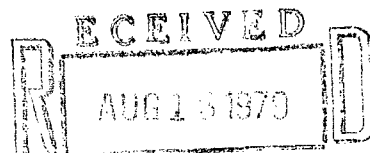


dugan production corp.

August 13, 1979



OIL CONSERVATION DIVISION
SANTA FE

Joe D. Ramey
Division Director
New Mexico Oil Conservation Division
Box 2088
Santa Fe, NM 87501

Re: Application For Administrative Approval
of Unorthodox Location of the Pan Am Fed #1E
Well in San Juan County, New Mexico

NSL - 1064
Rule 3 R 1670-V
9-4-79

Dear Mr. Ramey:

Enclosed are the following items regarding the Application for Administrative Approval of the Unorthodox Location of the Pan Am Fed #1E Well which will be located in the W/2 of Section 24, Township 30 North, Range 14 West, N.M.P.M., San Juan County, New Mexico.

500' FNL
800' FNL

1. Three copies of the Application for Administrative Approval of the Unorthodox Location for the Pan Am Fed #1E Well.
2. Three copies of a plat showing the ownership of all leases offsetting the W/2 of Section 24, Township 30 North, Range 14 West, N.M.P.M. This plat also shows all of the wells completed on these leases.
3. Three copies of a Certificate of Mailing stating that all operators of leases offsetting the dedicated acreage for this well have been notified of the Application by certified mail, and the Supervisor of the District III Office of the New Mexico Oil Conservation Division, and the U. S. Geological Survey have been notified of the Application by regular mail.

If you need further information or assistance, please advise.

Sincerely,

Richard T. C. Tully

Richard T. C. Tully
Attorney for Applicant

Basin Pool
Dakota

RTCT/cs

Enclosures

Joe D. Ramey
New Mexico Oil Conservation Division
August 13, 1979
Page Two

DISTRIBUTION:

Al R. Kendrick
Supervisor, District III
New Mexico Oil Conservation Division
1000 Rio Brazos Road
Aztec, N.M. 87410

B. F. Pracko
Division Landman
Amoco Production Company
Security Life Bldg.
Denver, CO 80202

District Engineer
U. S. Geological Survey
Box 959
Farmington, N.M. 87401

L. A. Dodd
Division Landman
Exxon Company, U. S. A.
Box 120
Denver, CO 80201

Roger G. Nelson
Manager - Land - Rocky Mountains
Ladd Petroleum Corp.
830 Denver Club Bldg.
Denver, CO 80202

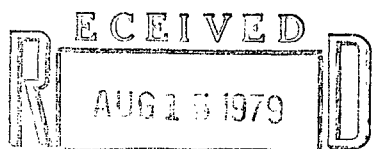
Curt C. Parsons
District Engineer
Southland Royalty Company
Drawer 570
Farmington, N.M. 87401

J. F. Gavlick
Division Landman
Tenneco Oil Company
720 South Colorado Blvd.
Penthouse
Denver, CO 80222

R. E. Pittam
Staff Landman
Mountain Fuel Supply Company
Box 11368
Salt Lake City, UT 84139

APPLICATION FOR ADMINISTRATIVE APPROVAL
OF UNORTHODOX LOCATION

Applicant:



Dugan Production Corp. (Operator)
P. O. Box 208
Farmington, N.M. 87401

Lease:

USA SF 081231-B

Lease Date:

September 1, 1951

Lease Term:

Five Years

Lands Described in Lease
Dedicated to the Well:

Township 30 North, Range 14 West, N.M.P.M.
Section 24: W/2
Containing 320 acres, more or less
San Juan County, New Mexico

Name of Well:

Pan Am Fed #1E Well

Proposed Unorthodox Location:

Township 30 North, Range 14 West, N.M.P.M.
Section 24: 500' FNL - 800' FWL
(Unit Letter D)
San Juan County, New Mexico

Reason for Unorthodox Location:

Topographical conditions as further described
on Exhibit "A" to this Application.

