

MERIDIAN OIL

December 9, 1988

FEDERAL EXPRESS

State of New Mexico
Oil Conservation Division
Attention: Mr. William J. Lemay, Director
310 Old Santa Fe Trail, Room 206
Santa Fe, New Mexico 87503

Case 9572

Re: Objection to
Application for Administrative
Approval of Non-Standard Spacing Unit
Knauff #1 Well
NW/4 Section 31, T-28-N, R-10-W
San Juan County, New Mexico

Gentlemen:

Meridian Oil Inc., on behalf of itself, El Paso Production Company and Southland Royalty Company hereby objects to the Application for Administrative Approval filed by Dugan Production Corporation on the captioned well. Said application seeks non-standard 160.00 acre spacing for the Knauff #1 well under the "grandfather" clause of Case No. 9420, Order No. R-8766 for the Basin - Fruitland Coal Gas Pool.

We would respectfully ask that a hearing be set for such application so that all interested parties can hear and give testimony concerning the complex issues that we feel are involved.

Thank you in advance for your consideration.

Very truly yours,



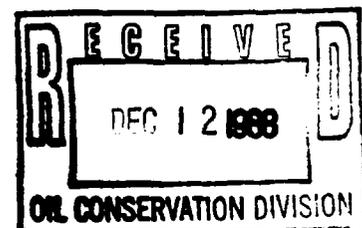
Robert J. Hopkins
Senior Landman

RJH:gm

Dugan Production File

cc: Dugan Production

Document 180+





Amoco Production Company

Denver Region
1670 Broadway
P.O. Box 800
Denver, Colorado 80201
303-830-4040

December 9, 1988

Mr. William J. Lemay
New Mexico Oil Conservation Division
310 Old Santa Fe Trail, Room 206
Santa Fe, NM 87503

File: NWA-822-986.511

Case 9572

Objection to Dugan Production Corp.'s
Application for Non-Standard Spacing Unit
Knauff #1 Well
Sec. 31: NW/4, T28N, R10W
San Juan County, New Mexico

Amoco Production Company hereby objects to the application by
Dugan Production Corporation for a non-standard 160 acre
spacing unit for the above captioned well and lands.

It is Amoco's opinion that the granting of this application
may result in the drilling of unnecessary wells and the
potential violation of correlative rights.

Sincerely,

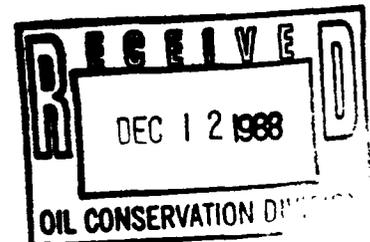
J.W. Hawkins
J.W. Hawkins

JWH/ae

cc: Dugan Production Corp.
PO Box 5820
Farmington NM 87499-5820

Meridian Oil
PO Box 4289
Farmington, NM 87499

Kent Lund - Building
Mike Cuba - Building
T.D. Autry - Building





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

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

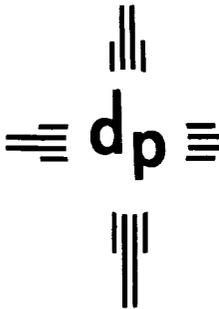
Memo No. 1-89

M E M O R A N D U M

TO: ALL OPERATORS AND INTERESTED PARTIES
FROM: WILLIAM J. LEMAY, DIVISION DIRECTOR *WJL*
SUBJECT: MAILING ADDRESS

Effective immediately, the mailing address of the Santa Fe office of the Oil Conservation Division will revert to Post Office Box 2088, Santa Fe, New Mexico 87504.

January 19, 1989
fd/

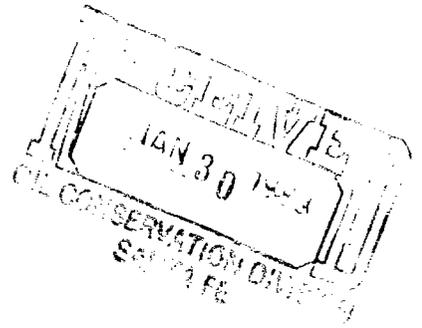


dugan production corp.

January 26, 1989

Mr. David Catanach
New Mexico Oil Conservation Division
310 Old Santa Fe Trail, Room 206
Santa Fe, NM 87503

M.S.



Re: **NMOCD Case #9572**
Application of Dugan Production for
Non-Standard Gas Spacing & Proration Unit
Knauff #1 - Basin-Fruitland Coal Gas Pool
NW/4 of Sec. 31, T28N, R10W, NMPM
San Juan County, New Mexico

Dear Mr. Catanach:

I am writing to confirm our phone conversation on January 25, 1989 during which I asked that the subject case be continued from its currently scheduled February 1, 1989 hearing date to an examiner hearing scheduled for March 1, 1989.

