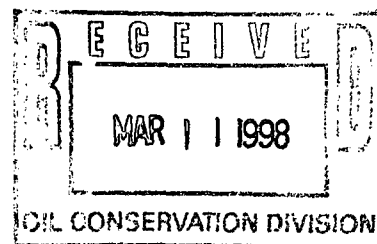
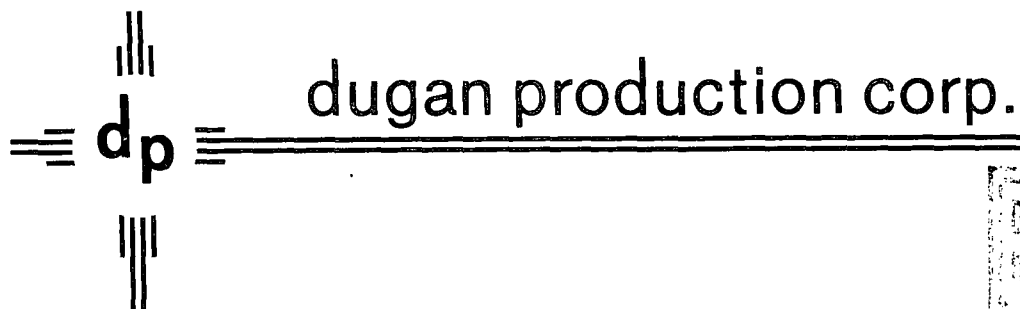


NSL 3/31/98



March 9, 1998

New Mexico Oil Conservation Commission
2040 S. Pacheco Street
Santa Fe, NM 87505

Re: Request for Unorthodox Location
Navajo L No. 1
1980' fsl & 660' fel
S.11-T.26N-R.12W
South Gallegos Fruitland Sand - PC Field
San Juan Co., NM

Gentlemen:

Dugan Production Corp. makes application for administrative approval of an unorthodox location of the subject well. The application is made because of an existing wellbore. Dugan acquired this well from Texaco on 11/1/92. Texaco had plugged the well back from a Gallegos Gallup and completed it as a South Gallegos Fruitland Sand - PC well. The previous operator changed the pool name upon re-completion, but failed to file for an unorthodox spacing of the well. This application is made to correct that oversight.

All offsetting operators have been notified by certified mail of this application, and provided with a copy of this application advising them that they have 20 days to object. A list of offset operators contacted with a map of affected drilling units is attached.

Sincerely,

John Alexander
Vice President

Attachments:

LIST OF OPERATORS TO WHOM THIS APPLICATION WAS MAILED:

Coleman Oil and Gas
P.O. Drawer 3337
Farmington, NM 87499

Pendragon Energy Partners Inc.
621 17th St., Suite 750
Denver, CO 80293

Redwolf Production Co. Inc.
902C San Juan Blvd.
Farmington, NM 87401

Texaco U.S.A.
3300 N. Butler, Suite 100
Farmington, NM 87401

Thompson Engineering and Production Co.
7415 E. Main
Farmington, NM 87401

COG = Coleman oil & Gas

0 EF SETS
DUGAN Production Corp.

NAVAJO L #1 (*)

DPC = DUGAN Production Corp.

