

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

IN THE MATTER OF THE APPLICATION  
OF DUGAN PRODUCTION CORP. FOR  
COMPULSORY POOLING OF A 640-ACRE  
UNIT, OR IN THE ALTERNATIVE, FOR  
COMPULSORY POOLING AND APPROVAL OF  
A 320-ACRE NON-STANDARD PRORATION  
AND SPACING UNIT, GAVILAN MANCOS  
OIL POOL, RIO ARRIBA COUNTY,  
NEW MEXICO.

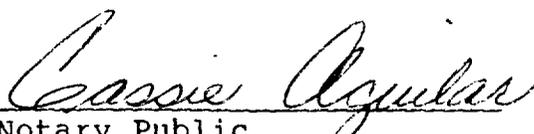
CASE: 9327

CERTIFICATE OF MAILING  
AND  
COMPLIANCE WITH ORDER R-8054

In accordance with Division Rule 1207 (Order R-8054) I hereby certify that on February 9, 1988, notice of the hearing, and a copy of the application for the above referenced case, was mailed at least twenty days prior to hearings originally set for March 2, 1988 to the operators and interested parties listed in Exhibit "A" of the Application.

  
W. Thomas Kellahin

SUBSCRIBED AND SWORN to before me this 15<sup>th</sup> day of  
March, 1988.

  
Notary Public

My Commission Expires:

9-26-91

NMOC/NMOCD Case No.	<u>9327</u>
Hearing Date	<u>3-16-88</u>
<u>Dugan Prod. Corp.</u>	
Exhibit No.	<u>6</u>

KELLAHIN, KELLAHIN AND AUBREY

*Attorneys at Law*

El Patio - 117 North Guadalupe

Post Office Box 2265

Santa Fe, New Mexico 87504-2265

Telephone 982-4285

Area Code 505

W. Thomas Kellahin

Karen Aubrey

Jason Kellahin

Of Counsel

February 9, 1988

Mr. William J. LeMay  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87504

Re: Application of Dugan Production Corporation  
for Compulsory Pooling  
T26N, R2W, Section 22

Dear Mr. LeMay:

On behalf of Dugan Production Corporation we would appreciate the enclosed application being set for hearing on the Examiner docket now scheduled for March 2, 1988.

The following is a suggested advertisement for this case:

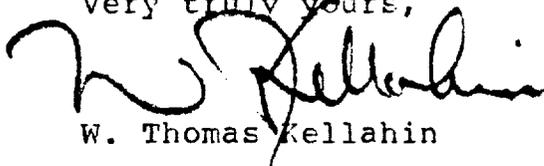
Application of Dugan Production Corporation for an order pooling all mineral interests in the Gavilan-Mancos Oil Pool underlying a certain 640-acre tract of land in Rio Arriba County, New Mexico. Applicant in the above-styled cause, seeks an order pooling all mineral interests in the Gavilan-Mancos Oil Pool underlying all of Section 22, Township 26 North, Range 2 West, to form a standard 640-acre oil spacing and proration unit in said pool. Said unit is to be dedicated to the Amoco Production Company Seifert Well No. 1 located in Unit P of said Section 22 which is presently completed in and producing from the Gavilan-Mancos Oil Pool. Also to be considered will be the cost of participation in the said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Applicant further requests that Amoco Production Company remain as operator of the well and that the effective date of any order issued in the case be retroactive to June 8, 1987. In the alternative, Applicant seeks the formation of a 320-acre non-standard spacing and proration unit consisting of the W/2 of said Section 22 and an order pooling all mineral interest in the Gavilan Mancos Oil Pool thereunder. Also to be considered will

**KELLAHIN, KELLAHIN & AUBREY**

Mr. William J. LeMay  
February 9, 1988  
Page 2

be the costs of drilling, completing, and equipping said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of Dugan Production Corporation as operator, and the charge for risk involved in drilling and completing said well. Said well is located approximately 4.5 miles east-northwest of the Ojito Post Office, New Mexico.

