

CASE 7374: DUGAN PRODUCTION CORPORATION
FOR AN UNORTHODOX GAS WELL LOCATION, SAN
JUAN COUNTY, NEW MEXICO *action*

COPY

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DOCKET MAILED

Date 10/9/81

Applicant states in
application he proposes to
dedicate the E/2 of
Section 9 to the well.
This apparently is
approximately 160 acres
as the section is
short.

Case No.

7374

Application

Transcripts.

Small Exhibits

ETC



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POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

November 25, 1981

Re: CASE NO. 7374
ORDER NO. R-6823

Applicant:

Dugan Production Corporation

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Yours very truly,

JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD	<u> </u>	x
Artesia OCD	<u> </u>	x
Aztec OCD	<u> </u>	x

Other _____

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 7374
Order No. R-6823

APPLICATION OF DUGAN PRODUCTION CORPORATION
FOR AN UNORTHODOX GAS WELL LOCATION,
SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on October 21, 1981, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 24th day of November, 1981, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Dugan Production Corporation, seeks approval of an unorthodox gas well location 330 feet from the South line and 990 feet from the East line of Section 9, Township 28 North, Range 11 West, NMPM, to test the Farmington formation, San Juan County, New Mexico.

(3) That the E/2 of said Partial Section 9 is to be dedicated to the well.

(4) That the unorthodox location resulted from the completion as a gas well of a well projected as an oil well.

(5) That no offset operator objected to the proposed unorthodox location.

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject pool, will prevent the economic

-2-

Case No. 7374
Order No. R-6823

loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

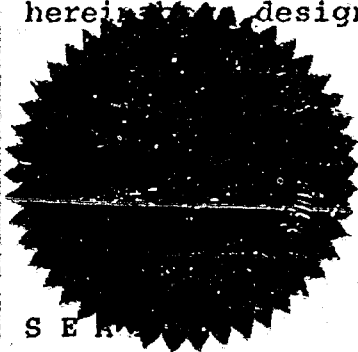
IT IS THEREFORE ORDERED:

(1) That the application of Dugan Production Corporation for an unorthodox gas well location for the Farmington formation is hereby approved for its Redfern Well No. 7 located at a point 330 feet from the South line and 990 feet from the East line of Section 9, Township 28 North, Range 11 West, NMPM, San Juan County, New Mexico.

(2) That the E/2 of said Partial Section 9 shall be dedicated to the above-described well.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinafter designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Joe D. Ramey
JOE D. RAMEY,
Director

S E R

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
19 November 1981

EXAMINER HEARING

IN THE MATTER OF:

Application of Dugan Production
Corporation for an unorthodox gas
well location, San Juan County,
New Mexico.

CASE
7374

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

W. Perry Pearce, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

1
2 MR. STAMETS: There were four cases on
3 the October 21st docket which were heard at that time and
4 readvertised for this docket today.

5 Those cases were left off the docket but
6 we will call those at this time in case there is any further
7 testimony.

8 The first is Case 7374.

9 MR. PEARCE: Application of Dugan Pro-
10 duction Corporation for an unorthodox gas well location, San
11 Juan County, New Mexico.

12 MR. STAMETS: Any further testimony?

13 The case will be taken under advisement.
14

15 (Hearing concluded.)
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C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

I do hereby certify that the foregoing is
a true and correct copy of the transcript
of the hearing held on 11-19-81
at Santa Fe, New Mexico.
Richard D. Stum
Oil Conservation Division Examiner
7374
81

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
21 October 1981

EXAMINER HEARING

IN THE MATTER OF:

Application of Dugan Production
Corporation for an unorthodox
gas well location, San Juan
County, New Mexico.

CASE
7374

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

W. Perry Pearce, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

Tommy Roberts, Esq.
General Counsel
Dugan Production Corporation
P. O. Box 208
Farmington, New Mexico

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I N D E X

THOMAS A. DUGAN

Direct Examination by Mr. Roberts	3
Cross Examination by Mr. Stamets	6

E X H I B I T S

Applicant Exhibit One, Map	5
Applicant Exhibit Two, Cross Section	5
Applicant Exhibit Three, Report	6

MR. STAMETS: Call Case 7374.

MR. PEARCE: Application of Dugan Production Corporation for an unorthodox gas well location, San Juan County, New Mexico.

MR. ROBERTS: Tommy Roberts, General Counsel, Dugan Production Corporation, P. O. Box 208, Farmington, appearing on behalf of the applicant.

I have one witness.

(Witness sworn.)

THOMAS A. DUGAN

being called as a witness and being duly sworn upon his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. ROBERTS:

Q Would you state your name and your address and your occupation for the record, please?

A. Tom Dugan, 907 Hallett Circle, Farmington, New Mexico.

Q Are you familiar with the application in this case?

A. Yes.

1
2 Q What is the purpose of this application?
3 A To secure approval for an unorthodox
4 gas well location.
5 Q Okay, and ---
6 A For the Redfern No. 7.
7 Q And what is the current status of this
8 well?
9 A The well is completed and shut-in waiting
10 approval of C-104 to produce.
11 Q What is the location of it?
12 A It's 330 feet from the south line and
13 990 feet from the east line of Section 9, Township 28 North,
14 Range 11 West, San Juan County, New Mexico.
15 Q Would you refer to what's been marked
16 as Exhibit Number One, please, and identify that exhibit and
17 explain its significance?
18 A This is a -- just a map showing the
19 wells in the vicinity of the Redfern No. 7 Well and the arrow
20 is pointing to the No. 7, and showing its relationship to
21 other wells in the area.
22 Q Would you please refer to what's been
23 marked as Exhibit Number Two and identify that exhibit?
24 A Exhibit Number Two is a cross section.
25 When we set out to drill the Redfern No. 7 Well we were --

1
2 had intentions of completing in the -- an oil zone that's
3 located at 670 feet, approximately, in the Redfern No. 1 Well
4 colored green on the exhibit. So we staked the well as an
5 oil well location.

6 Upon drilling the Redfern No. 7 we
7 found the oil zone to be absent. We deepened this well and
8 encountered a gas zone at a depth of just past 900 feet, and
9 the gas zone is 877 to 900.

10 So since we completed this as a gas
11 well and it's on an oil well spacing, we're asking approval
12 of the unorthodox location.

13 Q Would you refer to what's been marked
14 as Exhibit Number Three and identify that exhibit?

15 A It's the morning report of the Redfern
16 No. 7 with details of the drilling and completion of this
17 well.

18 Q Have you previously filed with this Com-
19 mission a request for administrative approval of this unorthc-
20 dox location?

21 A Yes.

22 Q And what is the purpose for now coming
23 before the Commission for the hearing on this matter?

24 A That it was apparently not legal to
25 approve it administratively, and so it had to be taken to

1

2

hearing.

3

Q

Have you notified the offset operators --

4

A.

Yes.

5

Q

-- as to your request for administrative

6

approval?

7

A.

Yes.

8

Q

And did you receive responses from those

9

operators?

10

A.

Yes.

11

Q

And what was the nature of those re-

12

sponses?

13

A.

All of them agreed with the application.

14

Q

Were exhibits One, Two, Three, either

15

prepared by you or at your direction and under your super-

16

vision?

17

A.

Yes.

18

MR. ROBERTS: We move for the admission

19

of Exhibits One, Two, Three, into the record.

20

MR. STAMETS: These exhibits will be

21

admitted.

22

Q

Mr. Dugan, in your professional opinion

23

would the approval of this request for an unorthodox location

24

in any way endanger correlative rights?

25

A.

No.

MR. ROBERTS: We have no more questions.

CROSS EXAMINATION

BY MR. STAMETS:

Q Mr. Dugan, what is the number of acres
in the east half of Section 9?

A. There's about 131.

Q Has that been approved as a nonstandard
unit?

A. Yes, sir.

Q Okay.

MR. STAMETS: Any other questions of
the witness? He may be excused.

Anything further in this case?

The case won't be taken under advisement
since it has to be readvertised and will be on the 19th.

(Hearing concluded.)

