

CASE 7377: DUCAN PRODUCTION CORPORATION
FOR DOWNHOLE COMINGLING, SAN JUAN
COUNTY, NEW MEXICO

action

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DOCKET MAILED

Date 10/9/81

CASE NO.

73 77

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

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 downhole commingling,
San Juan County, New Mexico.

CASE
7377

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

2

MR. STAMETS: And finally, Case 7377.

3

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MR. PEARCE: Application of Dugan Production Corporation for downhole commingling, San Juan County New Mexico.

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MR. STAMETS: Any further testimony in this case?

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This case will be taken under advisement

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(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 correct record of the proceedings in the Examiner hearing of Case No. 7397, heard by me on 11/19 1981.

Richard L. Thomas, Examiner
Oil Conservation Division



BRUCE KING
GOVERNOR
LARRY XEHOE
SECRETARY

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

November 25, 1981

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

Mr. Tommy Roberts, Landman
Dugan Production Corporation
P. O. Box 208
Farmington, New Mexico 87401

Re: CASE NO. 7377
ORDER NO. R-6826

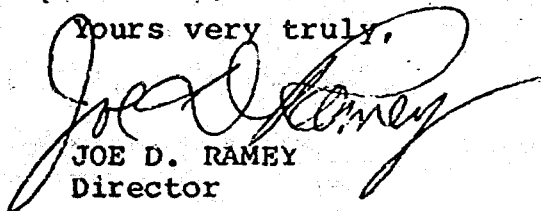
Applicant:

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 x
Artesia OCD x
Aztec OCD x

Other _____

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Case No. 7377

Order No. R-6826

(7) That the reservoir characteristics of each of the subject zones are such that underground waste would not be caused by the proposed commingling provided that the well is not shut-in for an extended period.

(8) That to afford the Division the opportunity to assess the potential for waste and to expeditiously order appropriate remedial action, the operator should notify the Aztec district office of the Division any time the subject well is shut-in for 7 consecutive days.

(9) That in order to allocate the commingled production to each of the commingled zones in the subject well, 90 percent and 10 percent of the commingled oil and gas production, respectively, should be allocated to the Undesignated Gallup zone, and 10 percent and 90 percent of the commingled oil and gas production, respectively, to the Basin-Dakota zone.

IT IS THEREFORE ORDERED:

(1) That the applicant, Dugan Production Corporation, is hereby authorized to commingle Undesignated Gallup and Basin-Dakota production within the wellbore of the July Jubilee Well No. 1, located in Unit G of Section 30, Township 24 North, Range 9 West, NMPM, San Juan County, New Mexico.

(2) That 90 percent and 10 percent of the commingled oil and gas production, respectively, shall be allocated to the Undesignated Gallup zone and 10 percent and 90 percent of the commingled oil and gas production, respectively, shall be allocated to the Basin-Dakota zone.

(3) That the operator of the subject well shall immediately notify the Division's Aztec district office any time the well has been shut-in for 7 consecutive days and shall concurrently present, to the Division, a plan for remedial action.

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

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Case No. 7377
Order No. R-6826

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

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 Pro-
duction Corporation for downhole
commingling, San Juan County, New
Mexico.

CASE
7377

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.
Dugan Production Corporation
Farmington, New Mexico

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I N D E X

THOMAS A. DUGAN

Direct Examination by Mr. Roberts	3
Gross Examination by Mr. Stamets	7
Questions by Mr. Chavez	9

E X H I B I T S

Applicant Exhibit One, Plat	4
Applicant Exhibit Two, Plat	4
Applicant Exhibit Three, Report	4
Applicant Exhibit Four, Cross Section	4

1
2 MR. STAMETS: Call next Case 7377.

3 MR. PEARCE: Application of Dugan Pro-
4 duction Corporation for downhole commingling, San Juan County,
5 New Mexico.

6 MR. STAMETS: The record will reflect
7 the same appearances and qualifications.

8
9 THOMAS A. DUGAN,
10 being called as a witness and being previously sworn upon his
11 oath, testified as follows, to-wit:

12
13 DIRECT EXAMINATION

14 BY MR. ROBERTS:

15 Q Mr. Dugan, are you familiar with the
16 contents of this application?

17 A Yes.

18 Q And please explain the purpose of the
19 application.

20 A It's an application to obtain approval
21 to commingle downhole in the July Jubilee No. 1 Well in Sec-
22 tion 30, Township 24 North, Range 9 West, San Juan County,
23 New Mexico. It's very similar to the last application with
24 the exception that the Gallup is not in the completed Bisti
25 Gallup Pool.