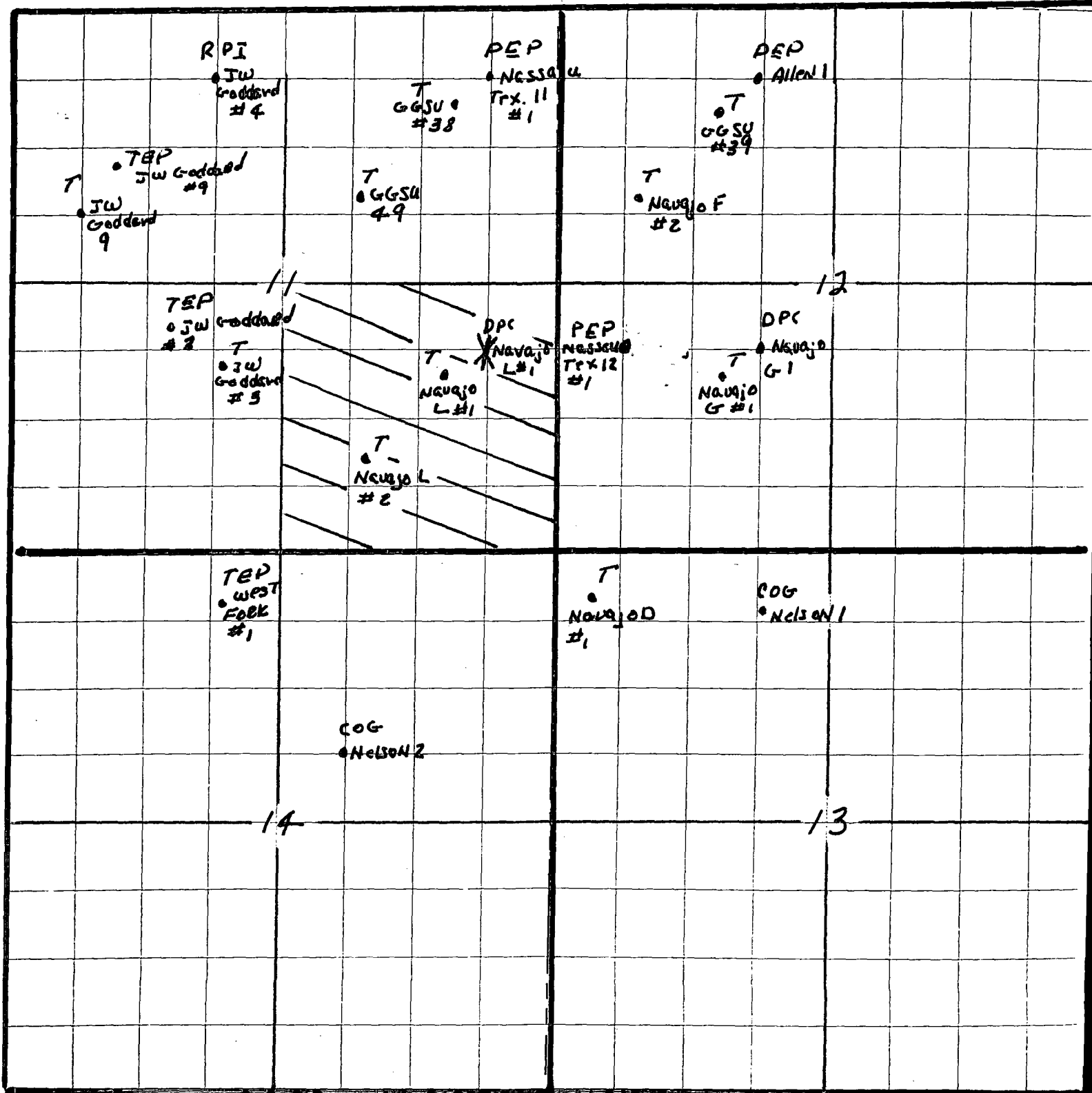
RPI = Redwolf Production INC.

T = TEXACO/STALLY

TEP = THOMPSON Production INC.

PEP = PANDRAGON ENERGY Partners

SCALE FOR SECTION,
Ft.=1 Inch.



