

OIL CONSERVATION DIVISION

STATE OF NEW MEXICO

IN THE Matter of the Application of
Jerome P. McHugh for Downhole
Commingling of the Wright Way #1 Well
in San Juan County, New Mexico

Case 7968

APPLICATION

Pursuant to Rule 303 C of the Rules and Regulations of the State of New Mexico Oil Conservation Division, The Applicant, Jerome P. McHugh, by and through its attorney, Tommy Roberts, hereby submits its application for approval of downhole commingling in the well bore of the Wright Way #1 Well in Rio Arriba County, New Mexico.

The Applicant further states:

1. The Operator of the Wright Way #1 Well will be the Applicant, Jerome P. McHugh, whose address is P.O. Box 208, Farmington, NM 87499.
2. The Wright Way #1 Well is situated on a fee lease at the following legal location:

Township 24 North, Range -2 West, NMPM
Section 2: Unit Letter C
950' FNL and 1680' FWL
Rio Arriba County, New Mexico

3. The following proration units are applicable to the oil/gas pools which are the subject of this application:

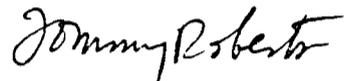
Township 24 North, Range 2 West, NMPM
Section 2: NE/4 NW/4 (Undesignated Gallup)
Section 2: N/2 (Basin Dakota)

4. The Wright Way #1 Well is not currently dually completed in the Undesignated Gallup Pool and the Basin Dakota Pool.
5. The Wright Way #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 not 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 Bureau of Land Management 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 September 28, 1983, and that after said hearing the New Mexico Oil Conservation Division grant this Application by giving approval to the downhole commingling of the E.T. #1 Well in Rio Arriba County, New Mexico.

Respectfully submitted,



Tommy Roberts
Attorney for Applicant
P.O. Box 208
Farmington, NM 87499

WRIGHT WAY #1 WELL

Application For Approval of Downhole Commingling
Jerome P. McHugh

OFFSET LEASES AND OPERATORS

1. FEE LEASE

Township 25 North, Range 2 West, NMPM
Section 34: SE/4
Rio Arriba County, New Mexico

OPERATOR: Jerome P. McHugh (75%)
650 S. Cherry St., #1225
Denver, CO 80222

E.A. Phillips (25%)
1200 Philtower Bldg.
Tulsa, OK 74103

2. USA NM 01385

Township 25 North, Range 2 West, NMPM
Section 35: NW/4 SW/4
Rio Arriba County, New Mexico

OPERATOR: El Paso Natural Gas Company (75%)
P.O. Box 1492
El Paso, TX 79978

Dugan Production Corp. (25%)
P.O. Box 208
Farmington, NM 87499

3. FEE LEASE

Township 25 North, Range 2 West, NMPM
Section 35: NE/4 SW/4, NW/4 SE/4
Rio Arriba County, New Mexico

OPERATOR: Southland Royalty Company (93%)
801 Cherry Str.
Ft. Worth, TX 76102

Jerome P. McHugh (7%)
650 S. Cherry St., #1225
Denver, CO 80222

4. USA NM 43760

Township 25 North, Range 2 West, NMPM
Section 35: NE/4 SE/4
Rio Arriba County, New Mexico

OPERATOR: Southland Royalty Company
801 Cherry Str.
Ft. Worth, TX 76102

5. USA SF 081296

Township 25 North, Range 2 West, NMPM
Section 35: S/2 SW/4
Rio Arriba County, New Mexico

OPERATOR: El Paso Natural Gas Company
P.O. Box 1492
El Paso, TX 79978

6. USA SF 079339

Township 25 North, Range 2 West, NMPM
Section 35: S/2 SE/4
Rio Arriba County, New Mexico

OPERATOR: El Paso Natural Gas Company
P.O. Box 1492
El Paso, TX 79978

OFFSET LEASES AND OPERATORS (Cont'd)

7. STATE OF NEW MEXICO LEASE LG-974
Township 25 North, Range 2 West, NMPM
Section 36: SW/4
Rio Arriba County, New Mexico

OPERATOR: Jerome P. McHugh
650 S. Cherry Str., Suite 1225
Denver, CO 80222

8. USA NM 43746
Township 24 North, Range 2 West, NMPM
Section 1: NW/4, N/2 SW/4
Rio Arriba County, New Mexico

OPERATOR: Northwest Exploration Company
P.O. Box 5800, Terminal Annex
Denver, CO 80217

9. FEE LEASE
Township 24 North, Range 2 West, NMPM
Section 1: S/2 SW/4
Rio Arriba County, New Mexico

OPERATOR: Jerome P. McHugh

10. USA NM 23032
Township 24 North, Range 2 West, NMPM
Section 2: SE/4
Rio Arriba County, New Mexico

OPERATOR: Jerome P. McHugh (50%)

Kenai Oil and Gas Inc. (50%)
One Barclay Plaza
1675 Larimer Str., Suite 500
Denver, CO 80202

11. FEE LEASE
Township 24 North, Range 2 West, NMPM
Section 2: SW/4
Section 3: SE/4, SE/4 NE/4
Rio Arriba County, New Mexico

OPERATOR: Jerome P. McHugh (50%)
Kenai Oil and Gas Inc. (50%)

12. USA NM 23033
Township 24 North, Range 2 West, NMPM
Section 3: N/2 NE/4, SW/4 NE/4
Rio Arriba County, New Mexico

OPERATOR: Jerome P. McHugh