1
2 Q Would you look at Exhibits One and Two
3 and describe what those exhibits contain in relation to this
4 application?

5 A Exhibit Number One, and it shows the
6 proration unit of the July Jubilee and the offset operators.

7 Exhibit Number Two is the identical
8 exhibit that we presented in the Big Eight 1-E application,
9 showing the plugged Gallup wells, the producing Dakota wells,
10 and producing Gallup wells. It also shows the wells that
11 have approval, prior approval, to commingle, in the wellbore.

12 Q Okay, and would you identify Exhibit
13 Number Three?

14 A This is the daily report on the drilling
15 of the July Jubilee.

16 Q What is the current status of this well?

17 A The current status is we are -- received
18 a testing allowable and we're currently testing the well and
19 we turned it on yesterday.

20 Q Would you refer to Exhibit Number Four
21 and identify that exhibit?

22 A This is the same cross section we pre-
23 sented in the last hearing, showing wells in the area, and
24 showing the wells that are completed in the Dakota formation,
25 wells that are completed in the Gallup formation, and the

July Jubilee is the well to the right, and at least on this exhibit we left off the Gallup perfs.

Q It appears they were left off on all the exhibits.

MR. STAMETS: It probably would be helpful to, at least submit a portion of that log subsequent to the hearing which would show the perforations.

A Okay.

Q Do you have the well file with you?

A Yeah, well, they're on this -- the last exhibit --

MR. STAMETS: Okay, that would be ample, then.

A -- which shows that they're from 5008 through 5234; selected intervals through that area.

Q Is there anything more in Exhibit Four that you'd like to comment on?

A No.

Q Do you have any pressure data available from this well, Mr. Dugan?

A No, we do not have actual pressure data with the exception that the -- we had a shut-in pressure taken within the last week and it was 1570, both tubing and casing.

1
2 Q Would you expect the pressures to be
3 compatible from each of these zones?

4 A Well, I would expect the Dakota formation
5 to be somewhat higher than that but I would expect the Gallup
6 formation to be in the neighborhood of 1500 bottom hole pres-
7 sure and the Dakota to be in the neighborhood of 1700 bottom
8 hole pressure.

9 Q Would the disparity in any way adversely
10 affect the efficiency of recovery operations?

11 A I don't believe so.

12 Q Is the ownership of each of the zones
13 common?

14 A Yes. Well, the working interest is com-
15 mon, the royalty is common, however, there is some differences
16 in overriding royalties, because of the difference in the
17 two proration unit sizes.

18 Q From an economical standpoint do you
19 believe it's necessary to commingle production in the wellbore?

20 A Yes, because the Dakota formation is --
21 the productive zone in the Dakota formation is very thin and
22 there are no clean sands in the Gallup Mancos area, and so
23 both horizons will be relatively marginal.

24 Q Do you propose a formula for allocation
25 of production as to the respective zones?

1
2 A Yes, I propose 90 percent of the oil
3 and 10 percent of the gas to the Gallup and 90 percent of the
4 gas and 10 percent of the oil to the Dakota.

5 Q And upon what factors do you base that
6 allocation?

7 A My experience with other wells in the
8 area.

9 Q Were Exhibits One through Four prepared
10 by you or under your supervision and direction?

11 A Yes.

12 MR. ROBERTS: Move the admission of
13 Exhibits One through Four into the record.

14 MR. STAMETS: These exhibits will be
15 admitted.

16 Q In your professional opinion will the
17 commingling of production in the wellbore result in the re-
18 covery of additional hydrocarbons, prevention of waste, and
19 protection of correlative rights?

