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dugan production corp.

March 10, 1975

Mr. A. L. Porter
Secretary-Director
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Dear Mr. Porter:

Dugan Production Corporation is the owner of Navajo Tribal Lease No. 14-20-603-2015 which includes all of Sections 25, 26, 35, and 36 of T28N, R15W except the SW/4 SW/4 Section 25. The 40-acre tract mentioned above was segregated from this lease at some time in the past and is not now under lease. Since this is in the farming area of the Navajo Indian Irrigation Project, the Tribe will not put this parcel up for lease.

We propose to drill a Pictured Cliffs test for gas in the SE/4 SW/4 of Section 25, T28N, R15W and dedicate the SW/4 except the SW/4 SW/4 to this drilling block. We are asking for administrative approval for a non-standard proration unit as exception to Rule 104, Section "C", Subsection 2, Paragraph "B" under the provisions set out in Section "D", Subsection 2 of the rule.

Very truly yours,

DUGAN PRODUCTION CORP.

Original signed by
Jim L. Jacobs
Jim L. Jacobs

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xc: Emery C. Arnold ✓

