

Case NO.

6585

Application

Transcripts

Small Exhibits

ETC.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
State Land Office Building
Santa Fe, New Mexico
11 July 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Dugan Production)
Corporation for downhole comingling,) CASE
San Juan County, New Mexico.) 6535

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation Division: Ernest L. Padilla, Esq.
Legal Counsel for the Division
State Land Office Bldg.
Santa Fe, New Mexico 87503

For the Applicant: Richard Tully, Esq.
Attorney at Law
Farmington, New Mexico

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
2010 Plaza Blanca (505) 471-2462
Santa Fe, New Mexico 87501

I N D E X

THOMAS A. DUGAN

| | |
|----------------------------------|---|
| Direct Examination by Mr. Tully | 3 |
| Cross Examination by Mr. Stamets | 9 |

E X H I B I T S

| | |
|--|---|
| Applicant Exhibit One, Plat | 4 |
| Applicant Exhibit Two, Plat | 5 |
| Applicant Exhibit Three, A, Notice of Intent | 5 |
| B, Reports | 6 |
| Applicant Exhibit Four, Log | 6 |

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (995) 411-4443
Santa Fe, New Mexico 87501

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (Soc.) 371-2402
Santa Fe, New Mexico 87501

1 MR. STAMETS: We'll call next Case 6585.

2 MR. PADILLA: Application of Dugan Pro-
3 duction Corporation for downhole commingling, San Juan
4 County, New Mexico.

5 MR. TULLY: May it please the Division,
6 I'm Richard Tully, General Counsel of Dugan Production
7 Corporation. In this case I have one witness to call, Mr.
8 Thomas A. Dugan.

9 MR. STAMETS: Any other appearances in
10 this case? I'd like to have Mr. Dugan stand and be sworn,
11 please.

12
13 (Witness sworn.)
14

15 THOMAS A. DUGAN
16 being called as a witness and having been duly sworn upon
17 his oath, testified as follows, to-wit:
18

19 DIRECT EXAMINATION

20 BY MR. TULLY:

21 Q Would you please state your name for the
22 record?

23 A Thomas A. Dugan.

24 Q And your address?

25 A 907 Halbet (sic) Circle, Farmington, New

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3930 Plaza Blanca (SSE) 411-4462
Santa Fe, New Mexico 87501

1 Mexico.

2 Q Your occupation?

3 A I'm a petroleum engineer.

4 Q Mr. Dugan, have you previously testified
5 before the New Mexico Oil Conservation Division?

6 A Yes.

7 MR. TULLY: Are Mr. Dugan's qualifications
8 a matter -- as an expert witness a matter of record and
9 acceptable?

10 MR. STAMETS: The witness is considered
11 qualified.

12 Q (Mr. Tully continuing.) Mr. Dugan, I'm
13 now handing you what has been entitled Application and also
14 what has been labeled as Exhibit Number One. Would you
15 please identify these for us?

16 A This is our application to the Oil Conser-
17 vation Division for permission to commingle downhole pro-
18 duction from the Fruitland and Pictured Cliffs formations
19 in the Paul 1 and 2 Wells.

20 Q Referring now to Exhibit Number One,
21 would you please identify that exhibit?

22 A Okay, this is the location map showing
23 the location of the two wells, the Paul 1, which has al-
24 ready been drilled, and the Paul 2 Well, which has not been
25 drilled at this time, in the north half of Section 19,

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
1020 Plaza Blanca (S-5) 471-4403
Santa Fe, New Mexico 87501

1 Township 27 North, Range 11 West.

2 Q Would you describe for us the two pools
3 you are proposing to be commingled?

4 A Yeah, it's the Pictured Cliffs formation,
5 which is the main producing horizon in this general area.
6 These wells fall on the edge of the West Kutz Pictured
7 Cliffs Pool, and then the Fruitland formation, which is a
8 wildcat, no other production close to the two wells in
9 this area.

10 Q Referring now to Exhibit Number Two, would
11 you describe that exhibit for us, please?

12 A That also locates the Paul 1 and 2 Wells
13 and shows that it, as I mentioned before, is on the west
14 edge of the West Kutz Pictured Cliffs Pool, and in a mar-
15 ginal area.

16 Q Referring now to Exhibit Number Three A,
17 would you describe that exhibit for us?

18 MR. STAMETS: Before we go on, what are
19 the numbers --

20 A Oh, excuse me.

21 MR. STAMETS: -- on that exhibit?

22 A Yes, that's the 1978 production from
23 wells, Pictured Cliffs wells.

24 MR. STAMETS: In Mcf, I presume?

25 A Yes.

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (SSE) 471-4442
Santa Fe, New Mexico 87501

1 Q Referring now to Exhibit Number Three A,
2 would you describe this exhibit for us, please?

3 A This is a copy of our daily drilling report
4 on the Paul 1 Well, and showing what took place during the
5 drilling of the well, and that the well came in making 115
6 Mcf natural from both zones.

7 Q Is this well currently dually completed?

8 A Yes, it is. I mean it's commingled in
9 the wellbore.

10 Q Referring now to Exhibit Three B, would
11 you describe that exhibit for us, please?

12 A This is a copy of our notice of intent
13 to drill the Paul 2 Well. This well has not been drilled
14 as of yet.

15 Q Does this indicate that your application
16 has been approved by the USGS?

17 A Yes, it does.

18 Q Referring now to Exhibit Number Four,
19 would you describe this exhibit for us, please?

20 A Okay, this is a Xeroxed copy of a log from
21 the Paul 1 Well and looking over to the last page there it
22 shows the zone, two zones that we perforated in the well-
23 bore, the Pictured Cliffs zone from 1780 to 1790, and also
24 a Fruitland zone, 1524 to 1538.

25 And it shows the type of sands that we're

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
2020 Plaza Blanca (505) 471-2442
Santa Fe, New Mexico 87501

1 trying to produce from.

2 Q In your professional opinion, do you feel
3 that these two zones will be -- have low marginal production?

4 A Yeah, the Pictured Cliffs zone is located,
5 you know, the edge of the West Kutz Pictured Cliffs Pool,
6 as I mentioned before, and it is undoubtedly a marginal
7 producer, and the Fruitland zone is -- does not exist in
8 most of the offset wells and has not been produced as of
9 yet, so I'm -- but from the initial production it would
10 indicate that they'll be marginal production, producers.

11 Q Is the ownership in these two zones for
12 both wells common?

13 A Yes, it is.

14 Q Were these exhibits prepared under your
15 supervision and control?

16 A Yes.

17 MR. TULLY I'd move at this time for the
18 admission of Exhibits One, Two, Three A, Three B, and Four
19 into evidence.

20 MR. STAMETS: These exhibits will be ad-
21 mitted.

22 Q In your professional opinion, Mr. Dugan,
23 will the proposed commingling from these two zones result
24 in the recovery of additional hydrocarbons from each of the
25 pools, thereby preventing waste, and that this commingling

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
2020 Plaza Blanca (S.E.) 471-4462
Santa Fe, New Mexico 87501

1 will not violate correlative rights?

2 A. YES.

3 Q. What is your prognosis of the future pro-
4 duction from the wells?

5 A. Well, with a little luck I think we can
6 get some production out of them, may be marginal.

7 Q. What do you propose for the allocation of
8 this production from these two commingled zones if this
9 application is approved?

10 A. Well, I'd propose on these two wells,
11 probably a fifty/fifty split, but I would be willing to
12 meet with Al Kendrick and discuss the division further
13 with him.

14 Q. Is Al Kendrick the District Supervisor
15 of the New Mexico Oil Conservation Division in Aztec, New
16 Mexico?

17 A. Yes.

18 Q. Do you have any shutin pressures for
19 these two zones?

20 A. No, I don't.

21 MR. TULLY: I have no further questions,
22 except one to the Division.

23 Have you received copies of any waivers
24 from offsetting operators?

25 MR. STAMETS: Well, let's look and see.

1 Yes, we have received waivers from Southland Royalty, El
2 Paso Natural Gas Company, Texaco, C. M. Paul Oil Account,
3 Depco Inc., Husky Oil Company, and Amoco.

4 MR. TULLY: We have nothing further.

5
6 CROSS EXAMINATION

7 BY MR. STAMETS:

8 QMr. Dugan, why don't you have any pressures on
9 these zones? Or the combined zones?

10 A Well, I didn't go to the expense of trying
11 to get a pressure.

12 Q Do you have a pressure on the two zones
13 together?

14 A Yes, I do. I don't know if I have it with
15 me.

16 Do we have that?

17 MR. TULLY: No, we don't.

18 Q To the best of your recollection --

19 A It's about 280, 280 psig.

20 Q And what kind of pressures are you looking
21 at for the Pictured Cliffs wells in the vicinity?

22 A Well, the wells over in the -- in the
23 better part of that West Kutz Field, bottom hole pressures
24 are lower than that at this time. I think originally they
25 were in the 280 range, 280 to 300 was the original bottom

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Pk. 2, Blauvelt (Q99) 471-4462
Santa Fe, New Mexico 87501

1 hole pressure of West Kutz.

2 Q Is that the normal pressure range you
3 would expect in an undrained reservoir in this area?

4 A Well, in this West Kutz area -- well, in
5 the Pictured Cliffs Pool it's the same. It's just on to
6 the west of this, and of course, as you go east into Fulcher
7 Kutz, why, those bottom hole pressures originally were
8 higher. They were in the neighborhood of 500, but yes,
9 that's close to the original bottom hole pressure of West
10 Kutz.

11 Q Looking at your Exhibit Number Two, the
12 best well I see on there as far as production for 1978 in
13 the neighborhood, is the well in Section 29 that made 158-
14 million. That would be less than half a million a day?

15 A Yes.

16 Q And the rest of them are all considerably
17 less than that.

18 A Yes.

19 Q Do you feel wells like that would make
20 economical single completions?

21 A Yeah, I sure do.

22 Q It would be more economical if you could
23 downhole commingle?

24 A Well, you know, I'd be very happy if can
25 make a well that would make 158,000 in a year. I don't

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (SSE) 471-2483
Santa Fe, New Mexico 87501

1 have very many of those.

2 MR. STAMETS: Any other questions of the
3 witness? He may be excused.

4 Anything further in this case?

5 MR. TULLY: No, sir.

6 MR. STAMETS: We'll take the case under
7 advisement.

8
9 (Hearing concluded.)
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3024 Plaza Blanca (SOS) 471-2482
Santa Fe, New Mexico 87501

REPORTER'S CERTIFICATE

I, SALLY W. BOYD, a Court Reporter, DO HEREBY CERTIFY that the foregoing and attached Transcript of Hearing before the Oil Conservation Division was reported by me; that said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability, knowledge, and skill, from my notes taken at the time of the hearing.

Sally W. Boyd C.S.R.
Sally W. Boyd, C.S.R.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 6535, heard by me on 7-11 1977.

Ronald L. Starn, Examiner
Oil Conservation Division

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (996) 471-1402
Santa Fe, New Mexico 87101

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
State Land Office Building
Santa Fe, New Mexico
11 July 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Dugan Production
Corporation for downhole comingling,
San Juan County, New Mexico.

CASE
6585

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Ernest L. Padilla, Esq.
Legal Counsel for the Division
State Land Office Bldg.
Santa Fe, New Mexico 87503

For the Applicant:

Richard Tully, Esq.
Attorney at Law
Farmington, New Mexico

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Phelan Avenue, S.E. (411-2442)
Santa Fe, New Mexico 87501

I N D E X

THOMAS A. DUGAN

Direct Examination by Mr. Tully 3

Cross Examination by Mr. Stamets 9

E X H I B I T S

Applicant Exhibit One, Plat 4

Applicant Exhibit Two, Plat 5

Applicant Exhibit Three, A, Notice of Intent 5

B, Reports 6

Applicant Exhibit Four, Log 6

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3920 Park Blaven (S.E.) 411-2412
Atlanta 26, New Mexico 87501

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
1010 Plaza Blanca (S.E.) 471-2465
Santa Fe, New Mexico 87101

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MR. STAMETS: We'll call next Case 6585.

MR. PADILLA: Application of Dugan Production Corporation for downhole commingling, San Juan County, New Mexico.

MR. TULLY: May it please the Division, I'm Richard Tully, General Counsel of Dugan Production Corporation. In this case I have one witness to call, Mr. Thomas A. Dugan.

MR. STAMETS: Any other appearances in this case? I'd like to have Mr. Dugan stand and be sworn, please.

(Witness sworn.)

THOMAS A. DUGAN

being called as a witness and having been duly sworn upon his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. TULLY:

Q Would you please state your name for the record?

A Thomas A. Dugan.

Q And your address?

A 907 Halbet (sic) Circle, Farmington, New

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
1020 Plaza Blanca (505) 471-4102
Santa Fe, New Mexico 87501

1 Mexico.

2 Q Your occupation?

3 A I'm a petroleum engineer.

4 Q Mr. Dugan, have you previously testified
5 before the New Mexico Oil Conservation Division?

6 A Yes.

7 MR. TULLY: Are Mr. Dugan's qualifications
8 a matter -- as an expert witness a matter of record and
9 acceptable?

10 MR. STAMETS: The witness is considered
11 qualified.

12 Q (Mr. Tully continuing.) Mr. Dugan, I'm
13 now handing you what has been entitled Application and also
14 what has been labeled as Exhibit Number One. Would you
15 please identify these for us?

16 A This is our application to the Oil Conser-
17 vation Division for permission to commingle downhole pro-
18 duction from the Fruitland and Pictured Cliffs formations
19 in the Paul 1 and 2 Wells.

20 Q Referring now to Exhibit Number One,
21 would you please identify that exhibit?

22 A Okay, this is the location map showing
23 the location of the two wells, the Paul 1, which has al-
24 ready been drilled, and the Paul 2 Well, which has not been
25 drilled at this time, in the north half of Section 19,

1 Township 27 North, Range 11 West.

2 Q Would you describe for us the two pools
3 you are proposing to be commingled?

4 A Yeah, it's the Pictured Cliffs formation,
5 which is the main producing horizon in this general area.
6 These wells fall on the edge of the West Kutz Pictured
7 Cliffs Pool, and then the Fruitland formation, which is a
8 wildcat, no other production close to the two wells in
9 this area.

10 Q Referring now to Exhibit Number Two, would
11 you describe that exhibit for us, please?

12 A That also locates the Paul 1 and 2 Wells
13 and shows that it, as I mentioned before, is on the west
14 edge of the West Kutz Pictured Cliffs Pool, and in a mar-
15 ginal area.

16 Q Referring now to Exhibit Number Three A,
17 would you describe that exhibit for us?

18 MR. STAMETS: Before we go on, what are
19 the numbers --

20 A Oh, excuse me.

21 MR. STAMETS: -- on that exhibit?

22 A Yes, that's the 1978 production from
23 wells, Pictured Cliffs wells.

24 MR. STAMETS: In Mcf, I presume?

25 A Yes.

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
1023 Plaza Blanca (666) 471-2453
Santa Fe, New Mexico 87501

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
1029 Plaza Blanca (SOS) 471-4463
Santa Fe, New Mexico 87501

1 Q Referring now to Exhibit Number Three A,
2 would you describe this exhibit for us, please?

3 A This is a copy of our daily drilling report
4 on the Paul 1 Well, and showing what took place during the
5 drilling of the well, and that the well came in making 115
6 Mcf natural from both zones.

7 Q Is this well currently dually completed?

8 A Yes, it is. I mean it's commingled in
9 the wellbore.

10 Q Referring now to Exhibit Three B, would
11 you describe that exhibit for us, please?

12 A This is a copy of our notice of intent
13 to drill the Paul 2 Well. This well has not been drilled
14 as of yet.

15 Q Does this indicate that your application
16 has been approved by the USGS?

17 A Yes, it does.

18 Q Referring now to Exhibit Number Four,
19 would you describe this exhibit for us, please?

20 A Okay, this is a Xeroxed copy of a log from
21 the Paul 1 Well and looking over to the last page there it
22 shows the zone, two zones that we perforated in the well-
23 bore, the Pictured Cliffs zone from 1780 to 1790, and also
24 a Fruitland zone, 1524 to 1538.

25 And it shows the type of sands that we're

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (S.E.) 471-2462
Santa Fe, New Mexico 87501

1 trying to produce from.

2 Q In your professional opinion, do you feel

3 that these two zones will be -- have low marginal production?

4 A Yeah, the Pictured Cliffs zone is located,

5 you know, the edge of the West Rutz Pictured Cliffs Pool,

6 as I mentioned before, and it is undoubtedly a marginal

7 producer, and the Fruitland zone is -- does not exist in

8 most of the offset wells and has not been produced as of

9 yet, so I'm -- but from the initial production it would

10 indicate that they'll be marginal production, producers.

11 Q Is the ownership in these two zones for

12 both wells common?

13 A Yes, it is.

14 Q Were these exhibits prepared under your

15 supervision and control?

16 A Yes.

17 MR. TULLY I'd move at this time for the

18 admission of Exhibits One, Two, Three A, Three B, and Four

19 into evidence.

20 MR. STAMETS: These exhibits will be ad-

21 mitted.

22 Q In your professional opinion, Mr. Dugan,

23 will the proposed commingling from these two zones result

24 in the recovery of additional hydrocarbons from each of the

25 pools, thereby preventing waste, and that this commingling

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (SOS) 471-2412
Santa Fe, New Mexico 87501

1 will not violate correlative rights?

2 A YES.

3 Q What is your prognosis of the future pro-
4 duction from the wells?

5 A Well, with a little luck I think we can
6 get some production out of them, may be marginal.

7 Q What do you propose for the allocation of
8 this production from these two commingled zones if this
9 application is approved?

10 A Well, I'd propose on these two wells,
11 probably a fifty/fifty split, but I would be willing to
12 meet with Al Kendrick and discuss the division further
13 with him.

14 Q Is Al Kendrick the District Supervisor
15 of the New Mexico Oil Conservation Division in Aztec, New
16 Mexico?

17 A Yes.

18 Q Do you have any shutin pressures for
19 these two zones?

20 A No, I don't.

21 MR. TULLY: I have no further questions,
22 except one to the Division.

23 Have you received copies of any waivers
24 from offsetting operators?

25 MR. STAMETS: Well, let's look and see.

1 Yes, we have received waivers from Southland Royalty, El
2 Paso Natural Gas Company, Texaco, C. M. Paul Oil Account,
3 Depco Inc., Husky Oil Company, and Amoco.

4 MR. TULLY: We have nothing further.

6 CROSS EXAMINATION

7 BY MR. STAMETS:

8 QMr. Dugan, why don't you have any pressures on
9 these zones? Or the combined zones?

10 A Well, I didn't go to the expense of trying
11 to get a pressure.

12 Q Do you have a pressure on the two zones
13 together?

14 A Yes, I do. I don't know if I have it with
15 me.

16 Do we have that?

17 MR. TULLY: No, we don't.

18 Q To the best of your recollection --

19 A It's about 280, 280 psig.

20 Q And what kind of pressures are you looking
21 at for the Pictured Cliffs wells in the vicinity?

22 A Well, the wells over in the -- in the
23 better part of that West Kutz Field, bottom hole pressures
24 are lower than that at this time. I think originally they
25 were in the 280 range, 280 to 300 was the original bottom

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (SOS) 471-2462
Santa Fe, New Mexico 87501

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (66) 411-2463
Santa Fe, New Mexico 87501

1 hole pressure of West Kutz.

2 Q Is that the normal pressure range you
3 would expect in an undrained reservoir in this area?

4 A Well, in this West Kutz area -- well, in
5 the Pictured Cliffs Pool it's the same. It's just on to
6 the west of this, and of course, as you go east into Fulcher
7 Kutz, why, those bottom hole pressures originally were
8 higher. They were in the neighborhood of 500, but yes,
9 that's close to the original bottom hole pressure of West
10 Kutz.

11 Q Looking at your Exhibit Number Two, the
12 best well I see on there as far as production for 1978 in
13 the neighborhood, is the well in Section 29 that made 158-
14 million. That would be less than half a million a day?

15 A Yes.

16 Q And the rest of them are all considerably
17 less than that.

18 A Yes.

19 Q Do you feel wells like that would make
20 economical single completions?

21 A Yeah, I sure do.

22 Q It would be more economical if you could
23 downhole commingle?

24 A Well, you know, I'd be very happy if can
25 make a well that would make 158,000 in a year. I don't

1 have very many of those.

2 MR. STAMETS: Any other questions of the
3 witness? He may be excused.

4 Anything further in this case?

5 MR. TULLY: No, sir.

6 MR. STAMETS: We'll take the case under

7 advisement.

8
9 (Hearing concluded.)
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (S.E.) 411-9493
Santa Fe, New Mexico 87501

REPORTER'S CERTIFICATE

I, SALLY W. BOYD, a Court Reporter, DO HEREBY CERTIFY that the foregoing and attached Transcript of Hearing before the Oil Conservation Division was reported by me; that said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability, knowledge, and skill, from my notes taken at the time of the hearing.

Sally W. Boyd, C.S.R.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. _____ heard by me on _____ 19____.

_____, Examiner
Oil Conservation Division

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3130 Plaza Blanca (SOS) 471-4462
Santa Fe, New Mexico 87501



BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

July 31, 1979

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87301
(505) 827-2434

Mr. Richard Tully
General Counsel
Dugan Production Corporation
P. O. Box 234
Farmington, New Mexico 87401

Re: CASE NO. 6585
ORDER NO. R-6063

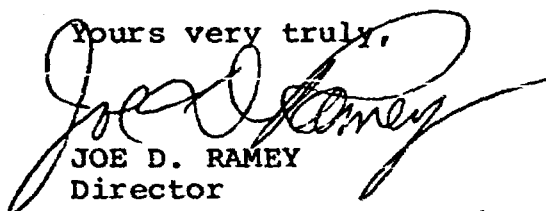
Applicant:

Dugan Production Corporation

Dear Sir:

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

Yours very truly,


JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD X
Artesia OCD X
Aztec OCD X

Other _____

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6585
Order No. R-6063

APPLICATION OF DUGAN PRODUCTION
CORPORATION FOR DOWNHOLE COMMINGLING,
SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on July 11, 1979,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 30th day of July, 1979, the Division
Director, 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 Division has jurisdiction of this cause and the
subject matter thereof.
- (2) That the applicant, Dugan Production Corporation, is
the owner and operator of the Paul Wells Nos. 1 and 2, located
in Units G and C, respectively, of Section 19, Township 27
North, Range 11 West, NMPM, San Juan County, New Mexico.
- (3) That the applicant seeks authority to commingle
undesigned Fruitland and West Kutz-Pictured Cliffs production
within the wellbore of the above-described wells.
- (4) That from the undesigned Fruitland zone, the subject
wells are expected to be capable of low marginal production only.
- (5) That from the West Kutz-Pictured Cliffs zone, the
subject wells are expected to be capable of low marginal produc-
tion only.
- (6) That the proposed commingling may result in the recovery
of additional hydrocarbons from each of the subject pools, thereby
preventing waste, and will not violate correlative rights.

-2-

Case No. 6585
Order No. R-6063

(7) That the reservoir characteristics of each of the subject zones are such that underground waste would not be caused by the proposed commingling provided that the wells are not shut-in for an extended period.

(8) That to afford the Division the opportunity to assess the potential for waste and to expeditiously order appropriate remedial action, the operator should notify the Aztec district office of the Division any time the subject wells are shut-in for 7 consecutive days.

(9) That in order to allocate the commingled production to each of the commingled zones in the wells, applicant should consult with the supervisor of the Aztec district office of the Division and determine an allocation formula for each of the production zones.

IT IS THEREFORE ORDERED:

(1) That the applicant, Dugan Production Corporation, is hereby authorized to commingle undesignated Fruitland and West Kutz-Pictured Cliffs production within the wellbore of the Paul Wells Nos. 1 and 2, located in Units G and C, respectively, of Section 19, Township 27 North, Range 11 West, NMPM, San Juan County, New Mexico.

(2) That the applicant shall consult with the Supervisor of the Aztec district office of the Division and determine an allocation formula for the allocation of production to each zone in each of the subject wells.

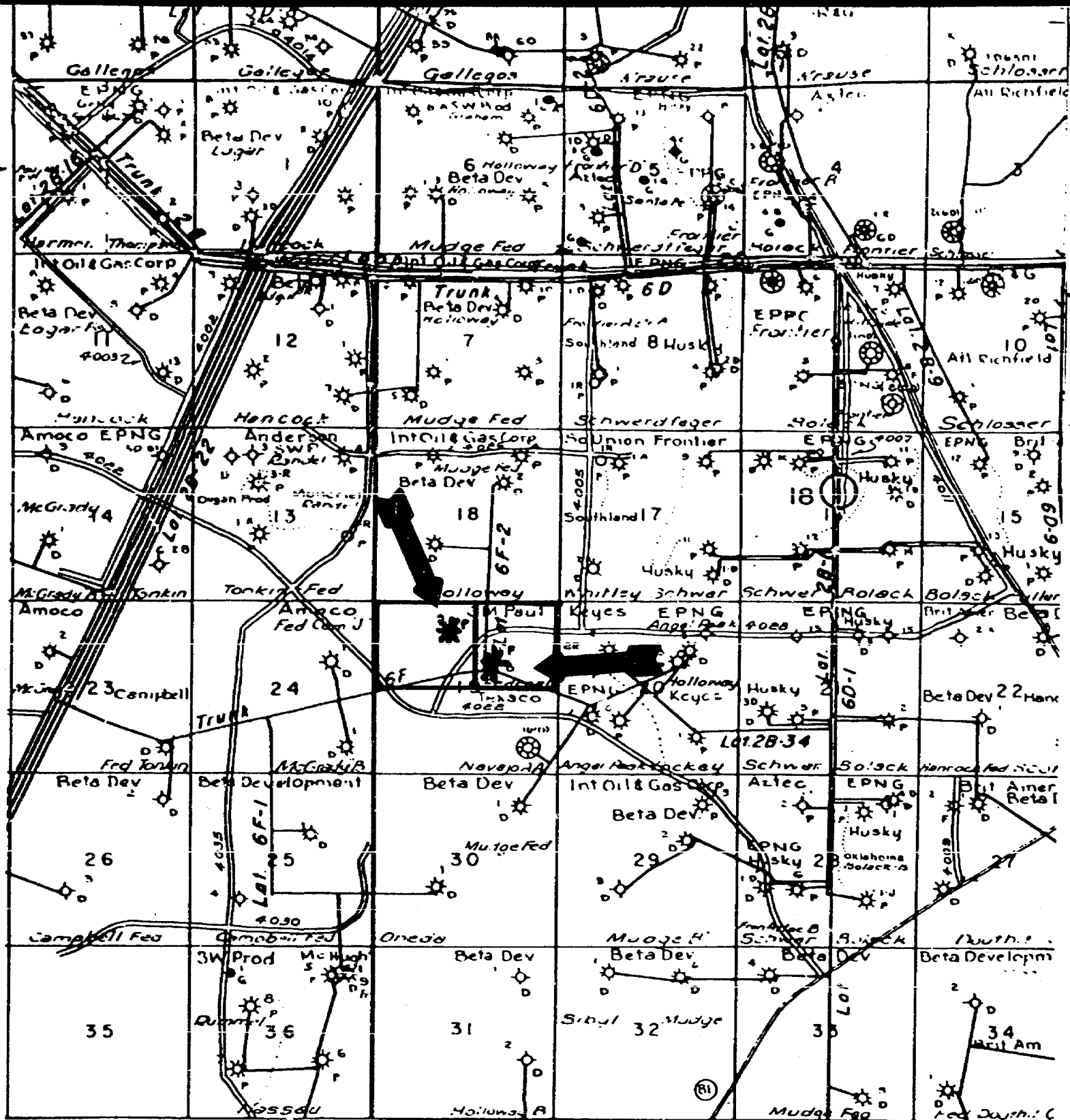
(3) That the operator of the subject wells shall immediately notify the Division's Aztec district office any time the wells have been shut-in for 7 consecutive days and shall concurrently present, to the Division, a plan for remedial action.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director



Township 27 North, Range 11 West, N.M.P.M.

Dedicated Acreage —

Paul #1 Well *

Paul #2 Well *

APPLICATION FOR DOWNHOLE COMMINGLING
BY DUGAN PRODUCTION CORP.
Paul #1 and Paul #2 Wells.

Case No. 6585

Exhibit No. 1

1978 PRODUCTION

| | | | | | |
|--------------------------------|----------------------------|-------------------------------|-------------------------------|--|-------------|
| 0 0 1159 0 6 0 0 0 17132 | 5 0 17132 | 4 0 | 3 | 2 | 1 |
| 9900 726 7 5305 1199 | 0 0 8 0 0 | 4607 42 9 1252 9765 | 0 28762 10 0 12190 | 11 | 12 212 |
| 5716 18 1534 | 213 17 21342 | 2217 13847 16 816 18512 | 1215 2690 15 15534 5719 | 7548 14 10764 | 13 |
| * 11 | 0 985 20 31193 21115 | 0 59531 | 22 | 0 23 16237 10690 | 24 |
| 30 | 158268 21 | 0 0 28 11287 | 27 0 28655 | 16264 81034 26 64099 14463 | 25 59793 |
| 31 | 32 | 33 | 34 | 35 | 0 36 |

Township 27 North, Range 11 West, N.M.P.M.

1978 PRODUCTION

West Kutz Pictured Cliffs Pool —

Paul #1 Well *

Dedicated Acreage —

Paul #2 Well *

APPLICATION FOR DOWNHOLE COMMINGLING
BY DUGAN PRODUCTION CORP.
Paul #1 and #2 Wells

Case No. 6585

Exhibit No. 2

dp

dugan production corp.

Dugan Production Corp.
Paul #1
1650' FNL - 1850' FEL
Section 19 T27N R11W
San Juan County, NM
Elevation : 6162' GR

DAILY REPORT

- 5-16-79 Spudded 7-7/8" surface hole @ 12:00 noon 5-15-79. Drilled to 15', unable to continue hole with air due to sloughing below sand. Shut down for night.
- 5-17-79 Finished drlg surface hole w/wtr to 92' GR. Ran 3 jts 5-1/2" OD 14# 8R "B" condition csg. TE 89.90' set @ 92' GR. Cemented w/35 sx class "B" neat. Good cement to surface. POB @ 7:30 p.m. 5-16-79. WOC
- 5-18-79 Shut down waiting on contractor to acquire additional drill pipe.
- 5-22-79 Drlg 4-3/4" hole @ 300' w/wtr.
- 5-23-79 Drlg 4-3/4" hole @ 700' w/wtr.
- 5-24-79 Drill pipe stuck @ 700'.
- 5-24-79 Drill pipe still stuck.
- 5-25-79 Drlg 4-3/4" hole @ 780'.
- 5-27-79 Drlg 4-3/4" hole @ 1320'.
- 5-28-79 TD 1885'. Moved in and rigged up Wellex Logging Co. Ran IES log to TD.
- 5-29-79 Laid down drill pipe. Rigged up csg tools. Ran 65 jts 2-7/8" OD 6.4# CW-55 10R NEUE. TE 1879.27' set @ 1879' GR. Reciprocated pipe while cementing. Had good mud returns. Preflushed hole w/100 gals mud flush. Cemented w/75 sx 65-35 w/12% gel w/1/4# flo cele per sx followed by 75 sx class "B" neat w/1/4# flo cele per sx. Bumped plug w/1700 psi. Released to 750 psi. Shut in. POB 1:25 p.m. 5-28-79.

709 BLOOMFIELD RD. • P. O. BOX 234 • FARMINGTON, NEW MEXICO 87401 • PHONE 505-325-0238

APPLICATION FOR DOWNHOLE COMMINGLING
BY DUGAN PRODUCTION CORP.
Paul #1 and Paul #2 Wells

Case No. 6585

Exhibit No. 3a

Dugan Production Corp.

Paul #1

Page 2

- 5-30-79 Moved in and rigged up FWS swabbing unit. Blue Jet ran Gamma Ray correlation and collar logs. PBTD 1849'. Swabbed 2-7/8" csg down to 1400'. Perf w/1 2-1/8" glass jet per foot 1780-1790' (10 holes) and 1524-1538' w/1 2-1/8" glass jet per foot (14 holes). Made one swab run. Well kicked off making estimated 100 MCFGPD. Shut in for night.
- 5-31-79 Ran 55 jts 1-1/4" OD 2.4# J-55 10R EUE tbg. TE 1791.65' set @ 1790' GR. Has cross pin on bottom jt for swab stop. Landed tbg and nipped up well head. Making est 115 MCF. Shut in for IP test. Rigged down FWS.

APPLICATION FOR DOWNHOLE COMMINGLING
BY DUGAN PRODUCTION CORP.
Paul #1 and Paul #2 Wells

Case No. 6585

Exhibit No. 3a

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

| | | | | | |
|--|--|--|--|--|--|
| 1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/> | | | 5. LEASE DESIGNATION AND SERIAL NO. NM 029145 | | |
| b. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/> | | | 6. IF INDIAN, ALLOTTEE OR TRIBE NAME | | |
| 2. NAME OF OPERATOR Dugan Production Corp. | | | 7. UNIT AGREEMENT NAME | | |
| 3. ADDRESS OF OPERATOR Box 234, Farmington, NM 87401 | | | 8. FARM OR LEASE NAME Paul | | |
| 4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 500' FNL - 1850' FWL At proposed prod. zone | | | 9. WELL NO. 2 | | |
| 14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 10 miles south of Bloomfield | | | 10. FIELD AND POOL, OR WILDCAT Fruitland PC - Wildcat | | |
| 15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any) 790' | | | 11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec 19 T27N R11W | | |
| 16. NO. OF ACRES IN LEASE 318.13 | | | 12. COUNTY OR PARISH San Juan | | |
| 17. NO. OF ACRES ASSIGNED TO THIS WELL 158.13 | | | 13. STATE NM | | |
| 18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. None | | | 19. PROPOSED DEPTH 1875 | | |
| 20. ROTARY OR CABLE TOOLS Rotary | | | 21. APPROX. DATE WORK WILL START* 4-25-79 | | |
| 22. ELEVATIONS (Show whether DF, RT, GR, etc.) 6135' GR | | | | | |

| 23. PROPOSED CASING AND CEMENTING PROGRAM | | | | |
|---|----------------|-----------------|---------------|--------------------|
| SIZE OF HOLE | SIZE OF CASING | WEIGHT PER FOOT | SETTING DEPTH | QUANTITY OF CEMENT |
| 7-7/8" | 5-1/2" | 14# | 40' | 10 sx |
| 5" | 2-7/8" | 6.4# | 1875' | 100 sx |

Plan to drill well using mud as circulating medium to test Pictured Cliffs formation. If productive, plan to set 2-7/8" tubing for casing, selectively perforate, frac, clean out after frac, run 1-1/4" tubing and complete well.

Do not plan to use a blowout preventer while drilling. Will use master valve and stripper head while completing well.

NMERB: Gas not dedicated

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

| | | |
|---|--|--|
| 24. SIGNED <u>Thomas A. Dugan</u> TITLE <u>Petroleum Engineer</u> DATE <u>3-22-79</u> | | |
| (This space for Federal or State office use) | | |
| APPROVED BY <u>P. J. McLeath</u> TITLE <u>District Engineer</u> DATE <u>3-22-79</u> | | |
| PERMIT NO. <u>6585</u> APPROVAL DATE <u>3-22-79</u> | | |
| CONDITIONS OF APPROVAL, IF ANY: P. T. DISCUSSION | | |
| DISTRICT ENGINEER | | |

*See Instructions On Reverse Side

APPLICATION FOR DOWNHOLE COMMINGLING
BY DUGAN PRODUCTION CORP.
Paul #1 and Paul #2 Wells

Case No. 6585

Exhibit No. 3b

Well File

Log Tops on 2"



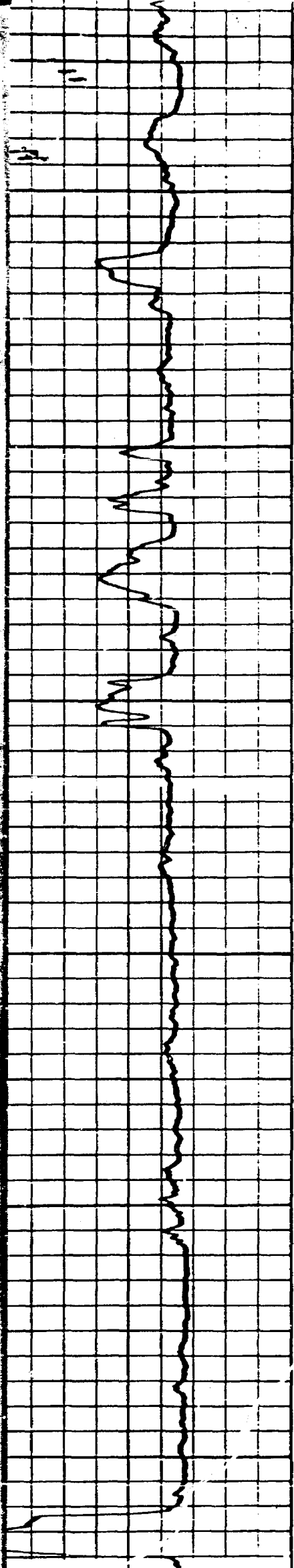
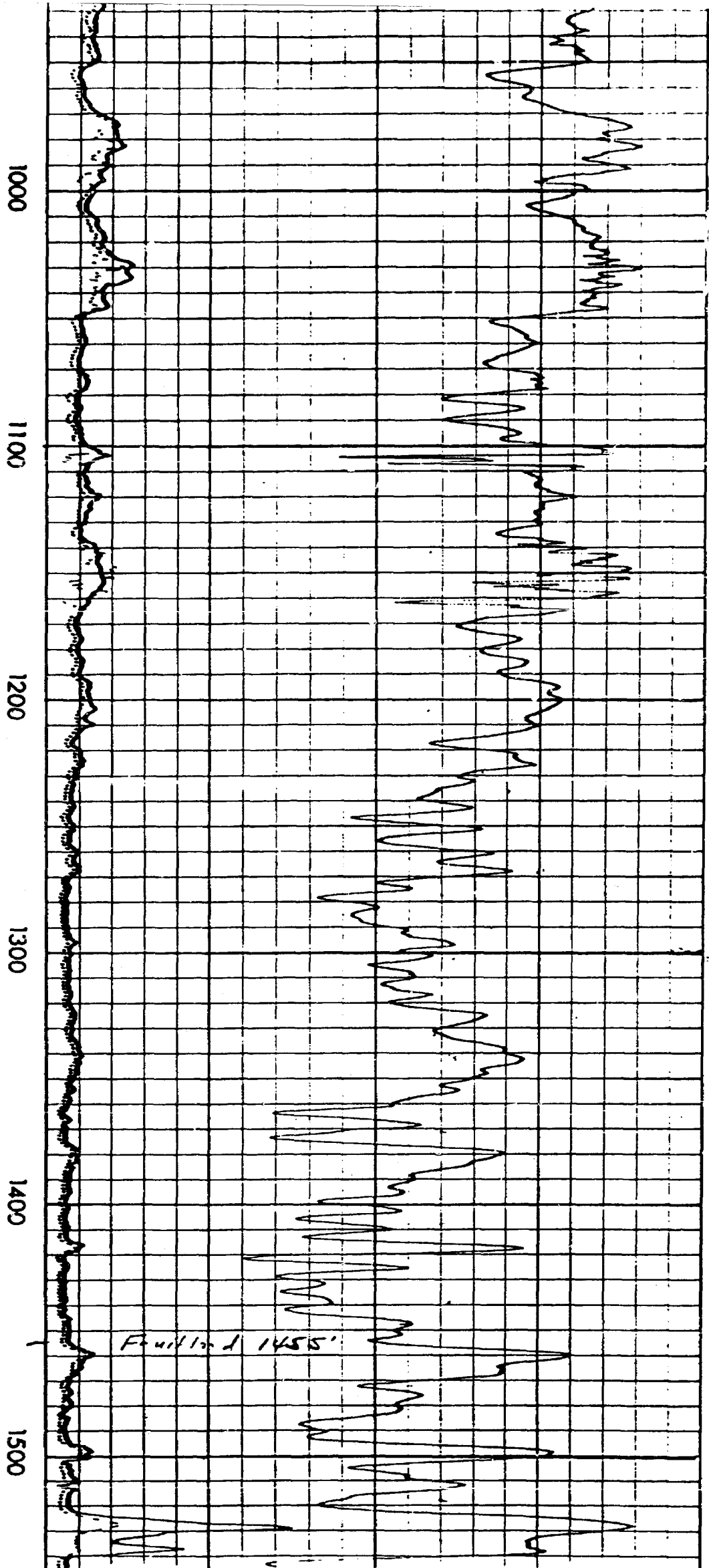
INDUCTION ELECTRIC LOG

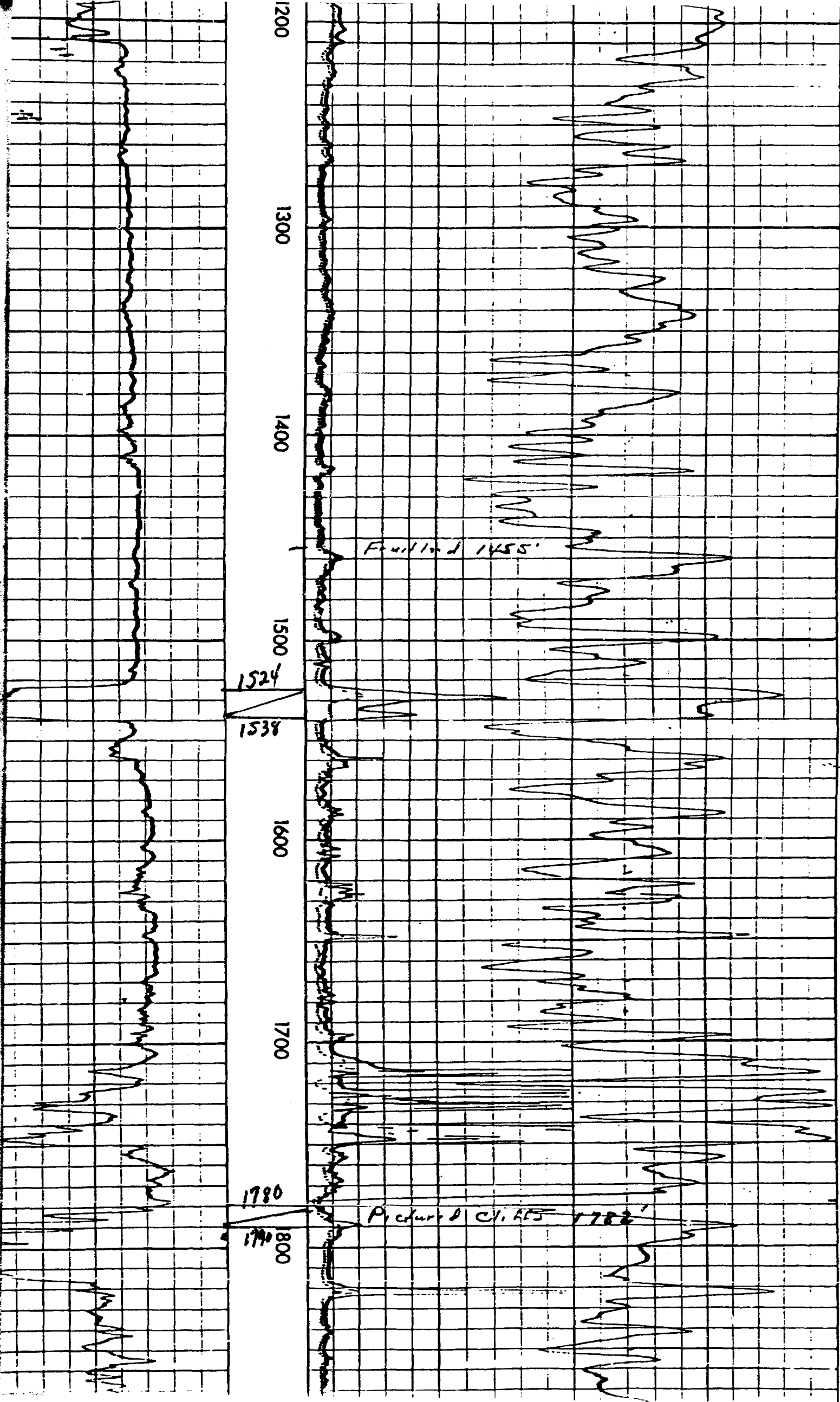
| | | | | |
|--|--------------------------------------|------------------|------|------|
| COMPANY DUGAN PRODUCTION CORPORATION WELL PAUL #1 FIELD FRUITLAND P.C. State N.M. County SAN JUAN | COMPANY DUGAN PRODUCTION CORPORATION | | | |
| | WELL PAUL #1 | | | |
| | FIELD FRUITLAND P. C. | | | |
| | COUNTY SAN JUAN | STATE NEW MEXICO | | |
| Location | | Other Services: | | |
| Sec. 19 Twp. 27N Rge. 11W | | | | |
| Permanent Datum GROUND LEVEL Elev. 6162' | | Elev. K.B. _____ | | |
| Log Measured From GROUND LEVEL Ft. Above Perm. Datum | | D.F. _____ | | |
| Drilling Measured From GROUND LEVEL | | G.L. 6162' | | |
| Date | 5-27-79 | | | |
| Run No. | ONE | | | |
| Depth—Driller | 1885' | | | |
| Depth—Welex | 1890' | | | |
| Btm. Log Inter. | 1884' | | | |
| Top Log Inter. | 92' | | | |
| Casing—Driller | 5 1/2" @ 92' | @ | @ | @ |
| Casing—Welex | 5 1/2" @ 92' | | | |
| Bit Size | 4-3/4" | | | |
| Type Fluid in Hole | DRILLING MUD | | | |
| Dens. Visc. | | | | |
| pH Fluid Loss | | | | |
| Source of Sample | MUD PIT | | | |
| R _m @ Meas. Temp. | 4.70 @ 76°F | @ °F | @ °F | @ °F |
| R _m @ Meas. Temp. | 4.25 @ 76°F | @ °F | @ °F | @ °F |
| R _m @ Meas. Temp. | 4.00 @ 76°F | @ °F | @ °F | @ °F |
| Source R _m R _o | MEASURED | | | |
| R _m @ BHT | @ °F | @ °F | @ °F | @ °F |
| Time Since Circ. | 2 HOURS | | | |
| Max Rec. Temp | TEMP @ | °F @ | °F @ | °F @ |
| Equip. Location | 9695 FARMINGTON | | | |
| Recorded By | P. SHIRK | | | |
| Witnessed By | MR. FAGRELLUS | | | |

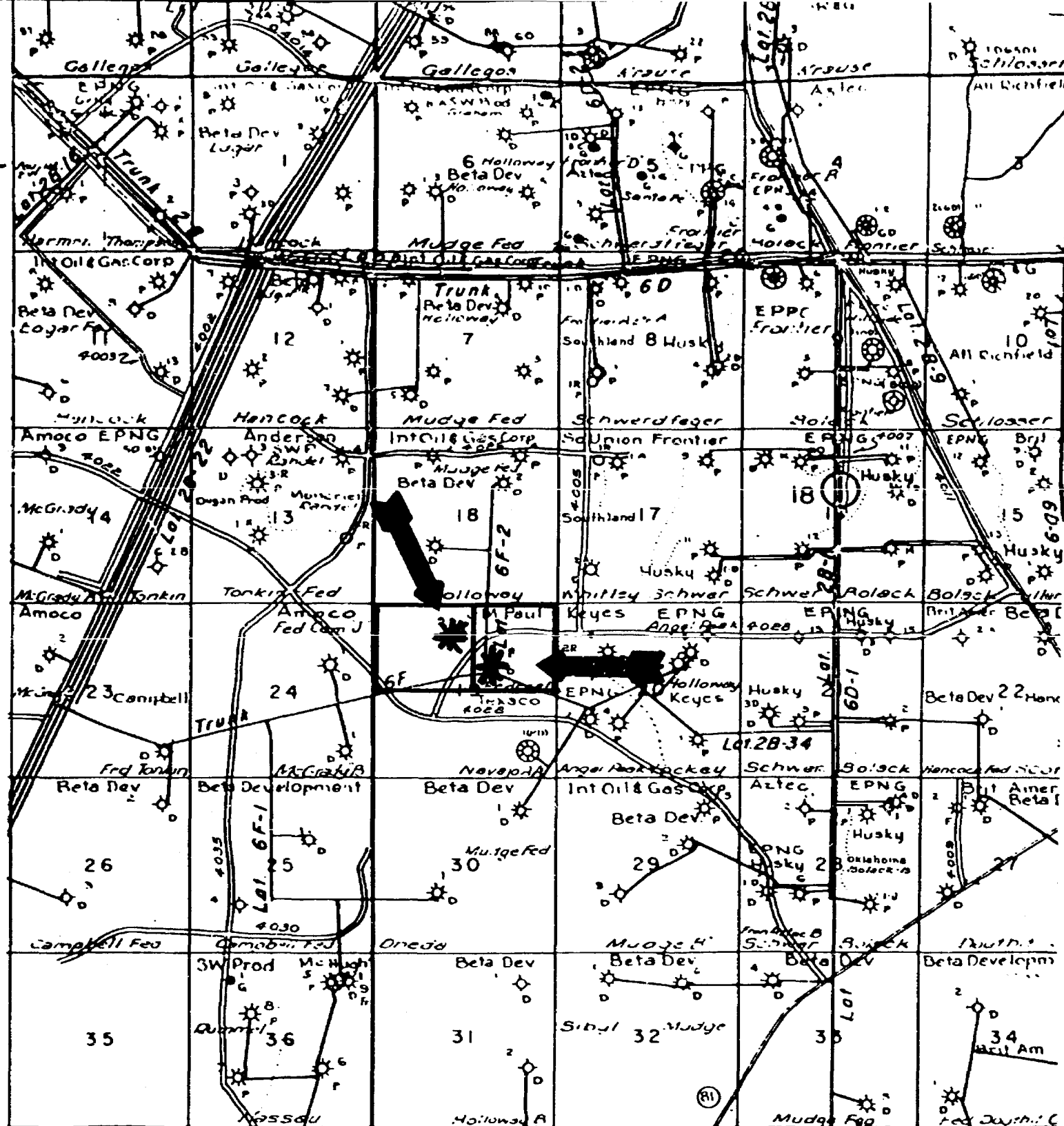
APPLICATION FOR DOWNHOLE COMMINGLING
 BY DUGAN PRODUCTION CORP.
 Paul #1 and Paul #2 Wells

Case No. 6585

Exhibit No. 4







Township 27 North, Range 11 West, N.M.P.M.

Dedicated Acreage —

Paul #1 Well *

Paul #2 Well *

APPLICATION FOR DOWNHOLE COMMINGLING
BY DUGAN PRODUCTION CORP.
Paul #1 and Paul #2 Wells.

Case No. 6585

Exhibit No. 1

1998
Production
Mc F

| | | | | |
|----------------------------------|------------------------------------|---|--|-------------|
| 0 0 1159 0 6 5 0 0 17132 0 | 4 | 3 | 2 | 1 |
| 9900 724 7 8 5305 1199 0 | 0 0 4607 42 9 10 1252 9765 0 | 0 28762 11 | 12 | 212 |
| 5116 18 1534 | 213 17 21342 | 2217 12817 1215 16 15 816 18512 15534 5719 | 7548 14 10764 | 13 |
| * 11 | 0 985 20 31193 21115 | 0 21 5951 | 0 23 16231 10690 | 24 |
| 30 | 158268 21 | 0 0 28 11287 | 16264 81034 26 64099 19963 | 25 59793 |
| 31 | 32 | 33 | 34 | 35 |
| | | | | 0 36 |

Township 27 North, Range 11 West, N.M.P.M.

1978 PRODUCTION

West Kutz Pictured Cliffs Pool —

Paul #1 Well *

Dedicated Acreage —

Paul #2 Well *

APPLICATION FOR DOWNHOLE COMMINGLING
BY DUGAN PRODUCTION CORP.
Paul #1 and #2 Wells

Case No. 6585

Exhibit No. 2

dugan production corp.

Dugan Production Corp.
Paul #1
1650' FNL - 1850' FEL
Section 19 T27N R11W
San Juan County, NM
Elevation: 6162' GR

DAILY REPORT

- 5-16-79 Spudded 7-7/8" surface hole @ 12:00 noon 5-15-79. Drilled to 15', unable to continue hole with air due to sloughing below sand. Shut down for night.
- 5-17-79 Finished drlg surface hole w/wtr to 92' GR. Ran 3 jts 5-1/2" OD 14# 8R "B" condition csg. TE 89.90' set @ 92' GR. Cemented w/35 sx class "B" neat. Good cement to surface. POB @ 7:30 p.m. 5-16-79. WOC
- 5-18-79 Shut down waiting on contractor to acquire additional drill pipe.
- 5-22-79 Drlg 4-3/4" hole @ 300' w/wtr.
- 5-23-79 Drlg 4-3/4" hole @ 700' w/wtr.
- 5-24-79 Drill pipe stuck @ 700'.
- 5-24-79 Drill pipe still stuck.
- 5-25-79 Drlg 4-3/4" hole @ 780'.
- 5-27-79 Drlg 4-3/4" hole @ 1320'.
- 5-28-79 TD 1885'. Moved in and rigged up Welex Logging Co. Ran IES log to TD.
- 5-29-79 Laid down drill pipe. Rigged up csg tools. Ran 65 jts 2-7/8" OD 6.4# CW-55 10R NEUE. TE 1879.27' set @ 1879' GR. Reciprocated pipe while cementing. Had good mud returns. Preflushed hole w/100 gals mud flush. Cemented w/75 sx 65-35 w/12% gel w/1/4# flo cele per sx followed by 75 sx class "B" neat w/1/4# flo cele per sx. Bumped plug w/1700 psi. Released to 750 psi. Shut in. POB 1:25 p.m. 5-28-79.

709 BLOOMFIELD RD. • P. O. BOX 234 • FARMINGTON, NEW MEXICO 87401 • PHONE 505-325-0238

APPLICATION FOR DOWNHOLE COMMINGLING
BY DUGAN PRODUCTION CORP.
Paul #1 and Paul #2 Wells

Case No. 6585

Exhibit No. 3a

- 5-30-79 Moved in and rigged up FWS swabbing unit. Blue Jet ran Gamma Ray correlation and collar logs. PBTD 1849'. Swabbed 2-7/8" csg down to 1400'. Perf w/1 2-1/8" glass jet per foot 1780-1790' (10 holes) and 1524-1538' w/1 2-1/8" glass jet per foot (14 holes). Made one swab run. Well kicked off making estimated 100 MCFGPD. Shut in for night.
- 5-31-79 Ran 55 jts 1-1/4" OD 2.4# J-55 10R EUE tbg. TE 1791.65' set @ 1790' GR. Has cross pin on bottom jt for swab stop. Landed tbg and nipped up well head. Making est 115 MCF. Shut in for IP test. Rigged down FWS.

APPLICATION FOR DOWNHOLE COMMINGLING
BY DUGAN PRODUCTION CORP.
Paul #1 and Paul #2 Wells

Case No. 6585

Exhibit No. 3a

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

| | | | | | |
|--|--|--|--|--|--|
| 1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/> | | | 5. LEASE DESIGNATION AND SERIAL NO. NM 029145 | | |
| 2. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/> | | | 6. IF INDIAN, ALLOTTEE OR TRIBE NAME | | |
| 3. NAME OF OPERATOR Dugan Production Corp. | | | 7. UNIT AGREEMENT NAME | | |
| 4. ADDRESS OF OPERATOR Box 234, Farmington, NM 87401 | | | 8. FARM OR LEASE NAME Paul | | |
| 9. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 500' FNL - 1850' FWL At proposed prod. zone | | | 9. WELL NO. 2 | | |
| 10. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE 10 miles south of Bloomfield | | | 10. FIELD AND POOL, OR WILDCAT Fruitland PC - Wildcat | | |
| 11. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drg. unit line, if any) 790' | | | 11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec 19 T27N R11W | | |
| 12. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. None | | | 12. COUNTY OR PARISH San Juan | | |
| 13. ELEVATIONS (Show whether DF, RT, GR, etc.) 6135' GR | | | 13. STATE NM | | |
| 14. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. None | | | 14. NO. OF ACRES IN LEASE 318.13 | | |
| 15. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. None | | | 15. NO. OF ACRES ASSIGNED TO THIS WELL 158.13 | | |
| 16. PROPOSED DEPTH 1875 | | | 17. ROTARY OR CABLE TOOLS Rotary | | |
| 18. APPROX. DATE WORK WILL START 4-25-79 | | | 19. APPROX. DATE WORK WILL START 4-25-79 | | |

| 23. PROPOSED CASING AND CEMENTING PROGRAM | | | | |
|---|----------------|-----------------|---------------|--------------------|
| SIZE OF HOLE | SIZE OF CASING | WEIGHT PER FOOT | SETTING DEPTH | QUANTITY OF CEMENT |
| 1-7/8" | 5-1/2" | 14# | 40' | 10 SX |
| 5" | 2-7/8" | 6.4# | 1875' | 100 SX |

Plan to drill well using mud as circulating medium to test Pictured Cliffs formation. If productive, plan to set 2-7/8" tubing for casing, selectively perforate, frac, clean out after frac, run 1-1/4" tubing and complete well.

Do not plan to use a blowout preventer while drilling. Will use master valve and stripper head while completing well.

NMERB: Gas not dedicated

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED Thomas H. Dugan TITLE Petroleum Engineer DATE 3-22-79
(This space for Federal or State office use)

APPROVED BY [Signature] APPROVAL DATE _____
PERMIT NO. _____
APPROVED BY [Signature] TITLE _____ DATE _____
CONDITIONS OF APPROVAL, IF ANY:
F. T. [Signature]
DISTRICT ENGINEER

*See Instructions On Reverse Side

APPLICATION FOR DOWNHOLE COMMINGLING
BY DUGAN PRODUCTION CORP.
Paul #1 and Paul #2 Wells

Case No. 6585

Exhibit No. 36

Well File

Log Tops on 2"



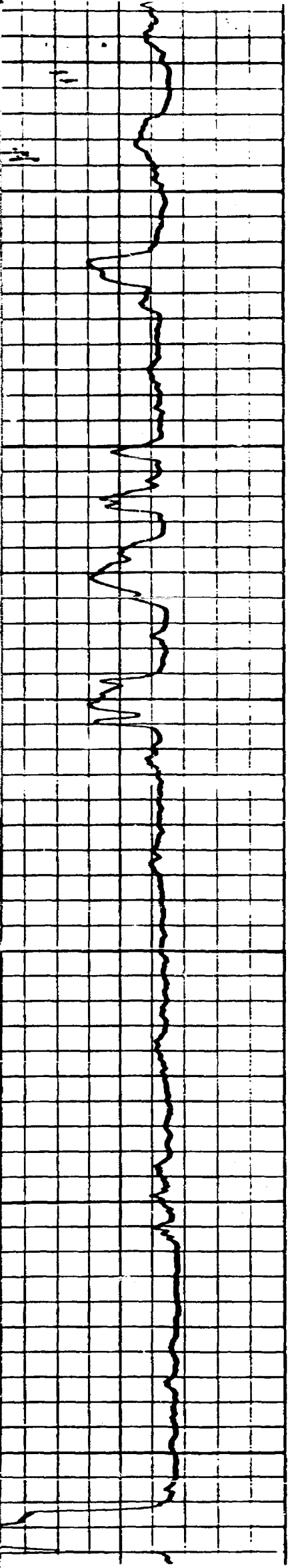
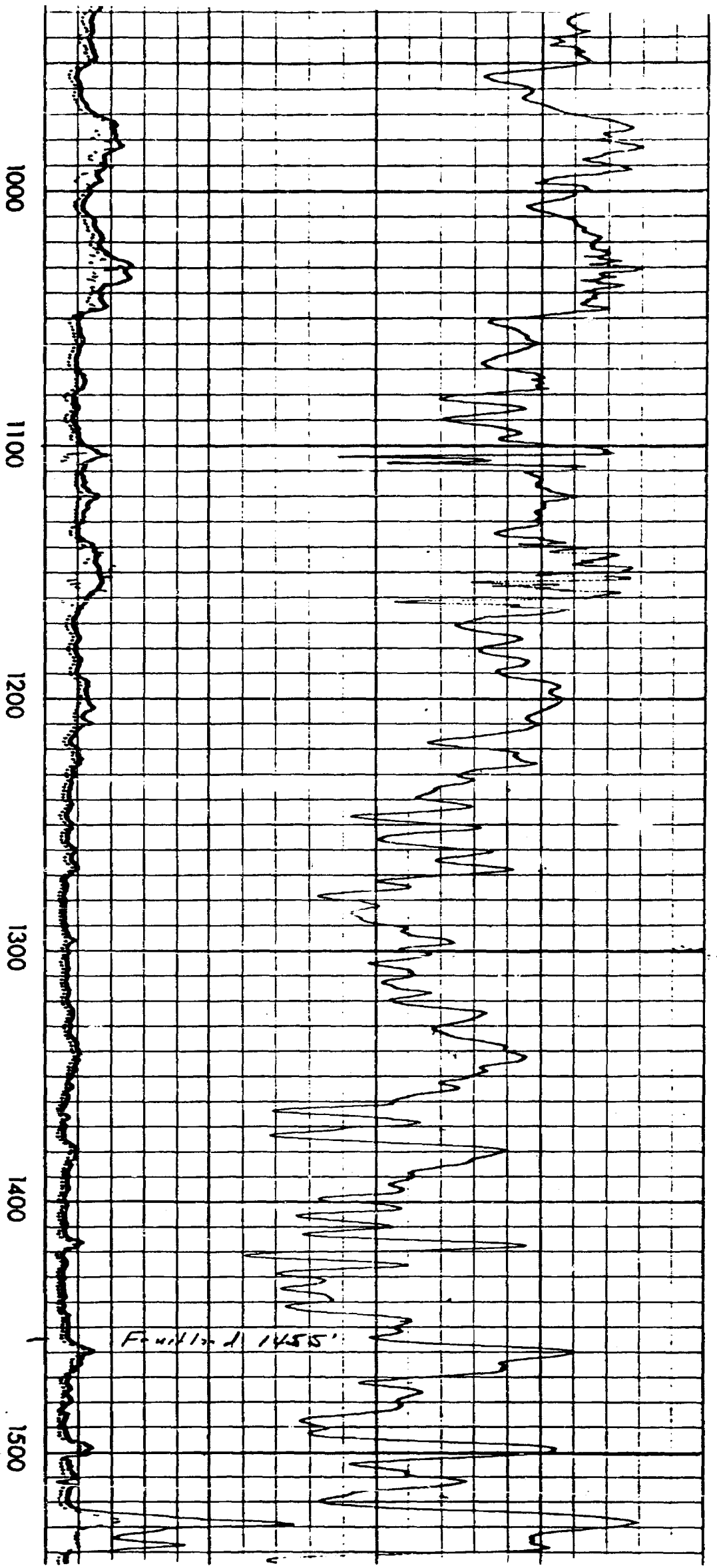
INDUCTION ELECTRIC LOG

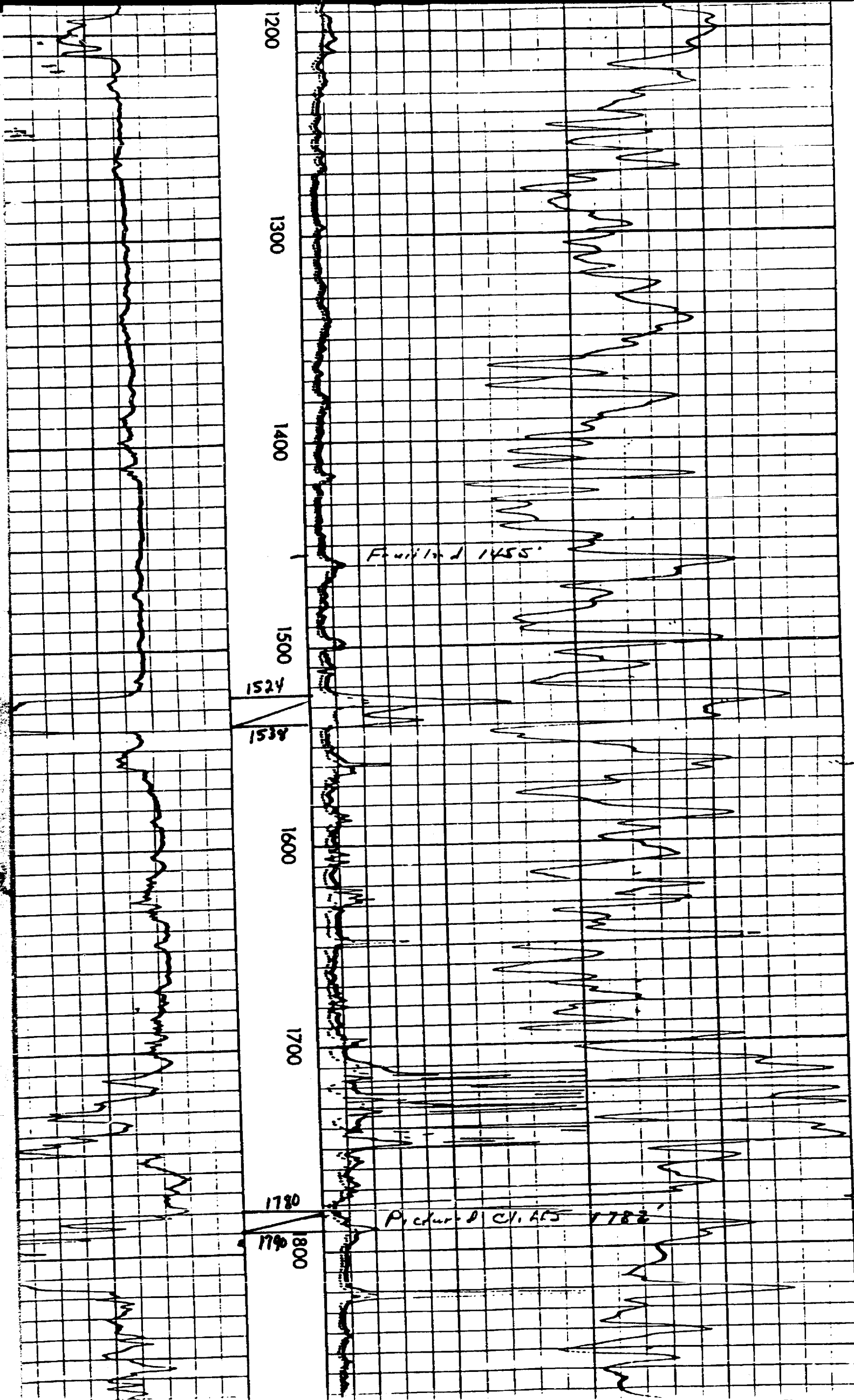
| | | |
|--|---|-------------------------|
| COMPANY DUGAN PRODUCTION CORPORATION WELL PAUL #1 FIELD FRUITLAND P.C. COUNTY SAN JUAN STATE N.M. County SAN JUAN State N.M. | COMPANY <u>DUGAN PRODUCTION CORPORATION</u> | |
| | WELL <u>PAUL #1</u> | |
| | FIELD <u>FRUITLAND P. C.</u> | |
| | COUNTY <u>SAN JUAN</u> | STATE <u>NEW MEXICO</u> |
| | Location | |
| Sec <u>19</u> Twp <u>27N</u> Rge <u>11W</u> | | Other Services: |
| Permanent Datum <u>GROUND LEVEL</u> Elev. <u>6162'</u> | | Elev. K.B. _____ |
| Log Measured From <u>GROUND LEVEL</u> Ft. Above Perm. Datum _____ | | D.F. _____ |
| Drilling Measured From <u>GROUND LEVEL</u> | | GL <u>6162'</u> |
| Date | <u>5-27-79</u> | |
| Run No. | <u>ONE</u> | |
| Depth—Driller | <u>1885'</u> | |
| Depth—Welex | <u>1890'</u> | |
| Btm. Log Inter. | <u>1884'</u> | |
| Top Log Inter. | <u>92'</u> | |
| Casing—Driller | <u>5' @ 92'</u> | <u>@</u> |
| Casing—Welex | <u>5' @ 92'</u> | <u>@</u> |
| Bit Size | <u>4-3/4"</u> | |
| Type Fluid in Hole | <u>DRILLING MUD</u> | |
| Dens. & Visc. | <u>1</u> | <u>1</u> |
| pH & Fluid Loss | <u>1</u> ml | <u>1</u> ml |
| Source of Sample | <u>MUD PIT</u> | |
| R _m @ Meas. Temp. | <u>4.70 @ 76°F</u> | <u>@ °F</u> |
| R _m @ Meas. Temp. | <u>4.25 @ 76°F</u> | <u>@ °F</u> |
| R _m @ Meas. Temp. | <u>4.00 @ 76°F</u> | <u>@ °F</u> |
| Source R _m R _{na} | <u>MEASURED</u> | <u>1</u> |
| R _m @ BHT | <u>@ °F</u> | <u>@ °F</u> |
| Time Since Circ. | <u>2 HOURS</u> | |
| Max Rec. Temp. | <u>TEMP @</u> | <u>°F @</u> |
| Equip. & Location | <u>9695 FARMINGTON</u> | <u>1</u> |
| Recorded By | <u>P. SHIRK</u> | |
| Witnessed By | <u>MR. PAGREL</u> | <u>US</u> |

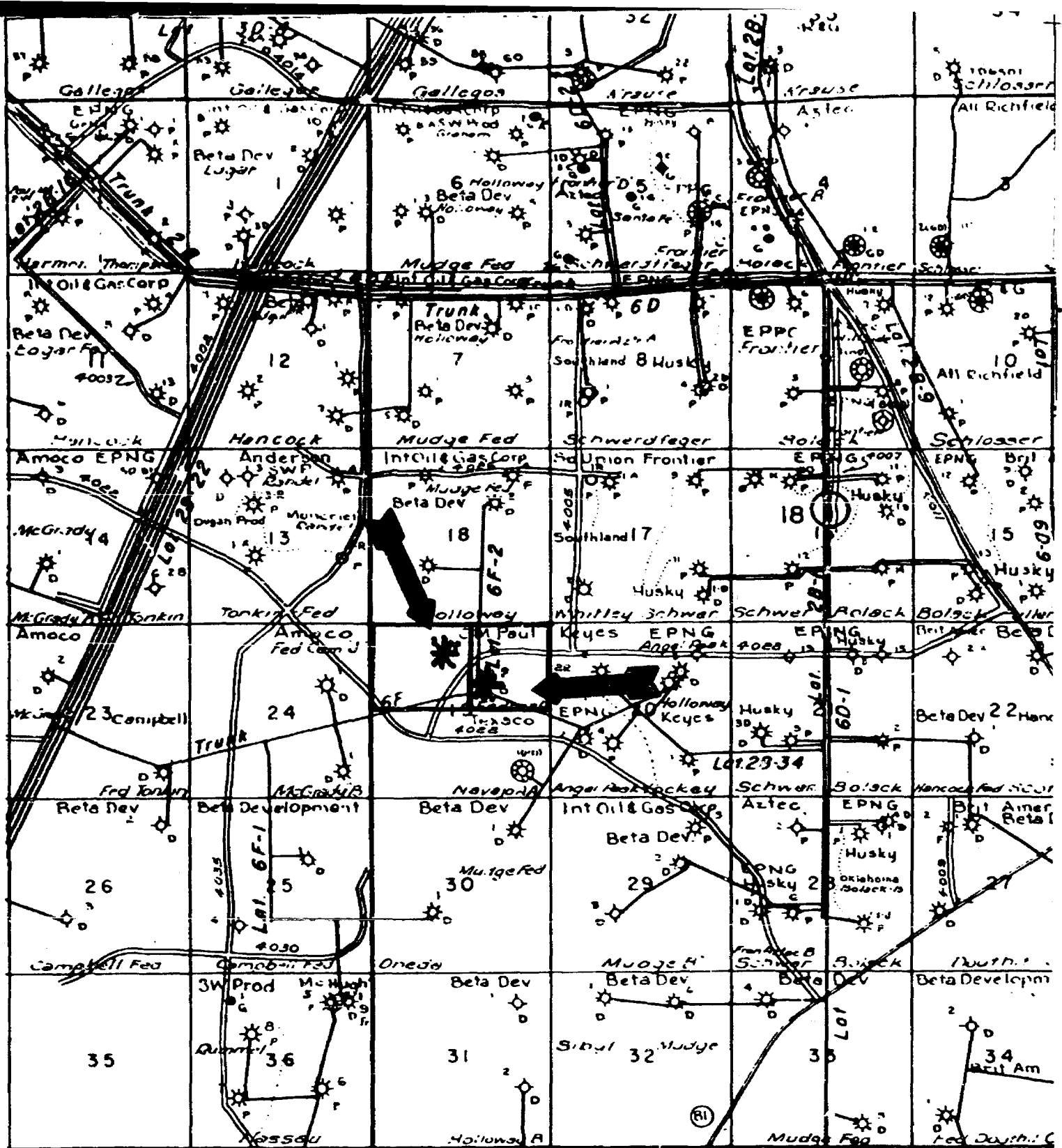
APPLICATION FOR DOWNHOLE COMMINGLING
 BY DUGAN PRODUCTION CORP.
 Paul #1 and Paul #2 Wells

Case No. 6585

Exhibit No. 4







Township 27 North, Range 11 West, N.M.P.M.

Dedicated Acreage —

Paul #1 Well * Drilled

Paul #2 Well * To be drilled

APPLICATION FOR DOWNHOLE COMMINGLING
BY DUGAN PRODUCTION CORP.
Paul #1 and Paul #2 Wells.

Case No. 6585

Exhibit No. 1

| | | | | | |
|-------------------------------|----------------------------|-------------------------------|-------------------------------|--|-------------|
| 0 6 0 | 1159 5 0 17132 | 4 0 | 3 | 2 | 1 |
| 9900 726 7 5305 1199 | 0 0 8 0 | 4607 42 9 1252 9765 | 0 28762 10 0 12190 | 11 | 12 212 |
| 5116 18 1534 | 213 17 21342 | 2217 13847 16 816 18512 | 1215 2690 15 15534 5719 | 7548 14 10764 | 13 |
| * 11 | 985 0 20 31193 21115 | 0 21 5957 | 22 | 0 23 16231 10690 | 24 |
| 30 | 158268 21 | 0 0 28 11287 | 27 0 28655 | 16264 81034 26 64099 19963 | 25 59793 |
| 31 | 32 | 33 | 34 | 35 | 0 36 |

Township 27 North, Range 11 West, N.M.P.M.

1978 PRODUCTION

West Kutz Pictured Cliffs Pool —

Paul #1 Well *

Dedicated Acreage —

Paul #2 Well *

APPLICATION FOR DOWNHOLE COMMINGLING
BY DUGAN PRODUCTION CORP.
Paul #1 and #2 Wells

Case No. 6585

Exhibit No. 2

dugan production corp.

Dugan Production Corp.
Paul #1
1650' FNL - 1850' FEL
Section 19 T27N R11W
San Juan County, NM
Elevation : 6162' GR

DAILY REPORT

- 5-16-79 Spudded 7-7/8" surface hole @ 12:00 noon 5-15-79. Drilled to 15', unable to continue hole with air due to sloughing below sand. Shut down for night.
- 5-17-79 Finished drlg surface hole w/wtr to 92' GR. Ran 3 jts 5-1/2" OD 14# 8R "B" condition csg. TE 89.90' set @ 92' GR. Cemented w/35 sx class "B" neat. Good cement to surface. POB @ 7:30 p.m. 5-16-79. WOC
- 5-18-79 Shut down waiting on contractor to acquire additional drill pipe.
- 5-22-79 Drlg 4-3/4" hole @ 300' w/wtr.
- 5-23-79 Drlg 4-3/4" hole @ 700' w/wtr.
- 5-24-79 Drill pipe stuck @ 700'.
- 5-24-79 Drill pipe still stuck.
- 5-25-79 Drlg 4-3/4" hole @ 780'.
- 5-27-79 Drlg 4-3/4" hole @ 1320'.
- 5-28-79 TD 1885'. Moved in and rigged up Welex Logging Co. Ran IES log to TD.
- 5-29-79 Laid down drill pipe. Rigged up csg tools. Ran 65 jts 2-7/8" OD 6.4# CW-55 10R NEUE. TE 1879.27' set @ 1879' GR. Reciprocated pipe while cementing. Had good mud returns. Preflushed hole w/100 gals mud flush. Cemented w/75 sx 65-35 w/12% gel w/1/4# flo cele per sx followed by 75 sx class "B" neat w/1/4# flo cele per sx. Bumped plug w/1700 psi. Released to 750 psi. Shut in. POB 1:25 p.m. 5-28-79.

709 BLOOMFIELD RD. • P. O. BOX 234 • FARMINGTON, NEW MEXICO 87401 • PHONE 505-325-0238

APPLICATION FOR DOWNHOLE COMMINGLING
BY DUGAN PRODUCTION CORP.
Paul #1 and Paul #2 Wells

Case No. 6585

Exhibit No. 3a

- 5-30-79 Moved in and rigged up FWS swabbing unit. Blue Jet ran Gamma Ray correlation and collar logs. PBD 1849'. Swabbed 2-7/8" csg down to 1400'. Perf w/1 2-1/8" glass jet per foot 1780-1790' (10 holes) and 1524-1538' w/1 2-1/8" glass jet per foot (14 holes). Made one swab run. Well kicked off making estimated 100 MCFGPD. Shut in for night.
- 5-31-79 Ran 55 jts 1-1/4" OD 2.4# J-55 10R EUE tbg. TE 1791.65' set @ 1790' GR. Has cross pin on bottom jt for swab stop. Landed tbg and nipped up well head. Making est 115 MCF. Shut in for IP test. Rigged down FWS.

APPLICATION FOR DOWNHOLE COMMINGLING
BY DUGAN PRODUCTION CORP.
Paul #1 and Paul #2 Wells

Case No. 6585

Exhibit No. 3a

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

| | | | | |
|--|--|--|--|--|
| 1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/> | | | 5. LEASE DESIGNATION AND SERIAL NO. NM 029145 | |
| b. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/> | | | 6. IF INDIAN, ALIQUOT OR TRIBE NAME | |
| 2. NAME OF OPERATOR Dugan Production Corp. | | | 7. UNIT AGREEMENT NAME | |
| 3. ADDRESS OF OPERATOR Box 234, Farmington, NM 87401 | | | 8. FARM OR LEASE NAME Paul | |
| 4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 500' FNL - 1850' FWL At proposed prod. zone | | | 9. WELL NO. 2 | |
| 14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE 10 miles south of Bloomfield | | | 10. FIELD AND POOL, OR WILDCAT Fruitland PC - Wildcat | |
| 13. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROTECT OR LEASE LINE, FT. (Also to nearest drig. unit line, if any) 790' | | | 11. SEC., T., R., M., OR ELL. AND SURVEY OR AREA Sec 19 T27N R11W | |
| 15. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. None | | | 12. COUNTY OR PARISH San Juan | |
| 16. NO. OF ACRES IN LEASE 318.13 | | | 13. STATE NM | |
| 17. NO. OF ACRES ASSIGNED TO THIS WELL 158.13 | | | 20. ROTARY OR CABLE TOOLS Rotary | |
| 21. ELEVATIONS (Show whether DF, RT, GR, etc.) 6135' GR | | | 22. APPROX. DATE WORK WILL START 4-25-79 | |

| 23. PROPOSED CASING AND CEMENTING PROGRAM | | | | |
|---|----------------|-----------------|---------------|--------------------|
| SIZE OF HOLE | SIZE OF CASING | WEIGHT PER FOOT | SETTING DEPTH | QUANTITY OF CEMENT |
| 7-7/8" | 5-1/2" | 14# | 40' | 10 SX |
| 5" | 2-7/8" | 6.4# | 1875' | 100 SX |

Plan to drill well using mud as circulating medium to test Pictured Cliffs formation. If productive, plan to set 2-7/8" tubing for casing, selectively perforate, frac, clean out after frac, run 1-1/4" tubing and complete well.

