

30-045-73149



NEW MEXICO ENERGY, MINERALS and  
NATURAL RESOURCES DEPARTMENT

**Bill Richardson**  
Governor  
**Joanna Prukop**  
Cabinet Secretary

**Lori Wrotenbery**  
Director  
Oil Conservation Division

February 25, 2003

Office of the Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, DC 20426  
Attn: Marilyn Rand

RE: **Dugan Production Corporation**  
**Emerald City No. 1**  
**Holly No. 1**

Ms. Rand:

Enclosed are your copies of the approved NGPA applications for the above applicant.

Sincerely,

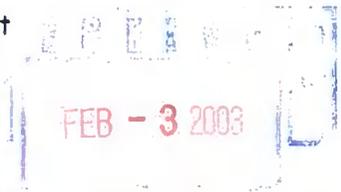
A handwritten signature in cursive script that reads "Kathy Valdes".

Kathy Valdes

Enclosures

TF-03-005

State of New Mexico  
Energy, Minerals, and Natural Resources Department  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505



APPLICATION FOR NGPA WELL CATEGORY DETERMINATION

FOR DIVISION

USE ONLY:

APPROPRIATE FILING FEE ENCLOSED? YES  NO   
DATE COMPLETE APPLICATION FILED February 3, 2003  
DATE DETERMINATION MADE February 25, 2003  
WAS APPLICATION CONTESTED? YES  NO   
NAME (S) OF INTERVENOR (S), IF ANY: NA

FILING FEE

Effective October 1, 1986  
a non-refundable filing fee  
of \$25.00 per category for  
each application is mandatory  
(Rule 2, Order No. R-5878-B-3)

- |   |  |
|---|--|
| 1. Name of Operator:<br>Dugan Production Corp.  | 6. County:<br>San Juan   |
| 2. Address of Operator:<br><br>P. O. Box 420<br>Farmington, NM 87499-0420   | 7. API No: <u>30-045-73149</u>   |
| 3. Location of Well: Unit Letter <u>L</u><br>Footage: 1850' FSL & 990' FWL<br><br>Sec. <u>16</u> Twp. <u>24N</u> Rng. <u>9W</u> | 8. Indicate Type of Lease:<br>State <input checked="" type="checkbox"/> Fee <input type="checkbox"/> |
| 4. Lease Name:<br>Holly   | 9. State Oil & Gas Lease No.:<br>Well located on LG-1035-3   |
| 5. Well No: <u>1</u>  | 10. Unit Agreement Name:<br>State Communitization Agreement  |
|   | 11. Pool or Formation:<br>Basin Dakota Gas Pool (#71599)   |

Check the appropriate box for category sought and information submitted. Enter Required information on lines 1 and 2, below.

1. Category sought NGPA Section No. 107 A1  occluded natural gas from coal seam  
A3  natural gas from a designated tight formation
2. Filing Fee(s) amount enclosed: \$25.00
3. All application must contain:  
a. C-105 Well Completion or Recompletion Report  
b. Affidavits of Mailing or Delivery

I HEREBY CERTIFY THAT THE INFORMATION CONTAINED HEREIN IS TRUE AND COMPLETE TO THE BEST OF MY KNOWLEDGE AND BELIEF.

John D. Roe, Jr.  
NAME OF APPLICANT (Type or Print)

John D. Roe, Jr.  
SIGNATURE OF APPLICANT

TITLE: Engineering Manager

DATE: 01-29-03

FOR DIVISION USE ONLY

APPROVED:

DISAPPROVED:

The information contained herein includes all of the information required to be filed by the applicant under Subpart C of Part 270 of the FERC regulations.

EXAMINER: [Signature]

**A. THE NGPA WELL CATEGORY DETERMINATION IS BEING SOUGHT FOR A WELL PRODUCING:**

- A1 \_\_\_ occluded natural gas from coal seams.  
A2 \_\_\_ natural gas from Devonian shale.  
A3  natural gas from a designated tight formation. NM6

**B. FOR ALL APPLICATIONS FOR DETERMINATION PROVIDE THE FOLLOWING:**

1. Well Name and No.\* Holly #1
2. Completed in (Name of Reservoir) \* Dakota
3. Field \* Basin Dakota Prorated Gas Pool
4. County \* San Juan
5. State \* New Mexico
6. API Well No. (14 digits maximum. If not assigned, leave blank.)  
30 045 25149
9. Measured Depth of the Completed Interval (in feet)  
TOP 6431' BASE 6452'

**C. APPLICANT'S MAILING ADDRESS AND THE IDENTITY OF THE PERSON WHO IS RESPONSIBLE FOR APPLICATION:**

1. Applicant's Name \* Dugan Production Corp.
2. Street \* P. O. Box 420
3. City \* Farmington
4. State\* New Mexico 5. Zip Code 87499-0420
6. Name of Person Responsible \* John D. Roe, Jr.
7. Title of Such Person \* Engineering Manager
8. Signature *John D. Roe, Jr.* and Phone No. ( 505 ) 325 - 1821

\* SIGNIFIES THAT LINE ENTRY MAY CONTAIN UP TO 35 LETTERS AND/OR NUMBERS.

