



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

July 1, 1996

Dugan Production Corp.
P. O. Box 420
Farmington, New Mexico 87499-0420
Attention: Gary Brink

Administrative Order NSL-3686

Dear Mr. Brink:

Reference is made to your application dated June 5, 1996 for a non-standard Basin-Fruitland coal gas well location for your existing John Adams Well No. 2 (API No. 30-045-22204), which was drilled in 1976 to test the Chacra formation for gas at a standard gas well location 1150 feet from the North line and 1520 feet from the West line (Unit C) of Section 10, Township 24 North, Range 9 West, NMPM, San Juan County, New Mexico.

It is our understanding that this well has been "temporarily abandoned" and upon approval of this application said well will be recompleted up-hole into the Basin-Fruitland Coal (Gas) Pool, which pursuant to the "*Special Rules and Regulations for the Basin-Fruitland Coal (Gas) Pool*", as promulgated by Division Order No. R-8768, as amended, is unorthodox.

By the authority granted me under the provisions of Rule 8 of said Order No. R-8768, as amended, the above-described unorthodox coal gas well location for the John Adams Well No. 2 is hereby approved.

Sincerely,

A handwritten signature in black ink, appearing to read "William J. LeMay".

William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Aztec
U.S. Bureau of Land Management - Farmington