

CASE 5508: DUGAN PRODUCTION CORPORATION
FOR A NON-STANDARD GAS PRORATION UNIT,
RIO ARriba COUNTY, NEW MEXICO

Count for Operator
& record

CASE NO.

5508

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
July 2, 1975

EXAMINER HEARING

IN THE MATTER OF:

Application of Dugan Production
Corporation for a non-standard
gas proration unit, Rio Arriba
County, New Mexico.

CASE NO. 5508

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil
Conservation Commission:

Thomas Derryberry, Esq.
Legal Counsel for the
Commission
State Land Office Building
Santa Fe, New Mexico

For the Applicant:

W. Thomas Kellahin, Esq.
KELLAHIN & FOX
500 Don Gaspar
Santa Fe, New Mexico

THE NYE REPORTING SERVICE
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CASE 5508

Page.....2.....

I N D E X

PAGE

THOMAS A. DUGAN

Direct Examination by Mr. Kellahin
Cross Examination by Mr. Stamets

3
9

E X H I B I T S

Applicant's Exhibits Nos. 1 through 4

9

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DUGAN-DIRECT

MR. STAMETS: Case 5508.

MR. DERRYBERRY: Case 5508. Application of Duga
Production Corporation for a non-standard gas proration
unit, Rio Arriba County, New Mexico.

MR. KELLAHIN: Tom Kellahin, Kellahin and Fox,
Santa Fe, New Mexico, appearing on behalf of the Applicant.
I have one witness to be sworn.

THOMAS A. DUGAN

called as a witness, having been first duly sworn, was
examined and testified as follows:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you please state your name?

A Thomas A. Dugan.

Q Are you President of Dugan Production Corporation,
the Applicant?

A Yes.

Q Are you familiar with the facts surrounding this
particular Application by Dugan Production Corporation?

A Yes.

Q Have you previously testified before the Commis-
sion and had your qualifications as an expert accepted
and made a matter of record?

DUGAN-DIRECT

Page 4

MR. KELLAHIN: If the Examiner please, are the witness' qualifications acceptable?

MR. STAMETS: They are.

BY MR. KELLAHIN:

Q Mr. Dugan, would you state briefly for the Examiner what you are seeking?

A We are seeking approval to have a non-standard proration unit for our Dakota-Gallup Well to be located in the southwest quarter of Section 14, Township 24 North, Range 5 West, Rio Arriba County, New Mexico.

Q A standard proration unit would consist of 320 acres, is that correct?

A In the Dakota Formation, yes.

Q Would you please refer to what has been marked as Exhibit 1, identify it and state what this is?

A Exhibit 1 is the letter from the U.S.G.S. concerning Jicarillo Contract No. 37-A, which is the lease in question, and in the last paragraph they are saying that the lease should be further developed or relinquished, so, that is the main reason I am here. I have studied the area to try to determine what would be the most advantageous and profitable way to develop this lease.

Q Please refer to Exhibit No. 2 and identify it?

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A Exhibit No. 2 is a map of the general area. The Jicarilla Contract 37-A is colored in yellow. You can see that we are checkerboarded on 160 acres with another lease that we are checkerboarded with which is Jicarilla Contract 37-B that belongs to Amerada Hess. The lease is located in the general area of the Otero-Gallup Pool and the West Lindrith Gallup-Dakota Pool and the South Lindrith Gallup-Dakota Pool.

Q How are those two pools being developed?

A Those two pools, the West Lindrith Gallup-Dakota and the South Lindrith Gallup-Dakota are classified as oil pools in both the Gallup and Dakota Formations and are being developed on 160-acre spacing and commingled in the well bore. My studies indicate that this was by far the most economic way to complete a well and probably the only chance that we have of making a well on our lease that will pay out.

Q This proposed well has already been the subject of a previous hearing before the Oil Commission, has it not?

A Yes. We asked for permission to commingle in the well bore and for 160-acre spacing and that was in Case No. 5453, Order 5002. We received approval to commingle in the well bore, but did not receive permission to develop

the Dakota on a non-standard proration unit of 160 acres.

Q Please refer to Exhibit No. 3 and identify it?

A This is showing some of the Dakota wells in the vicinity of our lease, showing the cumulative production, the 1974 production, and cumulative oil production from the Dakota Formation. So, you can see that the offset wells to our lease are relatively marginal and it would be questionable whether you could drill a single Dakota -- or complete a well as a single Dakota on our lease and make a profitable venture from it.

Q Please refer to Exhibit 4 and identify it?

A It is the same thing except in relationship to the Gallup Formation. You can note that the Gallup Wells in the vicinity of our lease are marginal also.

Q What efforts have you made to form a standard 320-acre unit?

A I have talked to Amerada Hess and requested that they farm out their acreage to me and I also discussed my problems with them.

Q Have they agreed to either join you or farm out to as of this date?

A No.

Q Should you be successful in either prosecuting a

compulsory pooling application or obtaining a farm-out from Amerada, what would that do to the type of well that you have proposed to drill?