20 A Yes.

21 MR. ROBERTS: We have no other questions.

22
23 CROSS EXAMINATION

24 BY MR. STAMETS:

25 Q Mr. Dugan, since this area is outside

1
2 the old Bisti Dakota-Gallup Pool, I presume what we're dealing
3 with is a Gallup formation essentially undrained in here.

4 A Yes, sir, I believe so, but as you can
5 tell from the logs, there aren't any clean sands, so we're
6 depending principally on what small amount of permeability
7 is there in the siltstones, plus hopefully, some natural
8 fractures.

9 Q What sort of production rates are you
10 experiencing on the nearby wells that are downhole commingled
11 in this area?

12 A The wells are making what -- we have one,
13 the Dakota well in Section 18 is making about a half a
14 million a day. The other wells are making around 100 Mcf of
15 gas and 5 to 10 barrels of oil per day.

16 Q Those would be the wells in 24 and 25?

17 A Yes.

18 Q Okay, so they're not --

19 A Well, the Merry May is about like that,
20 the one in 24. The June Joy is making about 3 barrels of oil
21 and very little gas, maybe 10 Mcf of gas, so it's a pretty
22 poor well.

23 Q No barnburners.

24 A No, well, yeah, by my standards that one
25 in 18 is a barnburner.

1
2 MR. STAMETS: Any other questions of
3 this witness? Mr. Chavez.

4
5 QUESTIONS BY MR. CHAVEZ:

6 Q One more question, Tom. Has the non-
7 standard location for the Gallup completion in this well been
8 approved?

9 A No.

10 MR. CHAVEZ: That's all.

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

13 Anything further in this case?

14 The case will be continued to the November
15 19th Examiner Hearing.

16
17 (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

I do hereby certify that the foregoing is a complete record of the proceedings in the final hearing of Case No. _____ heard by me on _____ 19____.

_____, Examiner
Oil Conservation Division

SALLY W. BOYD, C.S.R.

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

	19	NM 4958	NM 24661	NM 10755	21
NM 4958		NM 24661			
30	30	29			28
Unleased land	NM 4958	E-4912-20	5685	32	
31					33

DUGAN PRODUCTION CORP.
 July Jubilee #1
 USA NM 24661
 NE/4 Sec. 30 T-24-N, R-9-W

- Sec. 19: SW/4
 Dugan Production Corp.
 USA NM 4958
- Sec. 30: W/2
 Dugan Production Corp.
 USA NM 4958
- Sec. 31: NW/4
 Unleased Federal Lands
- Sec. 19: SE/4
 Southern Union Exploration
 USA NM 24661
- Sec. 31: NE/4
 Dugan Production Corp.
 USA NM 4958
- Sec. 20: SW/4
 Dugan Production Corp.
 USA NM 10755
- Sec. 29: W/2
 Southern Union Exploration
 USA NM 24661
- Sec. 32: W/2 NW/4
 Tenneco Oil Company
 State of NM E-4912-20
- Sec. 32: S/2 NW/4
 Qwest Petroleum, Inc.
 State of NM LG-5685

Application for Downhole Commingling
 Dugan Production Corp.
 July Jubilee #1 Well
 Unit G, Sec. 30, T-24-N, R-9-W
 San Juan County, New Mexico
 Case No. 7377
 Exhibit No. 1

Pugged and Abandoned
Dakota
Gallup
Comingled Production

White Wash Mancos-Dakota Pool

Application for Downhole Commingling
Dugan Production Corp.
July Jubilee #1 Well
Unit G, Sec. 30, T-24-N, R-9-W
San Juan County, New Mexico
Case No. 7377
Exhibit No. 2

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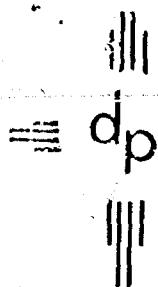
T 25 N

AVAILABLE

T 24 N

R-9-W

R-8-W



dugan production corp.

