



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

Bill Richardson
Governor
Joanna Prukop
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

May 6, 2003

Dugan Production Corporation
P. O. Box 420
Farmington, New Mexico 87499-0420
Attention: John D. Roe

Telefax No. (505) 327-4613

Administrative Order NSL-4874

Dear Mr. Roe:

Reference is made to the following: (i) your application dated April 11, 2003 (*administrative application reference No. pKRV0-310655076*); and (ii) the New Mexico Oil Conservation Division's ("Division") records in Aztec and Santa Fe: all concerning Dugan Production Corporation's ("Dugan") request for an exception to **Rule 2 (b)** of the "*General Rules and Regulations for the Associated Oil and Gas Pools of Northwest New Mexico and Southeast New Mexico/Special Rules and Regulations for the Gallegos-Gallup Associated Pool,*" as promulgated by Division Order No. R-5353, as amended, for a non-standard Gallup infill gas well location within a standard 320-acre lay-down gas spacing and proration unit for the Gallegos-Gallup Associated Pool (**26980**) comprising the S/2 of Section 24, Township 26 North, Range 11 West, NMPM, San Juan County, New Mexico.

This 320-acre gas spacing and proration unit is currently dedicated to Dugan's Davis Federal Well No. 1 (**API No. 30-045-05747**), located at a standard gas well location 1850 feet from the South line and 790 feet from the West line (Unit L) of Section 24.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, and the applicable provisions of the rules governing the Gallegos-Gallup Associated Pool.

By the authority granted me under the provisions of: (i) **Rule 2 (c)** of the special rules for the Gallegos-Gallup Associated Pool; and (ii) Division Rule 104.F (2), as revised, the following-described unorthodox infill Gallup gas well location within this 320-acre unit, is hereby approved:

Davis Federal Well No. 1-E
1620' FSL & 1610' FEL (Unit J)
(API No. 30-045-30714)

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Further, Dugan's above-described existing Davis Federal Well No. 1, proposed Davis Federal Well No. 1-E, and 320-acre gas spacing and proration unit shall be subject to all existing rules, regulations, policies, and procedures applicable to the Associated Oil and Gas Pools and to the Gallegos-Gallup Associated Pool.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lori Wrotenbery". The signature is written in black ink and is positioned above the typed name and title.

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington