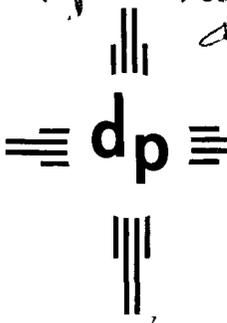


B4 DEC

Release May 12, 1986
Objection withdrawn



dugan production corp.

March 11, 1986

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

~~Case 8879~~

NSL-2267
RULE-104F(I)

Re: Application for Administrative Approval of
Unorthodox Location for Dugan Production Corp.
Divide #3, 1780' FSL & 2120' FWL, Sec. 35, T26N, R2W, NMPM
Rio Arriba County, NM - Mancos Test

Cavium Mancos Pool
320 Avenida, W. Aztec 35

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) and the existence of a Ciniza Oil pipeline.

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
Sherman E. Dugan
Geologist

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

cg
cc: El Paso Natural Gas Co.
Margaret Hill
Alinda Hunt Hill Trust
David Schaffnit

Bureau of Land Management
Michael W. Murphy
Mallon Oil
Amoco Production

WAIVER

hereby waives objection to the above application for unorthodox location.

Date

By:

OIL CONSERVATION DIVISION

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

Form C-102
Revised 10-1-78

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

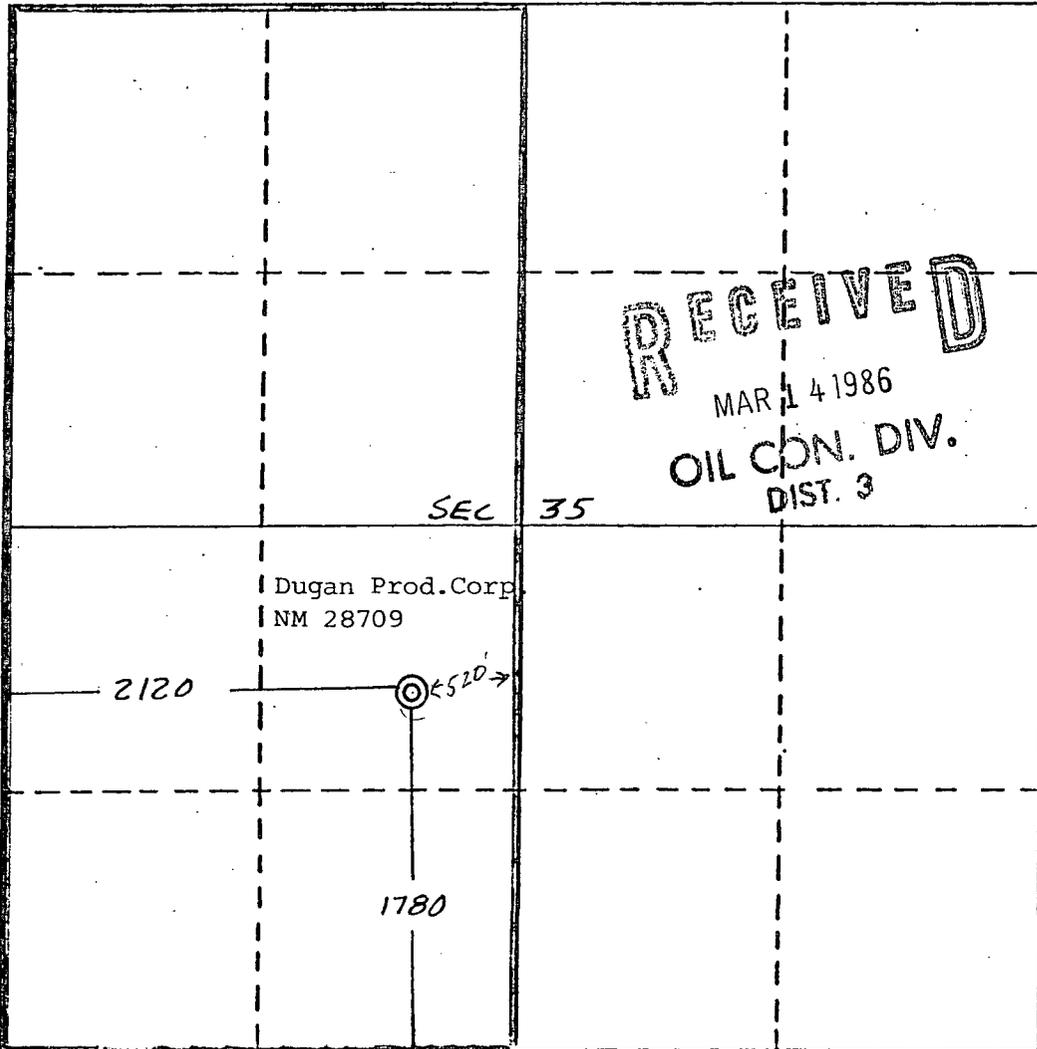
Operator Dugan Production Corporation		Lease Divide		Well No. 3
Unit Letter K	Section 35	Township 26 North	Range 2 West	County Rio Arriba
Actual Footage Location of Well: 1780 feet from the South line and 2120 feet from the West line				
Ground Level Elev. 7695	Producing Formation Mancos	Pool Gavilan Mancos	Dedicated Acreage: 320 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure 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.



