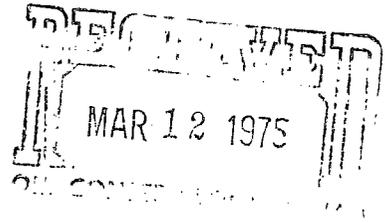


dugan production corp.

March 10, 1975



NSP — 992

104 D II

Mr. A. L. Porter
Secretary-Director
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Blue Apr 11

120 acres

N/2 SW/4 & SE/4 SW/4

Dear Mr. Porter:

Dugan Production Corporation is the owner of Navajo Tribal Lease No. 14-20-603-2015 which includes all of Sections 25, 26, 35, and 36 of T28N, R15W except the SW/4 SW/4 Section 25. The 40-acre tract mentioned above was segregated from this lease at some time in the past and is not now under lease. Since this is in the farming area of the Navajo Irrigation Project, the Tribe will not put this parcel up for lease.

We propose to drill a Pictured Cliffs test for gas in the SE/4 SW/4 of Section 25, T28N, R15W and dedicate the SW/4 except the SW/4 SW/4 to this drilling block. We are asking for administrative approval for a non-standard proration unit as exception to Rule 104, Section "C" Sub-section 2, Paragraph "B" under the provisions set out in Section "D" Sub-section 2 of the rule.

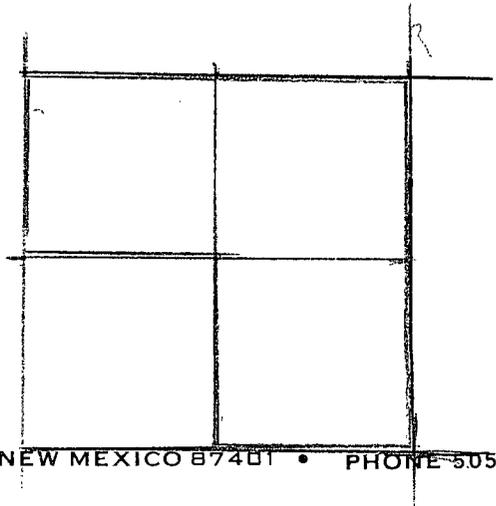
Very truly yours,

DUGAN PRODUCTION CORP.

Jim L. Jacobs
Jim L. Jacobs

SW/4 Sec 25

xc: Emery C. Arnold



*to be dedicated
to a Pictured Cliffs well to
be located in the SE/4 SW/4
of Sec 25,*

1-NMOCC (Aztec)
1-NMOCC (Santa Fe) ✓
1-NPC (Robert Glenn)
1-File

OIL CONSERVATION COMMISSION

1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO

58

NOTICE OF GAS CONNECTION

(R)

DATE 5-8-75

This is to notify the Oil Conservation Commission that connection for
the purchase of gas from the Dugan Production Corp., Pet. Inc. #9,
Operator Lease
N, 25-28N-15W, Ojo Pictured Cliffs, Dugan Production Corp.
Well Unit S. T. R. Pool Name of Purchaser
was made on 5-2-75.

Dugan Production Corp.
Purchaser

J. A. Dugan
Representative

President
Title

cc: To operator
Oil Conservation Commission - Santa Fe

7/9/75 ch

4-NMOCC 1-File

NO. OF COPIES RECEIVED		1
DISTRIBUTION		
SANTA FE		1
FILE		1
U.S.G.S.		
LAND OFFICE		
TRANSPORTER	OIL	
	GAS	1
OPERATOR		
PRORATION OFFICE		

NEW MEXICO OIL CONSERVATION COMMISSION
 REQUEST FOR ALLOWABLE
 AND
 AUTHORIZATION TO TRANSPORT OIL AND NATURAL GAS

Form C-104
 Supersedes Old C-104 and C-110
 Effective 1-1-65

I. Operator
 Operator Dugan Production Corp.
 Address Box 234, Farmington, New Mexico 87401
 Reasons for filing (Check proper box)
 New Well Change in Transporter of: Oil Dry Gas
 Recompletion Casinghead Gas Condensate
 Change in Ownership

If change of ownership give name and address of previous owner

II. DESCRIPTION OF WELL AND LEASE

Lease Name <u>Pet. Inc.</u>	Well No. <u>9</u>	Pool Name, including Formation <u>Ojo Pictured Cliffs</u>	Kind of Lease State, Federal or Fee <u>Navajo</u>	Lease No. <u>14-20-</u> <u>603-2015</u>
Location Unit Letter <u>N</u> ; <u>1150</u> Feet From The <u>South</u> Line and <u>1850</u> Feet From The <u>West</u>				
Line of Section <u>25</u> Township <u>28N</u> Range <u>15W</u> , NMPM, <u>San Juan</u> County				

