

RECEIVED

NEW MEXICO OIL CONSERVATION DIVISION  
- Engineering Bureau -  
1220 South St. Francis Drive, Santa Fe, NM 87505



MAY 19 2003  
CONSERVATION  
DIVISION

**ADMINISTRATIVE APPLICATION CHECKLIST**

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

**Application Acronyms:**

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]  
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]  
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]  
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]  
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]  
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication  
☐ NSL ☒ NSP ☐ SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement  
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify \_\_\_\_\_

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or ☐ Does Not Apply

[A] ☐ Working, Royalty or Overriding Royalty Interest Owners

[B] ☒ Offset Operators, Leaseholders or Surface Owner

[C] ☐ Application is One Which Requires Published Legal Notice

[D] ☐ Notification and/or Concurrent Approval by BLM or SLO  
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☒ For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] ☒ Waivers are Attached

\* - Notice was sent Certified, Return-Receipt  
+ copy of transmittal letter is attached.  
Upon receiving Receipts & Waivers, copies  
will be sent to NMOCB.

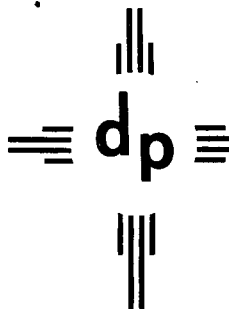
[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

John P. Roe John P. Roe ENGR mgr. 5/16/03  
Print or Type Name Signature Title Date

johnroe@duganproduction.com  
e-mail Address



# dugan production corp.

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May 16, 2003

Ms. Lori Wrotenbery, Director  
New Mexico Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, NM 87505

Re: Request for 160A NSP  
Dugan Production Corp.'s  
Rachel No. 91 (API No. 30-045-29835)  
Unit K, Section 34, T26N, R12W  
Basin Fruitland Coal Gas Pool  
San Juan County, NM

Dear Ms. Wrotenbery,

Dugan Production Corp. requests your administrative approval for a 160 non-standard spacing unit comprising the SW/4 of Section 34 for the subject well. This non-standard spacing unit is necessary since the east half of Section 34 is dedicated to Dugan's Rachel No. 90 Fruitland Coal well and the NW/4 of Section 34 is dedicated, (NSP-1569) to the Ruby No. 1 (API No. 30-045-23839) operated by Pendragon Energy Partners Inc.

Dugan Production completed the Rachel No. 91 at an orthodox location in the Basin Fruitland Coal pool on 12-12-02. The APD for drilling the Rachel No. 91 was submitted in 1998 with plans to obtain a 160A NSP, however drilling was delayed until 2002 as the result of extended negotiations with the Navajo Agricultural Products Industry (NAPI) Board and the Navajo Nation concerning surface use issues. During the extended negotiations, Dugan Production inadvertently has not secured a 160A NSP for this well and now request your approval.

Attachment No. 1 presents the C-102 for the Rachel No. 91 and Attachment No. 2 presents the offset well and operator information for the Basin Fruitland Coal. All offset operators are being sent a copy of this request. Please note that Dugan Production holds the leasehold interest to the northeast, east, southeast, south and west plus Pendragon is the offsetting operator to the north and northeast and both Pendragon wells have 160A NSP's. The only other offset operator is Elm Ridge's Bisti Coal 4 No. 1 to the southwest. We have requested waivers from Pendragon and Elm Ridge and will forward to you upon receiving.

Should you have questions or need additional information, please let me know.

