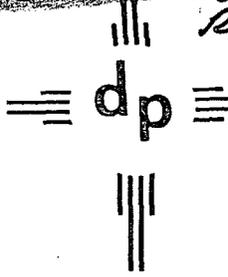


Release 12-16-85
Waiver of
Release Immediately

54 DEC



dugan production corp.

November 21, 1985

NSL-2206
RULE-104 F(E)

Frank Chavez
New Mexico Oil Conservation Division
1000 Rio Brazos Rd.
Aztec, NM 87410

RE: Application for Administrative Approval of Unorthodox Location for
Dugan Production Corporation's KR #14
330' FNL - 400' FEL, Sec. 29, T27N, R13W, NMPM
San Juan County, NM - Gallup Test

Gallup-Gallup Pool
80 Acres declined
E12 NE14 Sec 29

Dear Mr. Chavez:

We hereby request approval of an unorthodox location for the subject well. Copies of the well location plat, topographic map and a production map showing offsetting operators are attached for your reference.

The unorthodox location is necessary due to proposed pivot arm radius prohibits placement of pump jack on an orthodox location. Dugan Production has intentionally placed the well at this location to avoid planned cultivated fields.

A copy of this application is being submitted to all offsetting operators by certified mail with a request that they furnish your office with a waiver of objection.

We request your approval of this location under the provisions of NMOCD Rule 104-F.

Sincerely,
Sherman E. Dugan

Sherman E. Dugan
Agent

SED/cg

cc: Bureau of Land Management - Farmington, NM
Merrion Oil & Gas Corp.

RECEIVED
NOV 25 1985
OIL CON. DIV.
DIST. 3

WAIVER

Merrion Oil & Gas Corp. hereby waives objection to the above application for unorthodox location.

Date

By:

SANTA FE, NEW MEXICO 87501

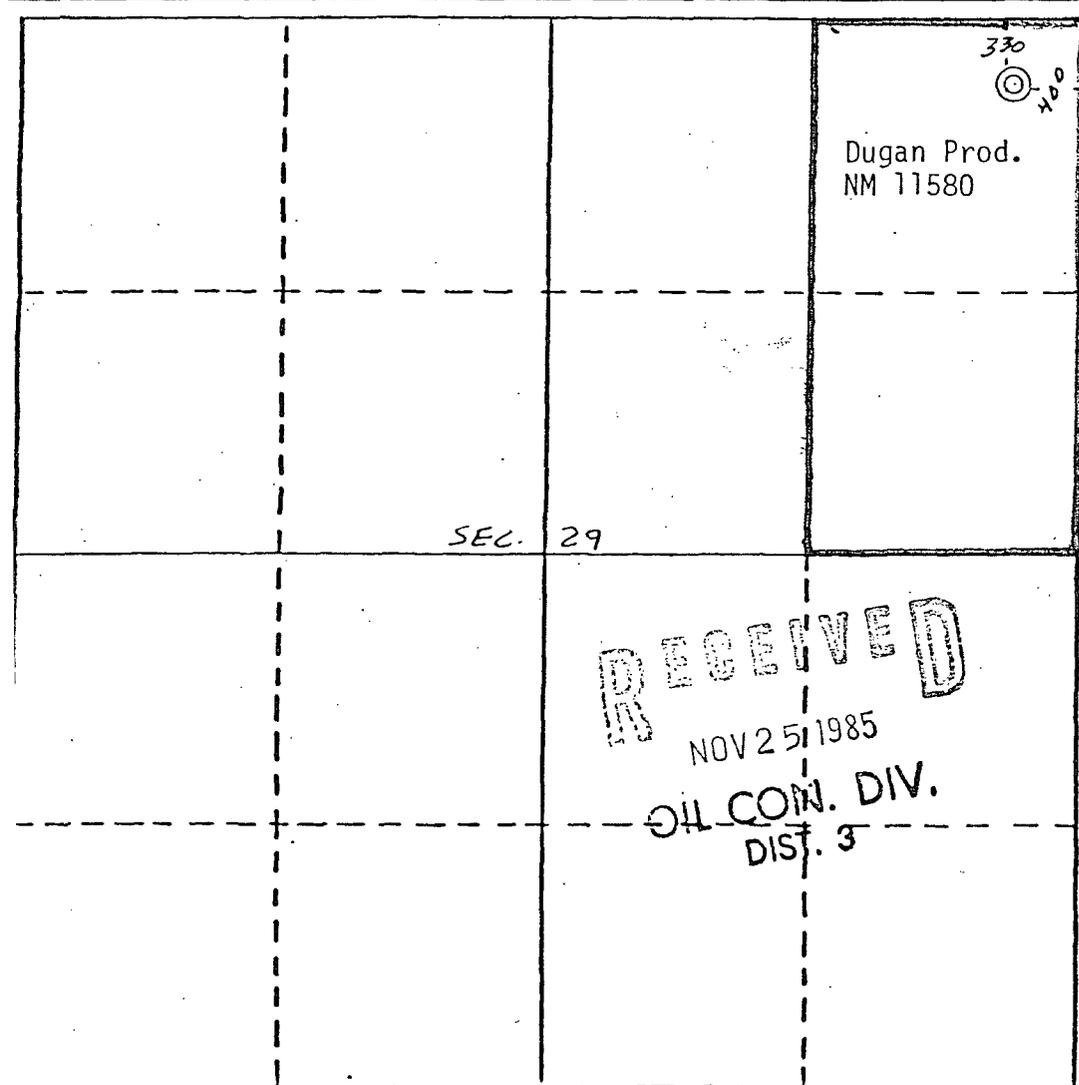
All distances must be from the outer boundaries of the Section.

