

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF DUGAN PRODUCTION CORP. FOR THE
CREATION OF A GOOD TIMES GALLUP OIL
POOL, FOR THE ADOPTION OF SPECIAL
POOL RULES, INCLUDING 80 ACRE SPACING,
SAN JUAN COUNTY, NEW MEXICO

Case No. 8685

Comes Now Dugan Production Corp., by and through it's attorney,
Robert G. Stovall, and applies to the NMOCD for an order creating a Good
Times Gallup Oil Pool and for the adoption of Special Pool Rules,
including 80 Acre spacing, San Juan County, New Mexico, and in support
thereof would show:

- 1) Applicant is an operator and interested party in the orderly
and reasonable development of the Gallup formation in the area
proposed as the Good Times Gallup Oil Pool of San Juan County, New
Mexico.
- 2) Applicant proposes the following described acreage be
established in the Good Times Gallup Oil Pool:

Township 23 North, Range 9 West, NMPM

Section 6: S/2
Section 7: All
Section 8: All

Township 23 North, Range 10 West, NMPM

Section 1: All
Section 2: All
Section 3: All
Section 4: NE/4
Section 10: NE/4
Section 11: N/2, SE/4
Section 12: All

Township 24 North, Range 10 West, NMPM

Section 27: S/2 SW/4
Section 28: S/2 S/2
Section 32: E/2 E/2
Section 33: All
Section 34: All
Section 35: S/2

- 3) That any well projected to or completed in the Gallup formation
within one mile of the boundaries of the Good Times Gallup Oil Pool
shall be spaced, drilled and operated in accordance with the
Special Pool Rules set forth herein.

4) That the vertical limits of the Good Times Gallup Oil Pool shall be the Gallup formation.

5) That wells projected to or completed in the Good Times Gallup Oil Pool shall be located on a unit containing 80 acres, more or less, consisting of the N/2 or S/2 or E/2 or W/2 of a single governmental quarter section.

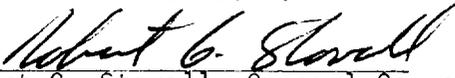
6) That a non-standard unit containing 40 acres comprising the SW/4 of the SW/4 of Section 1, Township 23 North, Range 10 West, NMPM should be established for Dugan Production Corp.'s Fairway #1 Well located on said unit.

7) That wells projected to or completed in the Good Times Gallup Oil Pool shall be located no closer than 330' to any quarter quarter section boundary of the proration unit.

8) The Director of the Commission may grant administrative exceptions to the Requirements of unit size and, for topographical reasons only, to the requirements of well locations without notice and hearing where the application is filed in due form provided the applicants furnish all operators within a 2640' radius of the subject well a copy of the application to the Commission, and provided further that the Director of the Commission shall wait at least twenty days before approving any such application and that no such application shall be approved over the objection of any person entitled to notice hereunder. In the event any such person objects to the application, the Commission shall consider the matter only after proper notice and hearing. The applicant shall include with his application a list of names and addresses of all the operators within the radius set forth above together with a statement that proper notice of the application has been given said operators.

9) That in view of the proximity of the proposed Good Times Gallup Oil Pool, with respect to the Bisti Gallup Oil Pool and the fact that 80 acre development has been in effect since March 1, 1958 in the Bisti Gallup Pool, and the fact that the Special Pool Rules proposed are not in conflict with the Bisti Gallup Oil Pool, it is requested that these pool rules be adopted on a permanent basis.

DUGAN PRODUCTION CORP.

By: 
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