

dugan production corp.

RECEIVED
DIVISION
91 JAN 30 AM 9 28

January 28, 1991

New Mexico Oil Conservation
P.O. Box 2088
Santa Fe, N.M. 87504-2088

Re: Application to Down Hole Commingle Basin Dakota and Otero
Gallup at Jicarilla Otero No. 1, K-21-24N-5W

Gentlemen:

Dugan Production Corporation, P.O. Box 420, Farmington, N.M. 87499, asks for administrative approval to down hole commingle the Otero Gallup and Basin Dakota intervals in the following well:

Jicarilla Otero No. 1
1760' FSL & 1750' FWL
Section 21-Township 24N-Range 5W
Rio Arriba County
Lease No. Jicarilla Contract 12

*Gallup 5400-5860
Dakota 6748-6805*

A plat showing acreage dedicated to the well and ownership of offsetting leases is attached.

The Dakota interval was plugged in 1986 because the previous operator felt it was uneconomical. Production at the time of abandonment was approximately 434 mcfm with a small amount of condensate. Since the interval is shut in, no C-116 can be presented. A production curve for Dakota production prior to shut-in is attached. It is felt that opening this interval again would result in 1,000 MCF/mo. additional gas production.

The Gallup interval was completed in 1986, after the Dakota had been plugged back. During 1990, the Gallup was produced at an average of 91 bopm and 334 mcfm. The most recent C-116 and a production curve are attached.

Bottom hole pressure for the Dakota is 609 psi and the Gallup is 514 psi. The Dakota pressure was measured from the surface pressure at last shut-in and projected to mid-perforation using gas with no liquids in the well bore. The Gallup pressure was projected to mid-perforation using shut-in surface pressure and fluid level measurement.

Liquids from both zones are compatible. Oil gravity from the Dakota is measured at 45.6° API and from the Gallup 40.5° API. Water samples from both zones show similar characteristics. The Commission has approved down hole commingling of these zones in Conoco's N.E Haynes No.4, E-21-24N-5W, case 5775, order no. R-5205-A..

Opening the Dakota will allow additional production. The value of the combined stream will then be greater than the Gallup alone.

Allocation of production is recommended as follow:

Formation:	Oil:	Gas:
Gallup.....	95%	25%
Dakota.....	5%	75%

Allocation is based on monthly production from the Dakota of 1,000 mcf gas and 5 bbls. condensate, and from the Gallup of 340 mcf gas and 90 bbls. oil.

All offset operators have been notified of this application by certified mail.

Sincerely,


John Alexander
Operations Manager

TOWNSHIP PLAT

Scale: 1 inch = 1 mile

Printed in U.S.A.

TOWNSHIP 24N RANGE 5W COUNTY Rio Arriba STATE N.M

Jicarilla Otero No. 1

1760' FSL & 1750' FWL

21-24N-5W

COMPANY

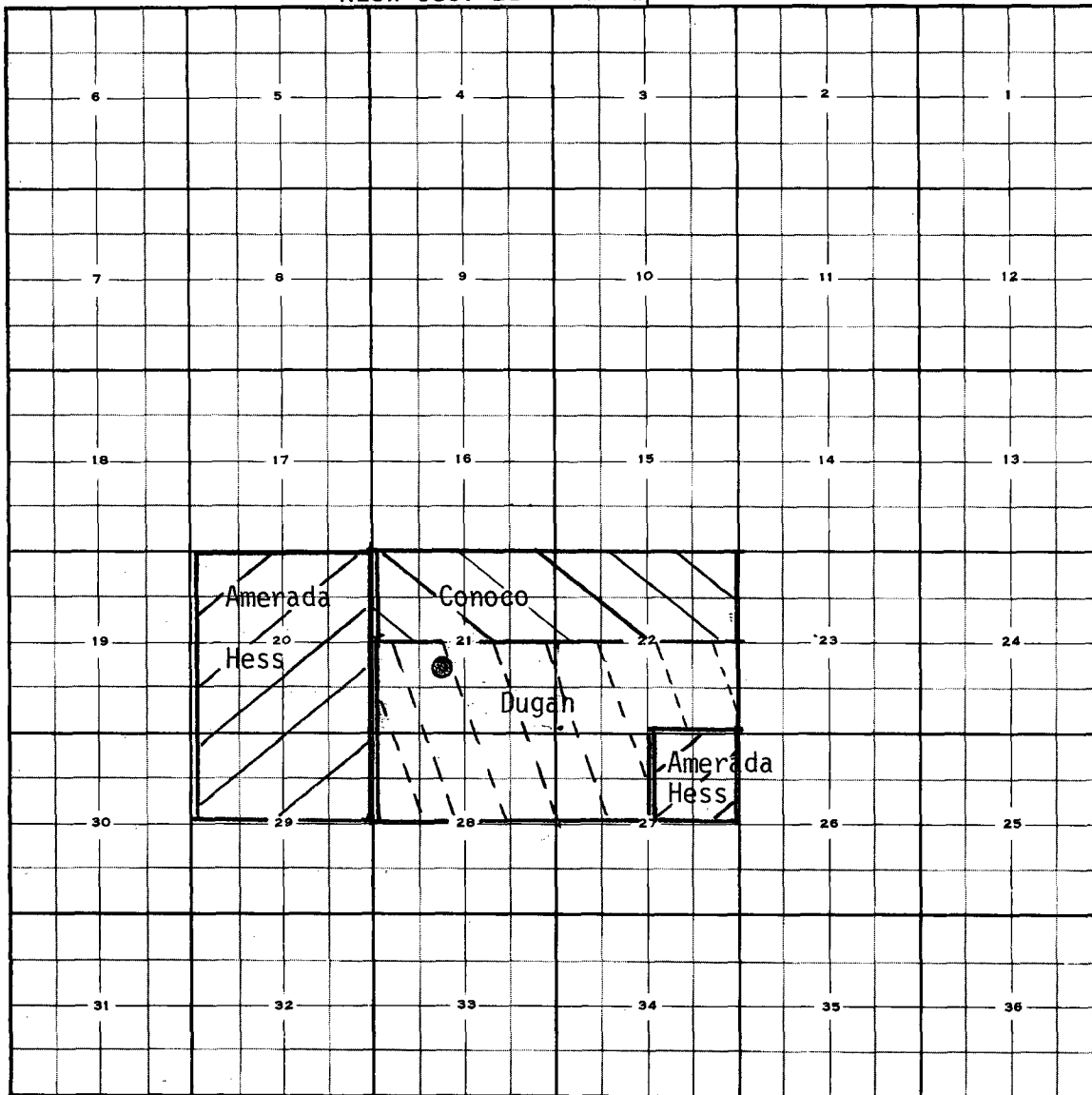
Offset Operators

Application to Down Hole Commingle

Otero Gallup and Basin Dakota

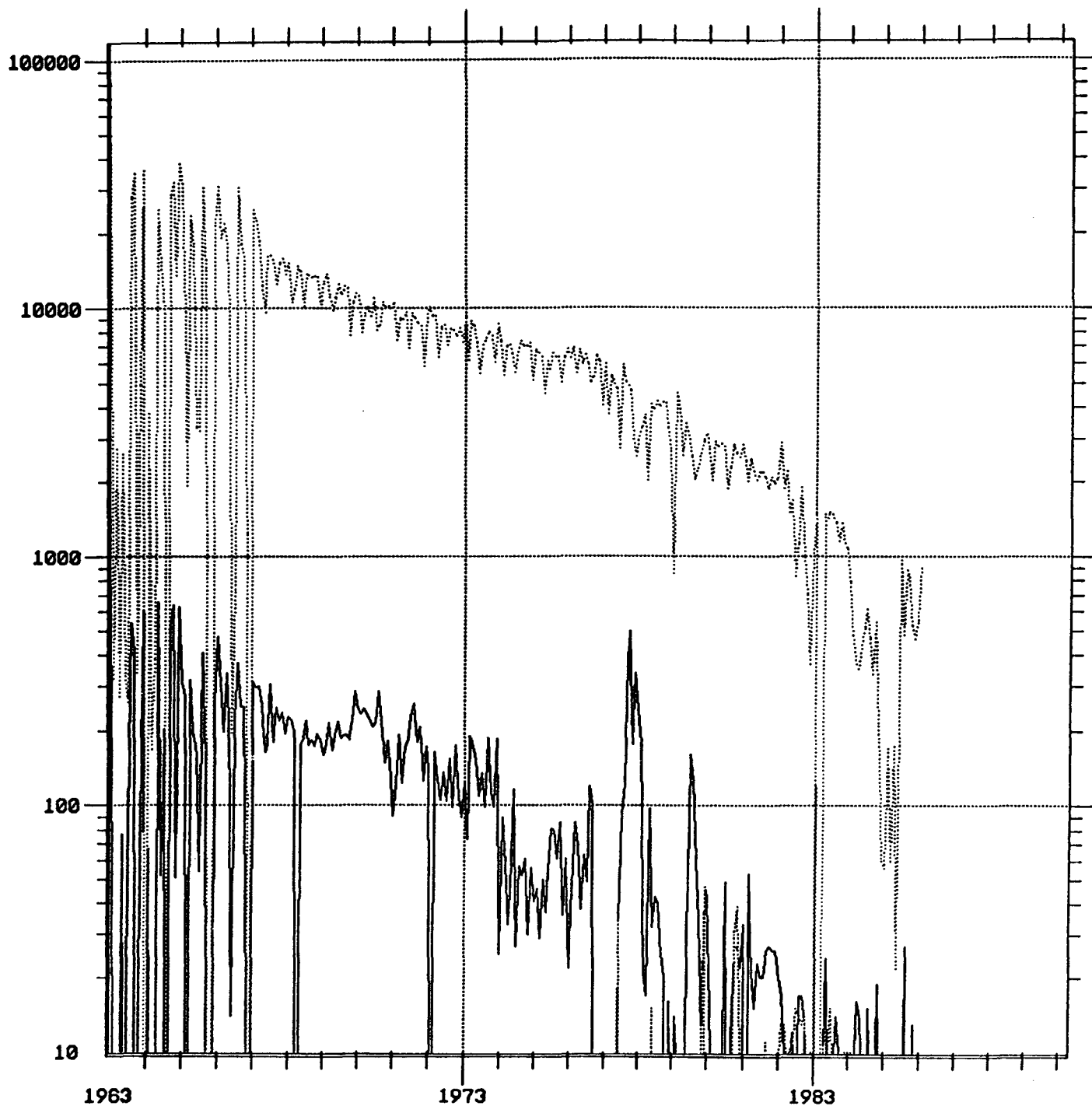
Acres dedicated to well: S/2 Sec. 21 - Dakota
NESW Sec. 21 - Gallup

DUGAN PRODUCTION CORPORATION



Jicarilla Otero Lease Evaluation
Production Rate vs Time
BBl/Mo or Mcf/Mo vs Months
Jicarilla Otero #1 Basin Dakota
For the Period 01/1963 to 12/1987