A Well, even a compulsory pooling order would leave us with a problem in that the Gallup Formation would have a one-acreage dedication and the Dakota Formation another acreage dedication, and if you wanted to commingle in the well bore, it would be very difficult to come up with an equitable and agreeable solution to how the production would be divided. I want to emphasize that I, by my studies have come to the conclusion that the only way that you can drill a well on this particular acreage and make a profitable venture out of it is by commingling the Gallup and the Dakota Formations in the well bore. So, even if you joined with the other quarter section there, you would have a problem of working out a solution to the division of production.

Q In the event this Application is not granted, what would be the result to you with regard to this particular acreage?

A Well, I will have to read some sort of a solution for it because I believe that there is oil and gas in the ground there and I hesitate to relinquish the lease to the

DUGAN-DIRECT

Jicarilla Apaches, so, I am going to have to find a solution, but this that I am asking for seems to be the best solution from my viewpoint at this particular moment.

Q The only other option would be to drill a dual completion well, would it not?

A You could do that, although the wells to the west there have not been successful in -- the cost of a dual in this area is high because, first, you have to use larger casing and then two strings of tubing and then it would be necessary to pump the Gallup Formation and this would be -- the added cost would almost rule out the dually completing a well in this area.

Q Were Exhibits 2, 3 and 4 prepared by you or under your direction and supervision?

A Yes.

Q In your opinion, Mr. Dugan, will the approval of this Application be in the best interest of conservation and prevention of waste and the protection of correlative rights?

A Yes, because the main point that is to be derived from dually completing, commingling in the well bore, is that you are going to recover some very marginal Gallup oil that will not otherwise be recovered.

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DUGAN-CROSS

MR. KELLAHIN: That concludes our direct examination. We move the introduction of Exhibits 1 through 4.

MR. STAMETS: These exhibits will be admitted into evidence.

(Whereupon, Applicant's Exhibits Nos. 1 through 4 were marked for identification, and were offered and admitted into evidence.)

CROSS EXAMINATION

BY MR. STAMETS:

Q Mr. Dugan, if Amerada Hess came back subsequent to this hearing and said, yes, we would like to communitize and pay our share, would you then go ahead and communitize even though you might have already received a non-standard unit?

A Well, along with that offer to communitize, we will also have to work out the division of production between the Gallup and Dakota Zones, and I would, with the idea that we can come to an equitable solution there, although it seems to me it is going to be relatively hard to come to an agreeable solution because of the ownership which would be 100 percent Dugan in the Gallup Zone and half Dugan and half Amerada Hess in the Dakota Zone. Now, that's not saying that you couldn't unitize that whole

DUGAN-CROSS

area there where we have the checkerboard leases and come up with an agreement, but short of that, I don't see a possible solution.

Q I take it that it is your feeling that the other half of the standard proration unit, I guess the northwest quarter, could be better developed by Amerada by them drilling a well such as you have here and downhole commingling the Gallup and the Dakota?

A At this particular time, my opinion is that that is the only way that you can make one of those wells pay out, is to commingle in the well bore. Conoco seems to be doing pretty well over there in the West Lindrith Gallup-Dakota Pool, and they are developing that on 160-acre spacing. They are using the energy from the Dakota gas to lift the Gallup oil and eliminating the pumping situation and recovering enough additional Gallup oil to make this type of development pay out.

MR. STAMETS: Are there any other questions of this witness?

MR. KELLAHIN: No, sir.

MR. STAMETS: He may be excused.

(Witness dismissed.)

MR. STAMETS: Is there anything further in this

case?

MR. KELLAHIN: No, sir.

MR. STAMETS: We will take the case under advise-
ment.

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STATE OF NEW MEXICO)
COUNTY OF SANTA FE) SS.

I, RICHARD L. NYE, Court Reporter, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

Richard L. Nye
COURT REPORTER

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 5508, heard by me on 7-3-1975.

Richard L. Nye, Examiner
New Mexico Oil Conservation Commission

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87501

Re: CASE NO. 5508
ORDER NO. R-5066

Applicant:

Dugan Production Corporation

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Yours very truly,

JOE D. RAMEY
Secretary-Director

Secretary-Director

Copy of order also sent to:

Hobbs OCC X
 Artesia OCC
 Aztec OCC X

Other _____

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. 5508
Order No. R-5066

APPLICATION OF DUGAN PRODUCTION
CORPORATION FOR A NON-STANDARD
GAS PRORATION UNIT, RIO ARRIBA
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 2, 1975,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 22nd day of July, 1975, 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, seeks
approval of a 160-acre non-standard gas proration unit comprising
the SW/4 of Section 14, Township 24 North, Range 5 West, NMPM,
to be dedicated to a well at a standard location in Unit L of
said Section 14.
- (3) That no party appeared and opposed the application.
- (4) That the owner of the other lands in the W/2 of said
Section 14, has not responded to applicant's request for com-
munitization of interests to form a standard gas proration unit.
- (5) That the entire non-standard proration unit may reason-
ably be presumed productive of gas from the Basin-Dakota Pool
and that the entire non-standard gas proration unit can be effi-
ciently and economically drained and developed by the aforesaid
well.
- (6) That approval of the subject application will afford
the applicant the opportunity to produce his just and equitable
share of the gas in the Basin-Dakota Pool, will prevent the eco-
nomic loss caused by the drilling of unnecessary wells, avoid the

