

7/2/97 7/22/97 MS KN NSL

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
[DD-Directional Drilling] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Directional Drilling
[ ] NSL [ ] NSP [ ] DD [ ] SD

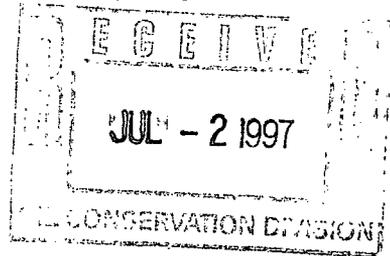
Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement

- [ ] DHC [ ] CTB [ ] PLC [ ] PC [ ] OLS [ ] OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery

- [ ] WFX [ ] PMX [ ] SWD [ ] IPI [ ] EOR [ ] PPR



[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or [ ] Does Not Apply

- [A] [ ] Working, Royalty or Overriding Royalty Interest Owners
[B] [x] Offset Operators, Leaseholders or Surface Owner
[C] [ ] Application is One Which Requires Published Legal Notice
[D] [ ] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
[E] [ ] For all of the above, Proof of Notification or Publication is Attached, and/or,
[F] [x] Waivers are Attached - WAIVER to be sent to you from offset operator

[3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I further verify that all applicable API Numbers are included. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

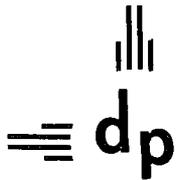
Note: Statement must be completed by an individual with supervisory capacity.

Kurt Fagrelius
Print or Type Name

Kurt Fagrelius
Signature

Geologist
Title

6/30/97
Date



dugan production corp.

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June 30, 1997

Mr. Michael E. Stogner  
New Mexico Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, NM 87505

**Subject:        *Administrative Approval of Unorthodox Location  
Dugan Production Corp.  
Bisti State #1  
1980' FNL & 660' FWL Sec. 2, T25N, R13W, NMPM  
San Juan County, NM  
Basin Fruitland Coal***

Dear Mr. Stogner:

Dugan Production Corp. requests administrative approval for an unorthodox location for its Bisti State #1 well under the provisions of NMOCD Order No. R-8768.

The subject well is currently completed in the Gallup formation and it is nonproductive. It is intended to abandon the Gallup zone and recomplete in the Basin Fruitland Coal.

A copy of this application is being submitted to all offset operators by certified mail with a request that they furnish your office in Santa Fe a Waiver of Objection.

Attached is a well location plat showing dedicated acreage, a well location map and a map showing all offsetting operators.

Sincerely,

*Kurt Fagrelius*  
Kurt Fagrelius

KF/cg

cc:    New Mexico Oil Conservation Division, Aztec  
      Bureau of Land Management, Farmington  
      Offset Operator (Central Resources)

District I  
 PO Box 1980, Hobbs, NM 88241-1980  
 District II  
 PO Drawer DD, Artesia, NM 88211-0719  
 District III  
 1000 Rio Brazos Rd., Aztec, NM 87410  
 District IV  
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
 PO Box 2088  
 Santa Fe, NM 87504-2088

Form C-102  
 Revised February 21, 1994  
 Instructions on back  
 Submit to Appropriate District Office  
 State Lease - 4 Copies  
 Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30 045 25834		<sup>2</sup> Pool Code 71629		<sup>3</sup> Pool Name Basin Fruitland Coal	
<sup>4</sup> Property Code 16429		<sup>5</sup> Property Name Bisti State			<sup>6</sup> Well Number 1
<sup>7</sup> OGRID No. 006515		<sup>8</sup> Operator Name Dugan Production Corp.			<sup>9</sup> Elevation 6265' GL

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South Line	Feet from the	East/West line	County
E	2	25N	13W		1980	North	660	West	San Juan

<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South Line	Feet from the	East/West line	County