Dugan Production Corporation		Lease		Well No.	
A		K R		14	
Section	Township	Range	County		
29	27 North	13 West	San Juan		
Actual Footage Location of Well:					
330	feet from the	North	line and	400	feet from the
					East
					line
Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage:		
6061	Gallup	Gallegos Gallup Ext.	80		Acres

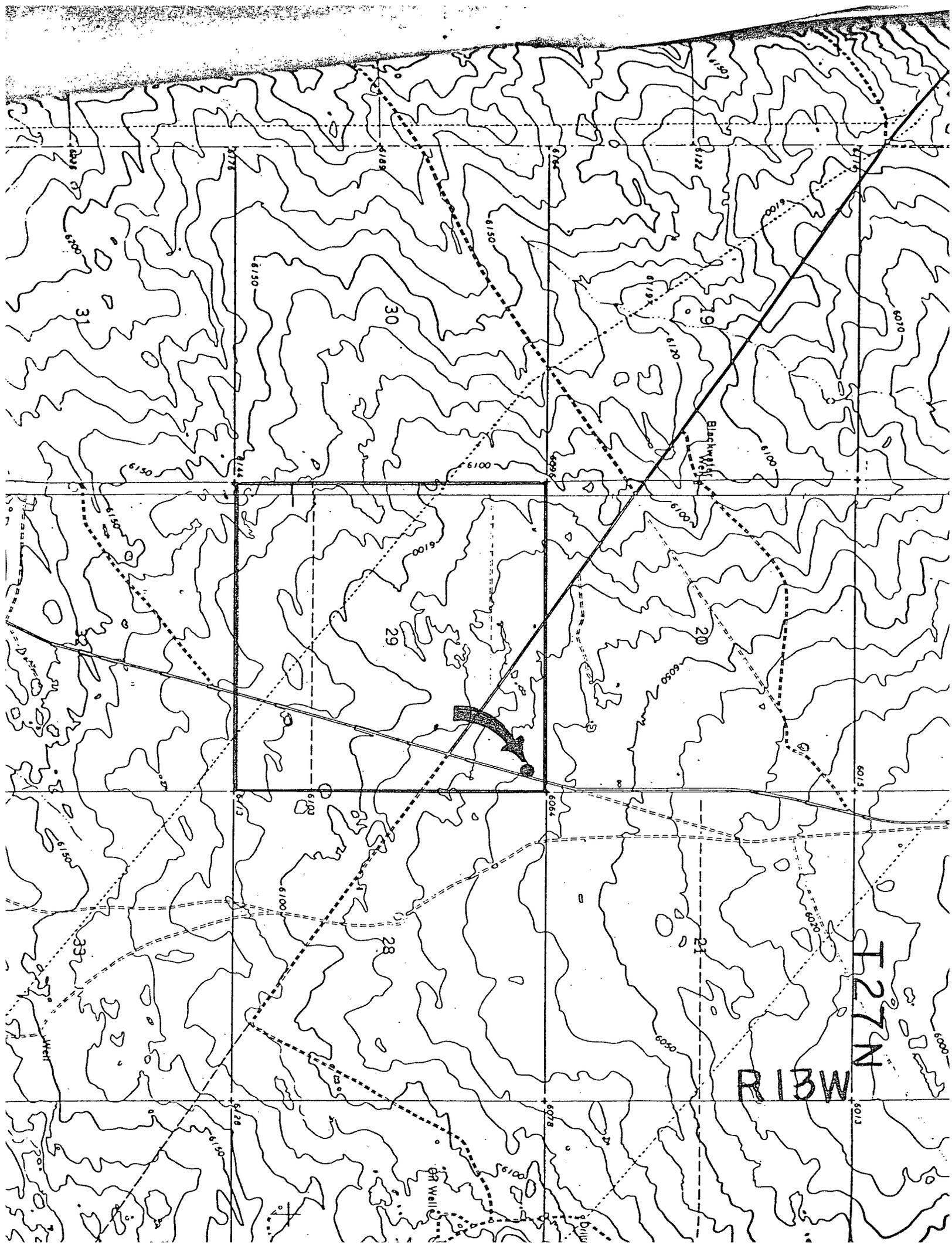
1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?
 Yes No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Division.



