

dugan production corp.

OIL CONSERVATION DIVISION
RECEIVED
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March 14, 1996

Mr. Michael E. Stogner
New Mexico Oil Conservation Division
2040 South Pacheco St.
Santa Fe, NM 87505

**Re: Application for Administrative Approval of
Unorthodox Location for Dugan Production Corp's Flo Jo #7
330' FSL & 1190' FWL (SW/4 SW/4)
Unit M, Section 1, T23N, R11W
San Juan County, New Mexico
South Bisti Gallup Pool**

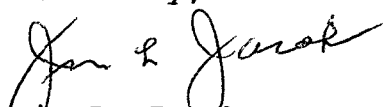
Dear Mr. Stogner:

Dugan Production Corp. hereby requests approval for an unorthodox location for the referenced well. Copies of the well location plat (NMOCD Form C-102), topographic map (Exhibit E), and a production map showing offsetting operators (Exhibit F) are attached for your reference.

The unorthodox location is necessary due to the abundant cultural resources and topographic conditions that exist in this area.

Since Dugan Production Corp. operates all offsetting wells, no waivers of objection from offsetting operators are necessary.

Sincerely,


Jim L. Jacobs
Vice-President

KF/cg

attachs.

cc: Mr. Ernie Busch, NMOCD Aztec
BLM, Farmington

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30 045		Pool Code 05860	Pool Name Bisti Gallup South
Property Code 003684	Property Name Flo Jo		Well Number 7
OGRID No. 006515	Operator Name Dugan Production Corporation		Elevation 6590' Estimated


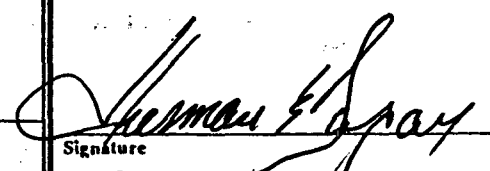
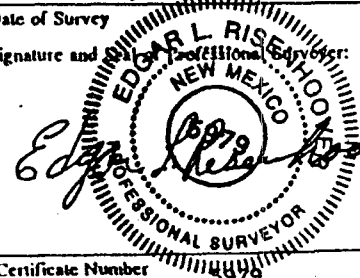
10 Surface Location

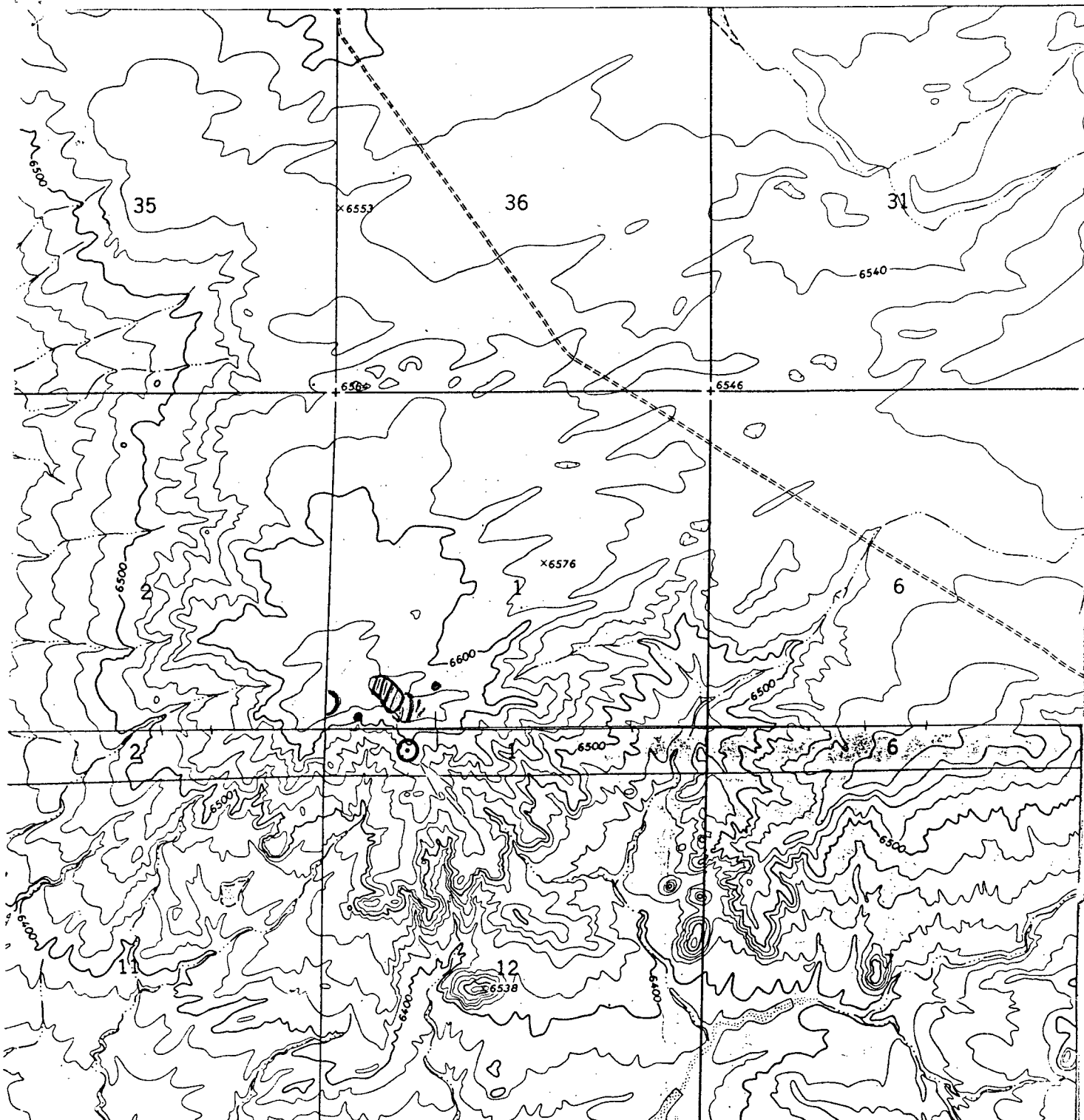
UL or lot no. M	Section 1	Township 23 N	Range 11 W	Lot Idn	Feet from the 330	North/South line South	Feet from the 1190	East/West line West	County San Juan
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11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 80	Joint or Infill	Consolidation Code		Order No.					

