

dugan production corp.

November 3, 2004

NMOCD CASE NO. 13399

February 17, 2005

Dugan Production Corp.

Exhibit No. 6

Certified – 7002 2410 0001 0134 1518

Mr. Michael E. Stogner
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Application for Administrative Approval of
Unorthodox Location for Dugan Production Corp.'s Federal I Com #103
Unit E, Section 12, T29N, R14W
1775' FNL & 10' FWL (W/2 - 320)

Dear Mr. Stogner:

Dugan Production hereby requests approval for an unorthodox location for the referenced well. Attached for you reference are the following exhibits:

1. Well location and acreage dedication plat (NMOCD Form C-102)
2. Topographic map
3. Fruitland Coal - Offsetting Working Interest Owners Map
4. Plat map of Harper Hill Industrial Subdivision
5. Detailed drawing of subdivision and well pad

The unorthodox location is necessary due to topographic conditions.

The subject well is located inside the Farmington city limits. Existing and proposed commercial and industrial developments occupy all favorable topographic and orthodox areas within the proration unit. After an extended period of time planning, surveying and negotiating with surface owners in the immediate area and consideration of existing city streets, utilities and zoning setback requirements, it was determined that the subject non-standard location was the only acceptable location to all involved parties. Since the proposed well pad and pipeline will be located on a lot on the outer boundary of the subdivision, surface impact within the Farmington city limits will be minimized. Once an agreement on the location of the well pad and pipeline had been reached, Dugan Production Corp. then purchased the lot on which to drill from Dimmick realty.

District I
PO Box 1980, Hobbs, NM 88241-1980

District II
PO Drawer 00, 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
Revised February 21,
Instructions on
Submit to Appropriate District C
State Lease - 4 C
Fee Lease - 3 C

☐ AMENDED REP

EXHIBIT 1.

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 71629	Pool Name BASIN FRUITLAND COAL
Property Code	Property Name FEDERAL I COM	Well Number 103
GRID No. 006515	Operator Name DUGAN PRODUCTION CORPORATION	Elevation 5473'

¹⁰ Surface Location

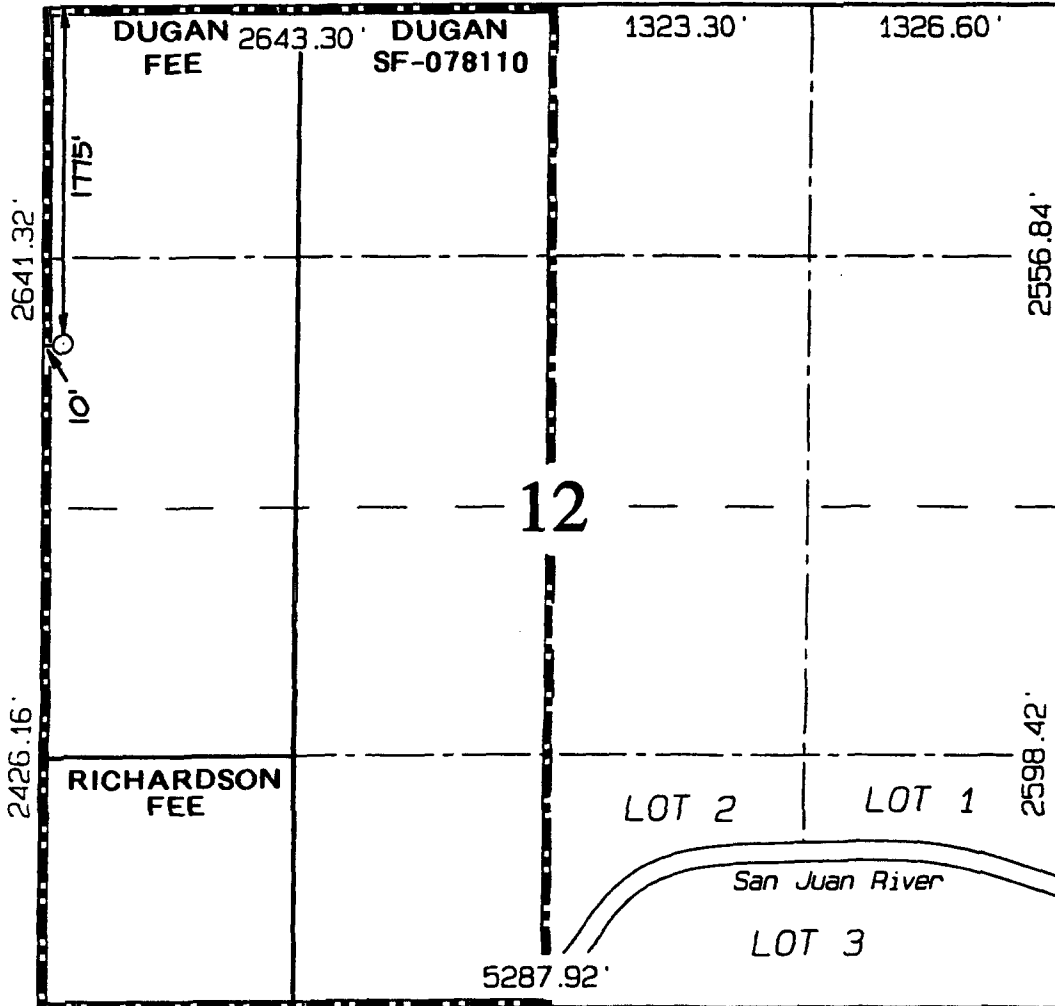
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	12	29N	14W		1775	NORTH	10	WEST	SAN JUAN

