



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

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Cabinet Secretary

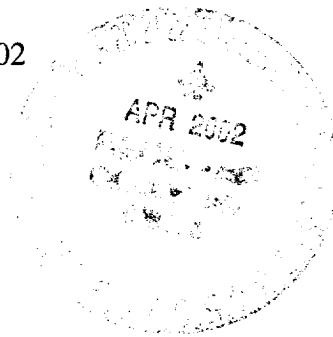
Lori Wrotenbery

Director

Oil Conservation Division

April 11, 2002

Dugan Production Corporation
709 East Murray Drive
PO Box 420
Farmington, New Mexico 87499
Attention: Kurt Fagrelus



Administrative Order NSL-4718

Dear Mr. Fagrelus:

Reference is made to the following: (i) your application dated March 21, 2002 (*application reference No. pKRV0208536498*), which was received by the New Mexico Oil Conservation Division ("Division") in Santa Fe on March 22, 2002; and (ii) the Division's records in Santa Fe and Aztec: all concerning Dugan Production Corporation's request to drill its proposed Federal I Well No. 90 (**API No. 30-045-31032**) at an off-pattern non-standard coal gas well location 2605 feet from the North line and 660 feet from the West line (Unit E) of Section 11, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico. This well location is non-standard because of its NW/4 location rather than a standard location in the SW/4.

The W/2 of Section 11 is to be dedicated to this well in order to form a standard 320-acre (specifically 316.11 acres) stand-up gas spacing and proration unit for the Basin-Fruitland Coal Gas Pool (**71629**).

You have provided notice as required to offset interest owners and no objections have been received by this office within the 20 day suspense period. By the authority granted me under the provisions of Rule 8 of the "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*," as promulgated by Division Order No. R-8768, as amended, the above-described unorthodox coal gas well location is hereby approved.

Sincerely,

Lori Wrotenbery
Director

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LW/WVJ/kv

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