

dugan production corp.



RECEIVED

MAY 0 5 2003

OIL CONSERVATION

May 1, 2003

Ms. Lori Wrotenbery, Director
New Mexico Oil Conservation Division

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

Re: Dugan's Application dated 4-11-03 requesting

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,

To assist in your consideration of the subject application, attached are copies of the "return receipts" which reflect that all offset operators did receive a copy of Dugan's application.

In addition, two of the operators (ConocoPhillips & Energen Resources) have returned waivers and copies are attached for your consideration. To date we have had no objection or response from Burlington or Four Star.

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

Sincerely,

John O Roe

John D. Roe Engineering Department

JDR/tmf

attachments

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Re:

dugan production corp.

SIGN & RETURN THIS COPY



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

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

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

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



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 & Roe.

John D. Roe

Engineering Manager

JDR/tmf

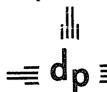
ConocoPhillips Company
(Name of Operator) has received a copy of Dugan Production Corp.'s application
dated 4-11-03 requesting approval for an unorthodox location of the proposed Gallegos Gallup completion in
Dugan's Davis Federal No. 1E well and has no objection to the granting of the requested unorthodox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

Printed Name:

Signed by:

Senior Landman
San Juan/Rockies

Date: 4/22/03



Re:

dugan production corp.

SIGN & RETURN THIS COPY



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ConocoPhillips
Attn: Land Department
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Jetim B. Rose			
John D. Roe Engineering Manager			
JDR/tmf			

ENERGEN RESOURCES (Name of Operator) has received a dated 4-11-03 requesting approval for an unorthodox location	a copy of Duga	n Production Corp.'s application				
dated 4-11-03 requesting approval for an unorthodox location	of the propos	ed 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: Kichard (orcoran)	Date:	4-15-03				
Printed Name: RICHARD CORCORAN	-	7				