

April 11, 1989

Mr. David Catanach  
New Mexico Oil Conservation Division  
P.O. Box 2088  
Santa Fe, NM 87504

Re: **NMOCD Case #9572**  
Application of Dugan Production for  
Non-Standard Gas Spacing & Proration Unit  
Knauff #1 - Basin-Fruitland Coal Gas Pool  
NW/4 of Sec. 31, T28N, R10W, NMPM  
San Juan County, NM



Dear Mr. Catanach:

I am writing to confirm our phone conversation this morning during which I asked that the subject case be continued from its currently scheduled April 12, 1989 hearing date to an examiner hearing scheduled for May 24, 1989.

As I mentioned, our reason for requesting this extension is to allow us additional time to possibly resolve this issue amongst the parties involved and avoid the need for the subject hearing. I did visit with John Caldwell (Meridian Oil) prior to calling you and he was in agreement that the subject hearing should be continued in order to, hopefully, resolve this issue prior to a hearing. We both agreed that an extension to May 24th will be our last request for an extension and that we will either have this issue resolved by then or proceed with the hearing as scheduled.

By copy of this letter we are notifying Amoco Production Company and Meridian Oil, Inc. (the objecting parties) and the Aztec Oil Conservation Division office, as well as the other offsetting operators, of our request.

Should you have any questions, please feel free to contact me.

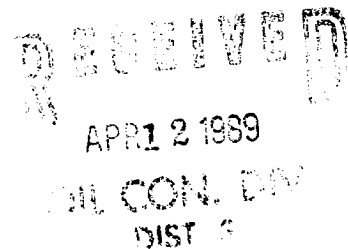
Sincerely,

*John D. Roe*

John D. Roe  
Petroleum Engineer

JDR/cg/knauff.ext

cc: NMOCD, Aztec ✓  
Offsetting Operators (see attached list)  
Tommy Roberts  
Tom Kellahin



Fax sent to NMOCD at (505) 827-5741. Original sent by regular mail

709 EAST MURRAY DRIVE • P. O. BOX 5820 • FARMINGTON, NEW MEXICO 87499-5820 • PHONE: (505) 325-1821

Offsetting Operators & Owners  
DPC's Knauff #1 Well:

Amoco Production Co.  
P.O. Box 800  
Denver, CO 80201

W.M. Gallaway  
3005 Northridge Drive, Suite 1  
Farmington, NM 87401

Southland Royalty Company  
801 Cherry  
Ft. Worth, TX 76102

El Paso Natural Gas Company  
P.O. Box 4990  
Farmington, NM 87499

Meridian Oil  
P.O. Box 4289  
Farmington, NM 87499

BHP Petroleum Americas, Inc.  
Attn: Jerry Bair, Landman  
1560 Broadway, Suite 1900  
Denver, CO 80202