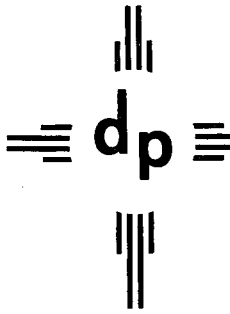


PKRV0310655076

N5L

5/4/03

WVS 5



dugan production corp.

April 11, 2003

Ms. Lori Wrotenbery, Director
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

RECEIVED

APR 14 2003

OIL CONSERVATION
DIVISION

Re: Exception to well location requirements
Rule 2(b) Associated Oil & Gas Pools
Dugan Production Corp.'s Davis Federal No. 1E (API No. 30-045-30714)
Unit J, Section 24, T-26N, R-11W
Gallegos Gallup Associated Pool
San Juan County, New Mexico

Dear Ms. Wrotenbery,

I am writing to request your administrative approval for the unorthodox location of the proposed Gallup completion in Dugan's Davis Federal No. 1E. This well was spudded on 4/6/03 with plans to drill an infill Dakota well at an orthodox location of 1610' FEL & 1620' FSL. We are now proposing to also complete the Gallup formation in the Gallegos Gallup Associated Pool which still requires set backs of 790' from the quarter section line and 330' from the quarter-quarter section lines. This results in the wellbore being 30' too close to the south line and 40' too close to the east line of the northwest of the southeast quarter-quarter section for the Gallup completion only (the Dakota is orthodox). The wellbore does meet the 790' set back from the outer boundary in all directions.

The Gallup completion will be a second well within the existing 320A south half Gallegos Gallup spacing unit for Dugan's Davis Federal No. 1 (API No. 30-045-05757) and will be subject to the allowable established for the existing prorated spacing unit. Attachment No. 1 is a copy of NMOCD Form C-102 which presents Dugan's Davis Federal No. 1 & 1E wells. Attachment No. 2 presents the lease ownership and wells offsetting the subject south half spacing/proration unit.

Copies of this application are being sent to all offset operators by certified return-receipt mail. We did solicit waivers and will forward copies to the NMOCD upon receiving. Attachment No. 3 presents a copy of the transmittal letter sent to offsetting operators.

Should there be questions or additional information needed, please let me know.

Sincerely,

John D. Roe
Engineering Manager

JDR/tmf

attachments

☐ AMENDED REPORT

OIL CONSERVATION DIVISION

PO Box 2088
Santa Fe, NM 87504-2088

Attachment
No. 1

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code	³ Pool Name
30-045-30714	26980	Gallegos Gallup (Associated)
⁴ Property Code	⁵ Property Name	⁶ Well Number
003625	Davis Federal	1E
⁷ OGRID No.	⁸ Operator Name	⁹ Elevation
006515	Dugan Production Corp	6417'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
J	24	26N	11W		1620	South	1610	East	San Juan

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
11 Dedicated Acres 320	12 Joint or Infill	14 Consolidation Code		15 Order No. Application for NSL pending					

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16		17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief <div style="text-align: right; margin-bottom: 10px;"> </div> <div style="margin-bottom: 10px;"> Signature _____ </div> <div style="margin-bottom: 10px;"> Printed Name <u>John D. Roe</u> </div> <div style="margin-bottom: 10px;"> Title <u>Engineering Manager</u> </div> <div style="margin-bottom: 10px;"> Date <u>April 8, 2003</u> </div> <div style="margin-bottom: 10px;"> Date _____ </div>
	Section 24	18 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 belief. <div style="text-align: right; margin-bottom: 10px;"> <u>February 26, 2001</u> </div> <div style="margin-bottom: 10px;"> Date of Survey _____ </div> <div style="margin-bottom: 10px;"> Signature and Seal of _____ </div> <div style="text-align: center;"> </div> <div style="margin-bottom: 10px;"> Certificate Number _____ </div>

