



## dugan production corp.

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June 14, 1979

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

RE: Application for Downhole Commingling of  
The Dinero #1 Well (Fruitland-Pictured Cliffs)  
in San Juan County, New Mexico

Dear Mr. Ramey:

Enclosed are the following instruments concerning the Application for Approval of Downhole Commingling by Dugan Production Corp. for the Dinero #1 Well located in the NE/4 of Section 13, Township 30 North, Range 14 West, N.M.P.M., San Juan County, New Mexico.

1. Three Copies of the Application.
2. Three copies of a Certificate of Mailing stating that 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 New Mexico Oil Conservation Division have been notified of this Application.

We would appreciate it if you will place this Application for hearing on July 11, 1979.

Thank you for your assistance and cooperation in this matter. Please advise if you need further information.

Sincerely,

ORIGINAL SIGNED BY  
**RICHARD TULLY**  
Richard T. C. Tully  
General Counsel

RTCT/sak

Enclosures

DISTRIBUTION

- ✓ 1. Al R. Kendrick  
Supervisor, District III Office  
Energy and Minerals Dept.  
1000 Rio Brazos Road  
Aztec, NM 87410
2. Phil T. McGrath  
District Engineer  
U. S. Geological Survey  
Box 959  
Farmington, N.M. 87401
3. Exxon Company, U.S.A.  
Box 120  
Denver, CO 80201  
Attn: L. A. Dodd  
Division Landman
4. Southland Royalty Company  
Drawer 570  
Farmington, N.M. 87401  
Attn: Larry Van Ryan  
District Superintendent
5. Marathon Oil Company  
Box 120  
Casper, Wyoming 82602  
Attn: J. R. Chidley  
Division Landman
6. Odessa Natural Corporation  
Box 3908  
Odessa, TX 79760  
Attn: Jack R. Mundell  
Director-Land Department

OIL CONSERVATION DIVISION  
STATE OF NEW MEXICO

In the Matter of the Application of  
Dugan Production Corp. for Downhole  
Commingling of the Dinero #1 Well  
in San Juan County, New Mexico

APPLICATION

Pursuant to Rule 303 C of the Rules and Regulations of the State of New Mexico Oil Conservation Division, the Applicant, Dugan Production Corp., by and through its attorney, Richard T. C. Tully, hereby makes application for approval of downhole commingling in the well bore of the Dinero #1 Well in San Juan County, New Mexico.

The Applicant further states:

1. The Operator of the Dinero #1 Well is the Applicant Dugan Production Corp.

2. The Dinero #1 Well is located on federal oil and gas lease SF 079070 insofar as it covers the following described lands:

Township 30 North, Range 14 West, N.M.P.M.  
Section 13: NE/4 (Conner Fruitland Pool Extension)  
Section 13: NE/4 (Wildcat Pictured Cliffs Pool)  
San Juan County, New Mexico

3. The legal location of the well is as follows:

Township 30 North, Range 14 West, N.M.P.M.  
Section 13: 1460' FNL - 810' FE1 (Unit Letter H)  
San Juan County, New Mexico

4. The Dinero #1 Well is not currently dually completed in the Conner Fruitland Pool Extension and the Wildcat Pictured Cliffs Pool.

5. The Dinero #1 Well is capable of only low marginal production from the Conner Fruitland Pool Extension, and the well is also only capable of low marginal production from the Wildcat Pictured Cliffs Pool.

6. The ownership of the above mentioned Pools is common.

7. The proposed commingling from the above Pools will result in the recovery of additional hydrocarbons from each of these Pools, thereby preventing waste, and the commingling will not violate correlative rights.

WHEREFORE, the Applicant requests this Application be set for hearing on July 11, 1979, and that after this hearing the New Mexico Oil Conservation Division grant this Application by giving approval to the downhole commingling of the Dinero #1 Well in San Juan County, New Mexico.

Respectfully submitted,

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Richard T. C. Tully  
Attorney for Applicant  
P. O. Box 234  
Farmington, N.M. 87401

CERTIFICATE OF MAILING

I certify that I mailed a copy of the Application for Downhole Commingling of the Dinero #1 Well in San Juan 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 New Mexico Oil Conservation Division on the 14 day of June, 1979.

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Richard T. C. Tully  
Attorney for Applicant

OFFSETTING LEASES AND OPERATORS

SAN JUAN COUNTY, NEW MEXICO

- A. USA SF 079070 (Same Lease)  
Township 30 North, Range 14 West, N.M.P.M.  
Section 12: SE/4  
Section 13: SE/4  
Operator: Dugan Production Corp.  
Box 234  
Farmington, N.M. 87401  
  
Exxon Company, U.S.A.  
Box 120  
Denver, CO 80201  
Attn: L. A. Dodd  
Division Landman
- B. USA NM 6899  
Township 30 North, Range 14 West, N.M.P.M.  
Section 13: W/2  
Operator: Southland Royalty Company  
Drawer 870  
Farmington, N.M. 87401  
Attn: Larry Van Ryan  
District Superintendent
- C. USA NM 28760  
Township 30 North, Range 14 West, N.M.P.M.  
Section 12: SW/4  
Operator: Odessa Natural Corporation  
Box 3908  
Odessa, TX 79760  
Attn: Jack R. Mundell  
Director-Land Department
- D. USA NM 09867-A  
Township 30 North, Range 13 West, N.M.P.M.  
Section 7: SW/4  
Section 18: W/2  
Operator: Marathon Oil Company  
Box 120  
Casper, Wyoming 82602  
Attn: J. R. Chidley  
Division Landman