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

¹² Dedicated Acres 320.0 Acres - (W/2)	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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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



¹⁷ OPERATOR CERTIFICATION

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

Kurt Fagrelus
Signature

Kurt Fagrelus

Printed Name

Geologist

Title

August 6, 2004

Date

¹⁸ 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 belief.

Date of Survey: JUNE 16, 2004

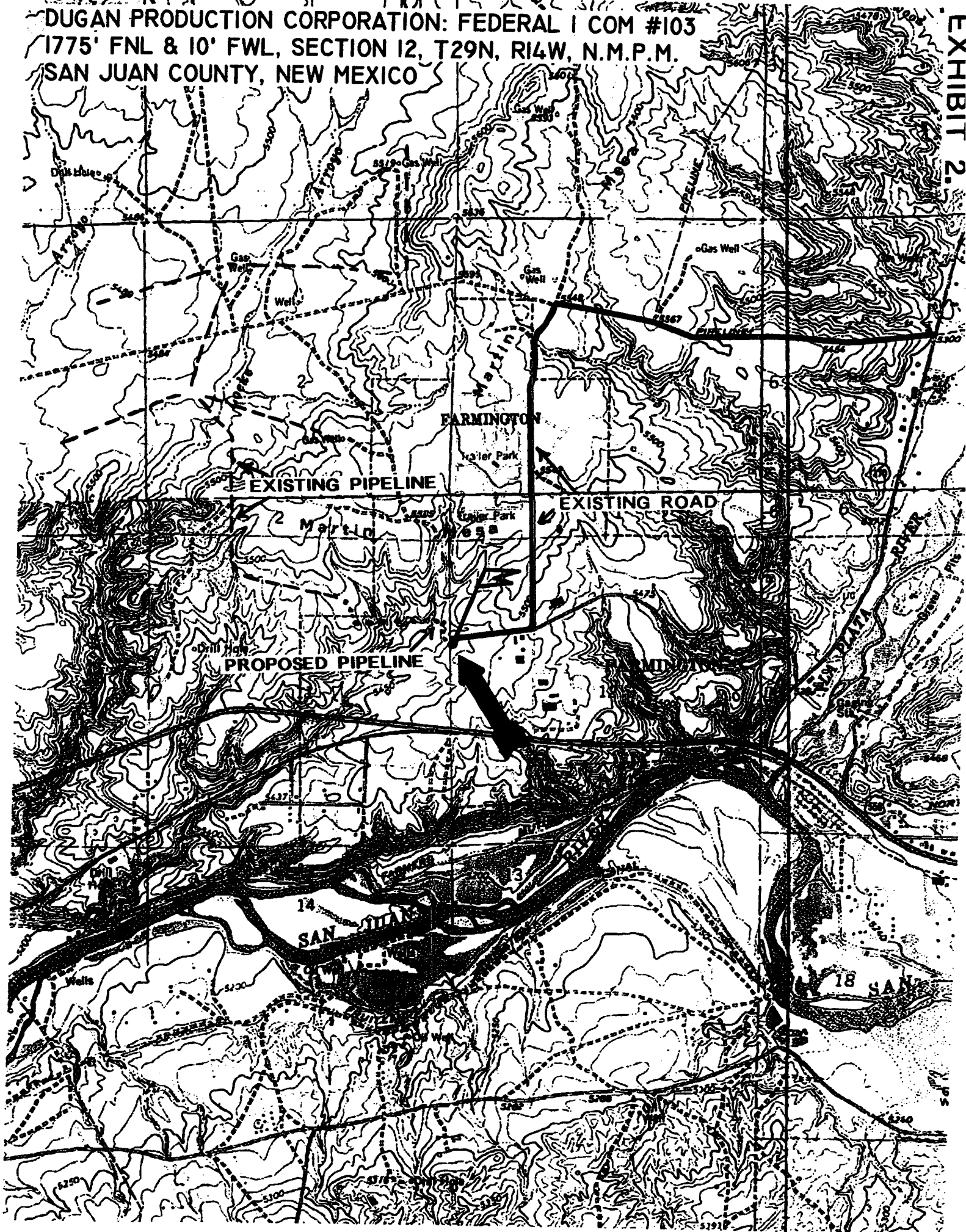
Signature and Seal of Professional Surveyor



