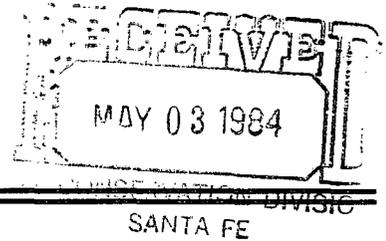


dugan production corp.



May 1, 1984

NSL - 1819

**RULE
RELEASE IMMEDIATELY**

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

RE: Request for Administrative Approval of Unorthodox Location
Dugan Production Corp.'s Muddy Mudda No. 1
Bisti Lower Gallup Field
790' FNL - 1040' FWL, *N/2 NW/2 OF*
Sec. 21, T-24N, R-9W, NMPM
San Juan County, NM

Dear Mr. Ramey:

We are requesting administrative approval for an unorthodox location with regard to our proposal to complete the Gallup formation in the captioned well.

The Muddy Mudda No. 1 was spudded on 4-27-84, as a Dakota test and is currently being drilled. Upon testing the Dakota, we plan to perforate and test the Gallup, which will require an unorthodox location with regard to the Gallup formation. With reference to the attached copy of a topographical map (Fig. No. 1), it can be seen that the surface slope at a standard location for the Gallup would have required a significant amount of dirt work in order to make the drilling location and thus, we moved 50' to the east, which puts us 280' from the quarter-quarter line and necessitates this request. The Dakota is at a standard location.

With reference to Fig. No. 2, we have indicated the leasehold ownership of all acreage adjacent to the 80 acre production unit for the Muddy Mudda No. 1 and as can be seen, all leasehold interest is held by Dugan Production Corp. The Muddy Mudda No. 1 is offset to the north by Dugan Production's Holly No. 1, which is a marginal well completed in the Gallup and Dakota formations. The Harvey No. 1, operated by Dugan Production, is located approximately 1 mile to the west, and is completed in the Dakota formation averaging approximately 50 MCFPD. We have also attached a copy of a general well location map (Fig. No. 3) for your reference. As can be seen, the subject well is on the southeastern edge of the current development in this general area for the Gallup and Dakota.

Also, for your information, we are attaching a copy of our sundry notice on which we have indicated our intentions to complete the Gallup formation.

Joe D. Ramey, NMOCD
Muddy Mudda No. 1 Unorthodox Location
Page 2

May 1, 1984

In view of the fact that Dugan Production has the leasehold rights on all offsetting acreage, we request your approval of this application as soon as possible, so that we may proceed with completion operations with a minimum amount of waiting time.

Should you have any questions regarding this application, please feel free to contact me.