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B

Santa Fe, New Mexico 87501

Phone (505) 455-7409

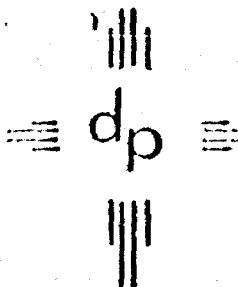
I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 7324,
heard by me on 10-21 1981.
Richard D. Starn Examiner
Oil Conservation Division

STRUCTURE CONTOUR MAP OF THE
KIRTLAND SHALE ABOVE MEAN SEA LEVEL
T. 28, 29 N. R. 11 W. C. I. = 50'
SAN JUAN COUNTY, NEW MEXICO

T. 28, 29 N. R. 11 W. C. I. = 50'

T
29
N





dugan production corp.

Application for Unorthodox Location
Dugan Production Corp.

Redfern #7 Well

330' FSL & 990' FEL, Sec. 9, T28N, R11W

San Juan County, New Mexico

Case No. 7374 Exhibit No. 3

DUGAN PRODUCTION CORP.
Redfern #7
330' FSL - 990' FEL
Sec 9 T28N R11W
San Juan County, NM

MORNING REPORT

4-26-81 Moved in and rigged up Morrow Drlg. Co. Spudded 8-3/4" hole at 10:30 AM 4-25-81. Drilled to 116'. Ran 3 jts. 7" O.D., 26#, 8 Rd. St & c csg. T.E. 114.34' set at 115' G.L. Cemented w/ 40 sks class "2". P.O.B. at 4:00 PM 4-25-81. Good cement to surface.

4-27-81 Drilling 6-1/8" hole at 450'.

4-28-81 680' - Drlg. 6-1/8" hole.

4-29-81 T.D. 800'. Finished drilling 6-1/8" hole to 800'. Conditioned hole. Ran logs by Southwest Surveys. S.D.O.N.

4-30-81 thru
5-7-81 Wait on orders.

5-26-81 Drlg. - 801' Vis 30 Wt. 8.8

Note: Open valve; small accum. of oil

5-27-81 880' - Drilling Vis 30 Wt. 8.7

5-28-81 880' - Drilling Drilling break at 886', ±6'; hole kicked, well blew-out. Closed rams on B.O.P. Mixed gel, barite, and 1 sx caustic soda in order to kill well. Circulated mud at a vis of 43 and wt. of 10.2 lb./gal. while blowing from flow line of B.O.P. Circulated kill wt. mud, was successful in controlling well. Circulated and conditioned hole in order to run 4 1/2" casing.

Ran 25 jts. 4 1/2" OD, 10.5#, J-55, 8 Rd, ST&C csg. T.E. 879.75' set at 877' G.L. Cemented w/ 100 sx class "B" neat. Good returns while cementing. estimated cement top 150'. P.O.B. at 7:00 p.m. 5-27-81.

DAILY REPORT

8-31-81 Move in and rig up MTK single pole pulling unit. Rig up pump, pit, well head and BOP. Pick up 2-3/8" tbg. and bit. Tagged up at 863'. Drlg. 2 hrs. on plug and insert.

9-1-81 Drlg. out cement and insert. Clean out open hole to 902'. Well started gassing strong. Cleaned hole up. Making estimated 500 MCD. P.O.H. w/ tbg. and bit. T)

Ran 27 jts. 1 1/2" OD, 2.3#, J-55, 10 Rd, NEUE tbg. T.E. 892.84' set at 889' G.L. Nipple down BOP. Nipple up well head. Shut well in. Rig down MTK.

performed
one job

Docket Nos. 34-81 and 35-81 are tentatively set for October 21 and November 4, 1981. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - WEDNESDAY - OCTOBER 14, 1981

9 A.M. - OIL CONSERVATION COMMISSION - ROOM 205
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

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(The following cases are continued from the October 14, 1981, Commission hearing to October 16, 1981.)
CASE 7345: (Continued and Readvertised)

Application of Bass Enterprises Production Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Andres, Bone Springs and Pennsylvanian formations, Lovington Field, underlying the N/2 NE/4 of Section 13, Township 16 South, Range 36 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7323: (DE NOVO)

Application of Clements Energy, Inc., for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the E/2 of Section 32, Township 15 South, Range 27 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

Upon application of Southland Royalty Company, this case will be heard DE NOVO pursuant to the provisions of Rule 1220.