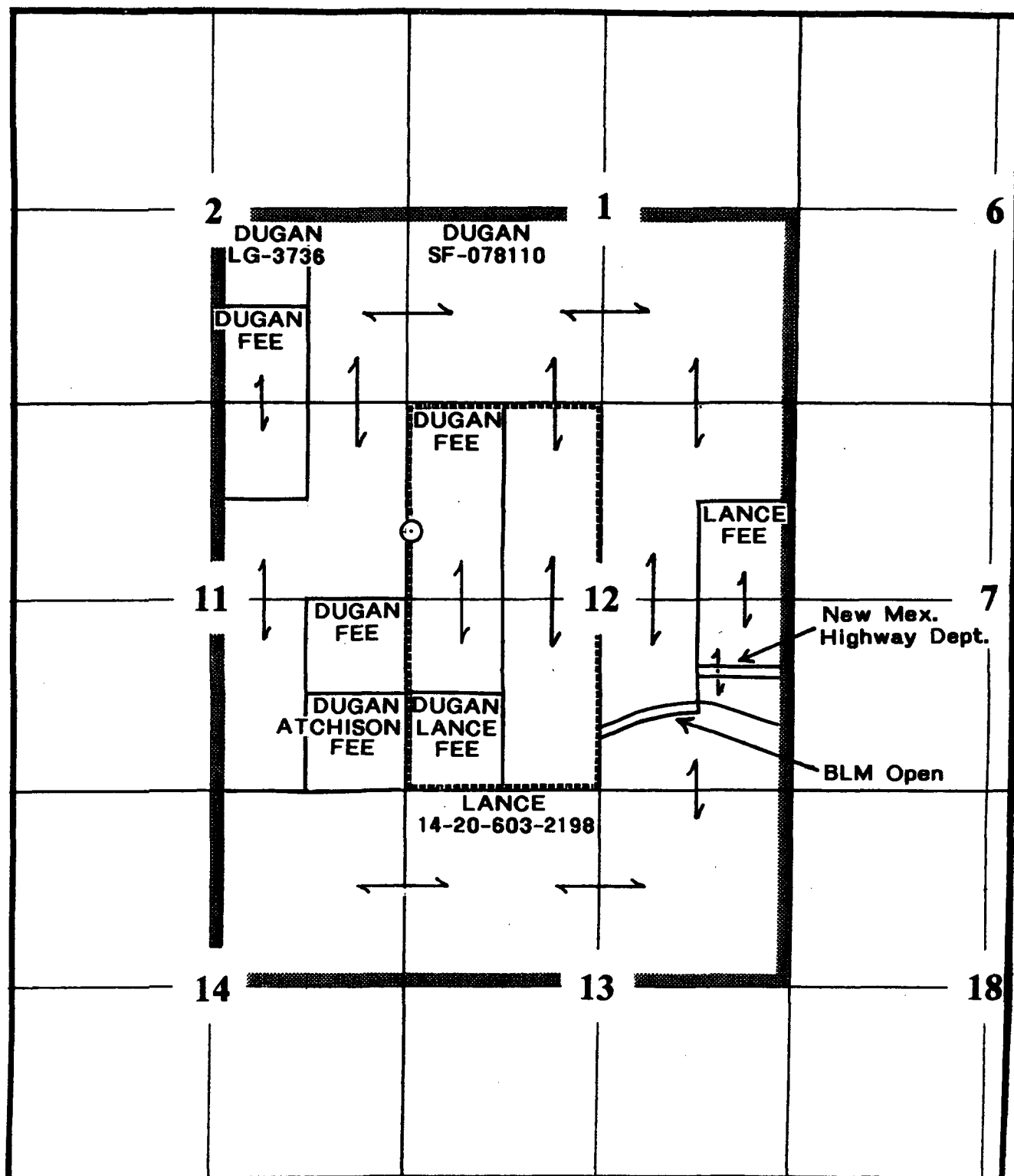
JASON C. EDWARDS
Certificate Number 15269

