



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

March on #1

(Signature)

GARREY CARRUTHERS
GOVERNOR

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

August 29, 1988

Dugan Production Corporation
P.O. Box 5820
Farmington, NM 87499-5820

Attention: John D. Roe
Petroleum Engineer

ADMINISTRATIVE ORDER NSP-1540

Dear Mr. Roe:

Reference is made to your application for an 80-acre non-standard oil proration unit consisting of the following acreage in the Undesignated Bisti Lower Gallup Oil Pool:

SAN JUAN COUNTY, NEW MEXICO
TOWNSHIP 24 NORTH, RANGE 9 WEST, NMPM
Section 32: E/2 NW/4

It is my understanding that this unit is to be dedicated to your March On Well No. 1 to be located at a standard oil well location 1720 feet from the North line and 1910 feet from the West line (Unit F) of said Section 32.

By authority granted me under the provisions of Rule 4 of the "Special Rules and Regulations for the Bisti Lower Gallup Oil Pool" as promulgated by Division Order No. R-1069-b, as amended, the above non-standard oil proration unit is hereby approved.

Sincerely,

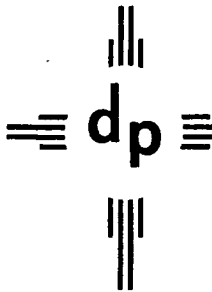
(Signature of William J. LeMay)

William J. LeMay
Director

WJL/MES/ag

cc: Oil Conservation Division - Aztec
State Land Office - Santa Fe
NM Oil and Gas Engineering Committee - Hobbs

(Handwritten initials and date)
J.V.
8/30



dugan production corp.

AUG - 9 1988
OIL CON. DIV.

August 8, 1988

Mr. William J. LeMay, Director
New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87504-2088

*Carmie, per our
phone conversation today,
attached here is a copy of
Dugan's application.*

Re: Application of Dugan Production Corp. for
Administrative Approval of Non-Standard 80 Acre
Spacing Unit Comprising E/2 NW/4 Sec. 32, T24N, R9W, NMPM
Bisti Lower Gallup Oil Pool
San Juan County, New Mexico

*This was
approved
8/29/88*

Dear Mr. LeMay:

As provided for in Rule No. 4 of the special pool rules for the Bisti Lower Gallup Pool, Dugan Production requests your administrative approval for an 80 acre non-standard spacing unit comprising the E/2 NW/4 of Section 32, T24N, R9W. Rule No. 2 of the special pool rules requires that standard spacing units consist of either the north half or the south half of a single governmental quarter section.

M.S.

By certified mail, return receipt requested, we have provided all operators within a 2640 foot radius of our proposed location with a copy of this letter application. A copy of the offset operator notice along with a list of names and addresses of all operators notified is attached for your information. Upon receiving the "return receipts", we will provide you with a copy for your records.

Should you have questions regarding our application, please feel free to contact me or Barbara Williams at the letterhead address.

Respectfully,

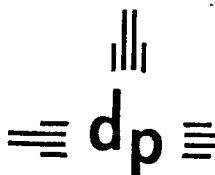
John D. Roe

John D. Roe
Petroleum Engineer

JDR/cg/march-on.ocd

encs.

RECEIVED
AUG 31 1988
OIL CON. DIV.
DIST. 3



dugan production corp.

Certified - Return Receipt Requested

August 8, 1988

COPY

TO: OPERATORS WITHIN 1/2 MILE RADIUS OF
DUGAN PRODUCTION'S PROPOSED MARCH ON #1
(Address List Attached)

Re: Application of Dugan Production Corp. for
Administrative Approval of Non-Standard 80 Acre
Spacing Unit Comprising E/2 NW/4 Sec. 32, T24N, R9W, NMPM
Bisti Lower Gallup Oil Pool
San Juan County, New Mexico

Gentlemen:

Dugan Production is making application this date to the Director of the New Mexico Oil Conservation Division (NMOCD) for administrative approval of our application to drill the subject well on an 80 acre non-standard spacing unit comprising the E/2 NW/4 of Section 32, T24N, R9W to be completed as an extension to the Bisti Lower Gallup Oil Pool.

