

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

[D] Other: Specify _____

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply

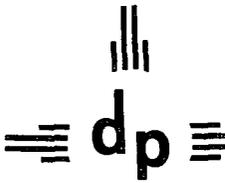
- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office.
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate and complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Print or Type Name _____ Signature _____ Title _____ Date _____
 e-mail Address _____



dugan production corp.



July 1, 2005

Certified – 7004 1350 0002 0327 2161

Mr. Michael E. Stogner
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Application for Administrative Approval of
Unorthodox Location for Dugan Production Corp.'s Federal I Com #102
270' FNL & 330' FEL (NE/4 - 160)
Unit A, Section 12, T29N, R14W
Harper Hill Fruitland Sand Pictured Cliffs Pool

2005 JUL 5 PM 1 28

Dear Mr. Stogner:

Dugan Production hereby requests approval for an unorthodox location for the referenced well. Attached for your reference are the following exhibits:

1. Well location and acreage dedication plat (NMOCD Form C-102)
2. Topographic map
3. Offsetting Fruitland Sand Pictured Cliffs Working Interest Owners Map.
4. Offsetting Fruitland Sand Pictured Cliffs Royalty Owners Map.

The unorthodox location is necessary due to topographic conditions.

The subject well is located inside the Farmington city limits. Existing, commercial and industrial developments occupy all favorable topographic and orthodox areas within the proration unit.

On May 12, 2003 the New Mexico Oil Conservation Commission approved Dugan Production Corp.'s application (**administrative application reference No. pKRVO-309853720**) for a non standard location for the subject well with **Administrative Order NSL-4880**. The E/2 equivalent of irregular Section 12 was dedicated to the well in order to form a standard 320-acre more or less, stand-up gas spacing unit for the Basin Fruitland Coal pool.

In March, 2005 the subject well was drilled, production casing was set and cased-hole logs were run. Completion of this well will be carried out upon approval of this application.

Approval of this application would enable Dugan Production Corp. to develop both the Harper Hill Fruitland Sand Pictured Cliffs Pool (78160) and the Basin Fruitland Coal Pool (71629) in the same well-bore.

By certified mail, a copy of this application and request for administrative approval has been sent to all Fruitland Sand Pictured Cliffs offsetting operators and royalty interest owners, the Bureau of Land Management and the City of Farmington.

Please contact me if you have any questions or need additional information.

Sincerely,


Kurt Fagrelus
Geologist

Attachments

Cc:

Bureau of Land Management – 1235 La Plata Hwy., Farmington, NM 87401
(Certified Return Receipt Requested – 7004 1350 0002 0327 2154)
NMOCD - 1000 Rio Brazos Road, Aztec, NM 87410
(Certified Return Receipt Requested – 7004 2890 0002 7604 5129)
The Navajo Nation Minerals Department – P.O. Box 1910, Window Rock, AZ 86515
(Certified Return Receipt Requested – 7004 2890 0002 7604 5921)
City of Farmington – 800 Municipal Drive, Farmington, NM 87401
(Certified Return Receipt Requested – 7004 2890 0002 7604 5693)
NM State Highway Dep. – P.O. Box 1149, Santa Fe, NM 87504-1149
(Certified Return Receipt Requested – 7004 2890 0002 7604 5761)
Elliott Industries - P.O. Box 1355, Roswell, NM 88202
(Certified Return Receipt Requested – 7004 2890 0002 7604 5686)
Lance Oil and Gas – P.O. Box 70, Kirtland, NM 87417
(Certified Return Receipt Requested – 7004 2890 0002 7604 5709)
Elliot Hall Company – 2668 Grant Avenue, Suite 104, Ogden, UT 84401
(Certified Return Receipt Requested – 7004 2890 0002 7604 5716)
Colleen McSparron - 2541 Lancaster Dr., Arroyo Grande, CA 93420
(Certified Return Receipt Requested – 7004 2890 0002 7604 5723)
LaRue Schenck - 3016 Crestridge, Farmington, NM 87401
(Certified Return Receipt Requested – 7004 2890 0002 7604 5730)
Geraldine Sterling - P.O. Box 74, Farmington, NM 87499
(Certified Return Receipt Requested – 7004 2890 0002 7604 5747)
XTO Energy, Inc. – 2400 N. Dustin, Farmington, NM 87401
(Certified Return Receipt Requested – 7004 2890 0002 7604 5745)
Roy M. & Enid E. Tidwell Trust – 10 Sunflower Circle, Santa Fe, NM 87506
(Certified Return Receipt Requested – 7004 2890 0002 7604 5778)