As I mentioned, our reason for requesting this extension is to allow us time to possibly resolve this issue amongst the parties involved and avoid the need for the subject hearing.

By copy of this letter we are notifying Amoco Production Company and Meridian Oil, Inc. (the objecting parties) and the Aztec Oil Conservation Division office, as well as the other offset operators, of our request.

Should you have any questions, please feel free to contact me.

Sincerely,

John D. Roe

John D. Roe
Petroleum Engineer

JDR/cg/knauff#1.ocd

cc: Oil Conservation Division - Aztec
Offsetting Operators (see attached list)

**Offsetting Operators & Owners
DPC's Knauff #1 Well**

Amoco Production Corp.
P.O. Box 800
Denver, CO 80201

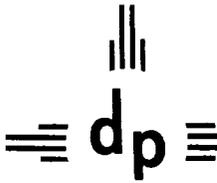
W.M. Gallaway
3005 Northridge Drive, Suite I
Farmington, NM 87401

Southland Royalty
801 Cherry
Ft. Worth, TX 76102

El Paso Natural Gas Company
P.O. Box 4990
Farmington, NM 87499

Meridian Oil
P.O. Box 4289
Farmington, NM 87499

Energy Reserves Group
BHP Petroleum Company
913 North Foster Road
Casper, WY 82602



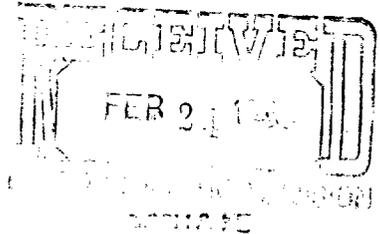
dugan production corp.

February 23, 1989

Mr. David Catanach
New Mexico Oil Conservation Division
310 Old Santa Fe Trail, Room 206
Santa Fe, NM 87503

JDR

Re: **NMOCD Case #9572**
Application of Dugan Production for
Non-Standard Gas Spacing & Proration Unit
Knauff #1 - Basin-Fruitland Coal Gas Pool
NW/4 of Sec. 31, T28N, R10W, NMPM
San Juan County, New Mexico



Dear Mr. Catanach:

I am writing to confirm our phone conversation on February 22, 1989 during which I asked that the subject case be continued from its currently scheduled March 1, 1989 hearing date to an examiner hearing scheduled for April 12, 1989.

As I mentioned, our reason for requesting this extension is to allow us time to possibly resolve this issue amongst the parties involved and avoid the need for the subject hearing. I did visit with John Caldwell (Meridian Oil) prior to calling you and he was in agreement that the subject hearing should be continued in order to, hopefully, resolve this issue prior to a hearing.

By copy of this letter we are notifying Amoco Production Company and Meridian Oil, Inc. (the objecting parties) and the Aztec Oil Conservation Division office, as well as the other offset operators, of our request.

Should you have any questions, please feel free to contact me.

Sincerely,

John D. Roe

John D. Roe
Petroleum Engineer

JDR/cg/knauff#1.oed

cc: Oil Conservation Division - Aztec
Offsetting Operators (see attached list)
Tommy Roberts
Tom Kellahin

Offsetting Operators & Owners
DPC's Knauff #1 Well

Amoco Production Corp.
P.O. Box 800
Denver, CO 80201

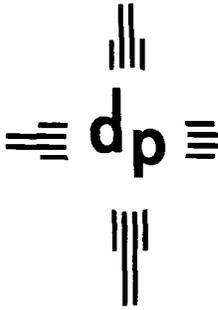
W.M. Gallaway
3005 Northridge Drive, Suite I
Farmington, NM 87401

Southland Royalty
801 Cherry
Ft. Worth, TX 76102

El Paso Natural Gas Company
P.O. Box 4990
Farmington, NM 87499

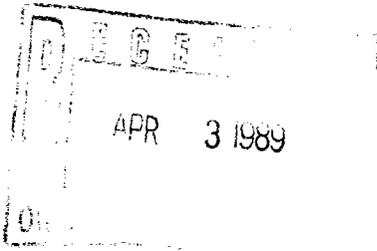
Meridian Oil
P.O. Box 4289
Farmington, NM 87499

Energy Reserves Group
BHP Petroleum Company
5613 DTC Pkwy, Suite 600
Englewood, CO 80111



dugan production corp.

