

CASE 3511: Application of THOMAS A.
BUGAN for an unorthodox gas well
location, San Juan County, N. M.

CASE NO.

3511

Application,
TRANSCRIPTS,
SMALL Exh. bits
ETC.

GOVERNOR
JACK M. CAMPBELL
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
GUYTON B. HAYS
MEMBER

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

P. O. BOX 2088
SANTA FE

January 9, 1967

Mr. James E. Sperling
Modrall, Seymour, Sperling, Roehl
and Harris
Attorneys at Law
Post Office Box 466
Albuquerque, New Mexico

Re: Case No. 3511
Order No. R-3171
Applicant:

THOMAS A. DUGAN

Dear Sir:

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

Very truly yours,

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

ir/

Carbon 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. 3511
Order No. R-3171

APPLICATION OF THOMAS A. DUGAN
FOR AN UNORTHODOX GAS WELL LOCA-
TION, SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 4, 1967,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 9th day of January, 1967, 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, Thomas A. Dugan, seeks approval of
an unorthodox location for his Navajo Federal Well No. 1, located
660 feet from the North line and 660 feet from the West line of
Section 26, Township 28 North, Range 15 West, NMPM, undesignated
Gallup gas pool, San Juan County, New Mexico.

(3) That the subject well was projected as a Dakota oil test
in 1961 at a standard location 660 feet from the North line and
660 feet from the West line of said Section 26 but encountered gas
in the Gallup formation.

(4) That approval of the subject application will prevent
waste and will not violate correlative rights.

-2-

CASE No. 3511

Order No. R-3171

IT IS THEREFORE ORDERED:

(1) That an unorthodox location is hereby approved for the Thomas A. Dugan Navajo Federal Well No. 1, located 660 feet from the North line and 660 feet from the West line of Section 26, Township 28 North, Range 15 West, NMPM, undesignated Gallup gas pool, San Juan County, New Mexico.

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

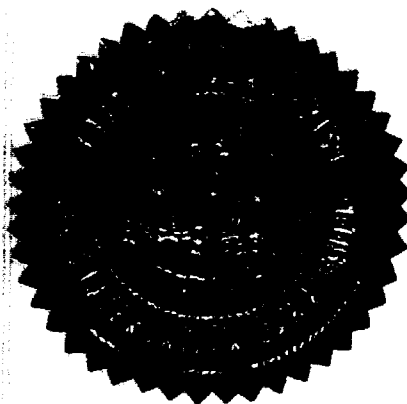
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

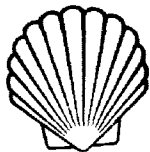

DAVID F. CARGO, Chairman


GUYTON B. HAYS, Member


A. L. PORTER, Jr., Member & Secretary



esr/



SHELL OIL COMPANY

Post Office Box 1200
Farmington, New Mexico

December 23, 1966

Subject: Application by Thomas A. Dugan
to Produce Gas Well

New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Gentlemen:

Reference is made to the application of Thomas A. Dugan for approval by the New Mexico Oil Conservation Commission for production of gas from a well located in the NW/4 of the NW/4 of Section 26, Township 28 North, Range 15 West, New Mexico Principal Meridian, San Juan County, New Mexico. Said well being located 660 feet from the West and 660 feet from the North lines of the said Section and is completed in the Gallup formation.

In the matter of the foregoing application as set down for hearing on January 4, 1967, Shell Oil Company, as owner of leasehold interest offsetting the location of the subject well, does not wish to object to the application of Thomas A. Dugan nor to the issuance of an Order by the Honorable Commission allowing gas production from the subject well.

Very truly yours,

Al T. Hays
District Land Agent

ATH:VS



December 20, 1966

Modrall, Seymour, Sperling, Roehl & Harris
Simms Building
P.O. Box 466
Albuquerque, New Mexico

Attention Mr. James E. Sperling

Gentlemen:

Re: Application of Thomas A. Dugan
relative to a gas well located
660' FN & 660' FW, Sec. 26,
T-28N, R-15W, NMPM, San Juan
County, New Mexico

Sunray DX Oil Company hereby waives its rights of notice and protest in the application of Thomas A. Dugan for approval of an unorthodox gas well location.

