

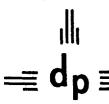
STATE OF NEW MEXICO

ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

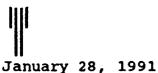
OIL CONSERVATION DIVISION AZTEC DISTRICT OFFICE

1000 RIO BRAZOS ROAD AZTEC, NEW MEXICO 87410 (505) 334-6178

Date: 3/26/91	V-21-20
Oil Conservation Division P.O. Box 2088 Santa Fe, NM 87504-2088	
RE: Proposed MC Proposed NSL Proposed WFX Proposed NSP	Proposed DHC X Proposed SWD Proposed PMX Proposed DD
Gentlemen:	
1C-21-21115W UL-S-T-R	LEASE & WELL NO. and my recommendations are as follows:
Yours truly,	
5-1-2	



dugan production corp.



New Mexico Oil Conservation P.O. Box 2088 Santa Fe, N.M. 87504-2088

Re: Application to Down Hole Commingle Basin Dakota and Otero Gallup at Jicarilla Otero No. 1, K-21-24N-5W

Gentlemen:

Dugan Production Corporation, P.O. Box 420, Farmington, N.M. 87499, asks for administrative approval to down hole commingle the Otero Gallup and Basin Dakota intervals in the following well:

Jicarilla Otero No. 1 1760' FSL & 1750' FWL Section 21-Township 24N-Range 5W Rio Arriba County Lease No. Jicarilla Contract 12

MAR2 31991 JL CON. DIV. DIST. 3

A plat showing acreage dedicated to the well and ownership of offsetting leases is attached.

The Dakota interval was plugged in 1986 because the previous operator felt it was uneconomical. Production at the time of abandonment was approximately 434 mcfm with a small amount of condensate. Since the interval is shut in, no C-116 can be presented. A production curve for Dakota production prior to shut-in is attached. It is felt that opening this interval again would result in 1,000 MCF/mo. additional gas production.

The Gallup interval was completed in 1986, after the Dakota had been plugged back. During 1990, the Gallup was produced at an average of 91 bopm and 334 mcfm. The most recent C-116 and a production curve are attached.

Bottom hole pressure for the Dakota is 609 psi and the Gallup is 514 psi. The Dakota pressure was measured from the surface pressure at last shut-in and projected to mid-perforation using gas with no liquids in the well bore. The Gallup pressure was projected to mid-perforation using shut-in surface pressure and fluid level measurement.

Liquids from both zones are compatible. Oil gravity form the Dakota is measured at 45.6° API and from the Gallup 40.5° API. Water samples form both zones show similar characteristics. The Commission has approved down hole commingling of these zones in Conoco's N.E Haynes No.4, E-21-24N-5W, case 5775, order no. R-5205-A..

Opening the Dakota will allow additional production. The value of the combined stream will then be greater than the Gallup alone.

Allocation of production is recommended as follow:

Formation:	oil:	Gas:
Gallup	95%	 25≹
Dakota		

Allocation is based on monthly production from the Dakota of 1,000 mcf gas and 5 bbls. condensate, and from the Gallup of 340 mcf gas and 90 bbls. oil.

All offset operators have been notified of this application by certified mail.

Sincerely,

John Alexander

Operations Manager

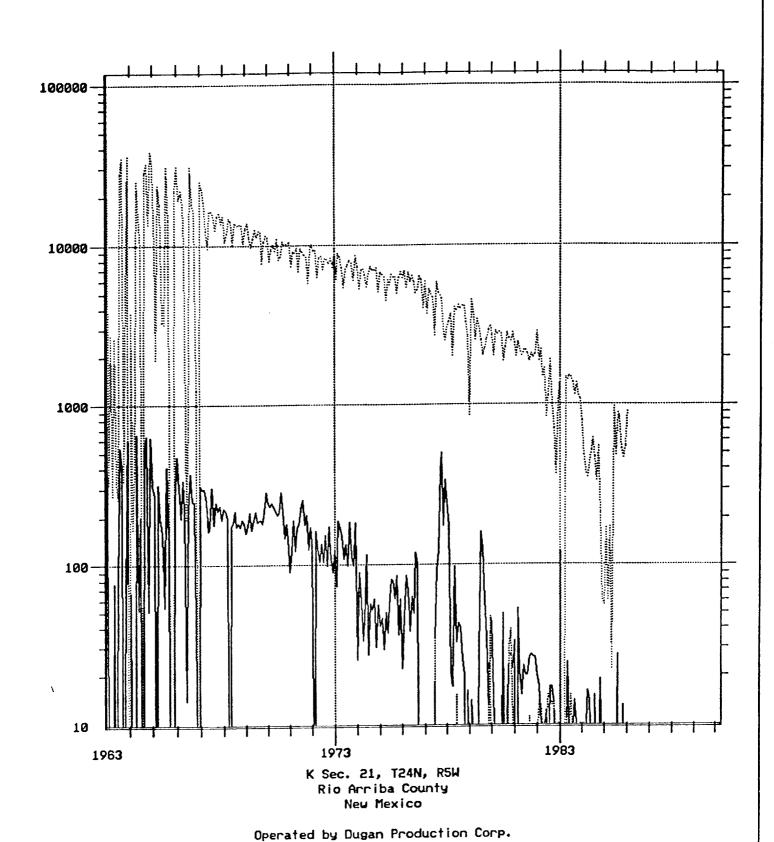
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TOWNSHIP PLAT
Scale: 1 inch = 1 mile
Printed in U.S.A.

