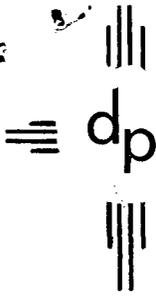
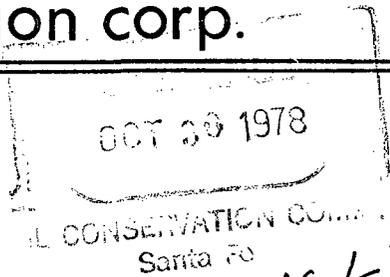


dugan production corp.



October 25, 1978



*NSL-993  
Rule 104 F  
11-20-78*

Joe D. Ramey  
Division Director  
New Mexico Oil Conservation Division  
Box 2088  
Santa Fe, NM 87501

Re: Application for Administrative  
Approval of Unorthodox Location  
of the Horseshoe #7 Well in  
San Juan County, New Mexico

*240 S 2480 W  
30-32 N-17W*

*pool Mesa-Gallup Pool  
40 acres*

Dear Mr. Ramey:

Enclosed are the following items regarding the Application for Administrative Approval of the Unorthodox Location of the Horseshoe #7 Well which will be located in the SE/4 SW/4 of Section 30, Township 32 North, Range 17 West, NMPM, San Juan County, New Mexico.

1. Three copies of the Application for Administrative Approval of the Unorthodox Location for the Horseshoe #7 Well.
2. Three copies of a plat showing the ownership of all leases offsetting the SE/4 SW/4 of Section 30, Township 32 North, Range 17 West, NMPM. This plat also shows all of the wells completed on these leases.
3. Three copies of a description of the topographical conditions as well as three copies of a topography plat since this Application for proposed unorthodox location is based upon topography.
4. Three copies of a Certificate of Mailing stating that all operators of leases offsetting the dedicated acreage for this well, the Supervisor of the District III Office of the New Mexico Oil Conservation Division, and the U.S. Geological Survey have been notified of the Application by certified mail.

If you need further information or assistance, please advise.

Sincerely,

*Richard Tully*

Richard Tully  
Attorney for Applicant

vs  
Enclosures

B. Navajo Tribal Contract No. NOO-C-14-20-2962  
Township 32 North, Range 17 West, NMPM  
Section 31: NW/4  
San Juan County, New Mexico

Operator: David M. Poage  
Senior Landman  
El Paso Natural Gas Company  
Box 990  
Farmington, NM 87401

Joe D. Ramey  
Division Director  
New Mexico Oil Conservation Division  
Page 2  
October 25, 1978

OCT 29 1978  
NEW MEXICO  
OIL CONSERVATION DIVISION  
Sante 42

Distribution:

Benny Lowe, Landman  
Texas Pacific Oil Company, Inc.  
Box 4067  
Midland, TX 79701

David M. Poage  
Senior Landman  
El Paso Natural Gas Company  
Box 990  
Farmington, NM 87401

Al Kendrick  
District III Supervisor  
Oil Conservation Division  
1000 Rio Brazos Road  
Aztec, NM 87410

Phil T. McGrath  
District Engineer  
U.S. Geological Survey  
Box 959  
Farmington, NM 87401

OCT 30 1978

APPLICATION FOR ADMINISTRATIVE APPROVAL  
OF UNORTHODOX LOCATION

Applicant: Dugan Production Corp.  
Box 234  
Farmington, NM 87401

Lease: Navajo Tribal Contract No. 14-20-603-586

Lease Date: March 12, 1954; Approval Date, June 15, 1954

Lease Term: Ten Years

Lands Described in Lease  
Dedicated to the Well: Township 32 North, Range 17 West, NMPM  
Section 30: SE/4 SW/4  
Containing 40 acres, more or less  
San Juan County, New Mexico

Name of Well: Horseshoe #7 Well

Proposed Unorthodox Location: Township 32 North, Range 17 West, NMPM  
Section 30: 240' FSL, 2480' FWL  
(Unit Letter N)  
San Juan County, New Mexico