CERTIFICATION

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

Name Jim L. Jacobs

Position Geologist

Company Dugan Production Corp.

Date 2-27-86

EDGAR L. RISENHOOVER
REGISTERED PROFESSIONAL ENGINEER
AND/OR LAND SURVEYOR
NEW MEXICO
5979

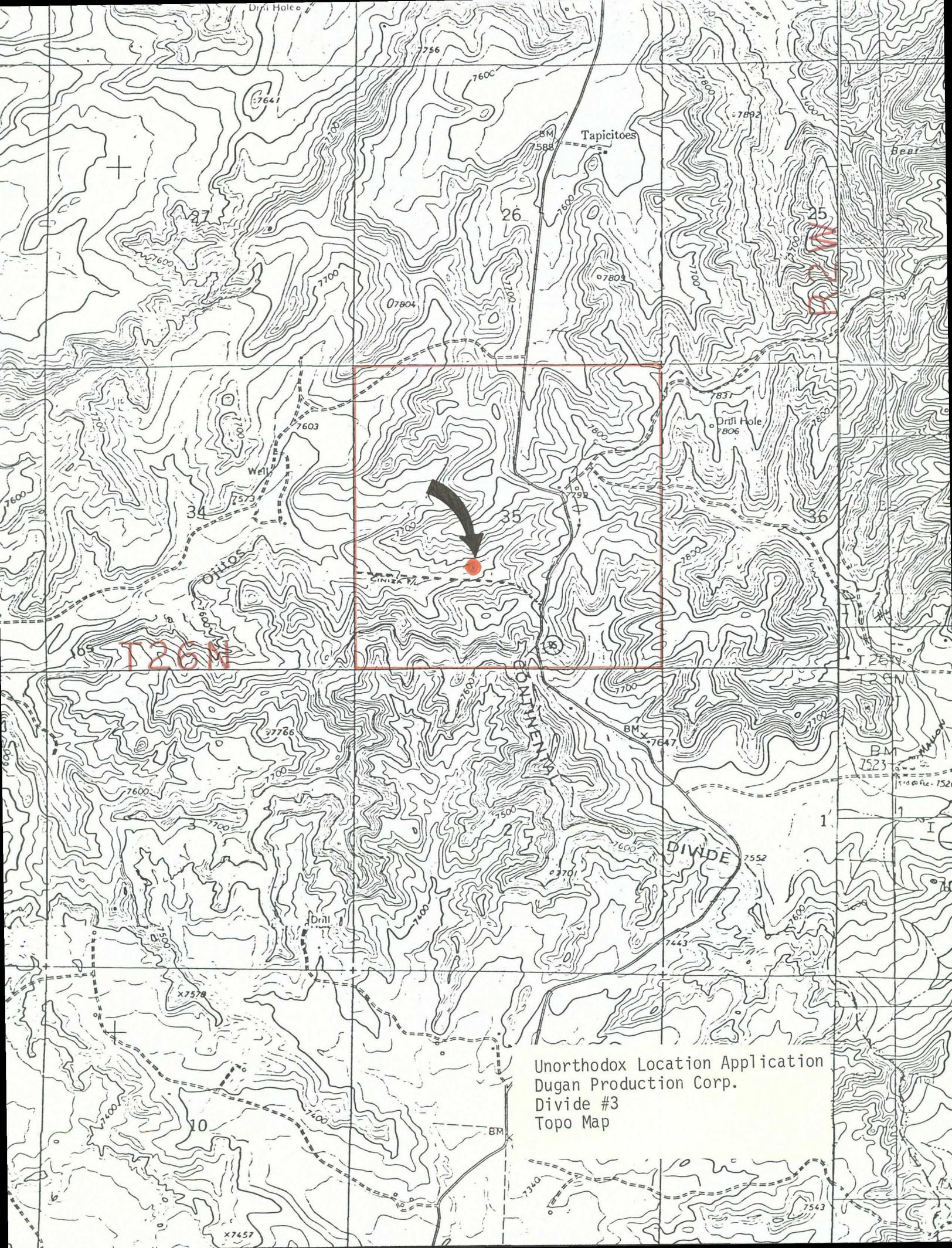
Date Surveyed January 29, 1986

Registered Professional Engineer and/or Land Surveyor

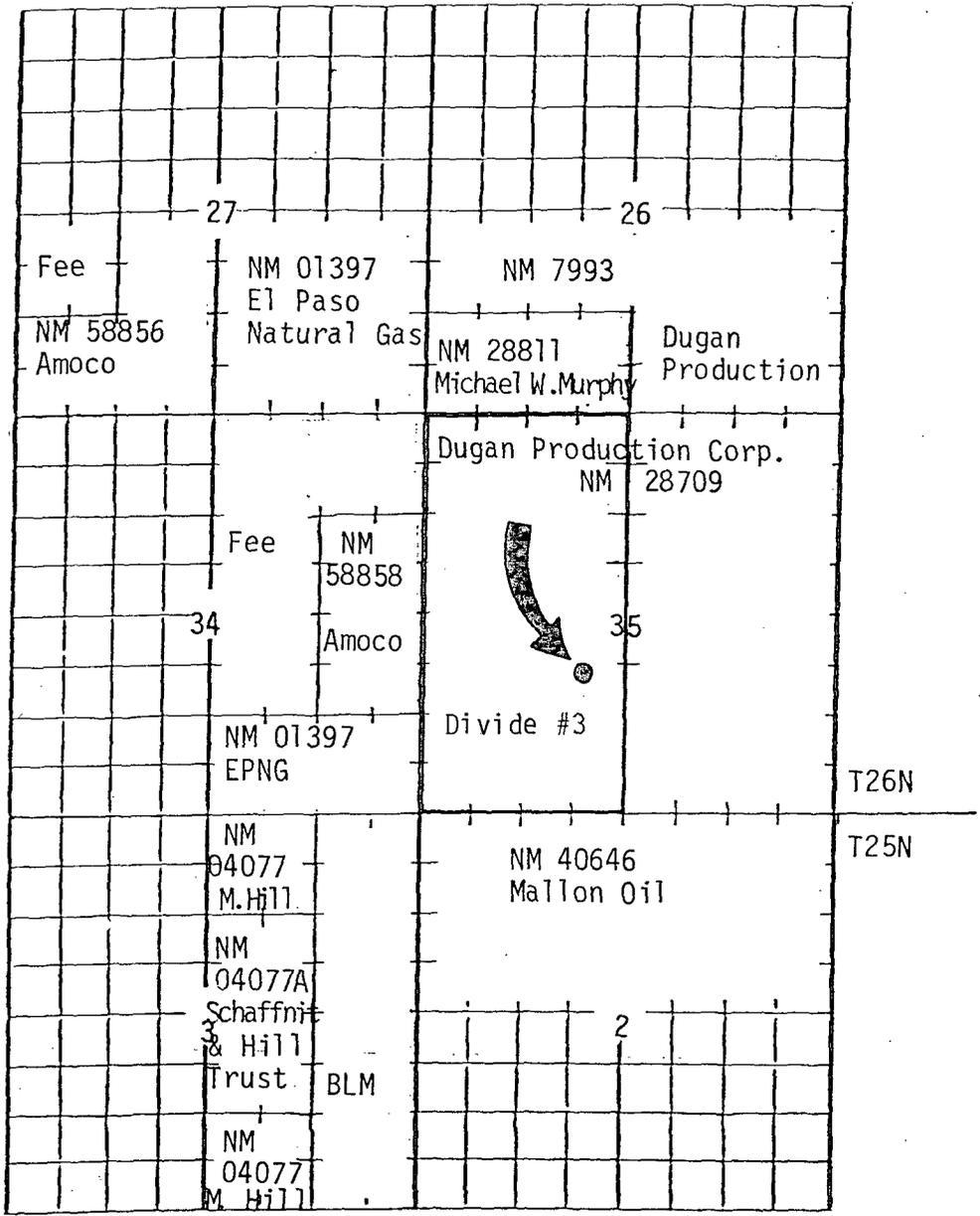
Edgar L. Risenhoover

Certificate No. 5979

Edgar L. Risenhoover, I.S.



