

CASE 3755: Application of DUGAN  
PRODUCTION CORP. for creation of  
oil pool and special pool rules.

Case Number

3755

Application

Transcripts.

Small Exhibits

ETC.

GOVERNOR  
DAVID F. CARGO  
CHAIRMAN

State of New Mexico  
Oil Conservation Commission



LAND COMMISSIONER  
GUYTON B. HAYS  
MEMBER

P. O. BOX 2088  
SANTA FE

STATE GEOLOGIST  
A. L. PORTER, JR.  
SECRETARY - DIRECTOR

April 29, 1968

Mr. Thomas A. Dugan  
Dugan Production Corporation  
Post Office Box 234  
Farmington, New Mexico

Re: Case No. 3755  
Order No. R-3408  
Applicant:  
Dugan Production Corp.

Dear Sir:

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

Very truly yours,

*A. L. Porter, Jr.*  
A. L. PORTER, Jr.  
Secretary-Director

ALP/ir

Carbon copy of order also sent to:

Hobbs OCC   X  

Artesia OCC       

Aztec OCC   X  

Other \_\_\_\_\_

Post Office Box 234  
Zip Code 87401

# DUGAN PRODUCTION CORP.

THOMAS A. DUGAN, President  
709 BLOOMFIELD RD.  
FARMINGTON, NEW MEXICO  
March 18, 1968

Area Code 505

Page 375.5

Mr. A. L. Porter  
Oil Conservation Commission  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Dear Mr. Porter:

We are requesting the New Mexico Oil Conservation Commission to establish a new Dakota oil pool called the North Shiprock Dakota Oil Pool, to cover the NE/4 of Section 14, San Juan County, New Mexico, with the following provisions:

1. Each well shall be located on a 2 1/2 acre tract.
2. Each well shall be located no nearer than 165' to the outer boundary of the quarter-quarter section on which it is located and no nearer than 200' to any other well producing from the same pool.
3. A 40-acre proration unit shall not produce in excess of the 40-acre top unit allowable for wells in the 0-5000' depth range in north-west New Mexico, regardless of the number of wells in the unit.
4. Each well completed or recompleted in the North Shiprock Dakota Oil Pool, or the Dakota formation within 1 mile thereof, shall be spaced, drilled, operated and produced in accordance with the special rules and regulations hereinafter set forth.

The Shiprock #1 in the NE/4 NE/4 Section 14, T 30 N, R 18 W, San Juan County, New Mexico is producing from the Dakota formation.

Sincerely,

*Thomas A. Dugan*  
Thomas A. Dugan

SC.

cc: NMOCC - Aztec

*Similar Rules  
to Salt Creek Dak Oil Pool.*

MAR 19 AM 9 50

COPIES MAILED

Date 4-10-68

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

1120 SIMMS BLDG. • P. O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
April 24, 1968  
EXAMINER HEARING

IN THE MATTER OF:

Application of Dugan Production  
Corporation for the creation of  
an oil pool and for special pool  
rules, San Juan County, New Mexico.)

Case 3755

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

MR. NUTTER: We'll call next Case 3755.

MR. HATCH: Case 3755. Application of Dugan Production Corporation for the creation for an oil pool and for special pool rules, San Juan County, New Mexico.

MR. DUGAN: I am Thomas A. Dugan, Farmington, New Mexico, asking for two and a half acre spacing in a new Dakota pool to be called the North Shiprock Dakota Oil Pool.

MR. NUTTER: Would you stand and be sworn?

(Witness sworn)

MR. NUTTER: Please proceed, Mr. Dugan.

MR. DUGAN: We would like to have this Dakota pool established with similar rules to the Salt Creek Dakota pool and there is presently one well that's producing in the northeast quarter of Section 14, Township 30 North, Range 18, West, San Juan County, New Mexico and it's producing approximately a barrel and a half a day, and that's what we are asking for.

MR. HATCH: Do you have an exhibit there for the Examiner?

A I have a base map. Acreage in red is acreage that we hold, so we hold all the offset acreage around the proposed pool.

MR. NUTTER: It appears that here in Section 14 there are some gas wells, is that correct?

MR. DUGAN: Yes, there are some gas wells producing from the Gallup formation.

MR. NUTTER: Are those shallow wells?

MR. DUGAN: Yes, they are approximately 380 feet deep.

MR. NUTTER: About 380 feet to the Gallup?

MR. DUGAN: The Dakota formation is approximately 1,000 feet deep at this point.

MR. NUTTER: Now, where is this Salt Creek Dakota Oil Pool, Mr. Dugan?

MR. DUGAN: We are proposing the northeast quarter of Section 14.

