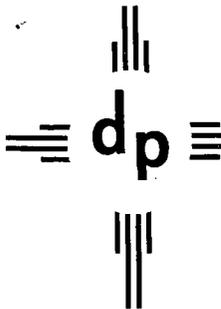


Released April 9, 1986

By DEC
OK as per RLS



dugan production corp.

March 11, 1986

NSL - 2255
RULE - 104 (FZ)

Frank Chavez
New Mexico Oil Conservation Division
1000 Rio Brazos Rd.
Aztec, NM 87410

Gasileo Mancos Pool - 320 Acres
dedicated.
E/2 Section 35

Re: Application for Administrative Approval of
Unorthodox Location for Dugan Production Corp.
Divide #2, 990' FSL & 1200' FEL, Sec. 35, T26N, R2W, NMPM
Rio Arriba County, NM - Mancos Test

Dear Mr. Chavez:

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A copy of this application is being submitted to all offsetting operators by certified mail with a request that they furnish your office with a waiver of objection.

We request your approval of this location under the provisions of NMOCD Rule 104-F.

Sincerely,

Sherman E. Dugan
Geologist

cg
cc: Michael W. Murphy
Southland Royalty
Mallon Oil
R.K. O'Connell

RECEIVED
MAR 14 1986
OIL CON. DIV. /
DIST. 3

WAIVER

_____ hereby waives objection to the above application for unorthodox location.

Date

By:

All distances must be from the outer boundaries of the Section.

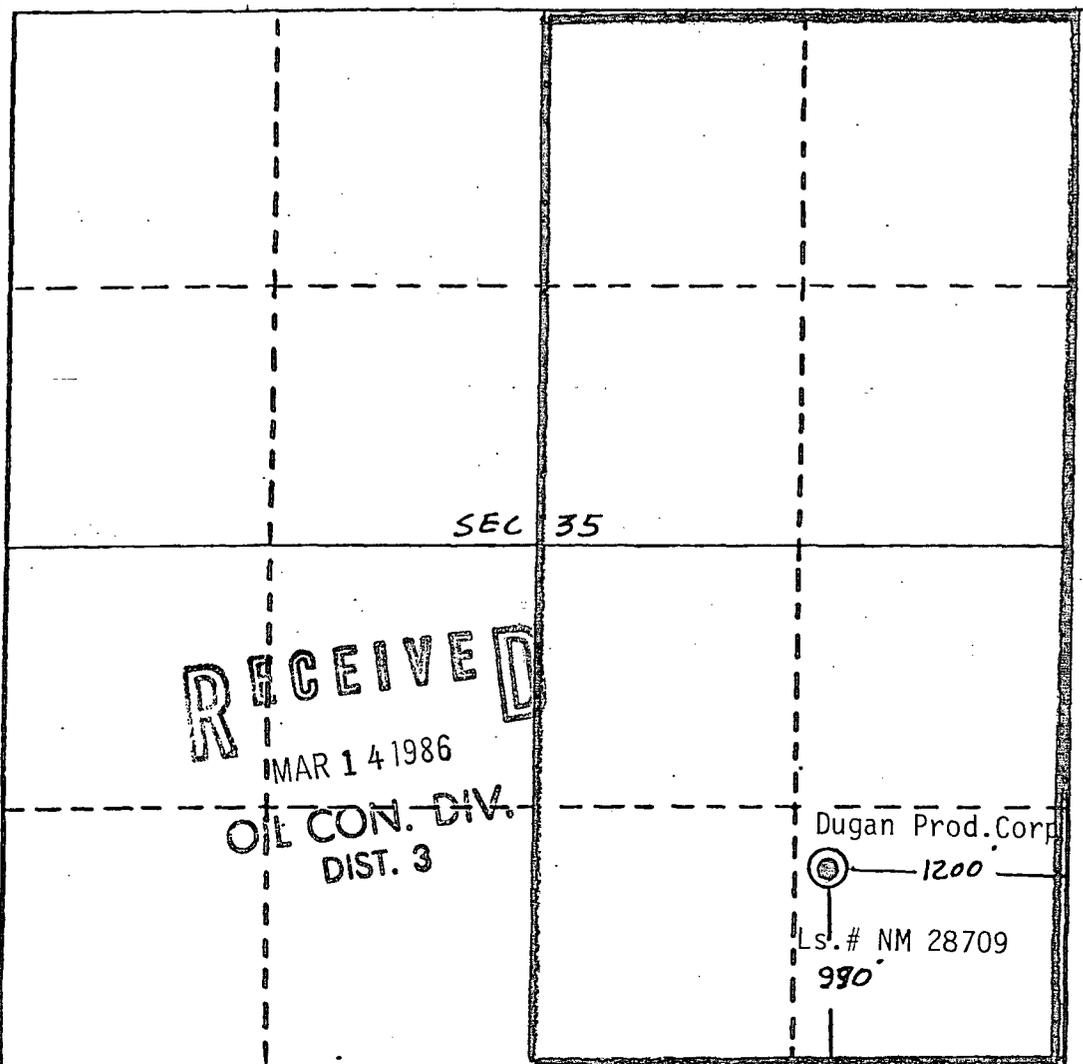
Operator Dugan Production Corporation		Loco Divide			Well No. 2
Unit Letter P	Section 35	Township 26 North	Range 2 West	County Rio Arriba	
Actual Footage Location of Well:					
990	feet from the	South	line and	1200	feet from the East line
Ground Level Elev. 7700	Producing Formation Mancos		Pool Gavilan Mancos	Dedicated Acreage: 320 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Division.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Sherman E. Dugan
Name Sherman E. Dugan

