



STATE OF NEW MEXICO  
**ENERGY AND MINERALS DEPARTMENT**  
OIL CONSERVATION DIVISION

August 22, 1984

TONY ANAYA  
GOVERNOR

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87501  
(505) 827-5800

Administrative Order No. DHC-512

Dugan Production Corp.  
P. O. Box 208  
Farmington, New Mexico 87499

Attention: Steve Folk, Geologist

Re: Ladd Petroleum's Lindrith No. 14,  
Unit H, Sec. 4, T-26-N, R-7-W,  
Rio Arriba County, New Mexico  
Largo Gallup and Basin Dakota  
Pools

Gentlemen:

Reference is made to your recent application for an exception to Rule 303-A of the Division Rules and Regulations for the subject dually completed well to permit the removal of the down-hole separation equipment and to commingle the production from both pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303-C, and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Administrative Division Order which may have authorized the dual completion and required separation of the two zones, is hereby placed in abeyance.

In accordance with the provisions of Rule 303.C.4., total commingled condensate production from the subject well shall not exceed 40 barrels per day, and total water production from the well shall not exceed 80 barrels per day. The maximum amount of gas which may be produced daily from the well shall be determined by the Gas Allocations for each respective pool printed in the Oil Conservation Division's San Juan Basin Gas Proration Schedule.

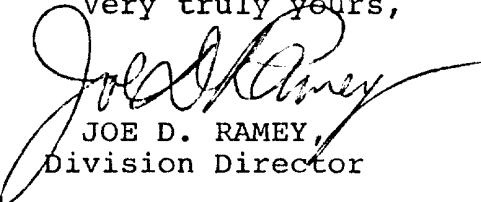
Assignment of allowable to the well and allocation of production from the well shall be on the following basis:

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Largo Gallup Pool: Condensate 82%, Gas 82%  
Basin Dakota Pool: Condensate 18%, Gas 18%

Pursuant to Rule 303-C 5, the commingled authority granted by this order may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.

Very truly yours,



JOE D. RAMEY,  
Division Director



STATE OF NEW MEXICO  
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

July 31, 1984

RE:

Proposed MC  
Proposed DHC     
Proposed NSL     
Proposed SWD     
Proposed WFX     
Proposed PMX   

Gentlemen:

I have examined the application dated

July 31, 1984

for the

Loch Petroleum Corp.

Operator

Lindrich #14

Lease and Well No.

H-4-26N-BW

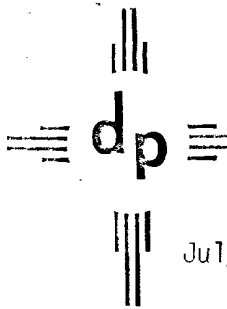
Unit, S-T-R

and my recommendations are as follows:

Approve

Yours truly,

Paul J. Dwyer



# dugan production corp.

July 27, 1984

Joe Ramey, Director  
New Mexico Oil Conservation Division  
P.O. Box 2088  
Santa Fe, NM 87501

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Re: Request for Administrative Approval to Downhole  
Commingle Ladd Petroleum's Lindrith #14 Well  
Largo Gallup and Basin Dakota Pools  
Unit H, Sec. 4, T26N, R7W, NMPM  
Rio Arriba Co., NM

Gentlemen:

We are writing on behalf of Ladd Petroleum Corp. to request administrative approval to commingle production in the wellbore of the Lindrith #14 Well.

The subject well was drilled and completed in 1962 and is located 1850' FNL and 790' FEL, Section 4, T-26-N, R-7-W, NMPM, Rio Arriba County, New Mexico. The well is currently dually completed in the Largo Gallup and Basin Dakota pools. The pressure of the Dakota reservoir has declined to a point that it will not flow continuously against the existing pipeline pressure, which averages approximately 350 psi, and will load with liquids necessitating the blowing of the Dakota tubing to the atmosphere in order to unload a minor amount of water and condensate that accumulates. At present, the Gallup reservoir is produced through a compressor to meet pipeline pressure requirements and it is our plan to produce the commingled stream through the existing compressor. We believe that downhole commingling of the Lindrith #14 well will improve the Dakota production, eliminate the waste of the gas and condensate (which results from our efforts to unload accumulated fluids and keep the Dakota producing) and will generate increased revenues. This well is assigned a 320 acre production unit consisting of the E/2 of Section 4 (See Figure 1 attached).