It is our understanding that the well in question was drilled as a Gallup oil well 660' FN & WL's of Sec. 26, T-28N, R-15W, NMPM, San Juan County, New Mexico; that the applicant now seeks approval to produce the well as a gas well from the Gallup formation; and that the location does not conform to gas well spacing.

Sunray DX Oil Company has no objection to the granting of this application and the issuance of an order permitting the production of gas from subject well.

Very truly yours,

E. J. Pierce

EJP:jf

cc: J. R. Finch

Tidewater Oil Company



December 19, 1966

Modrall, Seymour, Sperling, Roehl & Harris
P. O. Box 466
Simms Building
Albuquerque, New Mexico 87103

ATTENTION: Mr. James E. Sperling

Gentlemen:

This is in reply to your letter of December 15, 1966, concerning the application of Thomas A. Dugan for production of gas from a well located in NW/4 of the NW/4 of Section 26, T-28-N, R-15-W, San Juan County, New Mexico.

Please be advised that Tidewater Oil Company has no objection to the granting of this application and the issuance of an order permitting the production of gas from the subject well.

Very truly yours,

TIDEWATER OIL COMPANY

A handwritten signature in dark ink, which appears to read "John S. Cameron, Jr.". The signature is written in a cursive, flowing style.

JOHN S. CAMERON, JR.

JSC:mfs



SKELLY OIL COMPANY

TULSA, OKLAHOMA 74102

PRODUCTION DEPARTMENT

C. L. BLACKSHER, VICE PRESIDENT

W. P. WHITMORE, MGR. PRODUCTION

W. D. CARSON, MGR. TECHNICAL SERVICES

ROBERT G. HILTZ, MGR. JOINT OPERATIONS

GEORGE W. SELINGER, MGR. CONSERVATION

December 19, 1966

Mr. James E. Sperling
Modrall, Seymour, Sperling, Roehl & Harris
P. O. Box 466
Albuquerque, New Mexico 87103

Dear Mr. Sperling:

In answer to your letter of December 15, 1966, please be advised that Skelly Oil Company has no objection to the granting of an exception for the location of Thomas A. Dugan well located NW/4 of the NW/4 of Section 26, Township 28 North, Range 15 West, N.M.P.M., San Juan County, New Mexico, 660' from the West line and 660' from the North line in said section, to be completed in the Gallup formation, and for the issuance of an order permitting the production of gas from said well.

Yours very truly,

GWS:br

G. W. DOUGLAS CARVER
DONALD D. DODGE, JR.

CARVER-DODGE OIL COMPANY
400 DENVER CLUB BUILDING
DENVER, COLORADO 80202
TELEPHONE 255-7904

December 28, 1966

Mr. James E. Sperling
Modrall, Seymour, Sperling, Roehl & Harris
P. O. Box 466
Albuquerque, New Mexico 87103

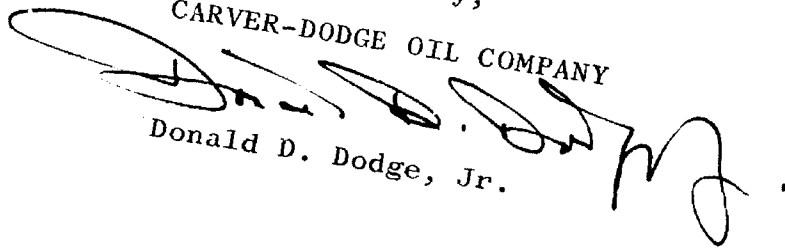
Re: Application of Thomas A. Dugan
for approval by the New Mexico Oil
Conservation Commission for produc-
tion of gas from a well located in the
NW/4 of the NW/4 of Section 26, Town-
ship 28 North, Range 15 West, N.M.P.M.
San Juan County, New Mexico, said well
being located 660' from the West and
660' from the North lines of said Sec-
tion and completed in the Gallup
Formation.

Dear Mr. Sperling:

Relative to your letter of December 15th, regarding
the captioned application, this is to advise that Carver-Dodge
Oil Company has no objection to the granting of the Application
and the issuance of an order permitting the production of gas
from the subject well, providing there is nothing therein contained,
as is our understanding, which would prohibit Carver-Dodge from
drilling any location on its acreage which conforms to the stand-
ard regulations of the New Mexico Oil and Gas Commission.

