

dugan production corp.

February 15, 1989

New Mexico Oil Conservation Division 1000 Rio Brazos Road Aztec, NM 87410

Gentlemen:

In compliance with NMOCD Order No. R-8768 Rule 13 (4) which stipulates "The locations of all wells presently drilling to, completed in, commingled in, or having an approved APD for the Basin-Fruitland Coal Gas Pool are hereby approved; the operator of any well having an unorthodox location shall notify the Aztec district office of the Division in writing of the name and location of the well...", the following Dugan Production well has an unorthodox locations:

Leah Marie #1 - 790' FNL & 1850' FWL, Sec. 23, T26N, R12W

Sincerely,

Jim L. Jacobs

cg/unorthod.lea