DUGAN PRODUCTION CORP.
July Jubilee #1
1650' FNL - 1520 FEL
Sec 30 T24N R9W
San Juan County, NM

Application for Downhole Commingling
Dugan Production Corp.
July Jubilee #1 Well
Unit G, Sec. 30, T-24-N, R-9-W
San Juan County, New Mexico
Case No. 7377
Exhibit No. 3

MORNING REPORT

- 6-29-81 Moved in and rigged up Four Corners Drlg. Co. Rig #5.
Spudded 12 1/4" hole at 12:15 p.m. 6-28-81. Drilled to
225'. Ran 7 jts. 8-5/8" OD, 24#, 8 Rd, ST&C csg. T.E. 207'
set at 219' RKB. * Cement circ. approx. 1 1/2 bbls.) P.O.B. at
4:45 p.m. 6-28-81. Present operation drilling at 380'.
*Cemented with 135 sx Class B w/ 2% CaCl.
5 hrs - MI & RU
1-1/4 hrs - drill rat & mouse holes
3-1/2 hrs - drilling
1-1/2 hrs - run and cement surface csg.
11-1/2 hrs - W.O.C.
1/4 hrs - test B.O.P. - 800 psi. Held OK
1 hr - rig service
- 6-30-81 2602' - Drlg. w/ wtr. 1/2° at 859'; 1/2° at 1259'; 3/4° at 1655',
3/4° at 2166'
1-3/4 hrs - trip
20-3/4 hrs - drilling
1/2 hr - rig service
1 hr - survey
- 7-1-81 3656 - Trip 3/4° at 2692; 3/4° at 3187; 1° at 3356'
5-3/4 hrs - trip
16-1/4 hrs - drlg.
1/2 hr - rig service
3/4 hr - survey
3/4 hr - cut drilling line
- 7-2-81 4515' - Drlg. MW 9.1 Vis 32 W.L. 9.2
3/4° at 3189'; 1° at 3656'; 1° at 4156'
1-1/4 hrs - trip
21-1/4 hrs - drlg
3/4 hr - rig service
3/4 hr - survey

DUGAN PRODUCTION CORP.

July Jubilee #1

Page 2

7-3-81 5000' - Drlg. Wt. 9.2 Vis 36 W.L. 10.0
1-3/4° at 4663; 2° at 4763

5 hrs - trip
17-3/4 hrs - drlg.
1/2 hr - rig service
3/4 hr - survey

7-4-81 Drilling at 5516' Wt. 9.1 Vis 35 W.L. 9.2
1-3/4° at 5323'

22-3/4 hrs - drlg.
3/4 hr - rig service
1/2 hr - survey

7-5-81 Drilling at 6019' Wt. 9.2 Vis 35 W.L. 8.0
2° at 5821'

22-3/4 hrs - drlg.
3/4 hrs - rig service
1/2 hr - survey

7-6-81 TD 6237' Wt. 9.4 Vis 70 W.L. 6.8
2° at 6237'

2 hrs - trip
18-1/2 hrs - drlg.
3/4 hr - rig service
3/4 hr - short trip
2 hrs - circ.

7-7-81 6245' - Circulating between stages.

2-3/4 hrs - trip
3 hrs - circ.
8-1/2 hrs - logging
4-1/2 hrs - lay down drilling pipe
3-1/4 hrs - run 4-1/2" casing
1-1/4 hrs - cement first stage P.O.B. @ 5:15 AM 7-7-81
3/4 hr - open D.V. tool and circ.

7-8-81 Ran 156 jts. 4 1/2" 10.5#, K-55, 8 Rd, ST&C csg. T.E. 6251.07 set at 6247' RKB. Circulated 30 min. Rigged up Halliburton. Pumped 10 bbls mud flush. Cemented 1st stage with 250 sx class B w/ 4% gel & 1# flocele per sk followed by 150 sx class B w/ 1# flocele per sk. Reciprocated pipe/ OK and had good mud returns. Bumped plug; dropped bomb to open stage tool at 4222'. Circulated w/ rig pump for 2 1/2 hrs. Total slurry 1st stage 564.5 Cu Ft. Pumped 10 bbls mud flush. Cemented 2nd stage w/ 400 sx 65-35 pos w/ 12% gel & 1# flocele per sk followed by 100 sx class B w/ 4% gel & 1# flocele per sk. Total slurry 2nd stage 1203 Cu Ft. P.O.B. at 7:30 a.m. 7-7-81. Good circ. throughout job. Set clips & cut off casing. Release rig at 8:30 a.m. 7-7-81.

