



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

November 2, 1999

Dugan Production Corporation
P. O. Box 420
Farmington New Mexico 87499-0420
Attention: Kurt Fagrelus

Telefax No. (505) 327-4613

Administrative Order NSL-4377

Dear Mr. Fagrelus:

Reference is made to the following: (i) your initial application dated October 25, 1999; (ii) the records of the New Mexico Oil Conservation Division in Santa Fe ("Division"); (iii) your telephone conversation with Mr. Michael E. Stogner, Engineer/Chief Hearing Officer on Tuesday, November 2, 1999; and (iv) your supplemental information submitted by telefax on November 2, 1999: all concerning Dugan Production Corporation's request for an off-pattern non-standard Basin-Fruitland coal gas well location for the proposed Dot Com Well No. 90 (API No. 30-045-29985) to be drilled 1850 feet from the South line and 790 feet from the East line (Unit I) of Section 2, Township 26 North, Range 11 West, NMPM, San Juan County, New Mexico. The S/2 of Section 2 is to be dedicated to this well in order to form a standard 320-acre lay-down gas spacing and proration unit for the Basin-Fruitland Coal (Gas) Pool.

By the authority granted me under the provisions of Rule 8 of the "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*," as promulgated by Division Order No. R-8768, as amended, the above-described unorthodox coal gas well location is hereby approved.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec
New Mexico State Land Office - Santa Fe