Do not plan to use a blowout preventer while drilling. Will use master valve and stripper head while completing well.

NMERB: Gas not dedicated

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED Thomas A. Dugan TITLE Petroleum Engineer DATE 3-22-79

(This space for Federal or State office use)

APPROVED BY [Signature] PERMIT NO. APPROVAL DATE

APPROVED BY [Signature] TITLE DATE

CONDITIONS OF APPROVAL, IF ANY:
F. T. [Signature]

DISTRICT ENGINEER

*See Instructions On Reverse Side

APPLICATION FOR DOWNHOLE COMINGLING
BY DUGAN PRODUCTION CORP.
Paul #1 and Paul #2 Wells

Case No. 6585

Exhibit No. 3b

Well File

Log Tops on 2"



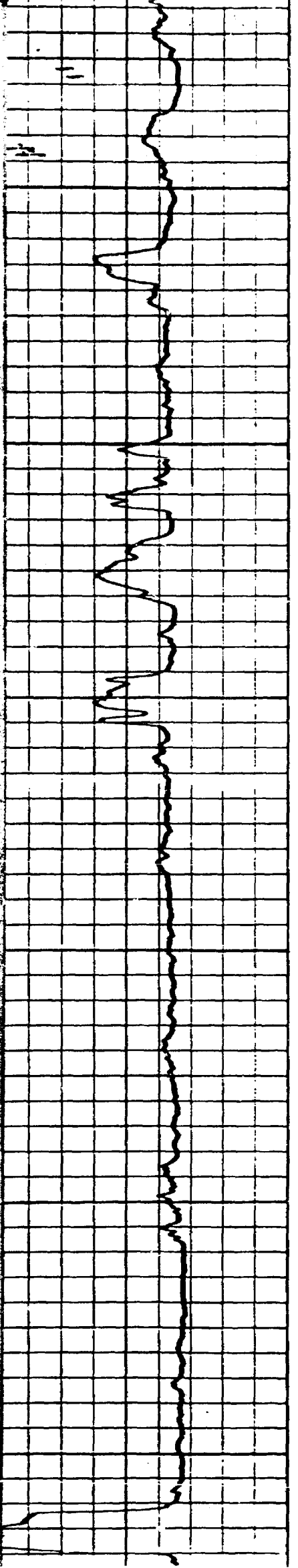
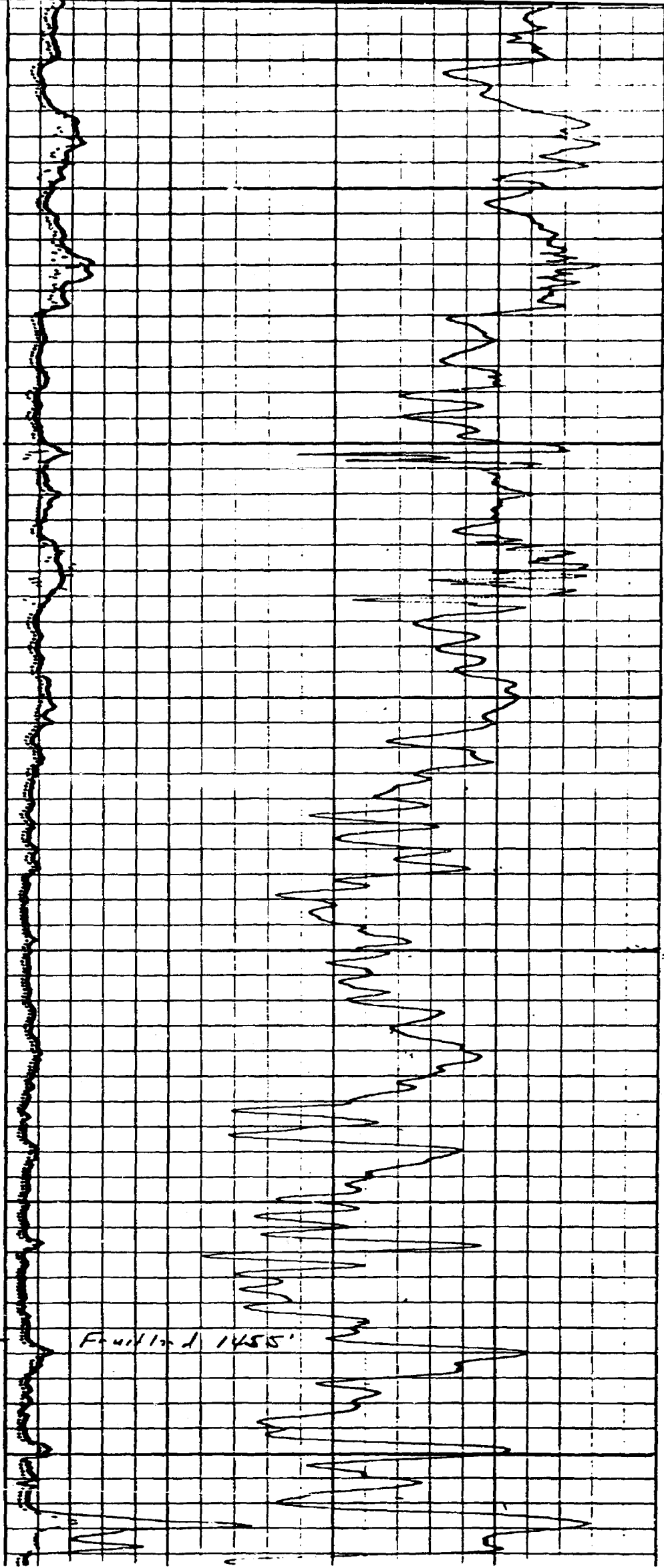
INDUCTION ELECTRIC LOG

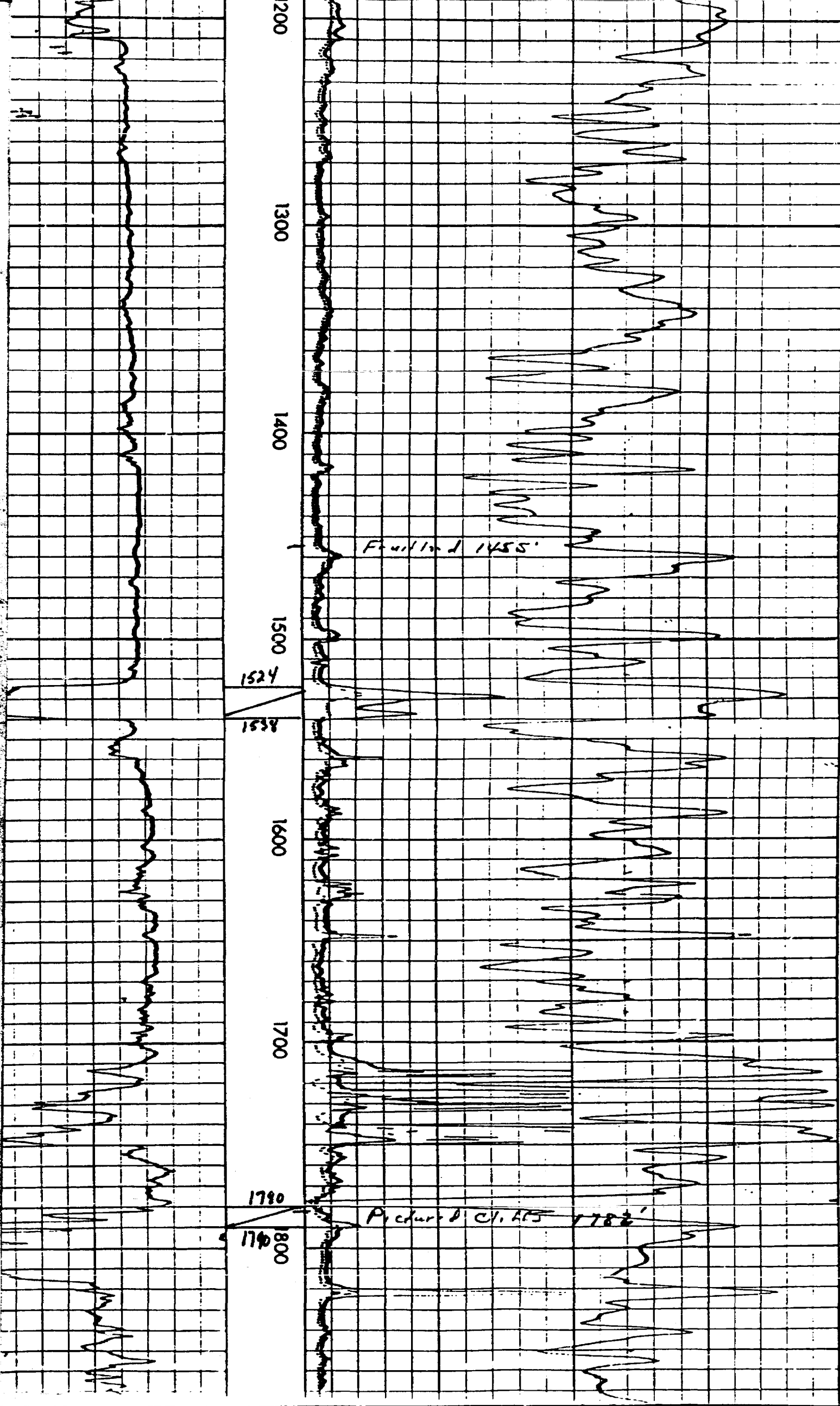
| | | | | |
|---|--|-------------|-------------------|-------------|
| COMPANY DUGAN PRODUCTION CORPORATION WELL PAUL #1 FIELD FRUITLAND P.C. County SAN JUAN State N. MEX. | COMPANY <u>DUGAN PRODUCTION CORPORATION</u> | | | |
| | WELL <u>PAUL #1</u> | | | |
| | FIELD <u>FRUITLAND P. C.</u> | | | |
| | COUNTY <u>SAN JUAN</u> STATE <u>NEW MEXICO</u> | | | |
| Location | | | Other Services: | |
| Sec <u>19</u> Twp <u>27N</u> Rge <u>11W</u> | | | | |
| Permanent Datum <u>GROUND LEVEL</u> Elev. <u>6162'</u> | | | Elev.: K.B. _____ | |
| Log Measured From <u>GROUND LEVEL</u> Ft. Above Perm. Datum | | | D.F. _____ | |
| Drilling Measured From <u>GROUND LEVEL</u> | | | G.L. <u>6162'</u> | |
| Date | <u>5-27-79</u> | | | |
| Run No. | <u>ONE</u> | | | |
| Depth—Driller | <u>1885'</u> | | | |
| Depth—Welex | <u>1890'</u> | | | |
| Btm Log Inter. | <u>1884'</u> | | | |
| Top Log Inter. | <u>92'</u> | | | |
| Casing—Driller | <u>51" @ 92'</u> | @ | @ | @ |
| Casing—Welex | <u>51" @ 92'</u> | | | |
| Bit Size | <u>4-3/4"</u> | | | |
| Type Fluid in Hole | <u>DRILLING MUD</u> | | | |
| Dens. / Visc. | <u>1</u> ml | <u>1</u> ml | <u>1</u> ml | <u>1</u> ml |
| pH / Fluid Loss | <u>1</u> ml | <u>1</u> ml | <u>1</u> ml | <u>1</u> ml |
| Source of Sample | <u>MUD PIT</u> | | | |
| R _m @ Meas. Temp. | <u>4.70 @ 76°F</u> | @ °F | @ °F | @ °F |
| R _m @ Meas. Temp. | <u>4.25 @ 76°F</u> | @ °F | @ °F | @ °F |
| R _m @ Meas. Temp. | <u>4.00 @ 76°F</u> | @ °F | @ °F | @ °F |
| Source R _m R _o | <u>MEASURED</u> | <u>1</u> | <u>1</u> | <u>1</u> |
| R _m @ BHT | <u>@ °F</u> | @ °F | @ °F | @ °F |
| Time Since Circ. | <u>2 HOURS</u> | | | |
| Max Rec. Temp | <u>71.1°F @</u> | °F @ | °F @ | °F @ |
| Equip / Location | <u>9695 / FARMINGTON</u> | | | |
| Recorded By | <u>P. SUTER</u> | | | |
| Witnessed By | <u>MR. PAGRELLUS</u> | | | |

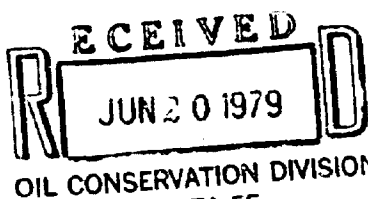
APPLICATION FOR DOWNHOLE COMMINGLING
 BY DUGAN PRODUCTION CORP.
 Paul #1 and Paul #2 Wells

Case No. 6585Exhibit No. 4

1000 1100 1200 1300 1400 1500







WAIVER OF OBJECTION AND CONSENT
TO THE DOWNHOLE COMMINGLING OF
THE PAUL #1 WELL

The undersigned, as an operator of a lease offsetting the NE/4 of
Section 19, Township 27 North, Range 11 West, N.M.P.M., San Juan County,
New Mexico, does hereby acknowledge receipt of the Application for Downhole
Commingling of the Paul #1 Well.

The undersigned states that it waives any objection to this Application,
and voluntarily consents to the commingling of the Paul #1 Well as stated
in the above mentioned Application.

Dated this 19 day of June, 1979.

Southland Royalty Co.
Company Name
By: CC Parsons
Title: District Engineer
Address: P.O. Drawer 570
Farmington, N.M.

Please send one executed copy to Joe D. Ramey, Division Director, New Mexico
Oil Conservation Division, P. O. Box 2088, Santa Fe, NM 87501, and return one
executed copy to the Applicant. The remaining copy is for your files.

WAIVER OF OBJECTION AND CONSENT
TO THE DOWNHOLE COMMINGLING OF
THE PAUL #1 WELL

The undersigned, as an operator of a lease offsetting the NE/4 of
Section 19, Township 27 North, Range 11 West, N.M.P.M., San Juan County,
New Mexico, does hereby acknowledge receipt of the Application for Downhole
Commingling of the Paul #1 Well.

The undersigned states that it waives any objection to this Application,
and voluntarily consents to the commingling of the Paul #1 Well as stated
in the above mentioned Application.

Dated this 21st. day of June, 1979.

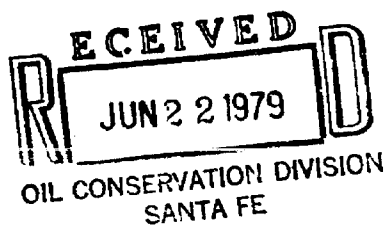
El Paso Natural Gas Company
Company Name

By: John A. Ahlm *John A. Ahlm*

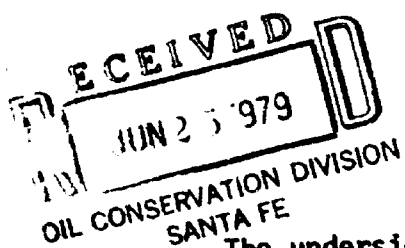
Title: Regional Land Manager

Address: Post Office Box 990

Farmington, New Mexico 87401



Please send one executed copy to Joe D. Ramey, Division Director, New Mexico
Oil Conservation Division, P. O. Box 2088, Santa Fe, NM 87501, and return one
executed copy to the Applicant. The remaining copy is for your files.



