

CERTIFIED MAIL

March 25, 1985

7606

Southland Royalty Company

Dugan Production Corporation
P. O. Box 208
Farmington, New Mexico 87499

Gentlemen:

Southland Royalty Company hereby requests approval of a non-standard proration unit for the Harper Valley #1 well, a proposed Basin Dakota test. The well will be located in the SW/NE/NW of Section 15, T29N, R14W, San Juan County, New Mexico.

The proposed 160 acre non-standard proration unit will consist of the NW/4 of Section 15, T29N, R14W and is based on geologic interpretation. The only Dakota offset to the proposed non-standard proration unit is the SRC-McWhorter-Duncan #1, located in the NE/SW, Section 10, T29N, R14W.

Southland Royalty Company needs to have this matter taken care of as soon as possible, as our lease #102948 expires July 1, 1985, and we need to be drilling by that date.

We request that you furnish the NMOCD, P.O. Box 2088, Santa Fe, NM 87501 with a waiver of objection as soon as possible.

Sincerely,

SOUTHLAND ROYALTY COMPANY


David M. Blandford

Petroleum Engineer

DMB/eg

Enclosures

XC: Mr. Frank Chavez-NMOCD-Aztec, NM

W A I V E R

Dugan Production Corporation hereby waives objection to Southland Royalty Company's application for a non-standard proration unit for their HARPER VALLEY #1 well as proposed above.

Date: 3-28-85

Signed: 