

**dugan production corp**

AUG - 9 1988  
OIL CONSERVATION DIVISION  
SANTA FE

August 8, 1988

Mr. William J. LeMay, Director  
New Mexico Oil Conservation Division  
P.O. Box 2088  
Santa Fe, NM 87504-2088

Re: Application of Dugan Production Corp. for  
Administrative Approval of Non-Standard 80 Acre  
Spacing Unit Comprising E/2 NW/4 Sec. 32, T24N, R9W, NMPM  
Bisti Lower Gallup Oil Pool  
San Juan County, New Mexico

Dear Mr. LeMay:

As provided for in Rule No. 4 of the special pool rules for the Bisti Lower Gallup Pool, Dugan Production requests your administrative approval for an 80 acre non-standard spacing unit comprising the E/2 NW/4 of Section 32, T24N, R9W. Rule No. 2 of the special pool rules requires that standard spacing units consist of either the north half or the south half of a single governmental quarter section.

By certified mail, return receipt requested, we have provided all operators within a 2640 foot radius of our proposed location with a copy of this letter application. A copy of the offset operator notice along with a list of names and addresses of all operators notified is attached for your information. Upon receiving the "return receipts", we will provide you with a copy for your records.

Should you have questions regarding our application, please feel free to contact me or Barbara Williams at the letterhead address.

Respectfully,

*John D. Roe*

John D. Roe  
Petroleum Engineer

JDR/cg/march-on.ocd

encs.



# dugan production corp.

Certified - Return Receipt Requested

August 8, 1988

GO DV

TO: OPERATORS WITHIN 1/2 MILE RADIUS OF  
DUGAN PRODUCTION'S PROPOSED MARCH ON #1  
(Address List Attached)

Re: Application of Dugan Production Corp. for  
Administrative Approval of Non-Standard 80 Acre  
Spacing Unit Comprising E/2 NW/4 Sec. 32, T24N, R9W, NMPM  
Bisti Lower Gallup Oil Pool  
San Juan County, New Mexico

Gentlemen:

Dugan Production is making application this date to the Director of the New Mexico Oil Conservation Division (NMOCD) for administrative approval of our application to drill the subject well on an 80 acre non-standard spacing unit comprising the E/2 NW/4 of Section 32, T24N, R9W to be completed as an extension to the Bisti Lower Gallup Oil Pool.

For your review, we have attached a copy of our letter application, in addition to a copy of our APD and accompanying location plat (NMOCD form C-102). As provided for in Rule No. 4 of the special pool rules, we are providing this notice to each operator within a 2640' radius of our proposed location. Any operator within this radius that objects to the administrative granting of the subject non-standard spacing unit should provide notice to the Director of the NMOCD within 20 days of our making application. We would also appreciate any operator providing an objection to also notify Dugan Production Corp.

Our non-standard spacing unit is the result of our requesting an East Half (E/2) spacing unit rather than a North Half (N/2) or South Half (S/2) spacing unit as provided for by Rule No. 2 of the Bisti Lower Gallup special pool rules. Our well is located at an orthodox location.

Should you need additional information regarding our application, please feel free to contact Barbara Williams or me at the letterhead address.

Sincerely,

*John D. Roe*

John D. Roe  
Petroleum Engineer

30-045-26997

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT

## OIL CONSERVATION DIVISION

P. O. BOX 2088  
SANTA FE, NEW MEXICO 87501Form C-101  
Revised 10-1-78

NO. OF COPIES RECEIVED	
DISTRIBUTION	
SANTA FE	
FILE	
U.S.G.S.	
LAND OFFICE	
OPERATOR	

5A. Indicate Type of Lease	
STATE <input checked="" type="checkbox"/>	FEE <input type="checkbox"/>
5. State Oil & Gas Lease No.	
LG-5685	

## APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1. Type of Work		7. Unit Agreement Name	
DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>			
2. Type of Well		8. Farm or Lease Name	
OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		March On	
Name of Operator		9. Well No.	
DUGAN PRODUCTION CORP.		1	
Address of Operator		10. Field and Pool, or Wildcat	
P.O. Box 5820, Farmington, NM 87499-5820		BEST LOWER GALLUP	
Location of Well		12. County	
UNIT LETTER <u>F</u> LOCATED <u>1720</u> FEET FROM THE <u>North</u> LINE <u>1910</u> FEET FROM THE <u>West</u> LINE OF SEC. <u>32</u> TWP. <u>24N</u> RGE. <u>9W</u> NMPM		San Juan	
18. Elevations (Show whether DF, RT, etc.)		19. Proposed Depth	
6802' GL		5080'	
21A. Kind & Status Plug. Bond		19A. Formation	
State Wide Bond		Gallup	
21B. Drilling Contractor		20. Rotary or C.T.	
Four Corners Drilling		rotary	
22. Approx. Date Work will start			
ASAP			

## PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
12-1/4"	8-5/8"	24#	200'	206 cu.ft.	surface
7-7/8"	4-1/2"	10.5#	5080'	1642 cu.ft.	surface

Plan to drill a 12-1/4" hole and set 200' of 8-5/8" OD, 24#, J-55 surface casing; then plan to drill a 7-7/8" hole to total depth with gel-water-mud program to test the Gallup formation. Plan to run IES and CDL logs. If determined productive, will run 4-1/2", 10.5#, J-55 casing, selectively perforate, frac, clean out after frac and complete well.

APPROVAL EXPIRES 8-6-89  
UNLESS DRILLING IS COMMENCED.  
SPUD NOTICE MUST BE SUBMITTED  
WITHIN 10 DAYS.

RECEIVED  
AUG 05 1988  
OIL CON. DIV  
DIST. 5

BELOW SPACE DESCRIBE PROPOSED PROGRAM: IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIONS. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

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

Thomas A. Dugan Title President Date 8-5-88

(This space for State Use)

APPROVED BY Emmett Quess TITLE DEPUTY OIL & GAS INSPECTOR, DIST. #3 DATE AUG 05 1988

CONDITIONS OF APPROVAL, IF ANY:

Held C-104 for NSP  
approval of outstanding

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

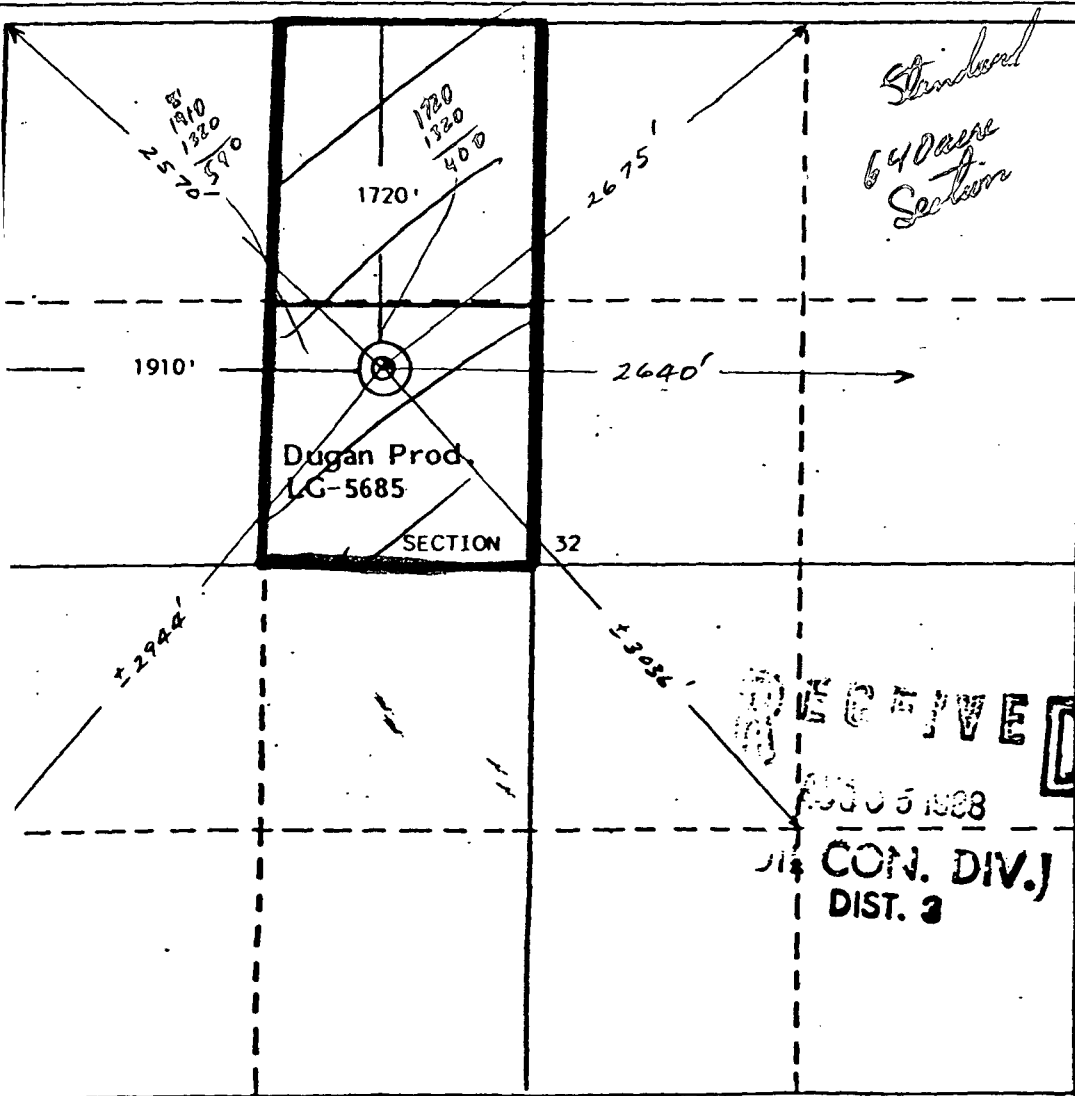
Operator Dugan Production Corporation			Lease March On		Well No. 1
Unit Letter F	Section 32	Township 24 North	Range 9 West	County San Juan	
Actual Footage Location of Well: 1720 feet from the North line and 1910 feet from the West line					
Ground Level Elev. 6802	Producing Formation Gallup	Pool BEST LOWER Wildcat EXT	Dedicated Acreage: 80 Acres		