Docket No. 34-81

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 21, 1981

9 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

- ALLOWABLE:
- (1) Consideration of the allowable production of gas for November, 1981, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
 - (2) Consideration of the allowable production of gas for November, 1981, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 7373: Application of J. C. Williamson for Amendment of Division Order No. R-6738, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the Amendment of Division Order No. R-6738, which approved an unorthodox location for a well 1560 feet from the North line and 1830 feet from the West line of Section 10, Township 23 South, Range 34 East. Applicant seeks the Amendment of said order to reflect the corrected location of said well at a point 1580 feet from the North line and 2614 feet from the West line of said Section 10.

CASE 7374: Application of Dugan Production Corporation for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Farmington formation well located 330 feet from the South line and 990 feet from the East line of Section 9, Township 28 North, Range 11 West, the E/2 of said Section 9 to be dedicated to the well.

- CASE 7375: Application of Dugan Production Corporation for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Angel Peak Gallup-Basin Dakota production in the wellbore of its McAdams Well No. 2 located in Unit P of Section 34, Township 27 North, Range 10 West.
- CASE 7376: Application of Dugan Production Corporation for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Basin-Dakota and Bisti-Lower Gallup production in the wellbore of its Big 8 Well No. 1-E, located in Unit O of Section 8, Township 24 North, Range 9 West.
- CASE 7377: Application of Dugan Production Corporation for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of undesignated Gallup and Basin-Dakota production in the wellbore of its July Jubilee Well No. 1 located in Unit G of Section 30, Township 24 North, Range 9 West.
- CASE 7378: Application of Jerome P. McHugh for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Wildhorse-Gallup and Basin-Dakota production in the wellbore of his Apache E Well No. 1, located in Unit A of Section 18, Township 26 North, Range 3 West.
- CASE 7356: (Continued from September 23, 1981, Examiner Hearing)
- Application of S & I Oil Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the W/2 SW/4 of Section 12, Township 29 North, Range 15 West, Cha Cha-Gallup Oil Pool, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7379: Application of JEM Resources, Inc., for vertical pool extension and special GOR limit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the vertical extension of the Cave-Grayburg Pool to include the San Andres formation, and the establishment of a special gas-oil ratio limit for said pool to 6000 to one or, in the alternative, the abolishment of the gas-oil ratio limit in said pool, all to be effective October 1, 1981.
- CASE 7380: Application of Bird Oil Corporation for an unorthodox location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox Entrada location of a well to be drilled 2310 feet from the North line and 1325 feet from the East line of Section 10, Township 22 North, Range 9 West, the SW/4 NE/4 of said Section 10 to be dedicated to the well.
- CASE 7381: Application of H. L. Brown, Jr., for an unorthodox gas well location, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 330 feet from the South line and 2310 feet from the East line of Section 34, Township 7 South, Range 37 East, Bluit-Wolfcamp Gas Pool, the E/2 of said Section 34 to be dedicated to the well.
- CASE 7382: Application of TXO Production Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Morrow well to be drilled 660 feet from the South and West lines of Section 20, Township 17 South, Range 28 East, the W/2 of said Section 20 to be dedicated to the well.
- CASE 7383: Application of Amoco Production Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Upper Pennsylvanian formation underlying the NW/4 of Section 19, Township 19 South, Range 25 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

