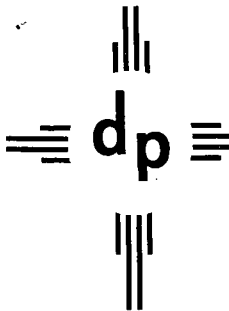


Release April 9, 1986

B4 DEC
OK as per RLS



dugan production corp.

Frank Chavez
New Mexico Oil Conservation Division
1000 Rio Brazos Rd.
Aztec, NM 87410

March 11, 1986

NSL- 2255
RULE-104 (I)

Gavilans Mancos Pool - 320 Acres
dedicated.
E/2 Section 35

Re: Application for Administrative Approval of
Unorthodox Location for Dugan Production Corp.
Divide #2, 990' FSL & 1200' FEL, Sec. 35, T26N, R2W, NMPM
Rio Arriba County, NM - Mancos Test

Dear Mr. Chavez:

We hereby request approval of an unorthodox location for the subject well. Copies of the well location plat, topographic map, a map showing offsetting operators and a production map are attached for your reference.

The unorthodox location is necessary due to topographic conditions; steep sandstone bluffs with narrow dendritic drainage.

A copy of this application is being submitted to all offsetting operators by certified mail with a request that they furnish your office with a waiver of objection.

We request your approval of this location under the provisions of NMOCD Rule 104-F.

Sincerely,

Sherman E. Dugan
Geologist

cg

cc: Michael W. Murphy
Southland Royalty
Mallon Oil
R.K. O'Connell

RECEIVED
MAR 14 1986
OIL CON. DIV./
DIST. 3

WAIVER

_____ hereby waives objection to the above application for
unorthodox location.

Date

By:

All distances must be from the outer boundaries of the Section.

Operator Dugan Production Corporation		Lease Divide		Well No. 2
Unit Letter P	Section 35	Township 26 North	Range 2 West	County Rio Arriba
Actual Footage Location of Wells: 990 feet from the South line and 1200 feet from the East line				
Ground Level Elev. 7700	Producing Formation Mancos	Pool Gavilan Mancos	Dedicated Acreage: 320 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Division.

SEC 35

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MAR 14 1986
OIL CON. DIV.
DIST. 3

Dugan Prod. Corp.
1200
Ls. # NM 28709
990

CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Sherman E. Dugan
Name Sherman E. Dugan

Position Geologist

Company Dugan Production Corp.