Position Geologist

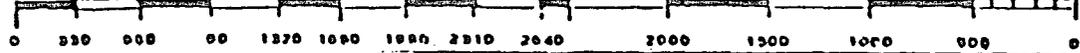
Company Dugan Production Corp.

Date 2-10-86

I hereby certify that the location shown on this plat was made by me or under my supervision and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed September 9, 1985
Registered Professional Engineer and/or Land Surveyor

Edgar L. Risenhoover
Certificate No. 5979
Edgar L. Risenhoover, L.S.





T26N

25

Unorthodox Location Application
Dugan Production Corp.
Divide #2
Topo Map

11

DIVIDE

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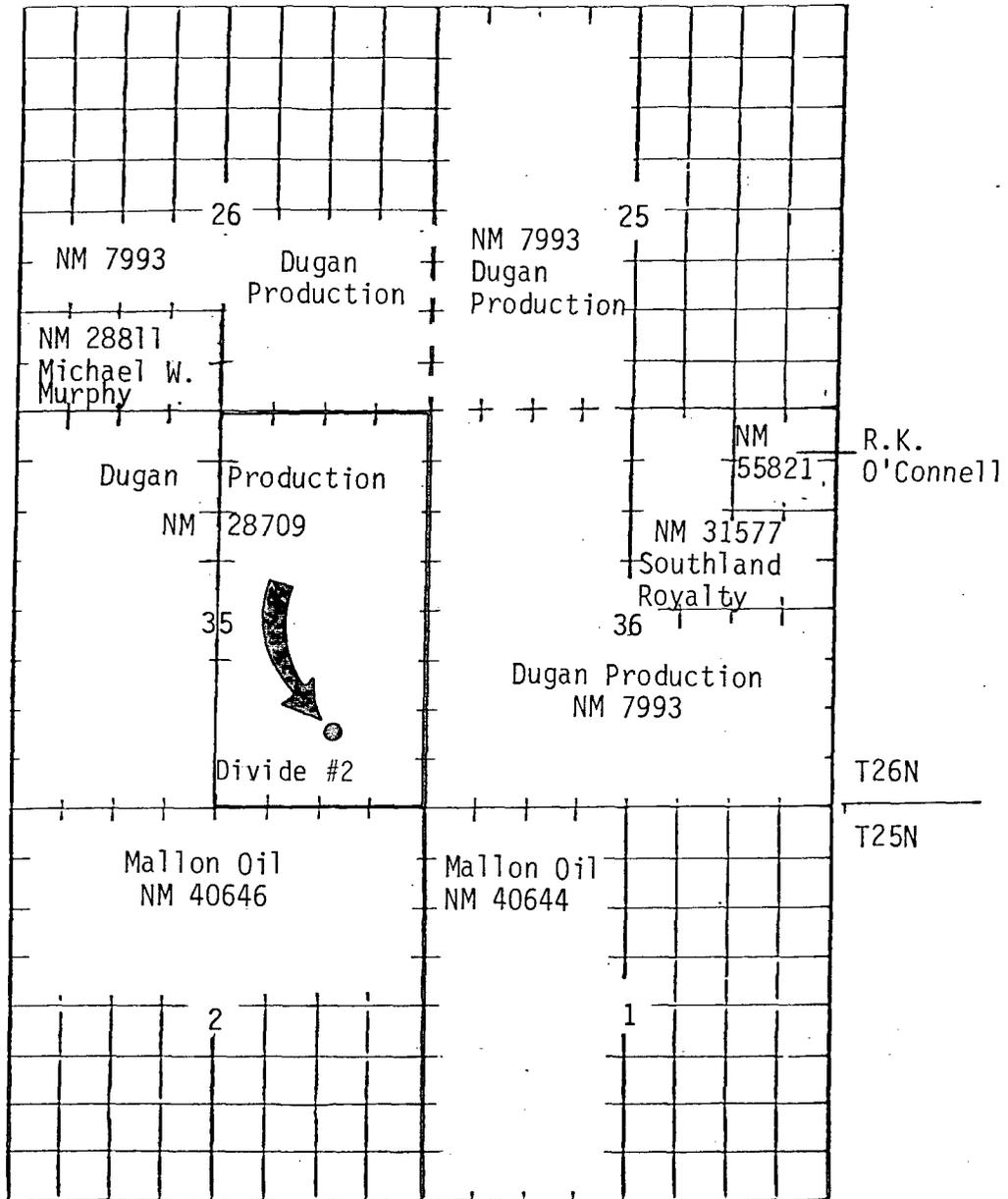
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R-2-W