Navajo L No. 1
Offset Operators

Field	Operator	Lease	Well Nbr	Reservoir	Spot	Section	Township	Range
GALLEGOS	COLEMAN OIL & GAS INCORPORATED	NELSON	1	GALLUP	C		13 26N	12W
GALLEGOS	COLEMAN OIL & GAS INCORPORATED	NELSON	2	GALLUP	G		14 26N	12W
GALLEGOS SOUTH	DUGAN PRODUCTION CORPORATION	NAVAJO L	1	FRLD-PCCF	I		11 26N	12W
GALLEGOS SOUTH	DUGAN PRODUCTION CORPORATION	NAVAJO G	1	FRLD-PCCF	K		12 26N	12W
BASIN	PENDRAGON ENERGY PARTNERS INCORPORAT	NASSAU TEXACO 11	1	FRUITLAND COAL	A		11 26N	12W
GALLEGOS SOUTH	PENDRAGON ENERGY PARTNERS INCORPORAT	ALLEN	1	FRLD-PCCF	C		12 26N	12W
BASIN	PENDRAGON ENERGY PARTNERS INCORPORAT	NASSAU TEXACO 12	12	FRUITLAND COAL	L		12 26N	12W
GALLEGOS	REDWOLF PRODUCTION INCORPORATED	J W GODDARD	4	GALLUP	C		11 26N	12W
GALLEGOS	SKELLY OIL COMPANY	GALLEGOS GALLUP SAND UNIT	38	GALLUP	A		11 26N	12W
GALLEGOS	SKELLY OIL COMPANY	J W GODDARD	9	GALLUP	E		11 26N	12W
GALLEGOS	SKELLY OIL COMPANY	GALLEGOS GALLUP SAND UNIT	49	GALLUP	G		11 26N	12W
GALLEGOS	SKELLY OIL COMPANY	NAVAJO L	1	GALLUP	I		11 26N	12W
GALLEGOS	SKELLY OIL COMPANY	J W GODDARD	3	GALLUP	K		11 26N	12W
GALLEGOS	SKELLY OIL COMPANY	GALLEGOS GALLUP SAND UNIT	39	GALLUP	C		12 26N	12W
GALLEGOS	SKELLY OIL COMPANY	NAVAJO F	2	GALLUP	E		12 26N	12W
GALLEGOS	SKELLY OIL COMPANY	NAVAJO G	1	GALLUP	K		12 26N	12W
GALLEGOS	SKELLY OIL COMPANY	NAVAJO D	1	GALLUP	D		13 26N	12W
GALLEGOS	TEXACO INCORPORATED	NAVAJO L	2	GALLUP	O		11 26N	12W
GALLEGOS SOUTH	THOMPSON ENGINEERING & PRODUCTION CO	J W GODDARD	9	FRLD-PCCF	E		11 26N	12W
GALLEGOS SOUTH	THOMPSON ENGINEERING & PRODUCTION CO	J W GODDARD	3	FRLD-PCCF	K		11 26N	12W
GALLEGOS	THOMPSON ENGINEERING & PRODUCTION CO	WEST FORK	1	GALLUP	C		14 26N	12W

Submit to Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

State of New Mexico
Energy, Minerals and Natural Resources Depart.

JAN 14 '91

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

AAK	MSH		
	JDF		
MGE	JLB		
MLK	DBS		
	TBB		
BRH	LNS		
LLB			
FILE			
RETURN TO			
Well No.			

Operator Texaco Inc.			Lease Navajo "L"		1
Unit Letter I	Section 11	Township 26N	Range 12W	County San Juan	NMPM

Actual Footage Location of Well:					
1980 feet from the		South line and		660 feet from the East line	
Ground level Elev. 5994'	Producing Formation Fruitland Sand-PC		Pool South Gallegos	Dedicated Acreage: 160 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure 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 interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?