Very truly yours,



W. Thomas Kellahin

WTK:ca  
Enc.

cc: Mr. John Roe  
Dugan Production Corporation  
P. O. Box 2088  
Farmington, New Mexico 87401

"Certified Return-Receipt Requested"

All Parties Listed in Application

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

IN THE MATTER OF THE APPLICATION  
OF DUGAN PRODUCTION FORMATION FOR  
COMPULSORY POOLING OF A 640-ACRE  
UNIT, OR IN THE ALTERNATIVE, FOR  
COMPULSORY POOLING AND APPROVAL OF  
A 320-ACRE NON-STANDARD PRORATION  
AND SPACING UNIT, GAVILAN MANCOS  
OIL POOL, RIO ARRIBA COUNTY,  
NEW MEXICO.

CASE NO.

A P P L I C A T I O N

Comes now DUGAN PRODUCTION CORPORATION, by and through its attorneys, Kellahin, Kellahin & Aubrey and in accordance with Section 70-2-17(c) NMSA-1978 applies to the New Mexico Oil Conservation Division for an order pooling all mineral interest in the Gavilan Mancos Oil Pool underlying a 640-acre spacing and proration unit being all of Section 22, T26N, R2W, NMPM, to be dedicated to the Amoco Production Company's Seifert Gas Com A Well No. 1, located in the SE/4SE/4 of said Section 22, or in the alternative, for an an order pooling all mineral interest in the Gavilan Mancos Oil Pool underlying the W/2 of said Section 22 and the approval of a non-standard spacing and proration unit consisting of the W/2 of Section 22, and in support thereof would show:

1. Applicant is a working interest owner in the W/2 of Section 22, T26N, R2W, NMPM, Rio Arriba County, New Mexico.

2. The New Mexico Oil Conservation Commission issued Order R-7407-E effective June ~~28~~<sup>8</sup>, 1987 which provides for 640 acre spacing and proration units for the Gavilan Mancos Oil Pool.

3. Thereafter, on June 28, 1987 Amoco Production Company completed its Seifert Gas Com A Well No. 1 located in the SE/4SE/4 of said Section 22 for production from the Gavilan Mancos Oil Pool.

4. In compliance with Division Order R-7407-E and in accordance with Section 70-2-17(c) NMSA-1978, applicant has sought the voluntary agreement of all appropriate mineral interest owners in Section 22 for the dedication of all of Section 22 to the Amoco Seifert Well.

5. Although Applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the Amoco Seifert Well and to share in production from June 8, 1987 in compliance with Order R-7407-E, certain interest owners have either refused or have failed to join in dedicating their interest on a voluntary basis.

6. In the event Applicant is unable to obtain a compulsory pooling order pooling all of Section 22, then in the alternative Applicant asks that the Division enter

a compulsory pooling order for the W/2 of said Section 22 and approve said 320-acre unit as a non-standard spacing and proration unit in the Gavilan Mancos Oil Pool.

7. The pooling of all interest underlying Section 22 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

8. In accordance with Division notice rules, the applicant has provided a copy of this application and notice to all parties listed on Exhibit A hereto.

WHEREFORE, applicant requests that the Division set this matter for hearing on March 2, 1988 and that after hearing the Division enter an order pooling the interest in Section 22 and provide for a fair and equitable means for participation in the costs and production from the subject well.

In the alternative, applicant seeks the formation of a non-standard spacing and proration unit consisting of the W/2 of said Section 22 and the compulsory pooling of all interest therein for the drilling of a Gavilan Mancos Well in the W/2 of said section.

Respectfully submitted,



By W. Thomas Kellahan, Esq.  
P. O. Box 2265  
Santa Fe, New Mexico 87504

Attorneys for Dugan  
Production Corporation

**WORKING INTEREST OWNERS**

Section 22, T-26N, R-2W  
Rio Arriba County, NM  
(Page 1 of 2)

East Half Section (Currently dedicated to Amoco Production Company's Seifert Gas Com A Well No. 1 Located in the SESE of Sec.22,T-26N,R-2W)

✓ Amoco Production Company 17th & Broadway P.O. Box 800 Denver, CO 80201	57.26562%
✓ Sun Exploration & Production Attn: Mr. Frank Syfan P. O. Box 5940-TA Denver Colorado 80217-5940	36.48438%
✓ Meridian, Inc. Attn: Van Goebel P.O. Box 4289 Farmington, NM 87499	6.25000%