## APPLICATION FOR DETERMINATION

### GENERAL INSTRUCTIONS

- 1. Purpose:** This form is to be used to provide basic data on each application for a well category determination that is filed with a Jurisdictional Agency to qualify the natural gas produced from such well as (a) occluded natural gas produced from coal seams, under section 107(c)(3) of the Natural Gas Policy Act of 1978 [15 U.S.C. 3301] (NGPA), (b) natural gas produced from Devonian shale, under section 107(c)(4) of the NGPA, or (c) natural gas produced from a designated tight formation, under section 107(c)(5) of the NGPA, in order to substantiate the eligibility of such natural gas for a tax credit under Section 29 of the Internal Revenue Code. The Commission will use this data, together with the other information contained in the Jurisdictional Agency's notice of determination, to evaluate whether substantial evidence exists to support the determination.
- 2. Who must submit:** Anyone who files an application with a Jurisdictional Agency identified under Section 270.401 of the Commission's Regulations for a well category determination.
- 3. What and where to submit:** The original of this form, and all of the information required by Section 270.302, 270.303, 270.304, or 270.306 of the Commission's Regulations must be filed with the Jurisdictional Agency. The Jurisdictional Agency making a determination must file the original of this form, with all of the other information required under the applicable Commission Regulations, with the **Office of the Secretary, Federal Energy Regulatory Commission, 888 First Street, N.E., Washington D.C. 20426**. Applicants should retain one copy of each completed form for their files for 4 years.
- 4. These are mandatory filing requirements.**
- 5. The data on this form are not considered confidential and will not be treated as such.**
- 6. Where to send comments on the public reporting burden:** The public reporting burden for this collection of information is estimated to average 0.25 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate, or any aspect of this collection of information, including suggestions for reducing this burden, to the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington D.C. 20426 (Attention: Mr. Michael Miller, CI-1) and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington D.C. 20503 (Attention: Desk Officer for the Federal Energy Regulatory Commission). Persons subject to providing this information will not be penalized for failing to respond to these collections of information unless the collection of information displays a valid OMB control number.

Statement by  
John D. Roe, Jr.  
Application for Section 107 Tight Formation Gas Determination  
Dugan Production Corp.'s Holly No. 1 (API No. 30-045-25149)  
Basin Dakota Prorated Gas Pool  
NWSW Section 16, T24N, R9W  
San Juan County, New Mexico

I make the following statement under oath. Natural gas produced from Dugan's Holly No. 1 is being produced from a designated tight formation through a well, the surface drilling of which began after December 31, 1979, but before January 1, 1993. In addition, I have no knowledge of any information which is inconsistent with this application.

*John D. Roe, Jr.*

John D. Roe, Jr., P. E.  
January 9, 2002

STATE OF NEW MEXICO    )  
                                  ) ss.  
COUNTY OF SAN JUAN    )

The foregoing instrument was acknowledged before me this 9<sup>th</sup> day of January, 2003 by John D. Roe, Jr., Engineering Manager of Dugan Production Corp., a New Mexico corporation, on behalf of said corporation.

*Cynthia Sweetland*

Cynthia Sweetland  
Notary Public

My Commission Expires  
08/11/04



# dugan production corp.

---

January 9, 2003

Ms. Arlene Salazar  
Bureau of Land Management  
435 Montano Road, N.E.  
Albuquerque, NM 87107-4535

Re: NGPA Category Determination (107TF)  
Dugan Production's Holly #1 (API No. 30-045-25149)  
Basin Dakota Prorated Gas Pool  
NWSW Sec. 16, T24N, R9W  
San Juan County, New Mexico

Dear Ms. Salazar,

Enclosed for your consideration is Dugan's application, requesting a Section 107, tight formation, NGPA category determination for the Dakota completion in the captioned well. This well is also completed in the Bisti Lower Gallup Oil Pool from 5265'-5572' and NMOCD Order R-7143 dated 11-30-82, authorized production from the Gallup and Dakota completions to be commingled down hole. As provided by NMOCD Order R-7143, 5% of the oil and 20% of the gas production is allocated to the Dakota completion. The Gallup formation at this location has not been designated as a tight sand formation.

Enclosed are the following items:

- a. Completed FERC Form 121
- b. Copy of all well completion reports for the Dakota completion.
- c. Copy of the well location plat (NMOCD Form C-102), which presents the surface location for the Holly #1, along with the S/2 320 acre spacing unit for the Basin Dakota completion. This location is within the tight sand area designated by NM6.
- d. Copy of the Induction Electric Log over the Dakota interval.
- e. My statement regarding spud date of the subject well.

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

Sincerely,

John D. Roe  
Engineering Manager

JDR/tmf

Enclosures



STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION  
P. O. BOX 2088  
SANTA FE, NEW MEXICO 87501

Form C-104  
Revised 10-01-78  
Format 06-01-83

**RECEIVED**  
MAR 20 1987  
OIL CON. DIV.  
DIST. 3

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TRANSPORTER	OIL
	GAS
OPERATOR	
PRODUCTION OFFICE	

REQUEST FOR ALLOWABLE  
AND  
AUTHORIZATION TO TRANSPORT OIL AND NATURAL GAS

I.

Operator  
DUGAN PRODUCTION COPR.

Address  
P.O. Box 208, Farmington, NM 87499

Reason(s) for filing (Check proper box)

<input type="checkbox"/> New Well	Change in Transporter of:	<input checked="" type="checkbox"/> Dry Gas	Other (Please explain)  Effective date 12-13-86
<input type="checkbox"/> Recompletion	<input type="checkbox"/> Oil	<input type="checkbox"/> Condensate	
<input type="checkbox"/> Change in Ownership	<input type="checkbox"/> Casinghead Gas		

If change of ownership give name and address of previous owner \_\_\_\_\_

II. DESCRIPTION OF WELL AND LEASE

Lease Name Holly	Well No. 1	Pool Name, including Formation Basin Dakota	Kind of Lease State, Federal or Fee State	Lease No. LG-1035
Location Unit Letter <u>L</u> <u>1850</u> Feet From The <u>South</u> Line and <u>990</u> Feet From The <u>West</u>				
Line of Section <u>16</u> Township <u>24N</u> Range <u>9W</u> , NMPM, <u>San Juan</u> County				

III. DESIGNATION OF TRANSPORTER OF OIL AND NATURAL GAS

Name of Authorized Transporter of Oil <input type="checkbox"/> or Condensate <input checked="" type="checkbox"/> Giant Refining, Inc. (No change)	Address (Give address to which approved copy of this form is to be sent) Box 256, Farmington, NM 87499
Name of Authorized Transporter of Casinghead Gas <input type="checkbox"/> or Dry Gas <input checked="" type="checkbox"/> Dugan Production Corp.	Address (Give address to which approved copy of this form is to be sent) P.O. Box 208, Farmington, NM 87499
If well produces oil or liquids, give location of tanks. Unit <u>L</u> Sec. <u>16</u> Twp. <u>24N</u> Rgs. <u>9W</u>	Is gas actually connected? <u>YES</u> When <u>12-13-86</u>

If this production is commingled with that from any other lease or pool, give commingling order number: \_\_\_\_\_

NOTE: Complete Parts IV and V on reverse side if necessary.