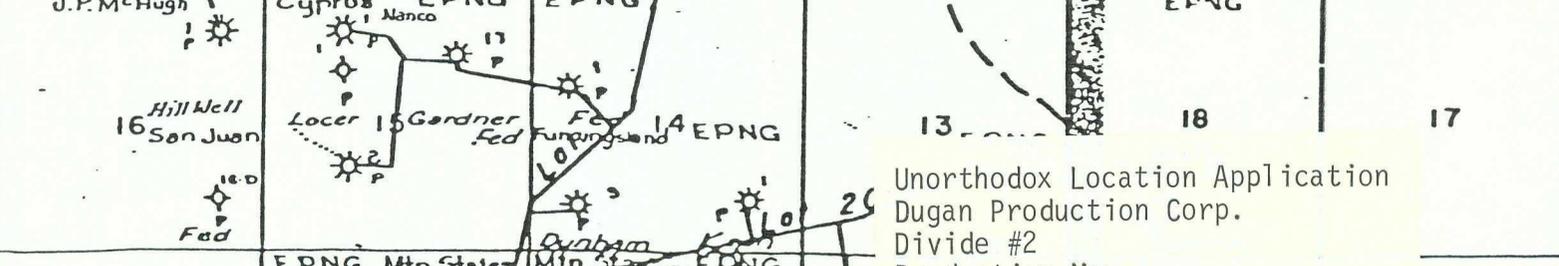
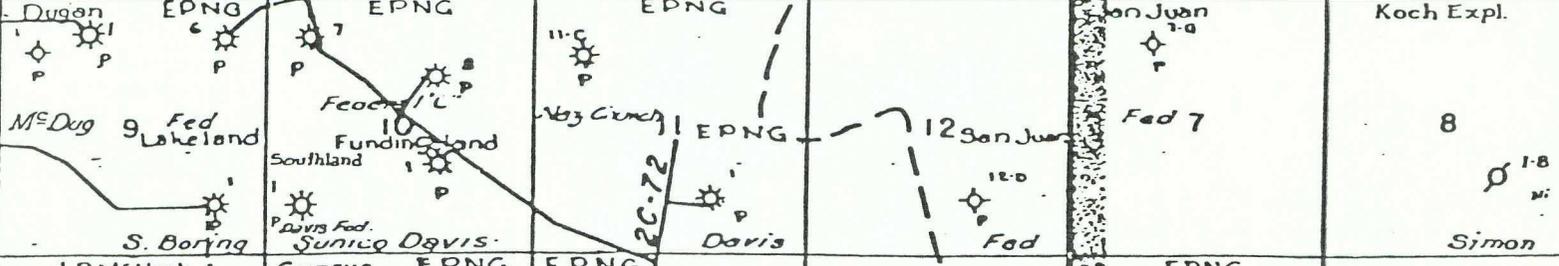
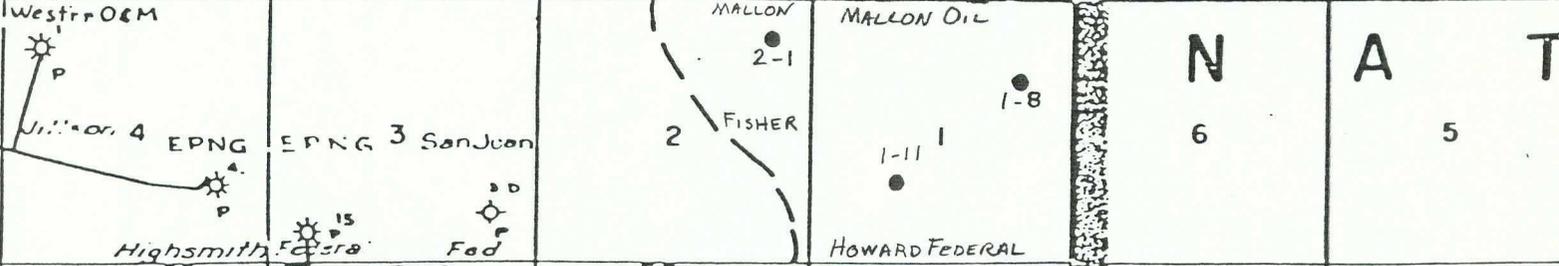
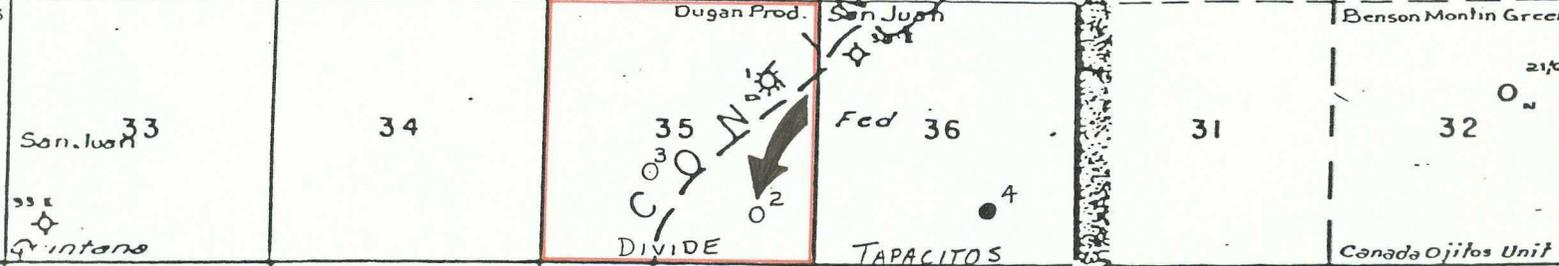
