



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

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

March 23, 1989

Dugan Production Corp.
P.O. Box 5820
Farmington, NM 87499-5820

Attention: Richard Corcoran,
Landman

RE: Administrative application for
non-standard gas proration
units: Pet. Inc. Well Nos. 5,
6, 9, 10, 13, 14, 15, 16 and
17, Sections 25, 26, 35 and
36, Township 28 North, Range
15 West, NMPM, Basin
Fruitland Coal (Gas) Pool.

Per your letter dated February 24, 1989, the subject filings, with the exception of the No. 9 well, are hereby withdrawn and are being returned to you at this time. I will hold on to the filing for the No. 9 until an amended application for a 280-acre non-standard gas proration unit is filed.

If you should have any questions concerning this mater, please contact m.e

Sincerely,

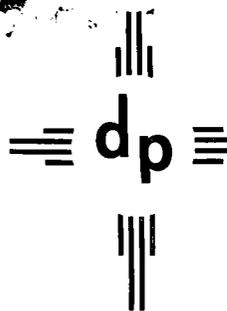
A handwritten signature in cursive script, appearing to read "Michael E. Stogner".

Michael E. Stogner
Petroleum Engineer

MES/ag

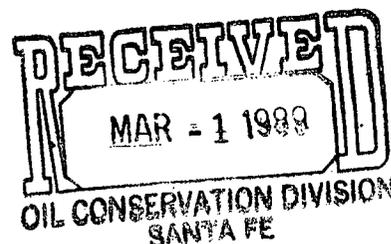
cc: Oil Conservation Division - Aztec
Vic Lyon

cc - E. Bunch 11/10/90



dugan production corp.

February 24, 1989



New Mexico Oil Conservation District
P. O. Box 2088
Santa Fe, New Mexico 87504

Attention: Mr. Michael Stogner

RE: Request for Non-Standard Spacing Units
Pet, Inc. #5, 6, 9, 10, 13-17 Wells
T28N-R15W, Secs. 25, 26, 35 and 36
Western Federal #7 and 9 Wells
T26N-R11W, Sec. 7
Elwood P. Dowd #1 Well
T24N-R9W, Sec. 10: SE/4
Gibraltar #1 Well
T30N-R14W, Sec. 9: NE/4

Dear Mr. Stogner:

Reference is made to our earlier communications regarding Dugan Production Corp.'s request for administrative approval of various 160 acre non-standard spacing units in the Basin Fruitland Coal Gas Pool.

This is to advise that after a meeting in Dugan Production Corp.'s office on February 23, 1989 with a representative of the NMOCD (Mr. E. Busch), we have decided to withdraw our request for 160 acre non-standard spacing units covering the Pet, Inc. #5, 6, 9, 10, 13, 14, 15, 16, and 17 wells. We will be submitting C102's for 320 acres on each of these wells except the Pet, Inc. #9 which will be 280 acres.

As to our request covering the Elwood P. Dowd #1 and Western Federal #7 and #9 Wells; although we own an interest in the offsetting 160 acre tract that could be spaced with the existing proration unit for these wells, the working interest and overriding royalty interest ownership that would result under the new spacing unit would be different.

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In the case of the Gibraltar #1, the overriding royalty interest ownership would change if the spacing unit is expanded.

Consequently we ask that our earlier request for non-standard 160 acre spacing units for these wells be approved.