DUGAN PRODUCTION CORPORATION: FEDERAL I COM #103
1775' FNL & 10' FWL, SECTION 12, T29N, R14W, N.M.P.M.
SAN JUAN COUNTY, NEW MEXICO

EXHIBIT 2.



Fruitland Coal - Offsetting Working Interest Owners Map



Offsetting Notification Area



Spacing Unit

DUGAN PRODUCTION CORP.
Federal I Com #103
Application for Unorthodox Location
Basin Fruitland Coal Pool
San Juan County, New Mexico

T29N - R14W

EXHIBIT 4.

T29N, R14W

GILMORE, FREDRICK F.
TRUST

1225/986

#20022

Proposed Gas and Water Pipelines

Sec. 11 Sec. 12

ROBIN AVENUE

HARPER HILL

REPLA

PIEDRAS STRE

PIEDRAS

INDUSTRIAL

FEDERAL
SIL COM
#103

VIENTO

VIENTO PLACE

SUB

HARPER HILL INDUSTRIAL SUB

LOMAS ST.

LOMAS

LOMAS STREET

STRAL SUB PHASE 2

30

29

28

25

24

31

31

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31

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18

STRAL ANIMAS

Sec. 11

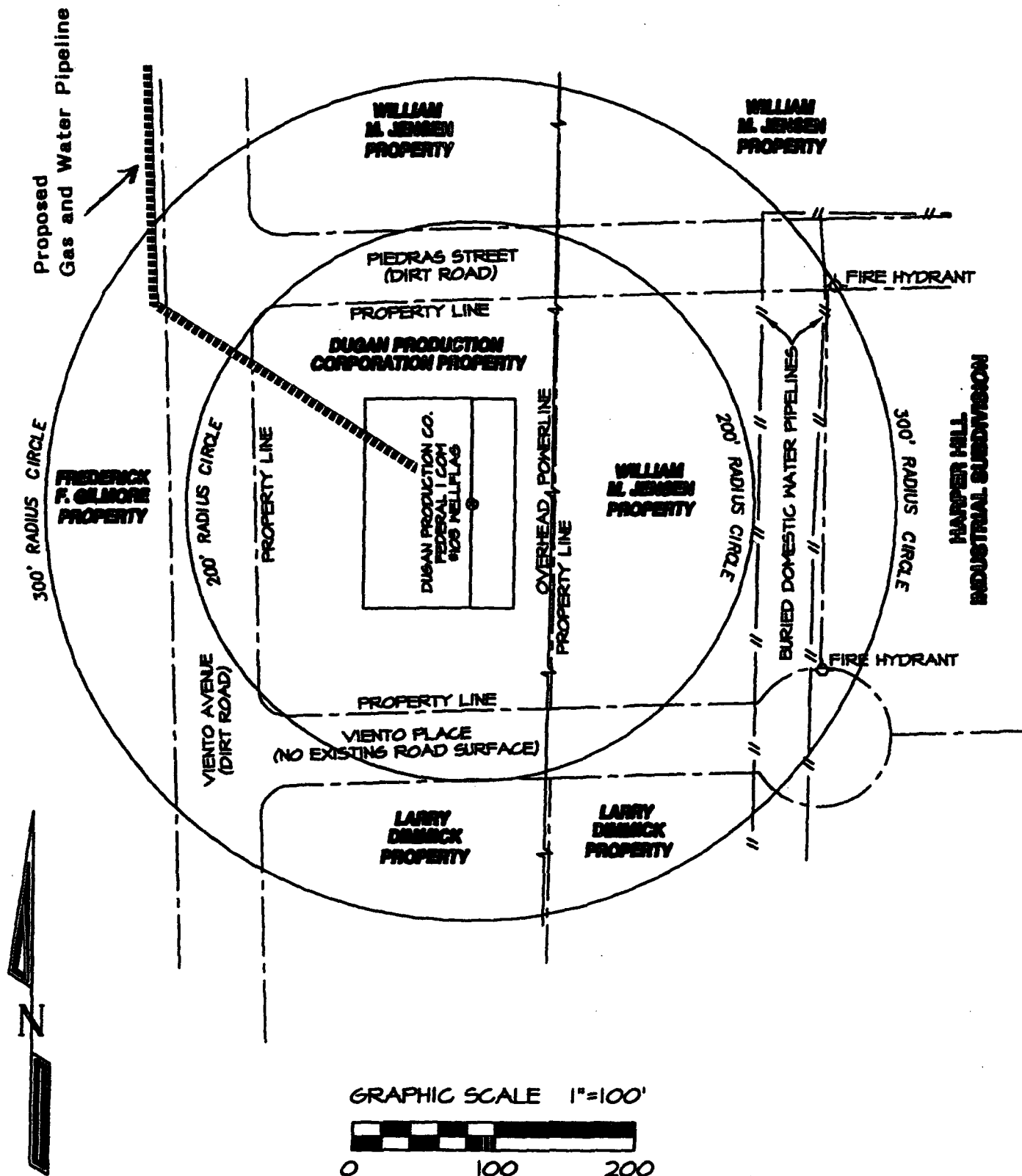
Sec. 12

ORO

ORO PL

DUGAN PRODUCTION CORPORATION FEDERAL I COM #103
1775' FNL & 10' FWL, SECTION 12, T29N, R14W, NMPM
SAN JUAN COUNTY, NEW MEXICO GROUND ELEVATION: 5473'

EXHIBIT 5.



By certified mail, a copy of this application and request for administrative approval has been sent to all Fruitland Coal offsetting working interest owners, the Bureau of Land Management and the City of Farmington.

Please contact me if you have any questions or need additional information.

Sincerely,



Kurt Fagrelus
Geologist

Attachments

Cc:

Bureau of Land Management – 1235 La Plata Hwy., Farmington, NM 87401

(Certified Return Receipt Requested – ~~7002 2410 0001 0134 1440~~)

NMOCD - 1000 Rio Brazos Road, Aztec, NM 87410

(Certified Return Receipt Requested – ~~7002 2410 0001 0134 1457~~)

City of Farmington – 800 Municipal Drive, Farmington, NM 87401

(Certified Return Receipt Requested – ~~7002 2410 0001 0134 1471~~)

Lance Oil Company, Inc. – P.O. Box 70, Kirtland, NM 87417

(Certified Return Receipt Requested – ~~7002 2410 0001 0134 1488~~)

State Highway Department of New Mexico, P.O. Box 1149, Santa Fe, NM 87504

(Certified Return Receipt Requested – 7002 2410 0001 0134 1495)

Atchison, Lee – P.O. Box 15069, Farmington, NM 87499

(Certified Return Receipt Requested – 7002 2410 0001 0134 1501)