



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

January 10, 1989

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

Attention: Richard Corcoran, Landman

Administrative Order NSP-1552

Dear Mr. Corcoran:

Reference is made to your application of November 18, 1988 for a 158.75-acre non-standard gas proration unit consisting of the following acreage in the Basin Fruitland Coal (Gas) Pool:

SAN JUAN COUNTY, NEW MEXICO
TOWNSHIP 26 NORTH, RANGE 11 WEST, NMPM
Section 7: Lots 3 and 4 and the E/2 SW/4

It is my understanding that this unit is to be dedicated to your existing Western Federal Well No. 7 which is presently completed in the South Gallegos Fruitland Pool and is located at a previously authorized unorthodox coal gas well location (pursuant to Decretory Paragraph No. (9) of Division Order No. R-8768), see also Division Administrative Order NSL-866, 650 feet from the South and West lines (Unit M) of said Section 7.

By authority granted me under the provisions of Rule 6 of said Division Order No. R-8768, the above non-standard gas proration unit is hereby approved.

Sincerely,

A handwritten signature in cursive script, appearing to read "William J. LeMay".

William J. LeMay
Director

WJL/MES/ag

cc: Oil Conservation Division - Aztec
NM Oil and Gas Engineering Committee - Hobbs
U.S. Bureau of Land Management - Farmington
Vic Lyon