



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
BETTY RIVERA
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

May 15, 2002

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

Telefax No. (505) 327-4613

Administrative Order NSL-4732

Dear Mr. Fagrelus:

Reference is made to the following: (i) your application dated April 23, 2002 (*application reference No. pKRV0-211451462*); and (ii) the New Mexico Oil Conservation Division's ("Division") records in Santa Fe and Aztec: all concerning Dugan Production Corporation's request to drill its proposed King Com. Well No. 2 at an unorthodox Fruitland sand/Pictured Cliffs gas well location 2385 feet from the South line and 2255 feet from the East line (Unit J) of irregular Section 11, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico.

The SE/4 equivalent of irregular Section 11 is to be dedicated to this well in order to form a standard 160-acre, more or less, 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