



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

July 7, 1997

Dugan Production Corporation
P.O. Box 420
Farmington, New Mexico 87499-0420
Attention: Gary W. Brink

Administrative Order NSL-3826

Dear Ms. Staley:

Reference is made to your application dated June 11, 1997 for a non-standard Basin-Fruitland coal gas well location for your existing Com Well No. 1 (API No. 30-045-08722), which was drilled in 1961 and completed in the Basin-Dakota Pool at a standard gas well location 1750 feet from the South line and 1820 feet from the East line (Unit J) of Section 2, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico.

It is our understanding that the Dakota interval has been plugged off and said well was recompleted up-hole into 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 also unorthodox. Further, Lots 1 and 2, the S/2 NE/4, and the SE/4 (the E/2 equivalent) of said Section 2 is to be dedicated to the well to form a standard 316.65-acre gas spacing and proration unit for said pool.

By the authority granted me under the provisions of Rule 8 of said 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/kv

cc: Oil Conservation Division - Aztec
New Mexico State Land Office - Santa Fe