

6/12/97 - 7/2/97 - MS - M - NSL

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

ADMINISTRATIVE APPLICATION COVERSHEET

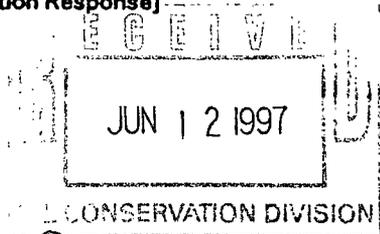
THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location] [DD-Directional Drilling] [SD-Simultaneous Dedication] [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling] [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement] [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion] [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase] [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Directional Drilling [X] NSL [] NSP [] DD [] SD



Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement [] DHC [] CTB [] PLC [] PC [] OLS [X] OLM [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery [] WFX [] PMX [] SWD [] IPI [] EOR [] PPR

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or [] Does Not Apply

- [A] [] Working, Royalty or Overriding Royalty Interest Owners [B] [X] Offset Operators, Leaseholders or Surface Owner [C] [] Application is One Which Requires Published Legal Notice [D] [X] Notification and/or Concurrent Approval by BLM or SLO [E] [] For all of the above, Proof of Notification or Publication is Attached, and/or, [F] [] Waivers are Attached - Waiver to be sent in by Offset Operator

[3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I further verify that all applicable API Numbers are included. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

Gary Brink Print or Type Name

[Signature] Signature

Operations Manager/P.E. Title

6/11/97 Date



June 11, 1997

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.
Com #1
1750' FSL & 1820' FEL, Sec. 2, T29N, R14W, NMPM
San Juan County, NM
Basin Fruitland Coal*

Dear Mr. Stogner:

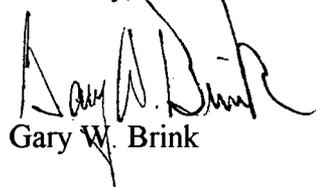
Dugan Production Corp. requests administrative approval for an unorthodox location for its Com #1 well under the provisions of NMOCD Order No. R-8768.

The subject well was originally drilled as a Basin Dakota well. It was later plugged back to a Basin Fruitland Coal in order to test the potential of the Coal formation in the area.

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

OIL CONSERVATION DIVISION

P.O. Box 2088
 Santa Fe, New Mexico 87504-2088

DISTRICT I
 P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
 P.O. Drawer DD, Artesia, NM 88210

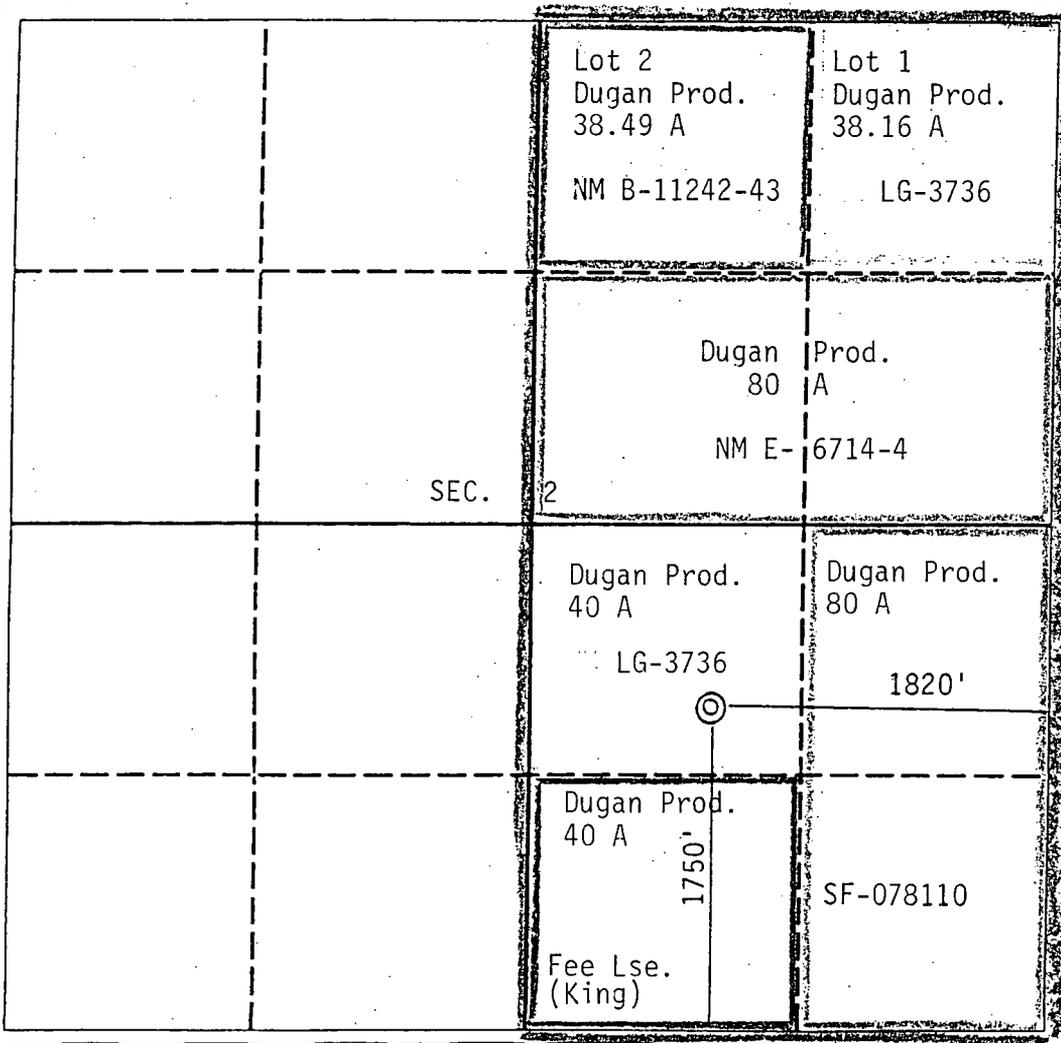
DISTRICT III
 1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator DUGAN PRODUCTION CORP.			Lease Com		Well No. 1
Unit Letter J	Section 2	Township 29 North	Range 14 West	County San Juan	
Actual Footage Location of Well: 1750 feet from the South line and 1820 feet from the East line					
Ground level Elev. 5516'	Producing Formation Fruitland Coal		Pool Basin Fruitland Coal		Dedicated Acreage: 316.65 Acres