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

<div>16</div> <div>Dugan Prod. NM 36952</div> <div>1190'  330'</div>				<div>17 OPERATOR CERTIFICATION</div> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <div> Signature Sherman E. Dugan Printed Name Vice-President Title 3/4/96 Date</div>	
				<div>18 SURVEYOR CERTIFICATION</div> <p>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.</p> <div>February 20, 1996 Date of Survey Signature and Seal of Professional Surveyor:  Certificate Number 5979</div>	



Dugan Production Corp. - Flo Jo #7

Existing Roads

Exhibit E

Planned Access Road(s)

Exhibit E

Vicinity of nearest town or reference pt.
12 miles southwest of Blanco Trading Post

Width 20' Maximum grades 1/2%

Drainage design as required

Cuts & Fills as required

Surfacing material none

Type of surface dirt

Conditions good

Other _____

Reference map: USGS map - Pueblo Bonito NW-
New Mexico; Huerfano Trading Post SW - New
Mexico



Flo Jo #7 Location



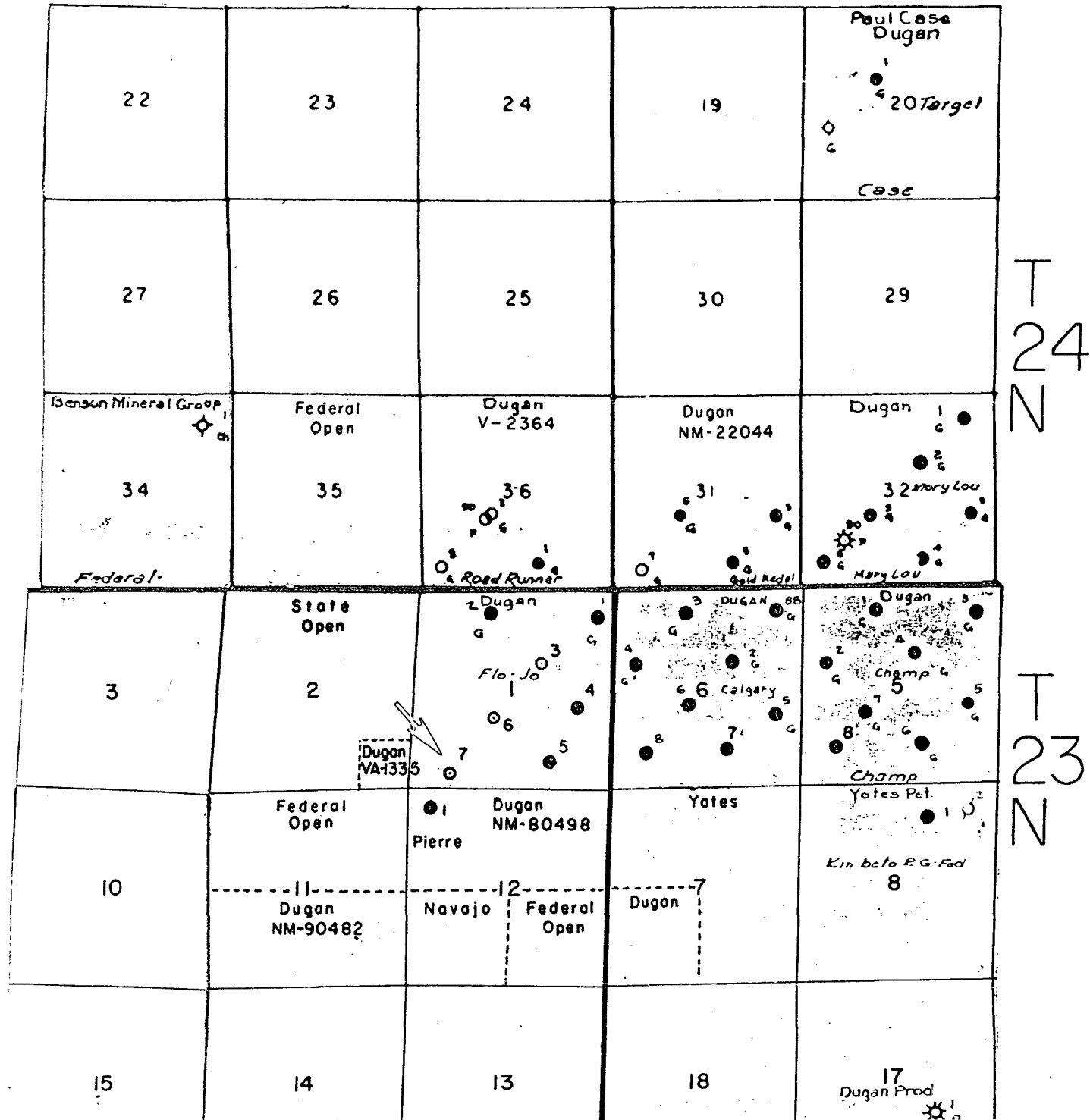
Archaeological
Cultural Resource
Sites

Access road(s) (do/do not cross Fed/Ind land.