New Mexico Oil Conservation Division
Rule Authorizing Application:

Rule 104(D)(II)(F)

Offsetting Leases and Operators:

A. USA NM 0207001
Township 30 North, Range 14 West, N.M.P.M.
Section 24: E/2
Section 25: NE/4
San Juan County, New Mexico

L. A. Dodd, Division Landman
Exxon Company, U. S. A.
Box 120
Denver, CO 80201

Roger G. Nelson
Manager - Land - Rocky Mountains
Ladd Petroleum Corp.
830 Denver Club Bldg.
Denver, CO 80202

B. USA SF 079070
Township 30 North, Range 14 West, N.M.P.M.
Section 13: E/2
San Juan County, New Mexico

L. A. Dodd, Division Landman
Exxon Company, U. S. A.
Box 120
Denver, CO 80201

C. USA NM 6899
Township 30 North, Range 14 West, N.M.P.M.
Section 13: W/2
San Juan County, New Mexico

Curt C. Parsons, District Engineer
Southland Royalty Company
Drawer 570
Farmington, N.M. 87401

- D. USA NM 628 (Molly Pitcher Lease)
Township 30 North, Range 14 West, N.M.P.M.
Section 14: E/2
San Juan County, New Mexico
- Dugan Production Corp.
Box 208
Farmington, N.M. 87401
- E. USA NM 2555, NM 15272, and NM 13213
(Mucho Deal F/A)
Township 30 North, Range 14 West, N.M.P.M.
Section 14: SW/4 (NM 2555-E/2 SW/4;
NM 15272 - SW/4 SW/4; NM 13213 - NW/4 SW/4)
San Juan County, New Mexico
- Dugan Production Corp.
Box 208
Farmington, N.M. 87401
- J. F. Gavlick, Division Landman
Tenneco Oil Company
720 South Colorado Blvd.
Penthouse
Denver, CO 80222
- R. E. Pittam, Staff Landman
Mountain Fuel Supply Company
Box 11368
Salt Lake City, UT 84139
- F. USA NM 26357
Township 30 North, Range 14 West, N.M.P.M.
Section 23: All
San Juan County, New Mexico
- J. F. Gavlick, Division Landman
Tenneco Oil Company
720 South Colorado Blvd.
Penthouse
Denver, CO 80222
- R. E. Pittam, Staff Landman
Mountain Fuel Supply Company
Box 11368
Salt Lake City, UT 84139
- G. USA NM 0206994 (Carpenter and Horace Smith
Lease)
Township 30 North, Range 14 West, N.M.P.M.
Section 25: N/2 NW/4, SE/4 NW/4, N/2 SW/4
Section 26: N/2 SE/4
San Juan County, New Mexico
- Dugan Production Corp.
Box 208
Farmington, N.M. 87401
- B. F. Pracko, Division Landman
Amoco Production Company
Security Life Bldg.
Denver, CO 80202
- H. USA NM 33050 (Jacobs Lease)
Township 30 North, Range 14 West, N.M.P.M.
Section 26: NE/4
San Juan County, New Mexico
- Dugan Production Corp.
Box 208
Farmington, N.M. 87401
- I. Winifred Lease (Fee)
Township 30 North, Range 14 West, N.M.P.M.
Section 26: S/2 SE/4
San Juan County, New Mexico

Dugan Production Corp.
Box 208
Farmington, N.M. 87401

- J. USA NM 28761 (Nail Lease)
Township 30 North, Range 14 West, N.M.P.M.
Section 25: SW/4 NW/4
San Juan County, New Mexico

Dugan Production Corp.
Box 208
Farmington, N.M. 87401

- K. USA NM 23072 (Hammer Lease)
Township 30 North, Range 14 West, N.M.P.M.
Section 25: S/2 SW/4
San Juan County, New Mexico

Dugan Production Corp.
Box 208
Farmington, N.M. 87401

EXHIBIT "A"
to Application for Unorthodox
Location of Pan Am Fed #1E Well

DESCRIPTION OF TOPOGRAPHICAL CONDITIONS

The Pan Am Fed #1E Well is an infill well which will be located in the NW/4NW/4 (Unit Letter D) of Section 24, T-30-N, R-14-W, N.M.P.M., San Juan County, New Mexico. The W/2 of Section 24 has been previously dedicated to the Pan Am Fed #1 Well. The Pan Am Fed #1 Well is located in the SE/4SW/4 (Unit Letter N) of this same section.