CERTIFICATION	
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.	
<i>Sherman E. Dugan</i>	
Name	Sherman E. Dugan
Position	Geologist
Company	Dugan Production Corp.
Date	8-7-85
I certify that the location shown on the plat was a gas field notes as a result of work made by me or under my supervision, and that the same is correct to the best of my knowledge and belief.	
Date Surveyed	July 29, 1985
Registered Professional Engineer and/or Land Surveyor	
<i>Edgar L. Risenhove</i>	
Certificate No. 5979	



T27N
R13W

Kirby Pet.

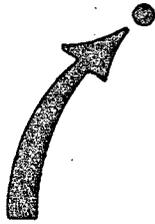
KR Lease
NM 11580
Dugan Production

20

Merrion Oil & Gas Corp.

21

KR Lease
NM 11580
Dugan Production



La Lee Ann Lease
NM 37913
Dugan Production

29

28

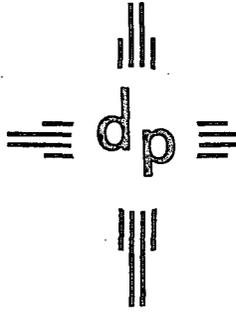
Baby Doe Lease
NM 33044
Dugan Production

APPLICATION FOR
UNORTHODOX LOCATION
OFFSETTING OPERATORS

DUGAN PRODUCTION CORP.
KR #14
330' FNL - 400' FEL
Sec. 29, T27N, R13W, NMPM
San Juan County, NM

David
Catanach

dugan production corp.



RECEIVED
DEC 04 1985
OIL CONSERVATION DIVISION
SANTA FE

November 21, 1985

Frank Chavez
New Mexico Oil Conservation Division
1000 Rio Brazos Rd.
Aztec, NM 87410

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Sherman E. Dugan

Sherman E. Dugan
Agent

SED/cg

cc: Bureau of Land Management - Farmington, NM
Merrion Oil & Gas Corp.

RECEIVED
NOV 27 1985
OIL CON. DIV.
DIST. 3

WAIVER

Merrion Oil & Gas Corp. hereby waives objection to the above application for
unorthodox location.

Date

Drew Merrion
By: _____

**SIGN & RETURN
THIS COPY**

to Frank
Chavez
NMOCD



ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE

1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-6178

OIL CONSERVATION DIVISION
BOX 2088
SANTA FE, NEW MEXICO 87501

DATE 12-6-85

- RE: Proposed MC _____
- Proposed DHC _____
- Proposed NSL _____
- Proposed SWD _____
- Proposed WFX _____
- Proposed PMX _____

David Estanisch

RECEIVED
DEC 09 1985
OIL CONSERVATION DIVISION
SANTA FE

Gentlemen:

I have examined the application dated 11-25-85
 for the Dugan Prod. Corp. RR #14 A-29-27N-13W
 Operator Lease and Well No. Unit, S-T-R

and my recommendations are as follows:

Approve

Yours truly,

[Signature]