April 11, 1989



Mr. David Catanach
New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87504

Re: **NMOCD Case #9572**
Application of Dugan Production for
Non-Standard Gas Spacing & Proration Unit
Knauff #1 - Basin-Fruitland Coal Gas Pool
NW/4 of Sec. 31, T28N, R10W, NMPM
San Juan County, NM



Dear Mr. Catanach:

I am writing to confirm our phone conversation this morning during which I asked that the subject case be continued from its currently scheduled April 12, 1989 hearing date to an examiner hearing scheduled for May 24, 1989.

As I mentioned, our reason for requesting this extension is to allow us additional time to possibly resolve this issue amongst the parties involved and avoid the need for the subject hearing. I did visit with John Caldwell (Meridian Oil) prior to calling you and he was in agreement that the subject hearing should be continued in order to, hopefully, resolve this issue prior to a hearing. We both agreed that an extension to May 24th will be our last request for an extension and that we will either have this issue resolved by then or proceed with the hearing as scheduled.

By copy of this letter we are notifying Amoco Production Company and Meridian Oil, Inc. (the objecting parties) and the Aztec Oil Conservation Division office, as well as the other offsetting operators, of our request.

Should you have any questions, please feel free to contact me.

Sincerely,

John D. Roe

John D. Roe
Petroleum Engineer

JDR/cg/knauff.ext

cc: NMOCD, Aztec
Offsetting Operators (see attached list)
Tommy Roberts
Tom Kellahin

Fax sent to NMOCD at (505) 827-5741. Original sent by regular mail

Offsetting Operators & Owners
DPC's Knauff #1 Well:

Amoco Production Co.
P.O. Box 800
Denver, CO 80201

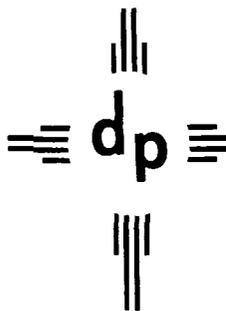
W.M. Gallaway
3005 Northridge Drive, Suite 1
Farmington, NM 87401

Southland Royalty Company
801 Cherry
Ft. Worth, TX 76102

El Paso Natural Gas Company
P.O. Box 4990
Farmington, NM 87499

Meridian Oil
P.O. Box 4289
Farmington, NM 87499

BHP Petroleum Americas, Inc.
Attn: Jerry Bair, Landman
1560 Broadway, Suite 1900
Denver, CO 80202



dugan production corp.

May 22, 1989

RECEIVED

MAY 23 1989

OIL CONSERVATION DIV.
SANTA FE



Mr. David Catanach
New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87504

Re: **NMOCD Case #9572**
Application of Dugan Production for
Non-Standard Gas Spacing & Proration Unit
Knauff #1 - Basin-Fruitland Coal Gas Pool
NW/4 of Sec. 31, T28N, R10W, NMPM
San Juan County, NM

Dear Mr. Catanach:

I am writing to confirm our phone conversation this morning during which I asked that the subject case be continued from its currently scheduled May 24, 1989 hearing date to an examiner hearing scheduled for August 16, 1989.

As I mentioned, our reason for requesting this extension is to allow us additional time to possibly resolve this issue amongst the parties involved and avoid the need for the subject hearing. In my April 11, 1989 request for an extension, I was confident that all matters would be resolved by the May 24, 1989 hearing date and that we would either ask for a dismissal or we would hear the case. As luck would have it, this is not the case, but I am still optimistic that Meridian and Dugan will be able to resolve this matter without a hearing - we just need more time. I did visit with John Caldwell (Meridian Oil) prior to calling you and he was in agreement that the subject hearing should be continued in order to, hopefully, resolve this issue prior to a hearing. We both agreed that an extension to August 16th will be our very last request for an extension and that we will either have this issue resolved by then or proceed with the hearing as scheduled.

By copy of this letter we are notifying Amoco Production Company and Meridian Oil, Inc. (the objecting parties) and the Aztec Oil Conservation Division office, as well as the other offsetting operators, of our request.

Should you have any questions, please feel free to contact me.

Sincerely,

John D. Roe

John D. Roe
Petroleum Engineer

JDR/cg/knauff.ext

cc: NMOCD, Aztec
Offsetting Operators (see attached list)
Tommy Roberts
Tom Kellahin

Fax sent to NMOCD at (505) 827-5741. Original sent by regular mail.