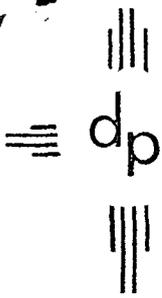
Reason for Unorthodox Location: Topographical conditions (See attached  
description of topographical conditions  
and plat)

New Mexico Oil Conservation  
Division Rule Authorizing  
Applications: Rule 104(D) (II) (F)

Offsetting Leases and Operators: A. Navajo Tribal Contract No. 14-20-603-586  
Township 32 North, Range 17 West, NMPM  
Section 30: SE/4, N/2 SW/4, SW/4 SW/4  
Section 31: NE/4

Operators: Benny Lowe, Landman  
Texas Pacific Oil Company, Inc.  
Box 4067  
Midland, TX 79701

Dugan Production Corp.  
Box 234  
Farmington, NM 87401



# dugan production corp.

---

October 25, 1978

Benny Lowe, Landman  
Texas Pacific Oil Company, Inc.  
Box 4067  
Midland, TX 79701

Re: Application for Administrative Approval  
of Unorthodox Location for the  
Horseshoe #7 Well  
San Juan County, New Mexico

Dear Benny:

Enclosed are the following items regarding the Application for Administrative Approval of the Unorthodox Location for the Horseshoe #7 Well which is to be located in the SE/4 SW/4 of Section 30, Township 32 North, Range 17 West, NMPM, San Juan County, New Mexico.

Copies of all material filed with the Division Director of the New Mexico Oil Conservation Division including the cover letter to the Division Director, the Application, a Certificate of Mailing, a plat showing the ownership of all offsetting leases and the wells completed on these leases, a description of the topographical conditions, and a topography map.

In addition, we are enclosing three copies of a Waiver of Objection and Consent to the Unorthodox Location of the Horseshoe #7 Well. If you do not have any objection to this unorthodox location, we would appreciate it if you will sign all three copies of this Waiver and Consent. Please send one executed copy to Joe D. Ramey, Division Director, New Mexico Oil Conservation Division, P.O. Box 2088, Santa Fe, NM 87501 within thirty days, and return one executed copy to the Applicant. The remaining copy is for your files.

Thank you in advance for your assistance and cooperation in this matter. Please advise if you need further information.

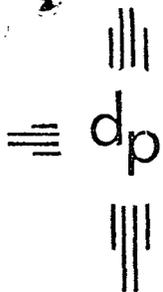
Sincerely,

**ORIGINAL SIGNED BY  
RICHARD TULLY**

Richard Tully  
Attorney for Applicant

vs

Enclosures



# dugan production corp.

---

October 25, 1978

David M. Poage  
Senior Landman  
El Paso Natural Gas Company  
Box 990  
Farmington, NM 87401

Re: Application for Administrative Approval  
of Unorthodox Location for the  
Horseshoe #7 Well  
San Juan County, New Mexico

Dear Dave:

Enclosed are the following items regarding the Application for Administrative Approval of the Unorthodox Location for the Horseshoe #7 Well which is to be located in the SE/4 SW/4 of Section 30, Township 32 North, Range 17 West, NMPM, San Juan County, New Mexico

Copies of all material filed with the Division Director of the New Mexico Oil Conservation Division including the cover letter to the Division Director, the Application, a Certificate of Mailing, a plat showing the ownership of all offsetting leases and the wells completed on these leases, a description of the topographical conditions, and a topography map.

In addition, we are enclosing three copies of a Waiver of Objection and Consent to the Unorthodox Location of the Horseshoe #7 Well. If you do not have any objection to this unorthodox location, we would appreciate it if you will sign all three copies of this Waiver and Consent. Please send one executed copy to Joe D. Ramey, Division Director, New Mexico Oil Conservation Division, P.O. Box 2088, Santa Fe, NM 87501 within thirty days, and return one executed copy to the Applicant. The remaining copy is for your files.