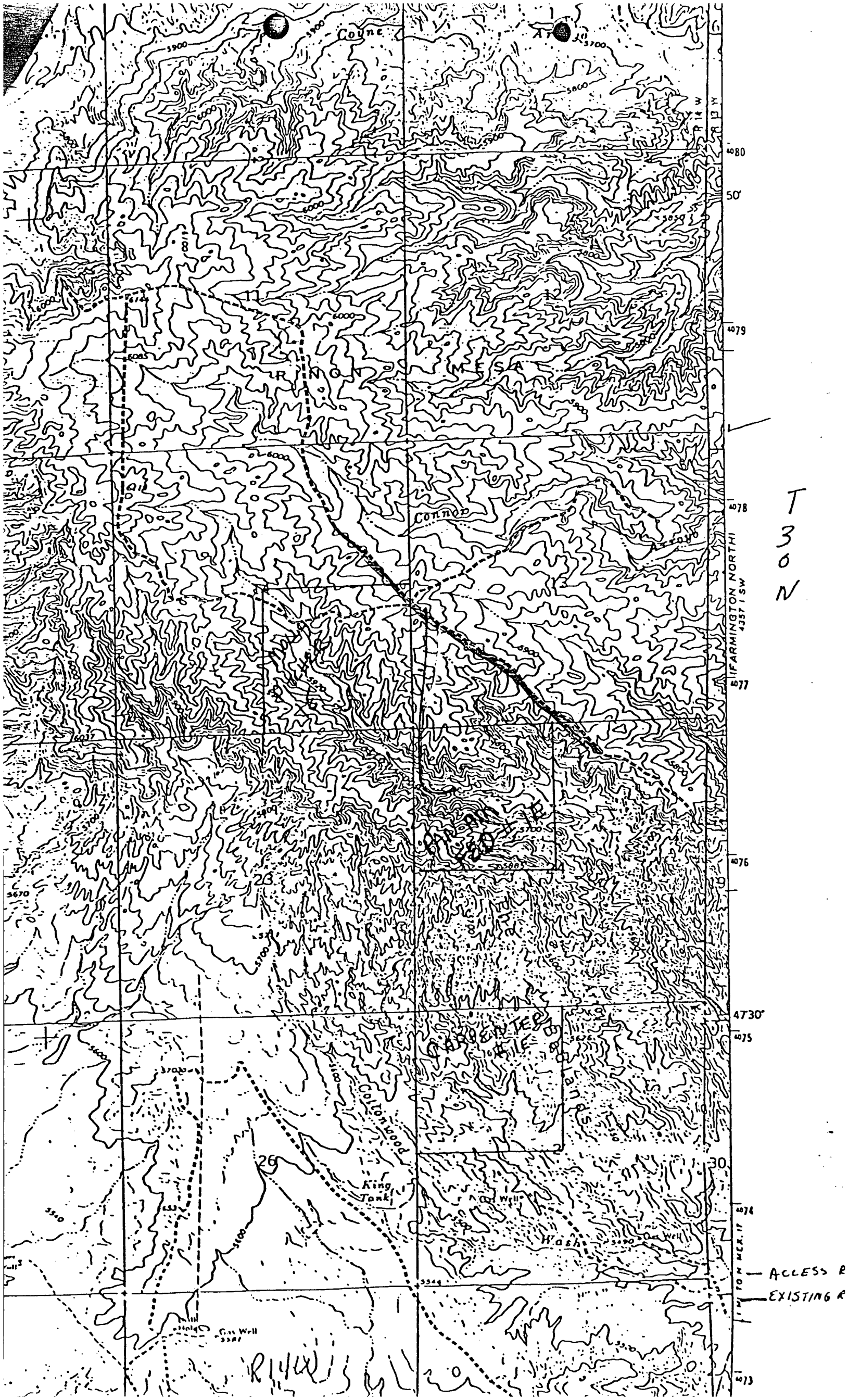
Dugan Production Corp. originally staked the location for the Pan Am Fed #1E Well at the following description:

T-30-N, R-14-W, N.M.P.M.
Section 24: 790' FNL-1040' FWL
(Unit Letter D)
San Juan County, New Mexico

However, the original location was not approved by the Bureau of Land Management, and this agency requested a change in the well's location. The proposed location as stated in this Application is acceptable to the BLM, but is unorthodox under the rules and regulations of the New Mexico Oil Conservation Division.

