



dugan production corp.

October 17, 2001

Fax & Mail
505-476-3462

Ms. Lori Wrotenbery, Director
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Re: NMOCD Case 12745
Examiner Docket No. 34-01, October 18, 2001
Application of Burlington Resources & Conoco Inc.
Basin Dakota Gas Pool

Dear Ms. Wrotenbery,

Dugan Production Corp. operates 100 wells in the Basin Dakota gas pool and supports the captioned application. We have attended an operators meeting on 7-10-01 and an NMOCD sponsored public meeting on 9-25-01 during which Burlington Resources Oil & Gas Company (Burlington) and Conoco Inc. (Conoco) presented information collected from three pilot projects they conducted to investigate the appropriate well density for developing the Basin Dakota gas pool.

We are in agreement with Burlington and Conoco that the data collected from these pilot projects support a well density of 80 acres per well in the Basin Dakota gas pool and we believe that the infill wells should be at the option of the operator depending upon reservoir conditions at each specific location.

In addition, we support amending the special pool rules for the Basin Dakota to allow the same setback requirements as currently exist for the Blanco Mesaverde pool, i.e. 660' from the outer boundary of the spacing unit and 10' from interior quarter and ¼¼ section lines. This will simplify a potential dual completion and will aid in maximizing reserve recoveries from each well drilled.

We have no objection to the proposed special well location provisions for federal units. Correlative rights of lands adjacent to the unit should be protected by the standard setback of 660' to the outer unit boundary.

Dugan Production does not plan to participate in this hearing. Please include our comments in the Division's consideration of this matter and as part of the official record in this case. Should you have questions, or need additional information, please let us know.

Sincerely,

John D. Roe
Engineering Manager

JDR/tmf

cc: Burlington Resources - Tom Kellahin & Linda Dean

C:\TF\Johnroe\NMOCD\Cse12745.wpd