



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

Bill Richardson
Governor
Joanna Prukop
Cabinet Secretary

April 28, 2003

Lori Wrotenbery
Director
Oil Conservation Division

Dugan Production Corporation
P. O. Box 420
Farmington, New Mexico 87499-0420
Attention: Kurt H. Fagrelius
kfagrelius@duganproduction.com

Telefax No. (505) 327-4613

Administrative Order NSL-4869

Dear Mr. Fagrelius:

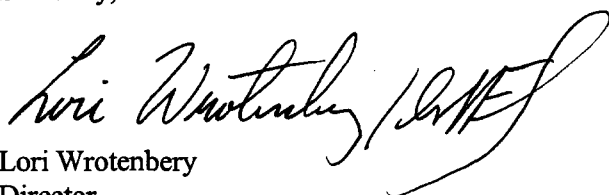
Reference is made to the following: (i) your application dated April 4, 2002 (*administrative application reference No. pKRV0-309853581*); and (ii) the New Mexico Oil Conservation Division's ("Division") records in Santa Fe and Aztec: all concerning Dugan Production Corporation's request to drill its proposed Federal "I" Com. Well No. 9 at an unorthodox Fruitland sand/Pictured Cliffs gas well location 1170 feet from the North line and 2440 feet from the West line (Unit C) of Section 12, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico.

The NW/4 of Section 12 is to be dedicated to this well in order to form a standard 160-acre gas spacing unit for the Undesignated Harper Hill Fruitland Sand-Pictured Cliffs Pool (78160).

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Fruitland sand/Pictured Cliffs 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