STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION

APPLICATION OF DUGAN PRODUCTION CORP.
COMPULSORY POOLING AND DOWNHOLE
COMMINGLING, RIO ARRIBA, COUNTY, NEW MEXICO

CASE NO. 11897

APPLICATION OF DUGAN PRODUCTION CORP. CASE NO. 11899
FOR TWO NON-STANDARD GAS SPACING AND
PRORATION UNITS, RIO ARRIBA COUNTY, NEW MEXICO

CERTIFICATE OF MAILING AND COMPLIANCE WITH ORDER R-8054

STATE OF NEW MEXICO)

(COUNTY OF SANTA FE)

W. Thomas Kellahin, being first duly sworn, hereby certifies that he is an attorney for the Applicant and responsible for notification in this matter and that the notice provisions of Division Rule 1207 (Order R-8054) have been complied with, that Applicant has caused to be conducted a good faith diligent effort to find the correct addresses of all interested parties entitled to receive notice, that on December 18, 1997, he caused to be mailed by certified mail return-receipt requested the attached notice of this hearing and a copy of the first amended application for the above referenced case, at least twenty days prior to the hearing of this case set for January 8, 1998, to the parties shown in said application and as evidenced by the attached copies of return receipt cards and/or receipts of certified mailing, and that pursuant to Division Rule 1207, notice has been given at the correct addresses provided by such rule.

BEFORE THE
OIL CONSERVATION COMMISSION
Case No.11897 & 98 Exhibit No. + 8
Submitted By:
Dugan Production Corp.

Hearing Date: January 8, 1998

W. Thomas Kellahin

SUBSCRIBED AND SWORN to before me this 7th day of January, 1998, by W. Thomas Kellahin.

OFFICIAL SEAL

Lynda Kellahin, Notary Public

EXHIBIT A APPLICATION OF DUGAN PRODUCTION CORP. FOR COMPULSORY POOLING AND DOWNHOLE COMMINGLING, RIO ARRIBA COUNTY, NEW MEXICO

LEASEHOLD OWNERSHIP S/2, SECTION 14, TOWNSHIP 26 NORTH, RANGE 7 WEST, NMPM, RIO ARRIBA COUNTY, NEW MEXICO

Caulkins Oil Company.
Post Office Box 340
Bloomfield, New Mexico 87413
Attn: Bobby Verquer

Marathon Oil Company Post Office Box 552 Midland, Texas 79702 Attn: Steve Daniels

Louis-Dreyfus Natural Gas Corporation 14000 Quail Springs Parkway, Suite 600 Oklahoma City, Oklahoma 73134-2600 Attn: Rusty Waters

Dugan Production Corp.
Post Office Box 420
Farmington. New Mexico 87499
Attn: Dave Poage

APPLICATION Page 4

Caulkins Oil Company P.O. Box 340 Bloomfield, NM 87413 Attn: Bobby Verquer Received By: (Print Name) Signature: (Addressee or Agent) X 11 11 11 11 11 11 11 11 11 11 11 11 11	Dugan Production Corp. Com Case 11897 Card Affair January 8, 1997 12/18/97 Print Case 1897 Affair January 8, 1997 12/18/97 Print Case 1897	Dugan Production Corp. Case 11897 January 8, 1997 12/18/97 Article Addressed to: Chateau Oil & Gas Inc. P.O. Box 2038 Farmington, NM 87499-2038 5. Received By: (Print Name) 3. Signature: (Addresselle or Ageint) X () X () () () () () () () () () () () () ()										
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X 3811	5. Received By: (Print Name) 6. Signature: (Addressee or Agent)		Attn: Steve Daniels	Midland, TX 79702	P.O. Box 552	Marathon Oil Company	3. Article Addressed to:	■W ■Tr de.	January 8, 1997 12/18/97	_	SEP: Dugan Production Corp.	PS Foffn 3811, December 1994	6. Sighaiure, (Abdressee or Agent) X (1) Connumber 1	5. Received By: (Print Name)	Attn: Rusty Waters	Oklahoma City, OK 73134-2600	Suite 600	14000 Quail Springs Parkway	Louis Dreyfus Natural Gas	3. Article Addressed to:	177		_	Dugan Production Corp.Case 11897	SEZDED.
Domestic Return Receipt	8. Addressee's Address (Only if requested and fee is paid)	7. Date of Delivery DEC 2 3 1997	r Merchandise 🔲 COD	☐ Express Mail ☐ Insured ■	☐ Registered ☐ Certified ☐	}	4a. Article Number 2 194 4/3 /83	ithe date Consult postmaster for fee.	1. Addressee's Address	can return this extra fee):	lalso wish to receive the	102585-97-8-0179 DOMESTIC DETAIL DECEIPT	_~	Addressee's Address (Only if requested and fee is paid)	7. Date of Delivery	☐ Return Receipt for Merchandise ☐ COD	Express Mail	Register	4b. Service Type	4a. Article Number 2 /9/ 4/3 /84	Consult postmaster for fee.	number. 2. Restricted Delivery	1. Addressee's Address	following services (for an extra fee):	- also what to receive the

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EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE. NEW MEXICO 87504-2265

December 18, 1997

TELEPHONE (505) 982-4285 TELEFAX (505) 982-2047

JASON KELLAHIN (RETIRED 1991)

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION RECOGNIZED SPECIALIST IN THE AREA OF NATURAL RESOURCES-OIL AND GAS LAW

W. THOMAS KELLAHIN*

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

TO: ALL INTERESTED PARTIES OF THE HEARING OF THE FOLLOWING NEW MEXICO OIL CONSERVATION DIVISION CASE:

Re: NMOCD Case 11897: Application of Dugan Production Corp. for compulsory pooling and downhole commingling for S/2 Sec 14, T26N, R7W, Rio Arriba County, NM

Re: NMOCD Case 11899: Application of Dugan Production Corp. for two nonstandard spacing and proration units consisting of the SE/4 and the SW/4 of Section 14, T26N, R7W, Rio Arriba County, NM.