III. DESIGNATION OF TRANSPORTER OF OIL AND NATURAL GAS

Name of Authorized Transporter of Oil <input type="checkbox"/> or Condensate <input type="checkbox"/>	Address (Give address to which approved copy of this form is to be sent)
Name of Authorized Transporter of Casinghead Gas <input type="checkbox"/> or Dry Gas <input checked="" type="checkbox"/>	Address (Give address to which approved copy of this form is to be sent)
<u>Dugan Production Corp.</u>	<u>Box 234, Farmington, New Mexico 87401</u>
If well produces oil or liquids, give location of tanks.	Is gas actually connected? When

If this production is commingled with that from any other lease or pool, give commingling order number:

IV. COMPLETION DATA

Designate Type of Completion - (X)	Oil Well <input type="checkbox"/>	Gas Well <input checked="" type="checkbox"/>	New Well <input checked="" type="checkbox"/>	Workover <input type="checkbox"/>	Deepen <input type="checkbox"/>	Plug Back <input type="checkbox"/>	Same Res'v. <input type="checkbox"/>	Diff. Res'v. <input type="checkbox"/>
Date Spudded <u>4-21-75</u>	Date Compl. Ready to Prod. <u>4-23-75</u>	Total Depth <u>661'</u>	P.B.T.D. <u>----</u>					
Elevations (DF, RKB, RT, GR, etc.) <u>5665' GR</u>	Name of Producing Formation <u>Pictured Cliffs</u>	Top Oil/Gas Pay <u>620'</u>	Tubing Depth <u>----</u>					
Perforations <u>620-661'</u>	Depth Casing Shoe <u>----</u>							
TUBING, CASING, AND CEMENTING RECORD								
HOLE SIZE	CASING & TUBING SIZE	DEPTH SET	SACKS CEMENT					
<u>7-7/8"</u>	<u>5-1/2"</u>	<u>20'</u>	<u>5 SX</u>					
<u>4-3/4"</u>	<u>2-7/8"</u>	<u>657'</u>	<u>10 SX</u>					

V. TEST DATA AND REQUEST FOR ALLOWABLE OIL WELL

(Test must be after recovery of total volume of load oil and must be equal to or greater than allowable for this depth or be for full 24 hours)

Date First New Oil Run To Tanks	Date of Test	Producing Method (Flow, pump, gas lift, etc.)	
Length of Test	Tubing Pressure	Casing Pressure	Choke Size
Actual Prod. During Test	Oil-Bbls.	Water-Bbls.	Gas-MCF



GAS WELL

Actual Prod. Test-MCF/D <u>200 est</u>	Length of Test <u>None</u>	Bbls. Condensate/MMCF <u>----</u>	Gravity of Condensate <u>----</u>
Testing Method (pilot, back pr.) <u>----</u>	Tubing Pressure (shut-in) <u>----</u>	Casing Pressure (shut-in) <u>92 SI</u>	Choke Size <u>----</u>

VI. CERTIFICATE OF COMPLIANCE

I hereby certify that the rules and regulations of the Oil Conservation Commission have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

Tom Dugan
 (Signature)
 Engineer
 (Title)
 4-29-75
 (Date)

OIL CONSERVATION COMMISSION
 APPROVED May 1, 1975
 BY Curry Stewart
 TITLE SUPERVISOR DIST. #3

This form is to be filed in compliance with RULE 1104.
 If this is a request for allowable for a newly drilled or deepened well, this form must be accompanied by a tabulation of the deviation tests taken on the well in accordance with RULE 111.
 All sections of this form must be filled out completely for allowable on new and recompleted wells.
 Fill out only Sections I, II, III, and VI for changes of owner, well name or number, or transporter or other such change of condition.
 Separate Forms C-104 must be filed for each pool in multiply completed wells.

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

SUBMIT IN DUPLICATE*

(See other instructions on reverse side)

Form approved.
Budget Bureau No. 42-R355.5

WELL COMPLETION OR RECOMPLETION REPORT AND LOG*

1a. TYPE OF WELL: OIL WELL GAS WELL DRY Other _____
 b. TYPE OF COMPLETION: NEW WELL WORK OVER DEEP-EN PLUG BACK DIFF. ESVR. Other MAY 1 1975

2. NAME OF OPERATOR
Dugan Production Corp.

3. ADDRESS OF OPERATOR
Box 234, Farmington, New Mexico 87401

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)*
 At surface **1150' FSL -- 1850' FWL**
 At top prod. interval reported below
 At total depth

5. LEASE DESIGNATION AND SERIAL NO.
14-20-603-2015

6. IF INDIAN, ALLOTTEE OR TRIBE NAME
Navajo Tribe

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME
Pet. Inc.