Yours very truly,

CARVER-DODGE OIL COMPANY


Donald D. Dodge, Jr.

DDDjr:vh

Docket No. 1-67

DOCKET: EXAMINER HEARING - WEDNESDAY, JANUARY 11, 1967

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

The following cases will be heard before Daniel S. Nutter, Examiner, or
Elvis A. Utz, Alternate Examiner:

CASE 3439: (This case continued from the October 11, 1966 examiner hearing
and will be dismissed).

In the matter of the hearing called by the Oil Conservation
Commission on its own motion to permit Scanlon and Shepard and
all other interested parties to show cause why the following
Scanlon and Shepard wells in Township 20 North, Range 9 West,
McKinley County, New Mexico, should not be plugged and abandoned
in accordance with a Commission-approved plugging program:
Santa Fe Pacific Railroad Lease: Wells Nos. 1, 3, 4, 5, 7, and
8, all in Unit P, No. 10 in Unit H, and No. 2 in Unit L, all in
Section 21; Well No. 6 in Unit L and Nos. 9 and 12 in Unit M
of Section 22 and Nos. 11 and 13 in Unit D of Section 27, Ray
Well No. 1 in Unit C, State Wells Nos. 1 and 2 in Unit A, and
State K-1883 No. 1 in Unit B, all in Section 28.

CASE 3440: (This case continued from the October 11, 1966, examiner
hearing and will be dismissed).

In the matter of the hearing called by the Oil Conservation Com-
mission on its own motion to permit Osborn & Weir, and all inter-
ested parties, to show cause why the following Osborn & Weir
wells in Township 20 North, Range 9 West, McKinley County, New
Mexico, should not be plugged and abandoned in accordance with a
Commission-approved plugging program: Scanlon Well No. 17 in Unit P
of Section 21 and Nos. 14 and 18 in Unit M of Section 22, Scanlon
Ray Wells No. 5 in Unit A and No. 6 in Unit C of Section 28.

CASE 3441: (This case continued from the October 11, 1966, examiner hearing
and will be dismissed).

In the matter of the hearing called by the Oil Conservation
Commission on its own motion to permit LaMar Trucking, Inc.,
and all interested parties, to show cause why their State Well
Well No. 1 located 495 feet from the North and West lines of
Section 28, Township 20 North, Range 9 West, McKinley County,
New Mexico, should not be plugged and abandoned in accordance
with a Commission-approved plugging program.

CASE 3506: Application of Standard Oil Company of Texas for a unit agreement,
Lea County, New Mexico. Applicant, in the above-styled cause,
seeks approval of the Maljamar-Grayburg Unit Area comprising
3,441 acres, more or less, of Federal, State and Fee lands in

(Case 3506 continued)

Sections 2, 3, 4, 8, 9, 10, 11, 14, and 15, Township 17 South, Range 32 East, Lea County, New Mexico.

CASE 3507: Application of Standard Oil Company of Texas for a waterflood expansion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its Maljamar-Grayburg Waterflood Project in its proposed Maljamar-Grayburg Unit Area by the injection of water into the Grayburg formation through thirteen additional injection wells. Applicant also seeks administrative procedure for further expansion of said project at a later date.

CASE 3508: Application of Phillips Petroleum Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the approval of the Vacuum Abo Unit Area, comprising 3640 acres, more or less, of State and Fee lands in Townships 17 and 18 South, Range 35 East, Lea County, New Mexico.

CASE 3509: Application of Phillips Petroleum Company for a pressure maintenance project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance project in its Vacuum-Abo Unit by the injection of gas into the Abo Reef formation through two wells located in Section 33, Township 17 South, Range 35 East, and Section 4, Township 18 South, Range 35 East, Vacuum-Abo Reef Pool, Lea County, New Mexico. Applicant further seeks the promulgation of special rules to govern operation of said pressure maintenance project.

CASE 3278 (Reopened)

In the matter of Case No. 3278 being reopened pursuant to the provisions of Order No. R-2944, which order established 80-acre spacing units for the Stateline-Ellenburger Pool, Lea County, New Mexico, for a period of eighteen months. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing units.

CASE 3277 (Reopened)

In the matter of Case No. 3277 being reopened to consider the necessity for the continuance of the special allowables assigned to wells in the Stateline-Ellenburger Pool, Lea County, New Mexico.