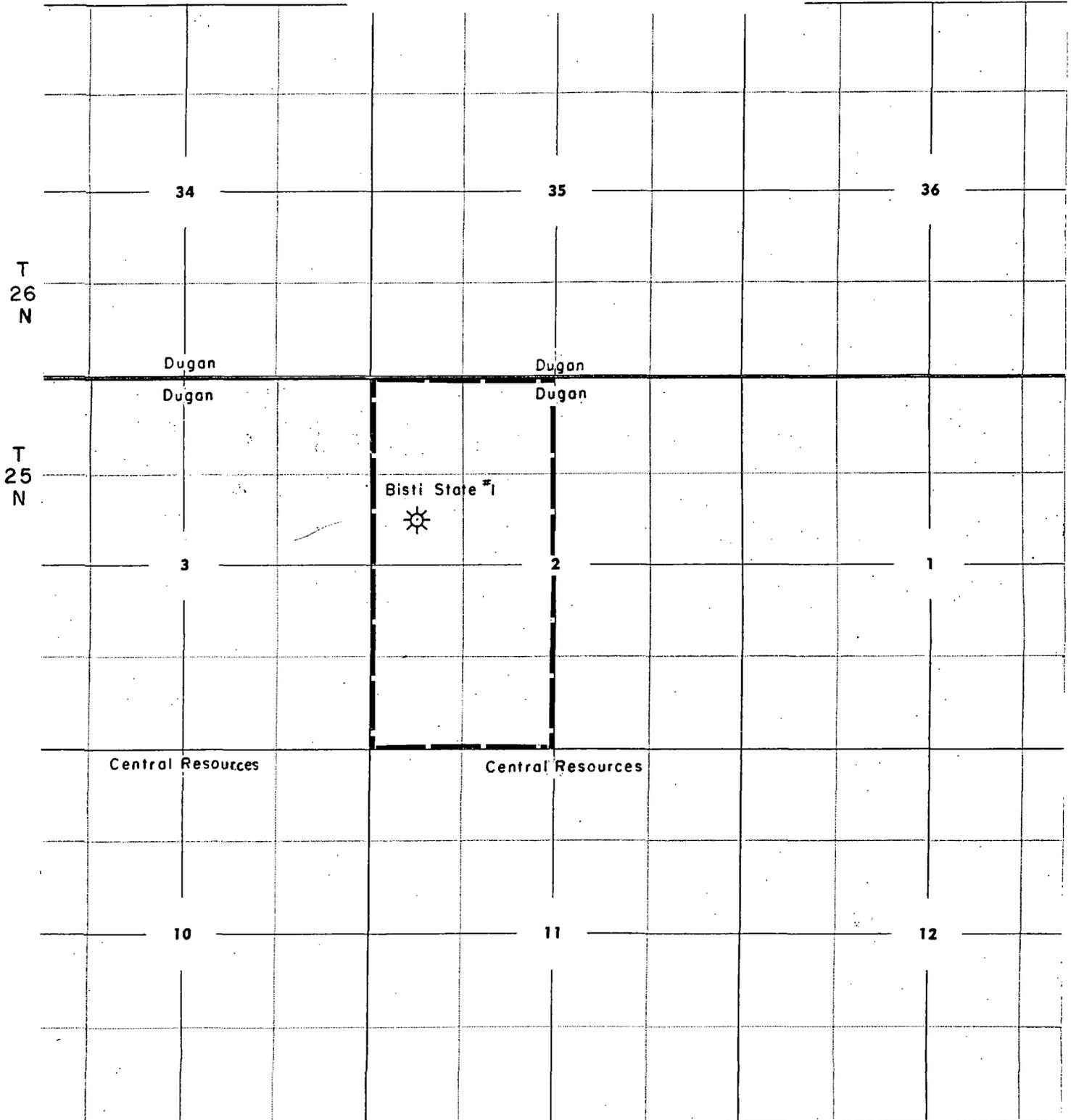
<sup>12</sup> Dedicated Acres 320	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	LG 3734 Dugan Prod.  Sec 2	<p><sup>17</sup> OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i></p> <p><u>John Alexander</u>          Signature  <u>John Alexander</u>          Printed Name  <u>Vice-President</u>          Title  <u>6/27/97</u>          Date</p>	
			<p><sup>18</sup> SURVEYOR CERTIFICATION</p> <p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p> <p><u>March 9, 1981</u>          Date of Survey          Signature and Seal of Professional Surveyor:   <u>Original signed by Fred B. Kerr, Jr.</u>   <u>3950</u>          Certificate Number</p>
			<p>E-3148          Dugan Prod.</p>



APPLICATION FOR  
UNORTHODOX LOCATION  
*DUGAN PRODUCTION CORP.*  
*BISTI STATE NO. 1*  
UNIT E, SEC. 2, T25N, R13W  
SAN JUAN COUNTY, NM  
BASIN FRUITLAND COAL  
OFFSET OPERATOR MAP



R 13 W

Sec : 02 Twp : 25N Rng : 13W Section Type : NORMAL

4 39.77 CS LG3734 2 09/86 DUGAN PRODUCTION	3 39.80 CS LG3734 2 09/86 DUGAN PRODUCTION	2 39.82 CS LG3734 2 09/86 DUGAN PRODUCTION	1 39.85 CS LG3734 2 09/86 DUGAN PRODUCTION
E 40.00 CS LG3734 2 09/86 DUGAN PRODUCTION	F 40.00 CS LG3734 2 09/86 DUGAN PRODUCTION	G 40.00 CS LG3734 2 09/86 DUGAN PRODUCTION	H 40.00 CS LG3734 2 09/86 DUGAN PRODUCTION
A			A

PF01 HELP    PF02            PF03 EXIT    PF04 GoTo    PF05            PF06  
PF07 BKWD   PF08 FWD      PF09 PRINT   PF10 SDIV     PF11            PF12

Handwritten calculations:  
79.77  
79.80  
159.57  
16  
319.57

Sec : 02 Twp : 25N Rng : 13W Section Type : NORMAL

L	K	J	I
40.00	40.00	40.00	40.00
CS	CS	CS	CS
LG3734 2 09/86	LG3734 2 09/86	LG3734 2 09/86	LG3734 2 09/86
DUGAN PRODUCTION	DUGAN PRODUCTION	DUGAN PRODUCTION	DUGAN PRODUCTION
C			
M	N	O	P
40.00	40.00	40.00	40.00
CS	CS	CS	CS
E03148 20 12/59	LG3734 2 09/86	LG3734 2 09/86	LG3734 2 09/86
EL PASO PRODUCTIO	DUGAN PRODUCTION	DUGAN PRODUCTION	DUGAN PRODUCTION
C			
A			

PF01 HELP    PF02            PF03 EXIT    PF04 GoTo    PF05            PF06  
PF07 BKWD    PF08 FWD        PF09 PRINT   PF10 SDIV     PF11            PF12

**Mike Stogner**

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**From:** Frank Chavez  
**To:** Mike Stogner  
**Subject:** RE: Dugan  
**Date:** Monday, July 28, 1997 8:06AM

The well name in the last paragraph is in error.

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**From:** Mike Stogner  
**Sent:** Tuesday, July 22, 1997 9:19 AM  
**To:** Kathy Valdes  
**Cc:** Ernie Busch; Frank Chavez  
**Subject:** Dugan

Draft NSL Order for Dugan's Bisti State #1: 1980' FNL & 660' FWL (E) 2-T25N-R13W,  
Basin-Fruitland Coal (Gas) Pool: