

SECRET  
NO FORN DISSEM  
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Case Number  
4804

Application

Transcripts

Small Exhibits

ETC.

Be sure that Deegan  
presents evi. that offut operators  
have been notified of intent to  
form 160-acre Basin District

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
STATE LAND OFFICE  
SANTA FE, NEW MEXICO  
Wednesday, August 23, 1972 at 2:00 P. M.

EXAMINER HEARING

IN THE MATTER OF:

Application of Dugan Production  
Corporation for downhole commingling  
and a non-standard proration unit,  
San Juan County, New Mexico.

Case No. 4804

BEFORE: RICHARD L. STAMETS, Examiner

TRANSCRIPT OF HEARING

dearnley, meier & mc cormick recording service

207 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-6601 • ALBUQUERQUE, NEW MEXICO 87103  
1216 FIRST NATIONAL BANK BLDG. EAST • ALBUQUERQUE, NEW MEXICO 87108

P R O C E E D I N G S

MR. STAMETS: Call for appearances in case 4804.

MR. DUGAN: Thomas Dugan, owner of Dugan Production Corporation.

MR. STAMETS: Would you swear Mr. Dugan.

(Whereupon, Mr. Thomas Dugan was sworn.)

MR. DUGAN: Refer to Exhibit 1 which is a plat of the area in the vicinity of the Fullerton Number 1 which is located in the Northwest quarter of Section 34, Township 28 North, Range 13 West. The cumulative production of this well producing from the Gallup is just thirty-four twenty-nine or 3,429 barrels of oil. The other figure shown in red are cumulative production for Dakota wells in this vicinity on top of the line and last year's production for the Dakota wells below the line. The object was to show that the Fullerton Number 1 is located on the edge of the basin Dakota pool and all of the wells that are located similarly are rather poor wells. What we propose to do is to, well, first I will give you a short history of the well. It was drilled by Tenneco Oil Company in 1963 and at that time they attempted a completion in the Dakota formation at a depth of approximately 6200. The well was allowed to flow for a couple of days and at that time it produced 250 MCF of gas per day to the atmosphere which is a relatively small amount for initial gauge. They set a Baker Model E production packer at sixty-one seventy and then

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1 completed the well in the Gallup formation at a depth of  
 2 fifty-five eighty-five to 92. The Gallup was completed in  
 3 November 1963 pumping ten barrels of oil per day. There was  
 4 no attempt made to go back to the Dakota formation. The well  
 5 has changed hands several times since then and I acquired it  
 6 a few years ago and now I would like permission to open up the  
 7 Dakota formation and commingle the production from both the  
 8 Dakota and Gallup in the well bore and secure a market for the  
 9 gas and produce the well in this manner.

10 That is all I have.

11 THE EXAMINER: Are there questions of the witness?

12 You are also asking for a non-standard unit?

13 MR. DUGAN: Yes, right, non-standard proration unit  
 14 in that on the Northwest Quarter there and I doubt that the  
 15 Dakota formation will drain much more than that much and it  
 16 would be difficult to commingle it in the well bore with both  
 17 zones with each zone having a different set of owners.

18 THE EXAMINER: Does the Gallup make any gas at the  
 19 present time?

20 THE WITNESS: Well, when we were pumping it it was  
 21 too small to measure. It was enough to run the pumping unit  
 22 but a very small amount of gas.

23 MR. PORTER: Who owns the balance of Section 35?

24 THE WITNESS: I don't know. The East Half is dedi-  
 25 cated to that Amoco well in the Northeast Quarter and I don't

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1 know about the Southwest quarter.

2 MR. HATCH: You haven't made any attempt to form a  
3 non-standard unit and have not contacted anyone?

4 THE WITNESS: No, I haven't, mainly because at best  
5 the well is going to be pretty marginal from the Dakota and I  
6 wish to commingle it in the well bore and I didn't want two  
7 sets of owners from each formation.

8 THE EXAMINER: You wouldn't have any problem with a  
9 market for the Dakota gas?

10 THE WITNESS: No, I don't think so. The existing  
11 pipelines are shown on that Exhibit 1 and I am sure I will have  
12 to lay a line to it, the existing pipeline, but it is only a  
13 matter of a couple of thousand feet.

14 THE EXAMINER: Do you know if the acreage in the  
15 West Half is State Federal Indian?

16 THE WITNESS: I think it is all Federal.

17 THE EXAMINER: Do you know if there would be a  
18 difference in the royalty interest between the Northwest  
19 Quarter and the Southwest Quarter?

20 THE WITNESS: I don't believe there is a difference  
21 in the royalty interest. I am sure there is a difference in  
22 the overriding royalty interest, yes.

23 THE EXAMINER: But you have made no attempt to  
24 voluntarily communitize in there?

25 THE WITNESS: No, sir.

1 THE EXAMINER: How would you propose to complete the  
2 well? What equipment would you have in the hole?

3 THE WITNESS: I just propose to pull the rods from  
4 the well and clean the well on out to the Baker Model "D"  
5 production packer and push out the DC plug that is in the  
6 packer and go ahead and run tubing on below it to approximately  
7 --a small diameter tubing--to approximately sixty-two thirty  
8 and not put a seal assembly in the Model "D" packer but just  
9 allow it to comunitize in the well bore. The Gallup makes  
10 about a barrel a day pumping and the Dakota will hopefully  
11 make about 50 MCF a day.

12 THE EXAMINER: Would you have a single string of  
13 tubing in the hole?

14 THE WITNESS: Yes.

15 THE EXAMINER: Where would it be set approximately?

16 THE WITNESS: Sixty-two thirty.

17 THE EXAMINER: Which would be roughly in the zone  
18 where the Dakota was fractured and tested?

19 THE WITNESS: Yes, sir.

20 THE EXAMINER: So the Gallup oil production in that  
21 case would trickle down from above?

22 THE WITNESS: I think trickle is the right word.

23 THE EXAMINER: Then hopefully it would produce up  
24 the tubing?

25 THE WITNESS: Yes, right.



1 THE EXAMINER: Do you know of any case where that is  
2 being done?

3 THE WITNESS: Well, the Dakota and Gallup is commingled  
4 in the San Juan Basin.

5 THE EXAMINER: Dakota gas and Gallup oil?

6 THE WITNESS: No. I think they are both classified  
7 as oil wells, but it is essentially the same. If the Dakota is  
8 an oil well it is a high gas-oil ratio oil well where it is  
9 being done elsewhere in the San Juan Basin.

10 THE EXAMINER: Well, if the Gallup oil were allowed  
11 to stand against the Dakota gas formation, could you have a  
12 wetting of the sands?

13 THE WITNESS: It is possible, I suppose.

14 THE EXAMINER: That would result in the loss of oil?

15 THE WITNESS: Possibly, although they are both so  
16 tight, I don't think you are going to get much wetting or much  
17 entry into either zone, either gas into the Gallup or oil into  
18 the Dakota.

19 THE EXAMINER: Is there any type of an insulation  
20 that you could put in there that would allow the gas used to  
21 produce the Gallup oil but still not allow the Gallup oil to  
22 go as far down?

23 THE WITNESS: You could put a seal down in the  
24 packer Model "D" with a, say a standing valve so the Gallup oil  
25 wouldn't go down to the Dakota formation, but the Dakota gas

1 would be able to go to the Gallup.

2 THE EXAMINER: Would this be economically feasible?

3 THE WITNESS: Yes. That wouldn't cost very much.

4 THE EXAMINER: Would you anticipate that the well

5 might be down for any particular length of time?

6 THE WITNESS: Oh, it is possible that right at first

7 in getting a gas connection it could be, say after I had

8 performed the work, it could be a month or so before I could

9 get a gas connection.

10 THE EXAMINER: If the Gallup or if the Dakota gas

11 got back into the Gallup formation, would any damage result?

12 THE WITNESS: I don't think so.

13 THE EXAMINER: Would the gas be recovered when the

14 well was returned to production?

15 THE WITNESS: I would think so.

16 THE EXAMINER: Are there any other questions of the

17 witness?

18 You may be excused. Any statements in this case?

19 Take the case under advisement and call case 4805.

20 \* \* \* \* \*

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dearnley, meier & mc cormick reporting serv

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I N D E X

PAGE

WITNESS

MR. THOMAS DUGAN

Testimony given by Mr. Thomas Dugan

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E X H I B I T S

PAGE

Exhibit 1 -  
Plat of area of Fullerton Number 1

3

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STATE OF NEW MEXICO )  
: ss.  
COUNTY OF BERNALILLO )

I, MARCIA J. HUGHES, Court Reporter, do hereby certify  
that the above and foregoing pages are a true and correct  
transcript of the proceedings had before the New Mexico Oil  
Conservation Commission on Wednesday, August 23, 1972.

*Marcia J. Hughes*

8/23 4804 72  
*Houston*



**OIL CONSERVATION COMMISSION**

**STATE OF NEW MEXICO**  
**P. O. BOX 2088 - SANTA FE**  
**87501**

**GOVERNOR  
BRUCE KING  
CHAIRMAN  
LAND COMMISSIONER  
ALEX J. ARMJO  
MEMBER  
STATE GEOLOGIST  
A. L. PORTER, JR.  
SECRETARY - DIRECTOR**

October 10, 1972

Mr. Thomas A. Dugan  
Dugan Production Corporation  
Post Office Box 234  
Farmington, New Mexico 87401

Re: Case No. 4804  
Order No. R-4418  
Applicant:  
Dugan Production Corp.

**Dear Sir:**

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

very truly yours,

A. L. Porter

A. L. PORTER, Jr.  
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC       x        
Artesia OCC                     
Aztec OCC       x      

other

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE NO. 4804  
Order No. R-4418

APPLICATION OF DUGAN PRODUCTION  
CORPORATION FOR DOWNHOLE COM-  
MINGLING AND A NON-STANDARD  
PRORATION UNIT, SAN JUAN  
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on August 23, 1972, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 10th day of October, 1972, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Dugan Production Company, seeks an exception to Rule 303 of the Commission Rules and Regulations, to commingle oil production from the Amarillo-Gallup Oil Pool and gas from the Basin-Dakota Pool in the wellbore of its Fullerton Well No. 1 located 1850 feet from the North line and 1850 feet from the West line of Section 34, Township 28 North, Range 13 West, NNPM, San Juan County, New Mexico.