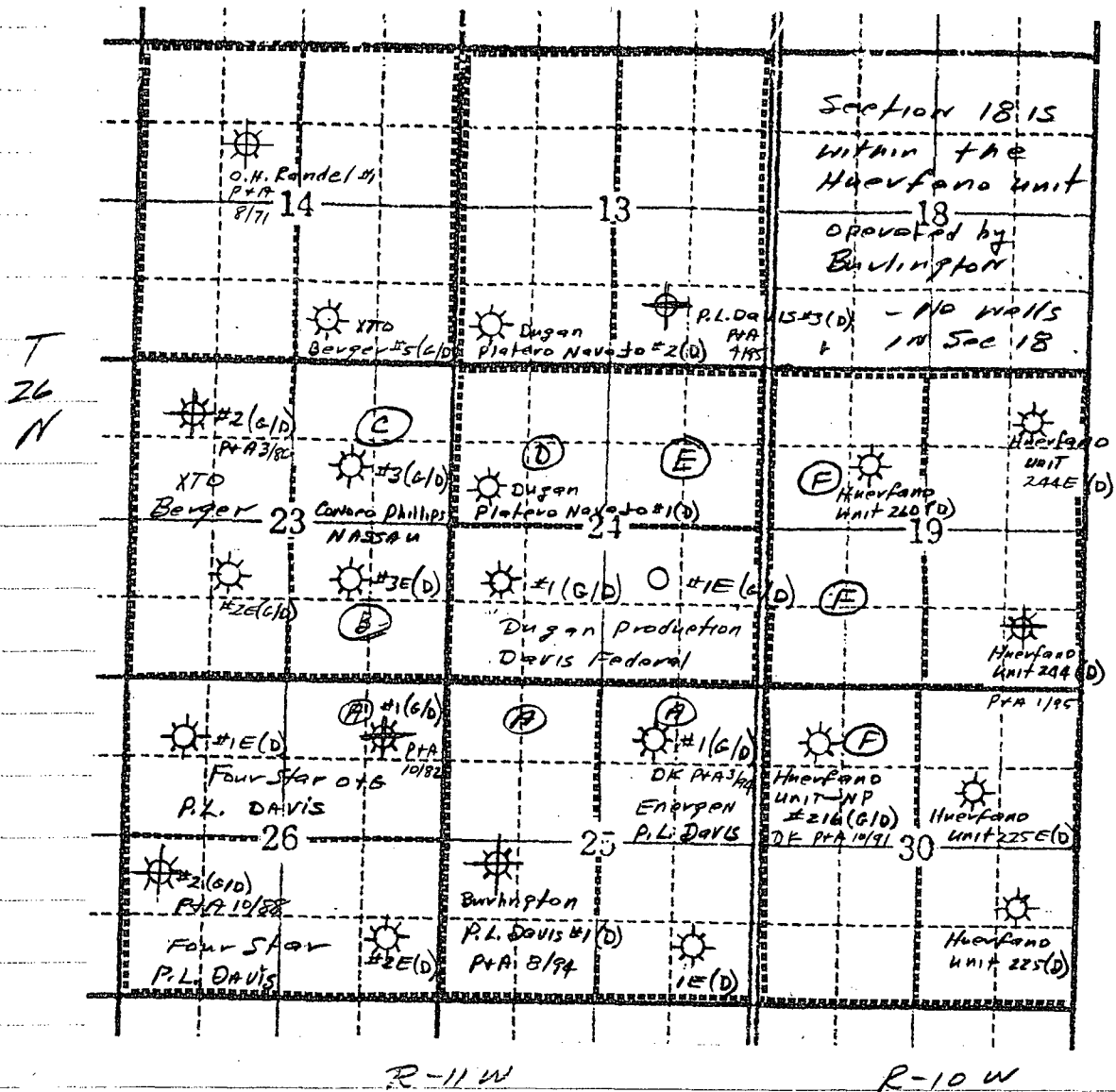
The diagram shows a survey plat with a grid. A well location is marked with a circle and labeled 'DAVIS Fed #1E'. A bearing and distance 'N=36°28'14.88" W=107°57'07.36"' are shown pointing to the well. Other labels include '790'', '1850'', '1610'', '1620'', 'DAVIS Fed #1', 'Dugan Prod', and 'SF-078937'.