Thank you in advance for your assistance and cooperation in this matter. Please advise if you need further information.

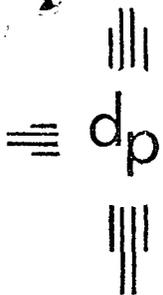
Sincerely,

**ORIGINAL SIGNED BY  
RICHARD TULLY**

Richard Tully  
Attorney for Applicant

vs

Enclosures



# dugan production corp.

---

---

October 25, 1978

David M. Poage  
Senior Landman  
El Paso Natural Gas Company  
Box 990  
Farmington, NM 87401

Re: Application for Administrative Approval  
of Unorthodox Location for the  
Horseshoe #7 Well  
San Juan County, New Mexico

Dear Dave:

Enclosed are the following items regarding the Application for Administrative Approval of the Unorthodox Location for the Horseshoe #7 Well which is to be located in the SE/4 SW/4 of Section 30, Township 32 North, Range 17 West, NMPM, San Juan County, New Mexico

Copies of all material filed with the Division Director of the New Mexico Oil Conservation Division including the cover letter to the Division Director, the Application, a Certificate of Mailing, a plat showing the ownership of all offsetting leases and the wells completed on these leases, a description of the topographical conditions, and a topography map.

In addition, we are enclosing three copies of a Waiver of Objection and Consent to the Unorthodox Location of the Horseshoe #7 Well. If you do not have any objection to this unorthodox location, we would appreciate it if you will sign all three copies of this Waiver and Consent. Please send one executed copy to Joe D. Ramey, Division Director, New Mexico Oil Conservation Division, P.O. Box 2088, Santa Fe, NM 87501 within thirty days, and return one executed copy to the Applicant. The remaining copy is for your files.

Thank you in advance for your assistance and cooperation in this matter. Please advise if you need further information.

