



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

January 18, 2000

Dugan Production Corporation
P. O. Box 420
Farmington, New Mexico 87499-0420

Attention: Kurt H. Fagrelus



Re: Application for location exception.
Carpenter Com. Well No 90
1767' FSL & 280' FWL (Unit L)
Sec. 25-T30N-R14W, NMPM,
Basin-Fruitland Coal (Gas) Pool,
San Juan County, New Mexico.

Dear Mr. Fagrelus:

Reference is made to the following: (i) your application dated January 10, 2000 to the New Mexico Oil Conservation Division ("Division"); (ii) the "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*," as promulgated by Division Order No. R-8768, as amended; and (iii) the Division's records in Santa Fe. I am returning the subject application as incomplete since insufficient information was submitted to justify the drilling of this well at an off-pattern/unorthodox coal gas well location within the proposed 320.36-acre stand-up gas spacing and proration unit, comprising Lots 4 and 5, the NW/4, and the N/2 SW/4 (W/2 equivalent) of Section 25.

Should Dugan Production Corporation ("Dugan") wish to pursue this matter further, please explain in detail and show on larger scaled plats why all other possible standard locations within the SW/4 equivalent of Section 25 are not available to Dugan, including, in particular, the placement of this well on either of the two existing well pads:

- (1) Dugan's Carpenter Well No. 1 (API No. 30-045-09178), located 1730 feet from the South line and 1800 feet from the West line (Unit K) of Section 25, which is currently producing from the Basin-Dakota Pool; or
- (2) Dugan's old plugged and abandoned Carpenter Well No. 2 (API No. 30-045-22772), located 1460 feet from the South line and 1850 feet from the West line (Unit K) of Section 25.

Staking the proposed Carpenter Com. Well No. 90 on an existing well pad would serve to minimize surface resource damage and/or avoid the "topographic conditions" mentioned in your application.

Dugan Production Corporation

January 18, 2000

Page 2

This application is considered incomplete and is being returned to you at this time.

Sincerely,

A handwritten signature in dark ink, appearing to read "Michael E. Stogner", with a long horizontal flourish extending to the right.

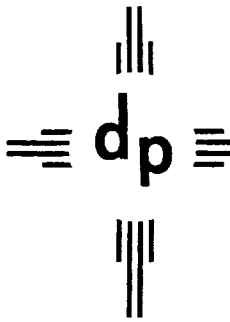
Michael E. Stogner
Chief Hearing Officer/Engineer

MES/kv

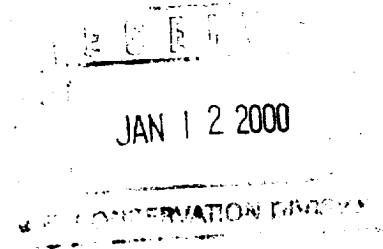
cc: **New Mexico Oil Conservation Division - Aztec**
Mr. Steve Salzman - U. S. Bureau of Land Management, Santa Fe
Mr. Neel McBride - U. S. Bureau of Land Management, Farmington
Ms. Kathy Valdes, NMOCD - Santa Fe
Ms. Lori Wrotenbery, Director - NMOCD, Santa Fe

NSL

2/11/00



dugan production corp.



January 10, 2000

Mr. Michael E. Stogner
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

**Re: Application for Administrative Approval of
Unorthodox Location for Dugan Production Corp's. Carpenter Com # 90
1767' FSL & 280' FWL (NW/4 SW/4)
Unit L, Section 25, T30N, R14W
San Juan County, New Mexico
Basin Fruitland Coal Pool**

Dear Mr. Stogner:

Dugan Production hereby requests approval for an unorthodox location for the referenced well. Attached for your reference are the following exhibits:

1. Well location and acreage dedication plat (NMOCD Form C-102)
2. Topographic map
3. Offsetting operator map

The unorthodox location is necessary due to topographic conditions.