- CASE 3510: Application of United States Smelting Refining and Mining Company for an unorthodox gas well location, Lea County, New Mexico. Applicant in the above-styled cause, seeks approval for its Federal Well No. 2 at an unorthodox location 760 feet from the South line and 2080 feet from the West line of Section 11, Township 20 South, Range 34 East, Lea-Pennsylvanian Gas Pool, Lea County, New Mexico.
- CASE 3511: Application of Thomas A. Dugan for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Navajo Federal Well No. 1 completed in the Gallup formation at an unorthodox gas well location 660 feet from the North and West lines of Section 26, Township 28 North, Range 15 West, San Juan County, New Mexico, said well to be dedicated to the NW/4 of said Section 26.
- CASE 3512: Application of Pubco Petroleum Corporation for force-pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests in the Basin-Dakota Gas Pool underlying the S/2 of Section 21, Township 26 North, Range 6 West, Rio Arriba County, New Mexico, and allocating well costs including a risk factor for a well to be drilled on said spacing unit.
- CASE 3513: Application of Midwest Oil Corporation for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Vada-Pennsylvanian Pool, Lea County, New Mexico, including a provision for 160-acre proration units.
- CASE 3514: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider suspending the scheduled cancellation of underproduction which accrued to certain wells in the Eumont Gas Pool during the first six months of 1966 and which was not made-up during the second six months period and was therefore subject to cancellation January 1, 1967. The underproduction being considered for suspension of cancellation accrued as a result of the sale of the connecting pipeline for said wells from an intra-state company to an inter-state company resulting in necessity for FPC approval of sales. The wells, which were shut-in and not produced during the period FPC approval was being obtained, are certain wells formerly connected to Southern Union Gas Company and owned by the following operators: Shell, He-Tex, Penrose, Tidewater, Fields, Atlantic, Skelly, Clark & Christie, Aztec, and Great Western Drilling.

J. R. MODRALL
JAMES E. SPERLING
JOSEPH E. ROEHL
GEORGE T. HARRIS, JR.
DANIEL A. SISK
LELAND S. SEDBERRY, JR.
ALLEN C. DEWEY, JR.
FRANK H. ALLEN, JR.
JAMES P. SAUNDERS, JR.

JAMES A. PARKER
HENRY G. COORS
JOHN R. COONEY
KENNETH L. HARRIGAN

LAW OFFICES OF
MODRALL, SEYMOUR, SPERLING, ROEHL & HARRIS

SIMMS BUILDING
P. O. BOX 466
ALBUQUERQUE, NEW MEXICO 87103

JOHN F. SIMMS (1885-1954)
AUGUSTUS T. SEYMOUR
(1907-1965)

TELEPHONE 243-4511
AREA CODE 503

December 13, 1966

Oil Conservation Commission
Box 2088
Santa Fe, New Mexico
ATTN: Mr. A. L. Porter, Secretary-Director

RE: Application of Thomas A. Dugan

Dear Mr. Porter:

Enclosed herewith please find original and two copies
of the Application of Thomas A. Dugan.

Please set for hearing on January 4, 1967.

Thank you for your attention to this matter.

Very truly yours,


JAMES E. SPERLING

JES: ng
Enc:

DOCKET MAILED

Date 12-22-66
n

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

APPLICATION OF THOMAS A. DUGAN
FOR APPROVAL FOR PRODUCTION OF
GAS FROM A WELL LOCATED IN THE
NW/4 OF THE NW/4 OF SECTION 26,
TOWNSHIP 28 NORTH, RANGE 15 WEST,
N.M.P.M., SAN JUAN COUNTY, NEW
MEXICO, COMPLETED AS A GAS WELL
IN THE GALLUP FORMATION AT A
LOCATION 660 FEET FROM THE WEST
LINE AND 660 FEET FROM THE NORTH
LINE OF SAID SECTION.

NO. 3511

A P P L I C A T I O N

Comes now THOMAS A. DUGAN, Farmington, New Mexico, and makes application to the Oil Conservation Commission, for an order permitting production of gas from a well completed in the Gallup Formation, at a location 660 feet from the North line and 660 feet from the West line of Section 26, Township 28 North, Range 15 West, N.M.P.M., San Juan County, New Mexico, and in support of such Application states:

1. Applicant is the holder of operating rights under Oil and Gas Lease issued by the Navajo tribe of Indians and covering the NW/4 of Section 26, Township 28 North, Range 15 West, San Juan County, New Mexico.