Unorthodox Location Application
Dugan Production Corp.
Divide #3
Topo Map



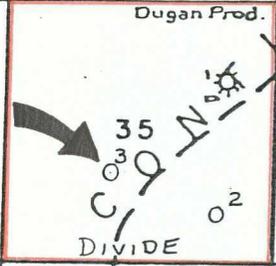
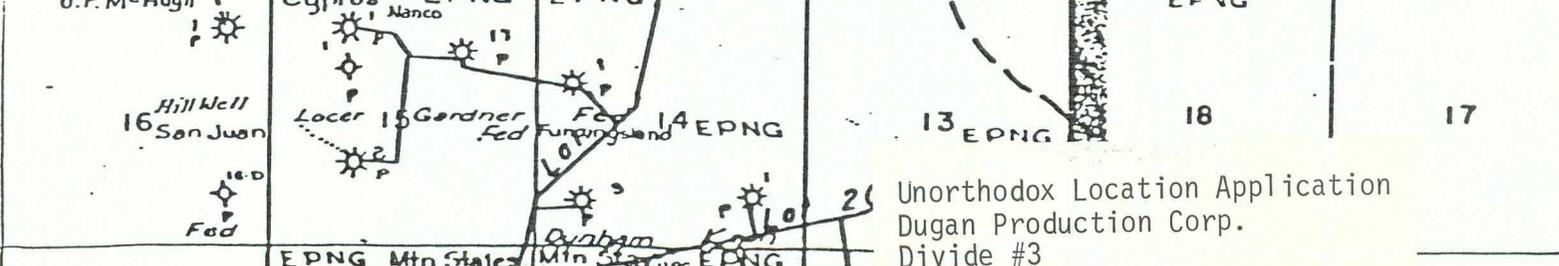
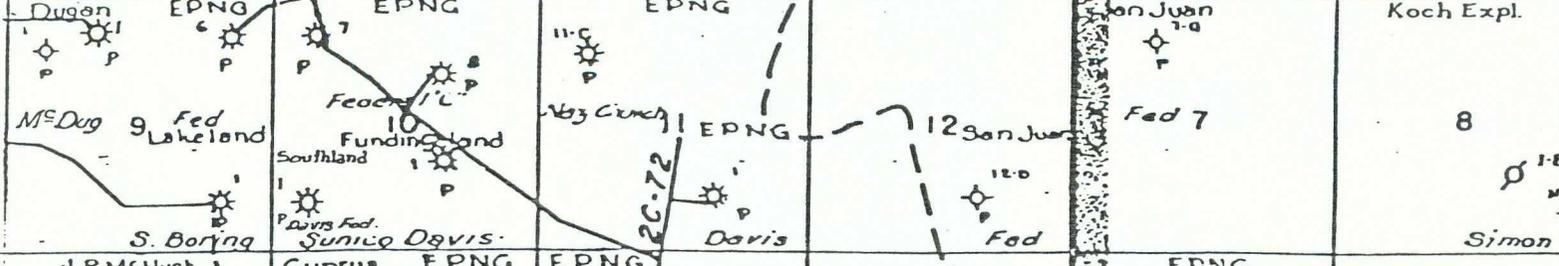