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- CASE 7384: Application of Morris R. Antwell for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Abo formation underlying the NE/4 SW/4 of Section 5, Township 20 South, Range 38 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7385: Application of El Paso Natural Gas Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blanco-Mesaverde and Basin-Dakota production in the wellbore of its San Juan 27-5 Unit Well No. 59, located in Unit A of Section 6, Township 27 North, Range 5 West.
- CASE 7386: Application of El Paso Natural Gas Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of South Blanco-Pictured Cliffs and Blanco-Mesaverde production in the wellbore of its San Juan 27-5 Unit Well No. 54, located in Unit L of Section 31, Township 27 North, Range 5 West.
- CASE 7387: Application of Sun Oil Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 660 feet from the North and East lines of Section 32, Township 9 South, Range 37 East, West Sawyer-San Andres Pool, the N/2 NE/4 of said Section 32 to be dedicated to the well.
- CASE 7388: Application of Sun Oil Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled in the Northeast Lusk Yates Pool, 2500 feet from the North line and 1880 feet from the East line of Section 15, Township 19 South, Range 32 East the SW/4 NE/4 of said Section 15 to be dedicated to the well.
- CASE 7389: Application of Yates Petroleum Corporation for an Amendment to Division Order No. R-4365, Eddy County, New Mexico. Applicant, in the above-styled cause seeks the amendment of Division Order No. R-4365, which promulgated special rules and regulations for the Penasco Draw San Andres-Yeso Pool, by amending Rule 5 to permit the simultaneous dedication of gas wells and oil wells and amending Rule 9 to provide for annual gas-liquid ratio tests in lieu of semi-annual tests.
- CASE 7365: (Continued from October 7, 1981, Examiner Hearing)
- Application of Yates Petroleum Corporation for the amendment of Order No. R-6406, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-6406, to permit recompletion of its State "JM" No. 2 Well, drilled at an unorthodox Morrow location 660 feet from the South line and 660 feet from the East line of said Section 25, Township 18 South, Range 24 East, in any and all Wolfcamp and Pennsylvanian pays in said well.
- CASE 7390: Application of Harvey E. Yates Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mississippian formation underlying the W/2 of Section 18, Township 9 South, Range 27 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7391: Application of Harvey E. Yates Company for statutory unitization, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purposes of a secondary recovery project, all mineral interests in the Travis Penn Unit encompassing 480 acres, more or less, underlying all or portions of Sections 12 and 13, Township 18 South, Range 28 East, Eddy County, New Mexico.

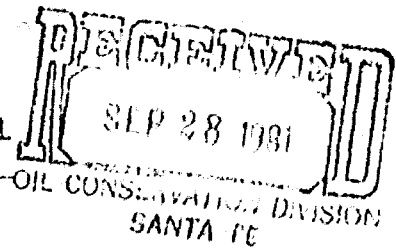
The unitized interval would be the Cisco-Canyon formation between the depths of 9815 feet and 9935 feet in Harvey E. Yates Company's Travis Deep Unit No. 2 Well. Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the determination of the horizontal and vertical limits of the unit area; the determination of the fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in well and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations, including, but not necessarily limited to, unit voting procedures, selection, removal, or substitution of unit operator, and time of commencement and termination of unit operations.

- CASE 7392:** Application of Sam H. Snoddy, for an unorthodox gas well location in the Oil-Potash Area, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the location of a Pennsylvanian well to be drilled 660 feet from the North and East lines of Section 26, Township 20 South, Range 32 East, Oil-Potash Area, the N/2 of said Section 26 to be dedicated to the well.
- CASE 7393:** Application of Uriah Exploration Incorporated for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Cisco, Canyon and Morrow formations underlying the W/2 of Section 13, Township 22 South, Range 24 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7394:** Application of Supron Energy Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Pennsylvanian well to be drilled 467 feet from the North line and 1650 feet from the West line of Section 13, Township 22 South, Range 24 East, the N/2 of said Section 13 to be dedicated to the well.
- CASE 7395:** Application of Curtis J. Little for Designation of a Tight formation, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Pictured Cliffs formation underlying portions of Townships 25 and 26 North, Ranges 6 and 7 West containing a total of 14,400 acres, more or less, as a tight formation pursuant to Section 107 of the Natural Gas Policy Act and 18 CFR Section 271. 701-705.
- CASE 7300:** (Reopened and Readvertised)
- Application of Dome Petroleum Corporation for designation of a tight formation, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Chacra formation underlying portions of Townships 21 and 22 North, Ranges 5, 6, and 7 West, containing 73,018 acres, more or less, as a tight formation pursuant to Section 107 of the Natural Gas Policy Act and 18 CFR Section 271. 701-705.
- CASE 7352:** (Continued from September 23, 1981, Examiner Hearing)
- Application of Yates Petroleum Corporation for designation of a tight formation, Eddy County, New Mexico. Applicant, in the above-styled cause, pursuant to Section 107 of the Natural Gas Policy Act 18-CFR Section 271. 701-705, seeks the designation as a tight formation of the Permo-Penn formation underlying all of the following townships:
- Township 17 South, Ranges 24 thru 26 East;
 - 18 South, 24 and 25 East,
 - 19 South, 23 thru 25 East;
 - 20 South, 21 thru 24 East,
 - 20 1/2 South, 21 and 22 East;
 - 21 South, 21 and 22 East;
 - Also Sections 1 thru 12 in
 - 22 South, 21 and 22 East,

All of the above containing a total of 315,000 acres more or less.