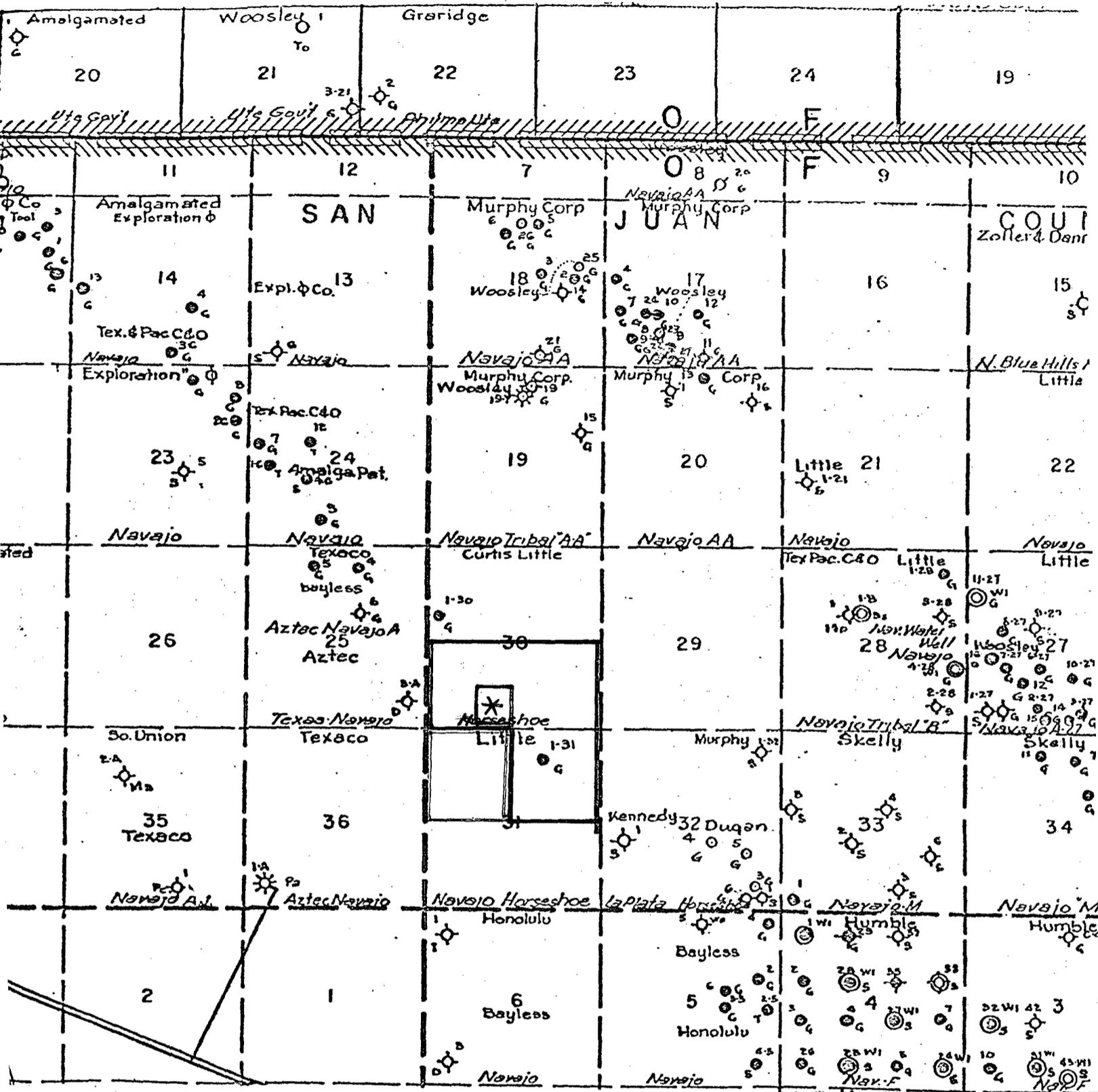
Sincerely,

**ORIGINAL SIGNED BY**  
**RICHARD TULLY**

Richard Tully  
Attorney for Applicant

vs  
Enclosures

APPLICATION FOR UNORTHODOX LOCATION  
OF HORSESHOE #7 WELL



\* Proposed Location  
Township 32 North, Range 17 West, NMPM  
Section 30: 240' FSL, 2480' FWL  
San Juan County, New Mexico

— Dedicated Acreage

Offsetting Leases and Operators

A. Navajo Tribal Contract No. 14-20-603-586  
Township 32 North Range 17 West, NMPM  
Section 30: S/2  
Section 31: NE/4  
Texas Pacific Oil Company, Inc.  
and Dugan Production Corp.

B. Navajo Tribal Contract No. NOO-C-14-20-2962  
Township 32 North, Range 17 West, NMPM  
Section 31: NW/4  
El Paso Natural Gas Company