VI. CERTIFICATE OF COMPLIANCE

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

Bud Crane  
Bud Crane (Signature)  
Production Superintendent  
3-18-87 (Date)

OIL CONSERVATION DIVISION

APPROVED Frank J. [Signature] MAR 20 1987  
BY \_\_\_\_\_  
TITLE \_\_\_\_\_ SUPERVISOR DISTRICT # 3

This form is to be filed in compliance with RULE 1104.  
If this is a request for allowable for a newly drilled or deepened well, this form must be accompanied by a tabulation of the deviation tests taken on the well in accordance with RULE 111.  
All sections of this form must be filled out completely for allowable on new and recompleted wells.  
Fill out only Sections I, II, III, and VI for changes of owner, well name or number, or transporter, or other such change of condition.  
Separate Forms C-104 must be filed for each pool in multiply completed wells.

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION  
P. O. BOX 2088  
SANTA FE, NEW MEXICO 87501

Form C-104  
Revised 10-01-78  
Format 06-01-83  
Page

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	GAS
OPERATOR	
PRORATION OFFICE	

**RECEIVED**  
MAR 20 1987  
OIL CON. DIV.  
DIST. 3

REQUEST FOR ALLOWABLE  
AND  
AUTHORIZATION TO TRANSPORT OIL AND NATURAL GAS

I.

Operator: DUGAN PRODUCTION COPR.

Address: P.O. Box 208, Farmington, NM 87499

Reason(s) for filing (Check proper box):  
 New Well  
 Recompletion  
 Change in Ownership  
 Change in Transporter of:  
 Oil  
 Casinghead Gas  
 Dry Gas  
 Condensate  
 Other (Please explain): Effective date 12-13-86

If change of ownership give name and address of previous owner \_\_\_\_\_

II. DESCRIPTION OF WELL AND LEASE

Lease Name <u>Holly</u>	Well No. <u>1</u>	Pool Name, including Formation <u>Bisti Lower Gallup</u>	Kind of Lease State, Federal or Fee <u>State</u>	Lease No. <u>LG 1035</u>
Location Unit Letter <u>L</u> <u>1850</u> Feet From The <u>South</u> Line and <u>990</u> Feet From The <u>West</u> Line of Section <u>16</u> Township <u>24N</u> Range <u>9W</u> , NMPM, <u>San Juan</u> County				

III. DESIGNATION OF TRANSPORTER OF OIL AND NATURAL GAS

Name of Authorized Transporter of Oil <input checked="" type="checkbox"/> or Condensate <input type="checkbox"/> <u>Giant Refining, Inc. (No Change)</u>	Address (Give address to which approved copy of this form is to be sent) <u>Box 256, Farmington, NM 87499</u>
Name of Authorized Transporter of Casinghead Gas <input checked="" type="checkbox"/> or Dry Gas <input type="checkbox"/> <u>Dugan Production Corp.</u>	Address (Give address to which approved copy of this form is to be sent) <u>P.O. Box 208, Farmington, NM 87499</u>
If well produces oil or liquids, give location of tanks. Unit <u>L</u> Sec. <u>16</u> Twp. <u>24N</u> Rge. <u>9W</u>	Is gas actually connected? <u>YES</u> When <u>12-13-86</u>

If this production is commingled with that from any other lease or pool, give commingling order number: \_\_\_\_\_

NOTE: Complete Parts IV and V on reverse side if necessary.

VI. CERTIFICATE OF COMPLIANCE

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

Bud Crane  
Bud Crane (Signature)  
Production Superintendent

3-18-87

(Title)

(Date)

OIL CONSERVATION DIVISION  
MAR 20 1987  
APPROVED \_\_\_\_\_  
BY Frank J. [Signature]  
SUPERVISOR DISTRICT # 3  
TITLE \_\_\_\_\_

This form is to be filed in compliance with RULE 1104.  
If this is a request for allowable for a newly drilled or deepened well, this form must be accompanied by a tabulation of the deviation tests taken on the well in accordance with RULE 111.  
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Fill out only Sections I, II, III, and VI for changes of owner, well name or number, or transporter, or other such change of condition.  
Separate Forms C-104 must be filed for each pool in multiply completed wells.

2-NMOC, Aztec  
1-File

OIL CONSERVATION DIVISION

Hobbs  
P.O. Box 1980  
Hobbs, NM 88240

Artesia  
P.O. Drawer DD  
Artesia, NM 88210

Aztec  
1000 Rio Brazos  
Aztec, NM 87410

MAR 27 1987

NOTICE OF GAS WELL - CONNECTION / RECONNECTION / DISCONNECTION

This is to notify the Oil Conservation Division of the following:

Connection	_____	First Delivery	_____	Date	_____	Initial Potential	_____
Reconnection	X	First Delivery	12-13-86	Date	_____	Initial Potential	_____
Disconnection	_____						

for delivery of gas from the DUGAN PRODUCTION CORP.  
Operator

Holly

Lease

94-413-55  
Meter Code Site Code

1 L 16-24N-9W  
Well No. Unit Letter S-T-R

Bisti Lower Gallup

Pool

was made on 12-13-86  
date

AOF

DUGAN PRODUCTION CORP.