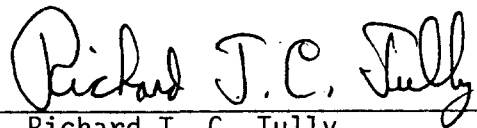
Enclosed is a copy of a topography map showing the proposed location of the Pan Am Fed #1E Well. This map shows the steep canyon walls and the location of small mesas in the area of the well. There are very few good locations for a Dakota well in this quarter section, and even the majority of the good locations would be unorthodox under the NMOCD Rules and Regulations.

It is respectfully submitted the Application for Unorthodox Location be approved because of the lack of good orthodox locations for this well, and because the BLM and the Applicant have agreed upon a suitable substitute for the original well location in an area with severe topographical conditions.



CERTIFICATE OF MAILING

I certify that I mailed a copy of the Application for Unorthodox Location of the Pan Am Fed #1E Well by certified mail to all operators of leases offsetting the dedicated acreage for the Pan Am Fed #1E Well; and to the Supervisor of the District III Office of the New Mexico Oil Conservation Division, and to the U. S. Geological Survey by regular mail on this 14th day of August, 1979.



Richard T. C. Tully
Attorney for Applicant

WAIVER OF OBJECTION AND CONSENT
TO THE UNORTHODOX LOCATION
OF THE PAN AM FED #1E WELL

The undersigned, as an operator of a lease offsetting the W/2 of Section 24, Township 30 North, Range 14 West, N.M.P.M., San Juan County, New Mexico, does hereby acknowledge receipt of the Application for Administrative Approval of Unorthodox Location for the Pan Am Fed #1E Well.

The undersigned states that it waives any objection that it may have to this unorthodox location, and voluntarily consents to the location of the Pan Am Fed #1E Well as stated in the above mentioned Application.

DATED this 17th day of August, 1979.

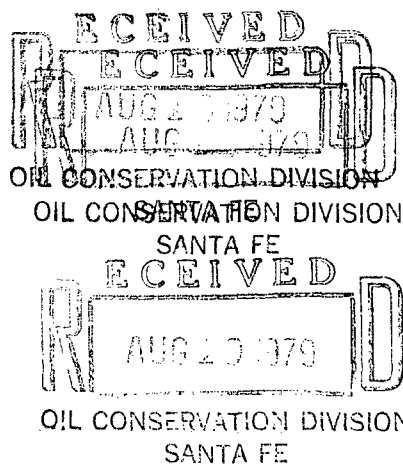
Southland Royalty Company

COMPANY NAME

BY: C C Parsons

TITLE: District Engineer

ADDRESS: Farlington



Send one executed copy to Joe D. Ramey, Division Director, New Mexico Oil Conservation Division, P. O. Box 2088, Santa Fe, N.M. 87501, and return one executed copy to the Applicant. The remaining copy is for your files.

WAIVER OF OBJECTION AND CONSENT
TO THE UNORTHODOX LOCATION
OF THE PAN AM FED #1E WELL

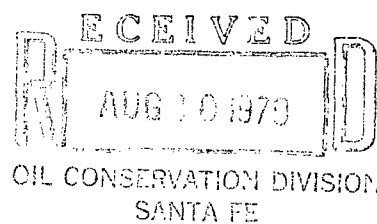
The undersigned, as an operator of a lease offsetting the W/2 of Section 24, Township 30 North, Range 14 West, N.M.P.M., San Juan County, New Mexico, does hereby acknowledge receipt of the Application for Administrative Approval of Unorthodox Location for the Pan Am Fed #1E Well.