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest 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. C.A. Agrmt #NMM 91272, approved 1/18/94, effective 12/1/90
 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 interest, has been approved by the Division.

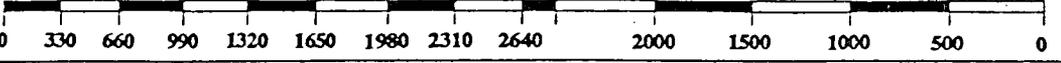


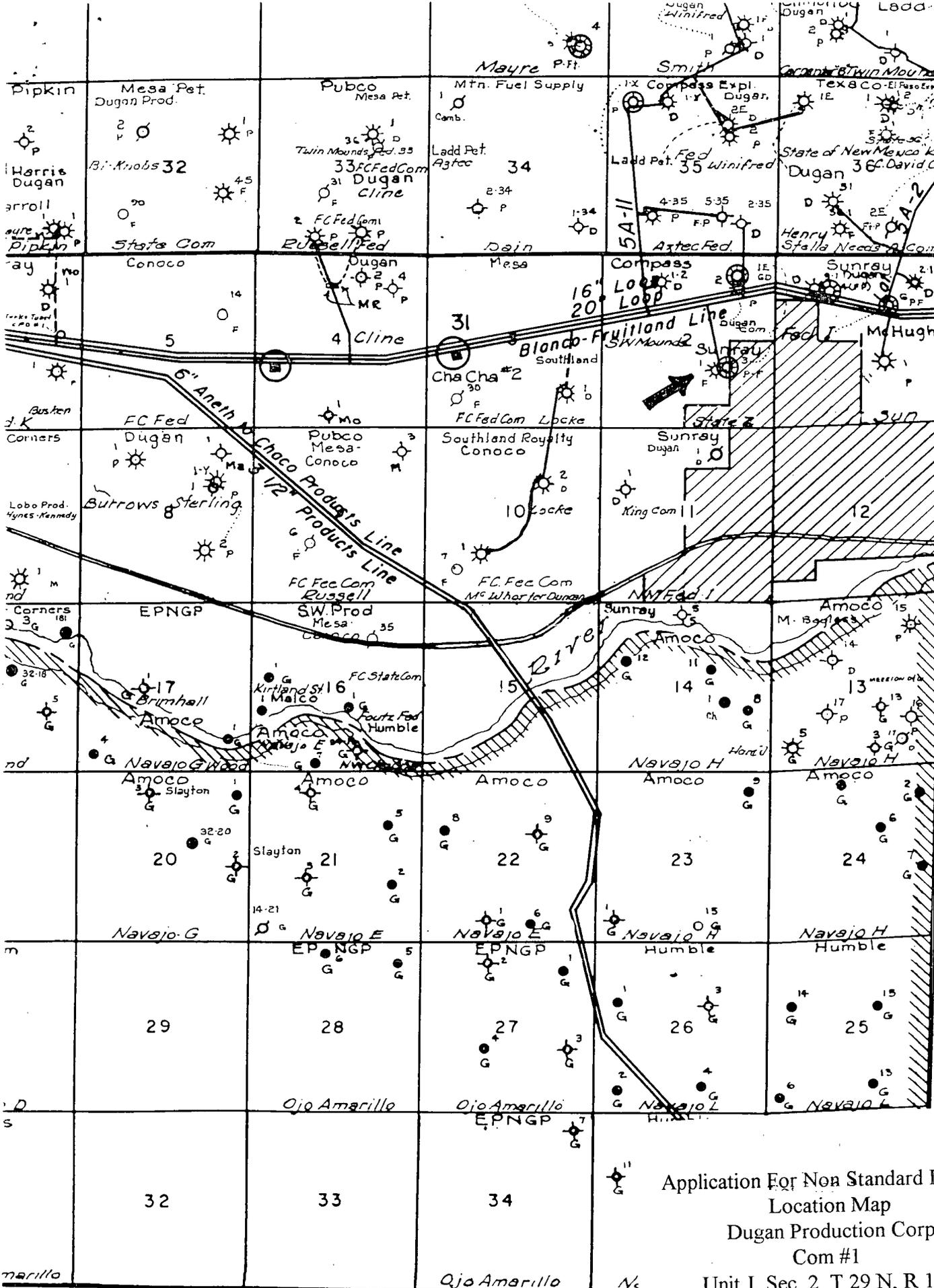
OPERATOR CERTIFICATION
 I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature: *Jim L. Jacobs*
 Printed Name: **Jim L. Jacobs**
 Position: **Vice President**
 Company: **Dugan Production Corp.**
 Date: **3/7/94**