Eddie L. & Eleanor E. Thomason Trust – P.O. Box 2336, Farmington, NM 87499
(Certified Return Receipt Requested – 7004 2890 0002 7604 5785)

Nick G. DeVilbiss – 3201 W. Main, Farmington, NM 87401
(Certified Return Receipt Requested – 7004 2890 0002 7604 5792)

Eldon Maxey Trust – P.O. Box 52, Durango, CO 81301
(Certified Return Receipt Requested – 7004 2890 0002 7604 5808)

Betty Jane Akins – 1309 Dewey Lane, Almagordo, NM 88310
(Certified Return Receipt Requested – 7004 2890 0002 7604 5815)

Larry Dimmick – 650 W. Main, Farmington, NM 87401
(Certified Return Receipt Requested – 7004 2890 0002 7604 5822)

Bill Jensen – 613 Merino Kraal, Farmington, NM 87401
(Certified Return Receipt Requested – 7004 2890 0002 7604 5839)

Robert F. Johnston – 605 Parkland Dr., Aztec, NM 87410
(Certified Return Receipt Requested – 7004 2890 0002 7604 5846)

Motor Property Partners – 6515 Tevis Drive, Bakersfield, CA 93309
(Certified Return Receipt Requested – 7004 2890 0002 7604 5853)

Randall E. Presley – P.O. Box 2200, Newport Beach, CA 92663
(Certified Return Receipt Requested – 7004 2890 0002 7604 5860)

Daryl Gene Burson – P.O. Box 1687, Farmington, NM 87499
(Certified Return Receipt Requested – 7004 2890 0002 7604 5877)

Twila M. Gooding Living Trust – 1009 Crestview Circle, Farmington, NM 87401
(Certified Return Receipt Requested – 7004 2890 0002 7604 5884)

James M. Pope & Troy L. Pope – 4315 W. Hopi, Farmington, NM 87401
(Certified Return Receipt Requested – 7004 2890 0002 7604 5914)

Edwina Peterson 1988 Trust – 704 Rufugio Road, Santa Ynez, CA 93466
(Certified Return Receipt Requested – 7004 2890 0002 7604 5891)

Paulette Henrietta Bledsoe – 200 N. El Camino Real #159, Oceanside, CA 92054
(Certified Return Receipt Requested – 7004 2890 0002 7604 5907)

R&C Investment, P.O. Box 724, Farmington, NM 87499
(Certified Return Receipt Requested – 7004 1350 0002 0327 2178)

E.B. Mann, P.O. Box 1769 Bloomfield, NM 87413
(Certified Return Receipt Requested – 7004 1350 0002 0327 2185)

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<u>Kurt Fagrelius</u>	<u><i>Kurt Fagrelius</i></u>	<u>Geology</u>	<u>5/10/2005</u>
Print or Type Name	Signature	Title	Date
		<u>kfagrelius@duganproduction.com</u>	
		e-mail Address	

District I
PO Box 1980, Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised February 21, 1994

District II
PO Drawer DD, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

District III
1000 Rio Brazos Rd., Aztec, NM 87410

AMENDED REPORT

District IV
PO Box 2088, Santa Fe, NM 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-31792		*Pool Code 78160	*Pool Name Harper Hill Fruitland Sand Pictured Cliffs
*Property Code	*Property Name FEDERAL I COM		*Well Number 102
*GRID No. 006515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 5485'