Sincerely,

John D. Roe

John D. Roe
Petroleum Engineer

fp

Attachments

cc: *Frank Chavez*

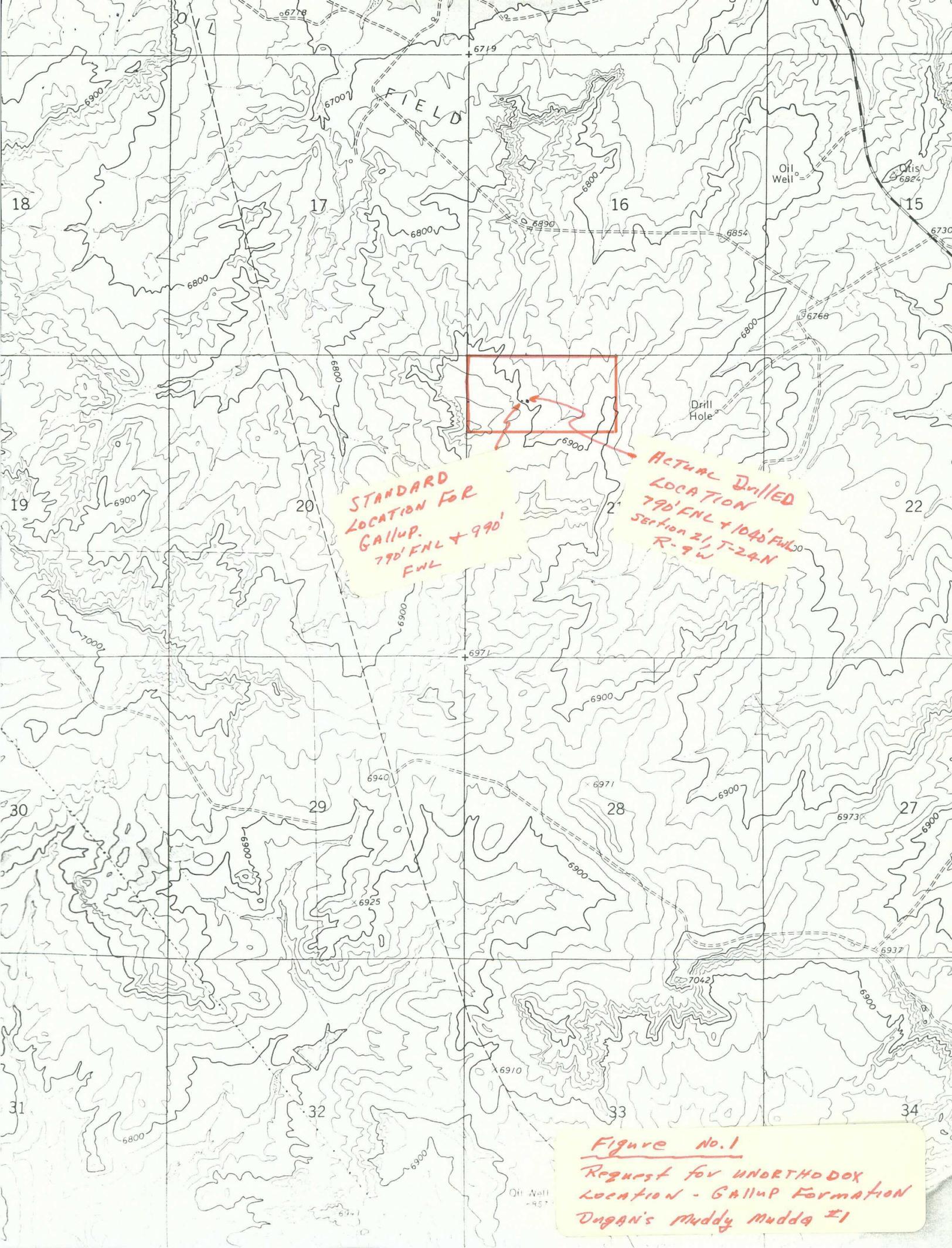
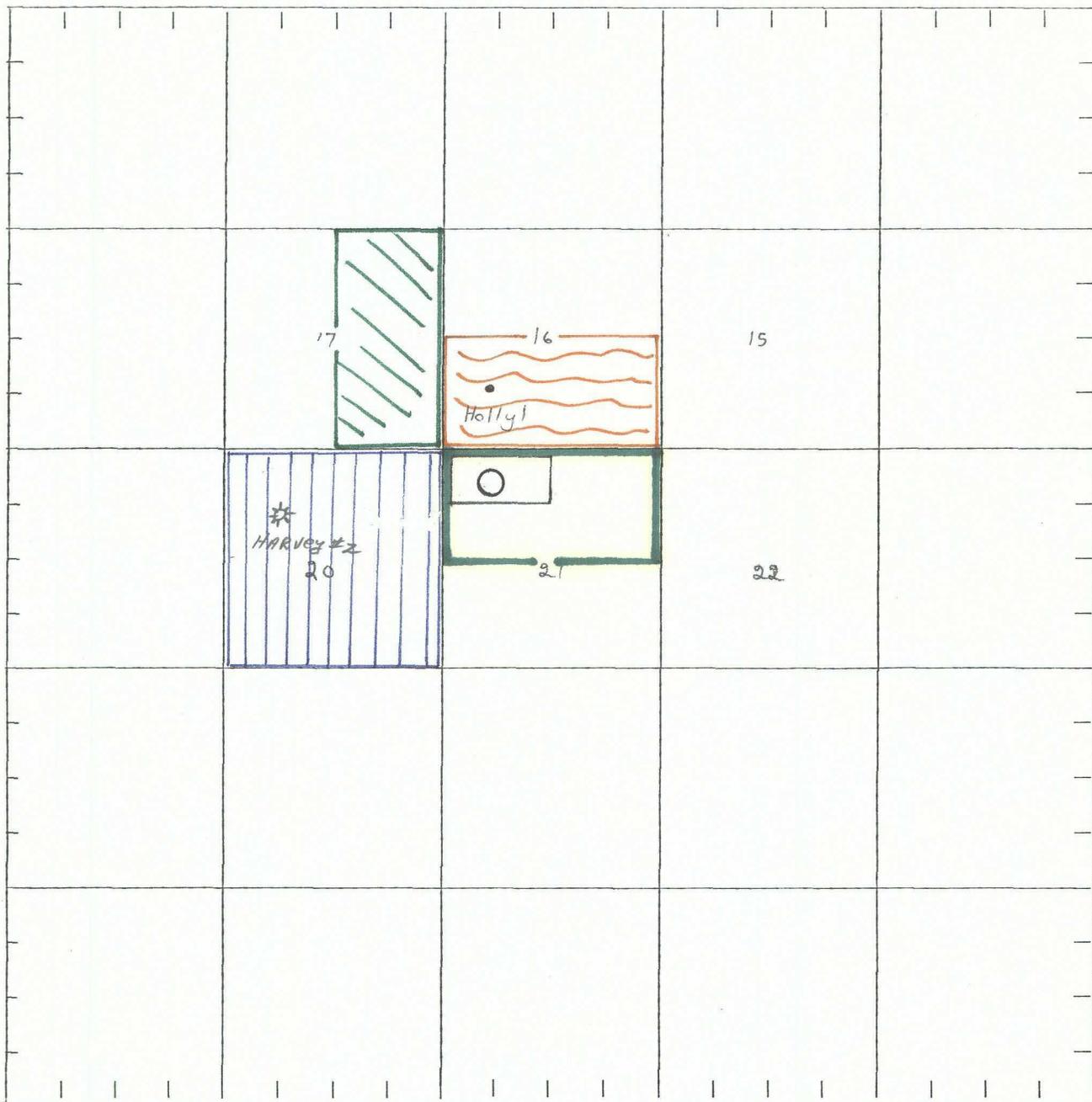