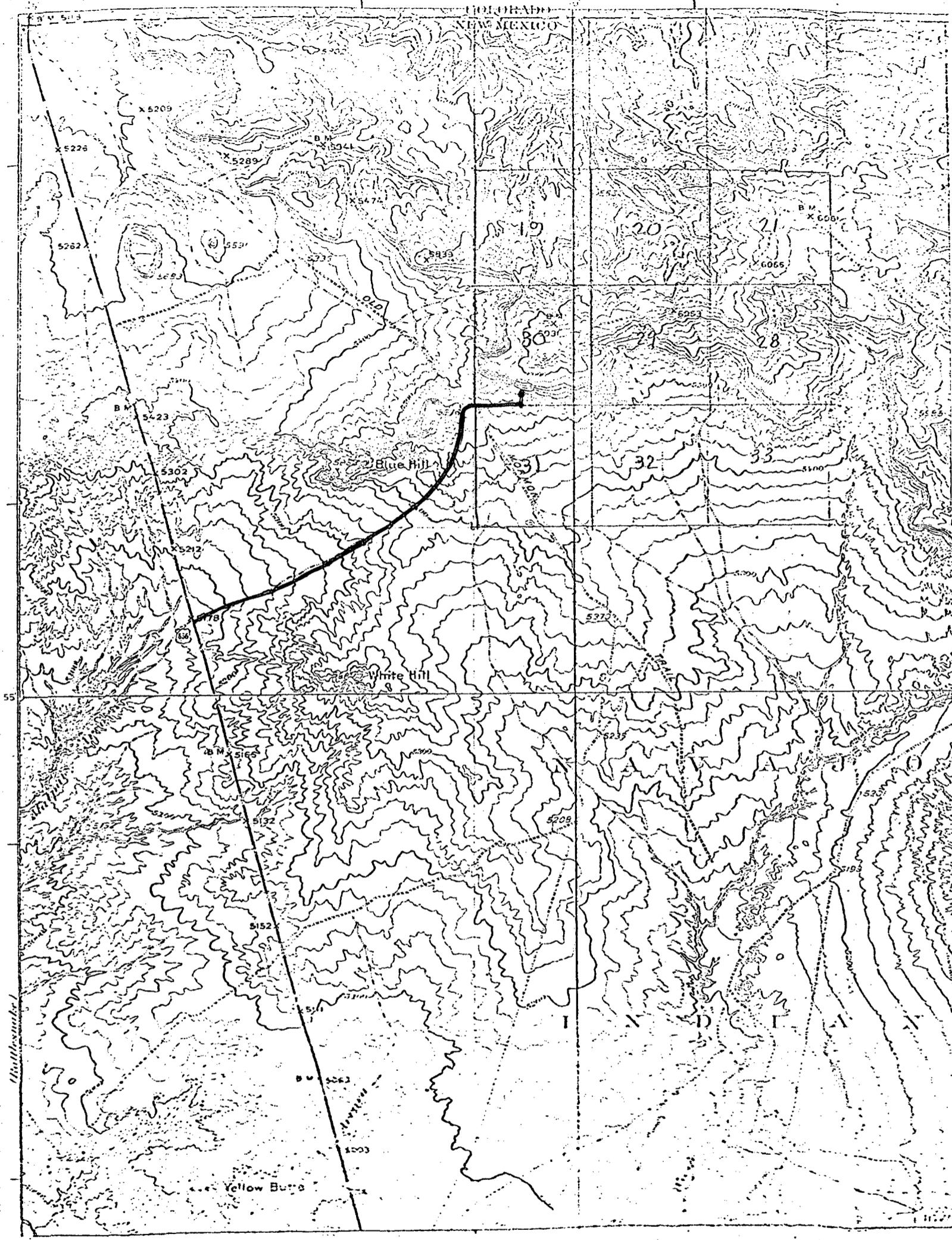
DESCRIPTION OF THE TOPOGRAPHICAL  
CONDITIONS FOR THE HORSESHOE #7 WELL

The proposed well location for the Horseshoe #7 Well is at the base of a mesa which rises approximately 400 feet immediately in elevation from the surface location of this well in the SE/4 SW/4 of Section 30, Township 32 North, Range 17 West, NMPM, San Juan County, New Mexico. The dedicated acreage for this well, which is projected as a Horseshoe Gallup well, is 40 acres.

Access to the proposed location will be made by an existing road, and then constructing a new access road of approximately 150 feet in length to the well site.

If the well was situated in an orthodox location under Rule 104(C)-(1) of the New Mexico Oil Conservation Division's Rules and Regulations, it would be located on the above mentioned mesa. Access to an orthodox location on top of the bluff would require extensive road building with attendant disruption of terrain. Additionally, an orthodox location in this quarter quarter section would be north of the proposed location, and would not be as geologically favorable.

A topographic al plat is attached hereto to more adequately add to the description of the location of this well.