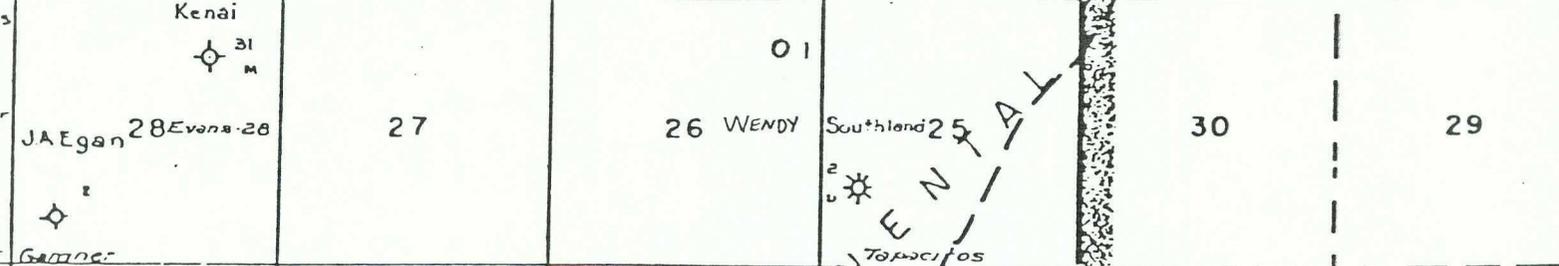
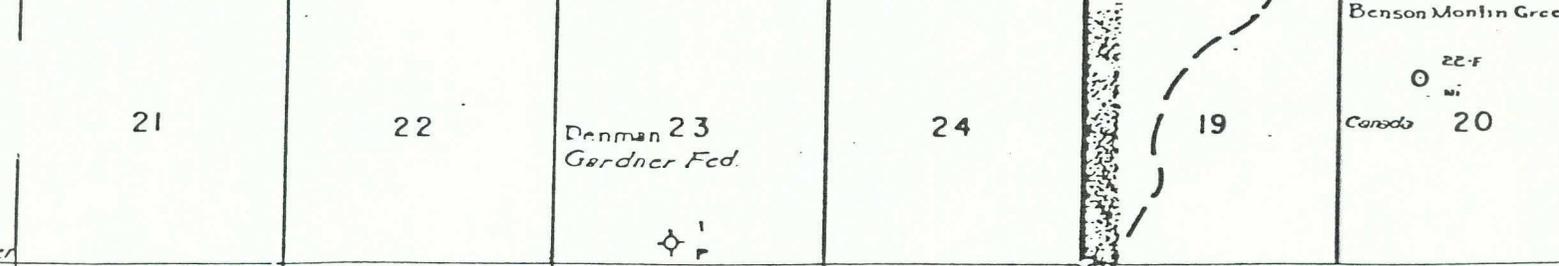
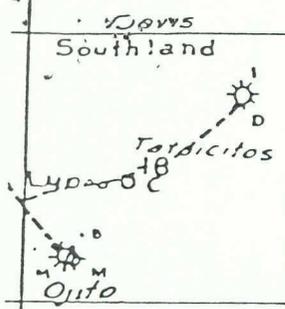
UNORTHODOX LOCATION APPLICATION
 Dugan Production Corp.
 Divide #2

