



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

December 18, 2001

Dugan Production Corporation
P. O. Box 420
Farmington, New Mexico 87499-0420
Attention: **Kurt H. Fagrelius**

Telefax No. (505) 327-4613

Administrative Order NSL-4674

Dear Mr. Fagrelius:

Reference is made to the following: (i) your application dated November 19, 2001 (*application reference No. pKRV0-133340317*), which was received by the New Mexico Oil Conservation Division ("Division") in Santa Fe on November 26, 2001; and (ii) the Division's records in Santa Fe and Aztec: all concerning Dugan Production Corporation's request to drill its proposed Pan American Federal Well No. 2 at an unorthodox Fruitland Sand/Pictured Cliffs gas well location 545 feet from the North line and 1215 feet from the West line (Unit D) of Section 24, Township 30 North, Range 14 West, NMPM, San Juan County, New Mexico.

The NW/4 of Section 24 is to be dedicated to this well in order to form a standard 160-acre gas spacing and proration unit for the Undesignated Harper Hill Fruitland Sand-Pictured Cliffs Pool (78160).

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Fruitland Sand/Pictured Cliffs gas well location is hereby approved.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

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