For your review, we have attached a copy of our letter application, in addition to a copy of our APD and accompanying location plat (NMOCD form C-102). As provided for in Rule No. 4 of the special pool rules, we are providing this notice to each operator within a 2640' radius of our proposed location. Any operator within this radius that objects to the administrative granting of the subject non-standard spacing unit should provide notice to the Director of the NMOCD within 20 days of our making application. We would also appreciate any operator providing an objection to also notify Dugan Production Corp.

Our non-standard spacing unit is the result of our requesting an East Half (E/2) spacing unit rather than a North Half (N/2) or South Half (S/2) spacing unit as provided for by Rule No. 2 of the Bisti Lower Gallup special pool rules. Our well is located at an orthodox location.

Should you need additional information regarding our application, please feel free to contact Barbara Williams or me at the letterhead address.

Sincerely,

John D. Roe

John D. Roe
Petroleum Engineer

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

6 NMOCD 1 BLM 1 File
OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

30-045-26997

Form C-101
Revised 10-1-78

NO. OF COPIES RECEIVED	
DISTRIBUTION	
SANTA FE	
FILE	
U.S.G.S.	
LAND OFFICE	
OPERATOR	

5A. Indicate Type of Lease
STATE ☒ FEE ☐
5. State Oil & Gas Lease No.
LG-5685

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

a. Type of Work
DRILL ☒ DEEPEN ☐ PLUG BACK ☐
b. Type of Well
OIL WELL ☒ GAS WELL ☐ OTHER ☐ SINGLE ZONE ☒ MULTIPLE ZONE ☐
Name of Operator
DUGAN PRODUCTION CORP.
Address of Operator
P.O. Box 5820, Farmington, NM 87499-5820
Location of Well
UNIT LETTER F LOCATED 1720 FEET FROM THE North LINE
NO 1910 FEET FROM THE West LINE OF SEC. 32 TWP. 24N RCE. 9W NMPM
12. County
San Juan
19. Proposed Depth
5080'
19A. Formation
Gallup
20. Rotary or C.T.
rotary
Elevations (Show whether DF, RT, etc.)
6802' GL
21A. Kind & Status Plug. Bond
State Wide Bond
21B. Drilling Contractor
Four Corners Drilling
22. Approx. Date Work will start
ASAP

PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
12-1/4"	8-5/8"	24#	200'	206 cu.ft.	surface
7-7/8"	4-1/2"	10.5#	5080'	1642 cu.ft.	surface

Plan to drill a 12-1/4" hole and set 200' of 8-5/8" OD, 24#, J-55 surface casing; then plan to drill a 7-7/8" hole to total depth with gel-water-mud program to test the Gallup formation. Plan to run IES and CDL logs. If determined productive, will run 4-1/2", 10.5#, J-55 casing, selectively perforate, frac, clean out after frac and complete well.

APPROVAL EXPIRES 8-6-89
UNLESS DRILLING IS COMMENCED.
SPUD NOTICE MUST BE SUBMITTED
WITHIN 10 DAYS.

RECEIVED
AUG 05 1988
OIL CON. DIV
DIST. 5

BOVE SPACE DESCRIBE PROPOSED PROGRAM; IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

by certify that the information above is true and complete to the best of my knowledge and belief.

Thomas A. Dugan Title President Date 8-5-88
(This space for State Use)

APPROVED BY Emilio Quech TITLE DEPUTY OIL & GAS INSPECTOR, DIST. #3 DATE AUG 05 1988
CONDITIONS OF APPROVAL, IF ANY:

Hold C-104 for NSP
approval of anstondale

All distances must be from the outer boundaries of the Section.