DAILY REPORT

- 8-11-81 MI & RU MTK Rig #2. T.I.H. w/ 3-7/8" rock bit to reach stage tool at 4222' in csg. talley. Tagged cement above D.V. tool, 3' in on #128 - 4208' RKB.

Drilled out 12-15' cement and the D.V. tool. S.D.F.N.

- 8-12-81 T.I.H. w/ bit to tag bottom-fill at ±6180'. P.O.O.H. w/ bit. Rig up Jetronics. Ran GR & CCL from 6179 to 5850 and from 5350 to 4850. Perforated 6148 to 6158 w/ 10 shots .35 inch in diameter, 1 jspf, 10 ft.

T.I.H. w/ Baker Model "R" 4½" packer.

- 8-13-81 MTK Rig #2
Set packer w/ 185 jts. tbgs. above it at 6122 ft. Swabbed down. Rig up Cementer's Inc. Pumped 300 gal 15% HCL ahead of 25.5 bbl water flush. This broke from ±2000 psi initially to ±1650 psi treating pressure at 2 BPM.

Well continued to flow back. Swabbed well down. Kicked off - making gas audibly. Shut in for night.

- 8-14-81 310 psi on tbgs. Opened well up and flowed to pit. Flowed for 50 mins. w/ heavy mist of oil and water. Made 1 swab run and brought 6 bbls of oil and water. Made 4 more swab runs w/ approx. 15-85 oil-water concentration. Rig down swab tools and unseat Baker hydrostatic head. P.O.O.H. w/ tbgs. and packer. Shut well in over night.

- 8-15-81 Rig up Western Co. and Fracture Dakota formation using Mini-Max III-30 gel w/ 2% hydrocarbon phase as follows:

5,000 gal fluid pad
3,000 gal fluid w/ 1 ppg 20-40 sand
3,000 gal fluid w/ 2 ppg 20-40 sand
5,000 gal fluid w/ 3 ppg 20-40 sand
4,116 gal slick water flush

Total fluid: 16,000 gals Mini-Max III-30 gel w/ 320 gals condensate, 16 gals Aquaflo, 16 gals x-cide, 25# 8-5, 4116 gals slickwater w/ 10# FR-2

Total sand: 24,000# 20-40 mesh

Treating Pressures: Max 3700 psi, Min 3150 psi, Ave 3700 psi
ISDP ±2000 psi, 15 min shut-in pressure 1650 psi
Injection Rate 31 BPM

Shut well in and wait 4 hrs for gel to decompose. Rig up Jetronics Perforating gun was wired in reverse, causing gun to be fired out

8-15-81 of zone (5224-30 interval perforated erroneously).
(Cont.)

Perforate Gallup formation using 3-1/8" hollow carrier gun at 5008, 5009, 5010, 5011, 5012, 5013, 5014, 5015, 5016, 5026, 5027, 5028, 5029, 5030, 5031, 5032, 5033, 5034, 5035, 5036, 5037, 5038, 5039, 5040, 5041, 5042, 5100, 5101, 5102, 5103, 5104, 5105, 5106, 5107, 5181, 5182, 5183, 5184, 5185, 5186, 5187, 5212, 5213, 5214, 5215, 5216, 5217, 5218, 5230, 5231, 5232, 5233, 5234 for a total of 52 holes. Rig up Western Co. and Slickwater Fracture the Gallup Formation as follows:

5,000 gal pad
70,000 gal w/ 1 ppg 20-40 sand
3,486 gal flush

Total fluid: 78,486 gals slick water w/ 190# FR-2 and 79 gals Aquaflo.

Total sand: 70,000# 20-40 mesh

Treating Pressures: Max 2800 psi, Min 1200 psi, Ave 1600 psi
ISDP \pm 900 psi, 10 min. shut in pressure 700 psi
Ave Injection Rate \pm 48 BPM

Well shut in till Aug. 17, 1981.

8-17-81 Opened well up. Well dead. T.I.H. w/ tbg. and seat nipple. Tag sand at 5980' RKB. Rig up pump and pit to clean out sand. Pumped \pm 60 bbls of water till circulation was established. Circulated large amounts of green oil. Wait on water truck. Unable to get pump started. Shut down for repairs.