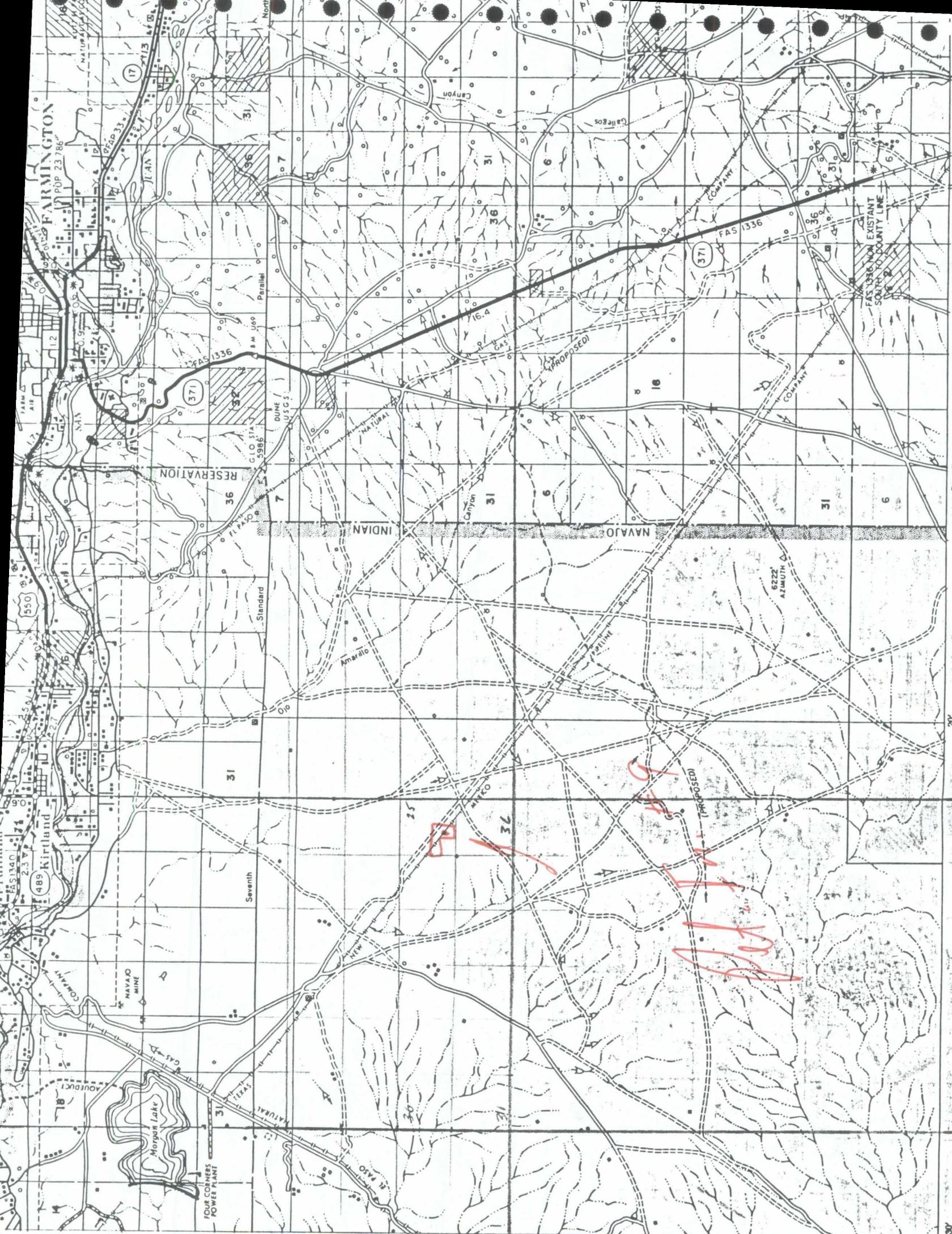
Thank you for your consideration in this matter.

Sincerely,

A handwritten signature in cursive script that reads "Richard Corcoran". The signature is written in black ink and is positioned to the right of the word "Sincerely,".

Richard Corcoran
Landman

RC/mm



T.29 N. T.28 N. T.27 N. T.26 N.

R.16 W. R.15 W. R.14 W. R.13 W.

Scale 1 inch = 2 Miles
1 1/4 0 1 2 3 4
STATUTE MILES

1967

Control by U.S. Coast and Geodetic Survey; U.S. Geological Survey; U.S. Forest Service Bureau of Land Management and Planning Division—Modified Conic Projection Standard Parallel 34°; North American Datum

R.12 W.

Bist Trading Post - 14

Longitude West from Greenwich

36°30'

108°30'

North