MR. NUTTER: No, you said you sought similar rules to the Salt Creek.

MR. DUGAN: Oh, excuse me. It's in Section 4 and 5 of Township 30 North, Range 17 West.

MR. NUTTER: In other words, it's this pool that's about four miles northeast of the subject area?

MR. DUGAN: Right.

MR. NUTTER: And that's a Dakota pool?

MR. DUGAN: Yes, sir.

MR. NUTTER: What depth does it produce from?

MR. DUGAN: Approximately 1,000 feet.

MR. NUTTER: Are the wells here similar to the wells up in this other area?

MR. DUGAN: Yes, sir.

MR. NUTTER: And productivity approximately the same?

MR. DUGAN: Salt Creek is making a little more oil at present.

MR. NUTTER: You do propose to drill other wells in the event that the Commission approves this two and a half acre spacing for the North Shiprock Dakota Pool?

MR. DUGAN: Yes, the North Shiprock area is also complicated by tillable agriculture land where it's difficult, in some cases, to find a location for wells under the present spacing pattern.

MR. NUTTER: In other words, this is cultivated farm land?

MR. DUGAN: Yes, the North Shiprock area is.

MR. NUTTER: Now, the Salt Creek Dakota Pool rules provide that a well would not be located closer than 165 feet to the outer boundary of the 40.



MR. DUGAN: That's correct.

MR. NUTTER: And no nearer than 200 feet to another well in the pool?

MR. DUGAN: Yes, sir.

MR. NUTTER: And you propose that those rules would be promulgated for this proposed pool?

MR. DUGAN: That's what we desire.

MR. NUTTER: With the limitation of a single 40-acre allowable to any 40-acre tract?

MR. DUGAN: Yes, sir.

MR. NUTTER: Do you have any questions?

MR. HATCH: You might ask him if he's representing himself.

MR. NUTTER: You are representing yourself at this hearing, is that correct, on behalf of Dugan?

MR. DUGAN: Yes, sir.

MR. NUTTER: As an owner and president of Dugan Production Corporation.

MR. DUGAN: Yes, sir.

MR. NUTTER: Does anyone have any questions of Mr. Dugan? Do you have anything further?

MR. DUGAN: No, sir.

MR. NUTTER: Did you want to offer this as an

exhibit?

MR. DUGAN: Yes, sir.

MR. NUTTER: This will be identified then  
as Exhibit No. 1 in this case.

(Whereupon, Exhibit 1 was  
marked for identification)

MR. NUTTER: Exhibit No. 1 in Case 3755 will  
be admitted in evidence.

(Whereupon, Exhibit 1 was  
offered and admitted in  
evidence.)

MR. NUTTER: Does anyone have anything they  
wish to offer in Case 3755? The case will be taken  
under advisement and the hearing is adjourned.

STATE OF NEW MEXICO     )  
                                       ) ss  
 COUNTY OF BERNALILLO    )

I, KAY EMBREE, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me; and that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

Witness my Hand and Seal this 1st day of May, 1968.

Kay Embree  
 NOTARY PUBLIC

My Commission Expires:

November 19, 1971

I do hereby certify that the foregoing is a complete record of the proceedings in the Bernalillo Hearing of Case No. 2755 heard by me on 4/29, 1968.

James Chairman  
 New Mexico Oil Conservation Commission

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE No. 3755  
Order No. R-3408  
NOMENCLATURE

APPLICATION OF DUGAN PRODUCTION  
CORPORATION FOR THE CREATION OF  
AN OIL POOL AND FOR SPECIAL POOL  
RULES, SAN JUAN COUNTY, NEW  
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on April 24, 1968,  
at Santa Fe, New Mexico, before Examiner Daniel S. Mutter.

NOW, on this 29th day of April, 1968, the Commission, a  
quorum being present, 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 Commission has jurisdiction of this cause and the subject  
matter thereof.

(2) That the applicant, Dugan Production Corporation, seeks  
the creation of a new oil pool for Dakota production in San Juan  
County, New Mexico, and the establishment of special pool rules  
therefor providing for development on 2 1/2-acre spacing with a  
provision that each 40-acre tract be subject to a single North-  
west New Mexico normal unit allowable.

(3) That the Thomas A. Dugan Shiprock Well No. 1, located  
in Unit B of Section 14, Township 30 North, Range 10 West, NMMN,  
San Juan County, New Mexico, has discovered a separate common  
source of supply which should be designated the North Shiprock-  
Dakota Oil Pool; that the vertical limits of said pool should be

-2-

CASE No. 3755  
Order No. R-3408

Dakota formation, and that the horizontal limits of said pool should be the NE/4 of said Section 14.

