



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

December 8, 2000

Dugan Production Corporation
P. O. Box 420
Farmington, New Mexico 87499-0420

Attention: John D. Roe, Engineering Manager

**Re: Exception to well spacing requirements WAW Fruitland Sand-
Pictured Cliffs Pool.**

Dear Mr. Roe:

In response to your letter dated December 5, 2000, Division Rule 104.D (3) states, "Exceptions to the provisions of statewide rules or special pool orders (meaning "special pool rules") concerning the number of wells allowed per spacing unit may be permitted by the Director only after notice and opportunity for hearing." This rule was further defined by a memorandum issued by the Director on October 25, 1999, which states, "Unless otherwise provided by special pool rules or amended Rule 104, only **one** well per spacing unit is permitted in non-prorated pools."

Your letter dated November 17, 2000 to Mr. Frank Chaves, Supervisor of the Division's District Office in Aztec, requested such an exception either on a poolwide basis or on a unit basis. I therefore prepared a proper advertisement based on this information.

Per your most recent request, Case No. 12558 will be removed from the December 21, 2000 docket and will be continued to the February 8, 2001 docket. Again, in anticipation of opposition to this application, please do not communicate with any of the Division's examiners since such contact could be construed as ex parte communications (see Division Rule 1223.A). Thank you.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

MES/kv

cc: New Mexico Oil Conservation Division - Aztec
File: Case No. 12558
Ms. Lori Wrotenbery, Director - OCD. Santa Fe
Roberts & Strother; P. O. Box 129; Farmington, NM 87499 - Attention: Mr. Tommy Roberts