2. Heretofore, Applicant has caused to be drilled a well at the above location, which was projected to the oil-producing horizon of the Gallup Formation. Said well was drilled as a Wildcat Oil Well, but has been completed and classified as a gas well and therefore, does not conform to the Gas Well location Rules as contained in Rule 104, Section B II a.

3. Applicant can and will dedicate 160 acres to said well, consisting of the NW/4 of Section 26, in said Township and Range.

4. Offset well locations and ownership thereof, are as follows according to Applicant's best information and belief. NE/4 of Section 27, Shell Oil Company, SE/4 of Section 22, Carver Dodge Oil Company, SW/4 of Section 23, Skelly Oil Company and others, said locations being under respective leases from the Navajo tribe of Indians. No other wells have been drilled or completed upon these offset locations, except a well located in the SE/4 of the SW/4 of Section 23, to test the Gallup Formation, which well has been plugged and abandoned.

5. Applicant has caused or will cause to be laid, a gathering line at great expense in order to provide a market for the gas, which may be produced from Applicant's well.

6. That the granting of this Application will prevent waste and will protect correlative rights.

WHEREFORE, applicant prays that the Commission issue its Order following notice and hearing as provided by law and the regulations of this Commission authorizing the production of gas from the Gallup Formation from said well hereinabove described.

Respectfully submitted,

THOMAS A. DUGAN
By Modrall, Seymour, Sperling, Roehl &
Harris
By James E. Sperling
His Attorneys
P. O. Box 466
Albuquerque, New Mexico

dearnley-meier

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

1123 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO 87101
1205 FIRST NATIONAL BANK EAST • PHONE 256-1294 • ALBUQUERQUE, NEW MEXICO 87108

PAGE 2

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 4, 1967

IN THE MATTER OF:

Application of Thomas A. Dugan
for an unorthodox gas well
location, San Juan County, New
Mexico.

Case No. 3511

BEFORE:

Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

dearnley-meier

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS
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PAGE 3

MR. MUTTER: We will call next, Case 3511.

MR. HATCH: Case 3511: Application of Thomas A. Dugan for an unorthodox gas well location, San Juan County, New Mexico.

MR. SPERLING: Jim Sperling of Modrall Seymour Sperling Roehl & Harris, Albuquerque, representing the Applicant. We have one witness.

(Witness sworn)

CURTIS J. LITTLE, called as a witness, having been first duly sworn on oath, was examined and testified as follows:

BY MR. SPERLING:

DIRECT EXAMINATION

Q Would you state your name, please?

A Curtis J. Little.

Q Where do you live?

A Albuquerque, New Mexico.

Q What business are you engaged in?

A Production of oil and gas and consulting petroleum geology.

Q Have you testified on previous occasions before the Oil Conservation Commission?

A Yes, I have.

Q The application in this matter is filed on behalf of Thomas A. Dugan. What is your connection with the Applicant?

A I am a one-third interest owner in the subject well.

(Whereupon, Applicant's Exhibit 1 marked for identification)

Q If you will, Mr. Little, please refer to the plat which has been marked as Exhibit 1 and tell us briefly the location of the well which is the subject of this application and describe the other information which is contained on the plat.

A Well, the well in question is the Exploration Drilling Company Number 1 Navaho located 660 feet from the north and west lines of Section 26. The well was drilled in 1961. It was staked as a Dakota Well, Dakota test and they encountered gas in the Gallup Formation and completed the well on December 6, 1961 as a Gallup Gas Well. It was originally a farm out from Mobil which later went into Champlin Oil Company. Exploration Drilling earned the 80-acre tract upon which the well is located.

Q Now, does the plat reflect the offset operator or working interest lessee owners?

A Yes, it does.

Q To the best of your information?

A It does.

Q In other words, the offset locations are Tidewater, Skelly, and Sunray insofar as Section 23 is concerned and

Carter-Dodge Oil Company on the diagonal offset in Section 22 and Shell Oil Company in Section 27, the location to the west?

A That is correct.

Q Is the royalty interest ownership common insofar as all of these sections is concerned?