(3) That the well is capable of only low marginal production from said pools.

(4) That the reservoir characteristics of the above-described Amarillo-Gallup Oil Pool and Basin-Dakota Pool are such that underground waste would not be caused by the proposed commingling in the well-bore of the well.

(5) That the granting of authorization for the subject well as requested should result in the recovery of oil and gas from each of the commingled zones in the subject well that would not otherwise be recovered, thereby preventing waste, and will not violate correlative rights.

-2-

Case No. 4804  
Order No. R-4418

(6) That the mechanics of the proposed completion are feasible and in accord with good conservation practices.

(7) That approval of the subject application for down-hole commingling will prevent waste and protect correlative rights.

(8) That in order to allocate the commingled production to each of the commingled zones in the subject well, 100% of the oil production should be allocated to the Amarillo-Gallup zone, and 100% of the gas production to the Basin-Dakota zone in the subject well.

(9) That the applicant further seeks approval for a non-standard 160-acre gas proration unit for the Basin-Dakota Pool comprising the NW/4 of said Section 34 to be dedicated to the subject well.

(10) That in order to avoid the drilling of unnecessary wells and to protect correlative rights, the application for a 160-acre non-standard gas spacing unit should be approved.

IT IS THEREFORE ORDERED:

(1) That the applicant, Dugan Production Company, is hereby authorized an exception to Rule 303 to commingle oil production from the Amarillo-Gallup Oil Pool and gas from the Basin-Dakota Pool in the well-bore of its Fullerton Well No. 1, located 1850 feet from the North line and 1850 feet from the West line of Section 34, Township 28 North, Range 13 West, NMPM, San Juan County, New Mexico, in such a manner as to produce oil from the Amarillo-Gallup Oil Pool and gas from the Basin-Dakota Pool through tubing set opposite the Dakota producing zone.

(2) That the applicant shall complete, operate, and produce said well in accordance with the provisions of Rule 112-A of the Commission Rules and Regulations insofar as said rule is not inconsistent with this order.

(3) That as to subject well, 100% of the oil production shall be allocated to the Amarillo-Gallup zone, and 100% of the gas production to the Basin-Dakota zone.

(4) That the application for a 160-acre non-standard gas proration unit in the Basin-Dakota Pool comprising the NW/4 of Section 34, Township 28 North, Range 13 West, NMPM, to be dedicated to applicant's Fullerton Well No. 1 is hereby approved.

-3-

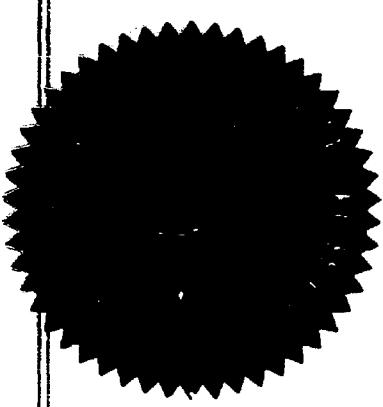
Case No. 4804

Order No. R-4413

(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION



*Bruce King*  
BRUCE KING, Chairman

*Alex J. Armijo*  
ALEX J. ARMIJO, Member

*A. L. Porter, Jr.*  
A. L. PORTER, Jr., Member & Secretary

S E A L

dx/



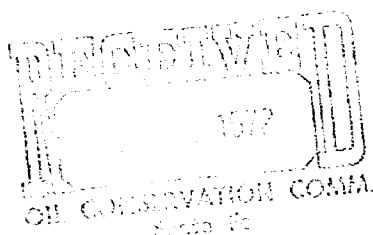
THOMAS A. DUGAN  
President  
Home 325-5694

JIM JACOBS  
Vice-President  
Home 325-8353

## DUGAN PRODUCTION CORP.

709 Bloomfield Road  
Post Office Box 234 Telephone 325-0238  
Area Code 505  
FARMINGTON, NEW MEXICO  
87401

September 1, 1972



Mr. Emery Arnold  
Oil Conservation Commission  
1000 Rio Brazos Road  
Aztec, New Mexico 87410

Dear Emery:

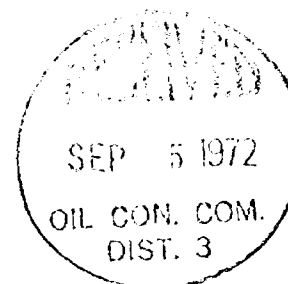
Enclosed are the last two gas-oil ratios that we filed on the Fullerton #1. We are showing the gas too small to measure. In fact, there was no gas being vented and barely enough gas to run the engine on the pumping unit.