709 EAST MURRAY DRIVE • P. O. BOX 5820 • FARMINGTON, NEW MEXICO 87499-5820 • PHONE: (505) 325-1821

Offsetting Operators & Owners
DPC's Knauff #1 Well:

Amoco Production Co.
P.O. Box 800
Denver, CO 80201

W.M. Gallaway
3005 Northridge Drive, Suite I
Farmington, NM 87401

Southland Royalty Company
801 Cherry
Ft. Worth, TX 76102

El Paso Natural Gas Company
P.O. Box 4990
Farmington, NM 87499

Meridian Oil
P.O. Box 4289
Farmington, NM 87499

BHP Petroleum Americas, Inc.
Attn: Jerry Bair, Landman
1560 Broadway, Suite 1900
Denver, CO 80202



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

May 23, 1989

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Dugan Production Corporation
P.O. Box 5820
Farmington, New Mexico 87499-5820

Attention: John D. Roe

Dear Mr. Roe:

We are in receipt of your letters dated May 22, 1989, whereby you have requested that Division Case Nos. 9572 and 9573, the applications of Dugan Production Corporation for non-standard gas proration units in the Basin Fruitland Coal Gas Pool, currently scheduled for hearing on May 24, 1989, be continued until August 16, 1989. I have been advised that examiner hearings are scheduled for August 9, and 23, so I have taken the liberty of continuing said cases until the August 23 hearing.

Inasmuch as these cases have been on the docket since January 4, 1989, please be advised that no further continuation requests for the referenced cases will be granted. If Dugan Production Corporation is unprepared to go forth with the cases on August 23, they will be dismissed.

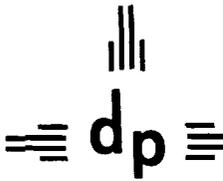
Please advise all parties to these cases of the continuation granted herein.

Sincerely,

A handwritten signature in cursive script that reads "David Catanach".

David Catanach
Hearing Examiner

xc: Case Files 9572, 9573



dugan production corp.

August 16, 1989

Mr. David Catanach
New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87504

JDR

RECEIVED

Re: **NMOCD Case #9572**
Application of Dugan Production Corp. for
Non-Standard Gas Spacing & Proration Unit
Knauff #1 - Basin Fruitland Coal Gas Pool
NW/4 of Section 31, T28N, R10W, NMPM
San Juan County, NM

AUG 17 1989

OIL CONSERVATION DIV.
SANTA FE

Dear Mr. Catanach:

I am writing to confirm our phone conversation this morning during which I requested that the Oil Conservation Division dismiss our application for the captioned non-standard spacing and proration unit. Dugan Production has reached an agreement with Meridian Oil wherein Dugan Production's interest in the Knauff #1 is being purchased by Meridian Oil and it is my understanding that Meridian intends to establish a standard 320 acre spacing unit for the Knauff #1 Basin Fruitland gas pool completion.

Please take the necessary steps to dismiss this case from the August 23, 1989 docket and consider this matter resolved with respect to Dugan Production Corp.

By copy of this letter, we are notifying the offset operators, Meridian Oil, and the Aztec Oil Conservation Division office.

Should you have any questions or need additional information, please feel free to contact me.

Sincerely,

John D. Roe

John D. Roe
Petroleum Engineer

JDR/cg

cc: Offsetting Operators (Address List Attached)
NMOCD, Aztec
Tom Kellahin
Tommy Roberts

**Offsetting Operators & Owners
Dugan Production's Knauff #1 Well:**

Amoco Production Corp.
P.O. Box 800
Denver, CO 80201

W.M. Gallaway
3005 Northridge Drive, Suite I
Farmington, NM 87401

Southland Royalty
801 Cherry
Ft. Worth, TX 76102

El Paso Natural Gas Company
P.O. Box 4990
Farmington, NM 87499

Meridian Oil
P.O. Box 4289
Farmington, NM 87499

Energy Reserves Group
BHP Petroleum Company
5613 DTC Pkwy, Suite 600
Englewood, CO 80111



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

GARREY CARRUTHERS
 GOVERNOR

August 29, 1989

POST OFFICE BOX 2088
 STATE LAND OFFICE BUILDING
 SANTA FE, NEW MEXICO 87504
 (505) 827-5800

Mr. John D. Roe
 Petroleum Engineer
 Dugan Production Corp.
 P. O. Box 5820
 Farmington, New Mexico 87499-5820

Re: CASE NO. 9572
 ORDER NO. R-8982

Applicant:

Dugan Production Corp.

Dear Sir:

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

Sincerely,

Florene Davidson

FLORENE DAVIDSON
 OC Staff Specialist

Copy of order also sent to:

Hobbs OCD _____ x
 Artesia OCD _____ x
 Aztec OCD _____ x

Other Robert J. Hopkins