

*Entered December 19, 1972*  
*R.L.P.*

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. 4854  
Order No. R-4453

APPLICATION OF DUGAN PRODUCTION  
CORPORATION TO COMMINGLE GAS  
PRODUCTION PRIOR TO METERING,  
SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 29, 1972, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 19th day of December, 1972, 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, is the owner operator of the Pet. Inc. lease in Sections 25, 26, 35, and 36, Township 28 North, Range 15 West, NMPM, San Juan County, New Mexico.
- (3) That the applicant has completed 6 wells on said lease in a non-prorated undesignated Pictured Cliffs Pool, and one well in the Ojo-Gallup Pool, and is the sole operator in said pools.
- (4) That the applicant proposes to install a low pressure pipeline system to gather the production from said wells, and to compress the production for sale into a high pressure pipeline.
- (5) That the applicant seeks authority to commingle the gas produced from the aforesaid Pictured Cliffs gas wells, to meter the Gallup gas production, and to combine it with the Pictured Cliffs production for sale through a single sales meter, determining the total Pictured Cliffs gas production by means of subtraction, with allocation to the individual wells on the basis of periodic well tests.

(6) That gas reserves under the Pet. Inc. lease in the aforesaid Pictured Cliffs gas pool are of a low marginal nature and that to require metering of the production from the Pictured Cliffs wells could seriously affect the practicability of the proposed project.

(7) That the ownership of all wells in each of the aforesaid two gas pools is common throughout, including working interest, royalty interest, and overriding royalty interest.

(8) That approval of the application will permit the production of gas which might not otherwise be recovered and will not harm correlative rights nor cause waste.

IT IS THEREFORE ORDERED:

(1) That the applicant, Dugan Production Corporation, is hereby authorized to commingle, prior to measurement, the Pictured Cliffs gas production from its wells on the Pet. Inc. lease, in Sections 25, 26, 35, and 36, Township 28 North, Range 15 West, NMPM, San Juan County, New Mexico.

(2) That the applicant is further authorized to commingle the production of its Pet. Inc. lease Well No. 1 located in Unit D of Section 26 of said Township and Range, Ojo-Gallup Pool, San Juan County, New Mexico, after metering, with the commingled Pictured Cliffs Pool production.

(3) That the commingled production shall be metered, the metered production from the Ojo-Gallup Pool subtracted, and the remainder allocated to the individual wells in accordance with the most recent well tests required under (4) below.

(4) That within 30 days after the date of connection of any Pictured Cliffs Pool well to the applicant's Pet. Inc. lease commingled gathering system, and during the months of April and October, thereafter, the operator shall conduct a productivity test on said well. The test shall be conducted in a manner approved by the supervisor of the Commission's Aztec district office and shall be under conditions closely approximating normal production conditions.

PROVIDED HOWEVER, that the Secretary-Director of the Commission may approve an extension of the test period when an application for the same has been received and the evidence indicates that such extension is warranted.

(5) Copies of all productivity tests required under (4) above shall be submitted to the Commission's Aztec district office.

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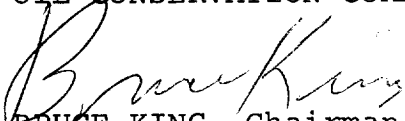
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(6) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
BRUCE KING, Chairman

  
ALEX J. ARMIJO, Member

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

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