



# New Mexico Energy, Minerals and Natural Resources Department

**Bill Richardson**  
Governor

Joanna Prukop  
Cabinet Secretary

Mark Fesmire  
Division Director  
Oil Conservation Division



November 30, 2009

Dugan Production Corp.  
PO Box 420  
Farmington NM 87499-0420

## **DENIAL OF REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT**

**Re: Dugan Production Corp OGRID 6515**  
Ellington Com well #90, API 30-045-33871, San Juan County, New Mexico

Dear Operator:

The Oil Conservation Division (OCD) **denies** your request for allowable and authorization to transport for the wells identified above because your company is out of compliance with 19.15.5.9(A) NMAC [Part 5.9(A)]. See 19.15.16.19(A)(4) NMAC.

Your company is out of compliance with Part 5.9(A) on the following ground(s):

- ☒ **Financial assurances.** Your company is in violation of the financial assurance requirements for well plugging set out in 19.15.8.9 NMAC. See 19.15.5.9(A)(1) NMAC. Specifically, your company has not posted the single-well financial assurances required for state or fee wells which have been inactive for more than two years. The wells requiring single-well financial assurances are identified in the attached sheet.
- ☐ **Corrective action.** Order \_\_\_\_\_, issued on \_\_\_\_\_ after notice and hearing, found your company to be in violation of an order requiring corrective action. See 19.15.5.9(A)(2) NMAC.
- ☐ **Unpaid penalties.** Your company has not paid the penalties assessed against your company in \_\_\_\_\_, issued on \_\_\_\_\_. More than 70 days have passed since the issuance of the order assessing the penalty. See 19.15.5.9(A)(3) NMAC.
- ☒ **Inactive wells.** According to the attached inactive well list, your company has too many wells in violation of the inactive well rule



(19.15.25.8 NMAC) that are not subject to an inactive well agreed compliance order. See 19.15.5.9(A)(4) NMAC. As an operator of 920 wells, your company may have no more than 7 wells in violation of the inactive well rule. Your company has 11 wells in violation of the inactive well rule. In addition,

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

I have enclosed an information sheet explaining the requirements of Part 5.9. You may re-submit your request after your company has returned to compliance with Part 5.9.

Respectfully yours,



Daniel Sanchez, Compliance and Enforcement Manager

Ec: Mark Fesmire, Division Director, Santa Fe  
Theresa Duran-Saenz, Legal Assistant, Santa Fe  
Larry "Buddy" Hill, District 1 Supervisor  
Randy Dade, District 2 Supervisor  
Charlie Perrin, District 3 Supervisor  
Ed Martin, District 4 Supervisor  
Karen Sharp, District 3 Compliance Officer

# Inactive Well List

Total Well Count: 920 Inactive Well Count: 11 Since: 9/1/2008

Printed On: Wednesday, November 25 2009

District	API	Well	ULSTR	OCD Unit	OGRID	Operator	Lease Type	Well Type	Last Production	Formation/Notes	Status	TA Exp Date
3	30-039-22787	BETTY C 31 #003	K-31-24N-07W	K	6515	DUGAN PRODUCTION CORP	F	O	07/2007	INT TO P&A APPVD 8-5-09 / BLM		
3	30-045-30247	CUCCIA COM #090	1-14-31N-13W	A	6515	DUGAN PRODUCTION CORP	F	G	02/2006	BASIN FRUITLAND COAL		
3	30-045-23804	DOMA NAVAJO 12 26 13 #001	M-12-26N-13W	M	6515	DUGAN PRODUCTION CORP	N	G	02/2008			
3	30-045-29985	DOT COM #090	I-2 -26N-11W	I	6515	DUGAN PRODUCTION CORP	S	G	06/2002	BASIN FRUITLAND COAL	T	9/8/2009
3	30-045-25904	JULY JUBILEE #003	L-29-24N-09W	L	6515	DUGAN PRODUCTION CORP	F	O	03/2007	INT TO P&A APPVD 2-13-09 / BLM		
1	30-005-10466	KM CHAVEROO SA UNIT #013	E-2 -08S-33E	E	6515	DUGAN PRODUCTION CORP	S	O	11/2002			
3	30-045-25050	MARY ANNE #003	L-9 -24N-09W	L	6515	DUGAN PRODUCTION CORP	F	O	04/2008			
3	30-045-24495	PINEY #001	N-4 -27N-13W	N	6515	DUGAN PRODUCTION CORP	F	G	09/2006	INT TO P&A APPVD 10-26-09 / BLM		
3	30-045-25435	SAN JUAN S FEDERAL COM #002	G-32-26N-12W	G	6515	DUGAN PRODUCTION CORP	S	G	05/2007			
3	30-045-05065	WARNER FEDERAL #001	A-10-22N-08W	A	6515	DUGAN PRODUCTION CORP	F	O	07/1995	WC;CHACRA SI/ WO PIPELINE ROW	T	6/15/2007
3	30-045-05682	WEST BISTI UNIT #125	G-27-26N-13W	G	6515	DUGAN PRODUCTION CORP	F	I	05/2008	INT TO P&A APPVD 10-28-09 / BLM		

WHERE Ogrid:6515, County:All, District:All, Township:All, Range:All, Section:All, Production(months):15, Excludes Wells Under ACOI, Excludes Wells in Approved TA Period

## Inactive Well Additional Financial Assurance Report

6515 DUGAN PRODUCTION CORP

Total Well Count: 920

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Well Name	Lease Type	ULSTR	OCD Unit Letter	API	Well Type	Last Prod/I nj	Inactive Additional Bond Due	Measured Depth	Required Bond Amount	Bond Required Now	Bond In Place	In Violation
KM CHAVEROO SA UNIT #013	S	E-2 -08S-33E	E	30-005-10466	O	11/2002	12/01/2004	4420	9420	Y	0	Y
SAN JUAN S FEDERAL COM #002	S	G-32-26N-12W	G	30-045-25435	G	05/2007	06/01/2009	686	5686	Y	0	Y