



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

January 28, 1994

Dugan Production Corporation
P.O. Box 420
Farmington, NM 87499

Attention: Jim L. Jacobs

Administrative Order NSL-3344

Dear Mr. Jacobs:

Reference is made to your application dated January 6, 1994 for a non-standard Basin-Fruitland coal gas well location for your existing Okie Well No. 1 which was drilled in 1977 and completed in the Potwin-Pictured Cliffs Pool at a standard gas well location 1105 feet from the South line and 840 feet from the East line (Unit P) of Section 8, Township 24 North, Range 8 West, NMPM, San Juan County, New Mexico.

It is my understanding that the Pictured Cliffs zone will be properly plugged back and said well will be recompleted to the Basin-Fruitland Coal Gas Pool, which pursuant to the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool as promulgated by Division Order No. R-8768, as amended, is unorthodox. Further, the S/2 of said Section 8 shall be dedicated to the well forming a standard 320-acre gas spacing and proration unit for said pool.

By the authority granted me under the provisions of Rule 8 of said Division Order No. R-8768, as amended, the above-described unorthodox coal gas well location is hereby approved.

Sincerely,

A handwritten signature in black ink, appearing to read "William J. LeMay".

William J. LeMay
Director

WJL/MES/amg

cc: Oil Conservation Division - Aztec
US Bureau of Land Management - Farmington