Choke

Transporter

*Bud Crane*  
Bud Crane - Production Superintendent

Representative Name/Title  
(Please type or print)

Representative Signature

OCD use only	
County	_____
Land Type	_____
Liq. Transporter	_____

RECEIVED

Submit in duplicate to the appropriate district office. MAR 20 1987

OIL CON. DIV.  
DIST. 3

5015 GR

2-NMOCD, Aztec  
1-File

OIL CONSERVATION DIVISION

**Hobbs**  
P.O. Box 1980  
Hobbs, NM 88240

**Artesia**  
P.O. Drawer DD  
Artesia, NM 88210

**Aztec**  
1000 Rio Brazos  
Aztec, NM 87410

**NOTICE OF GAS WELL - CONNECTION / RECONNECTION / DISCONNECTION**

This is to notify the Oil Conservation Division of the following:

<b>Connection</b>	_____	<b>First Delivery</b>	_____	<b>Date</b>	_____	<b>Initial Potential</b>	_____
<b>Reconnection</b>	<u>X</u>	<b>First Delivery</b>	12-13-86	<b>Date</b>	_____	<b>Initial Potential</b>	_____
<b>Disconnection</b>	_____						

for delivery of gas from the DUGAN PRODUCTION CORP.  
Operator

Holly

Lease

94-853-55

1

L

16-24N-9W

Meter Code            Site Code           

Well No.            Unit Letter           

S-T-R

Basin Dakota

Pool

was made on 12-13-86  
date

            
AOF

DUGAN PRODUCTION CORP.

            
Choke

            
Transporter

Bud Crane  
Bud Crane - Production Superintendent

            
Representative Name/Title  
(Please type or print)

            
Representative Signature

<b>OCD use only</b>	
County	_____
Land Type	_____
Liq. Transporter	_____

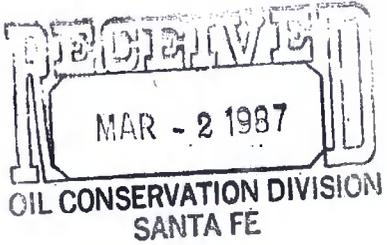
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Submit in duplicate to the appropriate district office. MAR 20 1987

*5/15/87 GR*

**OIL CON. DIV.  
DIST. 3**

EL PASO NATURAL GAS COMPANY  
POST OFFICE BOX 990  
FARMINGTON, NEW MEXICO



NOTICE OF DISCONNECT

DATE FEBRUARY 5, 1987

THIS IS TO NOTIFY THE OIL CONSERVATION COMMISSION THAT A DISCONNECT ON

DUGAN PRODUCTION

Operator

HOLLY #1 CM

Well Name

03-481-01

Meter Code

36425-01

Site Code

L

Well Unit

16-24-9

S-T-R

BISTI GALLUP  
BASIN DAKOTA

Pool

EL PASO NATURAL GAS

Name of Purchaser

WAS MADE ON

DECEMBER 12, 1986

Date

DUE TO TEMPORARY DISCONNECT FROM OUR GATHERING SYSTEM TO TURN OVER TO DUGAN PRODUCTION.

EL PASO NATURAL GAS CO.

Purchaser

Shari Henderson  
Representative

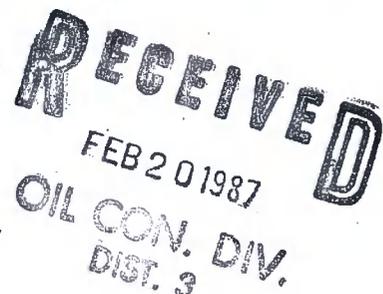
Clerk, Technical Support

Title

S  
045  
GR

XC: OPERATOR  
OIL CONSERVATION COMMISSION - (2)  
PRODUCTION CONTROL - El Paso  
LEASE DEVELOPMENT - El Paso  
CONTRACT ADMINISTRATION - El Paso

FILE



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BY	
OFFICE	
OPERATOR	

5a. Indicate Type of Lease  
 State  Fee   
 5. State Oil & Gas Lease No.  
 LG-1035

**SUNDRY NOTICES AND REPORTS ON WELLS**  
 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR.  
 USE "APPLICATION FOR PERMIT..." (FORM C-101) FOR SUCH PROPOSALS.)

GAS WELL  OTHER-  
 Name of Operator: Dugan Production Corp.  
 Address of Operator: P O Box 208, Farmington, NM 87401  
 Location of Well: LETTER L 1850' FEET FROM THE South LINE AND 990' FEET FROM West LINE, SECTION 16 TOWNSHIP 24 N RANGE 9 W NMPM.

7. Unit Agreement Name  
 8. Farm or Lease Name: Holly  
 9. Well No.: #1  
 10. Field and Pool, or Wildcat: Bisti Lower GA/Basin DK  
 12. County: San Juan

15. Elevation (Show whether DF, RT, GR, etc.)  
 6 882' GL 6894' KB

Check Appropriate Box To Indicate Nature of Notice, Report or Other Data  
 SUBSEQUENT REPORT OF:

NOTICE OF INTENTION TO:  
 REMEDIAL WORK  
 PARTIALLY ABANDON  
 ALTER CASING  
 PLUG AND ABANDON  
 CHANGE PLANS  
 OTHER

SUBSEQUENT REPORT OF:  
 REMEDIAL WORK  
 COMMENCE DRILLING OPNS.  
 CASING TEST AND CEMENT JOB  
 ALTERING CASING  
 PLUG AND ABANDONMENT  
 OTHER Commingling

Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed operations) SEE RULE 1703.

Under the authority of NMOCD Order #R-7143, production from the Gallup and Dakota formations is now commingled in the well bore as follows:

12-1-82 Pulled bridge plug and reset tubing at 6426' RKB (2-3/8")

**RECEIVED**  
 OCT - 4 1983  
 OIL CON. DIV.  
 DIST. 3

I hereby certify that the information above is true and complete to the best of my knowledge and belief.  
 Signature: Jim L. Jacobs TITLE: Geologist DATE: 10-4-83  
 Signature: [Signature] TITLE: SUPERVISOR DISTRICT 3 DATE: OCT 4 1983

STATE OF NEW MEXICO  
STATE LAND OFFICE  
ACTIVE COMMUNITIZATIONS

COMMUNITIZATION NAME: Dugan Production Corp.-Holly Com Well No. 1

OPERATOR: Dugan Production Corporation S/2 Section 16-T24N-R9W

DATE APPROVED: July 14, 1983

EFFECTIVE DATE: November 1, 1981

COUNTY: San Juan County

TOTAL ACREAGE: 320.00

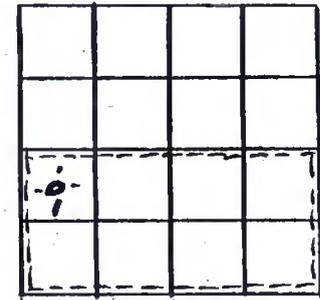
STATE ACREAGE: 320.00

DEDICATED TO: DAKOTA FORMATION

INSTITUTION: Common Schools

TERM OF COMMUNITIZATION: One year and so long as

WELL LOCATION: NW/4SW/4 (L)