¹⁰ Surface Location

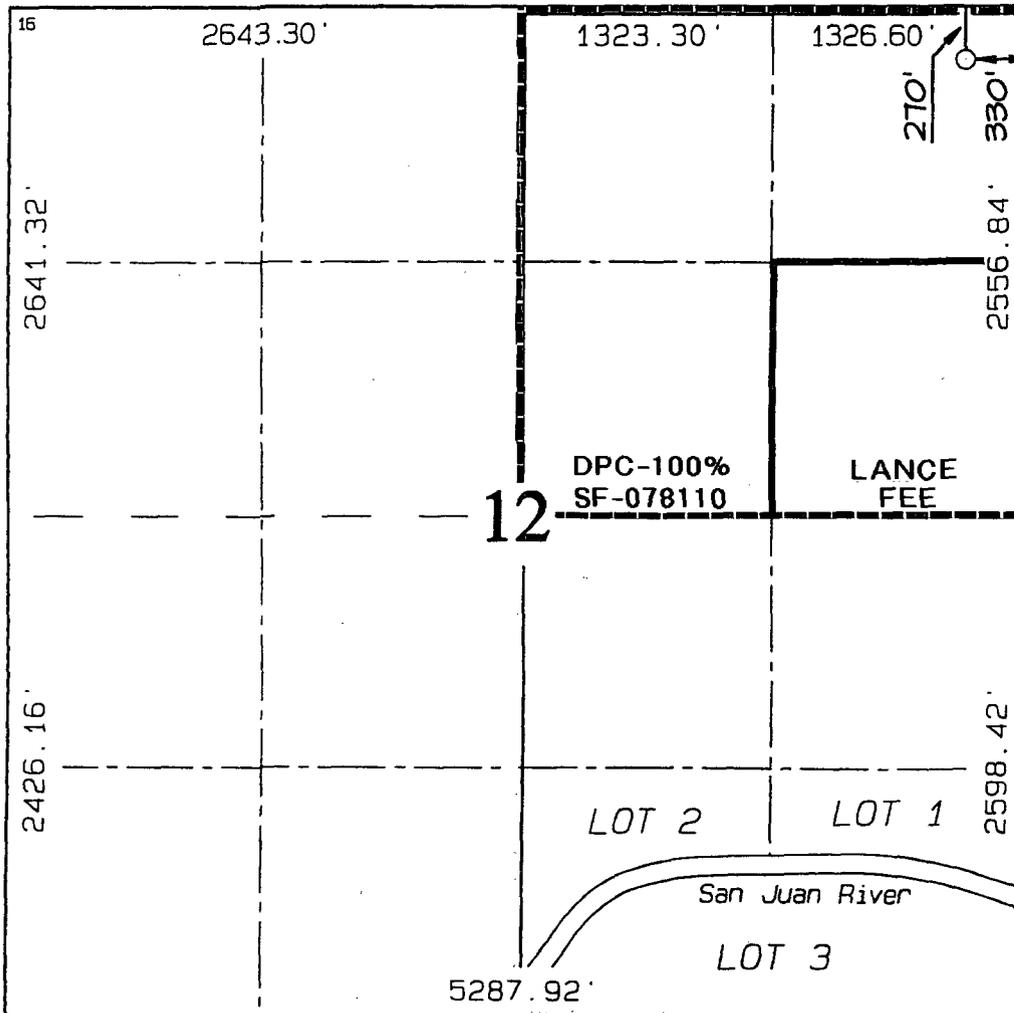
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	12	29N	14W		270	NORTH	330	EAST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres 160.0 Acres (NE/4)	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



¹⁷ OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

Kurt Fagrelius
Signature
Kurt Fagrelius
Printed Name
Geology
Title
may 10, 2005
Date