9. WELL NO.
9

10. FIELD AND POOL, OR WILDCAT
Ojo Pictured Cliffs

11. SEC. T., R., M., OR BLOCK AND SURVEY OR AREA
Sec. 25, T28N, R15W

12. COUNTY OR PARISH
San Juan

13. STATE
NM

14. PERMIT NO. _____ DATE ISSUED _____

15. DATE SPUNDED **4-21-75** 16. DATE T.D. REACHED **4-22-75** 17. DATE COMPL. (Ready to prod.) **4-23-75** 18. ELEVATIONS (DF, REB, BT, GR, ETC.)* **5665' GR** 19. ELEV. CASINGHEAD

20. TOTAL DEPTH, MD & TVD **661'** 21. PLUG, BACK T.D., MD & TVD **----** 22. IF MULTIPLE COMPL., HOW MANY* **---** 23. INTERVALS DRILLED BY **Surface-661'** ROTARY TOOLS _____ CABLE TOOLS _____

24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)*
620-661'

25. WAS DIRECTIONAL SURVEY MADE
No

26. TYPE ELECTRIC AND OTHER LOGS RUN
None

27. WAS WELL CORED
No

28. CASING RECORD (Report all strings set in well)

CASINO SIZE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
5-1/2"	14#	20'	7-7/8"		None
2-7/8"	5.9#	657' 661'	4-3/4"		None

29. LINER RECORD

SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)
		None		

30. TUBING RECORD

SIZE	DEPTH SET (MD)	PACKER SET (MD)
	None	

31. PERFORATION RECORD (Interval, size and number)
Perf 2-7/8" 620-661'

32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
None	

33.* PRODUCTION

DATE FIRST PRODUCTION **4-25-75** PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump) **Flowing** WELL STATUS (Producing or shut-in) **Producing**

DATE OF TEST	HOURS TESTED	CHOKE SIZE	PROD'N. FOR TEST PERIOD	OIL—BSL.	GAS—MCF.	WATER—BSL.	GAS-OIL RATIO
None			→				

FLOW. TUBING PRESS.	CASING PRESSURE	CALCULATED 24-HOUR RATE	OIL—BSL.	GAS—MCF.	WATER—BSL.	OIL GRAVITY-API (CORR.)
	92 SI	→		200 est		

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.) _____ TEST WITNESSED BY _____

35. LIST OF ATTACHMENTS _____

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records

SIGNED Thomas A. Dugan TITLE **Engineer** DATE **4-29-75**

*(See Instructions and Spaces for Additional Data on Reverse Side)

INSTRUCTIONS

General: This form is designed for submitting a complete and correct well completion report and log on all types of lands and leases to either a Federal agency or a State agency, or both, pursuant to applicable Federal and/or State laws and regulations. Any necessary special instructions concerning the use of this form and the number of copies to be submitted, particularly with regard to local, area, or regional procedures and practices, either are shown below or will be issued by, or may be obtained from, the local Federal and/or State office. See instructions on items 22 and 24, and 33, below regarding separate reports for separate completions.

If not filed prior to the time this summary record is submitted, copies of all currently available logs (drillers, geologists, sample and core analysis, all types electric, etc.), formation and pressure tests, and directional surveys, should be attached hereto, to the extent required by applicable Federal and/or State laws and regulations. All attachments should be listed on this form, see item 35.

Item 4: If there are no applicable State requirements, locations on Federal or Indian land should be described in accordance with Federal requirements. Consult local State or Federal office for specific instructions.

Item 18: Indicate which elevation is used as reference. (where not otherwise shown) for depth measurements given in other spaces on this form and in any attachments.

Items 22 and 24: If this well is completed for separate production from more than one interval zone (multiple completion), so state in item 22, and in item 24 show the producing interval, or intervals, top(s) and bottom(s) and name(s) (if any) for only the interval reported in item 33. Submit a separate report (page) on this form, adequately identified, for each additional interval to be separately produced, showing the additional data pertinent to such interval.

Item 29: "Sacks Cement": Attached supplemental records for this well should show the details of any multiple stage cementing and the location of the cementing tool.

Item 33: Submit a separate completion report on this form for each interval to be separately produced. (See instruction for items 22 and 24 above.)

FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.	NAME	MEAS. DEPTH	TOP TRUE VERT. DEPTH
				<u>Log Tops</u>		
				Top Fruitland Coal	627'	
				Base Fruitland Coal	642'	
				Pictured Cliffs	652'	

38. GEOLOGIC MARKERS

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

SUBMIT IN TRIPLICATE*
(Other instructions on re-
verse side)

Form approved.
Budget Bureau No. 42-R1424.

5. LEASE DESIGNATION AND SERIAL NO.

14-20-603-2015

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

Navajo Tribe

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME

Pet. Inc.

9. WELL NO.

9

10. FIELD AND POOL, OR WILDCAT

Undesignated - P.C.

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA

Sec. 25, T28N, R15W

12. COUNTY OR PARISH 13. STATE

San Juan

NM

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals.)

1.

OIL WELL GAS WELL OTHER

2. NAME OF OPERATOR

Dugan Production Corp.

3. ADDRESS OF OPERATOR

Box 234, Farmington, New Mexico 87401

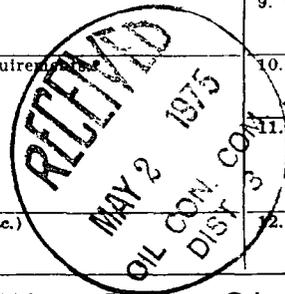
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.
See also space 17 below.)
At surface

1150' FSL -- 1850' FWL

14. PERMIT NO.

15. ELEVATIONS (Show whether DF, RT, GR, etc.)

5665' GR



16.

Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

TEST WATER SHUT-OFF

FRACTURE TREAT

SHOOT OR ACIDIZE

REPAIR WELL

(Other)

PULL OR ALTER CASING

MULTIPLE COMPLETE

ABANDON*

CHANGE PLANS

SUBSEQUENT REPORT OF:

WATER SHUT-OFF

FRACTURE TREATMENT

SHOOTING OR ACIDIZING

(Other)

REPAIRING WELL

ALTERING CASING

ABANDONMENT*

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS* (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

4-21-75

Moved in Morrow Drilling Company rig and drilled 7-7/8" surface hole to 20' and ran one jt 5-1/2" csg. TE 20' set at 20' GR cemented with 5 sx to surface. WOC.

4-23-75

TD 661'. Finished running 26 jts 2-7/8" OD 5.9# 10V line pipe for csg. TE 662.92' set at 657' GR with top of OH packer at 618' GR cemented with 10 sx. Installed 2-1/2" plug valve for master valve. Job complete 2:00 PM, 4-22-75.

MAY 1 1975

18. I hereby certify that the foregoing is true and correct

SIGNED

Thomas A. Dugan
Thomas A. Dugan

TITLE

Engineer

DATE

4-29-75

(This space for Federal or State office use)

APPROVED BY

TITLE

DATE

CONDITIONS OF APPROVAL, IF ANY:

30-045-21740

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK
DRILL DEEPEN PLUG BACK

b. TYPE OF WELL
OIL WELL GAS WELL OTHER
SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR
Dugan Production Corp.

3. ADDRESS OF OPERATOR
Box 234, Farmington, New Mexico 87401

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)
At surface 1150' FSL — 1850' FWL
At proposed prod. zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
Nine miles south Fruitland, New Mexico

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any) 1150'

16. NO. OF ACRES IN LEASE
2480

17. NO. OF ACRES ASSIGNED TO THIS WELL
120

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 2000' approx

19. PROPOSED DEPTH
645'

20. ROTARY OR CABLE TOOLS
Rotary

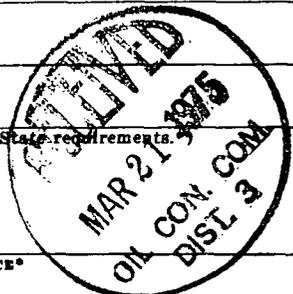
21. ELEVATIONS (Show whether DF, RT, GR, etc.)
5665' GR

22. APPROX. DATE WORK WILL START*
4-1-75

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
7-7/8"	5-1/2"	14#	20'	5 sx
4-3/4"	2-7/8"	5.9#	645'	20 sx

Drill well with air using slim hole technique to test Pictured Cliffs formation. If productive, run 2-7/8" tubing for casing through formation, cement above formation packer shoe, clean out, run 1" tubing, and complete well.



5. LEASE DESIGNATION AND SERIAL NO.
14-20-603-2015

6. IF INDIAN, ALLOTTEE OR TRIBE NAME
Navajo Tribe

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME
Pet. Inc.