990' FSL & 1200' FEL, Sec. 35, T26N, R2W, NMPM
 Rio Arriba County

Map of Off-Setting Operators
 320 Acre Proration Unit

T26N

B2W



Unorthodox Location Application
 Dugan Production Corp.
 Divide #2
 Production Map



MERIDIAN OIL

NS 2255

RECEIVED
APR 14 1986
OIL CONSERVATION DIVISION
SANTA FE

April 9, 1986

N.M. Oil Conservation Division
Attention: Mr. Gilbert Quintana
P.O. Box 2088
Santa Fe, NM 87501

Re: Application for Unorthodox Location
Dugan Production Corporation
Divide #2 Well
Divide #3 Well
Mancos Test
Rio Arriba County, New Mexico

Gentlemen:

Enclosed please find a copy of a letter regarding each of the referenced wells directed to you from Dugan Production Corporation dated March 11, 1986, regarding the referenced unorthodox locations. Please note that Meridian Oil Inc., as agent for El Paso Natural Gas Company and Southland Royalty Company has waived its objection to Dugan's applications.

Should you need any additional information from this office, please contact the undersigned.

Yours very truly,

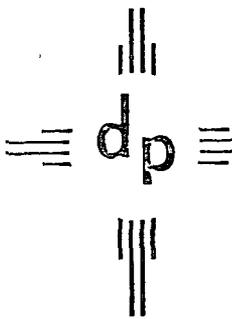


Van L. Goebel
Landman

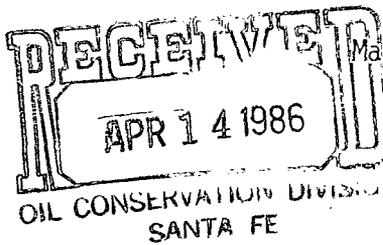
VLG/tlm
Enclosures
Dugan Correspondence
Doc. #0731L

cc: Dugan Production Corporation

RECEIVED
APR 11 1986
OIL CON. DIV.]
DIST. 3



dugan production corp.



