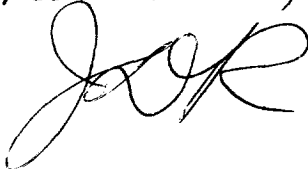


Entered November 4, 1976



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. 5792
Order No. R-5313

APPLICATION OF DUGAN PRODUCTION
CORPORATION FOR DOWNHOLE COMMINGLING,
SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 27, 1976, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 4th day of November, 1976, 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 and operator of the McAdams Well No. 3, located in Unit H of Section 34, Township 27 North, Range 10 West, NMPM, San Juan County, New Mexico.

(3) That the applicant seeks authority to commingle Angels Peak-Gallup and Basin-Dakota production within the wellbore of the above-described well.

(4) That from the Angels Peak-Gallup zone, the subject well is capable of low marginal production only.

(5) That from the Basin-Dakota zone, the subject well is capable of low marginal production only.

(6) That the proposed commingling may result in the recovery of additional hydrocarbons from each of the subject pools, thereby preventing waste, and will not violate correlative rights.

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(7) That the reservoir characteristics of each of the subject zones are such that underground waste would not be caused by the proposed commingling provided that the well is not shut-in for an extended period.

(8) That to afford the Commission the opportunity to assess the potential for waste and to expeditiously order appropriate remedial action, the operator should notify the Aztec district office of the Commission any time the subject well is shut-in for 7 consecutive days.

(9) That in order to allocate the commingled production to each of the commingled zones in the subject well, 80 percent of the commingled oil production should be allocated to the Angels Peak-Gallup zone and 20 percent to the Basin-Dakota zone, and 20 percent of the commingled gas production to Angels Peak—Gallup zone and 80 percent to the Basin-Dakota zone.

IT IS THEREFORE ORDERED:

(1) That the applicant, Dugan Production Corporation, is hereby authorized to commingle Angels Peak-Gallup and Basin-Dakota production within the wellbore of the McAdams Well No. 3, located in Unit H of Section 34, Township 27 North, Range 10 West, NMPM, San Juan County, New Mexico.

(2) That 80 percent of the commingled oil production shall be allocated to the Angels Peak-Gallup zone and 20 percent to the Basin-Dakota zone, and 20 percent of the commingled gas production shall be allocated to the Angels Peak-Gallup zone and 80 percent to the Basin-Dakota zone.

(3) That the operator of the subject well shall immediately notify the Commission's Aztec district office any time the well has been shut-in for 7 consecutive days and shall concurrently present, to the Commission, a plan for remedial action.

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

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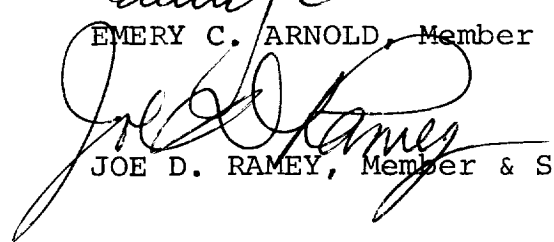
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

PHIL R. LUCERO, Chairman



EMERY C. ARNOLD, Member



JOE D. RAMEY, Member & Secretary

S E A L

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