¹⁸ SURVEYOR CERTIFICATION
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

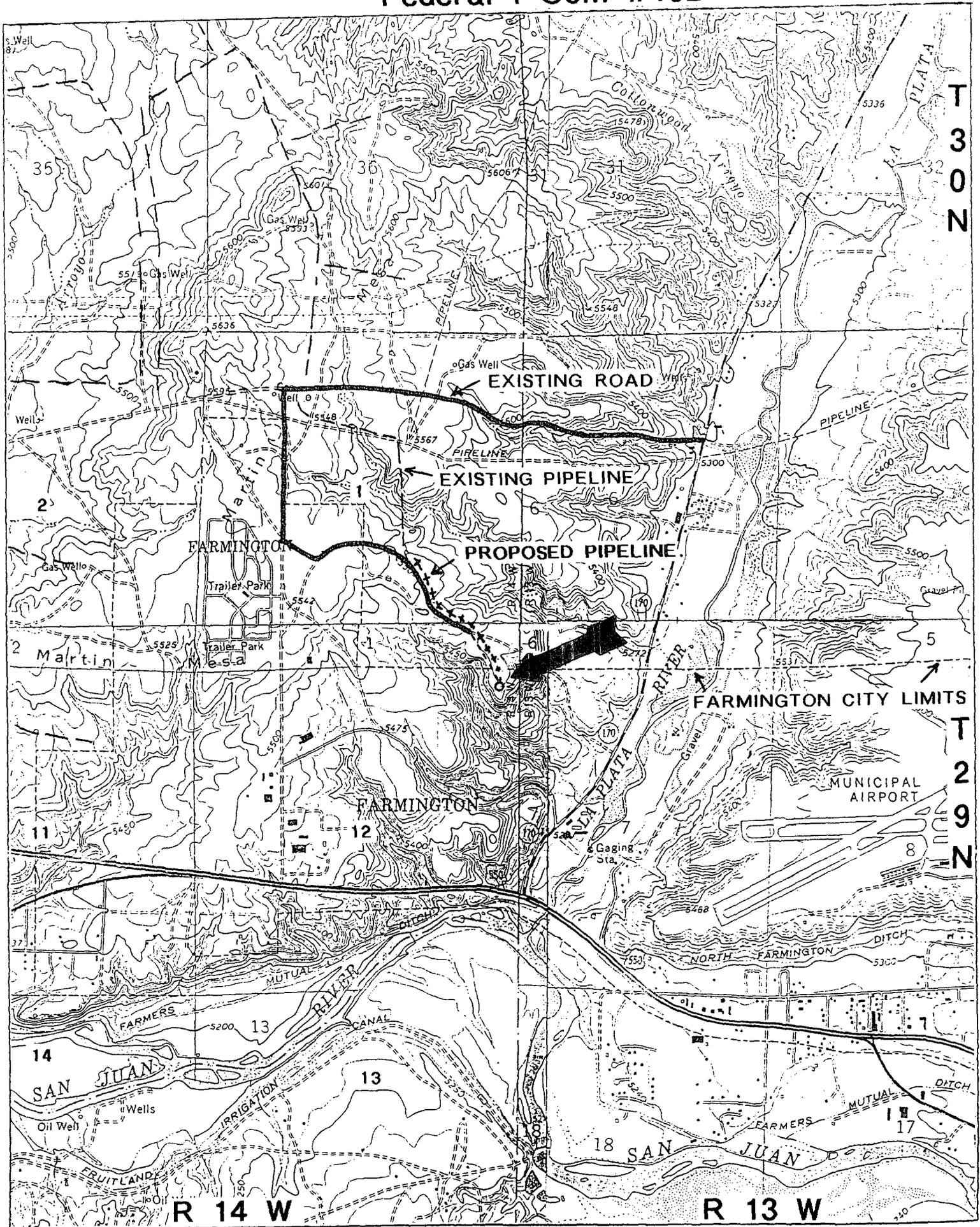
Date of Survey: APRIL 23, 2002

Signature and Seal of Professional Surveyor



JASON C. EDWARDS
Certificate Number 15269

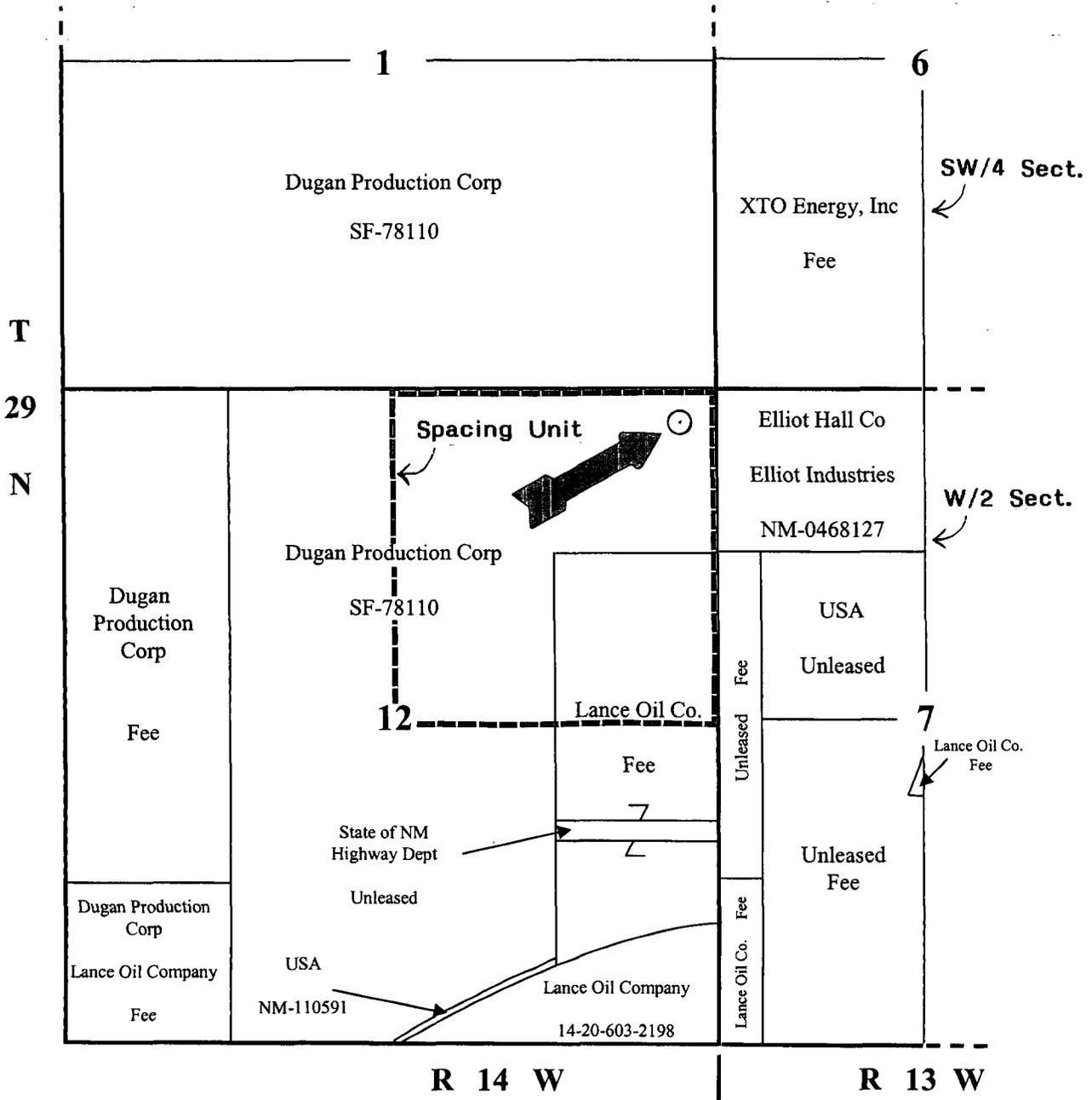
Dugan Production Corp. Federal 1 Com #102



Dugan Production Corp.
Application for Unorthodox Location

Offsetting Fruitland Sand and Pictured Cliffs Working Interest Owners Map

Federal I Com #102
270' FNL & 330' FEL (NE/4-160)
Unit A, Section 12, T29N, R14W
Harper Hill Fruitland Sand Pictured Cliffs



Dugan Production Corp.
Application for Unorthodox Location

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Federal I Com #102
270' FNL & 330' FEL (NE/4-160)
Unit A, Section 12, T29N, R14W
Harper Hill Fruitland Sand Pictured Cliffs

