

# dugan production corp.

RECEIVED

DEC 01 2003

OIL CONSERVATION  
DIVISION

November 26, 2003

Mr. Michael E. Stogner  
New Mexico Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, NM 87505

RE: Application for Administrative Approval of Unorthodox Location for  
Dugan Production Corp.'s Sly Slav Com # 90S  
Unit P, Section 13, T30N, R15W, 866'FSL & 237' FEL (E/2- 320)

Dear Mr. Stogner:

Dugan Production has previously requested approval for an unorthodox location for the referenced well. Attached for your reference are the Exhibits previously furnished which include the following:

1. Well location and acreage dedication plat (NMOCD Form C-102)
2. Topographic map
3. Offsetting operator map

This request is necessary due to topographic conditions. This Application was previously denied due to the examiners inability to determine if proper notice was given to the affected parties. Additionally the cover letter stated that this application covered Fruitland Sand and Pictured Cliffs offsetting operators. Please be advised that ther offsetting affected parties are Dugan Production Corp., thus no notice was necessary. The information on the cover letter was a typographical error and should have stated the Fruitland Coal formation. Dugan Production Corp. apologizes for these errors on our part.

We are resubmitting this application with the request that you revisit this request for unorthodox approval in light of the above explanations.

If you have any questions, please feel free to call me.

Sincerely,

David M. Poage  
Land Manager

NEW MEXICO OIL CONSERVATION DIVISION  
- Engineering Bureau -  
1220 South St. Francis Drive, Santa Fe, NM 87505



OCT 27 2003

**ADMINISTRATIVE APPLICATION CHECKLIST**

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

**Application Acronyms:**

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [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 - Simultaneous Dedication  
☒ NSL ☐ NSP ☐ 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

[D] Other: Specify \_\_\_\_\_

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

[A] ☐ Working, Royalty or Overriding Royalty Interest Owners

[B] ☒ 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] ☐ Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate and complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Kurt Fagrelius  
Print or Type Name

*Kurt Fagrelius*  
Signature

Geologist  
Title

10/8/03  
Date

kfagrelius@duganproduction.com  
e-mail Address

District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Avenue, Artesia, NM 88210  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals & Natural Resources Department  
**OIL CONSERVATION DIVISION**  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised June 10, 2003  
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	<sup>2</sup> Pool Code <b>71629</b>	<sup>3</sup> Pool Name <b>BASIN FRUITLAND COAL</b>
<sup>4</sup> Property Code	<sup>5</sup> Property Name <b>SLY SLAV COM</b>	<sup>6</sup> Well Number <b>90-S</b>
<sup>7</sup> OGRID No. <b>006515</b>	<sup>8</sup> Operator Name <b>DUGAN PRODUCTION CORP.</b>	<sup>9</sup> Elevation <b>5527</b>