8-18-81 Repair pump. Circulate sand from well bore. Unable to gain full circulation. Wait on water truck. Continue circulating sand from 5980' to 6185' RKB. Pumped approx. 275 bbls of water into Gallup formation while circulating sand from well bore.

Ran 186 jts. of 2-3/8", 4.7#, J-55, 8 Rd, EUE tubing. T.E. ~6141.97' set at 6151' RKB. Nipple down B.O.P. and flange up wellhead. Well was dead but left open to pit over night.

8-19-81 Well dead. Casing pressure TSTM. Swabbed well for 9 hrs. Lowered fluid level to 1500'. Shows of oil and gas with each run. Gas shows getting stronger with each run. Shut well in over night.

DUGAN PRODUCTION CORP.

July Jubilee #1

Page 5

8-20-81 Shut-in pressure 250 psi equalized. Opened well to pit thru tubing. Flowed for about 20 minutes. Swabbed well for 4 hours. Shows of oil and gas w/ each run. Well would flow gas for approx. 30-45 secs. after the last 5 swab runs.

Release rig at 1:30 p.m. Rig down.

8-21-81 Move in and rig up Action Well Service Rig #9.

Csg. 375 psi, tbg. 400 psi
Opened well up; flowed oil and water for approx. 15-20 mins.
Made 28 swab runs, recovered ±112 bbls of oil and water.
Fluid level stayed at 1300' all day. Shut well in w/ 350 psi csg. pressure.

8-22-81 Csg. 450 psi, tbg. 400 psi. Opened well up. Flowed oil and water for approx. 15 mins. Made 40 swab runs. Recovered ±160 bbls of oil and water. Fluid level rose from 1300' to 900' during day. Shut well in w/ 500 psi csg. pressure.

8-27-81 Set 300 bbl. tank and 3 phase high pressure production unit.
S.I. Tbg. 900 psi; Csg. 900 psi.
Open well. Flowed 10 bbls oil - died. Shut well in.

8-28-81 Flowed well 1 hr. - died. Made 9 bbls oil, 5 bbls water.
Equalized tubing. and csg. Shut well in.

8-29-81 Open well - prod. 5 bbls oil. Shut well in.

8-30-81 Shut in

8-31-81 Open well. Flowed 17 bbls oil, 10 bbls frac water.

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

(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 J.M. 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 2210 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.

- CASE 7384:** Application of Morris P. 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 30 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-Pictures 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 "JH" 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 Supran 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 447 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 Permian 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

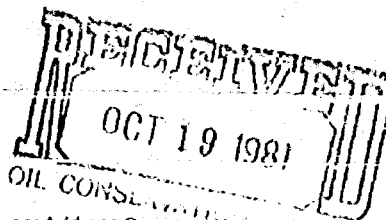
22 South, 21 and 22 East,

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

Tenneco Oil
Exploration and Production
A Tenneco Company

Rocky Mountain Division

P.O. Box 3249
Englewood, Colorado 80155
(303) 740-4800



Delivery Address
6061 South Willow Drive
Englewood, Colorado

October 14, 1981

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

Re: Dugan Production Corporation
Application for Downhole Commingling
July Jubilee #1 Well (Undesignated
Gallup Pool and Basin Dakota Pool)
San Juan County, New Mexico

Dear Mr. Ramey,

We received a letter from Dugan Production Corporation concerning their application for downhole commingling of the Gallup and Dakota formations in the above captioned July Jubilee #1. Tenneco, as an offset leaseholder, has no objection to the downhole commingling as stated in the application to the Oil Conservation Division.

Sincerely,

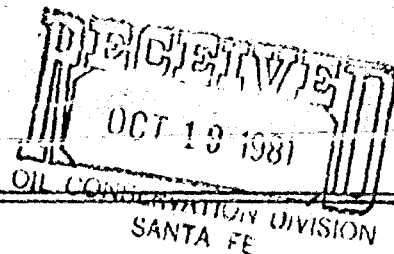
TENNECO OIL COMPANY

Harry F. Hufft
Division Production Manager

HFH/tkp

cc: Dugan Production Corporation

dugan production corp.