Standard 640-4c Section

Attachment #2

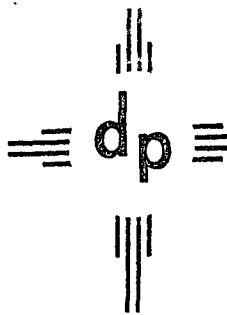
off-Set Lease & Well Information

Dugan Production Corp's Davis Federal No 1 E



off-Set Leases:

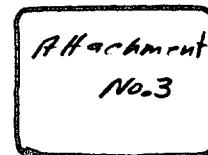
- (A) N/2 Sec. 25 + NE/4 Sec 26 - Lse No. SF-078937 - Burlington Res.
- (B) SE/4 Sec 23 - Lse NOD-C-14-20-3023 - Conoco Phillips
- (C) NE/4 Sec 23 - Lse NOD-C-14-20-3022 Conoco Phillips
- (D) NW/4 + S/2 Sec. 24 - Lse SF-078937 - Dugan Production
- (E) NE/4 Sec. 24 - NOD-14-20-603-1445 - Conoco Phillips (50%) + Enargen (50%)
- (F) W/2 Sec 19 + NW/4 Sec 30 - Huerfano Unit - Burlington Resources



dugan production corp.

SIGN & RETURN
THIS COPY

April 11, 2003



Burlington Resources Oil & Gas Company, LP
Attn: Land Department
P. O. Box 4289
Farmington, NM 87499-4289

Energen Resources Corp.
Attn: Rich Corcoran
2198 Bloomfield Highway
Farmington, NM 87401

ConocoPhillips
Attn: Land Department
600 North Dairy Ashford
Houston, TX 77079-1175

Four Star Oil & Gas Company
Attn: Land Department
P. O. Box 845896
Dallas, TX 75284-5896

Re: Application for unorthodox location
Dugan Production's Davis Federal No. 1E
Unit J, Section 24, T-26N, R-11W
Gallegos Gallup Associated Pool
San Juan County, New Mexico

Dear Offset Operator:

Attached for your information and review is a copy of Dugan Production's application to the New Mexico Oil Conservation Division requesting an exception to Rule 2(b) of the pool rules for associated oil and gas pools which has set back requirements of 790' from section lines and 330' from quarter-quarter section lines. The subject well was permitted as a Basin Dakota infill well at an orthodox location (1620' FSL & 1610' FEL) for the Dakota and is currently being drilled. Dugan Production now desires to also complete the Gallup formation and is requesting an exception to the associated pool rules for the proposed Gallegos Gallup completion which is 30' too close to the south line and 40' too close to the east line of the NWSE quarter-quarter section line. The wellbore does satisfy the 790' setback requirement.

Should you have no objection to our requested unorthodox location, we would appreciate your signing and returning to Dugan the waiver at the bottom of this letter. Should you have questions or need additional information, please let me know.

Sincerely,

John D. Roe
Engineering Manager

JDR/tmf

(Name of Operator) has received a copy of Dugan Production Corp.'s application dated 4-11-03 requesting approval for an unorthodox location of the proposed Gallegos Gallup completion in Dugan's Davis Federal No. 1E well and has no objection to the granting of the requested unorthodox location.