The undersigned states that it waives any objection that it may have to this unorthodox location, and voluntarily consents to the location of the Pan Am Fed #1E Well as stated in the above mentioned Application.

DATED this 16th day of August, 1979.

Ladd Petroleum Corporation
COMPANY NAME

BY: G.B. Mayfield for J.E. Stein
TITLE: Manager of Operations
ADDRESS: 830 Denver Club Bldg.
Denver, Colorado 80202



Send one executed copy to Joe D. Ramey, Division Director, New Mexico Oil Conservation Division, P. O. Box 2088, Santa Fe, N.M. 87501, and return one executed copy to the Applicant. The remaining copy is for your files.

Tenneco Oil
A Tenneco Company

Penthouse
720 South Colorado Blvd.
Denver, Colorado 80222
(303) 758-7130



August 28, 1979

New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, N. M. 87501

Attention: Joe D. Ramey
Division Director

Re: Application for Administrative
Approval of Unorthodox Location
for Pan Am Fed 1E Well in
San Juan County, New Mexico

Gentlemen:

This is to advise you that Tenneco has no objection to the
drilling of the captioned well on the unorthodox location noted.

Yours very truly,

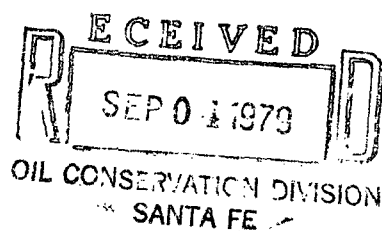
TENNECO OIL COMPANY

A handwritten signature in ink, appearing to read "J. M. Lacey".

J. M. Lacey
Division Production Manager

JML:RJG:sh

cc: Dugan Production Corp.
709 Bloomfield Road
P.O. Box 234
Farmington, New Mexico 87401
Attention: Richard T. C. Tully



WAIVER OF OBJECTION AND CONSENT
TO THE UNORTHODOX LOCATION
OF THE PAN AM FED #1E WELL

The undersigned, as an operator of a lease offsetting the W/2 of Section 24, Township 30 North, Range 14 West, N.M.P.M., San Juan County, New Mexico, does hereby acknowledge receipt of the Application for Administrative Approval of Unorthodox Location for the Pan Am Fed #1E Well.

The undersigned states that it waives any objection that it may have to this unorthodox location, and voluntarily consents to the location of the Pan Am Fed #1E Well as stated in the above mentioned Application.

DATED this _____ day of _____ August _____, 1979.

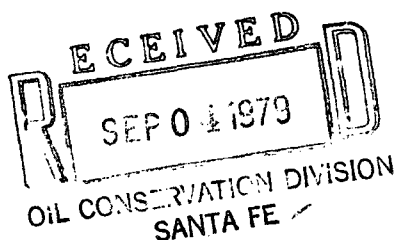
Tenneco Oil Company

COMPANY NAME

BY: _____

TITLE: _____

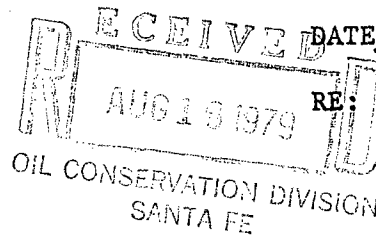
ADDRESS: _____



Send one executed copy to Joe D. Ramey, Division Director, New Mexico Oil Conservation Division, P. O. Box 2088, Santa Fe, N.M. 87501, and return one executed copy to the Applicant. The remaining copy is for your files.

OIL CONSERVATION COMMISSION
AZTEC DISTRICT

OIL CONSERVATION COMMISSION
BOX 2088
SANTA FE, NEW MEXICO



DATE 8-14-79
RE: Proposed MC _____
Proposed DHC _____
Proposed NSL XXX _____
Proposed SWD _____
Proposed WFX _____
Proposed PMX _____

Gentlemen:

I have examined the application dated 8/1/79
for the Dugan Production Corp. Pan Am Fed. #1 E 24-30N-14W
Operator Lease and Well No. Unit, S-T-R

and my recommendations are as follows:

Approve

Yours very truly,

A. R. Kendrick
A. R. Kendrick