

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY & MINERALS
OIL CONSERVATION DIVISION

Case 9359

APPLICATION OF DUGAN PRODUCTION CORP.
FOR 160 ACRE NON-STANDARD PRORATION UNIT
CONSISTING OF THE NW/4 of SECTION 25,
TOWNSHIP 21 NORTH, RANGE 4 WEST, NMPM
SANDOVAL COUNTY, NEW MEXICO
HUSKY FEDERAL #2 WELL, UNIT D

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COMES NOW, Dugan Production Corp., by and through its attorney, and applies to the New Mexico Oil Conservation Division for approval of a Non-Standard Proration Unit of 160 acres, consisting of the Northwest Quarter (NW/4) of Section 25, Township 21 North, Range 4 West, NMPM, Sandoval County, New Mexico, for its Husky Federal #2 well located in Unit D of said section. As grounds therefore, Applicant states:

1. The Husky Federal #2 well was completed on December 8, 1983 in an Undesignated Gallup formation on 40 acre spacing with an initial potential of 28 barrels of oil and gas too small to measure.
2. Effective April 1, 1984, the Rio Puerco-Mancos Pool was established by Order R-7471 creating temporary pool rules providing for 320 acre spacing, and said Order was made permanent by Order R-7471-B on June 2, 1986.
3. By nomenclature, said Pool was extended to include acreage subject to this Application.
4. The initial potential and production history of the Husky Federal #2 well indicates that the well is not capable of and will not drain 320 acres.
5. Applicant is furnishing a copy of this Application to all offset operators by certified mail, return receipt requested, as required by Rule 1207(a)3, and is requesting that said operators furnish your office with a Waiver of Objection.

6. Granting of this Application will be in the best interest of conservation, prevention of waste, and protection of correlative rights.
7. A map showing the location of the well, the proposed spacing unit, and the offset operators is attached hereto and made a part hereof.
8. Upon Waiver of Objection by offset operators, Applicant requests that this Application be granted without hearing, or in the alternative, that this matter be set for hearing before a Division Examiner at the earliest possible regular Examiner hearing.

WHEREFORE, Dugan Production requests that the Division grant this Application for a Non-Standard Proration Unit as set forth herein with or without hearing.

Respectfully submitted,



Robert G. Stovall
Attorney for
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