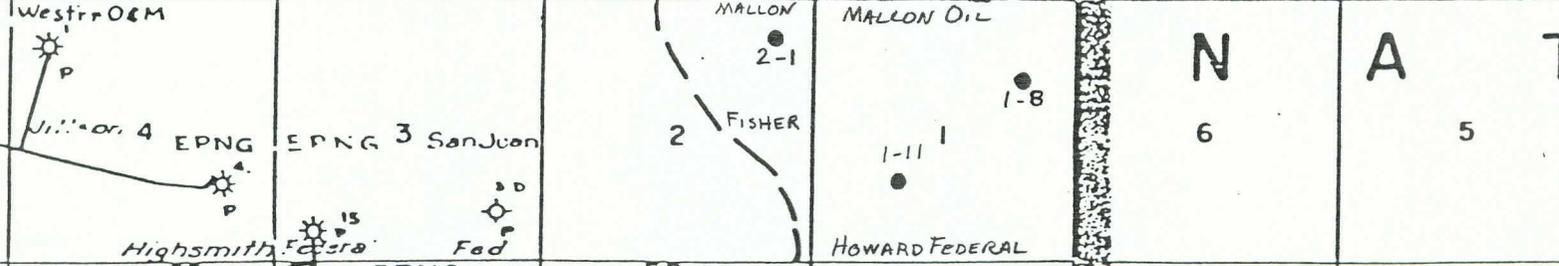
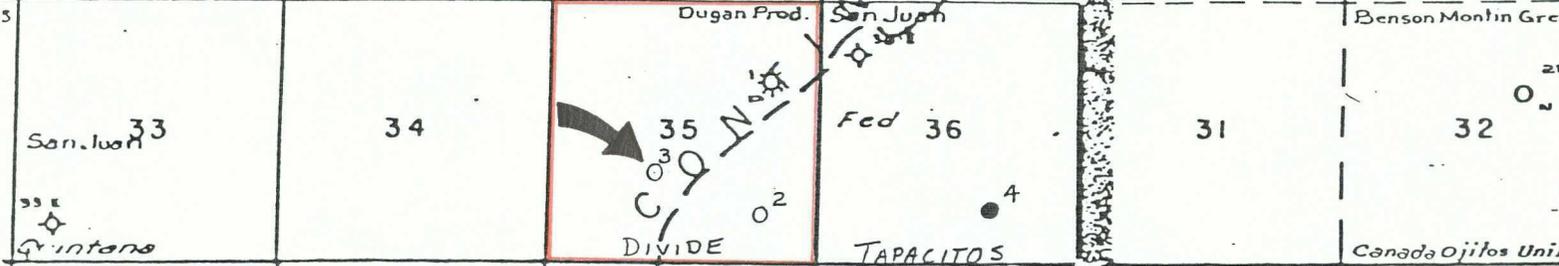
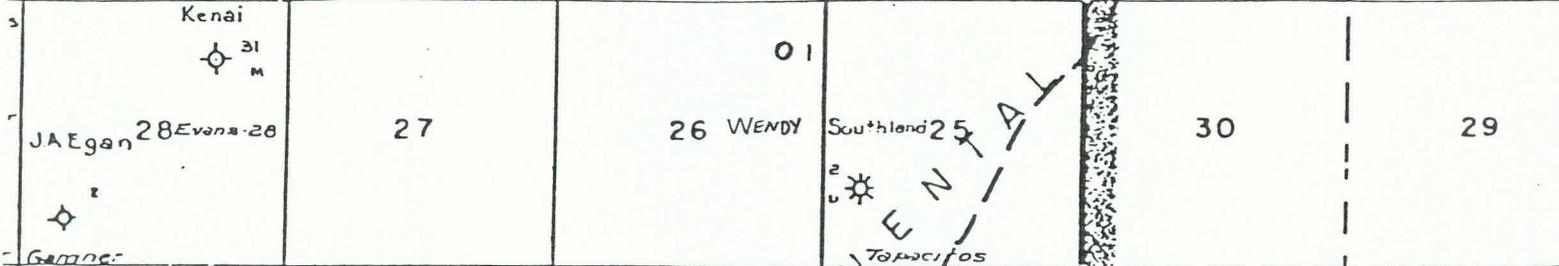
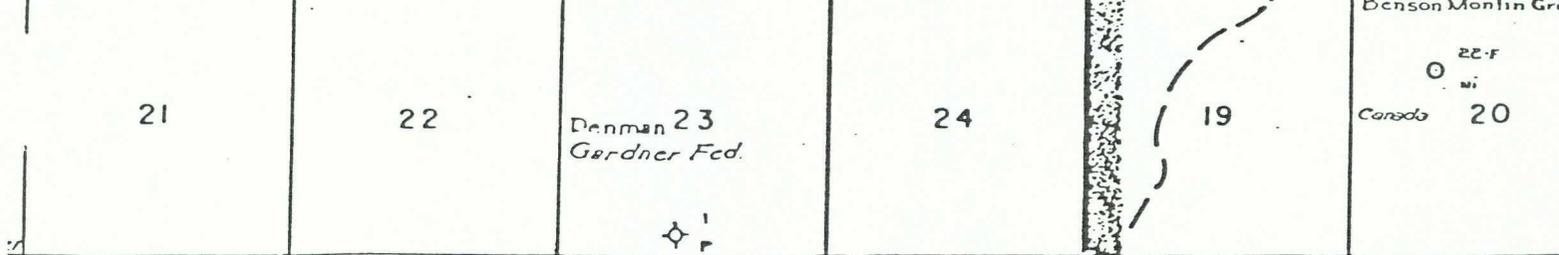
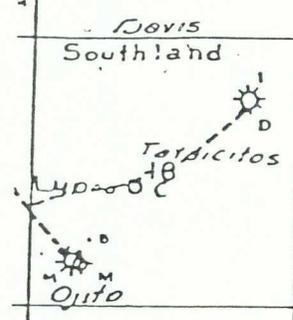
R-2-W