9. WELL NO.
9

10. FIELD AND POOL, OR WILDCAT
Undesignated - P.C.

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
Sec 25, T28N, R15W

12. COUNTY OR PARISH
San Juan

13. STATE
NM

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED Original signed by T. A. Dugan
Thomas A. Dugan TITLE Petroleum Engineer DATE 3-18-75
(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY _____ TITLE _____ DATE _____
CONDITIONS OF APPROVAL, IF ANY:

Wed 2-104 for NSU

*See Instructions On Reverse Side

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

Operator Dugan Production Corporation		Lease Pet. Inc.			Well No. 9
Unit Letter N	Section 25	Township 28 North	Range 15 West	County San Juan	
Actual Footage Location of Well: 1150 feet from the South line and 1850 feet from the West line					
Ground Level Elev. 5665	Producing Formation Pictured Cliffs		Pool Undesignated - P.C.	Dedicated Acreage: 120 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

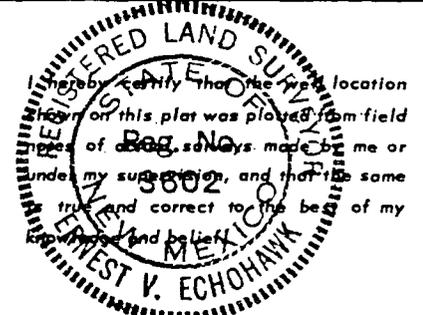
No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.

CERTIFICATION

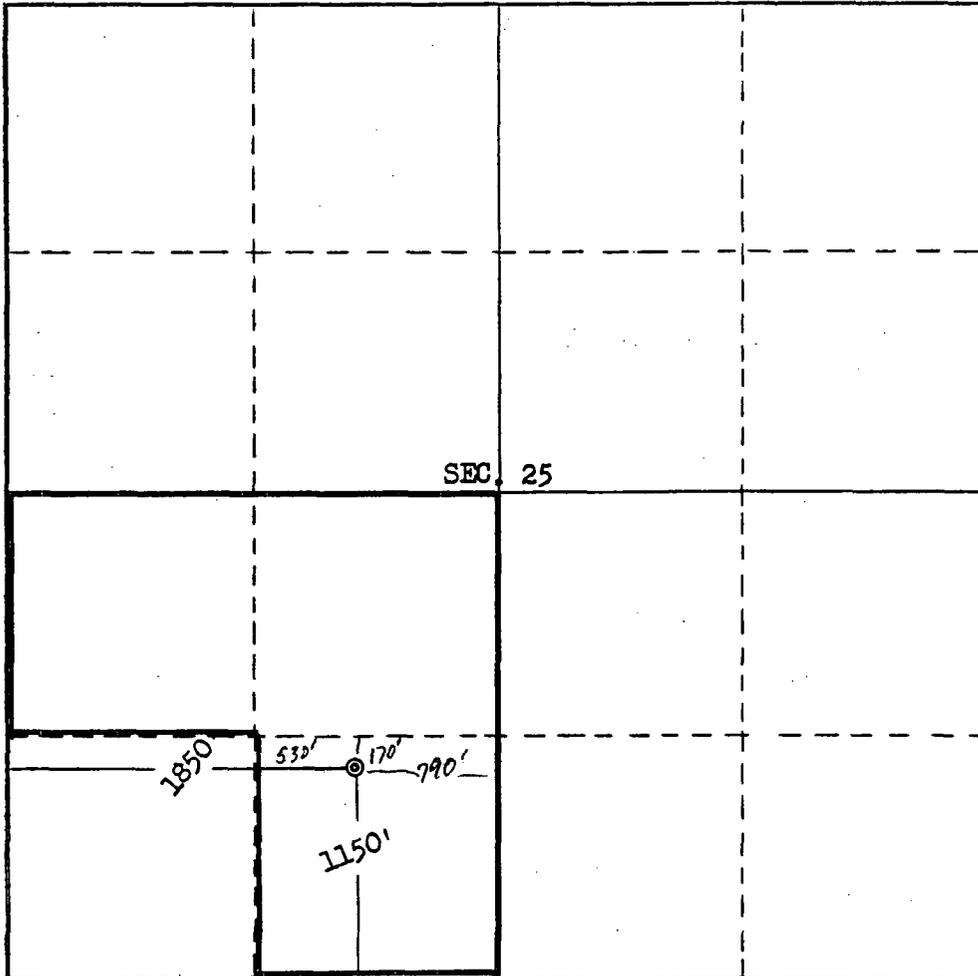
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Original signed by **T. A. Dugan**