Gas from the Gallup and Dakota horizons are subject to the Natural Gas Policy Act Section 104 pricing under a replacement contract. Likewise, the produced condensates from the subject pools are classed as Tier 1 and as such are qualified for Tier 1 windfall profit taxes.

We estimate the remaining reserves of the two pools at 1,072,596 Mcf. The Gallup production represents the majority contribution at 884,040 Mcf or 82%. The Dakota production is estimated to be 188,556 Mcf or 18% of the remaining hydrocarbons. These figures were arrived at using a 9%/year decline for the Largo Gallup pool and a 7%/year decline for the

NMOCD  
July 27, 1984  
Page Two

Basin Dakota pool. Refer to Figures 2 and 2a for the respective production decline curves. Please accept as evidence, the fact that there are Gallup-Dakota commingled wells in the subject area, to show that the fluids from the respective horizons are compatible. Sand and water frac's are a common stimulation practice in the area, therefore, indicating that the formations in question are not fluid-sensitive. We do not anticipate crossflow between zones to be a problem.

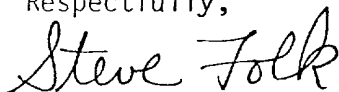
The current bottom hole pressure of the Gallup at a depth of 6656' (top perf) is calculated to be 417 psia and the bottom hole pressure of the Dakota at a common datum of 6656' is 746 psia.

The ownership of the subject pools is common. The offset operators indicated in Figure 1 have been notified in writing of this application and by copy of this application we are notifying the Minerals Management Service as this well is located on Federal Lease No. SF-079161.

In summary, we would like to request permission to downhole commingle Ladd Petroleum Corp's Lindrith #14 Well. The pools to be commingled are the Largo Gallup and the Basin Dakota. There are several wells with the Gallup-Dakota commingled in the subject area, namely Ladd Petroleum's Lindrith #13, Unit K, Section 3, T-26-N, R-7-W, NMPM, and Ladd Petroleum's Lindrith #24, Unit F, Section 4, T-26-N, R-7-W, NMPM. We believe that commingling the Lindrith #14 Well will eliminate waste, improve production and prolong the economic life of the well.

If you require more information regarding this application, please do not hesitate to contact me or Mr. John Roe at Dugan Production Corp.

Respectfully,



Steve Folk  
Geologist

SF/nw

enc.