Unorthodox Location Application
 Dugan Production Corp.
 Divide #3
 1780' FSL & 2120' FWL, Sec. 35, T26N, R2W, NMPM
 Rio Arriba County, NM

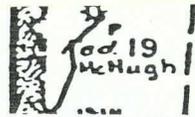
Map of Off-setting Operators
 320 Acre Proration Unit

T26N

B2W



Unorthodox Location Application
 Dugan Production Corp.
 Divide #3
 Production Map



MALLON OIL COMPANY

2850 Security Life Building, Denver, Colorado 80202
(303) 572-1511

March 24, 1986

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

Attn: Frank Chavez

Re: Application for Administrative Approval of
Unorthodox Location for Dugan Production Corp.
Divide #3, 1780' FSL & 2120' FWL, Sec. 35, T26N, R2W, NMPM
Rio Arriba County, New Mexico - Mancos Test

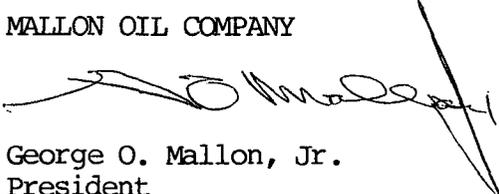
Dear Mr. Chavez:

Mallon Oil Company objects to the application of Dugan Production to request an unorthodox location of the Divide #3. This well should be moved approximately 300 feet west to conform with Gavilan Pool spacing rules. It appears from the topographic maps and aerial photographs that it would not be significant to move to a legal location and avoid the Cinza Pipeline which runs east-west.