-2-

Case No. 5508
Order No. R-5066

augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

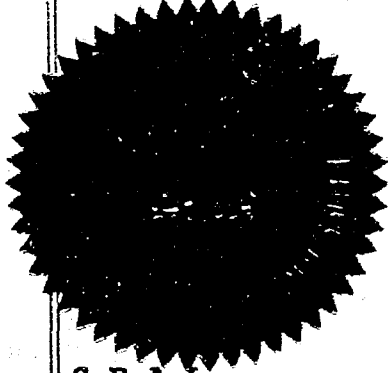
IT IS THEREFORE ORDERED:

(1) That a 160-acre non-standard gas proration unit in the Basin-Dakota Pool comprising the SW/4 of Section 14, Township 24 North, Range 5 West, NMPM, Rio Arriba County, New Mexico, is hereby established and dedicated to a well at a standard location in Unit L of said Section 14.

(2) 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
PHIL R. LUCERO, Member

Joe D. Ramey
JOE D. RAMEY, Member & Secretary

S E A L

jr/



United States Department of the Interior

GEOLOGICAL SURVEY

P. O. Box 1809
Durango, Colorado 81301

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

December 17, 1974

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

Gentlemen:

Our records indicate that Dugan Production Corporation is the lessee and operator of one Pictured Cliffs gas well and M&M Production & Operation is the operator of two Pictured Cliffs gas wells on Jicarilla Tribal lease Contract No. 37-A, which involves 640 acres in secs. 13, 14, and 23, T. 24 N., R. 5 W., Rio Arriba County, New Mexico. The lease is considered to be in the extended term by virtue of production in paying quantities. There are presently three Pictured Cliffs gas wells producing marginal volumes of gas from the lease.

In view of the energy situation and the small amount of production from this lease, serious consideration should be given to further evaluation of all potentially productive formations. Please advise this office of your intentions concerning development of the lease.

In the absence of development pursuant to Section 3 (b) of the lease, consideration should be given to relinquishment of undeveloped portions of the lease or furnish this office with supporting geologic evidence that further development is not justified.