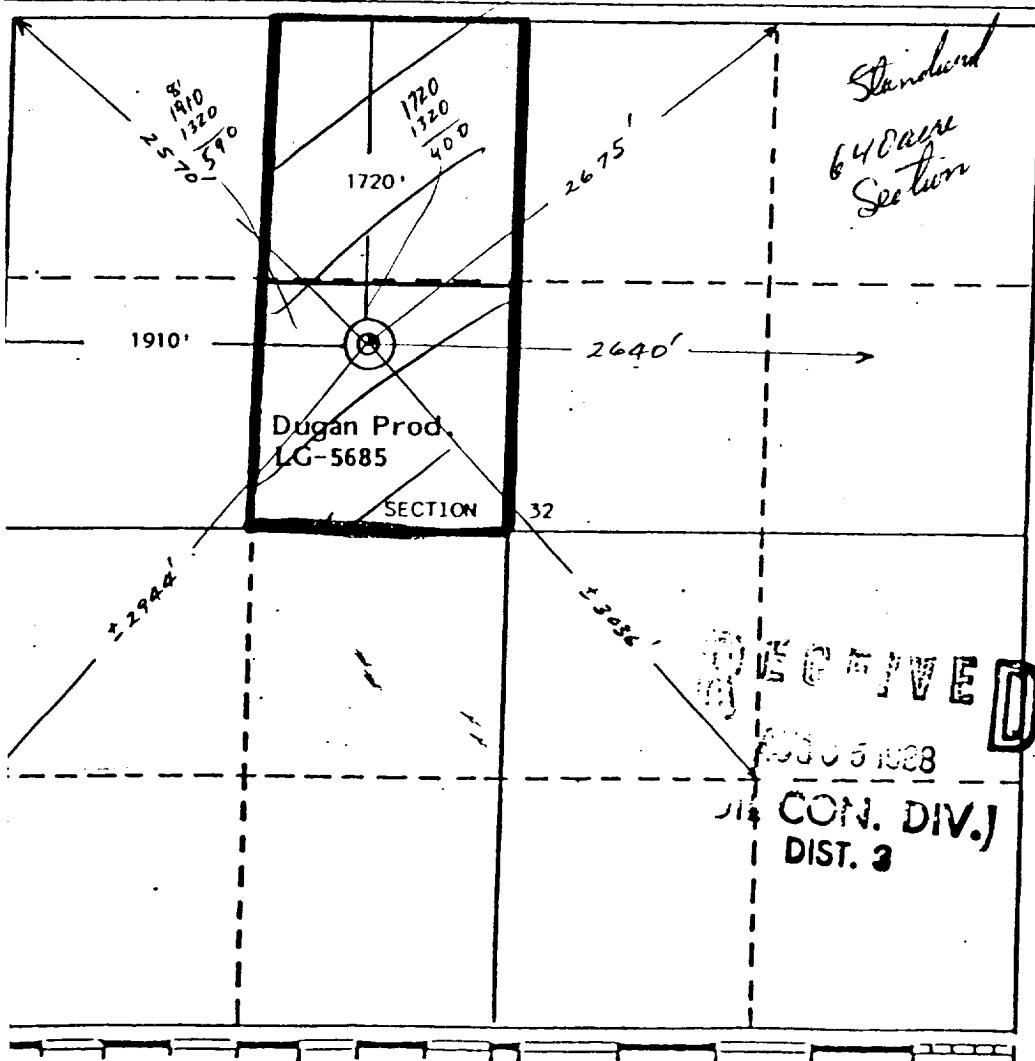
Operator Dugan Production Corporation			Lease March On		Well No. 1
Unit Letter F	Section 32	Township 24 North	Range 9 West	County San Juan	
Actual Footage Location of Well: 1720 feet from the North line and 1910 feet from the West line					
Ground Level Elev. 6802	Producing Formation Gallup	Pool BISTI LOWER Wildcat EXT	Dedicated Acres: 80 Acres		

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Division.



CERTIFICATION

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

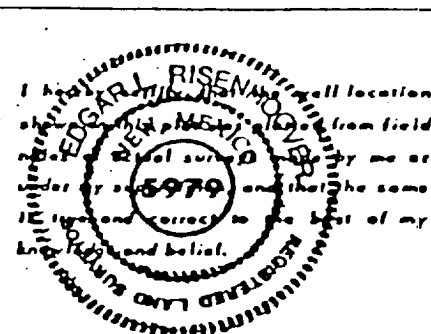
Thomas A. Dugan

Name
Thomas A. Dugan

Position
President

Company
Dugan Production Corp.