A Yes, it's all Navaho Tribal.

(Whereupon, Applicant's
Exhibit 2 marked for
identification)

Q I want to refer you now to what has been marked as Exhibit 2 which is a form of designation of operator executed by Champlin Petroleum Company and naming Thomas A. Dugan as operator. Did you procure those copies of, designation of operator and do you know that Mr. Dugan has been designated as the operator of the subject well?

A Yes, it was designated on December 8, 1966.

Q Now, would you give us briefly a few of the particulars concerning the well which is the subject of the application, with reference to tests and total depth?

A The well is located some thirteen miles southwest of Farmington. It's ten and a half miles west of the nearest gas pipeline. In the past thirty days we have laid ten and a half miles of four and a half inch wrapped and buried line from El Paso's system and the well is ready to be

connected. The well is one of the better Gallup Gas Wells in the San Juan Basin. It has a CAO of 5,250,000 cubic feet per day, earlier. It was drilled in October of '61 and completed in December '61 total depth of the well, 4,000 feet and the Gallup sand was perforated from forty-five twenty-four to twenty-eight. It's been a shut-in gas well, waiting pipeline connection since that date.

Q Well, now, you mentioned that "we have laid a ten and a half-mile line." What do you mean by "we"?

A Thomas A. Dugan and E.P. Richardson and myself.

Q At your expense to make the pipeline connection?

A Yes, sir.

Q I notice on the plat in Section 23 there is indicated a dry hole to the north in what appears to be the southeast quarter of the southwest quarter. When was that well drilled and to what depth?

A That well was drilled to approximately 4,700 by Skelly, Tidewater, and Sunray with ownership of one-third each and completed for a small gas well and was plugged and abandoned last summer. That is now a plugged hole.

Q Was the well in question so far as the application is concerned, originally projected as an oil well?

A On drilling explorations, intent to drill filed with the state by the U.S.C.S. and the state it was set up for

dearnley-meier

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

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PAGE 7

a 5,700-foot Dakota test as a Wildcat location and they suspended their drilling operations when they encountered this gas, this commercial discovery in the Gallup.

Q To what extent does the present location of the well vary from the required location for a Gallup gas well in this area?

A Well, instead of 760 state-wide approval for a gas location it was staked back in '61 as 660. At that time it was a Wildcat location.

Q It has now been completed and classified as a gas well?

A Yes.

Q And consequently does not conform to the gas well location rules as contained in Rule 104 of the Commission's rules?

A Yes.

Q Have the offset owners which were mentioned previously been contacted with reference to the relief sought by this application?

A Yes, they have.

MR. SPERLING: Mr. Examiner, I have a number of letters here. Do you wish these marked as exhibits?

MR. NUTTER: You can make them one collective exhibit if they are all in the same line.

MR. SPERLING: All right, sir.

(Whereupon, Applicant's
Exhibit 3 marked for
identification)

MR. SPERLING: Letters addressed either to myself
or to the Commission have been received from Champlin
Petroleum Company, Shell Oil Company, Sunray DX Oil Company,
Tidewater Oil Company, Skelly Oil Company, and Carter-
Dodge Oil Company which have been marked collectively as
Exhibit 3. These letters collectively indicate that there is
no objection to the granting of the relief sought.

Q Do you have anything further to add, Mr. Little?

A Well, I would like to point out that the lease is
in its tenth year and will expire January 31st of this year
unless it's producing.

Q I assume from that statement that you are requesting
prompt if not immediate action sofar as the Commission is
concerned, is that correct?

A Yes, sir.

MR. SPERLING: I would like to offer Exhibits 1
through 3.

MR. NUTTER: Applicant's Exhibits 1 through 3 will be
offered in evidence.

(Whereupon, Applicant's
Exhibits 1-3 admitted
in evidence)

MR. SPERLING: That's all I have on direct.

BY MR. NUTTER:

Q Mr. Little, you mentioned the dry hole there in Section 23. What about this one over there in Section 22, do you have any knowledge of that well?

A It was drilled and there was no sand encountered and it was plugged.

Q No Gallup?

A No, sir.

Q What is the nearest Gallup production to this well, oil or gas?

A About three and a half miles southeast there is Gallup discovery made last summer by Midwest Oil Corporation.