By certified mail, a copy of this application and request for administrative approval has been sent to all Fruitland coal offsetting operators and the Bureau of Land Management.

Please contact me if you have any questions or need additional information.

Very Sincerely,

Kurt Fagrelius

Kurt H. Fagrelius

Attachments

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-3719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

* API Number 30 045		* Pool Code 71629		* Pool Name Basin Fruitland Coal	
* Property Code		* Property Name Carpenter Com			* Well Number 90
* OGRD No. 006515		* Operator Name Dugan Production Corporation			* Elevation 5510'

10 Surface Location

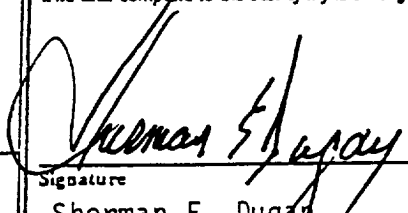
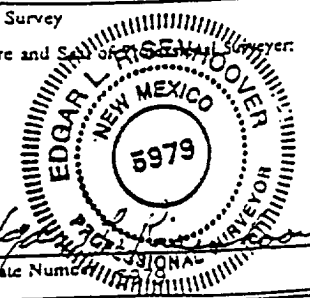
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	25	30N	14W	L	1767	South	280	West	San Juan

11 Bottom Hole Location If Different From Surface

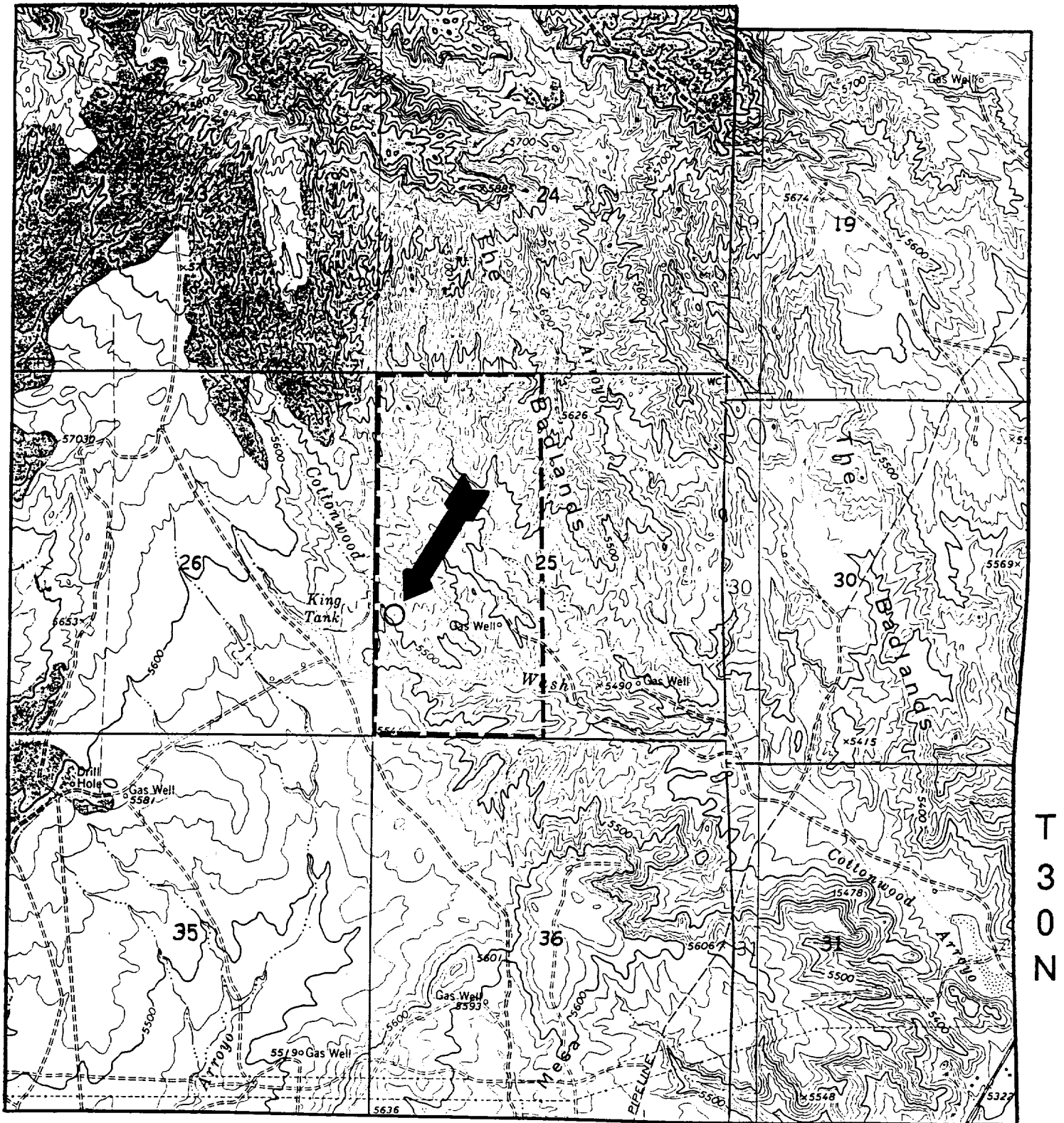
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres 320	13 Joint or Infill	14 Consolidation Code	15 Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16		17 OPERATOR CERTIFICATION	
Dugan Prod. NM-28761		I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief	
		 Signature Sherman E. Dugan Printed Name Vice-president Title December 22, 1999 Date	
Section 25		18 SURVEYOR CERTIFICATION	
Dugan Prod. NM-0206994		I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.	
		November 10, 1999 Date of Survey Signature and Seal of Professional Surveyor  Edgar L. Risenhoover Certificate Number	
1767'	Dugan Prod. NM-23072		

