



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

Bill Richardson
Governor
Joanna Prukop
Cabinet Secretary

June 10, 2003

Lori Wrotenbery
Director
Oil Conservation Division

Dugan Production Corporation
P. O. Box 420
Farmington, New Mexico 87499-0420
Attention: John D. Roe
johnroe@duganproduction.com

Telefax No. (505) 327-4613

Administrative Order NSP-1866

Dear Mr. Roe:

Reference is made to the following: (i) your application dated May 16, 2003 (*administrative application reference No. pKRV0-314032013*) that was submitted to the New Mexico Oil Conservation Division's ("Division") on May 19, 2003; (ii) your voice mail message concerning this application to Mr. Michael E. Stogner, Engineer/Chief Hearing Officer in Santa Fe on Friday morning, May 16, 2003; and (iii) the Division's records in Santa Fe and Aztec, including the file on Division Administrative Order NSP-1569, dated April 3, 1989: all concerning Dugan Production Corporation's ("Dugan") request for a non-standard 160-acre gas spacing unit comprising the following acreage in the Basin-Fruitland Coal (Gas) Pool (71629):

SAN JUAN COUNTY, NEW MEXICO
TOWNSHIP 26 NORTH, RANGE 12 WEST, NMPM
Section 34: SW/4.

It is our understanding that this unit is to be dedicated to Dugan's Rachel Well No. 91 (API No. 30-045-29835), recently drilled (spud date: October 29, 2002) at a standard coal gas 1620 feet from the South line and 1760 feet from the West line (Unit K) of Section 34.

By the authority granted me under the provisions of Rule 6 of the "*Special Rules and Regulations for the Basin-Fruitland Coal (Gas) Pool*", as promulgated by Division Order No. R-8768, as amended, the above-described non-standard 160-acre gas spacing unit is hereby approved.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington
File: NSP-1569