March 11, 1986

Frank Chavez
New Mexico Oil Conservation Division
1000 Rio Brazos Rd.
Aztec, NM 87410

Re: Application for Administrative Approval of
Unorthodox Location for Dugan Production Corp.
Divide #2, 990' FSL & 1200' FEL, Sec. 35, T26N, R2W, NMPM
Rio Arriba County, NM - Mancos Test

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A copy of this application is being submitted to all offsetting operators by certified mail with a request that they furnish your office with a waiver of objection.

We request your approval of this location under the provisions of NMOCD Rule 104-F.

Sincerely,

Sherman E. Dugan
Geologist

cg

cc: Michael W. Murphy
Southland Royalty
Mallon Oil
R.K. O'Connell



WAIVER

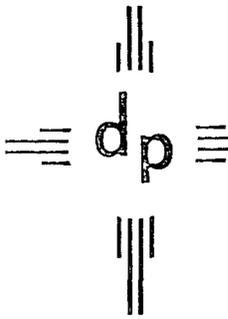
Southland Royalty hereby waives objection to the above application for unorthodox location.

4-9-86
Date

Michael W. Murphy
By:

**SIGN & RETURN
THIS COPY**

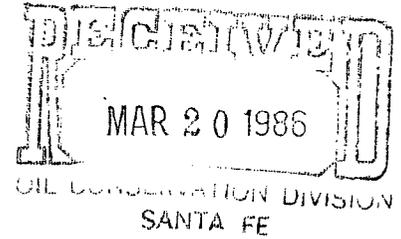
to NMOCD
1000 Rio Brazos
Aztec, NM 87410



dugan production corp.

March 11, 1986

Frank Chavez
New Mexico Oil Conservation Division
1000 Rio Brazos Rd.
Aztec, NM 87410



Re: Application for Administrative Approval of
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Divide #2, 990' FSL & 1200' FEL, Sec. 35, T26N, R2W, NMPM
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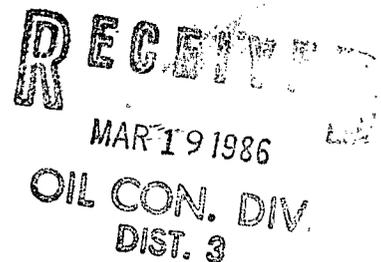
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Sincerely,

Sherman E. Dugan
Geologist

cg
cc: Michael W. Murphy
Southland Royalty
Mallon Oil
R.K. O'Connell ✓



WAIVER

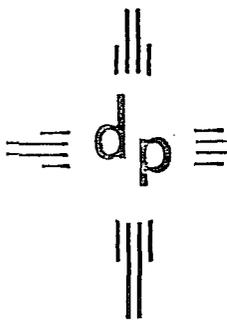
R.K. O'Connell hereby waives objection to the above application for unorthodox location.

3-17-86
Date

By:

SIGN & RETURN THIS COPY

to NM OCD
1000 Rio Brazos
Aztec, NM 87410



dugan production corp.

March 11, 1986

Frank Chavez
New Mexico Oil Conservation Division
1000 Rio Brazos Rd.
Aztec, NM 87410

RECEIVED
MAR 31 1986
OIL CON. DIV.
DIST. 3

Re: Application for Administrative Approval of
Unorthodox Location for Dugan Production Corp.
Divide #2, 990' FSL & 1200' FEL, Sec. 35, T26N, R2W, NMPM
Rio Arriba County, NM - Mancos Test

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Sincerely,

Sherman E. Dugan
Geologist

cg

cc: Michael W. Murphy
Southland Royalty
Mallon Oil
R.K. O'Connell

WAIVER

Mallon Oil hereby waives objection to the above application for unorthodox location.

24 Mar 86
Date

By:

SIGN & RETURN
THIS COPY to NMOCD
1000 Rio Brazos
Aztec, NM 87410



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE

1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-6178

RECEIVED
APR 7 1986

OIL CONSERVATION DIVISION
SANTA FE

OIL CONSERVATION DIVISION
BOX 2088
SANTA FE, NEW MEXICO 87501

DATE 4-3-86

RE: Proposed MC _____
Proposed DHC _____
Proposed NSL _____
Proposed SWD _____
Proposed WFX _____
Proposed PMX _____

Gentlemen:

I have examined the application dated 3-14-86

for the Dugan Prod. Co. Divide #2 P-35-26N-26W
Operator Lease and Well No. Unit, _____

and my recommendations are as follows:

Approve

Yours truly,

Sam Bunch