Sincerely,

Thomas A. Dugan

cb

Enclosures



# Memo

From  
EMERY ARNOLD

To

Pick,  
Attached is a copy of the  
Last test run on the  
Fullerton #1. It would be  
expensive to install a pump to  
get a later test so I  
Suggest you use this test  
in the order -

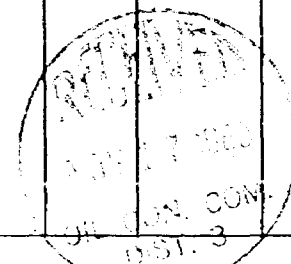
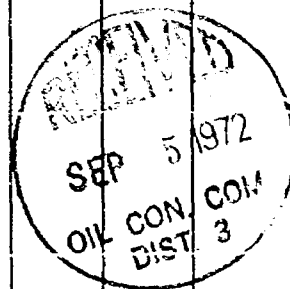
Emery

3-000 1-File \*  
AMENDED Report

NEW MEXICO OIL CONSERVATION COMMISSION  
 GAS-OIL RATIO TESTS

C-116  
 Revised 1-1-65

Operator <i>Dugan Production Corp.</i>		Pool <i>Undesignated - Gallup</i>				County <i>SAN JUAN</i>										
Address <i>P.O. Box 234, Farmington, New Mexico 87401</i>				TYPE OF TEST - (X)		Scheduled <input checked="" type="checkbox"/>		Completion <input type="checkbox"/>		Special <input type="checkbox"/>						
LEASE NAME	WELL NO.	LOCATION				DATE OF TEST	STATUS	CHOKE SIZE	TBG. PRESS.	DAILY ALLOWABLE	LENGTH OF TEST HOURS	PROD. DURING TEST				GAS - OIL RATIO CU. FT./BBL
		U	S	T	R							WATER BBLs.	GRAV. OIL	OIL BBLs.	GAS M.C.F.	
<i>Nageezi</i>	<i>1</i>	<i>N</i>	<i>33</i>	<i>24N</i>	<i>9W</i>	<i>8-27-69</i>	<i>P</i>	<i>—</i>	<i>—</i>	<i>4</i>	<i>24</i>	<i>0</i>	<i>40°</i>	<i>3.5</i>	<i>TSTM</i>	<i>TSTM</i>
<i>Douthit</i>	<i>1</i>	<i>P</i>	<i>33</i>	<i>28N</i>	<i>13W</i>	<i>8-27-69</i>	<i>P</i>	<i>—</i>	<i>—</i>	<i>6</i>	<i>24</i>	<i>0</i>	<i>40°</i>	<i>2</i>	<i>TSTM</i>	<i>TSTM</i>
<i>Fullerton</i>	<i>1</i>	<i>F</i>	<i>34</i>	<i>28N</i>	<i>13W</i>	<i>8-28-69</i>	<i>P</i>	<i>—</i>	<i>—</i>	<i>3</i>	<i>24</i>	<i>0</i>	<i>40°</i>	<i>1.5</i>	<i>TSTM</i>	<i>TSTM</i>
<i>Gallegos</i>	<i>*2</i>	<i>E</i>	<i>22</i>	<i>28N</i>	<i>12W</i>	<i>8-27-69</i>	<i>F</i>	<i>—</i>	<i>—</i>	<i>2</i>	<i>24</i>	<i>0</i>	<i>40°</i>	<i>2</i>	<i>TSTM</i>	<i>TSTM</i>
<i>Gallegos</i>	<i>*1</i>	<i>I</i>	<i>21</i>	<i>28N</i>	<i>12W</i>					<i>2</i>						
<i>Rex</i>	<i>2</i>	<i>D</i>	<i>18</i>	<i>27N</i>	<i>13W</i>	<i>8-27-69</i>	<i>F</i>	<i>—</i>	<i>—</i>	<i>3</i>	<i>24</i>	<i>0</i>	<i>40°</i>	<i>1.5</i>	<i>TSTM</i>	<i>TSTM</i>



No well will be assigned an allowable greater than the amount of oil produced on the official test.

During gas-oil ratio test, each well shall be produced at a rate not exceeding the top unit allowable for the pool in which well is located by more than 25 percent. Operator is encouraged to take advantage of this 25 percent tolerance in order that well can be assigned increased allowables when authorized by the Commission.

Gas volumes must be reported in MCF measured at a pressure base of 15.025 psia and a temperature of 60° F. Specific gravity base will be 0.60.

Report casing pressure in lieu of tubing pressure for any well producing through casing.

Mail original and one copy of this report to the district office of the New Mexico Oil Conservation Commission in accordance with Rule 301 and appropriate pool rules.

I hereby certify that the above information is true and complete to the best of my knowledge and belief.

*James L. Jurek*  
 (Signature)

*Agent*  
 (Title)

*11-14-69*  
 (Date)

DOCKET: EXAMINER HEARING-- WEDNESDAY - AUGUST 23, 1972

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,  
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

CASE 4775: (Continued from the July 26, 1972 Examiner Hearing)

Application of Continental Oil Company for amendment of special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks amendment of the special rules and regulations governing the Blinebry Pool, Lea County, New Mexico, to provide for annual bottom-hole pressure, gas-oil ratio, and gas-liquid tests in the pool. Applicant further seeks the designation of oil areas and gas areas in the pool with allowables within each area equalized on a per-acre basis and total withdrawals from the gas area to be volumetrically equivalent to the total withdrawals from the oil area.