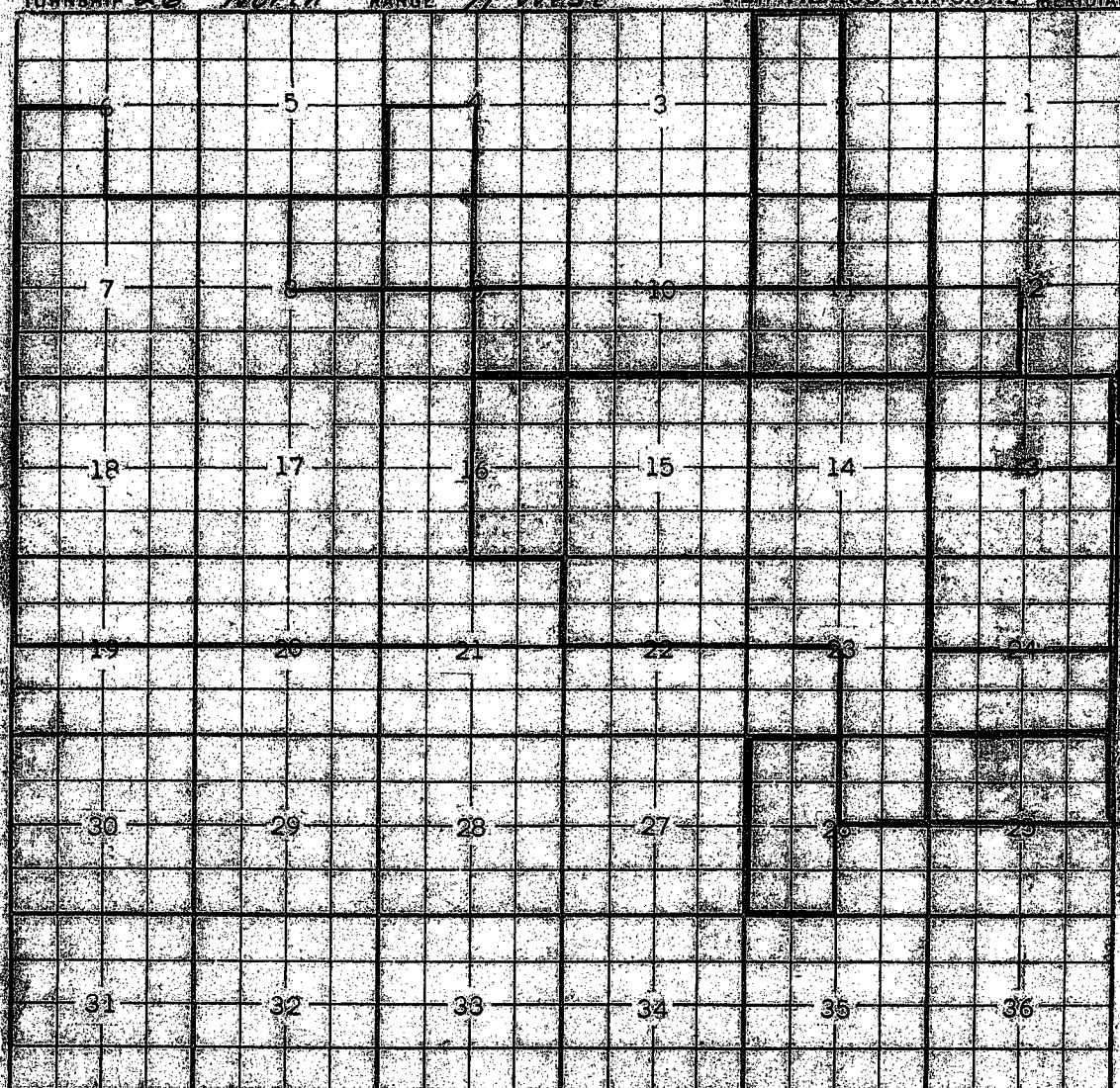
Signed by: _____

Date: _____

Printed Name: _____

County San Juan Pool Gallegos - Gallup Associated

TOWNSHIP 26 North RANGE 11 West NEW MEXICO PRINCIPAL MERIDIAN



Description: $\frac{SW}{4}$ Sec. 6; All Sec. 7; $\frac{NE}{4}$ $\frac{NW}{4}$ Sec. 8; $\frac{SW}{4}$ Sec. 9; $\frac{1}{2}$ Sec. 16;
 All Sec. 17 & 18; $\frac{1}{2}$ Sec. 19; $\frac{1}{2}$ Sec. 20; $\frac{1}{2}$ Sec. 21 (R-1239, 9-1-58)
 Ext. $\frac{SW}{4}$ Sec. 4; $\frac{NE}{4}$ Sec. 8; $\frac{NW}{4}$ $\frac{SE}{4}$ Sec. 9; $\frac{1}{2}$ Sec. 10; $\frac{1}{2}$ Sec. 11 (R-1356, 4-1-59)
 - All Sec. 14 & 15; $\frac{1}{2}$ Sec. 16; $\frac{1}{2}$ Sec. 22; $\frac{NE}{4}$ $\frac{SE}{4}$ Sec. 23; $\frac{NE}{4}$ Sec. 26 (R-1461, 6-1-59)
 - $\frac{1}{2}$ Sec. 26 (R-1458, 2-1-61) - $\frac{3}{4}$ Sec. 24 (R-4060, 3-1-72) - $\frac{1}{2}$ Sec. 2; $\frac{NW}{4}$ Sec. 11 (R-4925, 5-1-72)
 Ext. $\frac{1}{2}$ Sec. 13; $\frac{1}{2}$ Sec. 24 (R-5339, 2-1-77) Ext. $\frac{SW}{4}$ Sec. 12 (R-2046, 8-6-82)
 Reclassify as associated pool (A-5353.)
 Ext. $\frac{NE}{4}$ Sec. 11 (R-7495, 4-5-84) Ext. $\frac{N}{2}$ Sec. 13; $\frac{N}{2}$ Sec. 25 (R-9667, 5-6-92)