<u>SEC.</u>	<u>TWP.</u>	<u>RGE.</u>	<u>SUBDIVISION</u>	<u>LEASE NO.</u>	<u>LESSEE</u>	<u>ACREAGE</u>
16	24N	9W	NW/4SE/4	B-10889-23	Amax Petroleum Corp. & Koch Ind. Inc.	40.00
16	24N	9W	SW/4SW/4, SE/4SE/4	E-6644-18	Valex Petroleum Inc.	80.00
16	24N	9W	NE/4SE/4, SW/4SE/4, E/2SW/4, NW/4SW/4	LG-1035-3	Holly Energy Inc.	320.00

EL PASO NATURAL GAS COMPANY  
POST OFFICE BOX 990  
FARMINGTON, NEW MEXICO



NOTICE OF GAS CONNECTION

DATE September 9, 1982

THIS IS TO NOTIFY THE OIL CONSERVATION COMMISSION THAT CONNECTION FOR PURCHASE OF

GAS FROM <u>Dugan Production Corp.</u>		<u>Holly #1</u>	
Operator		Well Name	
<u>94-413-01</u>	<u>34625-01</u>	<u>L</u>	<u>16-24-9</u>
Meter Code	Site Code	Well Unit	S-T-R
<u>Bisti Lower Gallup</u>		<u>El Paso Natural Gas Company</u>	
Pool		Name of Purchaser	

WAS MADE ON August 17, 1982  
Date

FIRST DELIVERY August 18, 1982  
Date

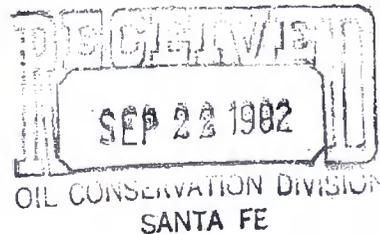
AOF 81

CHOKE 79

S  
045  
GR

El Paso Natural Gas Company  
Purchaser  
M. H. Matsumura  
Representative  
Chief Division Dispatcher  
Title

cc: Operator Farmington  
Oil Conservation Commission - 2  
~~Production~~ - El Paso Production Control  
Contract Administration  
File



OIL CONSERVATION DIVISION

P. O. BOX 2088  
SANTA FE, NEW MEXICO 87501

REQUEST FOR ALLOWABLE  
AND  
AUTHORIZATION TO TRANSPORT OIL AND NATURAL GAS

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TRANSPORTER	OIL
	GAS
OPERATOR	
PRORATION OFFICE	



Operator: **DUGAN PRODUCTION CORP.**

Address: **P O Box 208, Farmington, NM 87401**

Reason(s) for filing (Check proper box):  
 New Well  Change in Transporter of:  
 Recompletion  Oil  Dry Gas   
 Change in Ownership  Casinghead Gas  Condensate

Other (Please explain): **Notification of Gas Connection**

If change of ownership give name and address of previous owner \_\_\_\_\_

**I. DESCRIPTION OF WELL AND LEASE**

Lease Name <b>Holly</b>	Well No. <b>1</b>	Pool Name, including Formation <b>Bisti Lower Gallup</b>	Kind of Lease State, Federal or Fee <b>State</b>	Lease No. <b>LG-1035</b>
Location Unit Letter <b>L</b> ; <b>1850</b> Feet From The <b>South</b> Line and <b>990</b> Feet From The <b>West</b> Line of Section <b>16</b> Township <b>24N</b> Range <b>9W</b> , NMPM, <b>San Juan</b> County				

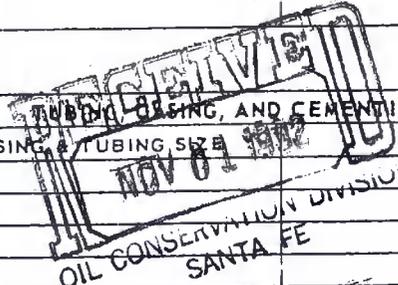
**II. DESIGNATION OF TRANSPORTER OF OIL AND NATURAL GAS**

Name of Authorized Transporter of Oil <input type="checkbox"/> or Condensate <input type="checkbox"/> <b>Giant Refining, Inc. (No change)</b>	Address (Give address to which approved copy of this form is to be sent)			
Name of Authorized Transporter of Casinghead Gas <input type="checkbox"/> or Dry Gas <input type="checkbox"/> <b>El Paso Natural Gas Co. (No change)</b>	Address (Give address to which approved copy of this form is to be sent)			
If well produces oil or liquids, give location of tanks.	Unit <b>L</b>	Sec. <b>16</b>	Twp. <b>24N</b>	Rge. <b>9W</b>
Is gas actually connected? <b>Yes</b>				When <b>8-18-82</b>

If this production is commingled with that from any other lease or pool, give commingling order number: \_\_\_\_\_

**V. COMPLETION DATA**

Designate Type of Completion - (X)	Oil Well	Gas Well	New Well	Workover	Deepen	Plug Back	Same Res'v.	Diff. Res'v.
Date Spudded	Date Compl. Ready to Prod.		Total Depth			P.B.T.D.		
Elevations (D, RT, GR, etc.)	Name of Producing Formation		Top Oil/Gas Pay			Tubing Depth		
Perforations						Depth Casing Shoe		
<b>TUBING, CASING, AND CEMENTING RECORD</b>								
HOLE SIZE		CASING TUBING SIZE		DEPTH SET		SACKS CEMENT		



**VI. TEST DATA AND REQUEST FOR ALLOWABLE OIL WELL** (Test must be after recovery of total volume of load oil and must be equal to or exceed top allowable for this depth or be for full 24 hours)