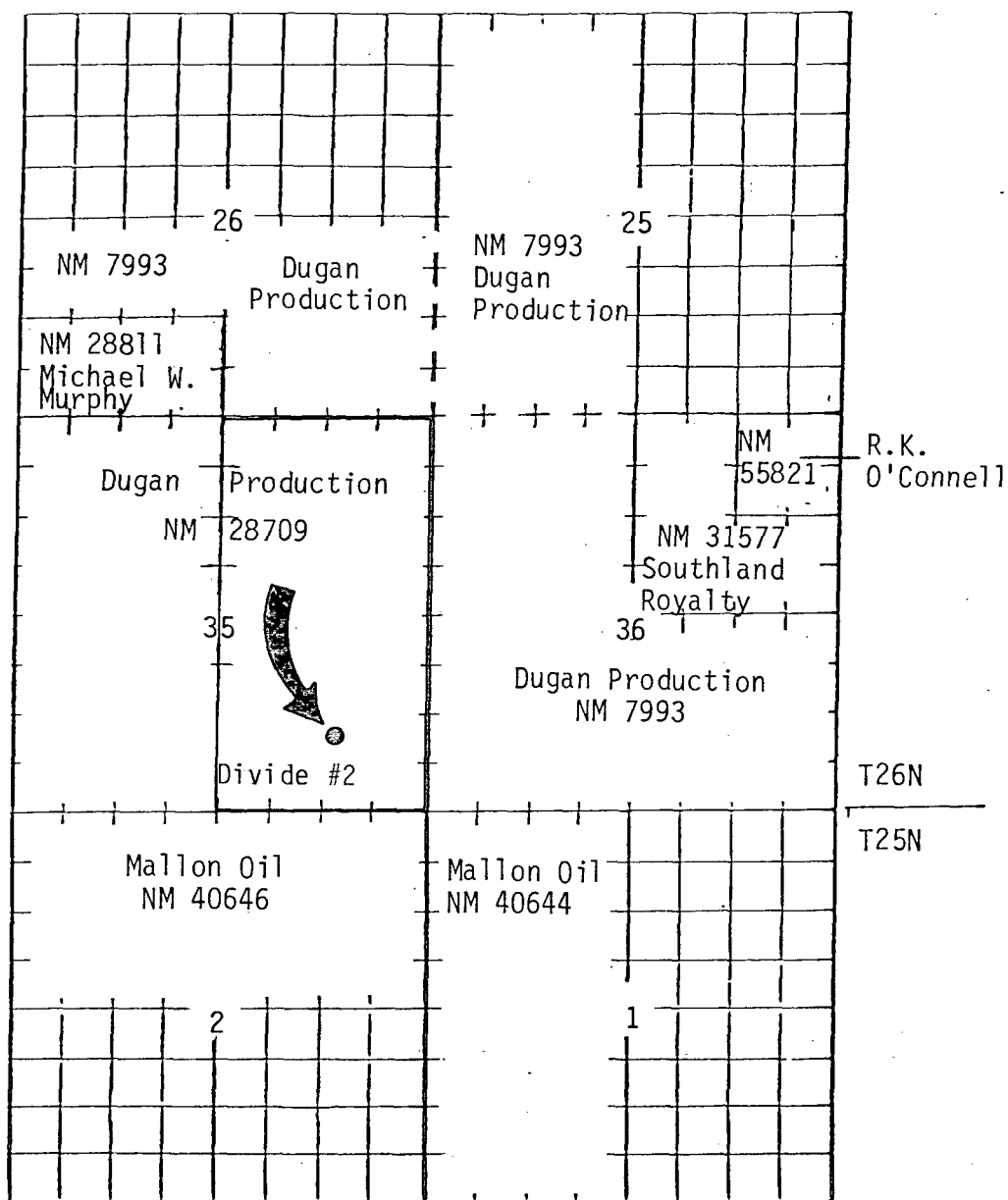
Date 2-10-86

Edgar L. Risenhoover
I hereby certify that the location shown on this plat was made by me or under my supervision and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed September 9, 1985
Registered Professional Engineer and/or Land Surveyor

Edgar L. Risenhoover
Certificate No. 5979
Edgar L. Risenhoover, L.S.

0 330 660 990 1320 1650 1980 2310 2640 2970 3300 3630 3960 4290 4620 4950 5280 5610 5940 6270 6600



R-2-W

UNORTHODOX LOCATION APPLICATION

Dugan Production Corp.

Divide #2

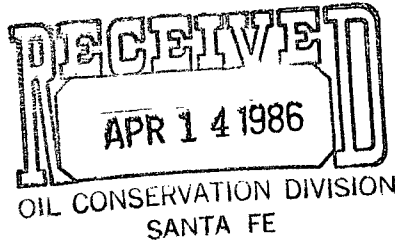
990' FSL & 1200' FEL, Sec. 35, T26N, R2W, NMPM
Rio Arriba County

Map of Off-Setting Operators

320 Acre Proration Unit

MERIDIAN OIL

NS 2255



April 9, 1986

N.M. Oil Conservation Division
Attention: Mr. Gilbert Quintana
P.O. Box 2088
Santa Fe, NM 87501

Re: Application for Unorthodox Location
Dugan Production Corporation
Divide #2 Well
Divide #3 Well
Mancos Test
Rio Arriba County, New Mexico

Gentlemen:

Enclosed please find a copy of a letter regarding each of the referenced wells directed to you from Dugan Production Corporation dated March 11, 1986, regarding the referenced unorthodox locations. Please note that Meridian Oil Inc., as agent for El Paso Natural Gas Company and Southland Royalty Company has waived its objection to Dugan's applications.

Should you need any additional information from this office, please contact the undersigned.

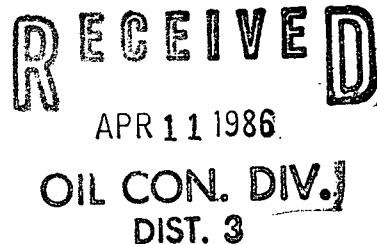
Yours very truly,

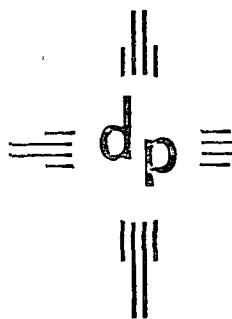
A handwritten signature in cursive script, appearing to read "Van L. Goebel".

Van L. Goebel
Landman

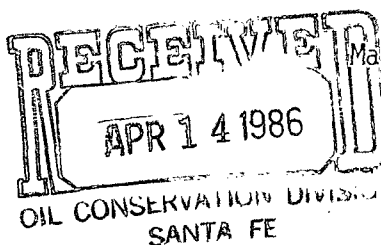
VLG/tlm
Enclosures
Dugan Correspondence
Doc. #0731L

cc: Dugan Production Corporation





dugan production corp.