Name Thomas A. Dugan
Position Petroleum Engineer
Company Dugan Production Corp.
Date 3-18-75



Date Surveyed March 12, 1975
Registered Professional Engineer and/or Land Surveyor <i>E. V. Echohawk</i>
Certificate No. 3602 E. V. Echohawk LS



OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE NEW MEXICO 87501

April 11, 1975

C
Dugan Production Corporation
P. O. Box 234
Farmington, New Mexico 87401

Attention: Jim L. Jacobs

Administrative Order NSP-992

O
Gentlemen:

Reference is made to your application for a 120-acre non-standard gas proration unit consisting of the following described acreage in the Ojo Pictured Cliffs Pool:

P
SAN JUAN COUNTY, NEW MEXICO
TOWNSHIP 28 NORTH, RANGE 15 WEST, NMPM
Section 25: N/2 SW/4 & SE/4 SW/4

Y
It is understood that this proration unit is to be dedicated to a well located in the SE/4 SW/4 of said Section 25.

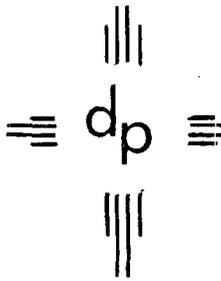
By authority granted me under the provisions of Rule 104 D II, you are hereby authorized to operate the above-described acreage as a non-standard gas proration unit.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/JEL/jr

cc: Oil Conservation Commission - Astec
Oil & Gas Engineering Committee - Hobbs



dugan production corp.

March 10, 1975

NSP - 992

104 D II

Mr. A. L. Porter
Secretary-Director
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Blue Apr 11

120 acres

N/2 SW/4 & SE/4 SW/4

Dear Mr. Porter:

Dugan Production Corporation is the owner of Navajo Tribal Lease No. 14-20-603-2015 which includes all of Sections 25, 26, 35, and 36 of T28N, R15W except the SW/4 SW/4 Section 25. The 40-acre tract mentioned above was segregated from this lease at some time in the past and is not now under lease. Since this is in the farming area of the Navajo Irrigation Project, the Tribe will not put this parcel up for lease.

We propose to drill a Pictured Cliffs test for gas in the SE/4 SW/4 of Section 25, T28N, R15W and dedicate the SW/4 except the SW/4 SW/4 to this drilling block. We are asking for administrative approval for a non-standard proration unit as exception to Rule 104, Section "C" Sub-section 2, Paragraph "B" under the provisions set out in Section "D" Sub-section 2 of the rule.

Very truly yours,

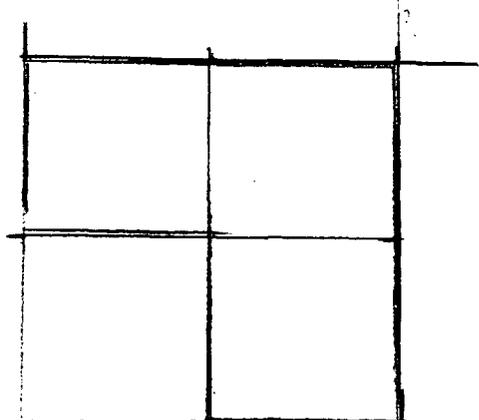
DUGAN PRODUCTION CORP.

Jim L. Jacobs
Jim L. Jacobs

SW/4 Sec 25

xc: Emery C. Arnold

*to be dedicated
to a Pictured Cliffs well to
be located in the SE/4 SW/4
of Sec 25,*



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. 5693
Order No. R-5359

APPLICATION OF JEROME P. MCHUGH
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 June 9, 1976,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 25th day of January, 1977, 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, Jerome P. McHugh, seeks an order
authorizing the downhole commingling of Fruitland and Pictured
Cliffs production in the well-bores of wells drilled anywhere
within Townships 24 North through 28 North, Ranges 24 West
through 28 West, NMPM, San Juan County, New Mexico, except that
said commingling authority would not apply to lands included
within the horizontal boundaries, as defined by the Commission,
of that portion of the Ballard-Pictured Cliffs Pool, the Fulcher-
Kutz Pictured Cliffs Pool or the West Kutz-Pictured Cliffs Pool
lying within the above described townships and ranges, nor to
lands not within the horizontal boundaries of said pools but
within the horizontal boundaries of the Gallegos Canyon Unit
Area.

(3) That in portions of the area sought by applicant to
be authorized for downhole commingling of Fruitland and Pictured
Cliffs production, there appear to be marginal reserves of

hydrocarbon gas present in said formations; and that development of said reserves by production through single completions or even by dual completions in said formations is uneconomic.