Date First New Oil Run To Tanks	Date of Test	Producing Method (Flow, pump, gas lift, etc.)	
Length of Test	Tubing Pressure	Casing Pressure	Choke Size
Actual Prod. During Test	Oil-Bbls.	Water-Bbls. <b>28</b>	Gas-MCF <b>260</b>

**GAS WELL**

Actual Prod. Test-MCF/D	Length of Test	Bbls. Condensate/MMCF	Gravity of Condensate
Testing Method (pilot, back pr.)	Tubing Pressure (shut-in)	Casing Pressure (shut-in)	Choke Size

**VII. CERTIFICATE OF COMPLIANCE**

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

**Thomas A. Dugan** (Signature)  
Petroleum Engineer (Title)

**9-20-82** (Date)

**OIL CONSERVATION DIVISION**

APPROVED **SEP 22 1982**, 19\_\_\_\_  
BY **[Signature]**  
TITLE **SUPERVISOR DISTRICT # 9**

This form is to be filed in compliance with **RULE 1104**.  
 If this is a request for allowable for a newly drilled or deepened well, this form must be accompanied by a tabulation of the deviation tests taken on the well in accordance with **RULE 111**.  
 All sections of this form must be filled out completely for allowable on new and recompleted wells.  
 Fill out only Sections I, II, III, and VI for changes of owner, well name or number, or transporter, or other such change of condition.  
 Separate Forms C-104 must be filed for each pool in multiply completed wells.

NEW MEXICO OIL CONSERVATION COMMISSION  
REQUEST FOR ALLOWABLE  
AND  
AUTHORIZATION TO TRANSPORT OIL AND NATURAL GAS

Form C-104  
Supersedes Old C-104 and C-110  
Effective 1-1-65

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	GAS
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SANTA FE

RECEIVED  
AUG 17 1982  
OIL CON. COM.  
DIST. 3

I. Operator **DUGAN PRODUCTION CORP.**  
Address **P O Box 208, Farmington, NM 87401**  
Reason(s) for filing (Check proper box)  
New Well  Change in Transporter of:  Oil  Dry Gas  Condensate   
Recompletion  Casinghead Gas  Other (Please explain) \_\_\_\_\_  
Change in Ownership

If change of ownership give name and address of previous owner \_\_\_\_\_

II. DESCRIPTION OF WELL AND LEASE  
Lease Name **Holly** Well No. **1** Pool Name, Including Formation **Bisti Lower Gallup** Kind of Lease **State, Federal or Fee** Fee **---** Lease No. **---**  
Location **L** **1850** Feet From The **South** Line and **990** Feet From The **West**  
Unit Letter **L** : **1850** Feet From The **South** Line and **990** Feet From The **West**  
Line of Section **16** Township **24N** Range **9W** , NMPM, **San Juan** County

III. DESIGNATION OF TRANSPORTER OF OIL AND NATURAL GAS  
Name of Authorized Transporter of Oil  or Condensate   
**Giant Refining, Inc.** Address (Give address to which approved copy of this form is to be sent) **P O Box 256, Farmington, NM 87401**  
Name of Authorized Transporter of Casinghead Gas  or Dry Gas   
**El Paso Natural Gas Co. (No change)** Address (Give address to which approved copy of this form is to be sent) **P O Box 990, Farmington, NM 87401**  
If well produces oil or liquids, give location of tanks. Unit **L** Sec. **16** Twp. **24N** Rge. **9W** Is gas actually connected? **No** When \_\_\_\_\_

If this production is commingled with that from any other lease or pool, give commingling order number: \_\_\_\_\_

IV. COMPLETION DATA  
Designate Type of Completion - (X)  Oil Well  Gas Well  New Well  Workover  Deepen  Plug Back  Same Res'v.  Diff. Res'v.  \*\*  
Date Spudded **8-31-81** Date Compl. Ready to Prod. **Gallup 8-5-82** Total Depth **6500' (no change)** P.B.T.D. **6465**  
Elevations (DF, RKB, RT, GR, etc.) **6882' GL; 6894' RKB** Name of Producing Formation **Gallup** Top Oil/Gas Pay **5265'** Tubing Depth **5578' RKB**  
Perforations **5265-5572, 65 holes** Depth Casing Shoe **6500' RKB**  
TUBING, CASING, AND CEMENTING RECORD  
HOLE SIZE CASING & TUBING SIZE DEPTH SET SACKS CEMENT  
**8-5/8"** **190' no change**  
**4-1/2"** **6500' no change**  
**2 3/8"** **5578**

V. TEST DATA AND REQUEST FOR ALLOWABLE (Test must be after recovery of total volume of load oil and must be equal to or exceed top allowable for this depth or be for full 24 hours)  
OIL WELL  
Date First New Oil Run To Tanks **7-29-82.** Date of Test **8-13-82** Producing Method (Flow, pump, gas lift, etc.) **flowing**  
Length of Test **24 hrs** Tubing Pressure **40 flowing** Casing Pressure **790 SI** Choke Size **3/4"**  
Actual Prod. During Test **80** Oil-Bbls. **28** Water-Bbls. **5** Gas-MCF **268**

GAS WELL  
Actual Prod. Test-MCF/D \_\_\_\_\_ Length of Test \_\_\_\_\_ Bbls. Condensate/MMCF \_\_\_\_\_ Gravity of Condensate \_\_\_\_\_  
Testing Method (pitot, back pr.) \_\_\_\_\_ Tubing Pressure (Shut-in) \_\_\_\_\_ Casing Pressure (Shut-in) \_\_\_\_\_ Choke Size \_\_\_\_\_

VI. CERTIFICATE OF COMPLIANCE \*\*Dakota Fmn temporarily abandoned - bridge plug set; plan to ask permission to commingle in well bore in the future. I hereby certify that the rules and regulations of the Oil Conservation Commission have been complied with and that the information given above is true and complete to the best of my knowledge and belief.  
**Thomas A. Dugan** (Signature)  
**Petroleum Engineer** (Title)  
**8-16-82** (Date)

OIL CONSERVATION COMMISSION  
AUG 17 1982  
APPROVED \_\_\_\_\_, 19\_\_\_\_  
BY **Frank J. Dugan** SUPERVISOR DISTRICT # 3  
TITLE \_\_\_\_\_  
This form is to be filed in compliance with RULE 1104.  
If this is a request for allowable for a newly drilled or deepened well, this form must be accompanied by a tabulation of the deviation tests taken on the well in accordance with RULE 111.  
All sections of this form must be filled out completely for allowable on new and recompleted wells.  
Fill out only Sections I, II, III, and VI for changes of owner, well name or number, or transporter, or other such change of condition.