Figure No. 1
Request for UNORTHODOX
LOCATION - GALLUP Formation
Dugan's Muddy Mudda #1

R-9-W

T
24
N



Sec. 16: S/2 Dugan Production Corp.
(New Mexico State Lease E-6644-18, SW/4 SW/4 and
New Mexico State Lease LG-1035-3, SE/4 SW/4, SW/4 SE/4)

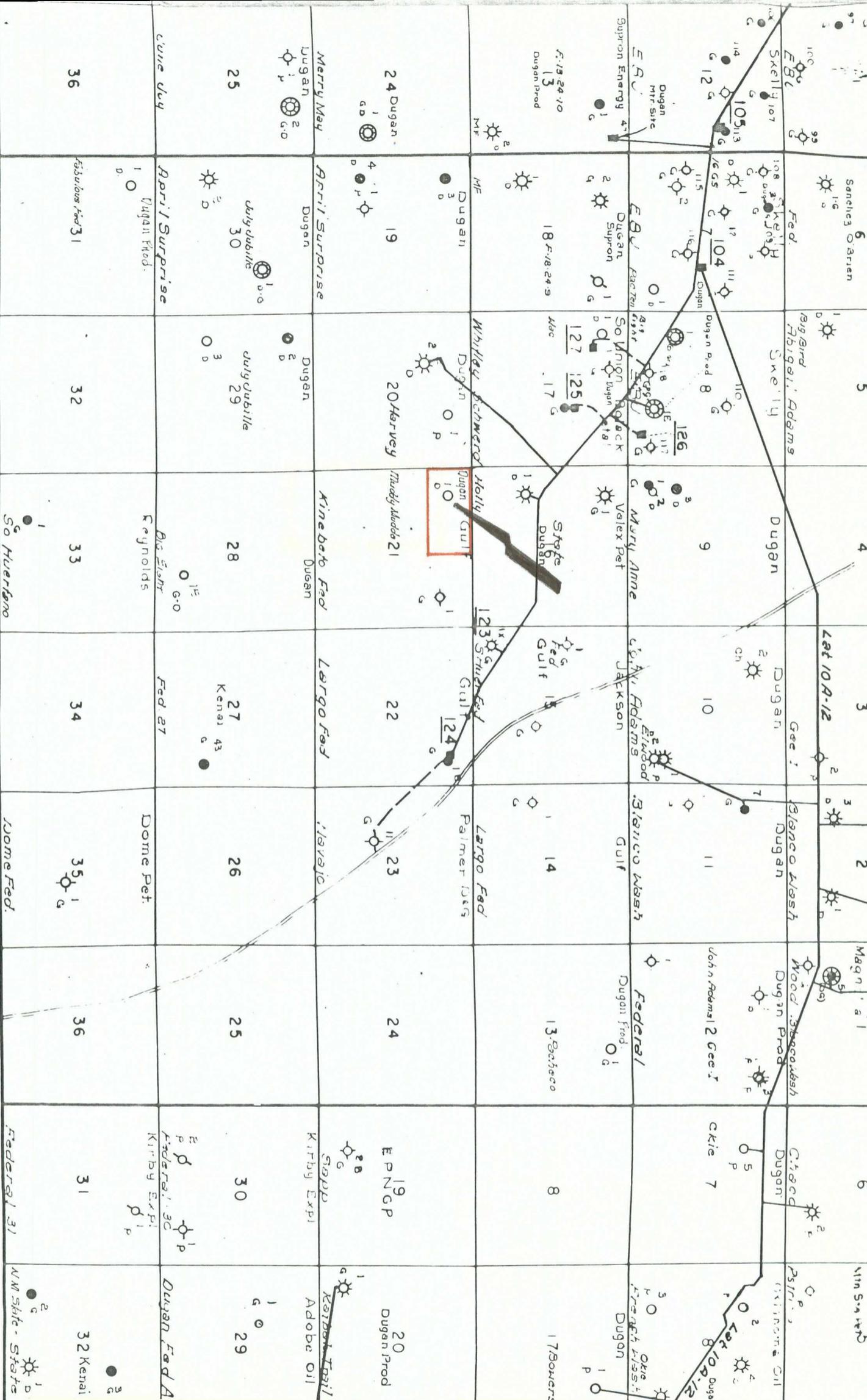
Sec. 17: E/2 Federal minerals, unleased *Dugan's (note attached letter.)*
9PP

Sec. 20: All Dugan Production Corp. (NM 10755)

Sec. 21: N/2 Dugan Production Corp. (NM 36474)

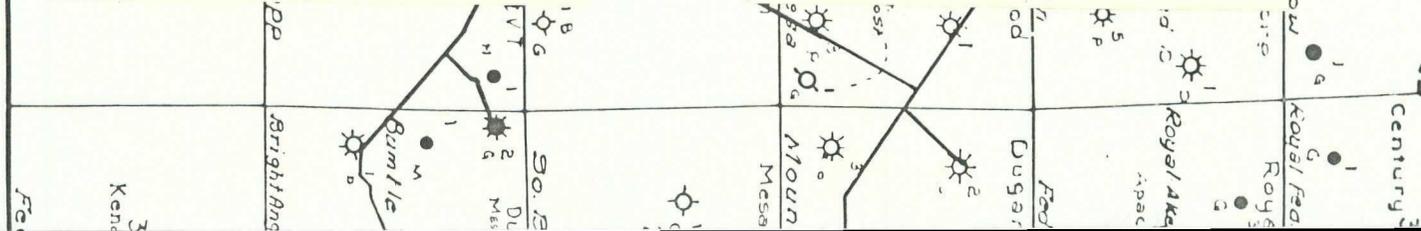
APPLICATION FOR
UNORTHODOX LOCATION
Figure No. 2

