

CASE 6935: DUGAN PRODUCTION CORPORATION  
FOR DOWNHOLE COMMINGLING, SAN JUAN  
COUNTY, NEW MEXICO

CASE NO.

6935

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APPLICATION,  
TRANSCRIPTS,  
SMALL EXHIBITS,  
ETC.

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BLDG.  
SANTA FE, NEW MEXICO  
25 June 1980

EXAMINER HEARING

IN THE MATTER OF:

Application of Dugan Production Corpor- ) CASE  
ation for downhole commingling, San Juan ) 6935  
County, New Mexico. )

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 to the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87501

For the Applicant: Tommy Roberts, Esq.  
Farmington, New Mexico

SALLY W. BOYD, C.S.R.  
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## I N D E X

THOMAS A. DUGAN

Direct Examination by Mr. Roberts 3

Cross Examination by Mr. Stamets 12

## E X H I B I T S

Applicant Exhibit One, Plat 5

Applicant Exhibit Two, Map 5

Applicant Exhibit Three, Report 6

Applicant Exhibit Four, Test 7

Applicant Exhibit Five, Report 7

Applicant Exhibit Six, Cross Section 8

Applicant Exhibit Seven, Log 9

Applicant Exhibit Eight, Log 9

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MR. STAMETS: Call next Case 6935.

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

MR. STAMETS: Call for appearances in this case.

MR. ROBERTS: Tommy Roberts, General Counsel, Dugan Production Corporation.

I have one witness.

(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. ROBERTS:

Q Would you state your name, your address, and your occupation, please?

A Thomas A. Dugan. I live at 907 Hammett Circle, Farmington, New Mexico. I work for Dugan Production Corp.

Q Have you previously testified before the New Mexico Oil Conservation Commission?

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1 A Yes, I have.

2 MR. ROBERTS: Are the witness' qualifi-  
3 cations a matter of record and acceptable?

4 MR. STAMETS: Yes, they are.

5 Q Mr. Dugan, are you familiar with the ap-  
6 plication in this matter?

7 A Yes, I am. It's the application for  
8 downhole commingling in our June Joy No. 2 Well, San Juan  
9 County, New Mexico.

10 Q Would you please identify the location  
11 of that well?

12 A Okay. It's in Section 25 of Township 24  
13 North, Range 10 West, San Juan County, New Mexico.

14 Q Would you identify the pools to be com-  
15 mingled?

16 A Well, it's the Gallup horizon is undesig-  
17 nated and the Dakota would be in the Basin Dakota Pool if  
18 it were a gas well; however, it appears that this is a zone  
19 that is producing from within the Dakota oil horizon, I  
20 guess it would be undesignated, also.

21 Q Is Dugan Production the operator of this  
22 well?

23 A Yes, Dugan is the operator.

24 Q Would you please refer to what's been  
25 marked as Exhibit Number One and identify that exhibit and

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1 explain its significance?

2 A. Okay, that is the map showing the lease-  
3 hold in the area, who owns the leases, and Dugan Production  
4 Corporation owns the leases in Sections 24, 19, 30, and 25.

5 The blue is unleased Federal in the south-  
6 east quarter of 23 and then the orange is owned by Joan  
7 Chorney (sic) and R. K. Cramer (sic), 50 percent each.

8 Q Would you please refer to what's been  
9 marked as Exhibit Number Two and identify that exhibit and  
10 explain its significance?

11 A All right. This is a map showing wells  
12 in the area. The blue dot is the June Joy No. 2 Well. The  
13 orange gas well symbol in Section 30 is Dugan Production  
14 Corporation's April Surprise No. 2 Well. It is producing  
15 from the Dakota formation and it is a gas well, but we'll  
16 show it later on, that it's not a comparable zone to the zone  
17 that is producing in the June Joy No. 2.

18 We also have showed on the map the out-  
19 lines of the White Wash Mancos Dakota Pool, which is very  
20 similar to the June Joy No. 2, and we've also noted the other  
21 gas -- the Dakota gas wells with red that are bonafide gas  
22 wells producing from the Basin Dakota Pool.

23 You can note that the June Joy and the  
24 April Surprise is quite a ways away from the nearest producing  
25 well in the Basin Dakota Pool, and it's also two miles south

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1 of any producing wells from the Bisti Gallup Pool.

2 Q Would you please refer to what's been  
3 marked as Exhibit Number Three and identify that exhibit and  
4 briefly summarize its contents?

5 A All right. This is our morning report  
6 that was compiled during the drilling of the June Joy 2, and  
7 it should have all the information available regarding this  
8 well.

9 What should probably be pointed out is  
10 the fact that we perforated a zone that is comparable to the  
11 producing horizon in the April Surprise No. 2 and then later  
12 plugged it. We can go into that a little further when we get  
13 to the cross section. And we can also note, if you would  
14 like, the method of stimulation of the producing horizons.

15 Q Mr. Dugan, how is the pool classified  
16 from these zones?

17 A The -- well, of course, the Basin Dakota  
18 is gas, but it would appear that production from the June  
19 Joy 2 in the Dakota is oil productive, and the Gallup horizon  
20 is an oil pool.

21 Q Will these zones require artificial  
22 lift or are they capable of flowing?

23 A They are not capable of flowing and we  
24 are currently pumping the well.

25 Q Would you please state the depth of the

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1 lowermost perforations?

2 A. Yeah. It's -- the lowest producing per-  
3 foration in the June Joy No. 2 is 5890.

4 Q. Would you please refer now to what's been  
5 marked as Exhibit Number Four and identify it and explain  
6 its significance?

7 A. This is a gas/oil ratio test that was  
8 taken on the June Joy 2 on 6-12-80, and it would show that  
9 is a well producing that day 18.47 barrels of oil, 15 Mcf of  
10 gas, with a gas/oil ratio of 811. Gravity of oil is 44 degrees.

11 Q. Refer to what's been marked as Exhibit  
12 Number Five and identify it and explain its significance?

13 A. That's a copy of our switcher/pumper  
14 report on the June Joy No. 2 Well, and the well was first  
15 production -- first production from the well was the latter  
16 part of May. We got the well pumping the first day of June  
17 and this is what the well has made since that time on a daily  
18 basis.

19 Q. On the basis of what's contained in Ex-  
20 hibits Four and Five, do you have an opinion as to whether the  
21 total daily production from both zones before commingling  
22 would have exceeded the combined oil limitation as set forth  
23 in the rules and regulations of the -- of this Commission?

24 A. Unfortunately not.

25 Q. Does either zone produce more water than

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1 the combined oil limit?

2 A. No. The well was fractured using water and  
3 the water production from the well is declining and I would  
4 say that within a year it will be making less than 1 barrel  
5 of water a day. I hope it's making more oil than that.

6 MR. STAMETS: Tom, do Exhibits Four and  
7 Five represent the Dakota only or both zones?

8 A. No, the commingled production.

9 MR. STAMETS: Okay.

10 Q Are you able to estimate the future pro-  
11 duction capabilities of each zone?

12 A. Well, I would estimate that 80 percent of  
13 the oil is coming from the Gallup horizon and 20 percent from  
14 the Dakota horizon, and as to the production, I hope it levels  
15 out at about 10 barrels a day, at least.

16 Q Please refer to Exhibit Number Six and  
17 identify that and explain its significance.

18 A. Well, this is a Dakota-Gallup cross sec-  
19 tion, showing the logs from the April Surprise No. 2 and the  
20 June Joy No. 2.

21 The April Surprise No. 2 was drilled first.  
22 It had a good looking zone in the Dakota at 6122 to 6132.  
23 We perforated this zone and it made 850 Mcf of gas natural.  
24 We did not stimulate the zone, so in the June Joy -- I mean  
25 in the April Surprise No. 2, it is the only zone that's pro-

1 ducing and it looks like a commercial well and a new discovery  
2 10 or 15 miles from any other Dakota production.

3 We then, because of lease expiration,  
4 drilled the June Joy 2. We --- on logging the June Joy 2,  
5 we found that the comparable zone in --- to the producing  
6 horizon in the April Surprise 2 was a lot thinner and the  
7 well was structurally low and it didn't look very favorable,  
8 but we perforated it and tested it by itself and it made  
9 water. We then set a bridge plug, squeeze retainer, at 6003  
10 and squeezed off that zone.

11 So being disappointed in the outcome of  
12 the well, we looked for a salvage type operation and decided  
13 to perforate a zone in the Upper Dakota from 5082 to -- ex-  
14 cuse me, 5882 to 5890, and we also perforated zones in the  
15 Mancos Shale, which would be Gallup equivalents, that are  
16 shown on the cross section.

17 We have no good sands in the -- what would  
18 be the Gallup equivalent. These are silt zones and -- but  
19 if there is some natural fracturing associated with the zones,  
20 we can --- they'll produce oil as a general rule, and this  
21 well is producing oil.

22 Q Mr. Dugan, please refer to Exhibits  
23 Number Seven and Eight.

24 A These are just a copy of the logs from  
25 each well that we brought along and are submitting for the

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1 Commission's information.

2 This would be a full copy of the log  
3 where the cross section only shows a portion of the wellbore.

4 Q Mr. Dugan, would you -- are you able to  
5 describe the fluid characteristics of each zone?

6 A Well, we haven't tested each zone separ-  
7 ately but referring back to our map, we did a similar type  
8 operation on our Big 8 Well, which is in Section 8, Township  
9 24 North, Range 9 West. The oil from the Dakota horizon in  
10 this well was 48 gravity and the oil from the Gallup horizon  
11 was 40, 41 gravity. That well was tested and each zone was  
12 tested separately, so I would assume that the -- any oil  
13 produced would be from the June Joy 2, would be similar to  
14 that well.

15 Q In your professional opinion would the  
16 combination of fluids result in the formation of precipitants  
17 which would be damaging to either of the reservoirs?

18 A No.

19 Q In your opinion will the total value of  
20 the crude produced be reduced by commingling?

21 A No, it should be the same.

22 Q What are the estimated bottom hole pres-  
23 sures from each zone?

24 A Well, again referring back to the Big 8  
25 No. 1 Well, we -- the bottom hole pressure of the Dakota zone

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1 there was 2200 psi, approximately; and the bottom hole pres-  
2 sure in the Gallup horizon was approximately 1500 psi.

3 Q Is the ownership of the zones common?  
4 A Yes. Dugan Production owns all rights  
5 to the Basin Dakota on the June Joy lease.

6 Q In your professional opinion will the  
7 commingling in any way jeopardize the efficiency of present  
8 or future secondary recovery operations, or do you know?

9 A I'm afraid there's no secondary recovery  
10 prospects in the June Joy area, in either horizon.

11 Q Have the offset operators you identified  
12 at the start of the hearing been notified of this filing?

13 A Yes, and we have a waiver for the com-  
14 mingling, downhole commingling of both of the operators.

15 Q Did you receive those waivers?  
16 A That would be from --  
17 MR. STAMETS: Have one from Joan Chorney  
18 and R. K. Cramer.

19 MR. ROBERTS: Okay.

20 A Yeah, that's the only other offset oper-  
21 ator.

22 Q Mr. Dugan, were Exhibits One through  
23 Eight either prepared by you or at your direction and under  
24 your supervision?  
25 A Yes, they were.

1 MR. ROBERTS: We move that Exhibits One  
2 through Eight be admitted.

3 MR. STAMETS: These exhibits will be ad-  
4 mitted.

5 Q In your professional opinion, will the  
6 commingling of the production from the Basin Dakota gas Pool  
7 and the undesignated Gallup oil pool in the wellbore of the  
8 June Joy No. 2 Well result in the recovery of additional  
9 hydrocarbons, prevention of waste, and the protection of  
10 correlative rights?

11 A Yes. It's quite obvious that this is  
12 a salvage type operation and even after one month that there  
13 would undoubtedly be oil that would not be recovered if it  
14 wasn't handled in this manner.

15 MR. ROBERTS: We have no other testimony.

16  
17 CROSS EXAMINATION

18 BY MR. STAMETS:

19 Q Mr. Dugan, I presume you've got, or will  
20 have, 40 acres dedicated to this well in both the Gallup and  
21 Dakota zones, is that right?

22 A Yes.

23 Q Okay. And then you indicated there was  
24 another well which was commingled in these two zones. I  
25 believe you called it the Big 8.

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1 A Yes. We -- it's not commingled; however,  
2 we did complete the Big 3 No. 1 in the Dakota formation. We  
3 did get approval to commingle it, the Dakota and the Gallup.  
4 We produced the Dakota by itself for a period of time. The  
5 Dakota was making about 12 barrels of oil a day and 80 barrels  
6 of water a day.

7 So we didn't have a method of disposing  
8 of that water, so at this point we have temporarily abandoned  
9 the Dakota formation. We have a Model A bridge plug set in  
10 it and we have completed the Gallup formation. We're just  
11 producing the Gallup by itself at this time until we can  
12 figure out what to do with that water or decide we want to  
13 go back to the Dakota formation.

14 Q What's the location of that well?

15 A Okay, it's shown on that map and it's in  
16 the southwest quarter of Section 8, Township 24 North, Range  
17 9 West. It's not real plain but it's the double symbol  
18 well there right by the pipeline towards the west side of the  
19 section.

20 Q Okay.

21 MR. STAMETS: Are there any other ques-  
22 tions of the witness? He may be excused.

23 Anything further in this case?

24 The case will be taken under advisement.  
25

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that  
the foregoing Transcript of Hearing before the Oil Conserva-  
tion Division was reported by me; that the said transcript  
is a full, true, and correct record of the hearing, prepared  
by me to the best of my ability.

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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



**BRUCE KING**  
GOVERNOR

LARRY KEHOE  
SECRETARY

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

POST OFFICE BOX 2088  
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SANTA FE, NEW MEXICO 87501  
(505) 827-2434

July 23, 1980

Mr. Tommy Roberts, Attorney  
Dugan Production Corporation  
P. O. Box 208  
Farmington, New Mexico 87401

Re: CASE NO. 6935  
ORDER NO. R-6396

**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. 6935  
Order No. R-6396

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 June 25, 1980,  
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 22nd day of July, 1980, 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 June Joy Well No. 2, located in  
Unit B of Section 25, Township 24 North, Range 10 West, NMPM,  
San Juan County, New Mexico.

(3) That the applicant seeks authority to commingle  
undesignated Dakota and undesignated Gallup oil production  
within the wellbore of the above-described well.

(4) That from the Dakota zone, the subject well is capable  
of low rates of production only.

(5) That from the Gallup zone, the subject well 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.

-2-

Case No. 6935  
Order No. R-6396

(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 well 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 well 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, 80 percent of the commingled production should be allocated to the undesignated Dakota zone, and 20 percent of the commingled production to the undesignated Gallup zone.

IT IS THEREFORE ORDERED:

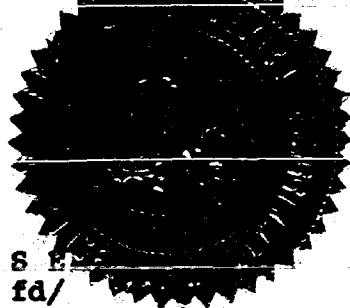
(1) That the applicant, Dugan Production Corporation, is hereby authorized to commingle undesignated Dakota oil and undesignated Gallup oil production within the wellbore of its June Joy Well No. 2, located in Unit B of Section 25, Township 24 North, Range 10 West, NMPM, San Juan County, New Mexico.

(2) That 80 percent of the commingled production shall be allocated to the Dakota zone and 20 percent of the commingled production shall be allocated to the Gallup zone.

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

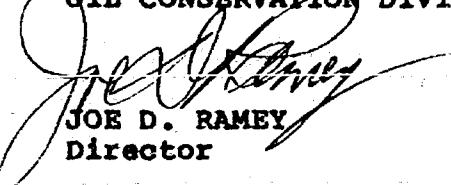
(4) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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



S E  
fd/

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
JOE D. RAMEY  
Director

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BLDG.  
SANTA FE, NEW MEXICO  
25 June 1980

EXAMINER HEARING

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BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

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State Land Office Bldg.  
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For the Applicant: Tommy Roberts, Esq.  
Farmington, New Mexico

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## I N D E X

## THOMAS A. DUGAN

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## E X H I B I T S

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MR. STAMETS: Call next Case 6935.

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MR. ROBERTS: Tommy Roberts, General Counsel, Dugan Production Corporation.

I have one witness.

(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. ROBERTS:

Q Would you state your name, your address, and your occupation, please?

A Thomas A. Dugan. I live at 907 Hammett Circle, Farmington, New Mexico. I work for Dugan Production Corp.

Q Have you previously testified before the New Mexico Oil Conservation Commission?

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1 A Yes, I have.

2 MR. ROBERTS: Are the witness' qualifi-  
3 cations a matter of record and acceptable?

4 MR. STAMETS: Yes, they are.

5 Q Mr. Dugan, are you familiar with the ap-  
6 plication in this matter?

7 A Yes, I am. It's the application for  
8 downhole commingling in our June Joy No. 2 Well, San Juan  
9 County, New Mexico.

10 Q Would you please identify the location  
11 of that well?

12 A Okay. It's in Section 25 of Township 24  
13 North, Range 10 West, San Juan County, New Mexico.

14 Q Would you identify the pools to be com-  
15 mingled?

16 A Well, it's the Gallup horizon is undesig-  
17 nated and the Dakota would be in the Basin Dakota Pool if  
18 it were a gas well; however, it appears that this is a zone  
19 that is producing from within the Dakota oil horizon, I  
20 guess it would be undesignated, also.

21 Q Is Dugan Production the operator of this  
22 well?

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5 The blue is unleased Federal in the south-  
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11 A. All right. This is a map showing wells  
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14 Corporation's April Surprise No. 2 Well. It is producing  
15 from the Dakota formation and it is a gas well, but we'll  
16 show it later on, that it's not a comparable zone to the zone  
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18 We also have showed on the map the out-  
19 lines of the White Wash Mancos Dakota Pool, which is very  
20 similar to the June Joy No. 2, and we've also noted the other  
21 gas -- the Dakota gas wells with red that are bonafide gas  
22 wells producing from the Basin Dakota Pool.

23 You can note that the June Joy and the  
24 April Surprise is quite a ways away from the nearest producing  
25 well in the Basin Dakota Pool, and it's also two miles south

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1 of any producing wells from the Bisti Gallup Pool.

2 Q Would you please refer to what's been  
3 marked as Exhibit Number Three and identify that exhibit and  
4 briefly summarize its contents?

5 A All right. This is our morning report  
6 that was compiled during the drilling of the June Joy 2, and  
7 it should have all the information available regarding this  
8 well.

9 What should probably be pointed out is  
10 the fact that we perforated a zone that is comparable to the  
11 producing horizon in the April Surprise No. 2 and then later  
12 plugged it. We can go into that a little further when we get  
13 to the cross section. And we can also note, if you would  
14 like, the method of stimulation of the producing horizons.

15 Q Mr. Dugan, how is the pool classified  
16 from these zones?

17 A The -- well, of course, the Basin Dakota  
18 is gas, but it would appear that production from the June  
19 Joy 2 in the Dakota is oil productive, and the Gallup horizon  
20 is an oil pool.

21 Q Will these zones require artificial  
22 lift or are they capable of flowing?

23 A They are not capable of flowing and we  
24 are currently pumping the well.

25 Q Would you please state the depth of the

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1 lowermost perforations?

2 A Yeah. It's -- the lowest producing per-  
3 foration in the June Joy No. 2 is 5890.

4 Q Would you please refer now to what's been  
5 marked as Exhibit Number Four and identify it and explain  
6 its significance?

7 A This is a gas/oil ratio test that was  
8 taken on the June Joy 2 on 6-12-80, and it would show that  
9 is a well producing that day 18.47 barrels of oil, 15 Mcf of  
10 gas, with a gas/oil ratio of 811. Gravity of oil is 44 degrees.

11 Q Refer to what's been marked as Exhibit  
12 Number Five and identify it and explain its significance?

13 A That's a copy of our switcher/pumper  
14 report on the June Joy No. 2 Well, and the well was first  
15 production -- first production from the well was the latter  
16 part of May. We got the well pumping the first day of June  
17 and this is what the well has made since that time on a daily  
18 basis.

19 Q On the basis of what's contained in Ex-  
20 hibits Four and Five, do you have an opinion as to whether the  
21 total daily production from both zones before commingling  
22 would have exceeded the combined oil limitation as set forth  
23 in the rules and regulations of the -- of this Commission?

24 A Unfortunately not.

25 Q Does either zone produce more water than

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1 the combined oil limit?

2 A. No. The well was fractured using water and  
3 the water production from the well is declining and I would  
4 say that within a year it will be making less than 1 barrel  
5 of water a day. I hope it's making more oil than that.

6 MR. STAMETS: Tom, do Exhibits Four and  
7 Five represent the Dakota only or both zones?

8 A. No, the commingled production.

9 MR. STAMETS: Okay.

10 Q Are you able to estimate the future pro-  
11 duction capabilities of each zone?

12 A Well, I would estimate that 80 percent of  
13 the oil is coming from the Gallup horizon and 20 percent from  
14 the Dakota horizon, and as to the production, I hope it levels  
15 out at about 10 barrels a day, at least.

16 Q Please refer to Exhibit Number Six and  
17 identify that and explain its significance.

18 A Well, this is a Dakota-Gallup cross sec-  
19 tion, showing the logs from the April Surprise No. 2 and the  
20 June Joy No. 2.

21 The April Surprise No. 2 was drilled first.  
22 It had a good looking zone in the Dakota at 6122 to 6132.  
23 We perforated this zone and it made 850 Mcf of gas natural.  
24 We did not stimulate the zone, so in the June Joy -- I mean  
25 in the April Surprise No. 2, it is the only zone that's pro-

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1 ducing and it looks like a commercial well and a new discovery  
2 10 or 15 miles from any other Dakota production.

3 We then, because of lease expiration,  
4 drilled the June Joy 2. We -- on logging the June Joy 2,  
5 we found that the comparable zone in -- to the producing  
6 horizon in the April Surprise 2 was a lot thinner and the  
7 well was structurally low and it didn't look very favorable,  
8 but we perforated it and tested it by itself and it made  
9 water. We then set a bridge plug, squeeze retainer, at 6003  
10 and squeezed off that zone.

11 So being disappointed in the outcome of  
12 the well, we looked for a salvage type operation and decided  
13 to perforate a zone in the Upper Dakota from 5082 to -- ex-  
14 cuse me, 5882 to 5890, and we also perforated zones in the  
15 Mancos Shale, which would be Gallup equivalents, that are  
16 shown on the cross section.

17 We have no good sands in the -- what would  
18 be the Gallup equivalent. These are silt zones and -- but  
19 if there is some natural fracturing associated with the zones,  
20 we can -- they'll produce oil as a general rule, and this  
21 well is producing oil.

22 Q Mr. Dugan, please refer to Exhibits  
23 Number Seven and Eight.

24 A These are just a copy of the logs from  
25 each well that we brought along and are submitting for the

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1 Commission's information.

2 This would be a full copy of the log  
3 where the cross section only shows a portion of the wellbore.

4 Q Mr. Dugan, would you -- are you able to  
5 describe the fluid characteristics of each zone?

6 A Well, we haven't tested each zone separ-  
7 ately but referring back to our map, we did a similar type  
8 operation on our Big 8 Well, which is in Section 8, Township  
9 24 North, Range 9 West. The oil from the Dakota horizon in  
10 this well was 48 gravity and the oil from the Gallup horizon  
11 was 40, 41 gravity. That well was tested and each zone was  
12 tested separately, so I would assume that the -- any oil  
13 produced would be from the June Joy 2, would be similar to  
14 that well.

15 Q In your professional opinion would the  
16 combination of fluids result in the formation of precipitants  
17 which would be damaging to either of the reservoirs?

18 A No.

19 Q In your opinion will the total value of  
20 the crude produced be reduced by commingling?

21 A No, it should be the same.

22 Q What are the estimated bottom hole pres-  
23 sures from each zone?

24 A Well, again referring back to the Big 8  
25 No. 1 Well, we -- the bottom hole pressure of the Dakota zone

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1 there was 2200 psi, approximately; and the bottom hole pres-  
2 sure in the Gallup horizon was approximately 1500 psi.

3 Q Is the ownership of the zones common?

4 A Yes. Dugan Production owns all rights  
5 to the Basin Dakota on the June Joy lease.

6 Q In your professional opinion will the  
7 commingling in any way jeopardize the efficiency of present  
8 or future secondary recovery operations, or do you know?

9 A I'm afraid there's no secondary recovery  
10 prospects in the June Joy area, in either horizon.

11 Q Have the offset operators you identified  
12 at the start of the hearing been notified of this filing?

13 A Yes, and we have a waiver for the com-  
14 mingling, downhole commingling of both of the operators.

15 Q Did you receive those waivers?

16 A That would be from --

17 MR. STAMETS: Have one from Joan Chorney  
18 and R. K. Cramer.

19 MR. ROBERTS: Okay.

20 A Yeah.. that's the only other offset oper-  
21 ator.

22 Q Mr. Dugan, were Exhibits One through  
23 Eight either prepared by you or at your direction and under  
24 your supervision?

25 A Yes, they were.

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1 MR. ROBERTS: We move that Exhibits One  
 2 through Eight be admitted.

3 MR. STAMETS: These exhibits will be ad-  
 4 mitted.

5 Q In your professional opinion, will the  
 6 commingling of the production from the Basin Dakota gas Pool  
 7 and the undesignated Gallup oil pool in the wellbore of the  
 8 June Joy No. 2 Well result in the recovery of additional  
 9 hydrocarbons, prevention of waste, and the protection of  
 10 correlative rights?

11 A Yes. It's quite obvious that this is  
 12 a salvage type operation and even after one month that there  
 13 would undoubtedly be oil that would not be recovered if it  
 14 wasn't handled in this manner.

15 MR. ROBERTS: We have no other testimony.

16  
 17 CROSS EXAMINATION

18 BY MR. STAMETS:

19 Q Mr. Dugan, I presume you've got, or will  
 20 have, 40 acres dedicated to this well in both the Gallup and  
 21 Dakota zones, is that right?

22 A Yes.

23 Q Okay. And then you indicated there was  
 24 another well which was commingled in these two zones. I  
 25 believe you called it the Big 8.

1 A. Yes. We -- it's not commingled; however,  
2 we did complete the Big 8 No. 1 in the Dakota formation. We  
3 did get approval to commingle it, the Dakota and the Gallup.  
4 We produced the Dakota by itself for a period of time. The  
5 Dakota was making about 12 barrels of oil a day and 80 barrels  
6 of water a day.

7 So we didn't have a method of disposing  
8 of that water, so at this point we have temporarily abandoned  
9 the Dakota formation. We have a Model A bridge plug set in  
10 it and we have completed the Gallup formation. We're just  
11 producing the Gallup by itself at this time until we can  
12 figure out what to do with that water or decide we want to  
13 go back to the Dakota formation.

14 Q What's the location of that well?

15 A Okay, it's shown on that map and it's in  
16 the southwest quarter of Section 8, Township 24 North, Range  
17 9 West. It's not real plain but it's the double symbol  
18 well there right by the pipeline towards the west side of the  
19 section.

20 Q Okay.

21 MR. STAMETS: Are there any other ques-  
22 tions of the witness? He may be excused.

23 Anything further in this case?

24 The case will be taken under advisement.  
25

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## C E R T I F I C A T E

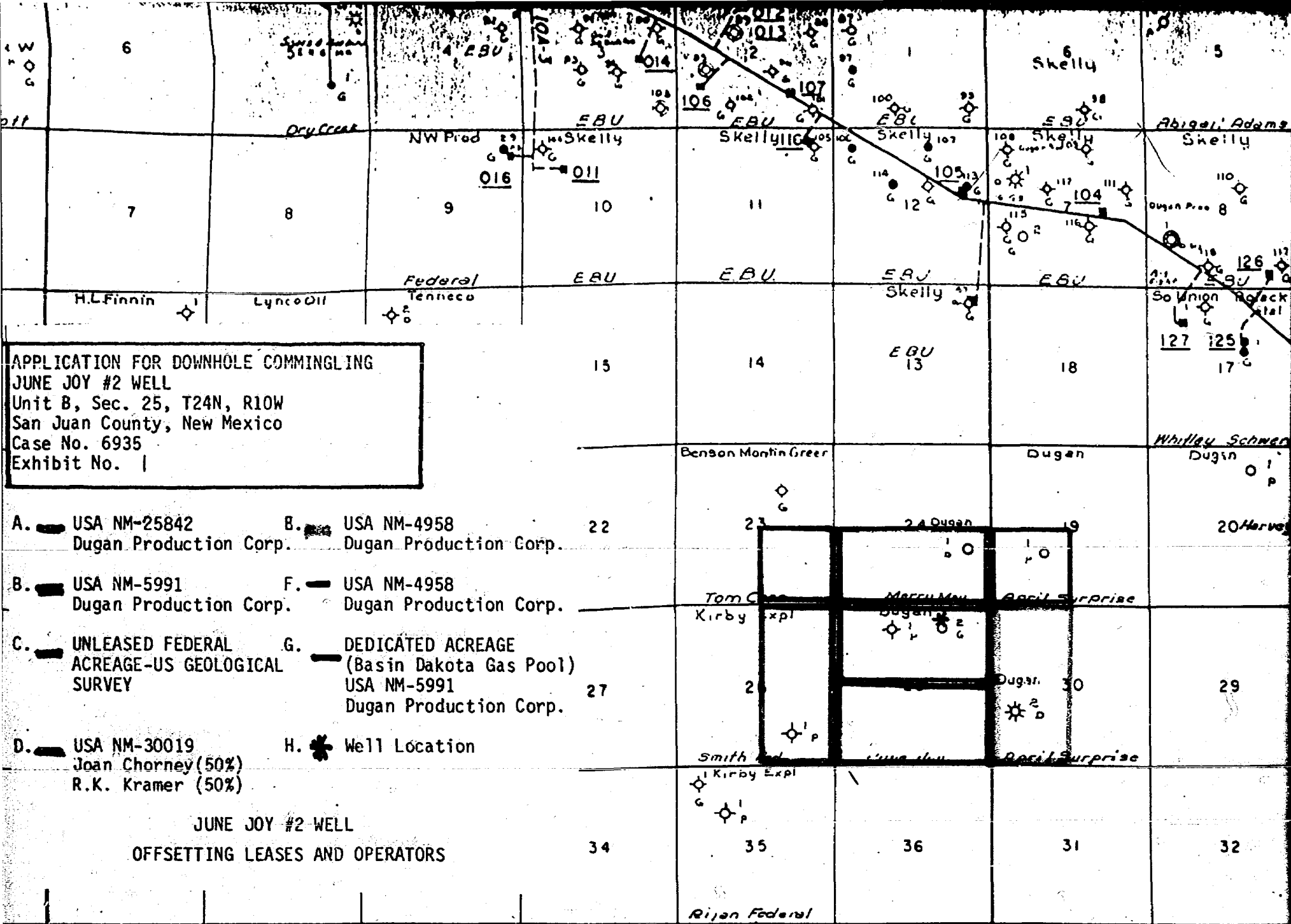
I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

SALLY W. BOYD, C.S.R.

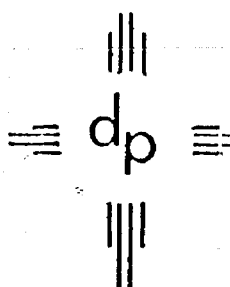
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Santa Fe, New Mexico 87501  
Phone (505) 455-7409

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 6935 heard by me on 6-25 1950.  
Richard P. Hunt, Examiner  
Oil Conservation Division



R-10-W

R-9-W



# dugan production corp.

APPLICATION FOR DOWNHOLE COMMINGLING  
JUNE JOY #2 WELL  
Unit B, Sec. 25, T24N, R10W  
San Juan County, New Mexico  
Case No. 6935  
Exhibit No. 3

Dugan Production Corp.  
June Joy #2  
790' FNL - 1670' FEL  
Sec 25 T24N R10W  
San Juan County, NM

## MORNING REPORT

- 3-19-80 Moved in and rigged up Four Corners Drlg Co. Rig #5. Spudded 12-1/4" hole @ 3:00 p.m. 3-18-80. Drilled to 223'. Ran 7 jts 8-5/8" OD 24# 8R ST&C limited service casing. TE 197' set @ 209' RKB. Cemented w/125 sx class "B" plus 2% CaCl. POB 6:45 p.m. 3-18-80. Cement Circulated. WOC
- 3-20-80 Drlg @ 2232' w/wtr. Dev. survey 1/2° @ 1069', 1° @ 1673', 1° @ 1829'.
- 3-21-80 Drlg @ 3389' w/wtr. Dev. survey 1° @ 2349', 1/2° @ 2863', 1° @ 3255'.
- 3-22-80 Drlg @ 4143' w/wtr. Dev. survey 1-1/4° @ 3740'.
- 3-23-80 Drlg @ 4825' w/wtr. Dev. survey 1-1/4° @ 4326', 1-1/4° @ 4709'.
- 3-24-80 Trip @ 5367'. WT 8.9 VIS 35 Dev. survey 1° @ 5242'.
- 3-25-80 Drlg @ 5811'. WT 9.0 VIS 55 Dev. survey 1-1/2° @ 5367'.
- 3-26-80 Drlg @ 6161'. WT 9.2 VIS 80 Dev. survey 1-1/2° @ 6070'.
- 3-27-80. TD 6175'. Finished drlg 7-7/8" hole. Conditioned hole for logging. POH. Made attempt to log. Unable to get below 545'. Made trip in hole to 1500'. Washed out bridges and circulated. Made second attempt to log. Tool stopped @ 1250'. Made trip to bottom w/drill pipe. Now POH to attempt to log. Conditioned mud. POH and ran IES and CDL logs by GO Wireline. Trip in hole and laid down drill pipe. Ran 158 jts of 4-1/2" OD J-55 10.5# 8R csg. TE 6176' set @ 6175'.
- 3-28-80 Dowell cemented first stage as follows: 10 bbl CW-100 250 sx class "B" w/4% gel and 1/4# celloflake per sx, 150 sx class "B" w/1/4# celloflake per sx. Total slurry 557 cu ft. Csg reciprocated throughout job. POB @ 4:30 a.m. with 1200 psi. DV tool open @ 1600 psi. Rig circulated for 3 hrs.

Dowell cemented second stage as follows: 10 bbl CW-100, 400 sx 65/35 w/12% gel and 1/4# celloflake per sx followed by

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3-28-80  
(cont'd)

100 sx class "B" w/4% gel and 1/4# celloflake per sx. Total slurry 1203 cu ft. POB @ 8:20 a.m. w/2800 psi. Full returns throughout both stages with 8' bbls of CW-100 returned to surface on 2nd stage. Set slips and released rig @ 9:30 a.m.

3-31-80

Moved onto location and rigged up Bedford Inc. pulling unit. Went in hole with bit and 104 jts of 2-3/8" EUE drill string

4-01-80

Tagged tool @ 4080' and drilled out. Went to 6150' and circulated bottom for 1 hr. Tripped tbg out of hole.

4-02-80

Rigged up Jetronics and ran GR and CCL logs. (Note: Logs are 6' deeper than open hole logs!)

Jetronics perforated as follows: 5884-5892 (8 holes)  
6048-6056 (8 holes)

Rigged down Jetronics and went in hole with tbg and Baker Model "R" packer with 33' stinger below packer. Rigged up Western and spotted 100 gal of 15% HCl at bottom of tbg. Packer was set in comparison @ 5842' w/15000 psi. Western hooked up on the back side and pressure tested to 3000 psi which checked good.

Western hooked up on tbg and broke down zone w/1600 psi followed by 400 gal of 15% HCl and 25 RCN frac balls. Good ball action with maximum pressure @ 3950 psi.

Pressure was released and tbg was run to bottom to scrape balls off and reset @ 5973'. Western hooked up and pumped the following: 2100 psi @ 4.5 B/M down back side  
3200 psi @ 3.2 B/M down tbg  
Rigged down Western and shut well in.

4-03-80

Small amount of pressure on both tbg and back side, but would not register on gauge.

4-04-80

Small amount of pressure on tbg and none on back side. Made three runs on tbg without any success. Unseated packer and pulled 4 jts and set packer @ 5842'. Swabbed on tbg until dry with some show of oil. Dropped 6 soap sticks and shut well in.

4-05-80

Less than 50 psi on tbg and csg. Water level @ 2000'. Swabbed large amounts of water with show of heavy oil. Well did not kick off so pulled tbg.

4-7-80 Went in hole with tbg and Baker Model K-1 mechanical set cement retainer and set retainer at 6003' KB.

Cementers Inc hooked up and loaded back side with water. Hooked up on tbg and pumped into formation @ 3 B/M @ 1700 psi. Squeezed zone with 50 sx class "B" @ 2 B/M and max pressure of 3400 psi. Shut well in w/3000 psi @ 1:28 p.m. Pulled tbg

4-8-80 Rigged up Western and fraced Dakota as follows:

120 bbl pad  
120 bbl w/1/2#/gal 20-40 sand  
536 bbl w/1#/gal 20-40 sand  
94 bbl flush

Screened out with only 36 bbl of flush pumped. Should have 259' of 20-40 sand in 4-1/2" casing.

Total 25,000# sand, 812 bbl of slick water with 2-1/2#/1000 gal FR-2 plus 1 gal/1000 gal aquaflo.

Max 3500 psi @ 16 B/M  
Avg 3300 psi @ 13 B/M  
Min 3100 psi @ 0 B/M  
ISDP 3100 psi SI after 15 min 2000 psi. Waited 45 min and started flowing back.

Rigged up Jetronics and ran GR CCL log from 5170' to 4650'. Perf following with JetiPerforator: 4723-33', 4904-12', 4920-26', 4946-54', 4994-5002', 5010-16', 5097-5105', 4960-68'.

Rigged up Western and broke down zone with 2400 psi and fraced as follows:

500 gal 15% HCl  
120 bbl pad  
120 bbl w/1/2#/gal 20-40 sand  
1250 bbl w/1#/gal 20-40 sand  
91 bbl flush  
Total 55,000# 20-40 sand 1581 bbl slick water w/2-1/2#/1000 gal FR-2 and 1 gal/1000 gal aquaflo

Max 3400 psi @ 36 B/M  
Avg 2600 psi @ 31 B/M  
Min 1500 psi @ 22 B/M  
ISDP 1000 psi  
SI after 15 min 900 psi

Dropped total of 15 RCN balls as follows: 340 bbl into frac raised pressure 250 psi, 542 bbl into frac raised pressure 500 psi, 1100 bbl into frac raised pressure 1500 psi.