Date
8-5-88



Date Surveyed
July 29, 1988

Registered Professional Engineer
and/or Land Surveyor

Edger L. Risenbauer
Certificate No. 5979

OPERATORS OF LEASE HOLD INTEREST
Within 2640' Radius of Dugan Production's
Proposed March On Well No. 1
Unit F, Section 32, T-24N, R-9W, NMPM
San Juan County, NM
(Tract Description on Figure No. 1)

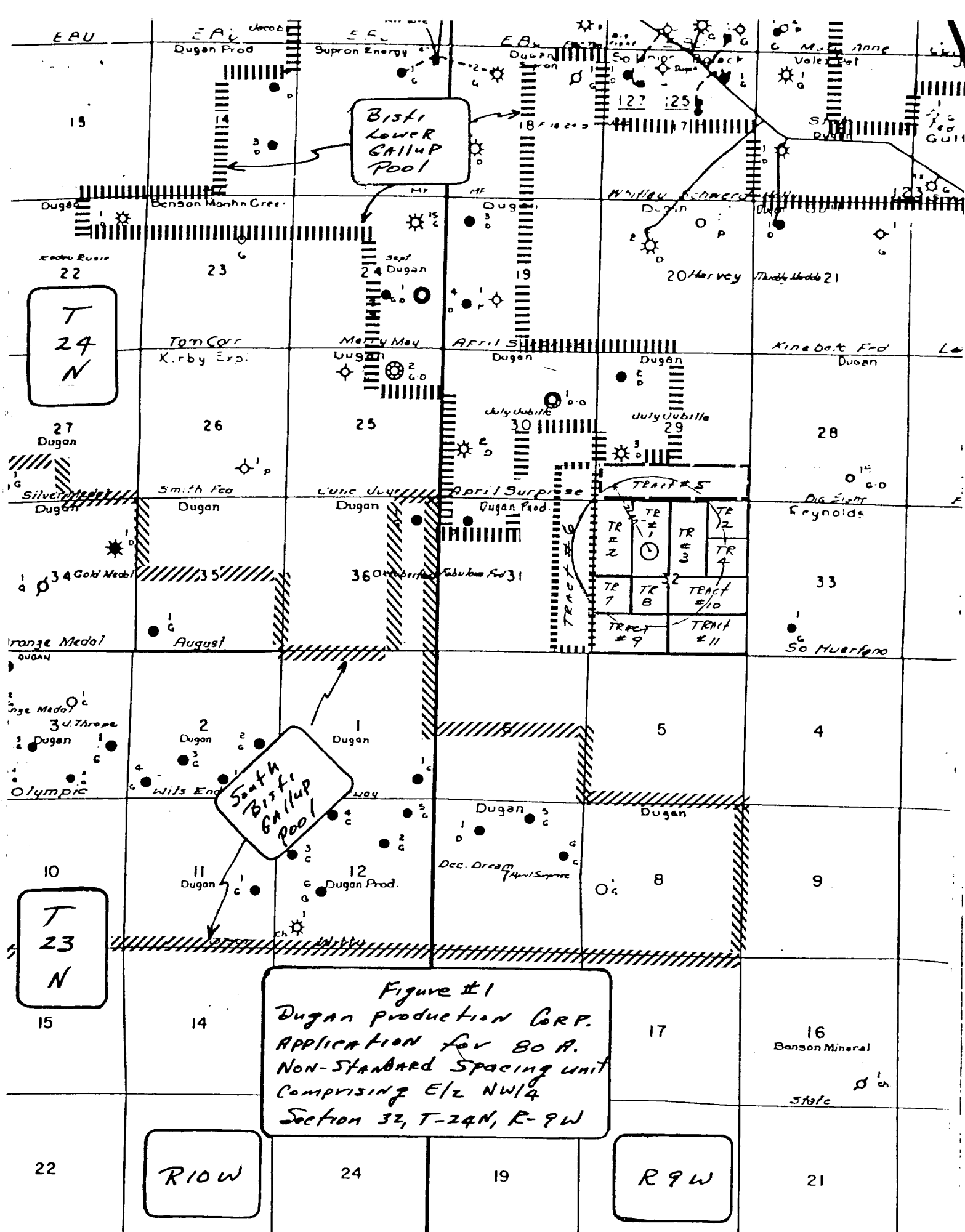
- Tract 1 State Lease LG 5685
 Dugan Production Corp.
 P.O. Box 5820
 Farmington, NM 87499-5820
- Tract 2 State Lease E4912-20
 Tenneco Oil Company
 7990 Interstate Highway 10 West
 San Antonio, Texas 78230