Applicant further seeks to extend the vertical limits of the Blinebry Pool down to the top of the Tubb Pool.

Also to be considered by the Commission on its own motion will be amendment of the special rules and regulations to require that intermediate- or low-pressure gas be charged against a well's allowable; elimination of the requirement to conduct bottom-hole pressure, gas-oil ratio, and gas-liquid tests; and to require that all gas production be reported on Form C-111.

CASE 4779: (Continued from the July 26, 1972, Examiner Hearing)

Application of Merrion & Bayless for a non-standard proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard gas proration unit comprising the SE/4 of Section 35, Township 30 North, Range 12 West, within one mile of Flora Vista-Mesaverde Pool, San Juan County, New Mexico, to be dedicated to its Carnahan Well No. 1 located in Unit P of said Section 35.

CASE 4798: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider revision of Rule 301 E of the Commission Rules and Regulations to provide for unrestricted allowables for water-flood projects and to eliminate the necessity of response for administrative approval of additional injection wells.

CASE 4799: In the matter of the hearing called by the Oil Conservation Commission on its own motion to amend Rule 306 of the Commission Rules and Regulations to incorporate therein the provisions of Order No. R-4070 which regulate the flaring or venting of casinghead gas.

- CASE 4807: In the matter of the hearing called by the Oil Conservation Commission on its own motion for the amendment of Rule 104 C. I of the Commission Rules and Regulations to permit the drilling of development oil wells as close as 330 feet to another well on the same unit drilling to or capable of producing from the same pool.
- CASE 4800: Application of Mobil Oil Corporation for waterflood expansion and capacity allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to expand its Bridges State Waterflood Project, Vacuum Grayburg-San Andres Pool, Lea County, New Mexico, by the addition of its Bridges State Wells Nos. 12 and 174 located, respectively, in Unit P of Section 26 and Unit J of Section 15, Township 17 South, Range 34 East.
- Applicant further seeks the assignment of capacity allowable to said Well No. 12.
- CASE 4801: Application of The Petroleum Corporation for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Parkway West Unit Area comprising 3840 acres, more or less, of State lands in Sections 20, 21, 22, 27, 28, and 29 of Township 19 South, Range 29 East, Eddy County, New Mexico.
- CASE 4802: Application of Crown Central Petroleum Corporation for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Grayburg formation in the open-hole interval from 4011 feet to 4083 feet in its Fred Turner Well No. 2 located in Unit O of Section 6, Township 20 South, Range 38 East, Skaggs (Grayburg) Pool, Lea County, New Mexico.
- CASE 4803: Application of Yates Petroleum Corporation to directionally drill and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to re-enter a dry hole having an unorthodox surface location 1980 feet from the North line and 660 feet from the East line of Section 25, Township 18 South, Range 25 East, Eddy County, New Mexico, and to directionally drill in such a manner as to bottom the well in the West Atoka-Morrow Gas Pool at an unorthodox bottom hole location 500 feet from the North line and 600 feet from the East line of said Section 25. The N/2 of said Section 25 to be dedicated to the well.
- CASE 4804: Application of Dugan Production Corporation for downhole commingling and a non-standard proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks as an exception to Rule 303 of the Commission Rules and Regulations, authority to commingle oil production from the Amarillo-Gallup Oil Pool and gas from the

(Case 4804 continued)

Basin-Dakota Pool in the wellbore of its Fullerton Well No. 1 located 1850 feet from the North and West lines of Section 34, Township 28 North, Range 13 West, San Juan County, New Mexico. Applicant further seeks approval for a non-standard 160-acre gas proration unit for the Basin-Dakota Pool comprising the NW/4 of said Section 34 to be dedicated to the subject well.

CASE 4805: Application of W. C. Montgomery for a non-standard proration unit, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval for an 80-acre non-standard oil proration unit comprising the NE/4 NE/4 of Section 20 and the NW/4 NW/4 of Section 21, Township 8 South, Range 38 East, Blufft-San Andres Associated Pool, Roosevelt County, New Mexico, to be dedicated to a well to be drilled in the NE/4 NE/4 of said Section 20.

CASE 4806: Southeastern New Mexico nomenclature case calling for an order for the creation, extension, contraction and abolishment of certain pools in Lea, Chaves, Eddy and Roosevelt Counties, New Mexico.

