



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

November 20, 1996

Dugan Production Corporation
P. O. Box 420
Farmington, New Mexico 87499-0420
Attention: Gary W. Brink

Administrative Order NSL-3737

Dear Mr. Brink:

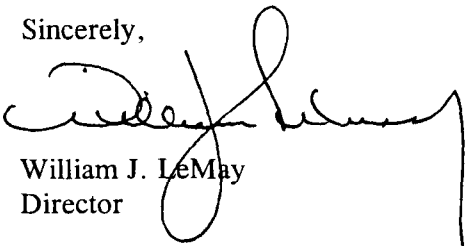
Reference is made to your application dated October 25, 1996 for a non-standard Bisti-Lower Gallup oil well location for your existing Harvey Well No. 2 (API No. 30-045-24420), located 1640 feet from the North line and 1850 feet from the West line (Unit F) of Section 20, Township 24 North, Range 9 West, NMPM, San Juan County, New Mexico, which was drilled in 1981 and completed in the Basin-Dakota Pool at a standard (prorated) gas well location for the standard 320-acre gas spacing and proration unit for said interval comprising the N/2 of said Section 20.

It is our understanding that the well is to be perforated up-hole into the Bisti-Lower Gallup Oil Pool and that will then be recompleted such that production from both intervals will be commingled downhole under authority of Division Administrative Order DHC-1366, dated October 8, 1996.

Further, the S/2 NW/4 of said Section 20 is to be dedicated to the Bisti-Lower Gallup oil interval thereby forming a standard 80-acre oil spacing and proration unit for the Bisti-Lower Gallup Oil Pool.

By the authority granted me under the provisions of **Rule 5** of the "*Special Rules and Regulations for the South Bisti-Gallup Oil Pool*", as promulgated by Division Order No. R-8090, as amended, the above-described unorthodox oil well location is hereby approved.

Sincerely,


William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington
File: DHC-1366