<sup>10</sup> Surface Location

UL or lot no. <b>P</b>	Section <b>13</b>	Township <b>30 N</b>	Range <b>15 W</b>	Lot Idn	Feet from the <b>866</b>	North/South line <b>SOUTH</b>	Feet from the <b>237</b>	East/West line <b>EAST</b>	County <b>SAN JUAN</b>
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<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
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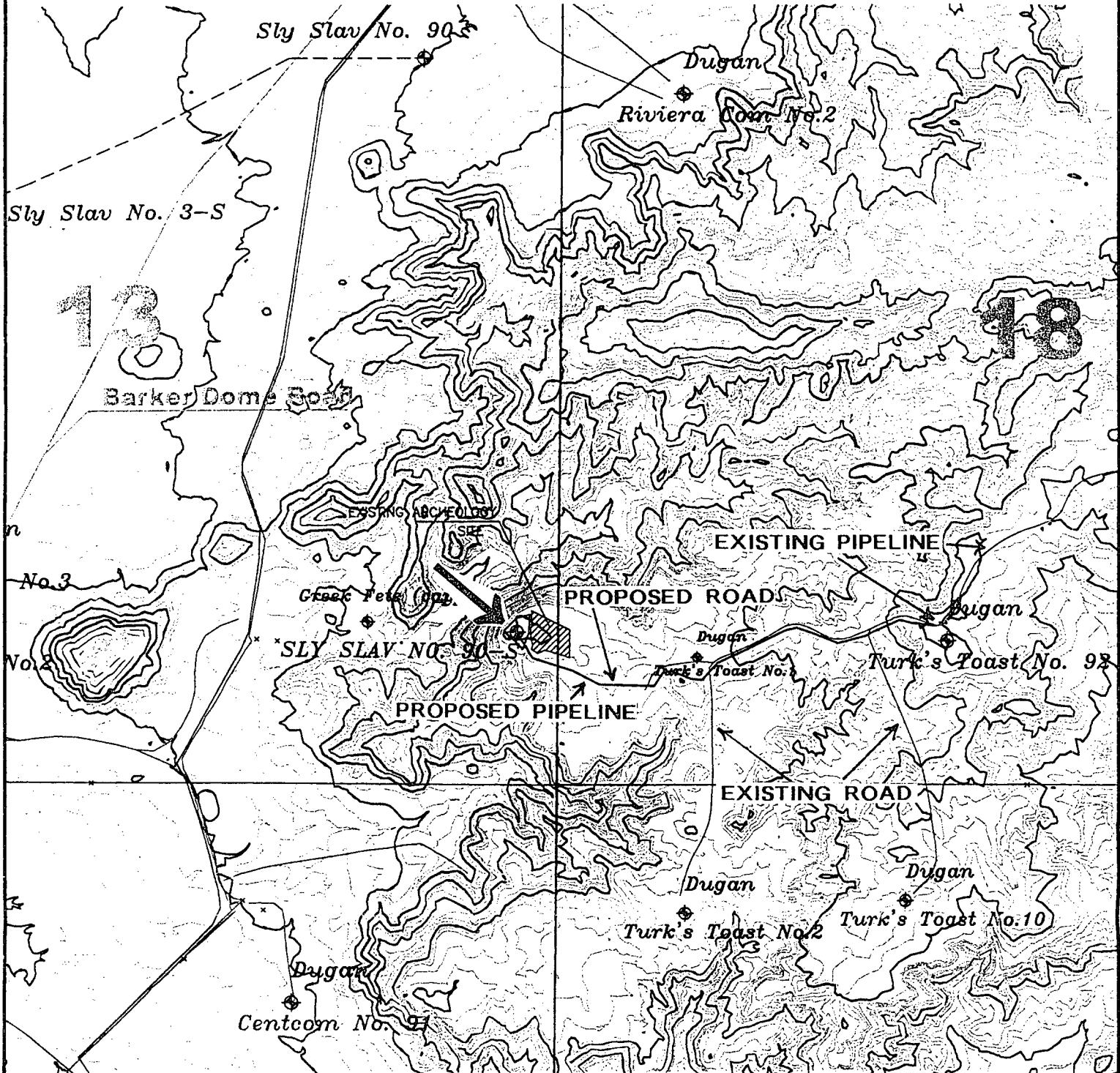
<sup>12</sup> Dedicated Acres <b>320 E/2</b>	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

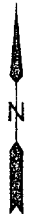
<sup>16</sup> 2629.85 2684.17 2629.93 2634.50	2631.99	<b>DUGAN FEE-10034</b>	2631.17	<b>17 OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.  Signature <i>Kurt Fagrelis</i> Printed Name Kurt Fagrelis Title and E-mail Address Geologist Date Oct. 3, 2003  <b>18 SURVEYOR CERTIFICATION</b> 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>18 SEP 03</i> Date of Survey Signature and Seal of Professional Surveyor Certificate Number <i>15512</i>
		<b>DUGAN NM-16765</b>		
		<b>DUGAN NM-10875</b>		
		<b>DUGAN FEE-10057</b>	<b>SLY SLAV 90-S</b>	
	2630.91	2630.91	2637.00	

660'

DUGAN PRODUCTION CORP. SLY SLAV # 90-S  
 866' FSL & 237' FEL, SECTION 13, T. 30 N., R. 15 W., N.M.P.M.  
 SAN JUAN COUNTY, NEW MEXICO.  
 ELEVATION 5529'



PLAN SCALE 1" = 800'



CHECKED BY PE  
 SHEET X of X  
 DRAWN BY RG



EPP & ASSOCIATES, INC.  
 PROFESSIONAL LAND SURVEYORS

433 4th Avenue West  
 P.O. Box 837  
 Craig, CO 81625

Phone (970) 824-8236  
 Fax (970) 824-5227

Prepared for:  
 Dugan Production Corp.  
 P.O. Box # 420  
 Farmington, N.M. 87499

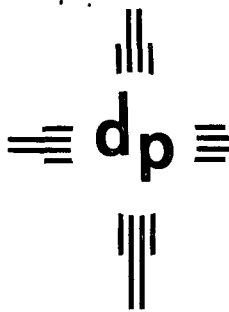
11		12		7	
		Dugan Prod. Corp.	Dugan Production Corp.	Dugan Prod. Fee	Dugan Dugan Prod. Corp.
14			13 Fee NM-16765	NM-19403	18
			Dugan	Dugan Prod. NM-21463	
		Fee	Dugan Prod. Fee NM-10875	Dugan Prod. NM-19163	NM-19163
		Dugan Prod. NM-10875	Dugan Prod. NM-10875	Dugan Prod. Corp.  NM-19163	
23		24 Dugan Prod. NM-21465		19	
				Richardson Operating	
		Dugan Fee			NM-19163

**T  
3  
0  
N**

R 14 W

11

Offestting notification area



# dugan production corp.

Mr. Michael E. Stogner  
New Mexico Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