Production
Oil ———
Gas
Water

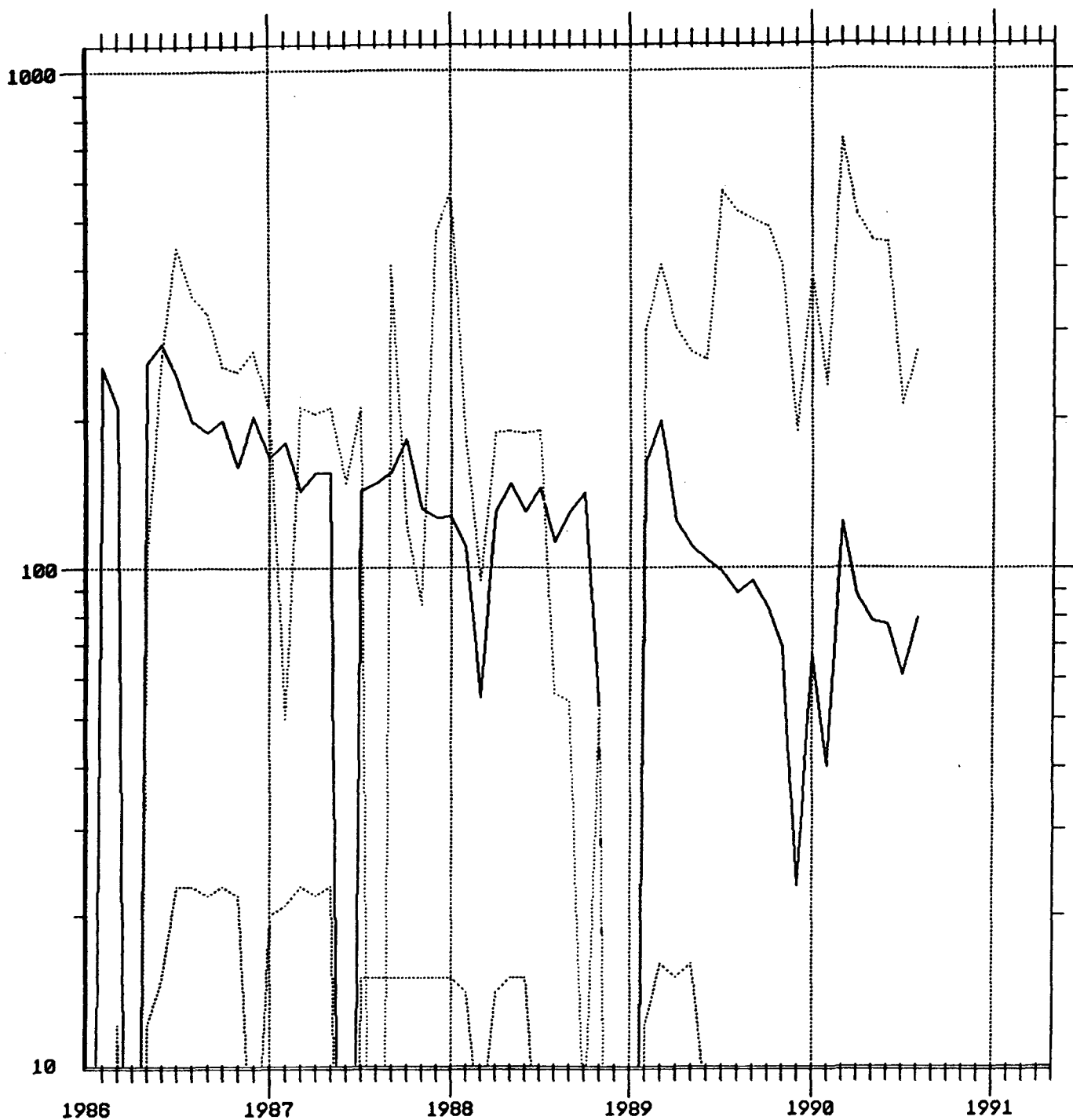


K Sec. 21, T24N, R5W
Rio Arriba County
New Mexico

Operated by Dugan Production Corp.

Jicarilla Otero Lease Evaluation
 Production Rate vs Time
 BBL/Mo or Mcf/Mo vs Months
 Jicarilla Otero No. 1 Otero Gallup
 For the Period 01/1988 to 12/1990

Production
 Oil ———
 Gas
 Water



K Sec. 21, T24N, R5W
 Rio Arriba County
 New Mexico

Operated by Dugan Production Corp.

Form C-116
Revised 1/1/89

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

GAS - OIL RATIO TEST

Instructions:

During gas-oil ratio test, each well shall be produced at a rate not exceeding the top unit allowable for the pool in which well is located by more than 25 percent. Operator is encouraged to take advantage of this 25 percent tolerance in order that well can be assigned increased allowables when authorized by the Division.

Gas volumes must be reported in MCF measured at a pressure base of 15,025 psia and a temperature of 60 F. Specific gravity has will be 0.60.

Report casing pressure in lieu of tubing pressure for any well producing through casing.

(See Rule 301, Rule 1116 & appropriate pool rules.)

I hereby certify that the above information is true and complete to the best of my knowledge and belief.

Signature _____

LeAnna Farley-Production Report Supervisor

Printed name and title

07-09-90

(505) 325-1821

Date _____

Telephone No. _____



STATE OF NEW MEXICO
ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE

OIL CONSERVATION DIVISION
RECEIVED
91 MAR 28 AM 9 05

1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-6178

Date: 3/26/91

Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87504-2088

RE: Proposed MC _____
Proposed NSL _____
Proposed WFX _____
Proposed NSP _____

Proposed DHC X _____
Proposed SWD _____
Proposed PMX _____
Proposed DD _____

Gentlemen:

I have examined the application received on 3/26/91
for the D. Ryan OPERATOR Jicall Otero #1 LEASE & WELL NO.

1C-21-24N-5W and my recommendations are as follows:
UL-S-T-R

Approve

Yours truly,

J. J. G.