 Tenneco Oil Company
 P.O. Box 3249
 Englewood, CO 80155-3249
- Tract 3 State Lease E4912-20
 Tenneco Oil Company
 7990 Interstate Highway 10 West
 San Antonio, Texas 78230

 Tenneco Oil Company
 P.O. Box 3249
 Englewood, CO 80155-3249
- Tract 4 State Lease LG 5685
 Dugan Production Corp.
 P.O. Box 5820
 Farmington, NM 87499-5820
- Tract 5 Federal Lease 24661
 Dugan Production Corp.
 P.O. Box 5820
 Farmington, NM 87499-5820 and

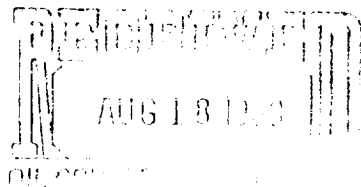
 Southern Union Exploration
 Suite 1800, Renaissance Tower
 1201 Elm Street
 Dallas, Texas 75270
- Tract 6 Federal Lease NM 4958
 Dugan Production Corp.
 P.O. Box 5820
 Farmington, NM 87499-5820

- Tract 7 State Lease E6633-2
 W.R. Speer
 P.O. Box 255
 Farmington, NM 87499
- Tract 8 State Lease B10889-25
 James Amos Tadlock, Jr. & Cavelle Tadlock McGuire
 c/o Cavelle Tadlock McGuire
 7511 East 26th Place
 Tulsa, OK 74129
- Tract 9 State Lease V1360
 Yates Petroleum Corp.
 105 South 4th Street
 Artesia, NM 88210
- Tract 10 State Lease V1360
 Yates Petroleum Corp.
 105 South 4th Street
 Artesia, NM 88210
- Tract 11 State Lease LG 5685
 Dugan Production Corp.
 P.O. Box 5820
 Farmington, NM 87499-5820
- Tract 12 State Lease V1360
 Yates Petroleum Corp.
 105 South 4th Street
 Artesia, NM 88210





dugan production corp.



August 16, 1988

Mr. William J. LeMay, Director
New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87504-2088

Re: Application of Dugan Production Corp. for
Administrative Approval of Non-Standard 80 Acre
Spacing Unit Comprising E/2 NW/4 Sec. 32, T24N, R9W, NMPM
Bisti Lower Gallup Oil Pool
San Juan County, New Mexico

Dear Mr. LeMay:

Attached for your file is a copy of the U.S. Postal return receipts that were attached to our August 8, 1988 notice to all operators within a 2640' radius of the location proposed for Dugan Production's March On Well No. 1. Having received a receipt for each operator noticed, it is our belief that we have met the notice requirements stipulated in Rule #4 of the special pool rules for the Bisti Lower Gallup Pool.

Should you need additional information or have questions, please feel free to contact me or Barbara Williams at the letterhead address.

Sincerely,

John D. Roe

John D. Roe
Petroleum Engineer

JDR/cg/march-on.a

enc.

Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery.

3. Article Addressed to:

Southern Union Exploration
Suite 1800, Renaissance Tower
1201 Elm Street
Dallas, TX 75270

4. Article Number

P 488 636 998

Type of Service:

- ☒ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail

Always obtain signature of addressee or agent and **DATE DELIVERED**.

5. Signature — Addressee

X

6. Signature — Agent

X

7. Date of Delivery

8-12-88

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Feb. 1986

CG

AUG 12 1988

DOMESTIC RETURN RECEIPT

● **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery.

3. Article Addressed to:

W. R. Speer
P.O. Box 255
Farmington, NM 87499

4. Article Number

P 488 636 999

Type of Service:

- ☒ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail

Always obtain signature of addressee or agent and **DATE DELIVERED**.

5. Signature — Addressee

X

6. Signature — Agent

X

7. Date of Delivery

8/9/88

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Feb. 1986

CG

DOMESTIC RETURN RECEIPT

● **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery.