(a) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Cisco production and designated as the Poyd-Cisco Gas Pool. The discovery well is the David Fasken Arco "9" Morrison No. 1 located in Unit B of Section 9, Township 19 South, Range 25 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM  
SECTION 9: N/2

(b) Create a new pool in Chaves County, New Mexico, classified as an oil pool for Queen production and designated as the South Lucky Lake-Queen Pool. The discovery well is the Dalport Oil Corporation Todhunter Federal No. 1 located in Unit F of Section 22, Township 15 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 15 SOUTH, RANGE 29 EAST, NMPM  
SECTION 22: SE/4 NW/4

(c) Create a new pool in Lea County, New Mexico, classified as a gas pool for Devonian production and designated as the East Ranger Lake-Devonian Gas Pool. The discovery well is the Union Texas Petroleum Corporation Shell State Com No. 1 located in Unit E of Section 6, Township 13 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 13 SOUTH, RANGE 35 EAST, NMPM  
SECTION 6: W/2

(d) Abolish the Penrose Skelly-Grayburg Pool in Lea County,  
New Mexico, described as:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM

SECTION 13: E/2

SECTION 24: E/2

SECTION 25: NE/4 and E/2 SE/4

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM

SECTION 4: Lots 3, 4, 5, 6, 11, 12  
13, 14 and SW/4

SECTION 7: S/2

SECTION 8: S/2 and NE/4

SECTION 9: W/2

SECTION 16: S/2 and NW/4

SECTION 17: All

SECTION 18: All

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM

SECTION 19: All

SECTION 20: All

SECTION 21: All

SECTION 27: All

SECTION 28: All

SECTION 29: All

SECTION 30: All

SECTION 31: All

SECTION 32: All

SECTION 33: All

SECTION 34: All

SECTION 35: All

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM

SECTION 2: All

SECTION 3: All

SECTION 4: All

SECTION 5: All

SECTION 6: E/2

SECTION 7: NE/4

SECTION 8: All

SECTION 9: All

SECTION 10: All

SECTION 11: All

SECTION 14: All

SECTION 15: All

SECTION 16: All

SECTION 17: E/2

Examiner Hearing - August 23, 1972  
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(Case 4806 continued)

(e) Extend the vertical limits of the Langlie-Mattix Pool in Lea County, New Mexico, to include the Grayburg formation. Also, extend said Langlie Mattix Pool to include therein:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM

SECTION 13: E/2

SECTION 24: E/2

SECTION 25: NE/4 and E/2 SE/4

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM

SECTION 4: Lots 3, 4, 5, 6, 11, 12,  
13, 14 and SW/4

SECTION 7: S/2

SECTION 8: S/2 and NE/4

SECTION 9: W/2

SECTION 16: S/2 and NW/4

SECTION 17: All

SECTION 18: All

SECTION 19: All

SECTION 20: All

SECTION 21: All

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM

SECTION 27: All

SECTION 28: All

SECTION 29: All

SECTION 30: All

SECTION 31: All

SECTION 32: All

SECTION 33: All

SECTION 34: All

SECTION 35: All

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM

SECTION 2: All

SECTION 3: All

SECTION 4: All

SECTION 5: All

SECTION 6: E/2

SECTION 7: NE/4

SECTION 8: All

SECTION 9: All

SECTION 10: All

SECTION 11: All

SECTION 14: All

SECTION 15: All

SECTION 16: All

SECTION 17: E/2



(f) Contract the Bagley-Pennsylvanian Pool in Lea County, New Mexico, by the deletion of the following described area:

TOWNSHIP 11 SOUTH, RANGE 33 EAST, NMPM  
SECTION 35: N/2 NW/4

(g) Extend the North Bagley-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 11 SOUTH, RANGE 33 EAST, NMPM  
SECTION 35: N/2 NW/4

(h) Contract the Bough-Permo Pennsylvanian Pool in Lea County, New Mexico, by the deletion of the following described area:

TOWNSHIP 9 SOUTH, RANGE 36 EAST, NMPM  
SECTION 17: NW/4

(i) Extend the North Benson Queen-Grayburg Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM  
SECTION 26: S/2 SW/4

(j) Extend the Bluitt-San Andres Associated Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 38 EAST, NMPM  
SECTION 9: NW/4

(k) Extend the South Carlsbad-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPM  
SECTION 7: W/2  
SECTION 18: N/2

(l) Extend the South Carlsbad-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPM  
SECTION 7: S/2  
SECTION 18: N/2

(m) Extend the Dos Hermanos-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 30 EAST, NMPM  
SECTION 22: All  
SECTION 27: All

(n) Extend the South Empire-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM  
SECTION 6: S/2

(o) Extend the Fowler-Upper Yaso Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM  
SECTION 10: SE/4  
SECTION 11: SW/4

(p) Extend the Golden Lane-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 29 EAST, NMPM  
SECTION 4: Lot 9, 10, 11, 12, 13, 14,  
15 and 16

(q) Extend the Grayburg-Jackson Pool in Eddy County New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM  
SECTION 9: S/2

(r) Extend the Hardy-Blinebry Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM  
SECTION 2: SW/4

(s) Extend the McDonald-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 13 SOUTH, RANGE 36 EAST, NMPM  
SECTION 33: SE/4

(t) Extend the Sand Dunes-Cherry Canyon Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM  
SECTION 26: NW/4 NE/4

(u) Extend the Sulimar-Queen Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 29 EAST, NMPM  
SECTION 27: SE/4 SE/4  
SECTION 34: NE/4 NE/4

(v) Extend the Vada-Pennsylvanian Pool in Roosevelt County, New Mexico, to include therein:

( v continued from page 7 - Case 4806)

