APPLICATION FOR ADMINISTRATIVE APPROVAL OF UNORTHODOX LOCATION

Applicant:

Dugan Production Corp.

P.O. Box 208

Farmington, New Mexico 87401

Lease:

USA NM 11580

Lease Date:

May 1, 1970

Lease Term:

Ten Years

Lands Described in Lease Dedicated to the Well:

Township 27 North, Range 13 West, N.M.P.M.

Section 19: SE/4

Containing 160 acres, more or less

San Juan County, New Mexico

Name of Well:

KR #10

Proposed Unorthodox Location:

Township 27 North, Range 13 West, N.M.P.M.

Section 19: 2000' FSL - 1850' FEL

(Unit Letter J) San Juan County, New Mexico

Reason for Unothodox Location:

Topographical conditions based on request by officials of the Navajo Indian Irrigation Project to locate the well in such a manner so as to not interfere with the

sprinkler systems of the Project.

New Mexico Oil Conservation Division Rule Authorizing

Application:

Rule 104(D) (II)(F)

Offsetting Leases and Operators:

A. USA NM 11580

Township 27 North, Range 13 West, N.M.P.M.

Section 19: NE/4, SW/4

Section 20: W/2 Section 29: NW/4

San Juan County, New Mexico (Same Lease)

Dugan Production Corp. P.O. Box 208 Farmington, New Mexico 87401

B. USA NM 33040 (Faith Lease)

Township 27 North, Range 13 West, N.M.P.M.
Section 19: NW/4

San Juan County, New Mexico

Dugan Production Corp. P.O. Box 208 Farmington, New Mexico 87401

C. USA NM 0499348 (FAF Lease)

Township 27 North, Range 13 West, N.M.P.M. Section 30: N/2

San Juan County, New Mexico

Dugan Production Corp. P.O. Box 208 Farmington, New Mexico 87401