

dugan production corp.

RECEIVED

MAY 05 2003

OIL CONSERVATION
DIVISION

May 1, 2003

Ms. Lori Wrotenbery, Director
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Re: Dugan's Application dated 4-11-03 requesting
Exception to well location requirements
Rule 2(b) Associated Oil & Gas Pools
Dugan Production Corp.'s Davis Federal No. 1E (API No. 30-045-30714)
Unit J, Section 24, T-26N, R-11W
Gallegos Gallup Associated Pool
San Juan County, New Mexico

Dear Ms. Wrotenbery,

To assist in your consideration of the subject application, attached are copies of the "return receipts" which reflect that all offset operators did receive a copy of Dugan's application.

In addition, two of the operators (ConocoPhillips & Energen Resources) have returned waivers and copies are attached for your consideration. To date we have had no objection or response from Burlington or Four Star.

Should there be questions or additional information needed, please let me know.

Sincerely,

John D. Roe
Engineering Department

JDR/tmf

attachments

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:
 Energy Resources
 Attn: Field Concern
 2198 Bloomfield Highway
 Farmington, CT 06031

COMPLETE THIS SECTION ON DELIVERY

- A. Signature Agent
- B. Received by (Printed Name) Addressee
- C. Date of Delivery
- D. Is delivery address different from item 1? Yes No

Signature: *Michael Wade*
 Received by (Printed Name): *Michael Wade*
 Date of Delivery: *4/11/03*

2. Article Number
 (Transfer from service label) 7002 2410 0001 0133 8532

PS Form 3811, August 2001 Domestic Return Receipt 102595-02-M-0835

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:
 Your Star Oil & Gas Company
 Attn: Field Department
 PO Box 845896
 Dallas, TX 75284-5896

COMPLETE THIS SECTION ON DELIVERY

- A. Signature Agent
- B. Received by (Printed Name) Addressee
- C. Date of Delivery
- D. Is delivery address different from item 1? Yes No

Signature: *D. Aleman*
 Received by (Printed Name): *D. Aleman*
 Date of Delivery: *APR 14 2003*

2. Article Number
 (Transfer from service label) 7002 2410 0001 0133 8501

PS Form 3811, August 2001 Domestic Return Receipt 102595-02-M-0835

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:
 Burlington Resources Oil & Gas Co.
 Attn: Field Department
 P.O. Box 4289
 Farmington, CT 06031

COMPLETE THIS SECTION ON DELIVERY

- A. Signature Agent
- B. Received by (Printed Name) Addressee
- C. Date of Delivery
- D. Is delivery address different from item 1? Yes No

Signature: *Judith Dee*
 Received by (Printed Name): *Judith Dee*
 Date of Delivery: *4/15/03*

2. Article Number
 (Transfer from service label) 7002 2410 0001 0133 8518

PS Form 3811, August 2001 Domestic Return Receipt 102595-02-M-0835

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:
 ConocoPhillips
 Attn: Field Department
 600 North Main, Lubbock
 Houston, TX 77079-1175

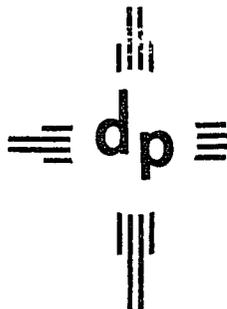
COMPLETE THIS SECTION ON DELIVERY

- A. Signature Agent
- B. Received by (Printed Name) Addressee
- C. Date of Delivery
- D. Is delivery address different from item 1? Yes No

Signature: *Steven P. Phillips*
 Received by (Printed Name): *Steven P. Phillips*
 Date of Delivery: *4-14-03*

2. Article Number
 (Transfer from service label) 7002 2410 0001 0133 8525

PS Form 3811, August 2001 Domestic Return Receipt 102595-02-M-0835



dugan production corp.

**SIGN & RETURN
THIS COPY**

April 11, 2003

Burlington Resources Oil & Gas Company, LP
Attn: Land Department
P. O. Box 4289
Farmington, NM 87499-4289

Energen Resources Corp.
Attn: Rich Corcoran
2198 Bloomfield Highway
Farmington, NM 87401

ConocoPhillips
Attn: Land Department
600 North Dairy Ashford
Houston, TX 77079-1175

Four Star Oil & Gas Company
Attn: Land Department
P. O. Box 845896
Dallas, TX 75284-5896



Re: Application for unorthodox location
Dugan Production's Davis Federal No. 1E
Unit J, Section 24, T-26N, R-11W
Gallegos Gallup Associated Pool
San Juan County, New Mexico

Dear Offset Operator:

Attached for your information and review is a copy of Dugan Production's application to the New Mexico Oil Conservation Division requesting an exception to Rule 2(b) of the pool rules for associated oil and gas pools which has set back requirements of 790' from section lines and 330' from quarter-quarter section lines. The subject well was permitted as a Basin Dakota infill well at an orthodox location (1620' FSL & 1610' FEL) for the Dakota and is currently being drilled. Dugan Production now desires to also complete the Gallup formation and is requesting an exception to the associated pool rules for the proposed Gallegos Gallup completion which is 30' too close to the south line and 40' too close to the east line of the NWSE quarter-quarter section line. The wellbore does satisfy the 790' setback requirement.

Should you have no objection to our requested unorthodox location, we would appreciate your signing and returning to Dugan the waiver at the bottom of this letter. Should you have questions or need additional information, please let me know.

Sincerely,

John D. Roe
Engineering Manager

JDR/tmf

ConocoPhillips Company

(Name of Operator) has received a copy of Dugan Production Corp.'s application dated 4-11-03 requesting approval for an unorthodox location of the proposed Gallegos Gallup completion in Dugan's Davis Federal No. 1E well and has no objection to the granting of the requested unorthodox location.

Signed by:

Jim Ball
Senior Landman
San Juan/Rockies

Date:

4/22/03

Printed Name:

SIGN & RETURN
THIS COPY



dugan production corp.

April 11, 2003

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Sincerely,

John D. Roe
Engineering Manager

JDR/tmf

ENERGEN RESOURCES (Name of Operator) has received a copy of Dugan Production Corp.'s application dated 4-11-03 requesting approval for an unorthodox location of the proposed Gallegos Gallup completion in Dugan's Davis Federal No. 1E well and has no objection to the granting of the requested unorthodox location.

Signed by:

Date:

4-15-03

Printed Name:

RICHARD CORCORAN