DUGAN PRODUCTION CORP.
Muddy Mudda #1
790' FNL - 1040' FWL
Sec. 21, T24N, R9W, NMPM
San Juan County, NM



APPLICATION FOR
UNORTHODOX LOCATION
Figure No. 3

DUGAN PRODUCTION CORP.
Muddy Mudda #1
790' FNL - 1040' FWL
Sec. 21, T24N, R9W, NMMP
San Juan County, NM



R-9-W

R-8-W

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir. Use Form 9-331-C for such proposals.)

1. oil well Gallup gas well Dakota other

2. NAME OF OPERATOR
DUGAN PRODUCTION CORP.

3. ADDRESS OF OPERATOR
P O Box 208, Farmington, NM 87499

4. LOCATION OF WELL (REPORT LOCATION CLEARLY. See space 17 below.)
AT SURFACE: 790' FNL - 1040' FWL
AT TOP PROD. INTERVAL:
AT TOTAL DEPTH:

5. LEASE
NM 36474

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME
Muddy Mudda

9. WELL NO.
1

10. FIELD OR WILDCAT NAME
Basin Dakota & Bisti Lower Gallup

11. SEC., T., R., M. OR BLK. AND SURVEY OR AREA
Sec. 21 T24N R9W, NMPM

12. COUNTY OR PARISH | 13. STATE
San Juan | NM

14. API NO.

15. ELEVATIONS (SHOW DF, KDB, AND WD)
6898' GL

8

16. CHECK APPROPRIATE BOX TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

REQUEST FOR APPROVAL TO:		SUBSEQUENT REPORT OF:
TEST WATER SHUT-OFF	<input type="checkbox"/>	<input type="checkbox"/>
FRACTURE TREAT	<input type="checkbox"/>	<input type="checkbox"/>
SHOOT OR ACIDIZE	<input type="checkbox"/>	<input type="checkbox"/>
REPAIR WELL	<input type="checkbox"/>	<input type="checkbox"/>
PULL OR ALTER CASING	<input type="checkbox"/>	<input type="checkbox"/>
MULTIPLE COMPLETE	<input type="checkbox"/>	<input type="checkbox"/>
CHANGE ZONES	<input type="checkbox"/>	<input type="checkbox"/>
ABANDON*	<input type="checkbox"/>	<input type="checkbox"/>
(other)	Intention to test additional zone	

(NOTE: Report results of multiple completion or zone change on Form 9-330.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

Upon testing the Dakota, we also plan to perforate, stimulate and test the Gallup interval. Request for approval of unorthodox location submitted to NMOCD. Should potential be indicated in both zones, we plan to request authorization from NMOCD for downhole commingling.

Subsurface Safety Valve: Manu. and Type _____ Set @ _____ Ft.

18. I hereby certify that the foregoing is true and correct

SIGNED Jim L. Jacobs TITLE Geologist DATE 5-1-84

(This space for Federal or State office use)

APPROVED BY _____ TITLE _____ DATE _____
CONDITIONS OF APPROVAL, IF ANY:

OIL CONSERVATION DIVISION

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

Form C-102
Revised 10-1-78

All distances must be from the outer boundaries of the Section.

Operator DUGAN PRODUCTION CORP.			Lease Muddy Mudda		Well No. 1
Unit Letter D	Section 21	Township 24 North	Range 9 West	County San Juan	

Actual Footage Location of Well:
790 feet from the **North** line and **1040** feet from the **West** line