WAIVER OF OBJECTION AND CONSENT
TO THE DOWNHOLE COMMINGLING OF
THE PAUL #1 WELL

The undersigned, as an operator of a lease offsetting the NE/4 of Section 19, Township 27 North, Range 11 West, N.M.P.M., San Juan County, New Mexico, does hereby acknowledge receipt of the Application for Downhole Commingling of the Paul #1 Well.

The undersigned states that it waives any objection to this Application, and voluntarily consents to the commingling of the Paul #1 Well as stated in the above mentioned Application.

Dated this 22nd day of June, 1979.

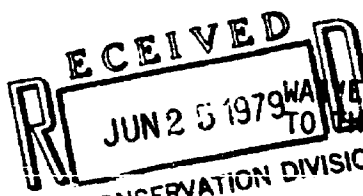
TEXACO INC.
Company Name

By: *J. C. [Signature]*

Title: Assistant Division Manager

Address: 1570 Grant Street
Denver, Colorado 80203

Please send one executed copy to Joe D. Ramey, Division Director, New Mexico Oil Conservation Division, P. O. Box 2088, Santa Fe, NM 87501, and return one executed copy to the Applicant. The remaining copy is for your files.



WAVE OF OBJECTION AND CONSENT
TO THE DOWNHOLE COMMINGLING OF
OIL CONSERVATION DIVISION THE PAUL #1 WELL
SANTA FE

The undersigned, as an operator of a lease offsetting the NE/4 of
Section 19, Township 27 North, Range 11 West, N.M.P.M., San Juan County,
New Mexico, does hereby acknowledge receipt of the Application for Downhole
Commingling of the Paul #1 Well.

The undersigned states that it waives any objection to this Application,
and voluntarily consents to the commingling of the Paul #1 Well as stated
in the above mentioned Application.

Dated this 22 day of June, 1979.

C. M. Paul Oil Account
Company Name

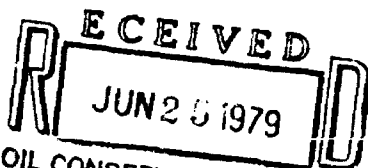
By: A. S. King

Title: Manager

Address: P.O. Box 38448

Dallas TX 75238

Please send one executed copy to Joe D. Ramey, Division Director, New Mexico
Oil Conservation Division, P. O. Box 2088, Santa Fe, NM 87501, and return one
executed copy to the Applicant. The remaining copy is for your files.



WAIVER OF OBJECTION AND CONSENT
TO THE DOWNHOLE COMMINGLING OF
THE PAUL #1 WELL

OIL CONSERVATION DIVISION
SANTA FE

The undersigned, as an operator of a lease offsetting the NE/4 of
Section 19, Township 27 North, Range 11 West, N.M.P.M., San Juan County,
New Mexico, does hereby acknowledge receipt of the Application for Downhole
Commingling of the Paul #1 Well.

The undersigned states that it waives any objection to this Application,
and voluntarily consents to the commingling of the Paul #1 Well as stated
in the above mentioned Application.

Dated this 20th day of June, 1979.

DEPCO, Inc.

Company Name

By:

CD Crump

Title: Vice President

Address: 1000 Petroleum Building
110 - 16th Street
Denver, Colorado 80202

Please send one executed copy to Joe D. Ramey, Division Director, New Mexico
Oil Conservation Division, P. O. Box 2088, Santa Fe, NM 87501, and return one
executed copy to the Applicant. The remaining copy is for your files.



WAIVER OF OBJECTION AND CONSENT
TO THE DOWNHOLE COMMINGLING OF
THE PAUL #2 WELL

The undersigned, as an operator of a lease offsetting the NW/4 of
Section 19, Township 27 North, Range 11 West, N.M.P.M., San Juan County,
New Mexico, does hereby acknowledge receipt of the Application for Downhole
Commingling of the Paul #2 Well.

The undersigned states that it waives any objection to this Application,
and voluntarily consents to the commingling of the Paul #2 Well as stated in
the above mentioned Application.

Dated this 20th day of June, 1979.

DEPCO, Inc.

Company Name

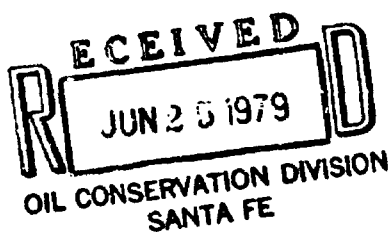
By:

CD Crump

Title: Vice President

Address: 1000 Petroleum Building
110 - 16th Street
Denver, Colorado 80202

Please send one executed copy to Joe D. Ramey, Division Director, New Mexico
Oil Conservation Division, P.O. Box 2088, Santa Fe, NM 87501, and return one
executed copy to the Applicant. The remaining copy is for your files.



WAIVER OF OBJECTION AND CONSENT
TO THE DOWNHOLE COMMINGLING OF
THE PAUL #2 WELL

The undersigned, as an operator of a lease offsetting the NW/4 of Section 19, Township 27 North, Range 11 West, N.M.P.M., San Juan County, New Mexico, does hereby acknowledge receipt of the Application for Downhole Commingling of the Paul #2 Well.

The undersigned states that it waives any objection to this Application, and voluntarily consents to the commingling of the Paul #2 Well as stated in the above mentioned Application.

Dated this 22nd day of June, 1979.

TEXACO INC.
Company Name

By: J. C. [Signature]

Title: Assistant Division Manager

Address: 1570 Grant Street
Denver, Colorado 80203

Please send one executed copy to Joe D. Ramey, Division Director, New Mexico Oil Conservation Division, P.O. Box 2088, Santa Fe, NM 87501, and return one executed copy to the Applicant. The remaining copy is for your files.

Husky

Husky Oil Company

600 South Cherry Street
Denver, Colorado 80222
(303) 320-4040

June 27, 1979

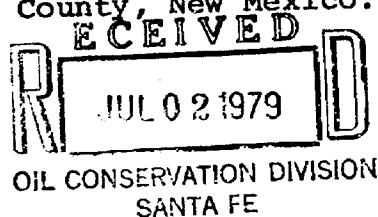
Case 6585

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

RE: Dugan Production Corporation
Waiver of Objection and Consent
to the Downhole Commingling of
the Paul #1, Paul #2 wells
(Fruitland and P.C.)
San Juan County, New Mexico

Gentlemen:

Please find attached one approved copy of the 'Waiver of
Objection and Consent' form for the Paul #1 and Paul #2 wells,
San Juan County, New Mexico.



Yours very truly,

J. L. Corkill
J. L. Corkill
Joint Interest Administrator

JLC:dh
Attach: (1)
cc: Richard Tully
Dugan Production Corporation
P.O. Box 234
Farmington, New Mexico 87401

WAIVER OF OBJECTION AND CONSENT
TO THE DOWNHOLE COMMINGLING OF
THE PAUL #1 WELL

The undersigned, as an operator of a lease offsetting the NE/4 of
Section 19, Township 27 North, Range 11 West, N.M.P.M., San Juan County,
New Mexico, does hereby acknowledge receipt of the Application for Downhole
Commingling of the Paul #1 Well.

The undersigned states that it waives any objection to this Application,
and voluntarily consents to the commingling of the Paul #1 Well as stated
in the above mentioned Application.

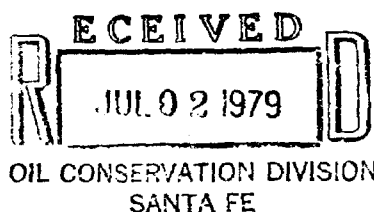
Dated this 27 day of June, 1979.

Husky Oil Co.
Company Name

By: J. J. Currell

Title: Int. Interest Admin.

Address: 600 So. Cherry
Deming, NM 88222



Please send one executed copy to Joe D. Ramey, Division Director, New Mexico
Oil Conservation Division, P. O. Box 2088, Santa Fe, NM 87501, and return one
executed copy to the Applicant. The remaining copy is for your files.

WAIVER OF OBJECTION AND CONSENT
TO THE DOWNHOLE COMMINGLING OF
THE PAUL #2 WELL

The undersigned, as an operator of a lease offsetting the NW/4 of
Section 19, Township 27 North, Range 11 West, N.M.P.M., San Juan County,
New Mexico, does hereby acknowledge receipt of the Application for Downhole
Commingling of the Paul #2 Well.

The undersigned states that it waives any objection to this Application,
and voluntarily consents to the commingling of the Paul #2 Well as stated in
the above mentioned Application.

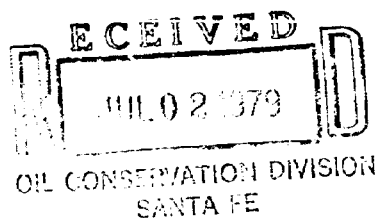
Dated this 27 day of June, 1979.

Shook Oil Co.
Company Name

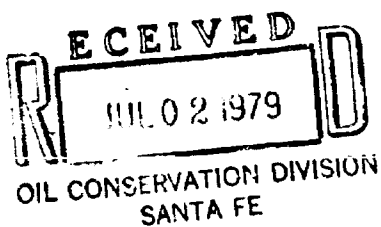
By: J. Carrill

Title: H. Interest adm.

Address: 600 So. Cherry
Denver, Co 80222



Please send one executed copy to Joe D. Ramey, Division Director, New Mexico
Oil Conservation Division, P.O. Box 2088, Santa Fe, NM 87501, and return one
executed copy to the Applicant. The remaining copy is for your files.



WAIVER OF OBJECTION AND CONSENT
TO THE DOWNHOLE COMMINGLING OF
THE PAUL #2 WELL

Case 6585

The undersigned, as an operator of a lease offsetting the NW/4 of Section 19, Township 27 North, Range 11 West, N.M.P.M., San Juan County, New Mexico, does hereby acknowledge receipt of the Application for Downhole Commingling of the Paul #2 Well.

The undersigned states that it waives any objection to this Application, and voluntarily consents to the commingling of the Paul #2 Well as stated in the above mentioned Application.

Dated this 29 day of June, 1979.

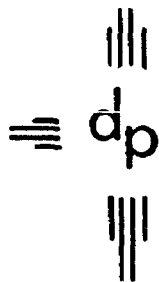
Amoco Production Company
Company Name

By: N.G. Sommer

Title: _____

Address: _____

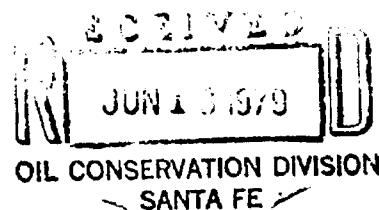
Please send one executed copy to Joe D. Ramey, Division Director, New Mexico Oil Conservation Division, P.O. Box 2088, Santa Fe, NM 87501, and return one executed copy to the Applicant. The remaining copy is for your files.



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.

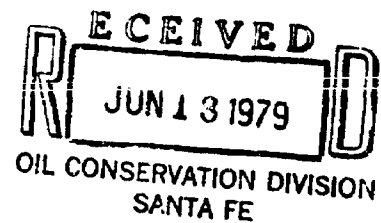
Sincerely,

Richard T. C. Tully
General Counsel

RTCT/sak

Enclosures

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

Case 6585

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.

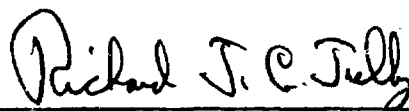
5. The Paul #1 Well is capable of only low marginal production from the Wildcat Fruitland Pool, and the well is also only capable of low marginal production from the West Kutz Pictured Cliffs Pool.

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.

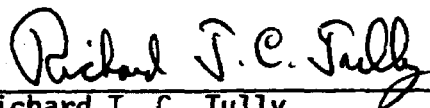
Respectfully submitted,



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

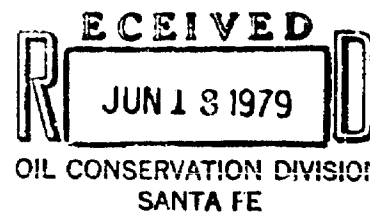
- A. USA NM 029145 (Same Lease)
Township 27 North, Range 11 West, N.M.P.M.
Section 19: NW/4
Operator: Dugan Production Corp.
Box 234
Farmington, N.M. 87401

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

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

Case 6585

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.

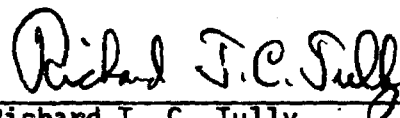
5. The Paul #1 Well is capable of only low marginal production from the Wildcat Fruitland Pool, and the well is also only capable of low marginal production from the West Kutz Pictured Cliffs Pool.

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.

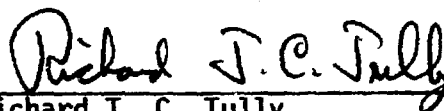
Respectfully submitted,



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

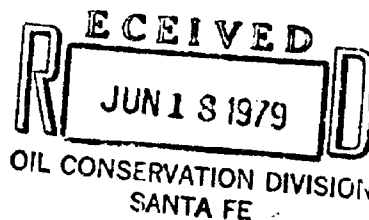
- A. USA NM 029145 (Same Lease)
Township 27 North, Range 11 West, N.M.P.M.
Section 19: NW/4
Operator: Dugan Production Corp.
Box 230
Farmington, N.M. 87401

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

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



Case 6585

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.

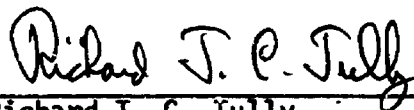
5. The Paul #1 Well is capable of only low marginal production from the Wildcat Fruitland Pool, and the well is also only capable of low marginal production from the West Kutz Pictured Cliffs Pool.

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.

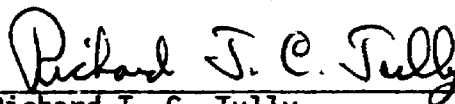
Respectfully submitted,



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

Dockets Nos. 27-79 and 28-79 are tentatively set for hearing on July 25 and August 8, 1979. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 11, 1979

9 A.M. - OIL CONSERVATION DIVISION 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 6583: Application of Amoco Production Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of R.S. Mesa-Gallup and Basin-Dakota production in the wellbore of its Jicarilla Apache 102 Well No. 13 located in Unit B of Section 10, Township 26 North, Range 4 West.

CASE 6584: Application of Texas Oil & Gas Corp. for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Shugart State Com. Well No. 2 660 feet from the South line and 1930 feet from the East line of Section 16, Township 18 South, Range 31 East, to test the Wolfcamp through Mississippian formations, the E/2 of said Section 16 to be dedicated to the well.

CASE 6574: (Continued from June 13, 1979, Examiner Hearing)

Application of Texas Oil & Gas Corp. for an unorthodox gas well location and compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp through Morrow formations underlying the E/2 of Section 6, Township 17 South, Range 35 East, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the South and East lines of said Section 6. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6563: (Continued from June 27, 1979, Examiner Hearing)

Application of Roy L. McKay for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for his North Woolworth Ranch Unit Area, comprising 1,280 acres, more or less, of State lands in Township 23 South, Range 35 East.

CASE 6585: Application of Dugan Production Corporation for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of undesigned Fruitland and West Kutz-Pictured Cliffs production in the wellbores of its Paul Wells Nos. 1 and 2 located in Units G and C of Section 19, Township 27 North, Range 11 West.

CASE 6586: Application of Dugan Production Corporation for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Conner-Fruitland and undesigned Pictured Cliffs production in the wellbores of the following wells: Big Field Well No. 2 in Unit C of Section 3; Big Field Well No. 5 in Unit P of Section 10; Dinero Well No. 1 in Unit H of Section 13; and Molly Pitcher Well No. 2 in Unit H of Section 14, all in Township 30 North, Range 14 West.