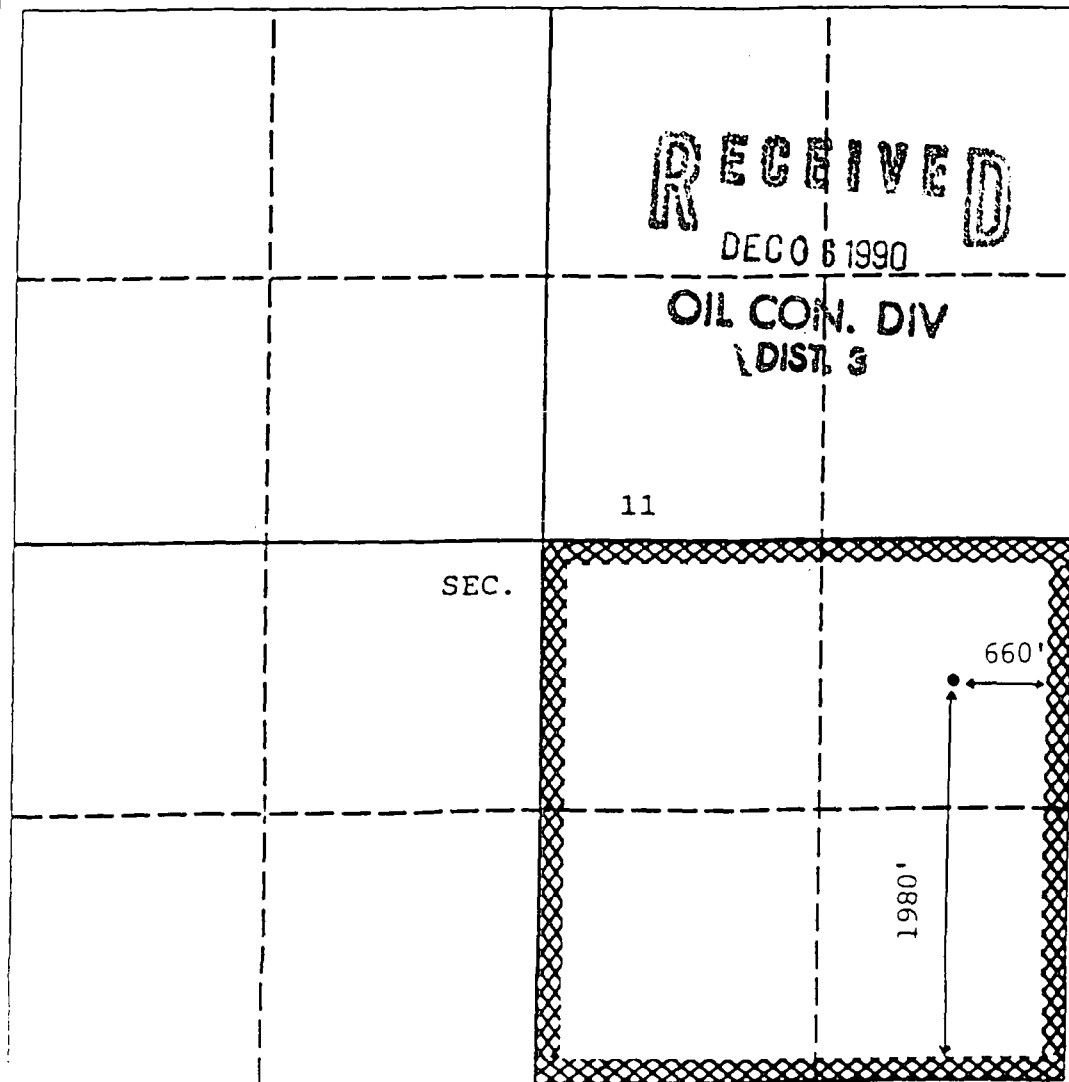
☐ Yes

☐ 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 interest, has been approved by the Division.



OPERATOR CERTIFICATION

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

Signature

Alan A. Kleier

Printed Name

Alan A. Kleier

Position

Area Manager

Company

Texaco Inc.

Date

12-03-90

SURVEYOR CERTIFICATION

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 knowledge and belief.