Shut well in for 2 hrs then started flowing back.

Dugan Production Corp.

June Joy #2

Page 4

- 4-9-80      Opened well to pit after finding bad casing valve. Well unloaded fluid at high pressure for 1 hr then started to die down. Installed pump out plug in bottom of seating nipple and started in hole w/2-7/8" tbg. Tagged sand @ 5342' and started pumping sand. Shut down for day and went to get additional hoses.
- 4-10-80      Started reversing sand with good luck. Cleaned sand to 5954' and circulated hole for 1-1/2 hrs. Landed tbg @ 5874' KB in 2-3/8" donut. TE 5863.63'. Nippled down BOP and installed tree. Left well open through tbg which came around before clearing location.
- 4-11-80      Well dead upon arrival with 200 psi on casing. Took well head apart to allow swab to enter. Repaired problem and re-installed head. Swabbed well until 1:00 p.m. and rigged down. Well was close to coming around so left tbg open.

Dugan Production Corp.  
June Joy #2  
Page 5

4-18-80      Moved in Piney's swabbing unit. Found fluid level @ 500'.  
Made four swab runs from 5600'. Show of oil.

4-19-80      Found fluid level at 800'. Swabbed well 10 hrs. Swabbing  
estimated 30 bbls fluid per hour. At end of day fluid level  
at 2500'. Swabbing from 5600'. Strong gas with each swab run.  
Swabbing 92% frac water 8% oil.

4-20-80      Shut down - Sunday.

4-21-80      Swabbed well 4 hrs. Well producing 25 BOPD, plus 75 MCFGPD,  
and 50 bbls frac water/day. Plan to put well on pump.

GAS-OIL RATIO TESTS

Operator Dugan Production Corp.		Pool Basin Dakota				County San Juan										
Address Box 208, Farmington, NM 87401						TYPE OF TEST - (X)		Scheduled <input type="checkbox"/>		Completion <input type="checkbox"/>		Special <input checked="" type="checkbox"/>				
LEASE NAME	WELL NO.	LOCATION				DATE OF TEST	SYSTEM	CHOKE SIZE	T.B.G. PRESS.	DAILY ALLOWABLE	LENGTH OF TEST HOURS	PROD. DURING TEST				GAS - OIL RATIO CU. FT./BBL
		U	S	T	R							WATER BBL'S.	GRAV. OIL	OIL BBL'S.	GAS M.C.F.	
June Joy	2	B	25	24	10	6-12-80	P				24	4	44°	18.47	15	811
<div>APPLICATION FOR DOWNHOLE COMMINGLING JUNE JOY, #2 WELL Unit B, Sec. 25, T24N, R10W San Juan County, New Mexico Case No. 6935 Exhibit No. 4</div>																

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


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

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

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

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

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



(Signature)

Prod. Supt.

(Title)

6-13-80



# DUGAN PRODUCTION CORPORATION

June 1980

P. O. Box 234

Farmington, New Mexico

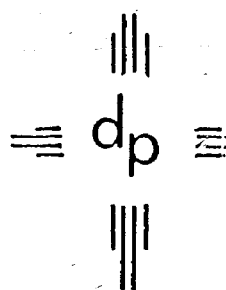
## SWITCHER REPORT

Operator Dugan Production Corporation Lease June Joy Well No. 2  
 Prod. Fm. Mancos DK NE/4, Sec. 25, T. 24 N, R 10 W County San Juan State NM  
 Run Size \_\_\_\_\_ Plate Size \_\_\_\_\_ Type Intermittent \_\_\_\_\_ Intermittent Setting \_\_\_\_\_ Static Spring \_\_\_\_\_

DATE	Oil bbls	Water bbls	Gas MCF	TBG. PRESS.	CSG. PRESS.	TANK GAUGE	TANK GAUGE	REMARKS
June 1	0	100	TSTM	-	-		0 9"	Pumping 10 SPM 48" stroke
2	5	85	TSTM	-	-		1 2	
3	8	60	TSTM	-	-		1 5	
4	12	40	5	-	-		2 0	
5	17	40	15	-	-		2 10	
6	17	30	15	-	-		3 2	
7	20	30	22	-	-		4 2	
8	19	30	22	-	-		5 2	
9	18	25	22	-	-		6 6	
10	18	25	22	-	-		7 5	
11	18	25	22	-	-		8 4	
12	15	25	15	-	-		9 1	
13	14	18	15	-	-		9 2	
14	14	18	15	-	-		10 5	
15	15	18	15	-	-		11 2	
16	15	15	15	-	-		11 11	
17	16	15	15	-	-		1 4	Sold 225.45 bbls oil
18	16	15	15	-	-		1 10	
19	14	15	15	-	-		2 6	
20	15	8	15	-	-		3 2	
21	12	8	15	-	-		3 10	
22	10	8	12	-	-		4 4	
23	12	8	12	-	-		4 11	
24								
25								
26								
27								
28								
29								
30								
31								

APPLICATION FOR DOWNHOLE COMMINGLING  
 JUNE JOY #2 WELL  
 Unit B, Sec. 25, T24N, R10W  
 San Juan County, New Mexico  
 Case No. 6935  
 Exhibit No. 5

R-9-W



# dugan production corp.

APPLICATION FOR DOWNHOLE COMMINGLING  
JUNE JOY #2 WELL  
Unit B, Sec. 25, T24N, R10W  
San Juan County, New Mexico  
Case No. 6935  
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- Dowell cemented second stage as follows: 10 bbl CW-100, 400 sx 65/35 w/12% gel and 1/4# celloflake per sx followed by

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Dugan Production Corp.  
June Joy #2  
Page 2

3-28-80  
(cont'd)

100 sx class "B" w/4% gel and 1/4# celloflake per sx. Total slurry 1203 cu ft. POB @ 8:20 a.m. w/2800 psi. Full returns throughout both stages with 8' bbls of CW-100 returned to surface on 2nd stage. Set slips and released rig @ 9:30 a.m.

3-31-80

Moved onto location and rigged up Bedford Inc. pulling unit. Went in hole with bit and 104 jts of 2-3/8" EUE drill string

4-01-80

Tagged tool @ 4080' and drilled out. Went to 6150' and circulated bottom for 1 hr. Tripped tbg out of hole.

4-02-80

Rigged up Jetronics and ran GR and CCL logs. (Note: Logs are 6' deeper than open hole logs!)

Jetronics perforated as follows: 5884-5892 (8 holes)  
6048-6056 (8 holes)

Rigged down Jetronics and went in hole with tbg and Baker Model "R" packer with 33' stinger below packer.

Rigged up Western and spotted 100 gal of 15% HCl at bottom of tbg. Packer was set in comparison @ 5842' w/15000 psi. Western hooked up on the back side and pressure tested to 3000 psi which checked good.

Western hooked up on tbg and broke down zone w/1600 psi followed by 400 gal of 15% HCl and 25 RCN frac balls. Good ball action with maximum pressure @ 3950 psi.

Pressure was released and tbg was run to bottom to scrape balls off and reset @ 5973'. Western hooked up and pumped the following: 2100 psi @ 4.5 B/M down back side  
3200 psi @ 3.2 B/M down tbg

Rigged down Western and shut well in.

4-03-80

Small amount of pressure on both tbg and back side, but would not register on gauge.

4-04-80

Small amount of pressure on tbg and none on back side. Made three runs on tbg without any success. Unseated packer and pulled 4 jts and set packer @ 5842'. Swabbed on tbg until dry with some show of oil. Dropped 6 soap sticks and shut well in.

4-05-80

Less than 50 psi on tbg and csg. Water level @ 2000'. Swabbed large amounts of water with show of heavy oil. Well did not kick off so pulled tbg.

Dugan Production Corp.

June Joy #2

Page 3

4-7-80 Went in hole with tbg and Baker Model K-1 mechanical set cement retainer and set retainer at 6003' KB.

Cementers Inc hooked up and loaded back side with water. Hooked up on tbg and pumped into formation @ 3 B/M @ 1700 psi. Squeezed zone with 50 sx class "B" @ 2 B/M and max pressure of 3400 psi. Shut well in w/3000 psi @ 1:28 p.m. Pulled tbg

4-8-80 Rigged up Western and fraced Dakota as follows:

120 bbl pad  
120 bbl w/1/2#/gal 20-40 sand  
536 bbl w/1#/gal 20-40 sand  
94 bbl flush

Screened out with only 36 bbl of flush pumped. Should have 259' of 20-40 sand in 4-1/2" casing.

Total 25,000# sand, 812 bbl of slick water with 2-1/2#/1000 gal FR-2 plus 1 gal/1000 gal aquaflo.

Max 3500 psi @ 16 B/M  
Avg 3300 psi @ 13 B/M  
Min 3100 psi @ 0 B/M  
ISDP 3100 psi SI after 15 min 2000 psi. Waited 45 min and started flowing back.

Rigged up Jetronics and ran GR CCL log from 5170' to 4650'. Perf following with JetiPerforator: 4723-33', 4904-12', 4920-26', 4946-54', 4994-5002', 5010-16', 5097-5105', 4960-68'.

Rigged up Western and broke down zone with 2400 psi and fraced as follows:

500 gal 15% HCl  
120 bbl pad  
120 bbl w/1/2#/gal 20-40 sand  
1250 bbl w/1#/gal 20-40 sand  
91 bbl flush  
Total 55,000# 20-40 sand 1581 bbl slick water w/2-1/2#/1000 gal FR-2 and 1 gal/1000 gal aquaflo

Max 3400 psi @ 36 B/M  
Avg 2600 psi @ 31 B/M  
Min 1500 psi @ 22 B/M  
ISDP 1000 psi  
SI after 15 min 900 psi

Dropped total of 15 RCN balls as follows: 340 bbl into frac raised pressure 250 psi, 542 bbl into frac raised pressure 500 psi, 1100 bbl into frac raised pressure 1500 psi.