Allowing an unorthodox location would crowd effective spacing in the immediate area to less than 160 acre spacing.

Sincerely,

MALLON OIL COMPANY


George O. Mallon, Jr.
President

GOM:sb
Enclosure

cc: Tom Dugan

RECEIVED
MAR 31 1986
OIL CON. DIV
DIST. 3



dugan production corp.



May 7, 1986

Mr. Jeff Taylor
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

RE: Divide #3 Well

Dear Jeff:

Enclosed please find copies of letters dated April 29, 1986 and March 11, 1986 showing the Waiver from Mallon Oil Company. These are being forwarded for your files.

If you have questions concerning the enclosed, please advise.

Sincerely,

Robert G. Stovall
jfr

Robert G. Stovall
Landman

RGS:jfr

Enclosures

MALLON OIL COMPANY

2850 Security Life Building, Denver, Colorado 80202
(303) 572-1511

April 29, 1986

State of New Mexico
Oil Conservation Division
1000 Rio Brazos Road
Aztec, New Mexico 87410

Attn: Mr. Frank Chavez

Re: Application for Administration
Approval of Unorthodox Location
for Dugan Production Corp.
Divide #3, 1780' FSL & 2120' FWL
Sec. 35, T26N, R2W, NMPM
Rio Arriba County, NM-Mancos Test

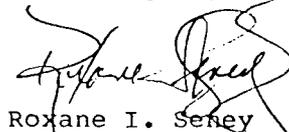
Dear Mr. Chavez:

Enclosed please find an executed copy of Mallon Oil Company's waiver for the unorthodox location for the above captioned well.

If you should have any questions, please advise.

Sincerely,

MALLON OIL COMPANY

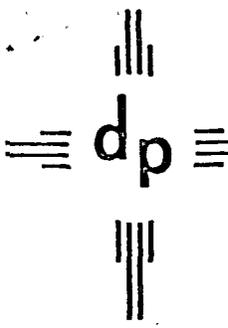


Roxane I. Seney
Production Assistant

RIS:ef
Enclosure

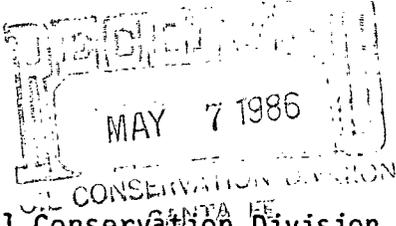
cc: Dugan Production Corp.

709 Bloomfield Road
P.O. Box 208
Farmington, NM 87499-0208



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 #3, 1780' FSL & 2120' FWL, Sec. 35, T26N, R2W, NMPM
Rio Arriba County, NM - Mancos Test

Dear Mr. Chavez:

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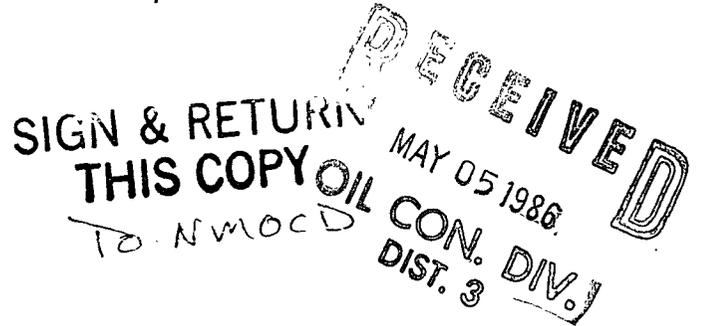
The unorthodox location is necessary due to topographic conditions (steep sandstone bluffs with narrow dendritic drainage) and the existence of a Ciniza Oil pipeline.