(4) That in portions of the area sought by applicant to be authorized for downhole commingling of Fruitland and Pictured Cliffs production, reservoir pressures in said formations appear to be virtually equal, and differential pressures between the formations of negligible magnitude.

(5) That in the aforesaid areas of marginal reserves and virtually equal pressures, the downhole commingling of Fruitland and Pictured Cliffs production should result in the recovery of otherwise unrecoverable reserves of natural gas, and should be permitted through administrative approval by the Secretary-Director of the Commission upon a showing that a well is of low marginal productive capacity from both the Fruitland and Pictured Cliffs formations and that there is no substantial difference in the reservoir pressures of the two formations.

(6) That of the lands sought by applicant for approval for downhole commingling of the Fruitland and Pictured Cliffs formations, it appears that the following described lands in San Juan County, New Mexico, meet the prerequisite conditions outlined in Findings Nos. (3) through (5) above, and should be authorized for administrative approval of such commingling:

TOWNSHIP 24 NORTH, RANGE 9 WEST, NMPM

Sections 1 through 5: All
Sections 10 through 14: All
Section 24: All

TOWNSHIP 25 NORTH, RANGE 9 WEST, NMPM

Sections 2 through 36: All

TOWNSHIP 25 NORTH, RANGE 10 WEST, NMPM

Sections 1 through 18: All
Sections 20 through 27: All
Section 36: All

TOWNSHIP 25 NORTH, RANGE 11 WEST, NMPM

Sections 1 through 6: All
Section 7: N/2
Sections 8 through 13: All
Section 14: N/2
Section 15: N/2

TOWNSHIP 25 NORTH, RANGE 12 WEST, NMPM

Sections 1 and 2: All
Section 3: N/2
Section 4: N/2
Section 12: N/2

TOWNSHIP 26 NORTH, RANGE 9 WEST, NMPM

Section 19: All
Section 28: SW/4
Section 29: S/2
Sections 30 through 33: All

TOWNSHIP 26 NORTH, RANGE 10 WEST, NMPM

Sections 19 through 36: All

TOWNSHIP 26 NORTH, RANGE 11 WEST, NMPM

Sections 5 through 8: All
Sections 13 through 36: All

TOWNSHIP 26 NORTH, RANGE 12 WEST, NMPM

Sections 1 through 30: All
Section 31: N/2
Sections 32 through 36: All

TOWNSHIP 26 NORTH, RANGE 13 WEST, NMPM

Sections 1 through 17: All
Section 18: N/2
Section 21: N/2
Sections 22 through 25: All
Section 26: N/2

TOWNSHIP 26 NORTH, RANGE 14 WEST, NMPM

Sections 1 through 3: All
Sections 11 and 12: All

TOWNSHIP 27 NORTH, RANGE 11 WEST, NMPM

Section 31: W/2

TOWNSHIP 27 NORTH, RANGE 12 WEST, NMPM

Section 17: S/2
Sections 18 through 21: All
Section 22: W/2
Section 25: W/2
Sections 26 through 36: All

TOWNSHIP 27 NORTH, RANGE 13 WEST, NMPM

Sections 4 through 11: All
Sections 13 through 36: All

TOWNSHIP 27 NORTH, RANGE 14 WEST, NMPM

Sections 1 through 29: All
Sections 33 through 36: All

TOWNSHIP 27 NORTH, RANGE 15 WEST, NMPM

Sections 1 through 3: All
Sections 11 through 13: All

TOWNSHIP 28 NORTH, RANGE 13 WEST, NMPM

Partial Sections 7 and 8: All
Sections 17 through 20: All
Section 28: S/2
Sections 29 through 33: All

TOWNSHIP 28 NORTH, RANGE 14 WEST, NMPM

Partial Sections 7 through 12: All
Sections 13 through 36: All

TOWNSHIP 28 NORTH, RANGE 15 WEST, NMPM

Partial Sections 7 through 12: All
Sections 13 through 29: All
Sections 33 through 36: All

(7) That adoption of an administrative procedure for the approval of downhole commingling of Fruitland and Pictured Cliffs production in the above described area under the conditions outlined in Findings Nos. (3) through (5) above, should result in the recovery of otherwise unrecoverable hydrocarbons thereby preventing waste, will not impair correlative rights, and should be approved.