Shut well in for 2 hrs then started flowing back.

- 4-9-80      Opened well to pit after finding bad casing valve. Well unloaded fluid at high pressure for 1 hr then started to die down. Installed pump out plug in bottom of seating nipple and started in hole w/2-7/8" tbg. Tagged sand @ 5342' and started pumping sand. Shut down for day and went to get additional hoses.
- 4-10-80      Started reversing sand with good luck. Cleaned sand to 5954' and circulated hole for 1-1/2 hrs. Landed tbg @ 5874' KB in 2-3/8" donut. TE 5863.63'. Nippled down 80P and installed tree. Left well open through tbg which came around before clearing location.
- 4-11-80      Well dead upon arrival with 200 psi on casing. Took well head apart to allow swab to enter. Repaired problem and re-installed head. Swabbed well until 1:00 p.m. and rigged down. Well was close to coming around so left tbg open.

Dugan Production Corp.  
June Joy #2  
Page 5

4-18-80 Moved in Piney's swabbing unit. Found fluid level @ 500'.  
Made four swab runs from 5600'. Show of oil.

4-19-80 Found fluid level at 800'. Swabbed well 10 hrs. Swabbing  
estimated 30 bbls fluid per hour. At end of day fluid level  
at 2500'. Swabbing from 5600'. Strong gas with each swab run.  
Swabbing 92% frac water 8% oil.

4-20-80 Shut down - Sunday.

4-21-80 Swabbed well 4 hrs. Well producing 25 BOPD, plus 75 MCFGPD,  
and 50 bbls frac water/day. Plan to put well on pump.

GAS-OIL RATIO TESTS

Operator Dugan Production Corp.		Pool Basin Dakota				County San Juan									
Address Box 208, Farmington, NM 87401						TYPE OF TEST - (X)		Scheduled <input type="checkbox"/>		Completion <input type="checkbox"/>		Special <input checked="" type="checkbox"/>			
LEASE NAME	WELL NO.	LOCATION				DATE OF TEST	CHOKE SIZE	TBG. PRESS.	DAILY ALLOW. ABLE	LENGTH OF TEST HOURS	PROD. DURING TEST				GAS - OIL RATIO CU.FT/BBL
		U	S	T	R						WATER BBLs.	GRAV. OIL	OIL BBLs.	GAS M.C.F.	
June Joy	2	B	25	24	10	6-12-80	P			24	4	44°	18.47	15	811
<div>APPLICATION FOR DOWNHOLE COMMINGLING JUNE JOY #2 WELL Unit B, Sec. 25, T24N, R10W San Juan County, New Mexico Case No. 6935 Exhibit No. 4</div>															

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

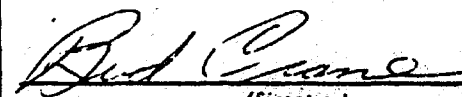
During gas-oil ratio test, each well shall be produced at a rate not exceeding the top unit allowable for the pool in which well is located by more than 25 percent. Operator is encouraged to take advantage of this 25 percent tolerance in order that well can be assigned increased allowables when authorized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

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

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

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

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

  
(Signature)  
Prod. Supt.  
(Title)  
6-13-80



# DUGAN PRODUCTION CORPORATION

June 1980

P. O. Box 234

Farmington, New Mexico

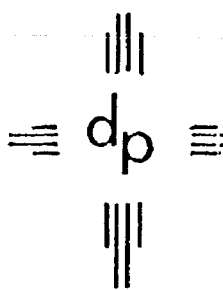
## SWITCHER REPORT

Operator Dugan Production Corporation Lease June Joy Well No. 2  
 Prod. Fm. Mancos DK NE/4, Sec. 25, T 24 N, R 10 W County San Juan State NM  
 Run Size \_\_\_\_\_ Plate Size \_\_\_\_\_ Type Intermittent \_\_\_\_\_ Intermittent Setting \_\_\_\_\_ Static Spring \_\_\_\_\_

DATE	Oil bbls	Water bbls	Gas MCF	T.B.G. PRESS.	C.S.G. PRESS.	TANK GAUGE	TANK GAUGE	REMARKS
June 1	0	100	TSTM	-	-		0 9"	Pumping 10 SPM 48" stroke
2	5	85	TSTM	-	-		1 2	
3	8	60	TSTM	-	-		1 5	
4	12	40	5	-	-		2 2	
5	17	40	15	-	-		2 10	
6	17	30	15	-	-		3 2	
7	20	30	22	-	-		4 2	
8	19	30	22	-	-		5 2	
9	18	25	22	-	-		6 6	
10	18	25	22	-	-		7 5	
11	18	25	22	-	-		8 4	
12	15	25	15	-	-		9 1	
13	14	18	15	-	-		9 2	
14	14	18	15	-	-		10 5	
15	15	18	15	-	-		11 2	
16	15	15	15	-	-		11 11	
17	16	15	15	-	-		1 1	Sold 225.45 bbls oil
18	16	15	15	-	-		1 10	
19	14	15	15	-	-		2 6	
20	15	8	15	-	-		3 2	
21	12	8	15	-	-		3 10	
22	10	8	12	-	-		4 4	
23	12	8	12	-	-		4 11	
24								APPLICATION FOR DOWNHOLE COMMINGLING JUNE JOY #2 WELL Unit B, Sec. 25, T24N, R10W San Juan County, New Mexico Case No. 6935 Exhibit No. 5
25								
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FORM B





# dugan production corp.

APPLICATION FOR DOWNHOLE COMMINGLING  
JUNE JOY #2 WELL  
Unit B, Sec. 25, T24N, R10W  
San Juan County, New Mexico  
Case No. 6935  
Exhibit No. 3

Dugan Production Corp.  
June Joy #2  
790' FNL - 1670' FEL  
Sec 25 T24N R10W  
San Juan County, NM

## MORNING REPORT

3-19-80 Moved in and rigged up Four Corners Drlg Co. Rig #5. Spudded 12-1/4" hole @ 3:00 p.m. 3-18-80. Drilled to 223'. Ran 7 jts 8-5/8" OD 24# 8R ST&C limited service casing. TE 197' set @ 209' RKB. Cemented w/125 sx class "B" plus 2% CaCl. POB 6:45 p.m. 3-18-80. Cement Circulated. WOC

3-20-80 Drlg @ 2232' w/wtr. Dev. survey 1/2° @ 1069', 1° @ 1673', 1° @ 1829'.

3-21-80 Drlg @ 3389' w/wtr. Dev. survey 1° @ 2349', 1/2° @ 2863', 1° @ 3255'.

3-22-80 Drlg @ 4143' w/wtr. Dev. survey 1-1/4° @ 3740'.

3-23-80 Drlg @ 4825' w/wtr. Dev. survey 1-1/4° @ 4326', 1-1/4° @ 4709'.

3-24-80 Trip @ 5367'. WT 8.9 VIS 35 Dev. survey 1° @ 5242'.

3-25-80 Drlg @ 5811'. WT 9.0 VIS 55 Dev. survey 1-1/2° @ 5367'.

3-26-80 Drlg @ 6161'. WT 9.2 VIS 80 Dev. survey 1-1/2° @ 6070'.

3-27-80. TD 6175'. Finished drlg 7-7/8" hole. Conditioned hole for logging. POH. Made attempt to log. Unable to get below 545'. Made trip in hole to 1500'. Washed out bridges and circulated. Made second attempt to log. Tool stopped @ 1250'. Made trip to bottom w/drill pipe. Now POH to attempt to log. Conditioned mud. POH and ran IES and CDL logs by GO Wireline. Trip in hole and laid down drill pipe. Ran 158 jts of 4-1/2" OD J-55 10.5# 8R csg. TE 6176' set @ 6175'.

3-28-80 Dowell cemented first stage as follows: 10 bbl CW-100 250 sx class "B" w/4% gel and 1/4# celloflake per sx, 150 sx class "B" w/1/4# celloflake per sx. Total slurry 557 cu ft. Csg reciprocated throughout job. POB @ 4:30 a.m. with 1200 psi. DV tool open @ 1600 psi. Rig circulated for 3 hrs.

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Dugan Production Corp.  
June Joy #2  
Page 2

3-28-80  
(cont'd) 100 sx class "B" w/4% gel and 1/4# celloflake per sx. Total slurry 1203 cu ft. POB @ 8:20 a.m. w/2800 psi. Full returns throughout both stages with 8' bbls of CW-100 returned to surface on 2nd stage. Set slips and released rig @ 9:30 a.m.

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Jetronics perforated as follows: 5884-5892 (8 holes)  
6048-6056 (8 holes)

Rigged down Jetronics and went in hole with tbg and Baker Model "R" packer with 33' stinger below packer. Rigged up Western and spotted 100 gal of 15% HCl at bottom of tbg. Packer was set in comparison @ 5842' w/15000 psi. Western hooked up on the back side and pressure tested to 3000 psi which checked good.

Western hooked up on tbg and broke down zone w/1600 psi followed by 400 gal of 15% HCl and 25 RCN frac balls. Good ball action with maximum pressure @ 3950 psi.

Pressure was released and tbg was run to bottom to scrape balls off and reset @ 5973'. Western hooked up and pumped the following: 2100 psi @ 4.5 B/M down back side  
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Dugan Production Corp.

June Joy #2

Page 3

4-7-80

Went in hole with tbg and Baker Model K-1 mechanical set cement retainer and set retainer at 6003' KB.

Cementers Inc hooked up and loaded back side with water. Hooked up on tbg and pumped into formation @ 3 B/M @ 1700 psi. Squeezed zone with 50 sx class "B" @ 2 B/M and max pressure of 3400 psi. Shut well in w/3000 psi @ 1:28 p.m. Pulled tbg

4-8-80

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120 bbl w/1/2#/gal 20-40 sand  
536 bbl w/1#/gal 20-40 sand  
94 bbl flush

Screened out with only 36 bbl of flush pumped. Should have 259' of 20-40 sand in 4-1/2" casing.