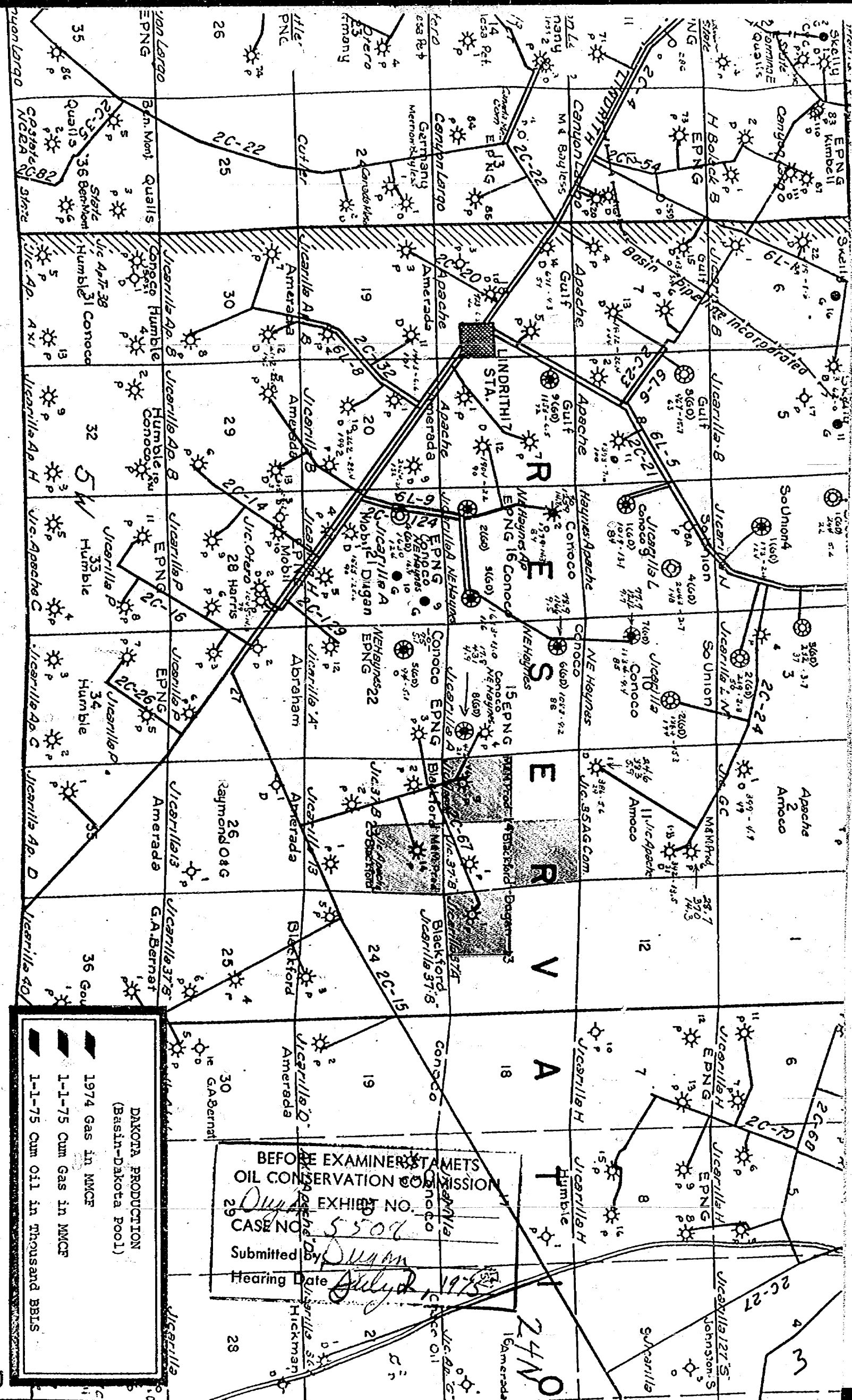
Sincerely yours,

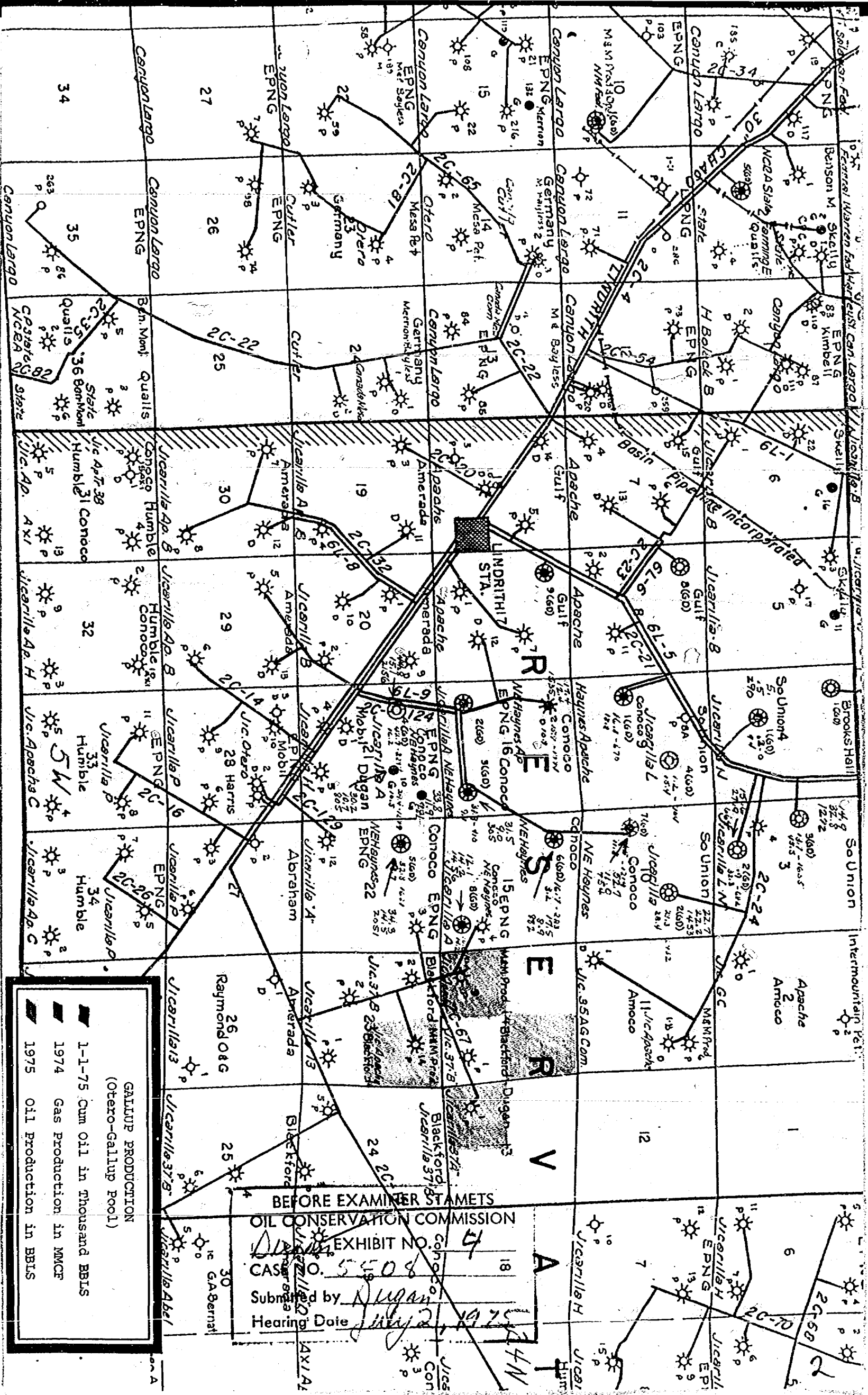
Jerry W. Long
Jerry W. Long
District Engineer

BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION

Dugan EXHIBIT NO. 1
CASE NO. 5508

Submitted by *Dugan*
Hearing Date *July 2, 1975*





BEFORE EXAMINER STAMETS
 OIL CONSERVATION COMMISSION
 EXHIBIT NO. 4
 CASE NO. 5508
 Submitted by *Dugan*
 Hearing Date *July 2, 1975*

GALLUP PRODUCTION
 (Otero-Gallup Pool)
 1-1-75 Cum Oil in Thousand BBLs
 1974 Gas Production in MMCF
 1975 Oil Production in BBLs

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
June 10, 1975

EXAMINER HEARING

IN THE MATTER OF:

Application of Dugan Production
Corporation for a non-standard
gas proration unit, Rio Arriba
County, New Mexico.

CASE NO. 5508

BEFORE: Daniel S. Nutter, Examiner

Transcript of Hearing

A P P E A R A N C E S

For the New Mexico Oil
Conservation Commission:

William F. Carr, Esq.
Legal Counsel for the
Commission
State Land Office Building
Santa Fe, New Mexico 87501

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MR. NUTTER: Case 5508.

MR. CARR: Case 5508. Application of Dugan Production Corporation for a non-standard gas-proration unit, Rio Arriba County, New Mexico.

MR. NUTTER: The Rio Arriba County paper did not receive the notice for this case in time for it to have timely advertisement, therefore Case No. 5508 will be continued and readvertised for the Hearing scheduled to be held July 2nd, 1975.

STATE OF NEW MEXICO)
COUNTY OF SANTA FE) SS.

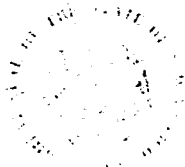
I, RICHARD L. NYE, Court Reporter, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

Richard L. Nye
COURT REPORTER

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 5508 heard by me on 6/10, 1975.

Richard L. Nye, Examiner
New Mexico Oil Conservation Commission

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OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

I. R. TRUJILLO
CHAIRMAN

LAND COMMISSIONER
PHIL R. LUCERO
MEMBER

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

May 23, 1975

Advertising Manager
Rio Grande Sun
P. O. Box 790
Española, New Mexico 87532

Re: NOTICE OF PUBLICATION
CASE(S) 5508

Dear Sir:

Please publish the attached notice one time immediately on receipt of this request. Please proofread carefully, as any error in a land description or in a key word or phrase can invalidate the entire notice.

Immediately upon completion of publication, please send the following to this office:

1. Publisher's affidavit in duplicate.
2. Statement of cost (also in duplicate).
3. CERTIFIED invoices for prompt payment.

We should have these immediately after publication in order that the legal notice will be available for the hearing which it advertises, and also so that there will be no delay in your receiving proper payment.

Please publish the notice not later than May 30, 1975.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/jr

Enc.

*Arrived noon Wed.
too late for publication
This week - Sorry.*

*Called Jaxon X 2:30 pm 6/2/75
He will advise Dugan we have no case.*

NOTICE OF PUBLICATION
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION
SANTA FE - NEW MEXICO

The State of New Mexico by its Oil Conservation Commission hereby gives notice pursuant to law and the Rules and Regulations of said Commission promulgated thereunder of the following public hearing to be held at 9 o'clock a.m. on JUNE 10, 1975, at the Oil Conservation Commission Conference Room, State Land Office Building, Santa Fe, New Mexico, before Daniel S. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner, both duly appointed for said hearing as provided by law.

STATE OF NEW MEXICO TO:

All named parties and persons
having any right, title, interest
or claim in the following cases
and notice to the public.

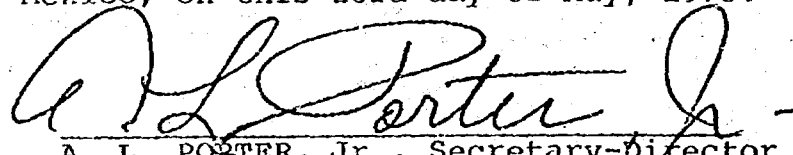
(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian, whether or not so stated.)

CASE 5508:

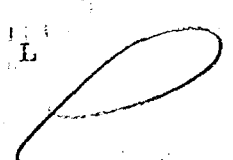
Application of Dugan Production
Corporation for a non-standard
gas proration unit, Rio Arriba
County, New Mexico.

Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard gas proration unit comprising the SW/4 of Section 14, Township 24 North, Range 5 West, Basin-Dakota Pool, Rio Arriba County, New Mexico, to be dedicated to a well at a standard location in Unit L of said Section 14.

GIVEN under the seal of the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on this 23rd day of May, 1975.


A. L. PORTER, Jr., Secretary-Director

SEAL



Dockets Nos. 16-75 and 17-75 are tentatively set for hearing on July 16 and July 30, 1975. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 2, 1975

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Richard L. Stamets, Examiner, or Joe D. Ramey, Alternate Examiner:

CASE 5501: (Continued from the June 10, 1975, Examiner Hearing)

Application of Hanagan Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the N/2 of Section 24, Township 21 South, Range 26 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location for said unit. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs as well as actual operating costs and charges for supervision. Also to be considered will be designation of application as operator of the well and a charge for the risk involved in drilling said well.

CASE 5514: Application of Texaco Inc. for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blinebry, Tubb-Drinkard, Devonian, and Fusselman production in the wellbore of its G. L. Erwin "B" Federal Well No. 4, located in Unit O of Section 35, Township 24 South, Range 37 East, Justis Field, Lea County, New Mexico.

CASE 5515: Application of Exxon Co., USA for a quadruple completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the quadruple completion of its NM State "S" Well No. 24, located in Unit J of Section 2, Township 22 South, Range 37 East, Lea County, in such a manner as to produce Grayburg and Granite Wash production through parallel strings of 2 7/8-inch casing cemented in a common wellbore and to dually complete the third string of 2 7/8-inch casing in the well in such a manner as to permit Wantz-Abo production through the 1 1/2-inch tubing and Drinkard production through the casing-tubing annulus.

CASE 5516: Application of J. R. Cone for downhole commingling and a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blinebry and Drinkard production in the wellbore of his Eubanks Well No. 4, located in Unit N of Section 14, Township 21 South, Range 37 East, Lea County, New Mexico, and for the dual completion of said well in such a manner as to produce the aforesaid commingled production and Abo production through parallel strings of tubing.

- CASE 5517: Application of Petro Lewis Corporation for an unorthodox oil well location, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of an oil well to be drilled 1395 feet from the North line and 2310 feet from the East line of Section 22, Township 19 North, Range 3 West, Southwest Media-Entrada Oil Pool, Sandoval County, New Mexico.
- CASE 5512: Application of NRM Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox gas well location, as amended, for a well to be drilled at a point 910 feet from the North line and 660 feet from the West line of Section 33, Township 20 South, Range 30 East, Golden Lane Gas Field, Eddy County, New Mexico.
- CASE 5508: Application of Dugan Production Corporation for a non-standard gas proration unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard gas proration unit comprising the SW/4 of Section 14, Township 24 North, Range 5 West, Basin-Dakota Pool, Rio Arriba County, New Mexico, to be dedicated to a well at a standard location in Unit L of said Section 14.
- CASE 5518: Application of Anadarko Production Co. for two waterflood projects and an administrative procedure, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute two waterflood projects in the Square Lake Pool by injection of water into the Grayburg-San Andres formations through its Kennedy Well No. 1, located in Unit M of Section 21, and its Baxter "A" Federal Well No. 1, located in Unit O of Section 20, both in Township 16 South, Range 31 East, Eddy County, New Mexico. Applicant further seeks the adoption of an administrative procedure whereby the aforesaid projects as well as those projects operated under authority of Orders Nos. R-2920, R-2977, and R-3677 could be combined for purposes of operation, control, and reporting, and whereby additional wells could be placed on injection or production without notice and hearing.
- CASE 5519: Application of Western Oil Producers, Inc. for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox gas well location of a proposed Devonian oil test well, in the event said well should also be completed as a gas well in the Morrow formation, said well to be located 660 feet from the South line and 2310 feet from the West line of Section 25, Township 17 South, Range 25 East, West Atoka-Morrow Gas Pool, Eddy County, New Mexico.
- CASE 5520: Application of Yates Petroleum Corporation for two unorthodox gas well locations, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of two proposed gas wells, the first being 1980 feet from the North line and 660 feet from the West line of Section 31, Township 17 South, Range 26 East, West Atoka-Morrow Gas Pool, Eddy County, New Mexico, to have dedicated the N/2 of said Section 31; and the second being 880 feet from the South line and 660 feet from the West line of said Section 31, to have dedicated the S/2 of said Section 31.