October 7, 1981

Tenneco Oil Company
P.O. Box 3249
Englewood, CO 80155

Re: Application for Downhole Commingling
July Jubilee #1 Well
San Juan County, New Mexico

Gentlemen:

Enclosed please find the following items with regard to the above referenced matter:

1. Application of Dugan Production Corp. for Downhole Commingling of the July Jubilee #1 Well in San Juan County, New Mexico, and
2. A copy of the cover letter to Joe D. Ramey, Division Director, New Mexico Oil Conservation Division.

Please contact me should you have any questions.

Sincerely,

Tommy Roberts

Tommy Roberts
Landman

nw

enc.

dp

dugan production corp.

RECEIVED
OCT 08 1981

OIL CONSERVATION DIVISION
SANTA FE

October 7, 1981

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

Case 7377

Re: Application for Downhole Commingling
July Jubilee #1 Well (Undesignated Gallup
Pool and Basin Dakota Pool)
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.

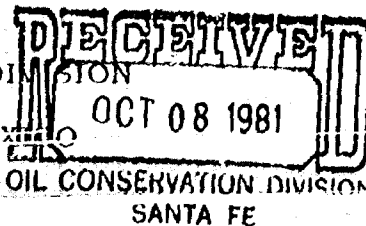
cc: Southern Union Exploration
Company of Texas
Texas Federal Bldg, Suite 400
1217 Main Street
Dallas, TX 75202

Tenneco Oil Company
P.O. Box 3249
Englewood, CO 80155

Questa Petroleum, Inc.
Box 451
Albuquerque, NM 87103

OIL CONSERVATION DIVISION

STATE OF NEW MEXICO



IN THE Matter of the Application of
Dugan Production Corp. for Downhole
Commingling of the July Jubilee #1 Well
in San Juan County, New Mexico

SANTA FE

Case 7377

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, Tommy Roberts, hereby makes application for approval of downhole commingling in the well bore of the July Jubilee #1 Well in San Juan County, New Mexico.

The Applicant further states:

1. The Operator of the July Jubilee #1 Well is the Applicant, Dugan Production Corp., whose address is P.O. Box 208, Farmington, NM 87401.

2. The July Jubilee #1 Well is located on Federal Oil and Gas Lease Serial No. NM 24661 insofar as said lease covers the following described lands:

Township 24 North, Range 9 West, NMPM
Section 30: NE/4 (Undesignated Gallup Pool)
Section 30: NE/4 (Basin Dakota Pool)

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

Township 24 North, Range 9 West, NMPM
Section 30: Unit Letter G
San Juan County, New Mexico

4. The July Jubilee #1 Well is not currently dually completed in the Undesignated Gallup Pool and the Basin Dakota Pool.

5. The July Jubilee #1 Well is capable of only low marginal production from the Undesignated Gallup Pool, and is capable of only low marginal production from the Basin Dakota Pool.

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

7. The proposed commingling from the above Pools will result in recovery of additional hydrocarbons, the prevention of waste and the protection of correlative rights.

8. 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 mailed a copy of this Application.

WHEREFORE, the Applicant requests this Application be set for hearing on October 21, 1981, and that after said hearing the New Mexico Oil Conservation Division grant this Application by giving approval to the downhole commingling of the July Jubilee #1 Well in San Juan County, New Mexico.

Respectfully submitted,

Tommy Roberts

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

JULY JUBILEE #1 WELL

Application For Approval of Downhole Commingling
Dugan Production Corp.