Total 25,000# sand, 812 bbl of slick water with 2-1/2#/1000 gal FR-2 plus 1 gal/1000 gal aquafow.

Max 3500 psi @ 16 B/M

Avg 3300 psi @ 13 B/M

Min 3100 psi @ 0 B/M

ISDP 3100 psi SI after 15 min 2000 psi. Waited 45 min and started flowing back.

Rigged up Jetronics and ran GR CCL log from 5170' to 4650'.

Perf following with JetiPerforator: 4723-33', 4904-12', 4920-26', 4946-54', 4994-5002', 5010-16', 5097-5105', 4960-68'.

Rigged up Western and broke down zone with 2400 psi and fraced as follows:

500 gal 15% HCl

120 bbl pad

120 bbl w/1/2#/gal 20-40 sand

1250 bbl w/1#/gal 20-40 sand

91 bbl flush

Total 55,000# 20-40 sand 1581 bbl slick water w/2-1/2#/1000 gal FR-2 and 1 gal/1000 gal aquafow

Max 3400 psi @ 36 B/M

Avg 2600 psi @ 31 B/M

Min 1500 psi @ 22 B/M

ISDP 1000 psi

SI after 15 min 900 psi

Dropped total of 15 RCN balls as follows: 340 bbl into frac raised pressure 250 psi, 542 bbl into frac raised pressure 500 psi, 1100 bbl into frac raised pressure 1500 psi.

Shut well in for 2 hrs then started flowing back.

- 4-9-80      Opened well to pit after finding bad casing valve. Well unloaded fluid at high pressure for 1 hr then started to die down. Installed pump out plug in bottom of seating nipple and started in hole w/2-7/8" tbg. Tagged sand @ 5342' and started pumping sand. Shut down for day and went to get additional hoses.
- 4-10-80      Started reversing sand with good luck. Cleaned sand to 5954' and circulated hole for 1-1/2 hrs. Landed tbg @ 5874' KB in 2-3/8" donut. TE 5863.63'. Nippled down BOP and installed tree. Left well open through tbg which came around before clearing location.
- 4-11-80      Well dead upon arrival with 200 psi on casing. Took well head apart to allow swab to enter. Repaired problem and re-installed head. Swabbed well until 1:00 p.m. and rigged down. Well was close to coming around so left tbg open.

Dugan Production Corp.  
June Joy #2  
Page 5

4-18-80      Moved in Piney's swabbing unit. Found fluid level @ 500'.  
Made four swab runs from 5600'. Show of oil.

4-19-80      Found fluid level at 800'. Swabbed well 10 hrs. Swabbing  
estimated 30 bbls fluid per hour. At end of day fluid level  
at 2500'. Swabbing from 5600'. Strong gas with each swab run.  
Swabbing 92% frac water 8% oil.

4-20-80      Shut down - Sunday.

4-21-80      Swabbed well 4 hrs. Well producing 25 BOPD, plus 75 MCFGPD,  
and 50 bbls frac water/day. Plan to put well on pump.

GAS-OIL RATIO TESTS

Operator Dugan Production Corp.		Pool Basin Dakota		County San Juan												
Address Box 208, Farmington, NM 87401		TYPE OF TEST - (X)		Scheduled <input type="checkbox"/> Completion <input type="checkbox"/> Special <input checked="" type="checkbox"/>												
LEASE NAME	WELL NO.	LOCATION				DATE OF TEST	STATUS	CHOKE SIZE	TBG. PRESS.	DAILY ALLOWABLE	LENGTH OF TEST HOURS	PROD. DURING TEST				GAS - OIL RATIO CU.FT/BBL
		U	S	T	R							WATER BBLs.	GRAV. OIL	OIL BBLs.	GAS M.C.F.	
June Joy	2	B	25	24	10	6-12-80	P				24	4	44°	18.47	15	811

APPLICATION FOR DOWNHOLE COMMINGLING  
JUNE JOY #2 WELL  
Unit B, Sec. 25, T24N, R10W  
San Juan County, New Mexico  
Case No. 6935  
Exhibit No. 4

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

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

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

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

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

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

  
(Signature)

Prod. Supt.

(Title)  
6-13-80



# DUGAN PRODUCTION CORPORATION

June 1980

P. O. Box 234

Farmington, New Mexico

## SWITCHER REPORT

Operator Dugan Production Corporation Lease June Joy Well No. 2  
 Prod. Fm. Mancos DK NE/4, Sec. 25, T 24 N, R 10 W County San Juan State NM  
 Run Size \_\_\_\_\_ Plate Size \_\_\_\_\_ Type Intermittent \_\_\_\_\_ Intermittent Setting \_\_\_\_\_ Static Spring \_\_\_\_\_

DATE	Oil bbls	Water bbls	Gas MCF	TBG. PRESS.	CSG. PRESS.	TANK GAUGE	TANK GAUGE	REMARKS
June 1	0	100	TSTM	-	-		0 9"	Pumping 10 SPM 48" stroke
2	5	85	TSTM	-	-		1 2	
3	8	60	TSTM	-	-		1 5	
4	12	40	5	-	-		2 2	Dakota Gallup
5	17	40	15	-	-		2 10	
6	17	30	15	-	-		3 2	
7	20	30	22	-	-		4 2	
8	19	30	22	-	-		5 2	
9	18	25	22	-	-		6 6	
10	18	25	22	-	-		7 5	
11	18	25	22	-	-		8 4	
12	15	25	15	-	-		9 1	
13	14	18	15	-	-		9 2	
14	14	18	15	-	-		10 5	Sold 225.45 bbls oil
15	15	18	15	-	-		11 2	
16	15	15	15	-	-		11 11	
17	16	15	15	-	-		1 11	
18	16	15	15	-	-		1 10	
19	14	15	15	-	-		2 6	
20	15	8	15	-	-		3 2	
21	12	8	15	-	-		3 10	
22	10	8	12	-	-		4 4	
23	12	8	12	-	-		4 11	
24								APPLICATION FOR DOWNHOLE COMMINGLING JUNE JOY #2 WELL Unit B, Sec. 25, T24N, R10W San Juan County, New Mexico Case No. 6935 Exhibit No. 5
25								
26								
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31								

WAIVER OF OBJECTION AND CONSENT TO

THE DOWNHOLE COMMINGLING OF THE JUNE JOY #2 WELL

RECEIVED

JUN 23 1980

OIL CONSERVATION DIVISION  
SANTA FE

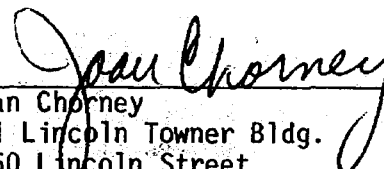
Case 6935

The undersigned, as an Operator of a lease offsetting the N/2 of Section 25, Township 24 North, Range 10 West, N.M.P.M., San Juan County, New Mexico, does hereby acknowledge receipt of the Application for Downhole Commingling of the June Joy #2 Well.

The Undersigned hereby waives any objection to this Application and voluntarily consents to the commingling of the June Joy #2 Well as stated in the above mentioned Application.

Dated this 19th day of June, 1980.

Signed:

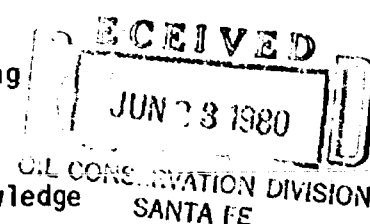
  
Joan Chorney  
401 Lincoln Tower Bldg.  
1860 Lincoln Street  
Denver, Colorado 80295

Please send one executed copy to Joe D. Ramey, Division Director, New Mexico Oil Conservation Division, P.O. Box 2088, Santa Fe, New Mexico, 87501, and return one executed copy to Dugan Production Corporation, P.O. Box 208, Farmington, New Mexico 87401. The remaining copy is for your files.

Case 6935

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

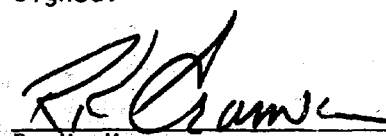
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The Undersigned hereby waives any objection to this Application and voluntarily consents to the commingling of the June Joy #2 Well as stated in the above mentioned Application.

Dated this 19<sup>th</sup> day of June, 1980.

Signed:

  
R. K. Kramer  
410 17th Street  
Suite 1340  
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, New Mexico, 87501, and return one executed copy to Dugan Production Corporation, P.O. Box 208, Farmington, New Mexico 87401. The remaining copy is for your files.

CASE 6935: 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 Basin-Dakota and undesignated Gallup production in the wellbore of its June Joy Well No. 2 located in Unit B of Section 25, Township 24 North, Range 10 West.

CASE 6936: Application of Dugan Production Corporation for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Dakota formation underlying the S/2 of Section 26, Township 30 North, Range 14 West, 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 6916: (Continued from June 4, 1980, Examiner Hearing)

Application of Petro-Lewis Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of the Drinkard and Blinbry production in the wellbore of its State DC Well No. 1, a quadruple completion located in Unit F of Section 19, Township 21 South, Range 37 East.

CASE 6937: Application of R. N. Hillin for an unorthodox location and dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of his DW Well No. 4 to produce gas from the Wolfcamp and Morrow formations thru tubing and the annulus, respectively. Applicant further seeks approval of the unorthodox location of said well in the Wolfcamp and Pennsylvanian formations at a point 800 feet from the South line and 2000 feet from the East line of Section 34, Township 19 South, Range 28 East.