Corporation Tidwell ED Com Well No. 1 located in Unit P of Section 22, Township 17 South, Range 26 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 26 EAST, NMPM
Section 22: E/2

(f) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Upper Pennsylvanian production and designated as the McKittrick Canyon Upper Pennsylvanian Gas Pool. The discovery well is the Coquina Oil Corporation FAF Federal Well No. 1 located in Unit I of Section 23, Township 22 South, Range 25 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 25 EAST, NMPM
Section 23: E/2

(g) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Nash-Morrow Gas Pool. The discovery well is the Phillips Petroleum Corporation Sandy Unit Well No. 1 located in Unit E of Section 24, Township 23 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 30 EAST, NMPM
Section 24: W/2

(h) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Morrow production and designated as the Oasis-Morrow Gas Pool. The discovery well is the Coquina Oil Corporation Exxon Federal Well No. 1 located in Unit D of Section 12, Township 10 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 10 SOUTH, RANGE 29 EAST, NMPM
Section 12: N/2

(i) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the West Parkway-Morrow Gas Pool. The discovery well is the Petroleum Corporation Parkway West Unit Well No. 2 located in Unit G of Section 29, Township 19 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 29: E/2

(j) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Turkey Track-Morrow Gas Pool. The discovery well is the Hondo Drilling Company Union TX State Com Well No. 1 located in Unit N of Section 17, Township 19 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 17: S/2

CASE 5521: Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the N/2 of Section 31, Township 17 South, Range 26 East, Eddy County, New Mexico, to form a standard 320-acre gas spacing and proration unit to be dedicated to a well to be drilled thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs as well as the actual operating costs and charges for supervision. Also to be considered will be designation of applicant as operator of the well and a charge for the risk involved in drilling said well.

CASE 5522: Southeastern New Mexico nomenclature case calling for the creation and extension of certain pools in Lea, Eddy, and Chaves Counties, New Mexico.

(a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the Airstrip-Wolfcamp Pool. The discovery well is the Amoco Production Company State FU Well No. 1 located in Unit K of Section 25, Township 18 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM
Section 25: SW/4

(b) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Devonian production and designated as the Custer-Devonian Pool. The discovery well is the Shell Oil Company State B Com Well No. 1 located in Unit C of Section 36, Township 24 South, Range 36 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 36 EAST, NMPM
Section 36: N/2

(c) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Atoka production and designated as the North Four Lakes-Atoka Gas Pool. The discovery well is the APCO Corporation Sun-State Well No. 1 located in Unit F of Section 23, Township 11 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 11 SOUTH, RANGE 34 EAST, NMPM
Section 23: N/2

(d) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Hackberry-Morrow Gas Pool. The discovery well is the Julian Ard Hackberry Well No. 1 located in Unit G of Section 25, Township 19 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 30 EAST, NMPM
Section 25: E/2

(e) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the Kennedy Farms-Atoka Gas Pool. The discovery well is the Yates Petroleum

(k) EXTEND the West Atoka-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 25 EAST, NMPM
Section 36: All

(l) EXTEND the Cruz-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 33 EAST, NMPM
Section 19: NW/4

(m) EXTEND the Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM
Section 36: N/2

(n) EXTEND the Henshaw Queen-Grayburg-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 31 EAST, NMPM
Section 18: E/2 SW/4

(o) EXTEND the Indian Draw-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM
Section 19: N/2 NE/4

(p) EXTEND the North Mason-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 32 EAST, NMPM
Section 30: NE/4

(q) EXTEND the Sawyer-San Andres Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 38 EAST, NMPM
Section 17: All

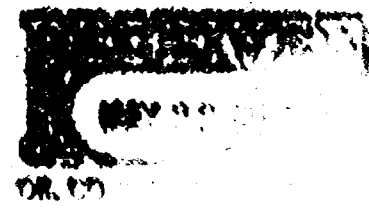
(r) EXTEND the Tom-Tom San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 31 EAST, NMPM
Section 27: SW/4
Section 34: N/2 NW/4

(s) EXTEND the Twin Lakes-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 28 EAST, NMPM
Section 36: NW/4 SE/4

Case 5508



BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
DUGAN PRODUCTION CORPORATION FOR
APPROVAL OF A NON-STANDARD GAS
PRORATION UNIT, RIO ARriba COUNTY,
NEW MEXICO

A P P L I C A T I O N

COMES NOW DUGAN PRODUCTION CORPORATION and applies to the Oil Conservation Commission of New Mexico for a non-standard gas proration unit, Basin-Dakota Gas Pool, and Otero-Gallup Oil Pool, Rio Arriba County, New Mexico, and in support thereof would show the Commission:

1. Applicant proposes to drill a well, to be located in the SW/4 of Section 14, Township 24 North, Range 5 West, N.M.P.M., Rio Arriba County, New Mexico, and to complete it for production of oil from the Otero-Gallup Oil Pool, and Basin-Dakota Gas Pool.
2. Applicant has received approval for the downhole commingling of said product from the New Mexico Oil Conservation Commission in Order No. R-5002, Case No. 5453.
3. Applicant seeks approval of a 160-acre non-standard proration for Basin-Dakota production consisting of the SW/4 of Section 14, Township 24 North, Range 5 West. The forty-acre tract on which the well is located will be dedicated in the Otero-Gallup Pool.