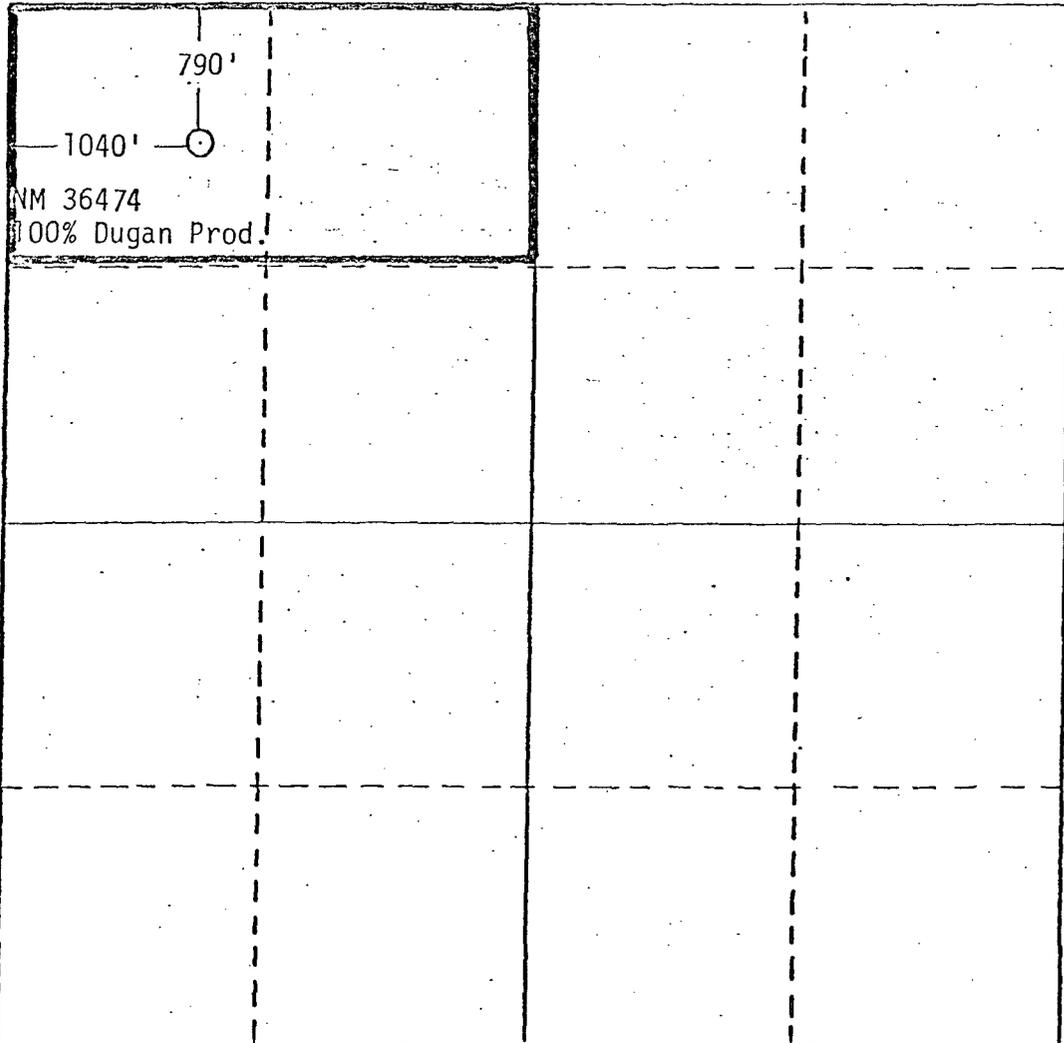
Ground Level Elev. 6898	Producing Formation Gallup	Pool Bisti Lower Gallup	Dedicated Acreage: 80.0 Acres
-----------------------------------	--------------------------------------	-----------------------------------	---

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Division.



CERTIFICATION

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

Jim L. Jacobs

Name
Jim L. Jacobs
Position
Geologist
Company
Dugan Production Corp.

Date
5-1-84

I hereby certify that the well location shown on this plot 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 knowledge and belief.