CASE 6938: Application of Anadarko Production Company for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Dalport Federal Well No. 1 660 feet from the South and West lines of Section 20, Township 13 South, Range 31 East, Southeast Chaves Queen Gas Area, the W/2 of said Section 20 to be dedicated to the well.

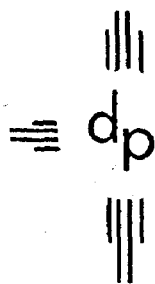
CASE 6939: Application of Anadarko Production Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests at a depth from 2400 feet to 5000 feet below the surface, Turkey Track Field, underlying the NE/4 SE/4 of Section 10, Township 19 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 6940: Application of Adobe Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down through the Wolfcamp formation underlying the NW/4 SE/4 for oil and the SE/4 for gas, Section 23, Township 20 South, Range 38 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 6941: Application of Ellwade Corporation for a non-standard gas proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 129.52-acre non-standard gas proration unit comprising the W/2 of partial Section 33, Township 26 South, Range 30 East, Ross Draw-Wolfcamp area, to be dedicated to its Ross Draw Well No. 1 located in Unit C of said Section 33.

CASE 6942: Application of Benson-Montin-Greer Drilling Corporation for amendment of Order No. R-2565-B, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Rule 2 of the Special Pool Rules for the West Puerto Chiquito-Mancos Oil Pool as promulgated by Order No. R-2565-B to provide that all 320-acre spacing and proration units in said pool would comprise either the W/2 or the E/2 of a governmental section, provided however, that one injection well would have dedicated thereto the N/2 of Section 1, Township 24 North, Range 1 West, and also that the short 400-acre sections on the South side of Township 27 North, Range 1 West, would each comprise a single spacing unit.

CASE 6943: Application of Benson-Montin-Greer Drilling Corporation for a unit agreement, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the East Puerto Chiquito-Mancos Unit Area, comprising 9,769 acres, more or less, of Federal, Indian, and fee lands in Townships 26 and 27 North, Ranges 1 East and 1 West.



dugan production corp.

Case 6935

June 12, 1980

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

Re: Application for Downhole Commingling  
June Joy #2 Well (Basin Dakota Pool and  
Undesignated Gallup Pool)  
San Juan County, New Mexico

Dear Mr. Ramey:

Enclosed please find three copies of the above referenced  
Application.

I previously verbally requested this matter be placed on  
the June 25, 1980 Docket and was advised by the New Mexico  
Oil Conservation Division that this request would be honored.  
I was also advised that a written application must be filed  
with the NMOCD on or before June 13, 1980.

Please advise if you need further information.

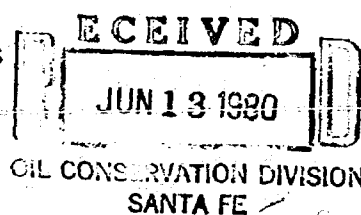
Sincerely,

*Tommy Roberts*

Tommy Roberts  
Attorney

TR:nw

Enclosures



709 BLOOMFIELD RD. • P. O. BOX 208 • FARMINGTON, NEW MEXICO 87401 • PHONE: 505-325-0238

Joe D. Ramey  
June 12, 1980  
Page Two

cc: Frank Chavez, Supervisor  
District III Office  
New Mexico Oil Conservation Division  
1000 Rio Brazos Road  
Aztec, New Mexico 87410

James Sims  
U.S. Geological Survey  
Box 959  
Farmington, New Mexico 87401

Joan Chorney  
401 Lincoln Tower Bldg.  
1860 Lincoln Street  
Denver, Colorado 80295

R. K. Kramer  
410 17th Street  
Suite 1340  
Denver, Colorado 80202

OIL CONSERVATION DIVISION

STATE OF NEW MEXICO

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

Case 6935

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, Tommy Roberts, hereby makes application for approval of downhole commingling in the well bore of the June Joy #2 Well in San Juan County, New Mexico.

The Applicant further states:

1. The Operator of the June Joy #2 Well will be the Applicant, Dugan Production Corp., whose address is P.O. Box 208, Farmington, New Mexico 87401.

2. The June Joy #2 Well will be located on Federal Oil and Gas Lease Serial # NM-5991 insofar as said lease covers the following described lands:

Township 24 North, Range 10 West, N.M.P.M.  
Section 25: All (Basin Dakota Pool)  
Section 25: All (Undesignated Gallup Pool)  
San Juan County, New Mexico

RECEIVED

3. The legal location of the well will be as follows:

JUN 13 1980

Township 24 North, Range 10 West, N.M.P.M.

OIL CONSERVATION DIVISION  
SANTA FE

Section 25: Unit Letter B  
San Juan County, New Mexico

4. The June Joy #2 Well is not currently dually completed in the Basin Dakota Pool and the Undesignated Gallup Pool.

5. The June Joy #2 Well will be capable of only low marginal production from the Basin Dakota Pool, and from the Undesignated Gallup 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, the prevention of waste and the protection of correlative rights.

8. 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 mailed a copy of this Application under cover letter dated June 12, 1980.

WHEREFORE, the Applicant requests this Application be set for hearing on June 25, 1980, and that after said hearing the New Mexico Oil Conservation Division grant this Application by giving approval to the downhole commingling of the June Joy #2 Well in San Juan County, New Mexico.

Respectfully submitted,

*Tommy Roberts*

Tommy Roberts  
Attorney for Applicant  
P.O. Box 208  
Farmington, N.M. 87401



JUNE JOY #2 WELL

Application for Approval of Downhole Commingling  
OFFSET LEASES AND OPERATORS

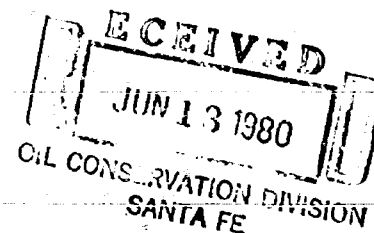
1. USA NM 25842  
Township 24 North, Range 10 West, N.M.P.M.  
Section 24: S/2  
San Juan County, New Mexico  
Operator: Dugan Production Corp.  
P.O. Box 208  
Farmington, NM 87401
2. Township 24 North, Range 10 West, N.M.P.M.  
Section 23: SE/4  
San Juan County, New Mexico  
Unleased Federal Lands
3. USA NM 30019  
Township 24 North, Range 10 West, N.M.P.M.  
Section 26: E/2  
San Juan County, New Mexico  
Operator: Joan Chorney (50%)  
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1860 Lincoln Street  
Denver, Colorado 80295  
  
R. K. Kramer (50%)  
410 17th Street  
Suite 1340  
Denver, Colorado 80202
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Section 25: S/2  
San Juan County, New Mexico  
Operator: Dugan Production Corp.  
P.O. Box 208  
Farmington, NM 87401
5. USA NM 4958  
Township 24 North, Range 9 West, N.M.P.M.  
Section 30: W/2  
San Juan County, New Mexico  
Operator: Dugan Production Corp.  
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6. USA NM 4958  
Township 24 North, Range 9 West, N.M.P.M.  
Section 19: SW/4  
San Juan County, New Mexico  
Operator: Dugan Production Corp.  
P.O. Box 208  
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OIL CONSERVATION DIVISION

STATE OF NEW MEXICO

Case 6935

In the Matter of the Application of  
Dugan Production Corp. for Downhole  
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*Tommy Roberts*

Tommy Roberts  
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P.O. Box 208  
Farmington, N.M. 87401

JUNE JOY #2 WELL

Application for Approval of Downhole Commingling

OFFSET LEASES AND OPERATORS

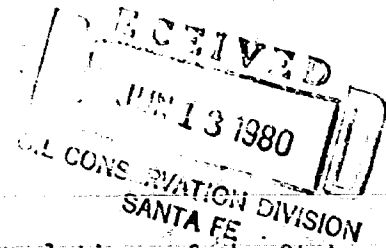
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OIL CONSERVATION DIVISION

STATE OF NEW MEXICO

Case 6935

In the Matter of the Application of  
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Attorney for Applicant  
P.O. Box 208  
Farmington, N.M. 87401

JUNE JOY #2 WELL

Application for Approval of Downhole Commingling

OFFSET LEASES AND OPERATORS

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Section 19: SW/4  
San Juan County, New Mexico  
Operator: Dugan Production Corp.  
P.O. Box 208  
Farmington, NM 87401

Called in by Jommie Roberts  
6/2/80

Wegman Production Corporation  
Blowhole Commingling

Basin - Dakota and  
Undesignated Gallup

June Joy #2-B

Section 25, T24N, R10W

San Juan County



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. 6935

Order No. R-6396

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 June 25,  
19 80, at Santa Fe, New Mexico, before Examiner Richard L.  
Stamets.

NOW, on this \_\_\_\_\_ day of June, 1980, 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 June Joy Well No. 2,  
located in Unit B of Section 25, Township 24 North,  
Range 10 West, NMPM, San Juan County, New Mexico.

(3) That the applicant seeks authority to commingle  
Undesignated Basin ~~Basin~~ Dakota and undesignated Gallup oil production  
within the wellbore of the above-described well.

(4) That from the Babe-Dakota zone, the subject well is capable of low <sup>rates of</sup> ~~marginal~~ production only.

(5) That from the Undesignated Gallup zone, the subject well 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 well 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 well 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, 80 percent of the commingled production should be allocated to the <sup>Undesignated</sup> ~~Babe~~-Dakota zone, and 20 percent of the commingled ~~20~~ production to the Undesignated Gallup 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 ~~undesignated~~ oil ~~East~~ Dakota and undesignated Gallup oil production within the wellbore of ~~its~~ the June Joy Well No. 2, located in Unit B of Section 25, Township 24 North, Range 10 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 80 percent of the commingled production shall be allocated to the ~~East~~ Dakota zone and 20 percent of the commingled production shall be allocated to the ~~undesignated~~ Gallup zone.

(3) That the operator of the subject well shall immediately notify the Division's Aztec district office any time the well 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.