



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

April 1, 1996

RECORDED
APR - 4 1996
OIL CON. DIV.
DIST. 3

Dugan Production Corporation
Attention: Gary W. Brink
P.O. Box 420
Farmington, New Mexico 87499-0420

Administrative Order NSL-3645

Dear Mr. Brink:

Reference is made to your application dated March 7, 1996 for a non-standard Basin-Fruitland coal gas well location for your existing Okie Well No. 2 (API No. 30-045-22304), formerly the French Wash Well No. 2, which was drilled by Oklahoma Oil Company in 1977 to test for Pictured Cliffs gas production at a standard gas well location 1450 feet from the North line and 1500 feet from the West line (Unit F) of Section 8, Township 24 North, Range 8 West, NMPM, San Juan County, New Mexico.

It is our understanding that the Pictured Cliffs interval, which has never produced 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 unorthodox. Further, the N/2 of said Section 8 shall be dedicated to the well to form a standard 320-acre gas spacing and proration unit for said pool.

By the authority granted me under the provisions of **Rule 8** of said Order No. R-8768, as amended, the above-described unorthodox coal gas well location is hereby approved.

Sincerely,

William J. LeMay
Director

WJL/MES/kv

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