

Well file - Sherman Edward #2A

E. 3. 29N-5W

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dugan production corp.

October 1, 1976



Joe D. Ramey
Secretary-Director
New Mexico Oil Conservation Commission
Box 2088
Santa Fe, NM 87501

Re: Application for Approval of Unorthodox Location
for the Sherman Edward #2A Well in Rio Arriba
County, New Mexico

Dear Mr. Ramey:

Enclosed are the following items regarding the application for approval of exception to the Blanco Mesaverde Gas Pool Rules for the unorthodox location of the Sherman Edward #2A Well in the NW/4 of Section 3, Township 29 North, Range 5 West, NMPM, Rio Arriba County, New Mexico:

1. Three copies of the Application for Approval of Unorthodox Location of the Sherman Edward #2A Well.
2. Three copies of the Certificate of Mailing stating that all operators of leases offsetting the dedicated acreage for this well, the USGS, and the Supervisor of the District III Office of the Oil Conservation Commission have been notified of this Application.

Please set this Application for hearing on October 27, 1976, if possible.

Sincerely,

Richard T. C. Tully

Richard T. C. Tully
General Counsel

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Enclosures

xc: ✓ Al R. Kendrick
Supervisor, District III
Oil Conservation Commission
1000 Rio Brazos Road
Aztec, NM 87410

Phil T. McGrath, District Engineer
U. S. Geological Survey
Box 959
Farmington, NM 87401

Don Wolf, District Landman
Southland Royalty Company
1010 Denver Club Building
518 17th Street
Denver, CO 80202

D. N. Canfield, Director of Land
El Paso Natural Gas Company
Box 1492
El Paso, TX 79978

John Shephardson
Northwest Pipeline Corporation
One Park Central, Suite 340-A
1515 Arapahoe
Denver, CO 80202

OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

In The Matter Of The Application
Of Dugan Production Corp. For
Exception To The Special Blanco
Mesaverde Gas Pool Rules For
The Unorthodox Location of
The Sherman Edward #2A Well
In Rio Arriba County, New Mexico

APPLICATION

The Applicant, Dugan Production Corp. by and through its general counsel, Richard T. C. Tully, hereby makes application for an exception to Rules 2(A) and 2(B) of the Special Rules and Regulations for the Blanco Mesaverde Gas Pool to allow for unorthodox location of the Sherman Edward #2A Well in the NW/4 of Section 3, Township 29 North, Range 5 West, NMPM, Rio Arriba County, New Mexico.

The Applicant further states:

1. The Applicant is the lessee of federal lease NM 23047 which covers the N/2 of Section 3, Township 29 North, Range 5 West, NMPM, Rio Arriba County, New Mexico. The Applicant is also the lessee of federal lease NM 23048 which covers the S/2 of Section 3, Township 29 North, Range 5 West, NMPM, Rio Arriba County, New Mexico.

2. The legal location of the Sherman Edward #2A Well has previously been approved as an unorthodox location for topography reasons by the New Mexico Oil Conservation Commission on June 17, 1976 through Administrative Order NSL-774, and is as follows:

Township 29 North, Range 5 West, NMPM
Section 3: 2500' FNL - 510' FWL
Rio Arriba County, New Mexico

3. The Applicant has drilled a well called the Sherman Edward #2 Well in the SW/4 of Section 3 in compliance with Rules 2(A) and 2(B) of the above mentioned Special Rules.

The Applicant now wishes to secure the approval for the unorthodox location and an exception to Rules 2(A) and 2(B) of the above mentioned Special Rules for the Sherman Edward #2A Well by locating this well in the NW/4 of Section 3.

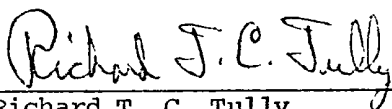
4. The Applicant would point out there have already been two Blanco Mesaverde dry holes drilled in Section 3, Township 29 North, Range 5 West, NMPM, Rio Arriba County, New Mexico. These Blanco Mesaverde dry holes were drilled in the SW/4 of Section 3 and in the NE/4 of Section 3 of the above township and range, and were drilled in compliance with Rules 2A and 2B of the Special Rules and Regulations of the Blanco Mesaverde Pool.

5. The dedicated acreage for the Sherman Edward #2A would be the N/2 of Section 3, Township 29 North, Range 5 West, NMPM, Rio Arriba County, New Mexico.

6. The proposed unorthodox location may result in the recovery of additional hydrocarbons since no Blanco Mesaverde well has previously been drilled in the NW/4 of Section 3. The recovery of additional hydrocarbons will thereby prevent waste, and will not violate correlative rights.

WHEREFORE, the Applicant requests this Application be set for hearing on October 27, 1976 for the purpose of granting an exception to the mentioned Pool Rules by allowing an unorthodox location for the Sherman Edward #2A Well in Rio Arriba County, New Mexico.

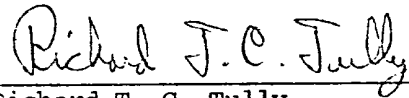
Respectfully submitted,



Richard T. C. Tully
General Counsel
Dugan Production Corp.
Box 234
Farmington, NM 87401

CERTIFICATE OF MAILING

I certify that I mailed a copy of the Application for Exception to the Blanco Mesaverde Pool Rules for the Unorthodox Location of the Sherman Edward #2A Well in Rio Arriba County, New Mexico to all operators of leases offsetting the dedicated acreage for this well, the U. S. Geological Survey, and the Supervisor of the District III Office of the Oil Conservation Commission.



Richard T. C. Tully
General Counsel
Dugan Production Corp.
Box 234
Farmington, New Mexico 87401