

## DISTRICT I

P.O. Box 1980, Hobbs, NM 88241-1980

## DISTRICT II

P.O. Drawer DD, Artesia, NM 88211-0719

## DISTRICT III

1000 Rio Brazos Road, Altec, NM 87410

State of New Mexico

Energy, Minerals &amp; Natural Resources Department

Form C-136

Originated 12/23/91

## OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

Submit original and 4 copies to the appropriate district office.

# APPLICATION FOR APPROVAL TO USE AN ALTERNATE GAS MEASUREMENT METHOD

## Rule 403.B(1) or (2)

Operator Name: Dugan Production Corp. Operator No. 006515  
 Operator Address: P.O. Box 420, Farmington, NM 87499  
 Lease Name: State Com Type: State X Federal      Fee       
 Location: Well No. 1: N-16-32N-12W, Well No. 1A: P-16-32N-12W  
 Pool: Blanco Mesaverde  
 Requested Effective Time Period: Beginning upon approval Ending indefinite

## APPROVAL PROCEDURE: RULE 403.B.(1)

Please attach a separate sheet with the following information.

- 1) A list of the wells (including well name, number, ULSTR location, and API No.) included in this application.
- 2) A one year production history of each well included in this application (showing the annual and daily volumes).
- 3) The established or agreed-upon daily producing rate for each well and the effective time period.
- 4) Designate wells to be equipped with a flow device (required for wells capable of producing 5 MCF per day or more).
- 5) The gas transporter(s) connected to each well.

## APPROVAL PROCEDURE: RULE 403.B.(2)

Please attach a separate sheet with the following information.

A separate application is required for each Central Point Delivery (CPD).

Working interest, royalty and overriding royalty ownership must be common for all wells to be connected to the subject CPD.

- 1) An ownership plat showing a description of the lease and all of the wells to be produced through this CPD.
  - a) List the wells which will be metered separately, including API No.
  - b) List the wells which will not be metered separately, including API No.
- 2) Describe the proposed method of allocating production from non-metered wells.
- 3) A one year production history of the wells which will not be metered showing the annual and daily volumes.
- 4) The gas transporter(s) connected to this CPD.

Applicant will be responsible for filing OCD Form C-111 for the CPD.

## OPERATOR

I hereby certify that the rules and regulations of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

Signature: John D. RoePrinted Name & Title: John Roe, Engr. Mgr.

## OIL CONSERVATION DIVISION

This approval may be cancelled at anytime that operating conditions indicate that re-tests may be necessary to prevent waste and protect correlative rights.

Approved Until: for further reviewBy: [Signature]Title: SUPERVISOR DISTRICT # 3

8/11/97

Attachment to NMOCD Form C-136  
Dugan Production Corp.  
Application for State Com #1 & #1A CPD  
NMOCD Rule 403.B. (2)

1. Ownership Plat and Well Description

Wells not metered separately.

<u>Well</u>	<u>Well Location</u>	<u>API No.</u>
State Com No. 1	Unit N, Sec. 16, T32N, R12W	30-045-21127
State Com No. 1A	Unit P, Sec. 16, T32N, R12W	30-045-22218

Ownership Plat - NMOCD form C-102 for well State Com #1A attached, with well #1 added.

2. Proposed Allocation of Production.

Each well will be tested annually using Dugan's portable test unit to establish MCFD + BCPD + BWPD. Individual well tests will be used to compute allocation factors based upon the proportion each well's individual test rate bears to the total test rates for all wells, connected to the CPD. Commingled gas volumes, BTU's and revenues recorded at the CPD will be allocated to individual wells using MCFD factors. Commingled condensate volumes and revenues resulting from production and sales from the condensate storage tank at the No. 1 well will be allocated to the individual wells using BCPD factors. Commingled water volumes will be allocated using BWPD factors.

3. One Year Production History.

<u>Well No.</u>	<u>12 Months Production 7/96 - 6/97</u>				<u>Daily Avg. Last 12 mths.</u>		
	<u>Gas</u>	<u>Condensate</u>	<u>Water</u>	<u>Days</u>	<u>MCFD</u>	<u>BCPD</u>	<u>BWPD</u>
	<u>MCF</u>	<u>BBL.</u>	<u>BBL.</u>				
State Com No. 1	14,223	28	15	273	52.1	0.1	0.05
State Com No. 1A	24,854	226	180	355	70.0	0.6	0.51

4. CPD Gas Transporter - El Paso Field Services.  
Condensate Transporter - Giant Refining.

District I  
PO Box 1980, Hobbs, NM 88241-1980  
District II  
PO Drawer DD, Artesia, NM 88211-4719  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
PO Box 2088  
Santa Fe, NM 87504-2088

Form C-102  
Revised February 21, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30 045 22218		1 Pool Code 72319		1 Pool Name Blanco Mesaverde	
1 Property Code 003850		1 Property Name State Com			1 Well Number 1A
1 OGRID No. 006515		1 Operator Name Dugan Production Corp.			1 Elevation 6027' GL

Ownership  
Plat  
Form C-136  
Attachment

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
P	16	32N	12W		890	South	1190	East	San Juan