TOWNSHIP 8 SOUTH, RANGE 34 EAST, NMPM  
SECTION 34: SE/4

(w) Extend the Vest Ranch-Queen Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 30 EAST, NMPM  
SECTION 21: SE/4

(x) Extend the Washington Ranch-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

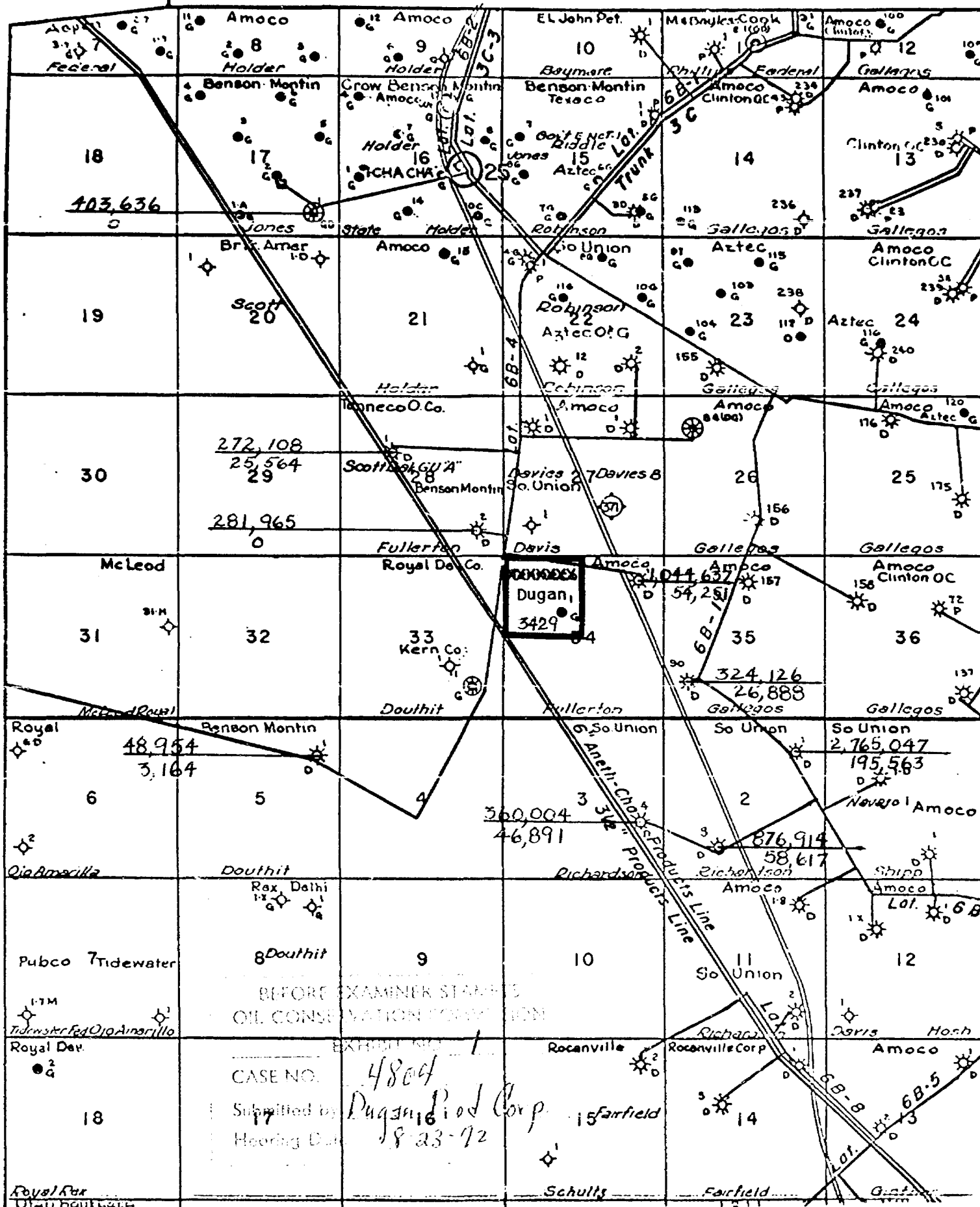
TOWNSHIP 25 SOUTH, RANGE 24 EAST, NMPM  
SECTION 27: All  
SECTION 35: W/2

TOWNSHIP 26 SOUTH, RANGE 24 EAST, NMPM  
SECTION 3: All  
SECTION 4: E/2

CASE 4786: (Continued from August 9, 1972, Examiner Hearing).

Application of Highland Production Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Delaware formation in the open-hole interval from 4378 feet to 4418 feet in its Russell Federal Well No. 6 located in Unit K of Section 20, Township 26 South, Range 32 East, East Mason-Delaware Pool, Lea County, New Mexico.

