

dugan production corp.

June 14, 1979

Joe D. Ramey
Division Director
New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, N.M. 87501

RE: Application for Downhole Commingling of the
Paul #1 Well (Fruitland and Pictured Cliffs)
in San Juan County, New Mexico

Dear Mr. Ramey:

Enclosed are the following instruments concerning the Application for Approval of Downhole Commingling by Dugan Production Corp. for the Paul #1 Well located in the NE/4 of Section 19, Township 27 North, Range 11 West, N.M.P.M., San Juan County, New Mexico.

1. Three copies of the Application.

2. Three copies of a Certificate of Mailing stating that all operators of leases offsetting the dedicated acreage for this well, the U. S. Geological Survey, and the Supervisor of the District III Office of the New Mexico Oil Conservation Division have been notified of this Application.

We would appreciate it if you will place this Application for hearing on July 11, 1979.

Thank you for your assistance and cooperation in this matter. Please advise if you need further information.

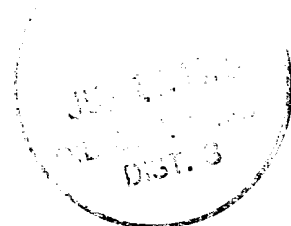
Sincerely,

ORIGINAL SIGNED BY
RICHARD TULLY

Richard T. C. Tully
General Counsel

RTCT/sak

Enclosures



DISTRIBUTION

- ✓ 1. Al R. Kendrick
Supervisor, District III Office
Energy and Minerals Dept.
New Mexico Oil Conservation Division
1000 Rio Brazos Road
Aztec, N.M. 87410
2. Phil T. McGrath
District Engineer
U. S. Geological Survey
Box 959
Farmington, N.M. 87401
3. R. S. Usry
C. M. Paul Oil Account
Box 38448
Dallas, TX 75238
4. Depco, Inc.
1025 Petroleum Club Bldg.
Denver, Colorado 80201
Attn: Norman G. Damon
District Landman
5. Husky Oil Company
600 South Cherry Street
Denver, CO 80222
Attn: William G. Galac
Senior Landman
6. Southland Royalty Company
Drawer 570
Farmington, N.M. 87401
Attn: Larry Van Ryan
District Superintendent
7. El Paso Natural Gas Company
Box 1492
El Paso, TX 79978
Attn: D. N. Canfield
Director of Land
8. Texaco, Inc.
Box 2100
Denver, CO 80201
Attn: H. B. Rainbolt
Division Manager

OIL CONSERVATION DIVISION
STATE OF NEW MEXICO

In the Matter of the Application of
Dugan Production Corp. for Downhole
Commingling of the Paul #1 Well in
San Juan County, New Mexico

APPLICATION

Pursuant to Rule 303 C of the Rules and Regulations of the State of New Mexico Oil Conservation Division, the Applicant, Dugan Production Corp., by and through its attorney, Richard T. C. Tully, hereby makes application for approval of downhole commingling in the well bore of the Paul #1 Well in San Juan County, New Mexico.

The Applicant further states:

1. The Operator of the Paul #1 Well is the Applicant Dugan Production Corp.

2. The Paul #1 Well is located on federal oil and gas lease NM 029145 insofar as it covers the following described lands:

Township 27 North, Range 11 West, N.M.P.M.
Section 19: NE/4 (Wildcat Fruitland Pool)
Section 19: NE/4 (West Kutz Pictured Cliffs Pool)
San Juan County, New Mexico

3. The legal location of the well is as follows:

Township 27 North, Range 11 West, N.M.P.M.
Section 19: 1650' FNL - 1850' FEL (Unit Letter G)
San Juan County, New Mexico

4. The Paul #1 Well is not currently dually completed in the Wildcat Fruitland Pool and the West Kutz Pictured Cliffs Pool.

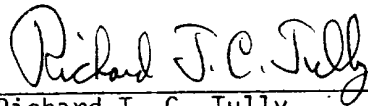
5. The Paul #1 Well is capable of only low marginal production from the Wildcat Fruitland Pool, and the well is also only capable of low marginal production from the West Kutz Pictured Cliffs Pool.

6. The ownership of the above mentioned Pools is common.

7. The proposed commingling from the above Pools will result in the recovery of additional hydrocarbons from each of these Pools, thereby preventing waste, and the commingling will not violate correlative rights.

WHEREFORE, the Applicant requests this Application be set for hearing on July 11, 1979, and that after this hearing the New Mexico Oil Conservation Division grant this Application by giving approval to the downhole commingling of the Paul #1 Well in San Juan County, New Mexico.

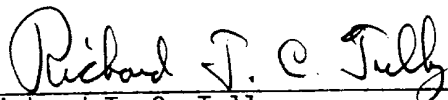
Respectfully submitted,



Richard T. C. Tully
Attorney for Applicant
P. O. Box 234
Farmington, New Mexico 87401

CERTIFICATE OF MAILING

I certify that I mailed a copy of the Application for Downhole Commingling of the Paul #1 Well in San Juan County, New Mexico to all operators of leases offsetting the dedicated acreage for this well, the U. S. Geological Survey, and the Supervisor of the District III Office of the New Mexico Oil Conservation Division on the 14th day of June, 1979.



Richard T. C. Tully
Attorney for Applicant

OFFSETTING LEASES AND OPERATORS

- A. USA NM 029145 (Same Lease)
Township 27 North, Range 11 West, N.M.P.M.
Section 19: NW/4
Operator: Dugan Production Corp.
Box 234
Farmington, N.M. 87401

R. S. Usry
C. M. Paul Oil Account
Box 38448
Dallas, TX 75238
- B. USA SF 078895
Township 27 North, Range 11 West, N.M.P.M.
Section 18: S/2
Operator: Depco, Inc.
1025 Petroleum Club Bldg,
Denver, CO 80202
Attn: Norman G. Damon
District Landman

Husky Oil Company
600 South Cherry Street
Denver, CO 80222
Attn: William H. Galac
Senior Landman
- C. USA NM 02988
Township 27 North, Range 11 West, N.M.P.M.
Section 17: SW/4
Operator: Southland Royalty Company
Drawer 570
Farmington, N.M. 87401
Attn: Larry Van Ryan
District Superintendent
- D. USA NM 020496
Township 27 North, Range 11 West, N.M.P.M.
Section 20: W/2
Operator: El Paso Natural Gas Company
Box 1492
El Paso, TX 79978
Attn: D. N. Canfield
Director of Land
- E. Navajo Allotted Contract No. I-149-IND-91019
Township 27 North, Range 11 West, N.M.P.M.
Section 19: S/2
Operator: Texaco, Inc.
Box 2100
Denver, CO 80201
Attn: H. B. Rainbolt
Division Manager