APPLICATION FOR UNORTHODOX LOCATION TOPO MAP

R-II-W




R-IO-W

EXHIBIT F

Application for Unorthodox Location
 Dugan Production Corp.
 Flo Jo #7

Production Map
 Showing Offsetting Operators

Location of Existing Wells

-  Abandoned Wells
-  Drilling Wells
-  Producing Wells

Mike Stogner

From: Ernie Busch
To: Mike Stogner
Subject: DUGAN PROD. CORP.(NSL)
Date: Monday, March 25, 1996 8:43AM
Priority: High

FLO JO #7
M-01-23N-11W
330'FSL;1190'FWL
RECOMMEND: APPROVAL

County San Juan Pool South Bisti - Gallup Oil

TOWNSHIP 23 North Range 11 West NMPM

A 36x36 grid of squares, numbered 1 to 36 in a boustrophedon pattern. The grid is divided into four 18x18 quadrants by a central vertical and horizontal line. The numbering starts at the top right (1) and proceeds in a zig-zag fashion across the grid, ending at the bottom left (36).

Ext: W/2 NE/4 and E/2 NW/4 Sec. 1 (A-9362, 12-1-90)

Ext: $\frac{E}{2} \frac{NE}{4}$ Sec. 1 (R-9201, 6-22-91) Ext: $\frac{SE}{4}$ Sec. 1 (R-10178, 8-30-94)

Ex 1: $\frac{W}{2}$ NW $\frac{1}{4}$ and SW $\frac{1}{4}$ Sec. 1, $\frac{N}{2}$ Sec. 12 (R-10557, 3-11-96)

(SOUTH BISTI-GALLUP POOL - Cont'd.)