STATE OF NEW MEXICO  
OIL AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION  
P. O. BOX 2088  
SANTA FE, NEW MEXICO 87501

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

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5a. Indicate Type of Lease  
State  Fee

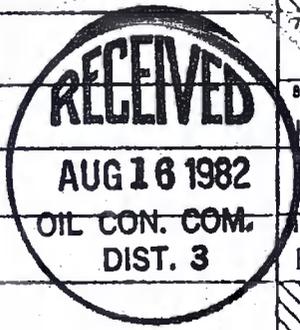
5. State Oil & Gas Lease No.

7. Unit Agreement Name

8. Farm or Lease Name  
Holly  
Well No.

10. Field and Pool, or Wildcat  
Bisti Lower Gallup

12. County  
San Juan



TYPE OF WELL  
OIL WELL  GAS WELL  DRY  OTHER

TYPE OF COMPLETION  
NEW WELL  WORK OVER  DEEPEN  PLUG BACK  DIFF. RESV.  OTHER

Name of Operator  
DUGAN PRODUCTION CORP.

Address of Operator  
P O Box 208, Farmington, NM 87401

Location of Well

LETTER L LOCATED 1850 FEET FROM THE South LINE AND 990 FEET FROM

West 16 TWP. 24N RGC. 9W NMPM

Date Spudded 8-31-81 16. Date T.D. Reached 9-21-81 17. Date Compl. (Ready to Prod.) Gallup 8-5-82 18. Elevations (DF, RKB, RT, GR, etc.) 6882' GL; 6894' RKB 19. Elev. Casinghead 6882'

Total Depth 6500' 21. Plug Back T.D. 6465' 22. If Multiple Compl., How Many \*\* 23. Intervals Drilled By TD Hotary Tools Cable Tools

Producing Interval(s), of this completion - Top, Bottom, Name  
5265-5572', Gallup

25. Was Directional Survey Made  
No

Type Electric and Other Logs Run  
Same as original completion

27. Was Well Cored  
No

CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT LB./FT.	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
8-5/8"	24	190'	12-1/4"	135 sx class B	---
4-1/2"	10.5	6500' RKB	7-7/8"	1768 cf in 2 stages	---

LINER RECORD				30. TUBING RECORD			
SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN	SIZE	DEPTH SET	PACKER-SET
None					2-3/8"	5578' RKB	Bridge plug 5877' **

Perforation Record (Interval, size and number)

5265-70, 5278-86, 5394-5408, 5430-42, 5498-5506 and 5554-72 Total of 65 holes

32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.	
DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USED
<u>5265-5572</u>	<u>2,371,200 scf N2; 168,000# 20-40 sand; 218 gal frac foam; 36 gal Aquaflow</u>

First Production 7-29-82 Production Method Flowing, gas lift, pumping - size and type pump Well Status (Prod. or Shut-in) SI

Date of Test	Hours Tested	Choke Size	Flow Rate For Test Period	Oil - Bbl.	Gas - MCF	Water - bbl.	Gas-Oil Ratio
<u>8-13-82</u>	<u>24</u>	<u>3/4"</u>	<u>28</u>	<u>28</u>	<u>268</u>	<u>-0-</u>	<u>9571</u>

Disposition of Gas (Sold, used for fuel, vented, etc.) Vented during test; to be sold Test Witnessed By Dugan

List of Attachments \*\*Dakota Formation temporarily abandoned - bridge plug set; plan to ask permission to commingle in well bore in the future. Formation tops same as originally reported.

I hereby certify that the information shown on both sides of this form is true and complete to the best of my knowledge and belief

Thomas A. Dugan Petroleum Engineer DATE 8-13-82



STATE OF NEW MEXICO  
LAND AND MINERALS DEPARTMENT

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OIL CONSERVATION DIVISION  
P. O. BOX 2088  
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1-Roch  
1-Read Stevens

Form C-103  
Revised 10-1-78

5a. Indicate Type of Lease  
State  Fee   
5. State Oil & Gas Lease No.  
LG-1035

SUNDRY NOTICES AND REPORTS ON WELLS

DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR.  
USE "APPLICATION FOR PERMIT..." (FORM C-101) FOR SUCH PROPOSALS.

WATER WELL  GAS WELL  OTHER

Operator  
Dugan Production Corp.  
Address of Operator  
P O Box 208, Farmington, NM 87401

Location of Well  
Letter L 1850' FEET FROM THE South LINE AND 990 FEET FROM West  
LINE, SECTION 16 TOWNSHIP 24 N RANGE 9 W

7. Unit Agreement Name  
8. Farm or Lease Name  
Holly  
9. Well No.  
#1  
10. Field and Pool, or Wildcat  
12. County  
San Juan

15. Elevation (Show whether DF, RT, GR, etc.)  
6 882' GL 6894' KB

Check Appropriate Box To Indicate Nature of Notice, Report or Other Data  
SUBSEQUENT REPORT OF:

NOTICE OF INTENTION TO:

REMEDIAL WORK  PLUG AND ABANDON  CHANGE PLANS

REMEDIAL WORK  COMMENCE DRILLING OPS.  CASING TEST AND CEMENT JOB  OTHER \_\_\_\_\_

ALTERING CASING  PLUG AND ABANDONMENT

Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

Request permission to temporarily abandon the Dakota Formation by setting a bridge plug at 5877'. Plan to produce the Gallup Formation at this time and ask permission to commingle the Dakota and Gallup production in the well bore in the future.



Approval expires 8-19-83

I hereby certify that the information above is true and complete to the best of my knowledge and belief.  
Thomas A. Dugan TITLE Petroleum Engineer DATE 8-17-82

Supervisor District #3 TITLE \_\_\_\_\_ DATE AUG 19 1982

All distances must be from the outer boundaries of the Section.