3. Article Addressed to:

James Amos Tadlock, Jr. &
Cavelle Tadlock McGuire
% Cavelle Tadlock McGuire
7511 East 26th Place
Tulsa, OK 74129

4. Article Number

P 488 637 000

Type of Service:

- ☒ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail

Always obtain signature of addressee or agent and **DATE DELIVERED**.

5. Signature — Addressee

X

6. Signature — Agent

X

7. Date of Delivery

8-11-88

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Feb. 1986

CG

DOMESTIC RETURN RECEIPT

RETURN RECEIPTS FOR DUGAN PRODUCTION CORP'S
Non-Standard Spacing Unit Notice Mailed 8-8-88
To Operators Within a 2640' Radius of the Location Proposed for
Dugan Production's March On #1

Page 1 of 2

Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. <input type="checkbox"/> Show to whom delivered, date, and addressee's address.		2. <input type="checkbox"/> Restricted Delivery.	
3. Article Addressed to: Tenneco Oil Company 7990 Interstate Hwy 10 West San Antonio, TX 78230		4. Article Number P 298 298 111	
		Type of Service: <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified ^{1,2} <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> COD	
		Always obtain signature of addressee or agent and DATE DELIVERED.	
5. Signature — Addressee X		8. Addressee's Address (ONLY if requested and fee paid)	
6. Signature — Agent X <i>S. Belzuna</i>			
7. Date of Delivery <i>8-17-87</i>			

PS Form 3811, Feb. 1986 CG DOMESTIC RETURN RECEIPT

● SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. <input type="checkbox"/> Show to whom delivered, date, and addressee's address.		2. <input type="checkbox"/> Restricted Delivery.	
3. Article Addressed to: Tenneco Oil Company P.O. Box 3249 Englewood, CO 80155-3249		4. Article Number P 298 298 110	
		Type of Service: <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> COD	
		Always obtain signature of addressee or agent and DATE DELIVERED.	
5. Signature — Addressee X		8. Addressee's Address (ONLY if requested and fee paid)	
6. Signature — Agent X <i>Pat Burrell</i>			
7. Date of Delivery <i>8-11-88</i>			

PS Form 3811, Feb. 1986 CG DOMESTIC RETURN RECEIPT

CG

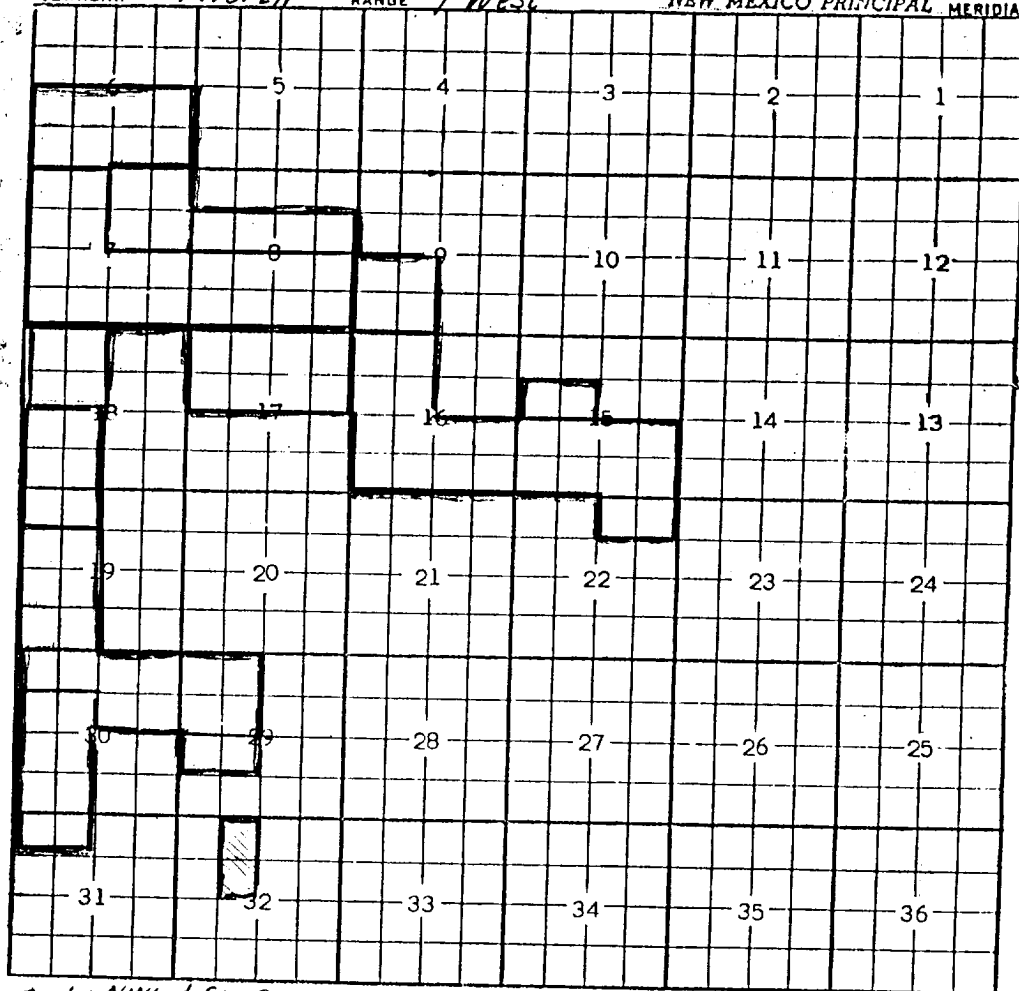
● SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. <input type="checkbox"/> Show to whom delivered, date, and addressee's address. [†] (Extra charge) [†]		2. <input type="checkbox"/> Restricted Delivery [†] (Extra charge) [†]	
3. Article Addressed to: Yates Petroleum Corp. 105 South 4th Street Artesia, NM 88210		4. Article Number P 488 637 001	
		Type of Service: <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> COD	
		Always obtain signature of addressee or agent and DATE DELIVERED.	