Case 7374

APPLICATION FOR ADMINISTRATIVE APPROVAL
OF UNORTHODOX LOCATION



Applicant: DUGAN PRODUCTION CORP.

Name of Well: Redfern #7

Land Dedicated to the Well: E/2 Sec 9 T28N R11W, San Juan County, NM

Proposed Unorthodox Location: 330' FSL - 990' FEL

Reason for Unorthodox Location: This well was proposed, approved, and drilled as an oil well and is an orthodox location for an oil well; however, the Farmington oil horizon was not present and the well was drilled to a deeper interval in the Farmington Formation and completed as a gas well. It is an unorthodox location for a gas well.

Offsetting Leases and Operators
and Well Completions:

See Exhibit A, Attached hereto and
incorporated herein by reference.

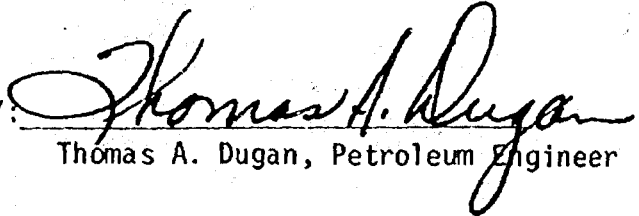
Existent Topographical Conditions:

Not applicable

New Mexico Oil Conservation Division
Rule Authorizing Application:

104 Section F


BY:


Thomas A. Dugan, Petroleum Engineer

Waiver:

Supron Energy Corporation hereby acknowledges receipt of the
Application for Administrative Approval of Unorthodox Location filed by
Dugan Production Corp. herein and hereby waives objection to
Dugan Production Corp.'s Application for Administrative
Approval of Unorthodox Location for their Redfern #7
Well as proposed herein.

BY:


Haskell Fleetwood, Vice President

DATE: September 21, 1981

Redfern #7
330' FSL - 990' FEL
Sec 9 T28N R17W
San Juan County, NM

Pioneer Production Corp.
P O Box 2542
Amarillo, TX 79189

Supron Energy Corp.
Box 808
Farmington, NM 87401

OFFSETTING OPERATORS

		BEST AVAILABLE COPY	
Fractional Sections			
8	9	10	T 29N
	●	Pioneer	
	Pioneer TADugan	Supron	
17	16	15	
		22	
			T 28N

Not drawn to scale

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Case 7374

APPLICATION FOR ADMINISTRATIVE APPROVAL
OF UNORTHODOX LOCATION

Applicant: DUGAN PRODUCTION CORP.

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Name of Well: Redfern #7

Land Dedicated to the Well: E/2 Sec 9 T28N R11W, San Juan County, NM

Proposed Unorthodox Location: 330' FSL - 990' FEL

Reason for Unorthodox Location: This well was proposed, approved, and drilled as an oil well and is an orthodox location for an oil well; however, the Farmington oil horizon was not present and the well was drilled to a deeper interval in the Farmington Formation and completed as a gas well. It is an unorthodox location for a gas well.

Offsetting Leases and Operators
and Well Completions:

See Exhibit A, Attached hereto and
incorporated herein by reference.

Existent Topographical Conditions:

Not applicable

New Mexico Oil Conservation Division
Rule Authorizing Application:

104 Section

OCT 07 1981

TOPIC: E/W 12
NATION DIVISION
SANTA FE

BY:

Thomas A. Dugan, Petroleum Engineer

Waiver:

Pioneer Production Corporation hereby acknowledges receipt of the
Application for Administrative Approval of Unorthodox Location filed by
Dugan Production Corp. herein and hereby waives objection to
Dugan Production Corp.'s Application for Administrative
Approval of Unorthodox Location for their Redfern No. 7
Well as proposed herein.

Pioneer Production Corporation
owns no rights to the
Farmington Formation.