TOWNSHIP	24N	RANGE	5W	COUNTY	Rio Ar		STATE	N.M	
	Jicarilla	Otero N	0.1			COMPAN		\mc	
	1760' FSL		FWL			Applic	: Operato	Down Hole	Commingle
	21-24N-5W					Otero	Gallup a	ind Basin Dal	kota
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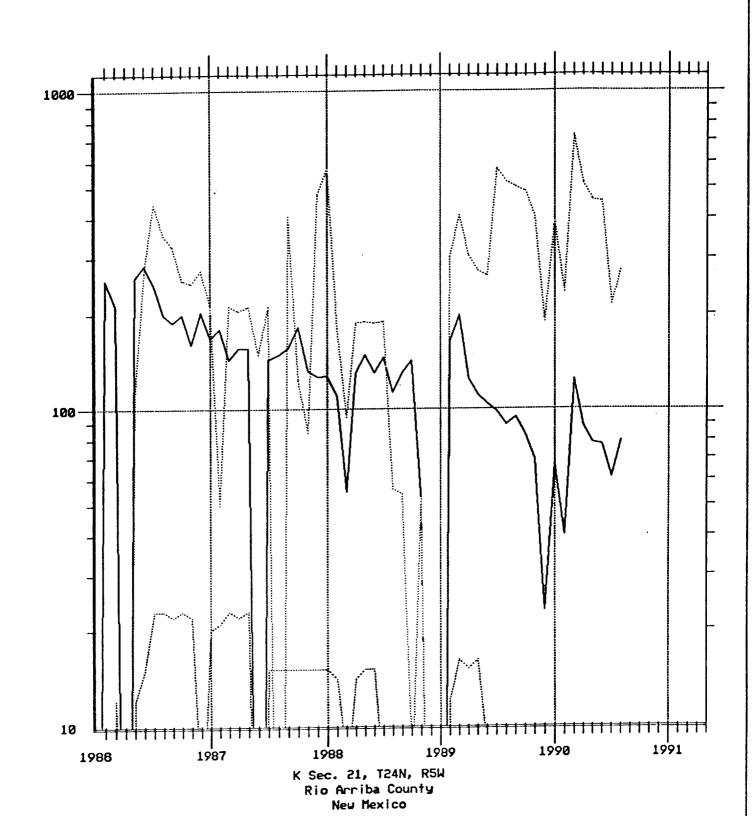
Jicarilla Otero Lease Evaluation Production Rate vs Time BBI/Mo or Mcf/Mo vs Months Jicarilla Otero #1 Basin Dakota For the Period 01/1983 to 12/1987





Jicarilla Otero Lease Evaluation
Production Rate vs Time
BBI/Mo or Mcf/Mo vs Months
Jicarilla Otero No. 1 Otero Gallup
For the Period 01/1988 to 12/1990





Operated by Dugan Production Corp.

Submit 2 copies to: DISTRICT III 1000 Rio Brazos Rd., Aztec, NM 87410

1-Well File 1-C-116 File

State of New Mexico Energy, Minerals and Natural Resources Department OIL CONSERVATION DIVISION

Form C-116 Revised 1/1/89

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

					•	GAS.	<u>်</u>	RATIO	GAS - OIL RATIO TEST							
Operator Dugan Production Corp.	p				O P	Pool Otero Gallup	ਊ					T 0	County Rio Arriba		,	
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Instructions: During gas-oil ratio test, each well shall be produced at a rate not exceeding the top unit allowable for the nool in which well is incread by more than 25 percent. Occasion	et, each w	eli shali	be pro	duced a		not exce	# <u>d</u> 30 ≈	₹ 6	:	irue	and com	y that the plete to the	hereby certify that the above information is rue and complete to the best of my knowled	mation is / knowledg	true and complete to the best of my knowledge and belief.	
is encouraged to take advantage of this 25 percent tolerance in order that well can be assigned increased allowables when authorized by the Division.	dvantage o	of this 25	DACE	nt tolera	Ince in	order that	Well Ca	in be ass	igned		Lellana		arky			
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Report casing pressure in lieu of tubing pressure for any well producing through casing.	re in lieu o	tubing	pressu	re for an	y well	producing	throug	h casing	·		07-09-90	0			(505) 325-1821	21
(See Rule 301, Rule 1116 & appropriate pool rules.)	1116 &	approp	riate p	중	98.)					Dete	•				Telephone No.	No.