SURVEYOR CERTIFICATION
 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 knowledge and belief.

Date Surveyed: **3-21-61**
 Signature & Seal of Professional Surveyor: _____
 Original signed survey plat by James P. Leese is on file.
 Certificate No.: **1463**





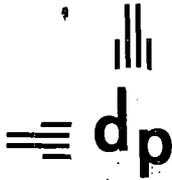
T
29
N

Application For Non Standard Location
 Location Map
 Dugan Production Corp.
 Com #1
 Unit J, Sec. 2, T 29 N, R 14 W
 San Juan Co., N.M.
 Basin Fruitland Coal

R-14-W

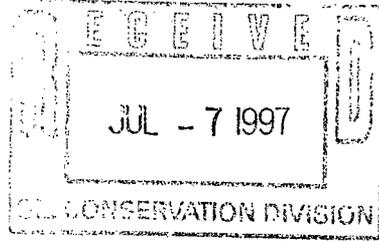
Application For Non Standard Location
 Offset Operators
 Dugan Production Corp.
 Com #1
 Unit J, Sec. 2, T 29 N, R 14 W
 San Juan Co., N.M.
 Basin Fruitland Coal

		35		36	
T 30 N			Universal Resources	Dugan	
			Dugan	Dugan	
		2	Dugan	Dugan	1
T 29 N			COM #1 ●		
			Dugan	Dugan	
		11			12
			R 14 W		



dugan production corp.

Graph



Certified Mail

June 11, 1997

**SIGN & RETURN
THIS COPY
to New Mexico Oil Cons. Div.**

Universal Resources
2601 NW Expressway, St. 700 East
Oklahoma City, OK 73112

**Subject: *Administrative Approval of Unorthodox Location
Dugan Production Corp.
Com #1
1750' FSL & 1820' FEL, Sec. 2, T29N, R14W, NMPM
San Juan County, NM***

Gentlemen:

Dugan Production Corp. has filed with the New Mexico Oil Conservation Division (NMOCD) an Application for Administrative Approval for an Unorthodox Location for its Com #1 well. A copy of the application has been attached for your review.

If you have no objection to this unorthodox location, please sign the three copies of the attached waiver. Return one executed copy to the NMOCD in Santa Fe, NM, one copy to our office, and retain one copy for your files. Self-addressed, stamped envelopes are enclosed.

Your assistance and cooperation in this matter are appreciated.

Sincerely,

Gary W. Brink

GWB/cg

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WAIVER

Universal Resources hereby waives objection to the above referenced Application for Unorthodox Location for Dugan Production Corp's Com #1 well.

Date:

By:

Sec : 02 Twp : 29N Rng : 14W Section Type : NORMAL

4 39.14 Federal owned	3 38.81 CS B11242 41 05/54 MCCULLOCH OIL COR	2 38.49 CS B11242 43 05/54 THOMAS A DUGAN C	1 38.16 CS LG3736 09/86 EL PASO NATURAL G C A A
E 40.00 CS E06714 6 12/62 MCCULLOCH OIL COR	F 40.00 CS E02526 9 03/59 MCCULLOCH OIL COR	G 40.00 CS E06714 9 12/62 DUGAN PRODUCTION C	H 40.00 CS E06714 9 12/62 DUGAN PRODUCTION C

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

¹
¹
 78.16
 78.49

 156.65
 16
316.65

Sec : 02 Twp : 29N Rng : 14W Section Type : NORMAL

<p>L 40.00 CS OPEN</p>	<p>K 40.00 CS B11242 42 05/54 MCCULLOCH OIL COR</p>	<p>J 40.00 CS LG3736 09/86 EL PASO NATURAL G C A A</p>	<p>I 40.00 Federal owned C</p>
<p>M 40.00 CS .E03555 8 05/60 MCCULLOCH OIL COR</p>	<p>N 40.00 CS B11242 42 05/54 MCCULLOCH OIL COR</p>	<p>O 40.00 Fee owned C</p>	<p>P 40.00 Federal owned C</p>

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12