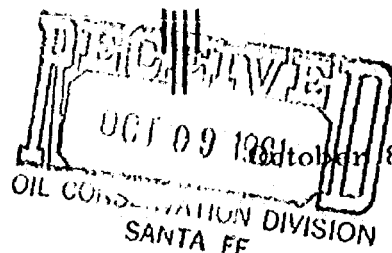
BY:

John W. Lockring

DATE: October 5, 1981

dp

dugan production corp.



October 8, 1981

Case 7374

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

Re: Application for Approval of Unorthodox Location
Redfern #7 Well
San Juan County, New Mexico

Dear Mr. Ramey:

Enclosed please find three copies of the above referenced Application.

I previously verbally requested this matter be placed on the October 21, 1981 Docket and was advised by the New Mexico Oil Conservation Division that this request would be honored.

Please advise if you are in need of further information.

Sincerely,

Tommy Roberts

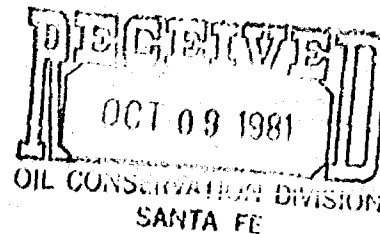
Tommy Roberts
Landman

nw

enc.

OIL CONSERVATION DIVISION

STATE OF NEW MEXICO



IN THE MATTER of the Application of
Dugan Production Corp, for Approval of
Unorthodox Location for the Redfern #7
Well in San Juan County, New Mexico

Case 7374

APPLICATION

Pursuant to the Rules and Regulations of the State of New Mexico Oil Conservation Division, the Applicant, Dugan Production Corp., by and through its attorney, Tommy Roberts, hereby makes application for approval of unorthodox location for the Redfern #7 Well in San Juan County, New Mexico.

In support of its application, Applicant states as follows:

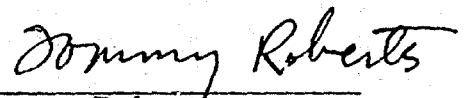
1. The Operator of the Redfern #7 Well is the Applicant, Dugan Production Corp., whose address is P.O. Box 208, Farmington, New Mexico, 87401.
2. The Redfern #7 Well is located on Federal Oil and Gas Lease Serial No. NM-021116 insofar as said lease covers the SE/4 of the SE/4 of Section 9, Township 28 North, Range 11 West, NMPM, San Juan County, New Mexico.
3. The actual footage location of the Redfern #7 Well is 330' from the South line and 990' from the East line of Section 9, Township 28 North, Range 11 West, NMPM, San Juan County, New Mexico.
4. The Redfern #7 Well was originally proposed and approved, and subsequently drilled, as an oil well in the Farmington formation. The above footage location satisfied the rules and regulations of the State of New Mexico Oil Conservation Division for an orthodox oil well location.
5. The Farmington oil horizon was found to be nonexistent in the Redfern #7 Well and the well was subsequently drilled to a deeper interval in the Farmington formation and completed as a gas well.
6. The above footage location constitutes an unorthodox location for a gas well.
7. The Redfern #7 Well is currently shut-in and waiting on connection to a gas gathering system.
8. Approval by the State of New Mexico Oil Conservation Division of Applicant's request for Approval of Unorthodox Location is necessary to place the location of the Redfern #7 Well in compliance with applicable rules and regulations of the State of New Mexico Oil Conservation Division.

9. Approval of Applicant's request for Approval of Unorthodox Location for the Redfern #7 Well will not jeopardize correlative rights and will result in the recovery of additional hydrocarbons and the prevention of waste.

10. A copy of this application has been mailed to the U.S. Geological Survey and the Supervisor of the District III office of the New Mexico Oil Conservation Division.

WHEREFORE, Applicant requests this application be set for hearing on October 21, 1981, and that after consideration of the evidence and testimony submitted at said hearing the New Mexico Oil Conservation Division grant this application by giving approval to the requested unorthodox location for the Redfern #7 Well in San Juan County, New Mexico.

Respectfully submitted,



Tommy Roberts
Attorney for Applicant
P.O. Box 208
Farmington, NM 87401



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR

LARRY KEHOE
SECRETARY

September 21, 1981

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POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

Mr. Jerome P. McHugh, Jr.
Dugan Production Corporation
P. O. Box 208
Farmington, New Mexico 87401

Case 7374

Re: Redfern Well No. 7
330' FSL and 990' FEL
Section 9, T28N, R11W
San Juan County

Dear Mr. McHugh:

Your application for the above-referenced unorthodox location does not qualify for administrative approval.