Sincerely,

John D. Roe  
Engineering Manager

JDR/tmf

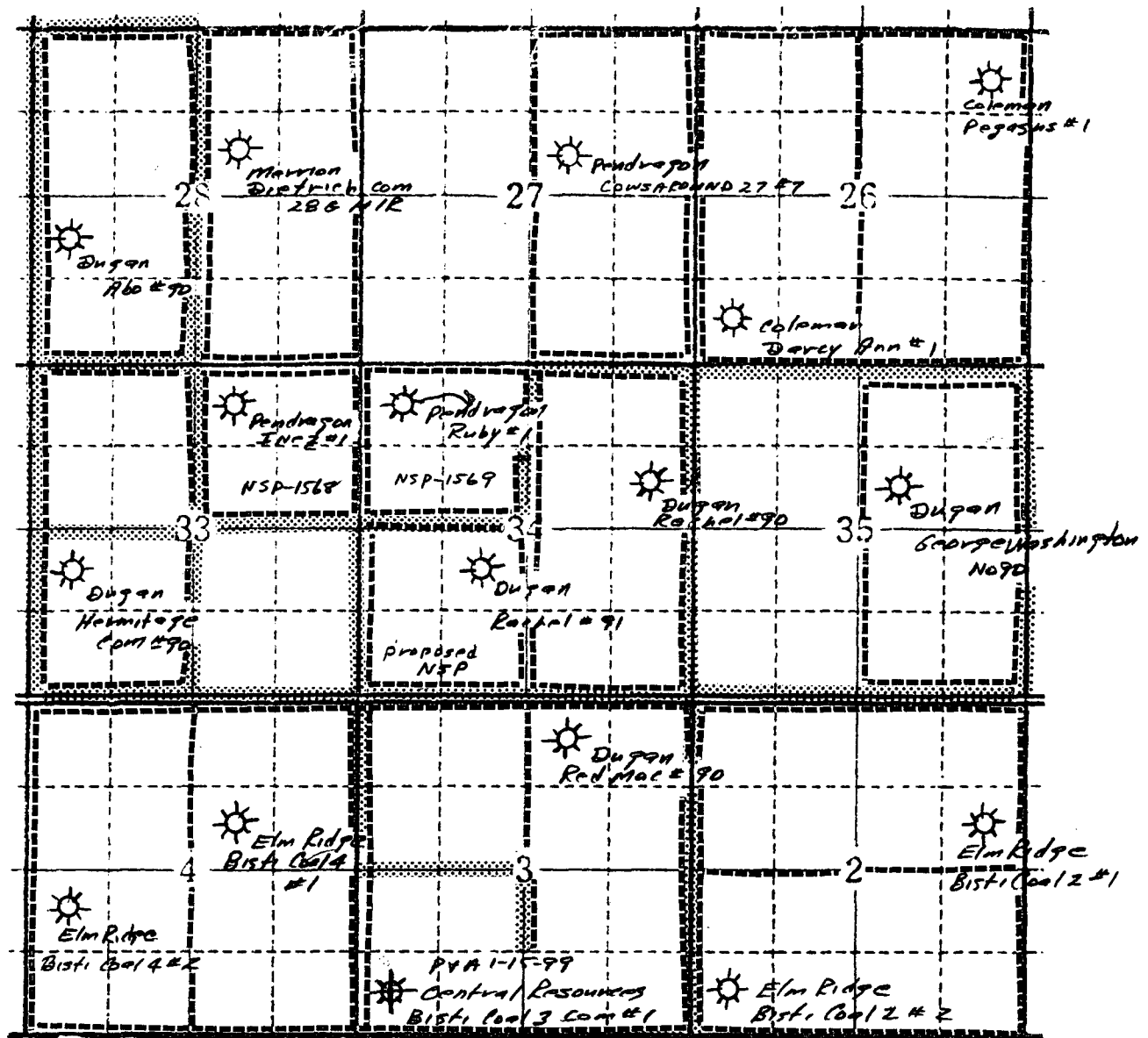
attachments

cc: NMOCD - Aztec



T  
26  
N

T  
25  
N



R-12W

☀ - Approximate well Location - Exact Footage Not Plotted

▨ - Dugan production Leasehold interest -

28-26N-12W - W/2-320A NM-17018

33-26N-12W - NW/4 + SE/4 - NM-0557296-A

33-26N-12W - SW/4 - NOG-9909-1355

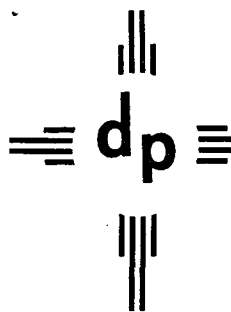
34-26N-12W - S/2 + NE/4 NM-61

35-26N-12W - R11 - NM-61

3-25N-12W - N/2 + SE/4 - NM-25443

----- - Fruitland Coal Spacing Unit

Attachment No. 2  
PS1 of 1



dugan production corp.

