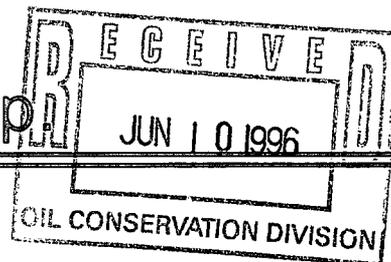


dugan production corp



June 5, 1996

Mr. Michael E. Stogner
New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, NM 87505

**Subject: Administrative Approval of Unorthodox Location
Dugan Production Corp.
John Adams #2
1150' FNL & 1520' FWL, Sec. 10, T24N, R9W, NMPM
San Juan County, NM
Basin Fruitland Coal**

Dear Mr. Stogner:

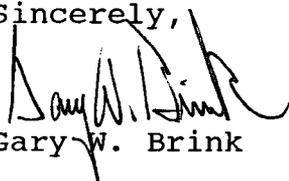
Dugan Production Corp. requests administrative approval for an unorthodox location for its John Adams #2 well under the provisions of NMOCD Order No. R-8768.

The subject well is currently completed in the Chacra formation and it is nonproductive. It is intended to abandon the Chacra zone and recomplete in the Basin Fruitland Coal.

A copy of this application is being submitted to all offset operators by certified mail with a request that they furnish your office in Santa Fe a Waiver of Objection.

Attached is a well location plat showing dedicated acreage, a well location map and a map showing all offsetting operators.

Sincerely,


Gary W. Brink

GWB/cg

cc: New Mexico Oil Conservation Division, Aztec
Bureau of Land Management, Farmington
Offset Operators

District I
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 PO Drawer DD, Artesia, NM 88211-0719
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
 Energy, Minerals & Natural Resources Department

Form C-102
 Revised February 21, 1994
 Instructions on back
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30 045		2 Pool Code 71629		3 Pool Name Basin Fruitland Coal	
4 Property Code		5 Property Name John Adams			6 Well Number 2
7 OGRID No. 006515		8 Operator Name Dugan Production Corp.			9 Elevation 6639'

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
C	10	24N	9W		1150	North	1520	West	San Juan

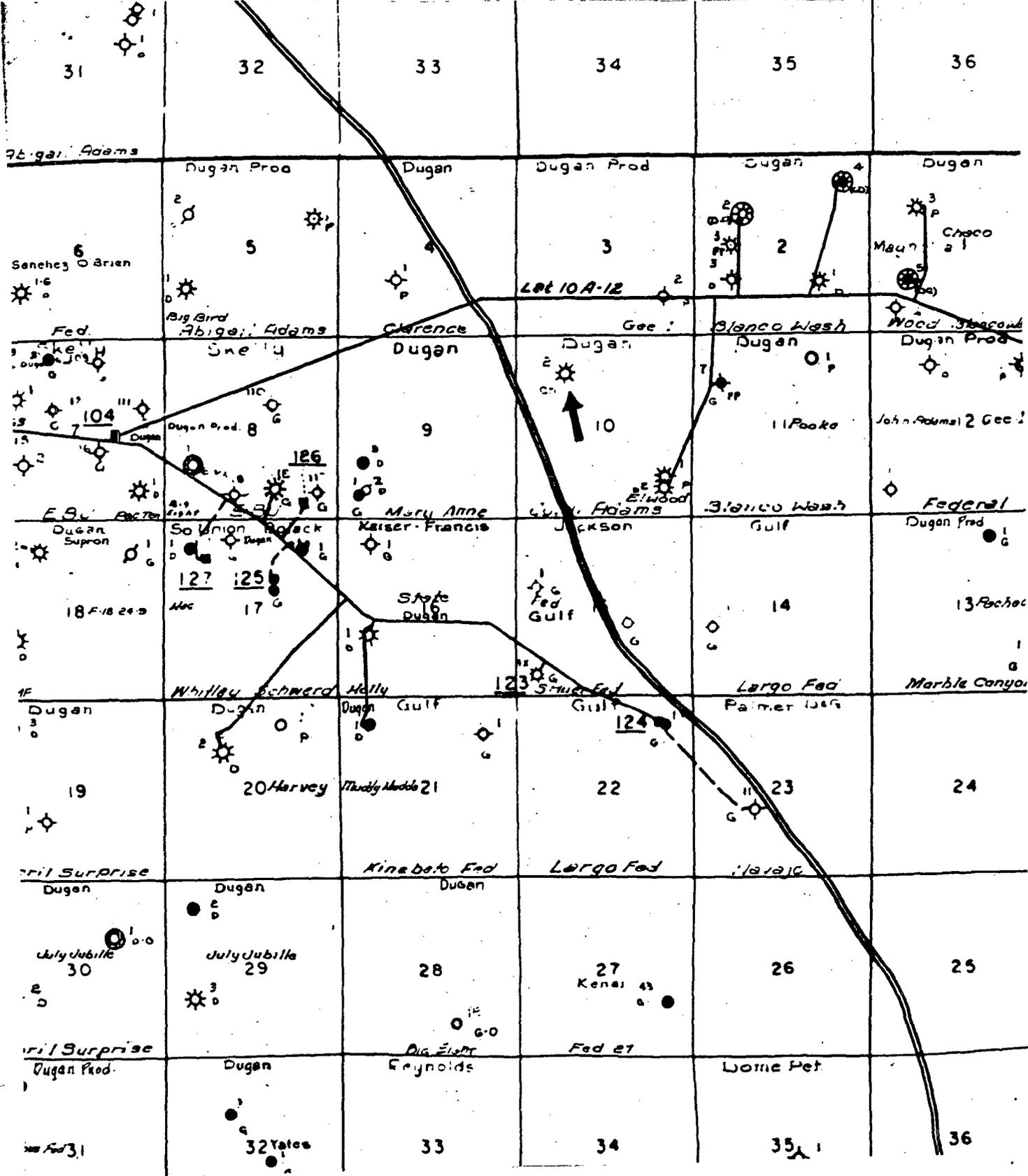
11 Bottom Hole Location If Different From Surface

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

12 Dedicated Acres 320	13 Joint or Infill	14 Consolidation Code	15 Order No. will be communitized
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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

	NM 10755 Dugan Prod. 100%	SF 078859 Dugan Prod. 50% Conoco 50%	17 OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i> Signature Gary Brink Printed Name Operations Manager Title 6/5/96 Date
			18 SURVEYOR CERTIFICATION <i>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.</i> 10-4-76 Date of Survey Signature and Seal of Professional Surveyer: original plat surveyed & signed by E.V. Echohawk, LS 3602 Certificate Number



Application for Unorthodox Location
 Dugan Production Corp.
 John Adams #2
 Unit C, Sec 10, T24N, R9W, San Juan Co., N.M.
 Basin Fruitland Coal
 Well Location Map

Application for Unorthodox Location
 Dugan Production Corp.
 John Adams #2
 Unit C, Sec 10, T24N, R9W, San Juan Co., N.M.
 Basin Fruitland Coal
 Offset Operator Plat

Open Federal	Open Federal	Open Navajo Allotted	Dugan Prod.
4 Open Federal	3 Dugan Prod.	Open Federal	2 Open Navajo Dugan Prod.
Dugan Prod.	Dugan Prod.	Open Navajo	Open Federal
9 Dugan Prod.	10 Dugan Prod.	Open Navajo	11 Open Navajo

John Adams #2 