Please advise this office if you wish this application set for an examiner hearing.

Yours very truly,

Florene Davidson
OC Staff Specialist

|||
dp
|||

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dugan production corp.

SEP 18 1981

OIL CONSERVATION DIVISION
SANTA FE

September 14, 1981

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

Re: Application for Administrative Approval of
Unorthodox Location for Dugan Production Corp.
Redfern #7, located 330' FSL - 990' FEL,
Sec 9 T28N R11W, San Juan County, NM

Dear Mr. Ramey:

Enclosed please find three copies of the Application for Administrative Approval of the Unorthodox Location for the above-referenced well, which application includes a plat showing the ownership of all leases offsetting this spacing unit for which the unorthodox location is sought, and all wells completed thereon, and a plat showing the existent topographical conditions of the well location. Also enclosed are copies of the dedicated acreage plat.

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

Please advise if you need further information.

Sincerely,

Jerome P. McHugh Jr.

Jerome P. McHugh Jr.

fp

Enclosures

*Letter
Does not qualify for
admin approval.
Please advise if you wish
it set for hearing*

*9/23/81
McHugh
Called and requested
Oct. 21 Hearing
Case 7374*

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APPLICATION FOR ADMINISTRATIVE APPROVAL
OF UNORTHODOX LOCATION

SEP 18 1981

OIL CONSERVATION DIVISION
SANTA FE

Applicant: DUGAN PRODUCTION CORP.

Name of Well: Redfern #7

Case 7374

Land Dedicated to the Well: E/2 Sec 9 T28N R11W, San Juan County, NM

Proposed Unorthodox Location: 330' FSL - 990' FEL

Reason for Unorthodox Location: This well was proposed, approved, and drilled as an oil well and is an orthodox location for an oil well; however, the Farmington oil horizon was not present and the well was drilled to a deeper interval in the Farmington Formation and completed as a gas well. It is an unorthodox location for a gas well.

Offsetting Leases and Operators
and Well Completions:

See Exhibit A, Attached hereto and
incorporated herein by reference.

Existent Topographical Conditions:

Not applicable

New Mexico Oil Conservation Division
Rule Authorizing Application:

104 Section F

BY:

Thomas A. Dugan

Thomas A. Dugan, Petroleum Engineer

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DUGAN PRODUCTION CORP.
Ref: #7
330' FSL - 990' FEL
Sec 9 T28N R11W
San Juan County, NM

OFFSETTING OPERATORS

Pioneer Production Corp.
P O Box 2542
Amarillo, TX 79189

Supron Energy Corp.
Box 808
Farmington, NM 87401

				T 29N
				T 28N
Fractional Sections	8	9	10	
	17	16	15	
			22	

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Not drawn to scale

EXHIBIT "A"

$dr /$

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

ORDER NO. R- 6823

FOR AN UNORTHODOX GAS WELL LOCATION,

SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on October 21,
19 81, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this _____ day of October, 1981, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Dugan Production Corporation, seeks approval of an unorthodox gas well location 330 feet from the South line and 990 feet from the East line of Section 9, Township 28 North Range 11 West, NMPM, to test the Farmington formation, Pool, San Juan County, New Mexico.

(3) That the E/2 of said Section 9 is to be dedicated to the well.

(4) ~~That a well at said unorthodox location will better enable applicant to produce the gas underlying the proration unit.~~ *as a gas well of a well projected as an oil well.*

(5) That no offset operator objected to the proposed unorthodox location.

-2-

Case No. _____
Order No. R- _____

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

Dugan Production Corporation
James H. Dugan, Sec
IT IS THEREFORE ORDERED:

(1) That ~~an~~ *the application of* unorthodox gas well location for the Farmington formation is hereby approved for ~~a well to be~~ *its Redfern Well No. 7* located at a point 330 feet from the South line and 990 feet from the East line of Section 9, Township 28 North, Range 11 West NMPM, _____ Pool, San Juan County, New Mexico.

(2) That the E/2 of said Section 9 shall be dedicated to the above-described well. *Partial*
^

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.