R-13-W



THOMAS A. DUGAN  
President  
Home 325-5694

JIM JACOBS  
Vice-President  
Home 325-8353

## DUGAN PRODUCTION CORP.

709 Bloomfield Road  
Post Office Box 234  
FARMINGTON, NEW MEXICO  
87401  
July 26, 1972

Telephone 325-0238  
Area Code 505

OIL CONSERVATION COMM.  
Santa Fe

*Laurel commingling  
and needed for review*

Mr. A. L. Porter, Jr.  
New Mexico Oil Conservation Commission  
Box 2088  
Santa Fe, New Mexico 87501

Dear Pete:

We own an oil and gas lease in NW/4 Section 34, T 28 N, R 13 W, San Juan County New Mexico. The Fullerton #1 well on this lease was drilled by Tenneco Oil Company to the Dakota formation in 1963. The Dakota was completed at that time and had a flow potential of 250 MCF per day. Tenneco temporarily abandoned the Dakota formation as non-commercial, plugged back and completed the well in the Gallup formation, pumping at the rate of ten barrels of oil per day.

The Gallup formation production has now declined to 1 1/2 bbls. of oil per day. We would like to commingle the Dakota gas and Gallup oil in the well bore and believe that with both zones commingled the well would flow and it would eliminate the expense of pumping the Gallup well. We would secure a market for the gas so that it would not be flared.

We are requesting an Examiner Hearing to obtain approval to commingle gas from the Basin Dakota Pool and oil from the Amarillo Gallup Pool in the well bore because of the very marginal production from both zones. We will also need to secure approval of a non-standard gas proration unit for the Dakota zone, covering only the NW/4 Section 34.

Sincerely,

*Thomas A. Dugan*  
Thomas A. Dugan

dw

1850 FNL  
FWL

8-11-72

DRAFT

GMH/dr

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE NO. 4804

Order No. R-4418

APPLICATION OF DUGAN PRODUCTION  
CORPORATION FOR DOWNHOLE COM-  
MINGLING AND A NON-STANDARD  
PRORATION UNIT, SAN JUAN  
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on August 23, 1972,  
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this day of August, 1972, the Commission,  
a quorum being present, having considered the testimony, the record,  
and the recommendations of the Examiner, and being fully advised  
in the premises,

FINDS:

(1) That due public notice having been given as required by  
law, the Commission has jurisdiction of this cause and the subject  
matter thereof.

(2) That the applicant, Dugan Production Company, seeks  
an exception to Rule 303 of the Commission Rules and Regulations,  
to commingle oil production from the Amarillo-Gallup Oil Pool and  
gas from the Basin-Dakota Pool in the wellbore of its Fullerton  
Well No. 1 located 1850 feet from the North line and 1850 feet  
from the West line of Section 34, Township 28 North, Range 13 West,  
NMPM, San Juan County, New Mexico.

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CASE NO. 4804

Order No. R-

(3) That the well is capable of only low marginal production from said pools.

(4) That the reservoir characteristics of the above-described Amarillo-Gallup Oil Pool and Basin-Dakota Pool are such that underground waste would not be caused by the proposed commingling in the well-bore of the well.

(5) That the granting of authorization for the subject well as requested should result in the recovery of oil and gas from each of the commingled zones in the subject well that would not otherwise be recovered, thereby preventing waste, and will not violate correlative rights.

(6) That the mechanics of the proposed completion ~~is~~<sup>are</sup> feasible and in accord with good conservation practices.

(7) That approval of the subject application for down-hole commingling will prevent waste and protect correlative rights.

(8) That in order to allocate the commingled production to each of the commingled zones in the subject well, 100% of the oil production should be allocated to the Amarillo-Gallup zone, and 100% of the gas production to the Basin-Dakota zone in the subject well.

(9) That the applicant further seeks approval for a non-standard 160-acre gas proration unit for the Basin-Dakota Pool comprising the NW/4 of said Section 34 to be dedicated to the subject well.

(10) That in order to avoid the drilling of unnecessary wells and to protect correlative rights, the application for a 160-acre non-standard gas spacing unit should be approved.

IT IS THEREFORE ORDERED:

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CASE NO. 4804

Order No. R-

(1) That the applicant, Dugan Production Company, is hereby authorized an exception to Rule 303 to commingle oil production from the Amarillo-Gallup Oil Pool and gas from the Basin-Dakota Pool in the wellbore of its Fullerton Well No. 1, located 1850 feet from the North line and 1850 feet from the West line of Section 34, Township 28 North, Range 13 West, NMPM, San Juan County, New Mexico, in such a manner as to produce oil from the Amarillo-Gallup Oil Pool and gas from the Basin-Dakota Pool through tubing set opposite the Dakota producing zone.

(2) That the applicant shall complete, operate, and produce said well in accordance with the provisions of Rule 112-A of the Commission Rules and Regulations insofar as said rule is not inconsistent with this order.

(3) That as to subject well, 100% of the oil production shall be allocated to the Amarillo-Gallup zone, and 100% of the gas production to the Basin-Dakota zone.

(4) That the application for a 160-acre non-standard gas proration <sup>in the Basin-Dakota Pool</sup> unit <sup>A</sup> comprising the NW/4 of Section 34, Township 28 North, Range 13 West, NMPM, to be dedicated to applicant's Fullerton Well No. 1 ~~in the Basin-Dakota Pool~~ is hereby approved. ~~Said unit is to be dedicated to applicant's Fullerton Well No. 1 located in Unit 1 of said Section 34.~~

(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.