On behalf of Dugan Production Corp., please find enclosed copies of its referenced applications and four letters dated December 12, 1997 addressed to the Division concerning these cases. These cases have been continued for hearing on the New Mexico Oil Conservation Division Examiner's docket now scheduled for January 8, 1998. The hearing will be held at the Division hearing room located at 2040 South Pacheco, Santa Fe, New Mexico.

As a party who may be affected by this application, we are notifying you of your right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to the application. Failure to appear at the hearing may preclude you from any involvement in this case at a later date.

Pursuant to the Division's Memorandum 2-90, you are further notified that if you desire to appear in this case, then you are requested to file a Pre-Hearing Statement with the Division not later than 4:00 PM on Friday, January 1, 1998, with a copy delivered to the undersigned.

ery truly yours

W. Thomas Kellahin

ATTORNEYS AT LAW
E_ PATIO BUILDING
H7 NORTH GUADALUPE

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION RECOGNIZED SPECIALIST IN THE AREA OF NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

W. THOMAS KELLAHIN*

POST OFFICE BOX 2265
SANTA FE, NEW MEXICO 87504-2265

December 12, 1997

HAND DELIVERED

Mr. Michael E. Stogner Oil Conservation Division 2040 South Pacheco Santa Fe. New Mexico 87505

Re: AMENDED APPLICATION

OCD Case 11899—Application of Dugan Production Corp. for two non-standard gas spacing and a proration units, Rio Arriba County, New Mexico.

Dear Mr. Stogner:

In review this application I note that the notice for this case only describes one of the two non-standard gas spacing and proration units. Accordingly, I request that the case be continued to the January 8, 1998 hearing and readvertised as follows:

Case 11899: Application of Dugan Production Corp. for two non-standard gas spacing and proration units. Rio Arriba County. New Mexico. Applicant seeks approval of two non-standard gas proration and spacing units in the Blanco-Mesaverde Gas Pool and the Basin-Dakota Gas Pool, one to consist of the SE/4 of Section 14 Township 26 North, Range 7 West to be dedicated to its Mona Lisa Weil No. 2 to be drilled at a standard location 1620 feet from the South line and 1850 feet from the East line (Unit J) of said Section 14 and the other to be operated by Caulkins Oil Company and to consist of the SW/4 of said Section 14. Said units are located approximately 17-1/2 miles northeast of Blanco Trading Post, New Mexico.

W. Thomas Kellahin

cfx: William F. Carr. Esq.

Attorney for Caulkins Oil Company

cfx: Dugan Production Corp.

Attn: David Poage

TELEPHONE (505) 982-4285 TELEFAX (505) 982-2047

LEF RATION DIVISION

ATTORNEYS AT LAW

December 12, 1997

EL PATIO BUILDING

THEW MEXICO BOARD OF LEGAL SPECIALIZATION

RECOGNIZED SPECIALIST IN THE AREA ON NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

W. THOMAS KELLAHIN*

117 NORTH GUADALUPE POST OFFICE BOX 2255 SANTA FE. NEW MEXICO 87504-2265 TELEPHONE (505) 982-4285 TELEFAX (505) 982-2047



HAND DELIVERED

Mr. Michael E. Stogner Oil Conservation Division 2040 South Pacheco Santa Fe. New Mexico 87505

Re: AMENDED APPLICATION

OCD Case 11897--Application of Dugan Production Corp. for compulsory pooling and downhole commingling Rio Arriba County, New Mexico.

Dear Mr. Stogner:

Dugan Production Corp. intends to drill this well for development of the Blanco Mesaverde and Basin Dakota gas pools and at this time only desires a pooling of this 320-acre spacing unit for that purpose.

Accordingly, on behalf of Dugan Production Corp., I would appreciate you continuing this case to the January 8, 1998 docket and readvertising it to reflect pooling of only those two pools.

Very truly yours.

W. Thomas Kellahin

William F. Carr, Esq. cfx:

Attorney for Caulkins Oil Company

cfx: Dugan Production Corp. Attn: David Poage

ATTORNEYS AT LAW

W. THOMAS KELLAHIN"

"NEW MEXICO BOARD OF LEGAL SPECIALIZATION RECOGNIZED SPECIALIST IN THE AREA OF NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

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December 12, 1997

TELEPHONE (505) 982-4295 TELEPHONE (505) 982-2047

HAND DELIVERED

Mr. Michael E. Stogner Oil Conservation Division 2040 South Pacheco Santa Fe, New Mexico 87505

DEC 2199

Re: REQUEST FOR CONTINUANCE

OCD Case 11897--Application of Dugan Production Corp. for compulsory pooling and downhole commingling Rio Arriba County, New Mexico.

Dear Mr. Stogner:

As a result of a District Court hearing, I am unable to appear at the Divison hearing of the referenced case now set for December 18, 1997. Accordingly, on behalf of Dugan Production Corp., I would appreciate you continuing this case to the January 8, 1998 docket. Mr. Carr, on behalf of Caulkins Oil Company, has concurred in this continuance request.

Very truly yours.

W. Thomas Kellahin

cfx: William F. Carr, Esq.

Attorney for Caulkins Oil Company

cfx: Dugan Production Corp.
Attn: David Poage