Q Well, now the trend of Gallup pools up there is normally northwest, southeast. Is there any possibility this is a gas cap to that?

A It is also gas. It was turned into the line on December 29th and is presently producing in excess of a million cubic feet per day.

Q Now, you stated with this ten and a half mile pipeline which you have laid you are going to connect to El Paso. Is FPC approval necessary?

A Yes, sir.

Q Has that been obtained?



MR. SPERLING: I can answer that, if I may. Yes, I have authority for a temporary certificate granted December 30th by the Federal Power Commission although communicated to me orally prior to that time. I didn't want to give the impression that since the well began producing on the 29th that we had any problem.

MR. NUTTER: I just wanted to know if you had the FPC approval because there was no use in hurrying this order if you didn't have it.

MR. SPERLING: True, yes, we are square with the commission.

MR. NUTTER: Are there any further questions of Mr. Little? He may be excused.

(Witness excused)

MR. NUTTER: Do you have anything further, Mr. Sperling?

MR. SPERLING: No, sir.

MR. NUTTER: Does anyone have anything to offer in Case 3511? We will take the case under advisement.

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

1120 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO 87101
1205 FIRST NATIONAL BANK EAST • PHONE 256-1294 • ALBUQUERQUE, NEW MEXICO 87108

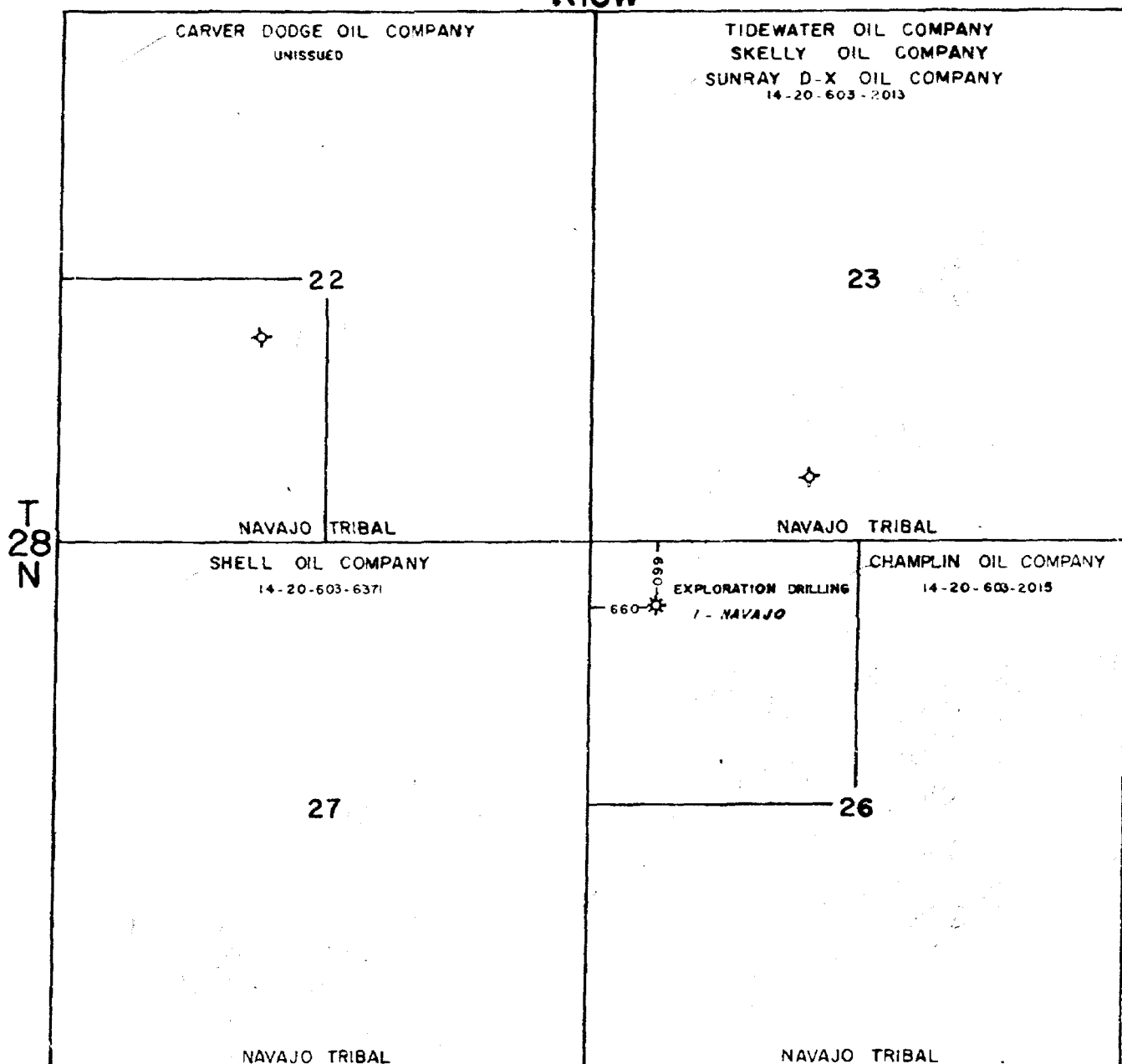
STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, KAY EMBREE, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission Examiner at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

