



TONEY ANAYA
GOVERNOR

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

March 27, 1986

OK
5/15
50 YEARS



1935 - 1985

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Dugan Production Corporation
P. O. Box 208
Farmington, New Mexico 87499-0208

Attention: Robert G. Stovall

M-1-23N-10W

Administrative Order NSP-1489

Dear Mr. Stovall:

Reference is made to your application for a 40-acre non-standard oil spacing and proration unit consisting of the SW/4 SW/4 (Unit M) of Section 1, Township 23 North, Range 10 West, NMPM, South Bisti-Gallup Oil Pool, San Juan County, New Mexico.

It is my understanding that this unit is to be dedicated to your Fairway Well No. 1 located 660 feet from the South and West lines of said Section 1.

By authority granted me under the provisions of the Special Rules and Regulations for the South Bisti-Gallup Oil Pool as promulgated by Rule 3 of Division Order R-8090, the above-described non-standard oil proration unit is hereby approved.

Sincerely,

R. L. STAMETS
Director

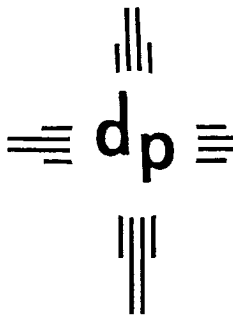
RLS/MES/et

cc: Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington

RECEIVED

APR 01 1986

OIL CON. DIV.
DIST. 3



dugan production corp.

January 17, 1986

Mr. Frank Chavez
New Mexico Oil Conservation Division
1000 Rio Brazos Road
Aztec, New Mexico 87410

RECEIVED
JAN 21 1986
OIL CON. DIV.
DIST. 3

RE: Application of Administrative Approval for
40 Acre Non-Standard Spacing Unit for Dugan
Production Corp.'s Fairway #1 Well
SW/4 SW/4 Section 1-23N-10W

Dear Mr. Chavez:

We hereby request approval of a non-standard proration unit consisting of 40 acres, which is a governmental quarter quarter section as described above for the Fairway #1 well. Copies of the well location plat and production map showing offsetting operators are attached for your reference.

The Fairway #1 well was spudded at a legal location in Undesignated Gallup on January 14, 1985, and it was completed as a Gallup producer on February 19, 1985. The original Form C-104 showing the above proration unit was approved by the Oil Conservation Division.

Subsequent to completion of the Fairway #1, Dugan Production made application in NMOCN Case No. 8685 for the creation of a new Gallup Oil Pool, the horizontal and vertical limits of which include the Fairway #1 well. In its application, Dugan requested a non-standard proration unit for the well and at the Examiner's hearing held on August 28, 1985, we presented evidence in support of this non-standard unit.

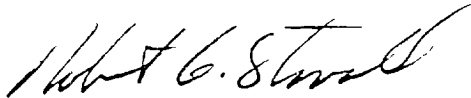
On December 4, 1985, the Division entered Order R-8090 in Case 8685 which established the South Bisti Gallup Oil Pool with 80 acre spacing, but the Division denied Dugan's request for a non-standard 40 acre spacing unit for the Fairway #1 well on the grounds that the advertising for the hearing did not give public notice of the Applicant's request for the non-standard unit. Rule 3 of Order R-8090 authorizes administrative approval of a non-standard government quarter section.

We are furnishing a copy of this application to all offset operators by certified mail with request that they furnish your office with a waiver of objection.

Frank Chavez, NMOCD
January 17, 1986
Page 2

We hereby respectfully request your approval of this non-standard proration unit.

Sincerely,



Robert G. Stovall
General Counsel

RGS:jfr

Enclosures

cc: Bureau of Land Management - Santa Fe
Chorney Oil Company
Champlin Petroleum
Norcen Energy

WAIVER

_____ hereby waives objection to the above
application for a non-standard proration unit.

Date _____

By: _____

OIL CONSERVATION DIVISION

P. O. BOX 2088

Form C-102
Revised 10-1-78STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

SANTA FE, NEW MEXICO 87501

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

Operator Dugan Production Corporation		Lease Fairway		Well No. 1
Unit Letter M	Section 1	Township 23 North	Range 10 West	County San Juan
Actual Footage Location of Well: 660 feet from the South line and 660 feet from the West line				
Ground Level Elev. 6798	Producing Formation Gallup	Pool Undesignated Gallup	Dedicated Acreage: 40 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 Division.

SEC. 1	
JAN 21 1986 OIL CON. DIV. DIST. 3	
NM 23470 Mtn. Fuel Sup. -660'- 660'	

CERTIFICATION

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

Sherman E. Dugan

Name

Sherman E. Dugan

Position

Geologist

Company

Dugan Production Corp.

Date

12-7-84

I have examined the location shown on this plat was plotted from field notes of actual survey made by me or under my supervision, and that the same is true to the best of my knowledge.

Date Surveyed

November 30, 1984

Registered Professional Engineer
and/or Land Surveyor

Edgar L. Risenhoover

Certificate No. 5979

Edgar L. Risenhoover, L.S.

R-10-W

*Fairway #1 Well

<p>6 Yates Fed 1 c</p> <p><i>Durability R-X Fed</i></p>	<p>5 Yates Fed 1 c</p>	<p>4</p>	<p>3 Dugan 1 c</p> <p><i>Olympic</i></p>	<p>2 DUGAN</p>	<p>CHORNEY 25% CHAMPLIN 50% NORCEN 25%</p> <p>DUGAN *</p>
<p>7</p>	<p>8 Yates Fed 1 c</p> <p><i>Kimble P.C. Fed</i></p>	<p>9 Benson Mineral 1 c</p> <p><i>Fed.</i></p>	<p>10</p>	<p>UNLEASED FEDERAL</p> <p>11</p>	<p>12 Dugan Prod</p> <p>1 c</p> <p>2 c</p> <p>3 c</p> <p>4 c</p> <p><i>Nitty</i></p>
<p>18</p>	<p>17 Dugan Prod 1 c</p> <p><i>McDougal</i></p>	<p>16</p>	<p>15</p>	<p>14</p>	<p>13</p>
<p>19</p>	<p>20</p>	<p>21</p>	<p>22</p>	<p>23</p>	<p>24</p>
<p>30</p>	<p>29</p>	<p>28</p>	<p>27</p>	<p>26</p>	<p>25</p>
<p>31</p>	<p>32</p>	<p>33</p>	<p>34</p>	<p>35</p>	<p>36</p>
<p>6</p>	<p>5</p>	<p>4</p>	<p>3</p>	<p>2</p>	<p>1</p>