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres 320	13 Joint or Infill	14 Consolidation Code C	15 Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16 <div>RECEIVED AUG 12 1997 OIL CON. DIV. DIST. 3</div>		17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief <div>John Alexander Signature John Alexander Printed Name Vice-President Title 6/16/97 Date</div>	
Sec. 16 <div>320 Acre Spacing Unit</div>			

Amoco E-4426-30		Dugan Prod. B-011571	
1850'		1190'	
1190'		890'	
Dugan Prod. LG-0038		1463	

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

10/7/76

Date of Survey

Signature and Seal of Professional Surveyor:

Original surveyed & signed  
by James P. Leese

1463

Certificate Number



# dugan production corp.

Mr. Frank Chavez  
New Mexico Oil Conservation Division  
1000 Rio Brazos Road  
Aztec, New Mexico 87410

August 12, 1997

RE: Surface Commingling Application  
Dugan Production's  
State Com Well No. 1 (N-16-32N-12W)  
State Com Well No. 1A (P-16-32N-12W)  
Blanco Mesaverde Gas Pool  
San Juan County, New Mexico

RECEIVED  
AUG 12 1997

OIL CON. DIV.  
DIST. 3

Dear Mr. Chavez,

Attached for your approval is NMOCD Form C-136 with which we are proposing to surface commingle the subject wells, both producing from the Blanco Mesaverde Gas Pool and a common 320 acre spacing unit comprising the south half of Section 16, T-32N, R-12W.

This application replaces our 6/16/97 application to Mr. LeMay where we requested NMOCD administrative approval for the proposed conversion of the State Com No. 1 gas sales meter to a CPD for the State Com No. 1 and No. 1A wells. Since both wells are within the same spacing unit, produce from the same pool and all ownership is common, it is our understanding that an exception to the NMOCD Statewide Rule 403.B.(2) using form C-136 will provide the necessary approval from the NMOCD. With this application, we propose to surface commingle all production (gas, condensate and water) from both wells, using the production equipment and facilities at the No. 1 well. This will allow us to salvage all duplicate surface equipment at the No. 1A well and will provide a significant reduction in our operating costs, primarily using a single compressor for both wells.

Commingled production will be allocated to each well using allocation factors determined annually by testing each well using Dugan's portable test unit. Since all leases are State of New Mexico, we have received approval from the State Land office and a copy is attached for your review and file.

Should you have any questions, or need additional information, please let me know.

Sincerely,

*John D. Roe*

John D. Roe

xc - Pete Martinez, NMSLO



COMMERCIAL RESOURCES  
(505)-827-5724

SURFACE RESOURCES  
(505)-827-5793

MINERAL RESOURCES  
(505)-827-5744

ROYALTY  
(505)-827-5772

State of New Mexico  
Commissioner of Public Lands

Ray Powell, M.S., D.V.M.  
310 Old Santa Fe Trail, P. O. Box 1148  
Santa Fe, New Mexico 87504-1148  
Phone (505)-827-5760, Fax (505)-827-5766

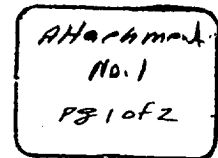
PUBLIC AFFAIRS  
(505)-827-5765

ADMINISTRATIVE MGMT.  
(505)-827-5700

LEGAL  
(505)-827-5713

PLANNING  
(505)-827-5752

June 30, 1997



Dugan Production Corporation  
P.O. Box 420  
Farmington, New Mexico 87499-0420

Attn: Mr. John Alexander

Re: Surface Commingling Application  
State Com Well No. 1, Unit Letter N  
State Com Well No. 1A, Unit Letter P  
Section 16-32N-12W  
Blanco Mesa Verde Pool  
San Juan County, New Mexico

Dear Mr. Alexander:

We have received your letter of June 16, 1997, wherein you requested our approval to surface commingle the production from the above wells.

We understand that you will convert the sales meter at the State Com Well No. 1 into a Central Delivery Point and convert the meter at the State Com #1A into an allocation meter.

Since it appears that there will be no loss of revenue to the State of New Mexico's beneficiaries as a result of your proposed operation, your request is hereby approved. Our approval is given with the understanding that the Commissioner of Public Lands reserves the right to amend or withdraw his approval, should this operation prove to be unprofitable to the state at any time in the future. Also, our approval is subject to like approval by the New Mexico Oil Conservation Division.

Please submit a copy of the New Mexico Oil Conservation Division's approval.

Your \$30.00 filing fee has been received.

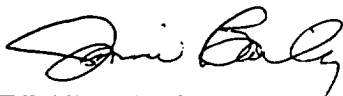
Attachment  
No. 1  
Pg 2 of 2

Dugan Production Corporation  
June 30, 1997  
Page 2

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.  
COMMISSIONER OF PUBLIC LANDS

BY:   
JAMI BAILEY, Director  
Oil, Gas and Minerals Division  
(505) 827-5744

RP/JB/cpm  
Enclosure

cc: Reader File  
OCD--Mr. David Catanach, Mr. Ben Stone  
BLM