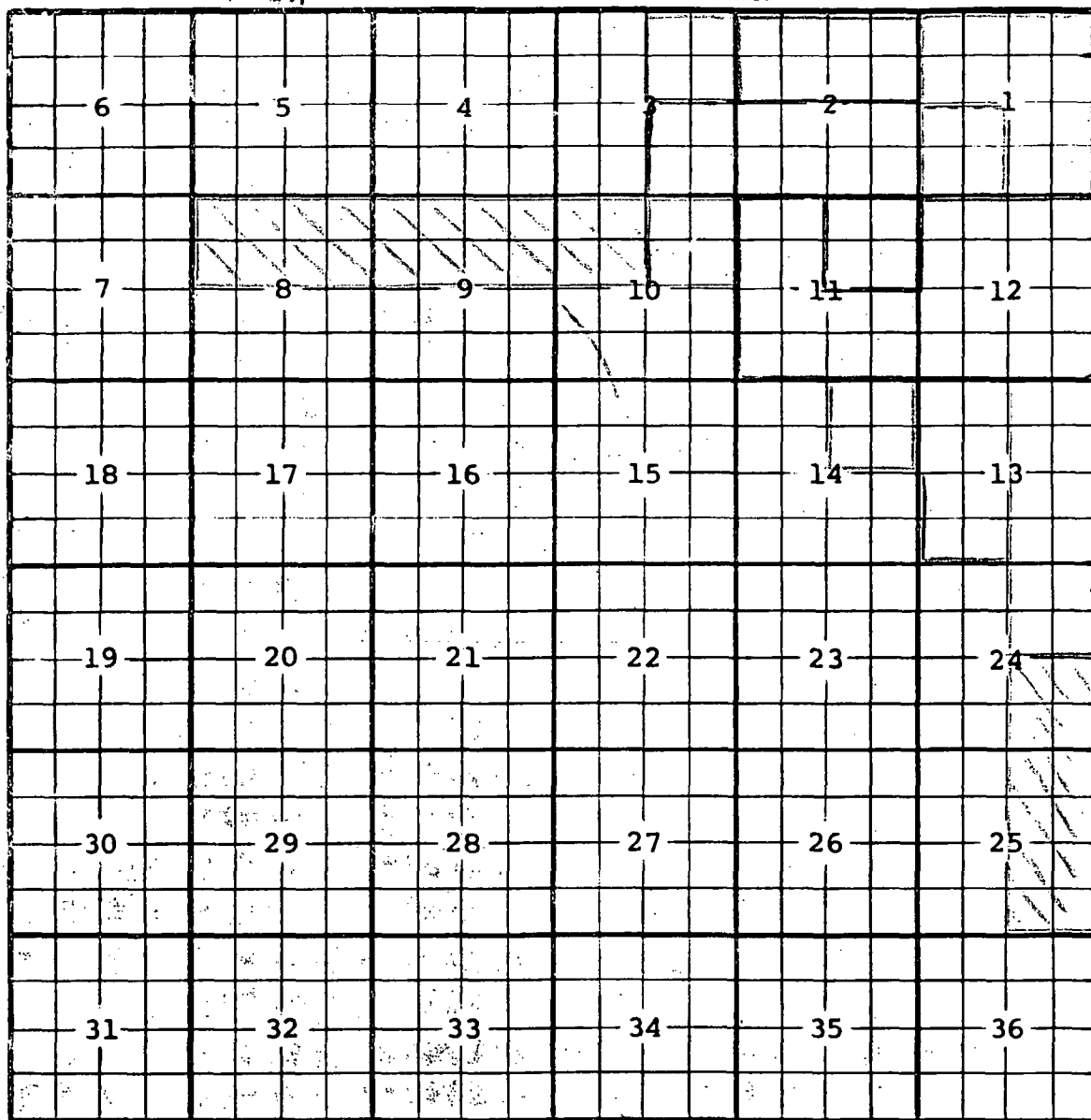
Date Surveyed

Signature & Seal of
Professional Surveyor

Certificate No.

COUNTY San JuanPOOL South Gallegos - Fruitland ^{SAND} Pictured CliffsTOWNSHIP 26 NorthRANGE 12 West

NMPM

Description: $\frac{1}{2}$ $\frac{1}{4}$ NW Sec. 11; All Sec. 12 (R-4260, 3-1-72)Ext: SW $\frac{1}{4}$ Sec. 1 (R-4690, 12-1-73) Ext: $\frac{1}{2}$ Secs 8, 9 & 10; $\frac{1}{2}$ Secs 13, 24 & 25 (R-5339, 2-1-77)Ext: $\frac{1}{2}$ $\frac{1}{4}$ NW Sec. 1 (R-5596, 1-1-78) Cont. (delete): $\frac{1}{2}$ Secs 8, 9 & 10 (R-5779, 8-1-78)Ext: NE $\frac{1}{4}$ Sec. 14 (R-5843, 12-1-78) Ext: $\frac{1}{2}$ Sec. 2, NE $\frac{1}{4}$ Sec. 3, NE $\frac{1}{4}$ Sec. 11, (R-6421, 8-1-80) Ext: $\frac{1}{2}$ sec 2, SE $\frac{1}{4}$ sec 3, NE $\frac{1}{4}$ sec 10, W $\frac{1}{2}$ sec 13,(R-6886, 1-22-82) Delete: SE $\frac{1}{4}$ sec 24, $\frac{1}{2}$ sec 25 (R-6886, 1-22-82)

REDESIGNATED (R-8769 10/17/85)