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure 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 Division.



#### CERTIFICATION

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

*Thomas A. Dugan*  
Name

Thomas A. Dugan

Position

President

Company

Dugan Production Corp.

Date

8-5-88

I hereby certify that the well location shown on this plat was obtained from field notes and survey by me or under my supervision and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed

July 29, 1988

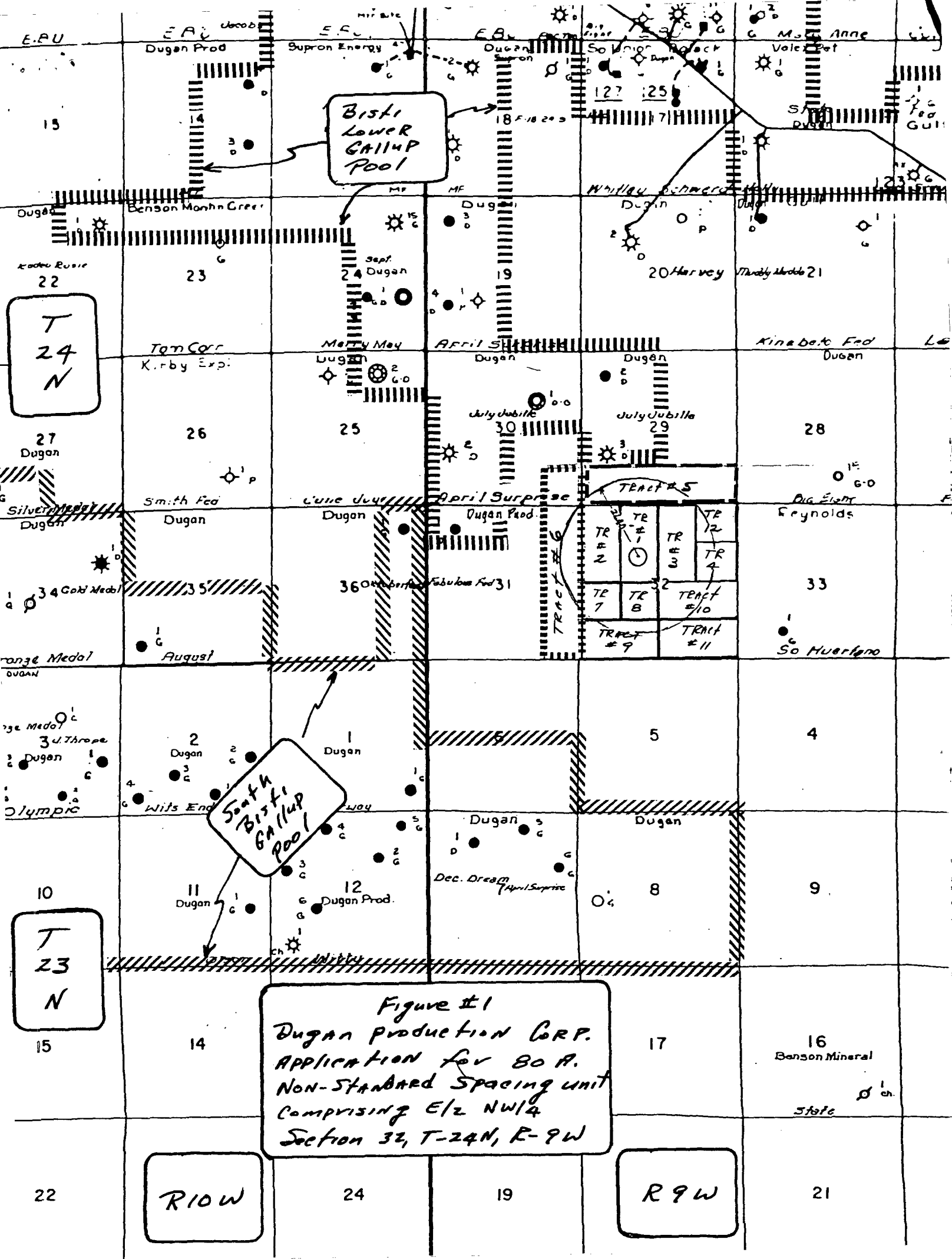
Registered Professional Engineer and/or Land Surveyor

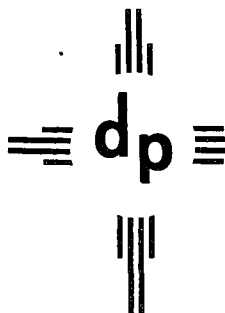
*Edgar L. Risenbauer*  
Certificate No. 5979

OPERATORS OF LEASE HOLD INTEREST  
Within 2640' Radius of Dugan Production's  
Proposed March On Well No. 1  
Unit F, Section 32, T-24N, R-9W, NMPM  
San Juan County, NM  
(Tract Description on Figure No. 1)

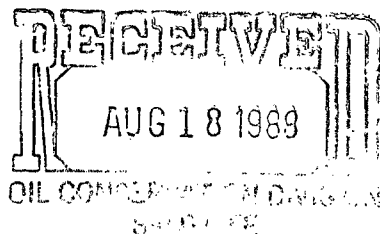
- Tract 1      State Lease LG 5685  
              Dugan Production Corp.  
              P.O. Box 5820  
              Farmington, NM 87499-5820
- Tract 2      State Lease E4912-20  
              Tenneco Oil Company  
              7990 Interstate Highway 10 West  
              San Antonio, Texas 78230
- Tenneco Oil Company  
              P.O. Box 3249  
              Englewood, CO 80155-3249
- Tract 3      State Lease E4912-20  
              Tenneco Oil Company  
              7990 Interstate Highway 10 West  
              San Antonio, Texas 78230
- Tenneco Oil Company  
              P.O. Box 3249  
              Englewood, CO 80155-3249
- Tract 4      State Lease LG 5685  
              Dugan Production Corp.  
              P.O. Box 5820  
              Farmington, NM 87499-5820
- Tract 5      Federal Lease 24661  
              Dugan Production Corp.  
              P.O. Box 5820  
              Farmington, NM 87499-5820 and
- Southern Union Exploration  
              Suite 1800, Renaissance Tower  
              1201 Elm Street  
              Dallas, Texas 75270
- Tract 6      Federal Lease NM 4958  
              Dugan Production Corp.  
              P.O. Box 5820  
              Farmington, NM 87499-5820