March 11, 1986

Frank Chavez
New Mexico Oil Conservation Division
1000 Rio Brazos Rd.
Aztec, NM 87410

Re: Application for Administrative Approval of
Unorthodox Location for Dugan Production Corp.
Divide #2, 990' FSL & 1200' FEL, Sec. 35, T26N, R2W, NMPM
Rio Arriba County, NM - Mancos Test

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Sincerely,

Sherman E. Dugan
Geologist

cg

cc: Michael W. Murphy
Southland Royalty ✓
Mallon Oil
R.K. O'Connell



WAIVER

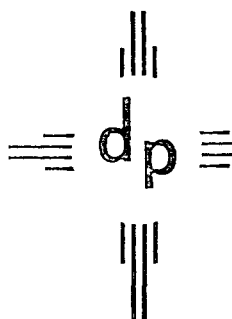
Southland Royalty hereby waives objection to the above application for unorthodox location.

4-9-86
Date

By:

SIGN & RETURN
THIS COPY

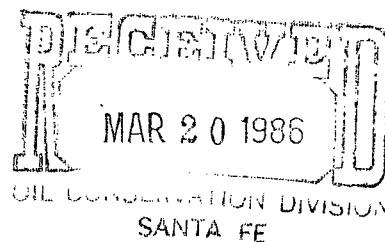
to NMOCD
1000 Rio Brazos
Aztec, NM 87410



dugan production corp.

March 11, 1986

Frank Chavez
New Mexico Oil Conservation Division
1000 Rio Brazos Rd.
Aztec, NM 87410



Re: Application for Administrative Approval of
Unorthodox Location for Dugan Production Corp.
Divide #2, 990' FSL & 1200' FEL, Sec. 35, T26N, R2W, NMPM
Rio Arriba County, NM - Mancos Test

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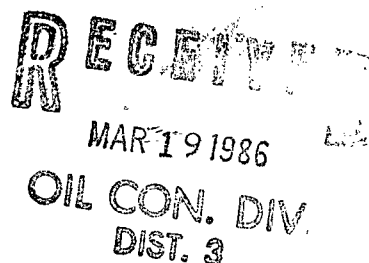
A copy of this application is being submitted to all offsetting operators by certified mail with a request that they furnish your office with a waiver of objection.

We request your approval of this location under the provisions of NMOCD Rule 104-F.

Sincerely,

Sherman E. Dugan
Geologist

cg
cc: Michael W. Murphy
Southland Royalty
Mallon Oil
R.K. O'Connell✓



WAIVER

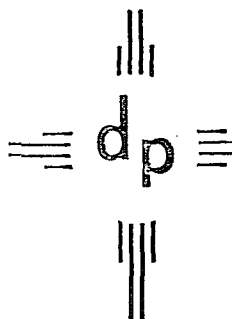
R.K. O'Connell hereby waives objection to the above application for unorthodox location.

3-17-86
Date

By:

**SIGN & RETURN
THIS COPY**

to NM OCD
1000 Rio Brazos
Aztec, NM 87410



dugan production corp.

March 11, 1986

Frank Chavez
New Mexico Oil Conservation Division
1000 Rio Brazos Rd.
Aztec, NM 87410

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MAR 31 1986
OIL CON. DIV.
DIST. 3

Re: Application for Administrative Approval of
Unorthodox Location for Dugan Production Corp.
Divide #2, 990' FSL & 1200' FEL, Sec. 35, T26N, R2W, NMPM
Rio Arriba County, NM - Mancos Test

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We request your approval of this location under the provisions of NMOC D Rule 104-F.

Sincerely,

Sherman E. Dugan
Geologist

cg

cc: Michael W. Murphy
Southland Royalty
Mallon Oil
R.K. O'Connell

WAIVER

Mallon Oil hereby waives objection to the above application for unorthodox location.

24 Mar 86
Date

By:

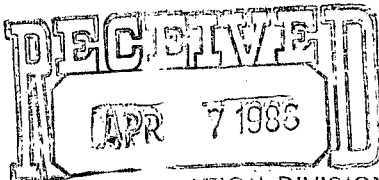
**SIGN & RETURN
THIS COPY**

to NMOC D
1000 Rio Brazos
Aztec, NM 87410



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE



1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-6178

OIL CONSERVATION DIVISION
BOX 2088
SANTA FE, NEW MEXICO 87501

OIL CONSERVATION DIVISION
SANTA FE

DATE 4-3-86

RE: Proposed MC _____
Proposed DHC _____
Proposed NSL X _____
Proposed SWD _____
Proposed WFX _____
Proposed PMX _____

Gentlemen:

I have examined the application dated 3-14-86
for the Dugan Prod. Co. Divide #2 P-35-26N-2W
Operator Lease and Well No. Unit, _____

and my recommendations are as follows:

Approve

Yours truly,

Sam R. Bush