(4) That adoption of the proposed special rules and regulations will prevent waste and protect correlative rights, provided a 40-acre proration unit does not receive more than a 40-acre top unit allowable for wells in the 0-5000 foot depth range in Northwest New Mexico, regardless of the number of wells on the 40-acre unit.

IT IS THEREFORE ORDERED:

(1) That a new pool in San Juan County, New Mexico, classified as an oil pool for Dakota production, is hereby created and designated the North Shiprock-Dakota Oil Pool, with vertical limits comprising the Dakota formation, and horizontal limits comprising the NE/4 of Section 14, Township 30 North, Range 18 West, NMPM, San Juan County, New Mexico.

(2) That Special Rules and Regulations for the North Shiprock-Dakota Oil Pool, San Juan County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS  
FOR THE  
NORTH SHIPROCK-DAKOTA OIL POOL

RULE 1. Each well completed or recompleted in the North Shiprock Dakota Oil Pool or in the Dakota formation within one mile thereof, and not nearer to or within the limits of another designated Dakota oil pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well shall be located on a 2 1/2-acre tract and shall be located no nearer than 165 feet to the outer boundary of the quarter-quarter section on which it is located and no nearer than 200 feet to any other well producing from the same pool.

RULE 3. The Secretary-Director of the Commission shall have authority to grant exceptions to Rule 2 without notice and hearing where an application therefor has been filed in due form and the necessity for the exception is based on topographical conditions.

-3-

CASE No. 3755

Order No. R-3408

All operators owning acreage within 330 feet of the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all operators owning acreage within 330 feet of the proposed location or if no such operator has entered an objection to the unorthodox location within 20 days after the Secretary-Director has received the application.

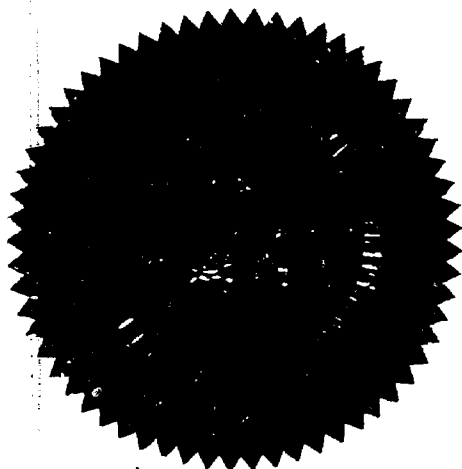
RULE 4. A 40-acre proration unit shall not produce in excess of the 40-acre top unit allowable for wells in the 0-5000 foot depth range in Northwest New Mexico, regardless of the number of wells on the unit.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the North Shiprock-Dakota Oil Pool or in the Dakota formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Aztec District Office of the Commission in writing of the name and location of the well on or before May 15, 1968.