West Half Section

<u>NW/4</u> ✓ Dugan Production Corp. Attn: Rich Corcoran P.O. Box 208 Farmington, NM 87499	50.000000%
<u>SW/4</u> ✓ Reading & Bates Petroleum Co. Attn: Eric Koelling 3200 Mid-Continent Tower Tulsa, OK 74103	16.666665%
Hooper, Kimball & Williams, Inc. Attn: Greg Owens P.O. Box 520970 Tulsa, OK 74152	16.666665%
✓ Ibex Partnership Attn: Ron Holloway P.O. Box 911 Breckenridge, Texas 76024-0911	7.804365%

**WORKING INTEREST OWNERS**

Section 22, T-26N, R-2W  
Rio Arriba County, NM  
(Page 2 of 2)

✓ PC, Ltd. Attn: Ron Holloway P.O. Box 911 Breckenridge, Texas 76024-0911	7.804365%
✓ Carolyn Clark Oatman P.O. Box 1846 Austin, Texas 78767	0.437420%
✓ Warren Clark Trust P.O. Box 1846 Austin, Texas 78767	0.406900%
✓ Warren Clark Testamentary Trust P.O. Box 1846 Austin, Texas 78767	0.213620%

**SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes for additional services requested.

1.  Show to whom delivered, date, and addressee's address. 2.  Restricted Delivery.

PC, Ltd.  
Attn: Ron Holloway  
P. O. Box 911  
Breckenridge, TX 76024

5. Signature - Addressee

6. Signature - Agent  
 *Wendy Blalock*

7. Date of Delivery  
2-12-88

PS Form 3811, Feb. 1986 *Dugan 3/2/88* DOMESTIC RETURN RECEIPT

4. Article Number  
*P-131003432*

Type of Service:  
 Registered  Insured  
 Certified  COD  
 Express Mail

Always obtain signature of addressee or agent and DATE DELIVERED.  
8. Addressee's Address (ONLY if requested and fee paid)

**SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes for additional services requested.

1.  Show to whom delivered, date, and addressee's address. 2.  Restricted Delivery.

Dugan Production Corp.  
Attn: Rich Corcoran  
P. O. Box 208  
Farmington, NM 87499

5. Signature - Addressee

6. Signature - Agent  
 *[Signature]*

7. Date of Delivery  
2-16-88

Form 3811, Feb. 1986 *Dugan 3/2/88* DOMESTIC RETURN RECEIPT

4. Article Number  
*P131072001*

Type of Service:  
 Registered  Insured  
 Certified  COD  
 Express Mail

Always obtain signature of addressee or agent and DATE DELIVERED.  
8. Addressee's Address (ONLY if requested and fee paid)

*[Signature]*

**SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes for additional services requested.

1.  Show to whom delivered, date, and addressee's address. 2.  Restricted Delivery.

Meridian, Inc.  
Attn: Van Goedel  
P. O. Box 4289  
Farmington, New Mexico  
87499

5. Signature - Addressee

6. Signature - Agent  
 *[Signature]*

7. Date of Delivery  
2-10-88

PS Form 3811, Feb. 1986 *Dugan 3/2/88* DOMESTIC RETURN RECEIPT

4. Article Number  
*P-131072-002*

Type of Service:  
 Registered  Insured  
 Certified  COD  
 Express Mail

Always obtain signature of addressee or agent and DATE DELIVERED.  
8. Addressee's Address (ONLY if requested and fee paid)

**SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1.  Show to whom delivered, date, and addressee's address. 2.  Restricted Delivery.

3. Article Addressed to:

Hooper, Kimball & Williams, Inc.  
Attn: Greg Owens  
P. O. Box 520970  
Tulsa, Oklahoma 74152

4. Article Number: P-131003-434

Type of Service:  
 Registered  
 Certified  
 Express Mail  
 Insured  
 COD

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee:

6. Signature - Agent:  Greg Owens

7. Date of Delivery: 2-12-88

PS Form 3811, Feb. 1986 Dugan 3/2/88 DOMESTIC RETURN RECEIPT

**SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1.  Show to whom delivered, date, and addressee's address. 2.  Restricted Delivery.

3. Article Addressed to:

Amoco Production Company  
17th & Broadway  
P. O. Box 800  
Denver, Colorado 80201

4. Article Number: P-131-072-038

Type of Service:  
 Registered  
 Certified  
 Express Mail  
 Insured  
 COD

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee:

6. Signature - Agent:  [Signature]

7. Date of Delivery: 3/1/88

PS Form 3811, Feb. 1986 Dugan 3/2/88 DOMESTIC RETURN RECEIPT

**SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1.  Show to whom delivered, date, and addressee's address. 2.  Restricted Delivery.

3. Article Addressed to:

Iben Partnership  
Attn: Ron Holloway  
P. O. Box 911  
Breckenridge, TX 76024

4. Article Number: P-131003-435

Type of Service:  
 Registered  
 Certified  
 Express Mail  
 Insured  
 COD

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee:

6. Signature - Agent:  [Signature]

7. Date of Delivery: 2-12-88

PS Form 3811, Feb. 1986 Dugan 3/2/88 DOMESTIC RETURN RECEIPT

**SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1.  Show to whom delivered, date, and addressee's address. 2.  Restricted Delivery.

3. Article Addressed to:

Sun Exploration & Prod.  
Attn: Mr. Frank Sytan  
P. O. Box 5940-17A  
Denver, Colorado 80227

4. Article Number: P-131-072-003

Type of Service:  
 Registered  
 Certified  
 Express Mail  
 Insured  
 COD

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee:

6. Signature - Agent:  [Signature]

7. Date of Delivery: [Signature]

PS Form 3811, Feb. 1986 Dugan 3/2/88 DOMESTIC RETURN RECEIPT

1. Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent the card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

2.  Restricted Delivery.

Warren Clark Testamentary  
P. O. Box 1846  
Austin, Texas 78767

4. Article Number  
131022 162

Type of Service:  
 Registered  
 Certified  
 Express Mail

Insured  
 COD

8. Addressee's Address (ONLY if requested and fee paid)

6. Signature - Agent  
X  
J. B. Dugan

7. Date of Delivery  
2/16/88

PS Form 3811, Feb. 1986 Dugan 3/2/88 DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent the card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1.  Show to whom delivered, date, and addressee's address. 2.  Restricted Delivery.

Caroilyn Clark Catman  
P. O. Box 1846  
Austin, Texas 78767

4. Article Number  
131022 164

Type of Service:  
 Registered  
 Certified  
 Express Mail

Insured  
 COD

8. Addressee's Address (ONLY if requested and fee paid)

6. Signature - Agent  
X  
J. B. Dugan

7. Date of Delivery  
2/16/88

PS Form 3811, Feb. 1986 Dugan 3/2/88 DOMESTIC RETURN RECEIPT

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1.  Show to whom delivered, date, and addressee's address. 2.  Restricted Delivery.

Reading & Bates Petro. Co  
Attn: Eric Koelling  
3200 Mid Continent Tower  
Tulsa, OK 74103

4. Article Number  
131003 135

Type of Service:  
 Registered  
 Certified  
 Express Mail

Insured  
 COD

8. Addressee's Address (ONLY if requested and fee paid)

6. Signature - Agent  
X  
J. B. Dugan

7. Date of Delivery  
2-12-88

PS Form 3811, Feb. 1986 Dugan 3/2/88 DOMESTIC RETURN RECEIPT

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1.  Show to whom delivered, date, and addressee's address. 2.  Restricted Delivery.

Warren Clark Trust  
P. O. Box 1846  
Austin, Texas 78767

4. Article Number  
131022 163

Type of Service:  
 Registered  
 Certified  
 Express Mail

Insured  
 COD

8. Addressee's Address (ONLY if requested and fee paid)

6. Signature - Agent  
X  
J. B. Dugan

7. Date of Delivery  
2/16/88

PS Form 3811, Feb. 1986 Dugan 3/2/88 DOMESTIC RETURN RECEIPT