Kay Embree
Court Reporter

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner Hearing of Case No. 2811, heard by me on 6-4, 1967.
[Signature]
Examiner
New Mexico Oil Conservation Commission

R15W



EXHIBIT

BEFORE EXAMINER NUTTER

OIL CONSERVATION COMMISSION

Applicant EXHIBIT NO. 1
CASE NO. 3511

TO APPLICATION OF THOMAS A. DUGAN FOR APPROVAL
FOR PRODUCTION OF GAS FROM A WELL LOCATED IN THE
NW/4 NW/4 OF SECTION 26
SAN JUAN COUNTY, NEW MEXICO

DESIGNATION OF OPERATOR

The undersigned is, on the records of the Bureau of ^{Indian Affairs} ~~Land Management~~ holder of lease

~~OWNER LAND OFFICE:~~ Navajo Tribal Council, Window Rock, Arizona
~~SERIAL NO.:~~ Navajo Contract No. 14-20-603-2015

and hereby designates

NAME: Thomas A. Dugan
ADDRESS: Box 234, Farmington, New Mexico

as his operator and local agent, with full authority to act in his behalf in complying with the terms of the lease and regulations applicable thereto and on whom the supervisor or his representative may serve written or oral instructions in securing compliance with the Operating Regulations with respect to (describe acreage to which this designation is applicable):

T. 28 N., R. 15 W., N.M.P.M., San Juan County, New Mexico

Section 26: W $\frac{1}{2}$

It is understood that this designation of operator does not relieve the lessee of responsibility for compliance with the terms of the lease and the Operating Regulations. It is also understood that this designation of operator does not constitute an assignment of any interest in the lease.

In case of default on the part of the designated operator, the lessee will make full and prompt compliance with all regulations, lease terms, or orders of the Secretary of the Interior or his representative.

The lessee agrees promptly to notify the supervisor of any change in the designated operator.

ATTEST:

R. L. Walker
Assistant Secretary

CHAMPLIN PETROLEUM COMPANY

By: Wesley B. Johnson
Vice President

2501 First National Bank Building
Denver, Colorado 80202

December 8, 1966
(date)

RECEIVED BY
APPROVED BY Wesley B. Johnson
CASE NO. 3511



December 21, 1966

James E. Sperling
Modrall, Seymour, Sperling, Roschl & Harris
P. O. Box 466
Albuquerque, New Mexico 87103

Re: Exploration Drilling Co.'s Navajo #1
C NW NW Sec. 26, T28N, R15W
San Juan County, New Mexico

Dear Mr. Sperling:

In reference to the captioned well, this is to notify you that Champlin Petroleum Company supports Thomas A. Dugan's application to the New Mexico Oil and Gas Conservation Commission for permission to produce the subject well as an exception to the permitted well location rule for gas wells in the County of San Juan in New Mexico.

It is our understanding that this application is scheduled to be heard on January 4, 1967 and by this letter we urge the Commission to issue an order authorizing the above at the earliest possible date.

Sincerely,

CHAMPLIN PETROLEUM COMPANY

Pete Hoffman
Proration Coordinator

PH/lh

BEFORE EXAMINER NUTTER	
OIL CONSERVATION COMMISSION	
Application	EXHIBIT NO. <u>3</u>
CASE NO. <u>3511</u>	