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

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



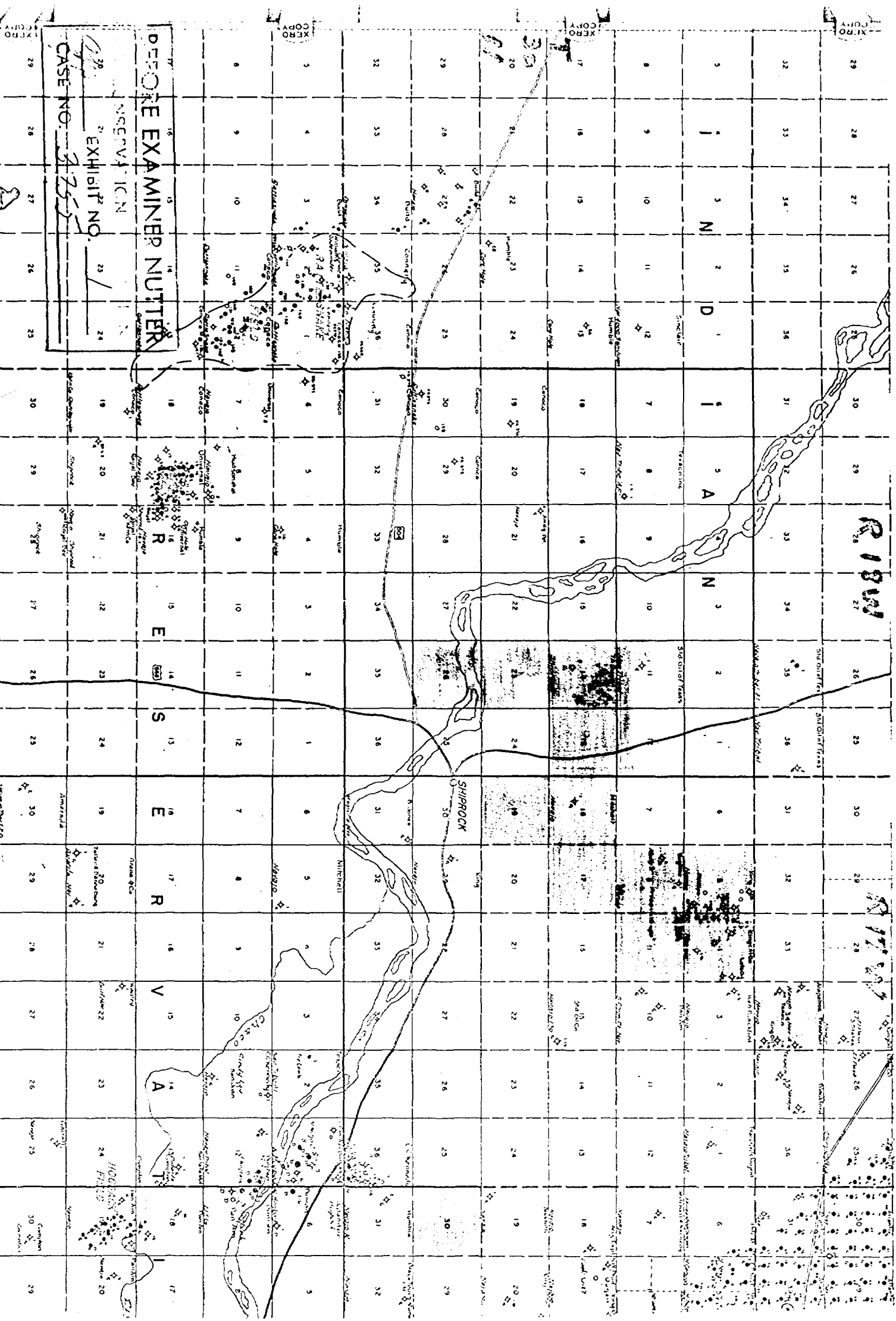
STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

DAVID E. CARO, Chairman

GUYTON B. HAYS, Member

A. L. FORGER, Jr., Member & Secretary

esr/



DEFORE EXAMINER NUTTER  
CASE NO. 3752  
EXHIBIT NO. 23

RIVER

SHIPROCK

A

T

I

17

20

29

32

31

30

29

28

27

26

25

24

23

22

21

20

19

18

17

16

15

14

13

12

11

10

9

8

7

6

5

4

3

2

1

0

-1

-2

-3

-4

-5

-6

-7

-8

-9

-10

-11

-12

-13

-14

-15

-16

-17

-18

-19

-20

-21

-22

-23

-24

-25

-26

-27

-28

-29

-30

-31

-32

-33

-34

-35

-36

-37

-38

-39

-40

-41

-42

-43

-44

-45

-46

-47

-48

-49

-50

-51

-52

-53

-54

-55

-56

-57

-58

-59

-60

-61

-62

-63

-64

-65

-66

-67

-68

-69

-70

-71

-72

-73

-74

-75

-76

-77

-78

-79

-80

-81

-82

-83

-84

-85

-86

-87

-88

-89

-90

-91

-92

-93

-94

-95

-96

-97

-98

-99

-100

-101

-102

-103

-104

-105

-106

-107

-108

-109

-110

-111

-112

-113

-114

-115

-116

-117

-118

-119

-120

-121

-122

-123

-124

-125

-126

-127

-128

-129

-130

-131

-132

-133

-134

-135

-136

-137

-138

-139

-140

-141

-142

-143

-144

-145

-146

-147

-148

-149

-150

-151

-152

-153

-154

-155

-156

-157

-158

-159

-160

-161

-162

-163

-164

-165

-166

-167

-168

-169

-170

-171

-172

-173

-174

-175

-176

-177

-178

-179

-180

-181

-182

-183

-184

-185

-186

-187

-188

-189

-190

-191

-192

-193

-194

-195

-196

-197

-198

-199

-200

-201

-202

-203

-204

-205

-206

-207

-208

-209

-210

-211

-212

-213

-214

-215

-216

-217

-218

-219

-220

-221

-222

-223

-224

-225

-226

-227

-228

-229

-230

-231

-232

-233

-234

-235

-236

-237

-238

-239

-240

-241

-242

-243

-244

-245

-246

-247

-248

-249

-250

-251

-252

-253

-254

-255

-256

-257

-258

-259

-260

-261

-262

-263

-264

-265

-266

-267

-268

-269

-270

-271

-272

-273

-274

-275

-276