- Tract 7      State Lease E6633-2  
              W.R. Speer  
              P.O. Box 255  
              Farmington, NM 87499
- Tract 8      State Lease B10889-25  
              James Amos Tadlock, Jr. & Cavelle Tadlock McGuire  
              c/o Cavelle Tadlock McGuire  
              7511 East 26th Place  
              Tulsa, OK 74129
- Tract 9      State Lease V1360  
              Yates Petroleum Corp.  
              105 South 4th Street  
              Artesia, NM 88210
- Tract 10     State Lease V1360  
              Yates Petroleum Corp.  
              105 South 4th Street  
              Artesia, NM 88210
- Tract 11     State Lease LG 5685  
              Dugan Production Corp.  
              P.O. Box 5820  
              Farmington, NM 87499-5820
- Tract 12     State Lease V1360  
              Yates Petroleum Corp.  
              105 South 4th Street  
              Artesia, NM 88210





# dugan production corp.



August 16, 1988

Mr. William J. LeMay, Director  
New Mexico Oil Conservation Division  
P.O. Box 2088  
Santa Fe, NM 87504-2088

Re: Application of Dugan Production Corp. for  
Administrative Approval of Non-Standard 80 Acre  
Spacing Unit Comprising E/2 NW/4 Sec. 32, T24N, R9W, NMPM  
Bisti Lower Gallup Oil Pool  
San Juan County, New Mexico

Dear Mr. LeMay:

Attached for your file is a copy of the U.S. Postal return receipts that were attached to our August 8, 1988 notice to all operators within a 2640' radius of the location proposed for Dugan Production's March On Well No. 1. Having received a receipt for each operator noticed, it is our belief that we have met the notice requirements stipulated in Rule #4 of the special pool rules for the Bisti Lower Gallup Pool.

Should you need additional information or have questions, please feel free to contact me or Barbara Williams at the letterhead address.

Sincerely,

*John D. Roe*

John D. Roe  
Petroleum Engineer

JDR/cg/march-on.a

enc.



SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. <input type="checkbox"/> Show to whom delivered, date, and addressee's address.		2. <input type="checkbox"/> Restricted Delivery.	
3. Article Addressed to:  Southern Union Exploration Suite 1800, Renaissance Tower 1201 Elm Street Dallas, TX 75270		4. Article Number P 488 636 998  Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail  Always obtain signature of addressee or agent and <u>DATE DELIVERED</u> .	
5. Signature — Addressee X <i>K. Johnson</i>		8. Addressee's Address (ONLY if requested and fee paid)	
6. Signature — Agent X			
7. Date of Delivery 8-12-88			

PS Form 3811, Feb. 1986

CG

AUG 12 1988

DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. <input type="checkbox"/> Show to whom delivered, date, and addressee's address.		2. <input type="checkbox"/> Restricted Delivery.	
3. Article Addressed to:  W. R. Speer P.O. Box 255 Farmington, NM 87499		4. Article Number P 488 636 999  Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail  Always obtain signature of addressee or agent and <u>DATE DELIVERED</u> .	
5. Signature — Addressee X <i>W. R. Speer</i>		8. Addressee's Address (ONLY if requested and fee paid)	
6. Signature — Agent X			
7. Date of Delivery 8/9/88			

PS Form 3811, Feb. 1986

CG

DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. <input type="checkbox"/> Show to whom delivered, date, and addressee's address.		2. <input type="checkbox"/> Restricted Delivery.	
3. Article Addressed to:  James Amos Tadlock, Jr. & Cavelle Tadlock McGuire % Cavelle Tadlock McGuire 7511 East 26th Place Tulsa, OK 74129		4. Article Number P 488 637 000  Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail  Always obtain signature of addressee or agent and <u>DATE DELIVERED</u> .	
5. Signature — Addressee X <i>C. McGuire</i>		8. Addressee's Address (ONLY if requested and fee paid)	
6. Signature — Agent X			
7. Date of Delivery 8-11-88			

PS Form 3811, Feb. 1986

CG

DOMESTIC RETURN RECEIPT

RETURN RECEIPTS FOR DUCAN PRODUCTION CORP'S  
Non-Standard Spacing Unit Notice Mailed 8-8-88  
To Operators Within a 2640' Radius of the Location Proposed for  
Dugan Production's March On #1  
Page 1 of 2

**SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. <input type="checkbox"/> Show to whom delivered, date, and addressee's address.		2. <input type="checkbox"/> Restricted Delivery.	
3. Article Addressed to:  Tenneco Oil Company 7990 Interstate Hwy 10 West San Antonio, TX 78230		4. Article Number P 298 298 111	
		Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail	
		Always obtain signature of addressee or agent and <b>DATE DELIVERED.</b>	
5. Signature — Addressee X		8. Addressee's Address (ONLY if requested and fee paid)	
6. Signature — Agent X <i>S. Belzberg</i>			
7. Date of Delivery 8-19-88			

PS Form 3811, Feb. 1986

CG

DOMESTIC RETURN RECEIPT

**SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. <input type="checkbox"/> Show to whom delivered, date, and addressee's address.		2. <input type="checkbox"/> Restricted Delivery.	
3. Article Addressed to:  Tenneco Oil Company P.O. Box 3249 Englewood, CO 80155-3249		4. Article Number P 298 298 110	
		Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail	
		Always obtain signature of addressee or agent and <b>DATE DELIVERED.</b>	
5. Signature — Addressee X		8. Addressee's Address (ONLY if requested and fee paid)	
6. Signature — Agent X <i>Pat Burrell</i>			
7. Date of Delivery 8-11-88			

PS Form 3811, Feb. 1986

CG

DOMESTIC RETURN RECEIPT

**SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. <input type="checkbox"/> Show to whom delivered, date, and addressee's address. ↑(Extra charge)↑		2. <input type="checkbox"/> Restricted Delivery ↑(Extra charge)↑	
3. Article Addressed to:  Yates Petroleum Corp. 105 South 4th Street Artesia, NM 88210		4. Article Number P 488 637 001	
		Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail	
		Always obtain signature of addressee or agent and <b>DATE DELIVERED.</b>	
5. Signature — Addressee X <i>ay</i>		8. Addressee's Address (ONLY if requested and fee paid)	
6. Signature — Agent X			
7. Date of Delivery 8/11/88			