RETURN RECEIPTS FOR DUGAN PRODUCTION CORP'S
Non-Standard Spacing Unit Notice Mailed 8-8-88
To Operators Within a 2640' Radius of the Location Proposed for
Dugan Production's March On #1
Page 2 of 2

County San Juan Pool Bisti-Lower Gallup Oil

TOWNSHIP 24 North RANGE 9 West NEW MEXICO PRINCIPAL MERIDIAN



Ext: NW $\frac{1}{4}$ E $\frac{1}{2}$ Sec. 7; S $\frac{1}{2}$ Sec. 8 (R-1167, 5-1-58) = SW $\frac{1}{4}$ Sec. 9;
 N $\frac{1}{2}$ Sec. 17 (R-1175, 6-1-58) = S $\frac{1}{2}$ Sec. 6 (R-1468, 9-1-59)
 = NE $\frac{1}{4}$ Sec. 7; S $\frac{1}{2}$ N $\frac{1}{2}$ Sec. 8 (R-1558, 1-1-60) = S $\frac{1}{2}$ Sec. 15; W $\frac{1}{2}$ E $\frac{1}{4}$ Sec. 16;
 N $\frac{1}{2}$ NW $\frac{1}{4}$ Sec. 22 (R-1908, 4-1-61) = S $\frac{1}{2}$ NW $\frac{1}{4}$ Sec. 15 (R-2364, 12-1-62)
 Ext: NW $\frac{1}{4}$ Sec. 18 (R-7185, 1-13-83)
 Ext: SW $\frac{1}{4}$ Sec. 18, N $\frac{1}{2}$ NW $\frac{1}{4}$ Sec. 19 (R-7277, 5-5-83)
 Ext: S $\frac{1}{2}$ NW $\frac{1}{4}$ and SW $\frac{1}{4}$ Sec. 19, NW $\frac{1}{4}$ Sec. 29, NE $\frac{1}{4}$ and N $\frac{1}{2}$ NW $\frac{1}{4}$ Sec. 30 (A-7420, 1-9-84)
 Ext: N $\frac{1}{2}$ SW $\frac{1}{4}$ Sec. 29 (A-7764, 1-8-85)
 Ext: S $\frac{1}{2}$ NW $\frac{1}{4}$ and SW $\frac{1}{4}$ Sec. 30, N $\frac{1}{2}$ NW $\frac{1}{4}$ Sec. 31 (R-8417, 3-24-87)