

Stogner, Michael

From: Hayden, Steven
Sent: Thursday, January 13, 2005 7:58 AM
To: Stogner, Michael
Cc: Perrin, Charlie
Subject: Dugan's Alamo Com #90

Mike,

Dugan has a Fruitland Coal well, Alamo Com #90, API# 30-045-28806 that they permitted in October 1992 and completed in August 1993 and have produced since then. It was permitted 2510' FSL and 1850' FWL, UL K, Sec. 4, T25N, R13W. They also completed the Salge Federal A Com #91, API# 30-045-28663 the same year in UL A. They were in the process of surveying in an infill well to the Salge well in UL J when the surveyor informed them that the Alamo Com #91 was only ~800' away. Repeated GPS readings have shown the Alamo Com #90 to be located at 1490' FSL, 2275' FEL in UL J.

Dugan has been in discussion with the BLM over this since they discovered it just before Christmas and Kurt Fagrelus came to meet with Charlie and me yesterday when we attempted to call you. They have decided to place both wells in an east half spacing unit which will make the Alamo Com #90 site a non standard location. They have not yet submitted a new C-102, however. Kurt requested that we allow them to continue to produce it while going through the NSL application process as this well makes large amounts of water and if they shut it in, it will take some time and effort to get it back into production. We pointed out that if they put the wells into North and South half spacing units, the Alamo well would be a standard location, but apparently they would have royalty issues if they did it that way.

Dugan is the sole owner of the east half and also the SW/4. They are reaching terms with the NW/4 mineral owner, who has been mistakenly paid for SE/4 production for all these years.

We wanted an opinion from you, before we ordered the well shut in.

Steve Hayden shayden@state.nm.us
NM OCD District III 505-334-6178 ext 14
1000 Rio Brazos Rd.
Aztec, NM

*2:50 pm Wed
1-11-05
Voice mail
message
from Hazelton,
Charlie, and
Kurt F. in
office*

*8:30 am Thursday Jan. 12th
- called Steve Hazelton and
told him it would be
all right to lease
the well on, one or
two more units of
prod. wouldn't hurt
the problem anymore then
the trouble Dugan is
in. Also NSL
needs to be
submitted
ASAP*

Stogner, Michael

From: Hayden, Steven
Sent: Thursday, January 13, 2005 8:34 AM
To: Stogner, Michael
Cc: Perrin, Charlie
Subject: Alamo Com #90

Mike,

I talked to Jim Lovato at the BLM about this and the BLM wants Dugan to use E/2 and W/2 spacing units because it will create the least disturbance to their Com agreements.



Steve Hayden shayden@state.nm.us
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1/13/2005