CASE 6587: Application of Caribou Four Corners, Inc., for three unorthodox well locations, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox locations of the following wells in the Cha Cha-Gallup Pool: Kirtland Wells Nos. 3 and 4 located 730 feet from the North line and 2250 feet from the East line and 1450 feet from the North line and 595 feet from the East line, respectively, of Section 18, Township 29 North, Range 14 West; and Kirtland Well No. 2 260 feet from the North line and 2100 feet from the East line of Section 13, Township 29 North, Range 15 West.

CASE 6588: Application of Caribou Four Corners, Inc., for a non-standard proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 64.32-acre non-standard oil proration unit comprising the NW/4 NW/4 and that part of Lot 5 lying north of the San Juan River, all in Section 18, Township 29 North, Range 14 West, Cha Cha-Gallup Oil Pool.

CASE 6589: Application of Atlantic Richfield Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its State "RV" No. 2 Well 2109 feet from the North line and 1778 feet from the West line of Section 25, Township 17 South, Range 28 East, to test the Morrow formation, the N/2 of said Section 25 to be dedicated to the well.

CASE 6590: Application of Grace Petroleum Corporation for compulsory pooling and an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying Lots 9, 10, 15, and 16 and the SE/4 of Section 6, Township 21 South, Range 32 East, to be dedicated to a well to be drilled at an unorthodox location 4650 feet from the South line and 660 feet from the East line of said Section 6. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6591: Application of Exxon Corporation for vertical pool limit redefinition, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order extending the vertical limits of the Langlie Mattix Pool to include the lowermost 165 feet of the Seven Rivers formation and the concomitant contraction of the vertical limits of the Jalmat Gas Pool underlying the NE/4 of Section 2, Township 24 South, Range 36 East.

CASE 6592: Application of Maddox Energy Corporation for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Malaga Well No. 1 located in Unit G of Section 3, Township 24 South, Range 28 East, to produce gas from the Atoka and Morrow formations through parallel strings of tubing.

CASE 6593: Application of Dyco Petroleum Corporation for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water in the San Andres, Glorieta and Tubb formations in the open-hole interval from 4894 feet to 8725 feet in its C. S. Stone Well No. 3 located in Unit F of Section 22, Township 15 South, Range 38 East, Medicine Rock-Devonian Pool.

CASE 6594: Application of Flag-Redfern Oil Co. for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221 to permit disposal of produced brine in an unlined surface pit located in Unit K, Section 2, Township 19 South, Range 31 East, Shugart Field.

CASE 6595: Application of Stevens Oil Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Andres formation underlying the NW/4 SW/4 of Section 30, Township 8 South, Range 29 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6270: (Reopened and Readvertised)

In the matter of Case 6270 being reopened pursuant to the provisions of Order No. R-5771 which order created the South Peterson-Fusselman Pool, Roosevelt County, New Mexico, and provided for 80-acre spacing. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing units.

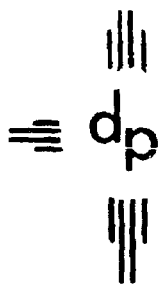
Docket No. 26-79

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 18, 1979

9 A.M. - OIL CONSERVATION DIVISION 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:

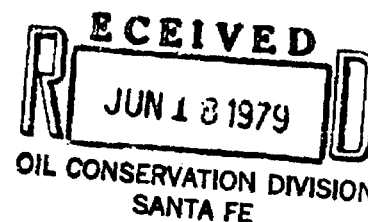
- ALLOWABLE:
- (1) Consideration of the allowable production of gas for August, 1979, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
 - (2) Consideration of the allowable production of gas for August, 1979, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.



dugan production corp.

June 14, 1979

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



RE: Application for Downhole Commingling of the
Paul #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 Paul #2 Well located in the NW/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,

Richard T. C. Tully
Richard T. C. Tully
General Counsel

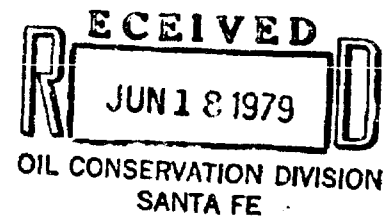
RTCT/ps

Enclosures

DISTRIBUTION

1. Al R. Kendrick
Supervisor, District III Office
Energy and Minerals Department
New Mexico Oil Conservation Division
1000 Rio Brazos Road
Aztec, NM 87410
2. Phil T. McGrath
District Engineer
U. S. Geological Survey
Box 959
Farmington, NM 87401
3. Texaco, Inc.
Box 2100
Denver, CO 80201
Attn: H. B. Rainbolt
Division Manager
4. Depco, Inc.
1025 Petroleum Club Bldg.
Denver, CO 80201
Attn: Norman G. Damon
District Landman
5. Husky Oil Company
600 South Cherry Street
Denver, CO 80222
Attn: William H. Galac
Senior Landman
6. Amoco Production Co.
Security Life Bldg.
Denver, CO 80201
Attn: B. F. Pracko
Division Landman

OIL CONSERVATION DIVISION
STATE OF NEW MEXICO



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

Case 6585

APPLICATION

Pursuant to Rule 303 C of the Rules and Regulation 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 #2 Well in San Juan County, New Mexico.

The Applicant further states:

1. The Operator of the Paul #2 Well is the Applicant Dugan Production Corp.
2. The Paul #2 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: NW/4 (Wildcat Fruitland Pool)
Section 19: NW/4 (West Kutz Pictured Cliffs Pool
Extension)
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: 500' FNL - 1850' FWL
Unit Letter C
San Juan County, New Mexico

unit C C

4. The Paul #2 Well is not currently dually completed in the Wildcat Fruitland Pool and the West Kutz Pictured Cliffs Pool Extension.

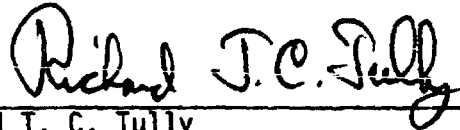
5. The Paul #2 Well is capable of only marginal production from the Wildcat Fruitland Pool, and the well is also only capable of low marginal production from the West Kutz Pictured Cliffs Pool Extension.

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 #2 Well in San Juan County, New Mexico.

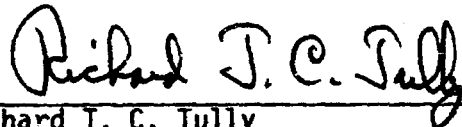
Respectfully submitted,



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

CERTIFICATE OF MAILING

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



Richard T. C. Tully
Attorney for Applicant

OFFSETTING LEASES AND OPERATORS

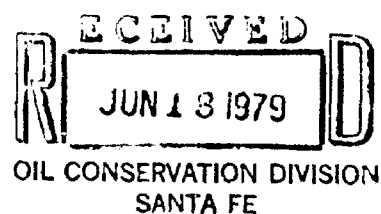
San Juan County, New Mexico

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

R. S. Usry
C. M. Paul Account
Box 38448
Dallas, TX 75238
- B. 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
- C. 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 80201
Attn: Norman G. Damon
District Landman

Husky Oil Company
600 South Cherry Street
Denver, CO 80222
Attn: William H. Galac
Senior Landman
- D. USA NM 035634
Township 27 North, Range 12 West, N.M.P.M.
Section 24: SE/4
Operator: Amoco Production Company
Security Life Building
Denver, CO 80202
Attn: B. F. Pracko
Division Landman
- E. USA NM 048568
Township 27 North, Range 12 West, N.M.P.M.
Section 24: NE/4
Operator: Amoco Production Company
Security Life Building
Denver, CO 80202
Attn: B. F. Pracko
Division Landman
- F. USA SF 079115
Township 27 North, Range 12 West, N.M.P.M.
Section 13: SE/4
Operator: Dugan Production Corp.
Box 234
Farmington, NM 87401

OIL CONSERVATION DIVISION
STATE OF NEW MEXICO



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

Case 6585

APPLICATION

Pursuant to Rule 303 C of the Rules and Regulation 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 #2 Well in San Juan County, New Mexico.

The Applicant further states:

1. The Operator of the Paul #2 Well is the Applicant Dugan Production Corp.
2. The Paul #2 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: NW/4 (Wildcat Fruitland Pool)
Section 19: NW/4 (West Kutz Pictured Cliffs Pool
Extension)
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: 500' FNL - 1850' FWL
Unit Letter C
San Juan County, New Mexico

4. The Paul #2 Well is not currently dually completed in the Wildcat Fruitland Pool and the West Kutz Pictured Cliffs Pool Extension.

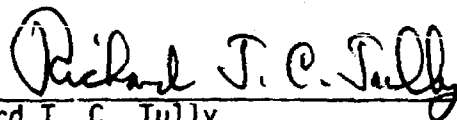
5. The Paul #2 Well is capable of only marginal production from the Wildcat Fruitland Pool, and the well is also only capable of low marginal production from the West Kutz Pictured Cliffs Pool Extension.

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 #2 Well in San Juan County, New Mexico.

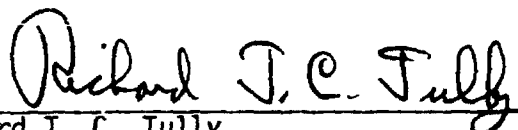
Respectfully submitted,



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

CERTIFICATE OF MAILING

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



Richard T. C. Tully
Attorney for Applicant

OFFSETTING LEASES AND OPERATORS

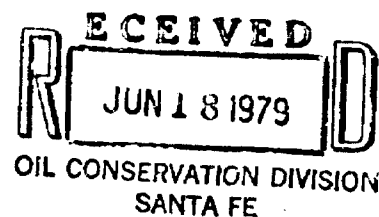
San Juan County, New Mexico

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

R. S. Usry
C. M. Paul Account
Box 38448
Dallas, TX 75238
- B. 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
- C. 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 80201
Attn: Norman G. Damon
District Landman

Husky Oil Company
600 South Cherry Street
Denver, CO 80222
Attn: William H. Galac
Senior Landman
- D. USA NM 035634
Township 27 North, Range 12 West, N.M.P.M.
Section 24: SE/4
Operator: Amoco Production Company
Security Life Building
Denver, CO 80202
Attn: B. F. Pracko
Division Landman
- E. USA NM 048568
Township 27 North, Range 12 West, N.M.P.M.
Section 24: NE/4
Operator: Amoco Production Company
Security Life Building
Denver, CO 80202
Attn: B. F. Pracko
Division Landman
- F. USA SF 079115
Township 27 North, Range 12 West, N.M.P.M.
Section 13: SE/4
Operator: Dugan Production Corp.
Box 234
Farmington, NM 87401

OIL CONSERVATION DIVISION
STATE OF NEW MEXICO



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

Case 6585

APPLICATION

Pursuant to Rule 303 C of the Rules and Regulation 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 #2 Well in San Juan County, New Mexico.

The Applicant further states:

1. The Operator of the Paul #2 Well is the Applicant Dugan Production Corp.
2. The Paul #2 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: NW/4 (Wildcat Fruitland Pool)
Section 19: NW/4 (West Kutz Pictured Cliffs Pool
Extension)
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: 500' FNL - 1850' FWL
Unit Letter C
San Juan County, New Mexico

4. The Paul #2 Well is not currently dually completed in the Wildcat Fruitland Pool and the West Kutz Pictured Cliffs Pool Extension.

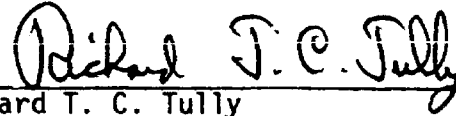
5. The Paul #2 Well is capable of only marginal production from the Wildcat Fruitland Pool, and the well is also only capable of low marginal production from the West Kutz Pictured Cliffs Pool Extension.

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 #2 Well in San Juan County, New Mexico.

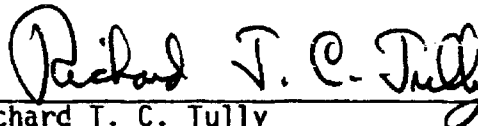
Respectfully submitted,



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

CERTIFICATE OF MAILING

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



Richard T. C. Tully
Attorney for Applicant

OFFSETTING LEASES AND OPERATORS

San Juan County, New Mexico

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

R. S. Usry
C. M. Paul Account
Box 38448
Dallas, TX 75238
- B. 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
- C. 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 80201
Attn: Norman G. Damon
District Landman

Husky Oil Company
600 South Cherry Street
Denver, CO 80222
Attn: William H. Galac
Senior Landman
- D. USA NM 035634
Township 27 North, Range 12 West, N.M.P.M.
Section 24: SE/4
Operator: Amoco Production Company
Security Life Building
Denver, CO 80202
Attn: B. F. Pracko
Division Landman
- E. USA NM 048568
Township 27 North, Range 12 West, N.M.P.M.
Section 24: NE/4
Operator: Amoco Production Company
Security Life Building
Denver, CO 80202
Attn: B. F. Pracko
Division Landman
- F. USA SF 079115
Township 27 North, Range 12 West, N.M.P.M.
Section 13: SE/4
Operator: Dugan Production Corp.
Box 234
Farmington, NM 87401

dr/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6585

Order No. R-6063

APPLICATION OF DUGAN PRODUCTION CORPORATION
FOR DOWNHOLE COMMINGLING, SAN JUAN
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on July 11
19 79, at Santa Fe, New Mexico, before Examiner Richard L.
Stamets.

NOW, on this _____ day of July, 1979, the
Division Director, 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 Division has jurisdiction of this cause and the
subject matter thereof.

(2) That the applicant, Dugan Production Corporation, is
the owner and operator of the Paul Wells No. 1 and 2,
located in Units G/and C, respectively, of Section 19, Township 27 North
Range 11 West, NMPM, San Juan County, New Mexico.

(3) That the applicant seeks authority to commingle
undesigned Fruitland and West Kutz-Pictured / ^{Cliffs} production
within the wellbore of the above-described wells.

(4) That from the undesigned Fruitland zone, the subject well, ^{are expected to be} ~~is~~ capable of low marginal production only.

(5) That from the West Kutz-Pictured Cliffs zone, the subject well, ^{are expected to be} ~~is~~ capable of low marginal production only.

(6) That the proposed commingling may result in the recovery of additional hydrocarbons from each of the subject pools, thereby preventing waste, and will not violate correlative rights.

(7) That the reservoir characteristics of each of the subject zones are such that underground waste would not be caused by the proposed commingling provided that the wells ^{are} ~~is~~ not shut-in for an extended period.

(8) That to afford the Division the opportunity to assess the potential for waste and to expeditiously order appropriate remedial action, the operator should notify the Aztec district office of the Division any time the subject wells ^{are} ~~is~~ shut-in for 7 consecutive days.

(9) That in order to allocate the commingled production to each of the commingled zones in the subject well, _____ percent of the commingled _____ production should be allocated to the undesigned Fruitland zone, and _____ percent of the commingled _____ production to the WestKutz-Pictured Cliffs zone.

~~(ALTERNATE)~~

(9) That in order to allocate the commingled production to each of the commingled zones in the wells, applicant should consult with the supervisor of the Aztec district office of the Division and determine an allocation formula for each of the production zones.

IT IS THEREFORE ORDERED:

(1) That the applicant, Dugan Production Corporation, is hereby authorized to commingle undesigned Fruitland and West Kutz-Pictured Cliffs production within the wellbore of the Paul Wells No. 1 and 2, located in Units G and/ of ^{C, respective 1/4,} Section 19, Township 27 North, Range 11 West, NMPM, San Juan County, New Mexico.

(2) That the applicant shall consult with the Supervisor of the Aztec district office of the Division and determine an allocation formula for the allocation of production to each zone in each of the subject wells.

~~(ALTERNATE)~~

(2) That _____ percent of the commingled production shall be allocated to the undesigned Fruitland zone and _____ percent of the commingled production shall be allocated to the West Kutz-Pictured Cliffs zone.

(3) That the operator of the subject wells shall immediately notify the Division's Aztec district office any time the wells ^{have} ~~has~~ been shut-in for 7 consecutive days and shall concurrently present, to the Division, a plan for remedial action.

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

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