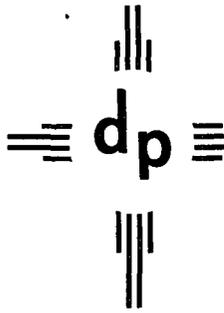
Date Surveyed
February 6, 1984

Registered Professional Engineer and/or Land Surveyor

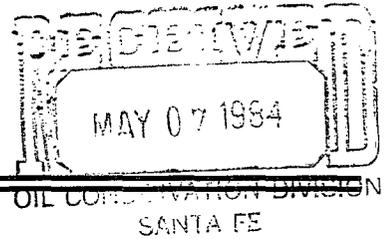
Thomas A. Dugan
Thomas A. Dugan PE/LS

Certificate No.
2373





dugan production corp.



May 4, 1984



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

RE: Dugan Production's May 1, 1984, Letter
Requesting Administrative Approval of Unorthodox Location
Dugan Production Corp.'s Muddy Mudda No. 1
Bisti Lower Gallup Field
790' FNL - 1040' FWL
Sec. 21, T-24N, R-9W, NMPM
San Juan County, NM

Dear Mr. Ramey:

With regards to our letter of May 1, 1984, it has come to my attention that our Figure No. 2 incorrectly indicated the E/2 of Sec. 17 to be released federal acreage; however, this in fact is Dugan Production's lease, NM 45208. We had indicated this lease as belonging to Dugan Production in the text of our letter; however, had inadvertently not reflected this on Figure No. 2.

We apologize for this inaccuracy in our original letter. Should you have any questions regarding our application, please do not hesitate to call.

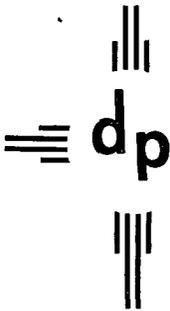
Sincerely,

John D. Roe

John D. Roe
Petroleum Engineer

JDR:fp

cc: Frank Chavez



dugan production corp.

May 18, 1984



New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87501

Attn: Joe D. Ramey, Director

Re: Administrative Order NSL-1819
Our Muddy Mudda #1 Well
T-24-N, R-9-W, NMPM
Sec. 21: 790' FNL & 1040' FWL
Bisti Lower Gallup Field
San Juan Co., NM

Gentlemen:

We are returning the above referenced Administrative Order which we received from your office and ask that it be executed and returned to us for our files.

Thank you for your cooperation in this matter.

Sincerely,

Tommy Roberts
Landman

nw

enc.





STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONY ANAYA
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

May 9, 1984

Dugan Production Corp.
P.O. Box 208
Farmington, NM 87499

Attention: John D. Roe

Administrative Order NSL-1819

Gentlemen:

Reference is made to your application for a non-standard location for your Muddy Mudda Well No. 1 located 790 feet from the North line and 1040 feet from the West line, N/2 NW/2 of Section 21, Township 24 North, Range 9 West, Bisti Lower Gallup Field, San Juan County, New Mexico.

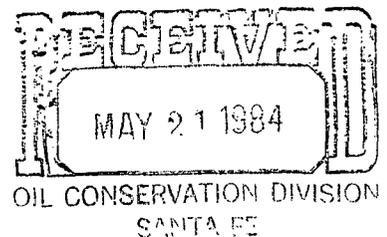
By authority granted me under the provisions of Rule 104 FI of the Division Rules and Regulations, the above-described unorthodox location is hereby approved.

Sincerely,

JOE D. RAMEY,
Director

JDR/RLS/dp

cc: Oil Conservation Division - Aztec
Oil & Gas Engineering Committee - Hobbs
Bureau of Land Management - Farmington





STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

FILE
NSL-1819

OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE

1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-6178

OIL CONSERVATION DIVISION
BOX 2088
SANTA FE, NEW MEXICO 87501

DATE 5-14-84

RE: Proposed MC _____
Proposed DHC _____
Proposed NSL X _____
Proposed SWD _____
Proposed WFX _____
Proposed PMX _____

RECEIVED
MAY 17 1984
OIL CONSERVATION DIVISION
SANTA FE

Gentlemen:

I have examined the application dated 5-1-84

for the Dugan Production Corp. Muddy Mudda #1 D-21-24N-9W
Operator Lease and Well No. Unit, S-T-R

and my recommendations are as follows:

Approve

Yours truly,

Tom Burch