OFFSET LEASES AND OPERATORS

1. USA NM 24661

Township 24 North, Range 9 West, NMPM

Sec. 19: SE/4

Sec. 29: W/2

San Juan County, New Mexico

OPERATOR: Southern Union Exploration
Company of Texas
Texas Federal Building, Suite 400
1217 Main Street
Dallas, TX 75202

2. USA NM 10755

Township 24 North, Range 9 West, NMPM

Sec. 20: SW/4

San Juan County, New Mexico

OPERATOR: Dugan Production Corp.
P.O. Box 208
Farmington, NM 87401

3. USA NM 4958

Township 24 North, Range 9 West, NMPM

Sec. 19: SW/4

Sec. 31: NE/4

San Juan County, New Mexico

OPERATOR: Dugan Production Corp.
P.O. Box 208
Farmington, NM 87401

4. State of New Mexico E-4912-20

Township 24 North, Range 9 West, NMPM

Sec. 32: W/2 NW/4

San Juan County, New Mexico

OPERATOR: Tenneco Oil Company
P.O. Box 3249
Englewood, CO 80155

5. State of New Mexico LG-5685

Township 24 North Range 9 West, NMPM

Sec. 32: E/2 NW/4

San Juan County, New Mexico

OPERATOR: Questa Petroleum, Inc.
Box 451
Albuquerque, NM 87103

6. Unleased Federal Lands

Township 24 North, Range 9 West

Sec. 31: NW/4

San Juan County, New Mexico

OPERATOR: Unleased Federal Lands

September 23
Memo

October 21
From

FLORENE DAVIDSON
ADMINISTRATIVE SECRETARY

To Called in by Tommy Roberts
on August 21, 1981

Hugan Production Corporation
Whorlhole Commingling
Undesignated Gallup and
Basin - Dakota

July Jubilee #1-G
30-24N-9W

San Juan County

BEST AVAILABLE COPY

dr/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

UNAVAILABLE COPY

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

CASE NO. 7377

Order No. R-6826

APPLICATION OF DUGAN PRODUCTION CORPORATION
FOR DOWNHOLE COMINGLING, 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, 19 81, 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, is
the owner and operator of the July Jubilee Well No. 1,
located in Unit G of Section 30, Township 24 North,
Range 9 West, NMPM, San Juan County, New Mexico.

(3) That the applicant seeks authority to commingle
Undesignated Gallup and Basin-Dakota production
within the wellbore of the above-described well.

(4) That from the Undesignated Gallup zone, the subject well is ^{expected to be} capable of low marginal production only.

(5) That from the Basin Dakota zone, the subject well is ^{expected to be} capable of low marginal production only.

(6) That the proposed commingling may result in the recovery of additional hydrocarbons from each of the subject pools, thereby preventing waste, and will not violate correlative rights.

(7) That the reservoir characteristics of each of the subject zones are such that underground waste would not be caused by the proposed commingling provided that the well is not shut-in for an extended period.

(8) That to afford the Division the opportunity to assess the potential for waste and to expeditiously order appropriate remedial action, the operator should notify the Aztec district office of the Division any time the subject well is shut-in for 7 consecutive days.

(9) That in order to allocate the commingled production to each of the commingled zones in the subject well, ^{20 percent and 10 percent} percent of the commingled oil and gas production, ^{respectively,} should be allocated to the Undesignated Gallup zone, and ^{10 percent and 20 percent} percent of the commingled oil and gas production, ^{respectively,} to the Basin-Dakota zone.

(ALTERNATE)

(9) That in order to allocate the commingled production to each of the commingled zones in the wells, applicant should consult with the supervisor of the Aztec district office of the Division and determine an allocation formula for each of the production zones.

IT IS THEREFORE ORDERED:

BEST AVAILABLE COPY

(1) That the applicant, Dugan Production Corporation, is hereby authorized to commingle Undesignated Gallup and Basin-Dakota production within the wellbore of the July Jubilee Well No. 1, located in Unit G of Section 30, Township 24 North, Range 9 West, NMPM, San Juan County, New Mexico.

(2) That the applicant shall consult with the Supervisor of the Aztec district office of the Division and determine an allocation formula for the allocation of production to each zone in each of the subject wells.

(ALTERNATE)

gas (2) That 90 percent and 10 percent of the commingled oil and gas production, *respectively*, shall be allocated to the Undesignated Gallup zone and 10 percent and 90 percent of the commingled oil and production, *respectively*, shall be allocated to the Basin-Dakota zone.

(3) That the operator of the subject well shall immediately notify the Division's Aztec district office any time the well has been shut-in for 7 consecutive days and shall concurrently present, to the Division, a plan for remedial action.

(4) 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.