cc: NMOCD-Aztec  
BLM-Farmington  
All Offset Operators

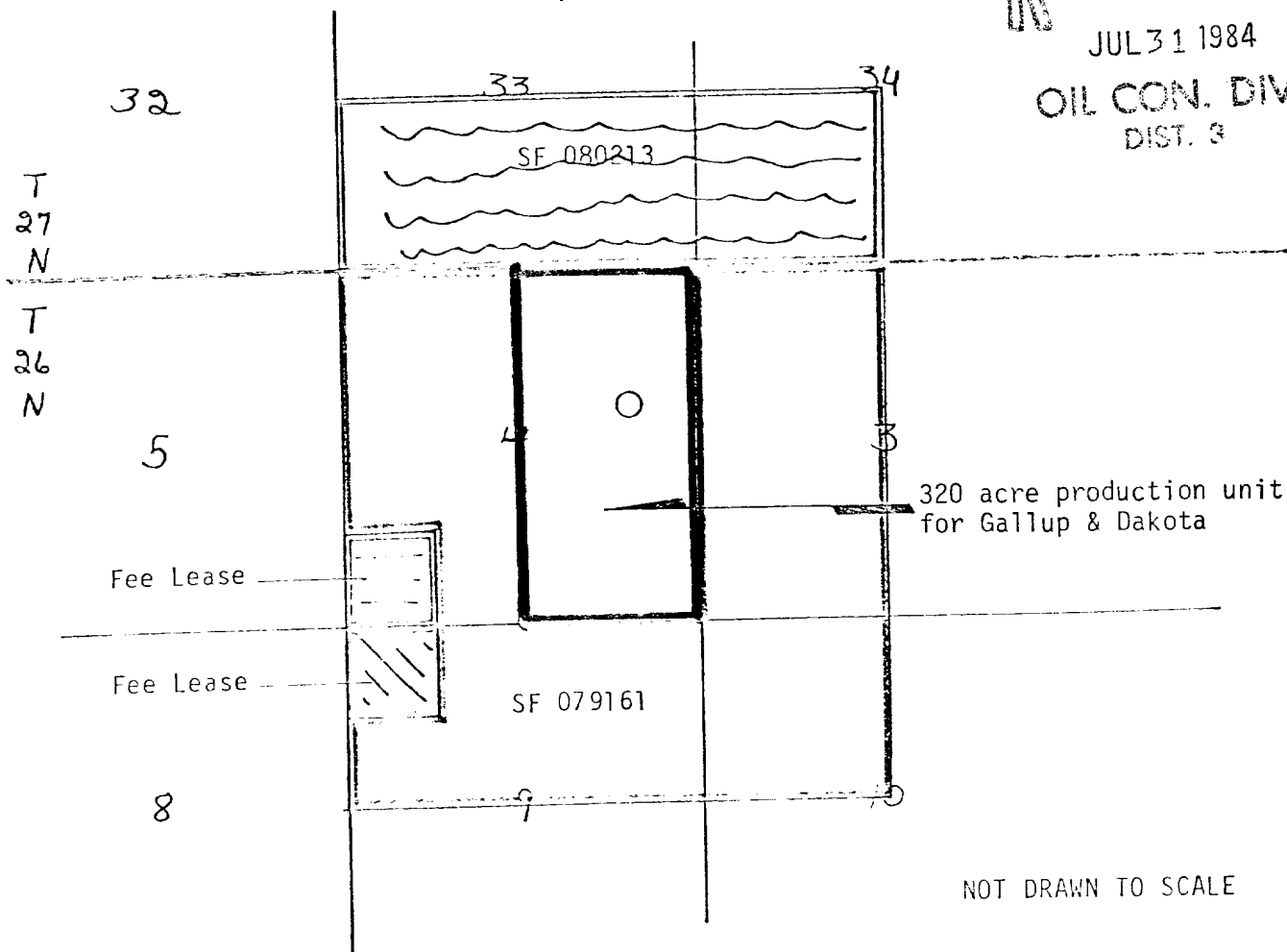
Figure 1

R-7-W

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Federal Lease SF 079161  
D.P. Bowlin 25%; R.L. Bowlin 25%; C.W. Bowlin 25%  
R.L. Bowlin, Ind. Exec. of D.H. Bowlin Estate 25%  
1120 Oil & Gas Building  
Wichita Falls, TX 76301



Federal Lease SF 080213  
El Paso Natural Gas Co.  
P O Box 1492,  
El Paso, TX 79978



Fee Lease (SCR-58)  
Depco Oil Co. 50%  
1562 So. Parker Rd., Suite 116  
Denver, CO 80231

Husky Oil Co. 50%  
6060 So. Willow Dr.  
Englewood, CO 80111



Fee Lease (SCR-54)  
Depco Oil Co. 50%

Husky Oil Co. 50%

LADD PETROLEUM CORP.  
Lindrith #14  
E/2 Sec. 4, T26N, R7W, NMPM  
Rio Arriba County, NM



DECLINE CURVE { thru 6-84 }  
Average monthly gas production for year

Figure 2a

LADD PETROLEUM CORP  
LINDRITH WELLS N.W.  
BROWN DAKOTA  
RIO ARriba CO., N.M.