IT IS THEREFORE ORDERED:

(1) That the Secretary-Director of the Commission is hereby authorized to approve commingling of Fruitland and Pictured Cliffs production in the wellbore of any well drilled in the following described area in San Juan County, New Mexico:

TOWNSHIP 24 NORTH, RANGE 9 WEST, NMPM

Sections 1 through 5: All
Sections 10 through 14: All
Section 24: All

TOWNSHIP 25 NORTH, RANGE 9 WEST, NMPM

Sections 2 through 36: All

TOWNSHIP 25 NORTH, RANGE 10 WEST, NMPM

Sections 1 through 18: All
Sections 20 through 27: All
Section 36: All

TOWNSHIP 25 NORTH, RANGE 11 WEST, NMPM

Sections 1 through 6: All
Section 7: N/2
Sections 8 through 13: All
Section 14: N/2
Section 15: N/2

TOWNSHIP 25 NORTH, RANGE 12 WEST, NMPM

Sections 1 and 2: All
Section 3: N/2
Section 4: N/2
Section 12: N/2

TOWNSHIP 26 NORTH, RANGE 9 WEST, NMPM

Section 19: All
Section 28: SW/4
Section 29: S/2
Sections 30 through 33: All

TOWNSHIP 26 NORTH, RANGE 10 WEST, NMPM

Sections 19 through 36: All

TOWNSHIP 26 NORTH, RANGE 11 WEST, NMPM

Sections 5 through 8: All
Section 13 through 36: All

TOWNSHIP 26 NORTH, RANGE 12 WEST, NMPM

Sections 1 through 30: All
Section 31: N/2
Sections 32 through 36: All

TOWNSHIP 26 NORTH, RANGE 13 WEST, NMPM

Sections 1 through 17: All
Section 18: N/2
Section 21: N/2
Sections 22 through 25: All
Section 26: N/2

TOWNSHIP 26 NORTH, RANGE 14 WEST, NMPM

Sections 1 through 3: All
Sections 11 and 12: All

TOWNSHIP 27 NORTH, RANGE 11 WEST, NMPM

Section 31: W/2

TOWNSHIP 27 NORTH, RANGE 12 WEST, NMPM

Section 17: S/2
Sections 18 through 21: All
Section 22: W/2
Section 25: W/2
Sections 26 through 36: All

TOWNSHIP 27 NORTH, RANGE 13 WEST, NMPM

Sections 4 through 11: All
Sections 13 through 36: All

TOWNSHIP 27 NORTH, RANGE 14 WEST, NMPM

Sections 1 through 29: All
Sections 33 through 36: All

TOWNSHIP 27 NORTH, RANGE 15 WEST, NMPM

Sections 1 through 3: All
Sections 11 through 13: All

TOWNSHIP 28 NORTH, RANGE 13 WEST, NMPM

Partial Sections 7 and 8: All
Sections 17 through 20: All
Section 28: S/2
Sections 29 through 33: All

TOWNSHIP 28 NORTH, RANGE 14 WEST, NMPM

Partial Sections 7 through 12: All
Sections 13 through 36: All

TOWNSHIP 28 NORTH, RANGE 15 WEST, NMPM

Partial Sections 7 through 12: All
Sections 13 through 29: All
Sections 33 through 36: All

(2) That to obtain approval for the downhole commingling of Fruitland and Pictured Cliffs production in the wellbore of any well completed in the aforescribed area, the operator of said well shall file one copy of the request for such approval with the Secretary-Director of the Commission and one copy with the Supervisor of the Commission District Office at Aztec. Such request shall contain evidence as to the productivity or expected productivity of each of the aforesaid formations proposed to be commingled, as well as reservoir pressures encountered or expected to be encountered. In addition, data shall be submitted which will enable the Secretary-Director to prescribe an allocation formula for allocating production to each of the formations to be commingled.

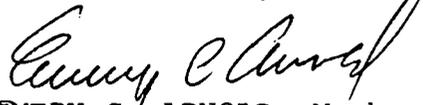
(3) The Secretary-Director of the Commission shall have authority to rescind downhole commingling authority granted for any well prior to its completion if data available upon completion of the well indicates greater than marginal production from either or both of the commingled formations or a pressure differential between the commingled formations which might cause waste.

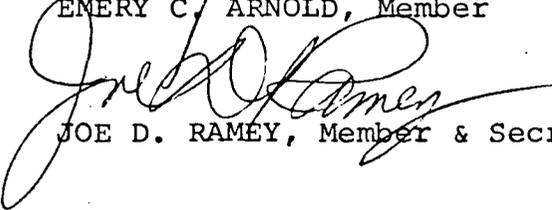
(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

PHIL R. LUCERO, Chairman


EMERY C. ARNOLD, Member


JOE D. RAMEY, Member & Secretary

S E A L

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