PS Form 3811, Mar. 1987

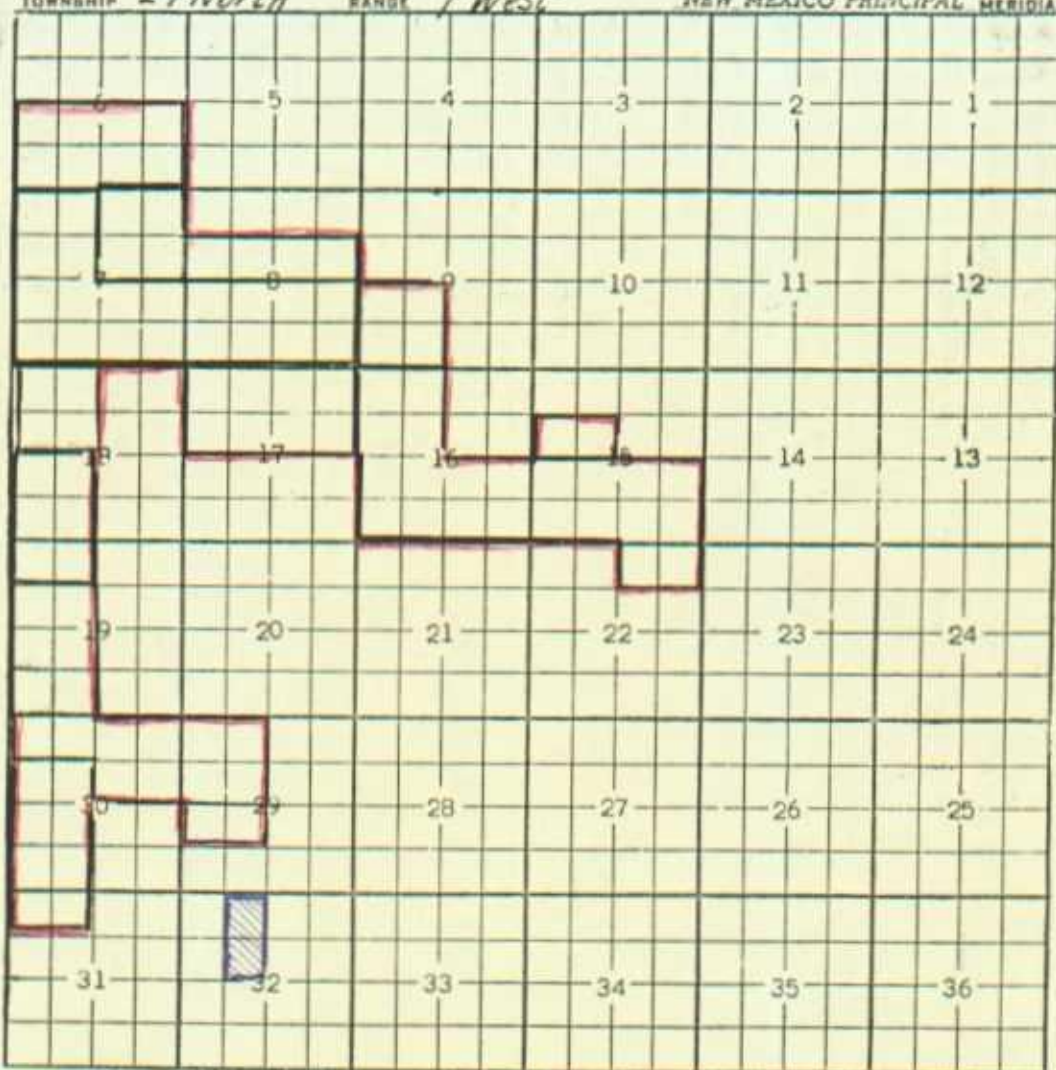
★ U.S.G.P.O. 1987-178-268

DOMESTIC RETURN RECEIPT

RETURN RECEIPTS FOR DUCAN PRODUCTION CORPIS  
Non-Standard Spacing Unit Notice Mailed 8-8-88  
To Operators Within a 2640' Radius of the Location Proposed for  
Dugan Production's March On #1  
Page 2 of 2

County San Juan Pool Bisti-Lower Gallup Oil

TOWNSHIP 24 North RANGE 9 West NEW MEXICO PRINCIPAL MERIDIAN



Ext: NW $\frac{1}{4}$  E $\frac{1}{2}$  Sec. 7;  $\frac{1}{2}$  Sec. 8 (R-1167, 5-1-58) = SW $\frac{1}{4}$  Sec. 9;  
 N $\frac{1}{2}$  Sec. 17 (R-1175, 6-1-58) =  $\frac{3}{4}$  Sec. 6 (R-1468, 9-1-58)  
 = NE $\frac{1}{4}$  Sec. 7;  $\frac{1}{2}$  N $\frac{1}{2}$  Sec. 8 (R-1558, 1-1-60) =  $\frac{1}{2}$  Sec. 15;  $\frac{1}{2}$  E $\frac{1}{2}$  Sec. 16;  
 N $\frac{1}{2}$  NW $\frac{1}{4}$  Sec. 22 (R-1908, 4-1-61) -  $\frac{1}{2}$  NW $\frac{1}{4}$  Sec. 15 (R-2364, 12-1-60)  
 Ext: NW $\frac{1}{4}$  Sec. 18 (R-7185, 1-13-83)  
 Ext: SW $\frac{1}{4}$  Sec. 18, N $\frac{1}{2}$  NW $\frac{1}{4}$  Sec. 19 (R-7277, 5-5-83)  
 Ext:  $\frac{1}{2}$  NW $\frac{1}{4}$  and SW $\frac{1}{4}$  Sec. 19, NW $\frac{1}{4}$  Sec. 29, NE $\frac{1}{4}$  and N $\frac{1}{2}$  NW $\frac{1}{4}$  Sec. 30 (R-7420, 1-9-84)  
 Ext: N $\frac{1}{2}$  SW $\frac{1}{4}$  Sec. 29 (R-7764, 1-8-85)  
 Ext:  $\frac{1}{2}$  NW $\frac{1}{4}$  and SW $\frac{1}{4}$  Sec. 30, N $\frac{1}{2}$  NW $\frac{1}{4}$  Sec. 31 (R-8417, 3-24-87)