APPLICATION FOR UNORTHODOX LOCATION  
OF HORSEHOE #7 WELL

• Proposed Location

— Existing Road

— Planned Access Road

OIL CONSERVATION COMMISSION  
Agiles DISTRICT

OIL CONSERVATION COMMISSION  
BOX 2088  
SANTA FE, NEW MEXICO

DATE 11-2-78

NOV - 6 1978  
OIL CONSERVATION COMMISSION  
SANTA FE

RE: Proposed MC \_\_\_\_\_  
Proposed DHC \_\_\_\_\_  
Proposed NSL  \_\_\_\_\_  
Proposed SWD \_\_\_\_\_  
Proposed WFX \_\_\_\_\_  
Proposed PMX \_\_\_\_\_

Gentlemen:

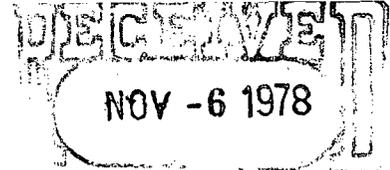
I have examined the application dated 10-25-78  
for the Dugan Production Corp. Horseshoe #7 N-30-32N-12W  
Operator Lease and Well No. Unit, S-T-R

and my recommendations are as follows:

Approve  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Yours very truly,

AP Griffiths



CONSERVATION COMM.  
Santa Fe

WAIVER OF OBJECTION AND  
CONSENT TO THE UNORTHODOX  
LOCATION OF THE HORSESHOE #7 WELL

The undersigned, as an operator of a lease offsetting the SE/4 SW/4 of Section 30, Township 32 North, Range 17 West, NMPM, San Juan County, New Mexico, does hereby acknowledge receipt of the Application for Administrative Approval of Unorthodox Location for the Horseshoe #7 Well.

The undersigned states that it waives any objection that it may have to this unorthodox location, and voluntarily consents to the location of the Horseshoe #7 Well as stated in the above mentioned Application.

Dated this 3rd day of November, 1978.

EL PASO NATURAL GAS COMPANY

By: John A. Ahlin  
Title: Regional Land Manager

Box 990  
Farmington, NM 87401

Please send one executed copy to Joe D. Ramey, Division Director, New Mexico Oil Conservation Division, P.O. Box 2088, Santa Fe, NM 87501, and return one executed copy to the Applicant. The remaining copy is for your files.

WAIVER OF OBJECTION AND  
CONSENT TO THE UNORTHODOX  
LOCATION OF THE HORSESHOE #7 WELL

The undersigned, as an operator of a lease offsetting the SE/4 SW/4 of Section 30, Township 32 North, Range 17 West, NMPM, San Juan County, New Mexico, does hereby acknowledge receipt of the Application for Administrative Approval of Unorthodox Location for the Horseshoe #7 Well.

The undersigned states that it waives any objection that it may have to this unorthodox location, and voluntarily consents to the location of the Horseshoe #7 Well as stated in the above mentioned Application.

Dated this 31 day of Oct., 1978.

TEXAS PACIFIC OIL COMPANY, INC.

By: R. J. Womack, Jr.

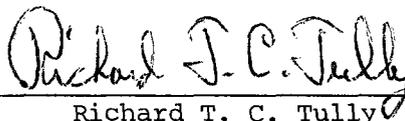
Title: Regional Manager

Box 4067  
Midland, TX 79701

Please send one executed copy to Joe D. Ramey, Division Director, New Mexico Oil Conservation Division, P.O. Box 2088, Santa Fe, NM 87501, and return one executed copy to the Applicant. The remaining copy is for your files.

CERTIFICATE OF MAILING

I certify that I mailed a copy of the Application for Unorthodox Location of the Horseshoe #7 Well by certified mail to all operators of leases offsetting the dedicated acreage for the Horseshoe #7 Well, to the Supervisor of the District III office of the New Mexico Oil Conservation Division, and to the U.S. Geological Survey on this 26<sup>th</sup> day of October, 1978.



---

Richard T. C. Tully  
Attorney for Applicant