four other working interest owners in this well in addition to Dugan Production. No matter which option we pursue, the need for the subject application no longer exists.

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

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)  
✓ NMCOD, Aztec  
Tommy Roberts  
Tom Kellahin

Offsetting Operators & Owners  
Dugan Production's Hana #1 Well:

Southland Royalty Company  
801 Cherry  
Ft. Worth, TX 76102

Southern Union Gas Company  
Renaissance Tower  
1201 Elm Street, Suite 1800  
Dallas, Texas 75270-2090

Meridian Oil  
P.O. Box 4289  
Farmington, NM 87499