R13W



Dugan Production Corp.
Carpenter Com # 90
Application For Unorthodox Location

TOPOGRAPHIC MAP

R14W

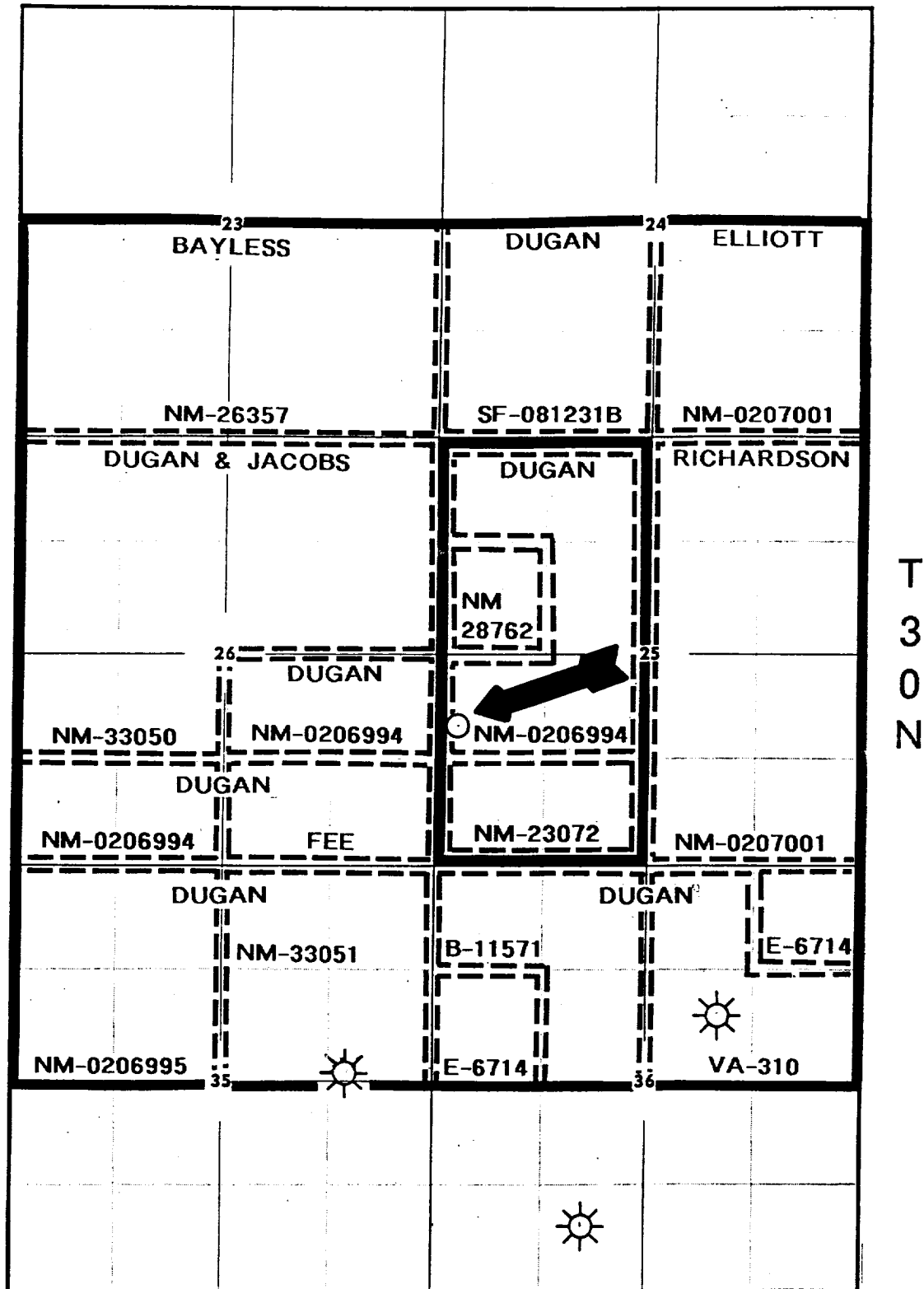


Exhibit 3.

Dugan Production Corp.
Carpenter Com # 90
Application For Unorthodox Location

**OFFSETTING OPERATOR MAP
FRUITLAND COAL WELLS ONLY**

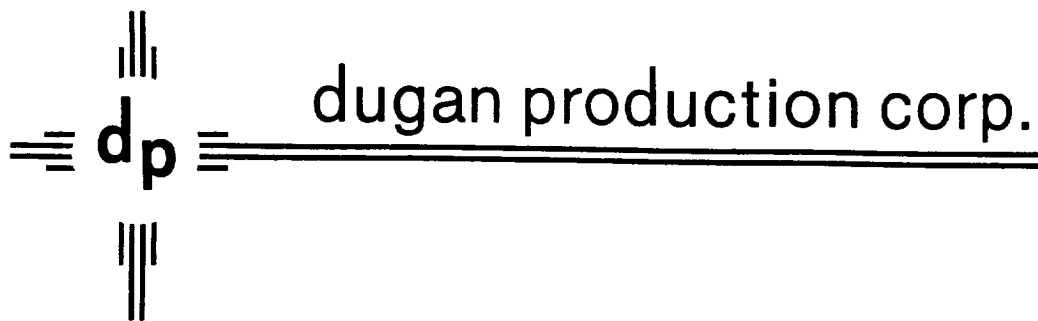


Exhibit 3a.

OFFSET OPERATORS NOTIFICATION LIST

Robert Bayless Producer, L.L.C.
P.O. Box 168
Farmington, NM 87499

Elliott Oil Company
P.O. Box 1355
Roswell, NM 88202-1355

Richardson Production Co.
1700 Lincoln, Suite 1700
Denver, Co 80203

Jim L. & Mary Lou Jacobs Trust
3505 Crescent Ave.
Farmington, NM 87401