DOCKET MAILED

Date 6/18/25

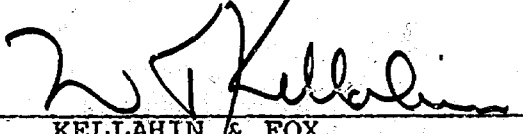
4. Approval of the application will result in the production of gas and oil that would not otherwise be recovered, will enable applicant to obtain his just and equitable share of the hydrocarbons underlying his lands, and will prevent waste. Correlative rights of their interest owners will not be impaired by the commingling of production as proposed.

WHEREFORE applicant prays that this applicant be set for hearing before the Commission or the Commission's duly appointed examiner, and that after notice and hearing as required by law the Commission enter its order approving the application as proposed.

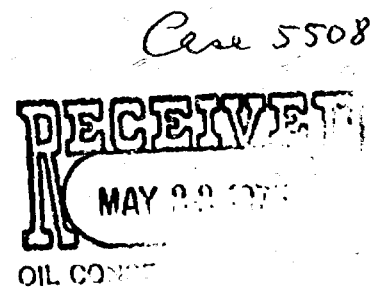
Respectfully submitted,

DUGAN PRODUCTION CORPORATION

By


KELLAHIN & FOX
Post Office Box 1769
Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT



BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
DUGAN PRODUCTION CORPORATION FOR
APPROVAL OF A NON-STANDARD GAS
PRORATION UNIT, RIO ARriba COUNTY,
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2. Applicant has received approval for the downhole commingling of said production from the New Mexico Oil Conservation Commission in Order No. R-5002, Case No. 5453.
3. Applicant seeks approval of a 160-acre non-standard proration for Basin-Dakota production consisting of the SW/4 of Section 14, Township 24 North, Range 5 West. The forty-acre tract on which the well is located will be dedicated in the Otero-Gallup Pool.

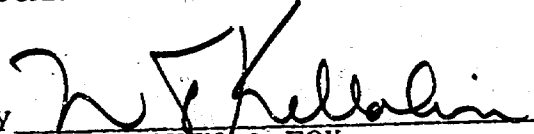
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Respectfully submitted,

DUGAN PRODUCTION CORPORATION

By


KELLAHIN & FOX

Post Office Box 1769

Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

RECEIVED
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OIL CONSERVATION

Case 5508

BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
DUGAN PRODUCTION CORPORATION FOR
APPROVAL OF A NON-STANDARD GAS
PRORATION UNIT, RIO ARriba COUNTY,
NEW MEXICO

A P P L I C A T I O N

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3. Applicant seeks approval of a 160-acre non-standard proration for Basin-Dakota production consisting of the SW/4 of Section 14, Township 24 North, Range 5 West. The forty-acre tract on which the well is located will be dedicated in the Otero-Gallup Pool.

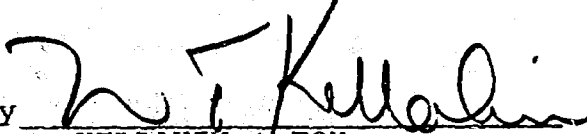
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WHEREFORE applicant prays that this applicant be set for hearing before the Commission or the Commission's duly appointed examiner, and that after notice and hearing as required by law the Commission enter its order approving the application as proposed.

Respectfully submitted,

DUGAN PRODUCTION CORPORATION

By


KELLAHIN & FOX
Post Office Box 1769
Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

(3) That no party appeared and opposed
the applications.

-2- (4) That the owner of the other ^{lands} ~~interest~~ in w/2 of
Case No. 5508 said Section 14, had not responded to
Order No. R- applicant's request ~~to~~ for communitization of
interests to form a standard gas proration unit.

(5) That the entire non-standard proration unit may reasonably
be presumed productive of gas from the Basin-Dakota Pool and
that the entire non-standard gas proration unit can be efficiently
and economically drained and developed by the aforesaid well.

(6) That approval of the subject application will afford
the applicant the opportunity to produce his just and equitable
share of the gas in the Basin-Dakota Pool, will prevent the economic
loss caused by the drilling of unnecessary wells, avoid the
augmentation of risk arising from the drilling of an excessive
number of wells, and will otherwise prevent waste and protect
correlative rights.

IT IS THEREFORE ORDERED:

(1) That a 160-acre non-standard gas proration unit in the
Basin-Dakota Pool comprising the SW/4 of Section 14, Township 24
North, Range 5 West, NMPM, Rio Arriba County, New Mexico, is
hereby established and dedicated to a well at a standard location
in Unit L of said Section 14.

(2) 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.

DRAFT

dr/

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. 5508

Order No. R- 5066

APPLICATION OF DUGAN PRODUCTION CORPORATION
FOR A NON-STANDARD GAS PRORATION UNIT,
RIO ARriba COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 2, 1975,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 2 day of July, 1975, 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, seeks
approval of a 160-acre non-standard gas proration unit comprising the
SW/4 of Section 14, Township 24 North, Range 5 West, NMPM, to be
dedicated to a well at a standard location in Unit L of said Section 14.