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: El Paso Natural Gas Co.
Margaret Hill
Alinda Hunt Hill Trust
David Schaffnit

Bureau of Land Management
Michael W. Murphy
Mallon Oil
Amoco Production

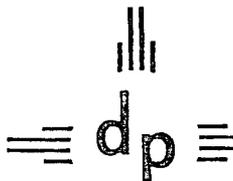
WAIVER

Mallon Oil Company
unorthodox location.

hereby waives objection to the above application for

4-29-86
Date

David L. Mikesh
By: David L. Mikesh, Executive Vice-President



dugan production corp.



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

RECEIVED
APR 14 1986
OIL CONSERVATION DIVISION
SANTA FE

March 11, 1986

RECEIVED
APR 11 1986
OIL CON. DIV. I
DIST. 3

Re: Application for Administrative Approval of
Unorthodox Location for Dugan Production Corp.
Divide #3, 1780' FSL & 2120' FWL, 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 NMOCD Rule 104-F.

Sincerely,

Sherman E. Dugan
Geologist

**SIGN & RETURN
THIS COPY**

To NMOCD

cg

cc: El Paso Natural Gas Co.
Margaret Hill
Alinda Hunt Hill Trust
David Schaffnit

Bureau of Land Management
Michael W. Murphy
Mallon Oil
Amoco Production

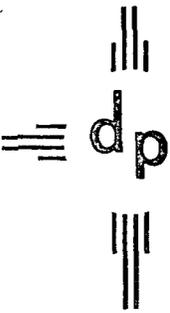
WAIVER

El Paso Natural Gas hereby waives objection to the above application for unorthodox location.

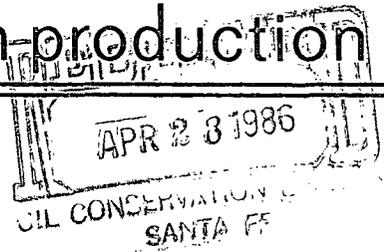
4-4-86

Date

By:



dugan production corp.



April 23, 1986

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

RE: Dugan Production Divide #3 Well
Unorthodox Location Application
Township 26 North, Range 2 West
Section 35: NW/4 SW/4

Dear David:

Enclosed please find a letter which we received from A. G. Hill, Oil Producer, regarding the above.

As I read the letter, it does not appear to be an objection, but rather an unwillingness to grant a waiver in consent to the unorthodox location. Inasmuch as the statewide rules require that they give notice of objection, it is my opinion that this letter does not constitute an objection, and, therefore, the unorthodox location application could be granted administratively.

We had previously received an objection from Mallon Oil Company, but we have reviewed the matter with them and they will be withdrawing their objection to the unorthodox location.

If, after reviewing this information, you agree that the application may be granted administratively, we would appreciate receiving the approval in the very near future. We would also ask at that time that the case 8879, which we have requested be continued until the May 14 hearing, be dismissed upon your issuing the order.

I appreciate your attention to this.

Sincerely,

Robert G. Stovall
Landman

Enclosure

cc: Jeff Taylor

A. G. HILL
OIL PRODUCER
THANKSGIVING TOWER
DALLAS, TEXAS 75201

April 18, 1986

Dugan Production Corporation
709 Bloomfield Road
Post Office Box 208
Farmington, New Mexico 87499-0208

Attn: Mr. Sherman E. Dugan, Geologist

RE: NM-04077, -04077A; AGH #18868-2
T25N - R2W, N.M.P.M.
SECTION 3: LOT 2, SW/4 NE/4,
NW/4 SE/4, SW/4 SE/4
RIO ARRIBA COUNTY, NEW MEXICO



Dear Mr. Dugan,

Concerning your letters of March 11, 1986, Margaret Hill and Alinda Hunt Hill Trust will be unable to grant a waiver of objection to your unorthodox location in the NW/4 SW/4 of Section 35, T26N-R2W.

We currently have a deal working with our captioned acreage that prevents us from satisfying your request at this time.

Very truly yours,

Philip Garner

Philip Garner, Landman

PG/hl

cc: Virgil St. Clair
Gregg Ewing
Work file