OCT 27  
October 11, 2003

**Certified – 7002 2410 0001 0134 0429**

Re: Application for Administrative Approval of Unorthodox Location for  
Dugan Production Corp.'s Sly Slav Com #90-S  
Unit P, Section 13, T30N, R15W 866' FSL & 237' FEL (E/2 - 320)

Dear Mr. Stogner:

Dugan Production hereby requests approval for an unorthodox location for the referenced well. Attached for your reference are the following exhibits:

1. Well location and acreage dedication plat (NMOCD Form C-102)
2. Topographic map
3. Offsetting operator map

*not in file R-11775/  
R-11775-B  
Crd. Comm. / Mining  
Arlene*

The unorthodox location is necessary due to topographic conditions. Existing and future underground mine plan developments occupy all favorable topographic and orthodox areas within the proration unit.

The subject well is located on existing oil gas leases issued to Dugan Production that coincide with San Juan Coal Company coal leases. Under the terms of a pending, cooperative agreement with the Bureau of Land Management, San Juan Coal Company and Dugan Production, Dugan will make application for, drill and complete as expeditiously as possible a Fruitland Coal well at the referenced location.

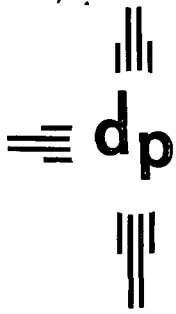
By certified mail, a copy of this application and request for administrative approval has been sent to all Fruitland Sand and Pictured Cliffs offsetting operators, the Bureau of Land Management and San Juan Coal Company.

Please contact me if you have any questions or need additional information.

Sincerely,

*Kurt Fagrelus*  
Kurt Fagrelus  
Geologist

Attachments



dugan production corp.

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Cc:

Bureau of Land Management – 1235 La Plata Hwy., Farmington, NM 87401  
(Certified Return Receipt Requested – 7002 2410 0001 0134 0412)

NMOCD - 1000 Rio Brazos Road, Aztec, NM 87410  
(Certified Return Receipt Requested – 7002 2410 0001 0134 0436)

San Juan Coal Company- 300 West Arrington, Suite 200, Farmington, NM 87401  
(Certified Return Receipt Requested – 7002 2410 0001 0134 0450)

San Juan Coal Company- P.O. Box 155, Fruitland, NM 87416  
(Certified Return Receipt Requested – 7002 2410 0001 0134 0467)

Richardson Operating Company – 501 Airport Drive, Suite 119, Farmington, NM 87401  
(Certified Return Receipt Requested – 7002 2410 0001 0134 0474)

CMD :  
OG5SECT

ONGARD  
INQUIRE LAND BY SECTION

10/28/03 13:17:07  
OGOMES -TPET  
PAGE NO: 1

Sec : 13 Twp : 30N Rng : 15W Section Type : NORMAL

D 40.00	C 40.00	B 40.00	A 40.00
Fee owned	Fee owned	Fee owned	Fee owned
			A
E 40.00	F 40.00	G 40.00	H 40.00
Fee owned	Fee owned	Fee owned	Federal owned
	A		

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



CMD :  
OG5SECT

ONGARD  
INQUIRE LAND BY SECTION

10/28/03 13:17:18  
OGOMES -TPET  
PAGE NO: 2

Sec : 13 Twp : 30N Rng : 15W Section Type : NORMAL

L 40.00	K 40.00	J 40.00	I 40.00
Fee owned	Fee owned	Federal owned A	Federal owned
M 40.00	N 40.00	O 40.00	P 40.00
Fee owned	Fee owned A A	Fee owned A	Federal owned A

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

CMD : ONGARD 10/28/03 13:17:42  
OG6C101 C101-APPLICATION FOR PERMIT TO DRILL OGOMES -TPET

OGRID Idn : 6515 API Well No: 30 45 31944 APD Status(A/C/P): A  
Opr Name, Addr: DUGAN PRODUCTION CORP Aprvl/Cncl Date : 10-07-2003  
PO BOX 420  
FARMINGTON,NM 87499

Prop Idn: 33034 SLY SLAV COM Well No: 90

	U/L	Sec	Township	Range	Lot	Idn	North/South	East/West
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Surface Locn : A	13	30N	15W				FTG 1150 F N	FTG 790 F E
OCD U/L : A		API	County	45				

Work typ(N/E/D/P/A) : N Well typ(O/G/M/I/S/W/C): G Cable/Rotary (C/R) : R  
Lease typ(F/S/P/N/J/U/I): P Ground Level Elevation : 5354

State Lease No: Multiple Comp (S/M/C) : S  
Prpsd Depth : 850 Prpsd Frmtn : BASIN FRUITLAND COAL

E0009: Enter data to modify record

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06 CONFIRM
PF07	PF08	PF09 PRINT	PF10 C102	PF11 HISTORY	PF12