

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
Molly Pitcher #2 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 Molly Pitcher #2 Well located in the NE/4 of Section 14, Township 30 North, Range 14 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. Tenneco Oil Company
720 South Colorado Blvd.
Penthouse
Denver, CO 80222
Attn: J. F. Gavlick
Division Landman
4. Mountain Fuel Supply Company
Box 11368
Salt Lake City, UT 84139
Attn: R. E. Pittam
Staff Landman
5. El Paso Natural Gas Company
Box 1492
El Paso, TX 79978
Attn: D. N. Canfield
Director of Land
6. Southland Royalty Company
Drawer 570
Farmington, N.M. 87401
Attn: Larry Van Ryan
District Superintendent
7. Odessa Natural Corporation
Box 3908
Odessa, TX 79760
Attn: Jack R. Mundell
Director-Land Department

OIL CONSERVATION DIVISION
STATE OF NEW MEXICO

In the Matter of the Application of
Dugan Production Corp. for Downhole
Commingling of the Molly Pitcher #2
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 Molly Pitcher #2 Well in San Juan County, New Mexico.

The Applicant further states:

1. The Operator of the Molly Pitcher #2 Well is the Applicant Dugan Production Corp.
2. The Molly Pitcher #2 Well is located on federal oil and gas lease NM 628 insofar as it covers the following described lands:

Township 30 North, Range 14 West, N.M.P.M.
Section 14: NE/4 (Conner Fruitland Pool Extension)
Section 14: NE/4 (Wildcat Pictured Cliffs Pool)
San Juan County, New Mexico

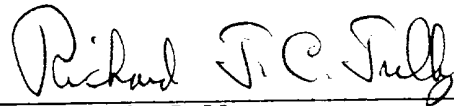
3. The legal location of the well is as follows:

Township 30 North, Range 14 West, N.M.P.M.
Section 14: 1590' FNL - 790' FEL (Unit Letter H)
San Juan County, New Mexico

4. The Molly Pitcher #2 Well is not currently dually completed in the Conner Fruitland Pool Extension and the Wildcat Pictured Cliffs Pool.
5. The Molly Pitcher #2 Well is capable of only low marginal production from the Conner Fruitland Pool Extension, and the well is also only capable of low marginal production from the Wildcat 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 Molly Pitcher #2 Well in San Juan County, New Mexico.

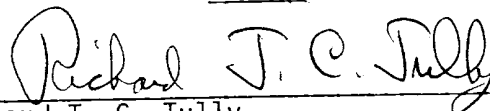
Respectfully Submitted,



Richard T. C. Tully
Attorney for Applicant
P. O. Box 234
Farmington, N.M. 87401

CERTIFICATE OF MAILING

I certify that I mailed a copy of the Application for Downhole Commingling of the Molly Pitcher #2 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 11th day of June, 1979.



Richard T. C. Tully
Attorney for Applicant

OFFSETTING LEASES AND OPERATORS

SAN JUAN COUNTY, NEW MEXICO

- A. USA NM 628 (Same Lease)
Township 30 North, Range 14 West, N.M.P.M.
Section 14: SE/4
Operator: Dugan Production Corp.
Box 234
Farmington, N.M. 87401
- B. USA NM 26052
Township 30 North, Range 14 West, N.M.P.M.
Section 14: NW/4
Operator: Dugan Production Corp.
Box 234
Farmington, N.M. 87401
- C. USA NM 2555
Township 30 North, Range 14 West, N.M.P.M.
Section 14: W/2 SW/4
Operator: Dugan Production Corp.
Box 234
Farmington, N.M. 87401
- D. USA NM 15272
Township 30 North, Range 14 West, N.M.P.M.
Section 14: SW/4 SW/4
Operator: Dugan Production Corp.
Box 234
Farmington, N.M. 87401
- Mountain Fuel Supply Company
Box 11368
Salt Lake City, UT 84139
Attn: R. E. Pittam
Staff Landman
- Tenneco Oil Company
720 South Colorado Blvd.
Penthouse
Denver, CO 80222
Attn: J. F. Gavlick
Division Landman
- E. USA NM 13213
Township 30 North, Range 14 West, N.M.P.M.
Section 14: NW/4 SW/4
Operator: Dugan Production Corp.
Box 234
Farmington, N.M. 87401
- Mountain Fuel Supply Company
Box 11368
Salt Lake City, UT 84139
Attn: R. E. Pittam
Staff Landman
- F. USA NM 24467
Township 30 North, Range 14 West, N.M.P.M.
Section 11: SW/4
Operator: El Paso Natural Gas Company
Box 1492
El Paso, TX 79978
Attn: D. N. Canfield
Director of Land

- G. Unleased Federal Acreage
Township 30 North, Range 14 West, N.M.P.M.
Section 11: SE/4
- H. USA NM 28760
Township 30 North, Range 14 West, N.M.P.M.
Section 12: SW/4
Operator: Odessa Natural Corporation
Box 3908
Odessa, TX 79760
Attn: Jack R. Mundell
Director-Land Department
- I. USA NM 6899
Township 30 North, Range 14 West, N.M.P.M.
Section 13: W/2
Operator: Southland Royalty Company
Drawer 870
Farmington, N.M. 87401
Attn: Larry Van Ryan
District Superintendent