SIGN & RETURN  
THIS COPY

May 16, 2003

**CERTIFIED RETURN RECEIPT**

Pendragon Energy Partners Inc.  
621 17<sup>th</sup> Street Suite 750  
Denver, CO 80293

Elm Ridge Resources Inc.  
P. O. Box 189  
Farmington, NM 87499-0189

Re: Waiver Request – 160A NSP  
Dugan's Rachel No. 91  
Unit K, Section 34, T-26N, R-12W  
Basin Fruitland Coal Gas Pool  
San Juan County, NM

Dear Offset Operator,

Dugan Production Corp. has requested NMOCD approval for a 160A non-standard spacing unit (NSP) comprising the SW/4 of Section 34, T-26N, R-12W for the Fruitland Coal completion in our recently completed Rachel No. 91. This request is necessary since the E/2 of the section is dedicated to Dugan's Rachel No. 90 and the NW/4 of Section 34 is dedicated to Pendragon's Ruby No. 1. A copy of our application is attached for your information and review.

As offset operator, we would appreciate your signing and returning a copy of this letter indicating you have no objection to Dugan's request for this 160A NSP.

Should you have questions or concerns, please let me know.

Sincerely,

*John D. Roe*

John D. Roe  
Engineering Manager

JDR/tmf

\_\_\_\_\_  
(Name of Operator) has received a copy of Dugan Production Corp.'s application dated 5-16-03 requesting approval for a 160A NSP comprising the SW/4 of Section 34, T-26N, R-12W for the Basin Fruitland Coal completion in Dugan's Rachel No. 91 well and has no objection to the granting of the requested 160A NSP.

Signed by: \_\_\_\_\_

Date: \_\_\_\_\_

Printed Name: \_\_\_\_\_



State of New Mexico  
OIL CONSERVATION COMMISSION

From

MICHAEL E. STOGNER  
PETROLEUM ENGINEER

9:47am Friday, May 16, 2003

Memo

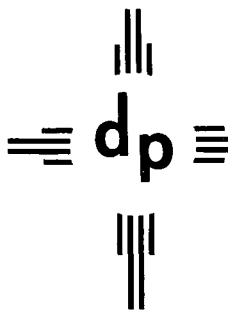
To

Voice Mail Message from  
John Ree concerning this filing.

325-1821.

Not necessary to call back  
Since application is duly filed and  
reviewed. *MSB* 5/21/03

P.O. BOX 2088  
LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87501  
505-827-5811



dugan production corp.

May 28, 2003

RECEIVED

MAY 20 2003

OIL CONSERVATION  
DIVISION

Ms. Lori Wrotenbery, Director  
New Mexico Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, NM 87505

Re: Dugan's application dated 5/16/03  
Request for 160A NSP  
Dugan Production Corp.'s  
Rachel No. 91 (API No. 30-045-29835)  
Unit K, Section 34, T26N, R12W  
Basin Fruitland Coal  
San Juan County, NM

Dear Ms. Wrotenbery,

Attached for your consideration of the subject application is a copy of the return receipt cards for offsetting operators as evidence of their receiving Dugan's application. To date, neither offset operator has returned the waiver requested. Should we receive either waiver, we will forward copies to you.

Should you have questions or need additional information, please let me know.

Sincerely,

John D. Roe  
Engineering Manager

JDR/tmf

attachment

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

*Leadragon Energy Partners Inc*  
*621 17th Street Suite 750*  
*Denver, CO 80293*

2. Article Number

(Transfer from service label)

7002 2410 0001 0133 8655

PS Form 3811, August 2001

Domestic Return Receipt

102595-02-M-0835

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

*[Signature]*

☐ Agent

☐ Addressee

B. Received by (Printed Name)

*[Signature]*

C. Date of Delivery

*8/1/01*

D. Is delivery address different from item 1? ☐ Yes

If YES, enter delivery address below: ☒ No

3. Service Type

☒ Certified Mail

☐ Express Mail

☐ Registered

☒ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

*Elm Ridge Resources Inc.*  
*P.O. Box 189*  
*Farmington, NM 87499-0189*

2. Article Number

(Transfer from service label)

7002 2410 0001 0133 8662

PS Form 3811, August 2001

Domestic Return Receipt

102595-02-M-0835

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

*[Signature]*

☐ Agent

☐ Addressee

B. Received by (Printed Name)

*[Signature]*

C. Date of Delivery

*8/1/01*

D. Is delivery address different from item 1? ☐ Yes

If YES, enter delivery address below: ☒ No

3. Service Type

☒ Certified Mail

☐ Express Mail

☐ Registered

☒ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes