

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
Big Field #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 Big Field #2 Well located in the NW/4 of Section 3, 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, New Mexico 87410
2. Phil T. McGrath
District Engineer
U. S. Geological Survey
Box 959
Farmington, N.M. 87401
3. El Paso Natural Gas Company
Box 1492
El Paso, TX 79978
Attn: D. N. Canfield
Director of Land
4. Mountain Fuel Supply Company
Box 11368
Salt Lake City, UT 84139
Attn: R. E. Pittam
Staff Landman
5. Marshall and Winston, Inc.
Box 874
Midland, TX 79702
Attn: William S. Marshall
President

OIL CONSERVATION DIVISION

STATE OF NEW MEXICO

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

The Applicant further states:

1. The Operator of the Big Field #2 Well is the Applicant Dugan Production Corp.

2. The Big Field #2 Well is located on federal oil and gas leases NM 10561 and NM 17782 insofar as they cover the following described lands:

Township 30 North, Range 14 West, N.M.P.M.,
Section 3: NW/4 (Conner Fruitland Pool Extension)
Section 3: NW/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 3: 790' FNL - 1850' FWL (Unit Letter C)
San Juan County, New Mexico

4. The Big Field #2 Well is not currently dually completed in the Conner Fruitland Pool Extension and the Wildcat Pictured Cliffs Pool.

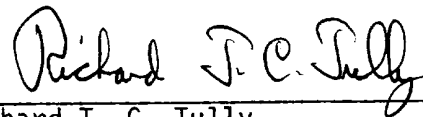
5. The Big Field #2 Well is capable of only low marginal production from the Conner Fruitland Pool Extension, and the well is also only capable of low marginal production from the Wildcat Pictured Cliffs Pool.

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 given approval to the downhole commingling of the Big Field #2 Well in San Juan County, New Mexico.

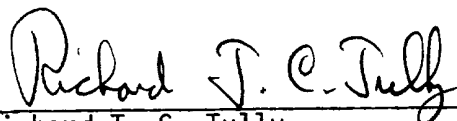
Respectfully submitted,



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

CERTIFICATE OF MAILING

I certify that I mailed a copy of the Application for Downhole Commingling of the Big Field #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 14th day of June, 1979.



Richard T. C. Tully
Attorney for Applicant

OFFSETTING LEASES AND OPERATORS

SAN JUAN COUNTY, NEW MEXICO

- A. USA NM 10561 (Same Lease)
Township 30 North, Range 14 West, N.M.P.M.
Section 3: NE/4, SW/4
Operator: Dugan Production Corp.
Box 234
Farmington, N.M. 87401
- B. USA NM 24467
Township 30 North, Range 14 West, N.M.P.M.
Section 3: SE/4
Operator: El Paso Natural Gas Company
Box 1492
El Paso, TX 79978
Attn: D. N. Canfield
Director of Land
- C. USA NM 16765
Township 30 North, Range 14 West, N.M.P.M.
Section 4: N/2 NE/4, SW/4 NE/4
Operator: Mountain Fuel Supply Company
Box 11368
Salt Lake City, UT 84139
Attn: R. E. Pittam
Staff Landman
- D. USA NM 19403
Township 30 North, Range 14 West, N.M.P.M.
Section 4: SE/4 NE/4, E/2 SE/4
Operator: Marshall and Winston, Inc.
Box 874
Midland, TX 79702
Attn: William S. Marshall
President
- E. USA NM 27177
Township 30 North, Range 14 West, N.M.P.M.
Section 4: W/2 SE/4
Operator: El Paso Natural Gas Company
Box 1492
El Paso, TX 79978
Attn: D. N. Canfield
Director of Land
- F. Ute Mountain Unleased Tribal Acreage
Township 31 North, Range 14 West, N.M.P.M.
Section 34; S/2
- G. Ute Mountain Unleased Tribal Acreage
Township 31 North, Range 14 West, N.M.P.M.
Section 33: SE/4