4095 feet to 5510 feet on the type log of the Dugan Production Corporation December Dream Well No. 1 located 1060 feet from the North line and 1670 feet from the West line of Section 7, Township 23 North, Range 9 West, NMPM, San Juan County, New Mexico; and with the horizontal limits consisting of the following described area:

SAN JUAN COUNTY, NEW MEXICO

TOWNSHIP 24 NORTH, RANGE 10 WEST, NMPM

Section 27: S/2 SW/4
 Section 28: S/2 S/2
 Section 32: E/2 E/2
 Sections 33 and 34: All
 Section 35: S/2

TOWNSHIP 23 NORTH, RANGE 10 WEST, NMPM

Sections 1 through 3: All
 Section 4: NE/4
 Section 10: NE/4
 Section 11: N/2, SE/4
 Section 12: All

TOWNSHIP 23 NORTH, RANGE 9 WEST, NMPM

Section 6: S/2
 Sections 7 and 8: All

(2) Temporary Special Rules and Regulations for the South Bisti-Gallup Oil Pool are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS FOR THE
 SOUTH BISTI-GALLUP OIL POOL
 SAN JUAN COUNTY, NEW MEXICO

RULE 1. Each well completed to or recompleated in the South Bisti-Gallup Oil Pool or in the Gallup formation as defined for this pool and within one mile of the South Bisti-Gallup Oil Pool, and not nearer to or within another designated Gallup pool shall be spaced, operated, drilled, and prorated in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well shall be located on a standard unit containing 80 acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a governmental quarter section.

RULE 3. The Director of the Division may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit comprising a governmental quarter-quarter section or lot, or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Division Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Director has received the application.

RULE 4. (As Amended by Order No. R-8090-A, March 11, 1988.) Each well shall be located no nearer than 330 feet to any quarter-quarter section or subdivision inner boundary.

RULE 5. The Division Director may grant an exception to the footage requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompleation of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Director has received the application.

RULE 6. A standard proration unit (79 through 81 acres) shall be subject to an 80-acre depth bracket allowable of 222 barrels of oil per day. The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 80 acres.

IT IS FURTHER ORDERED THAT:

(1) The locations of all wells presently drilling to or completed in the South Bisti-Gallup Oil Pool or in its corresponding vertical limits as described in Ordering Paragraph No. (1) above within one mile thereof are hereby approved; the operator of any such well having an unorthodox oil well location shall notify the Aztec District Office of the Division in writing of the name and location of such well on or before January 31, 1986.

(2) The request of the applicant, Dugan Production Corporation, for a 40-acre non-standard oil spacing and proration unit consisting of the SW/4 SW/4 of Section 1, Township 23 North, Range 10 West, NMPM, San Juan County, New Mexico, to be dedicated to their Fairway Well No. 1 located 660 feet from the South and West lines of said Section 1 is hereby denied.

(3) Pursuant to Paragraph A. of Section 70-2-18, NMSA 1978, existing wells in the South Bisti-Gallup Oil Pool shall have dedicated thereto 80 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 70-2-18, existing wells may have non-standard spacing or proration units established by the Division and dedicated thereto.

Failure to file new Forms C-102 with the Division dedicating 80 acres to a well or to obtain a non-standard unit approved by the Division within 60 days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the South Bisti-Gallup Oil Pool or in its corresponding vertical limits as described in Ordering Paragraph No. (1) above or within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

(4) This case shall be reopened at an examiner hearing in December 1987, at which time the operators in the subject pool may appear and show cause why the South Bisti-Gallup Oil Pool should not be developed on 40-acre spacing units.

(5) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

04/01/96 09:56:32
OGOMES -EMFJ
PAGE NO: 2

Sec : 01 Twp : 23N Rng : 11W Section Type : NORMAL

L 40.00 Federal owned	K 40.00 Federal owned A	J 40.00 Federal owned	I 40.00 Federal owned A
M 40.00 Federal owned	N 40.00 Federal owned	O 40.00 Federal owned A	P 40.00 Federal owned

PF01 HELP
PF07 BKWD

PF02
PF08 FWD

PF03 EXIT
PF09 PRINT

PF04 GoTo
PF10 SDIV

PF05
PF11

PF06
PF12

CMD :
OG5SECT

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	A		A
M 40.00	N 40.00	O 40.00	P 40.00
Federal owned	Federal owned	Federal owned	Federal owned
		A	

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06
PF07 BKWD	PF08 FWD	PF09 PRINT	PF10 SDIV	PF11	PF12