



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

September 23, 1993

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Dugan Production Corporation
P.O. Box 420
Farmington, NM 87499-0420

Attention: John Alexander, Operations Manager

Administrative Order NSP-1678

Dear Mr. Alexander:

Reference is made to your application dated August 11, 1993 for a 198.62-acre non-standard gas spacing and proration unit consisting of the following acreage in the Basin Fruitland Coal Gas Pool:

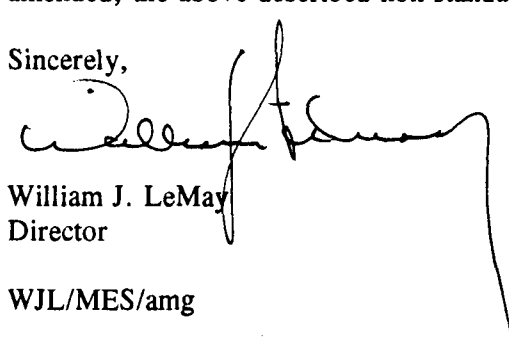
RIO ARRIBA COUNTY, NEW MEXICO
TOWNSHIP 28 NORTH, RANGE 3 WEST, NMPM
Section 7: Lots 1 and 2 and the NE/4

It is my understanding that this unit is to be dedicated to your existing Jer Well No. 2 which was drilled in 1978 and completed in the Choza Mesa Pictured Cliffs Pool at a standard gas well location 1850 feet from the North line and 1700 feet from the East line (Unit G) of Section 7.

It is my understanding that the Pictured Cliffs zone will be properly plugged back and said well will be recompleted to 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 standard.

By the authority granted me under the provisions of Rule 6 of said Division Order No. R-8768, as amended, the above-described non-standard gas spacing and proration unit is hereby approved.

Sincerely,


William J. LeMay
Director

WJL/MES/amg

cc: Oil Conservation Division - Aztec
US Bureau of Land Management - Farmington