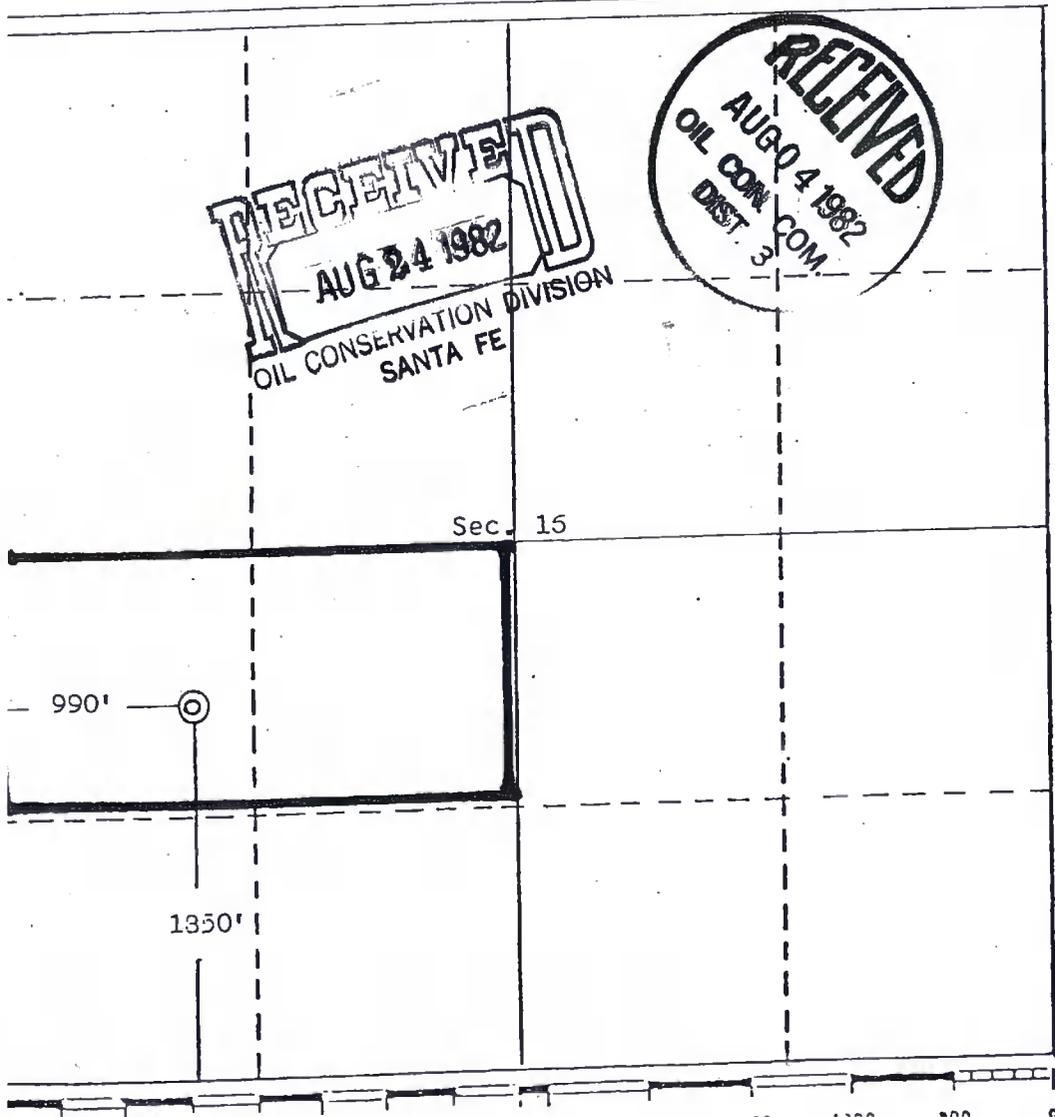
Operator Dugan Production Corporation		Lease Holly		Well No. 1
Letter E	Section 15	Township 24 North	Range 9 West	County San Juan
Well Location of Well: 1850 feet from the South line and 990 feet from the West line				
Surface Level Elev. 5882	Producing Formation Gallup	Pool Bisti Lower Gallup	Dedicated Acreage: 80 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes  No If answer is "yes," type of consolidation \_\_\_\_\_

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) \_\_\_\_\_

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Division.



**CERTIFICATION**

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

*Thomas A. Dugan*

Name: Thomas A. Dugan  
Position: Petroleum Engineer  
Company: Dugan Production Corp.  
Date: 8-2-82

Date Surveyed: August 1, 1981  
Registered Professional Engineer and/or Land Surveyor

*Edgar L. Risenhoover*  
Certificate No. 5979  
Edgar L. Risenhoover, L.S.

MINERALS DEPARTMENT

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OIL CONSERVATION DIVISION  
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SANTA FE, NEW MEXICO 87501

1-Roch

Form C-103  
Revised 10-1-78

5a. Indicate Type of Lease  
State  Fee

5. State Oil & Gas Lease No.  
LG-1035

7. Unit Agreement Name

8. Farm or Lease Name  
Holly

9. Well No.  
#1

10. Field and Pool, or Wildcat  
Basin Dakota / Bisti Lower Gallup

12. County  
San Juan

**SUNDRY NOTICES AND REPORTS ON WELLS**  
DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR.  
USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

GAS WELL  OTHER

Operator  
Dugan Production Corp.

Address of Operator  
P O Box 208, Farmington, NM 87401

Location of well  
L 1850' FEET FROM THE South LINE AND 990 FEET FROM  
West LINE, SECTION 16 TOWNSHIP 24 N RANGE 9 W N.M.P.M.

15. Elevation (Show whether DF, RT, GR, etc.)  
6 882' GL 6894' KB

Check Appropriate Box To Indicate Nature of Notice, Report or Other Data  
SUBSEQUENT REPORT OF:

NOTICE OF INTENTION TO:

REMEDIAL WORK  PLUG AND ABANDON  REMEDIAL WORK  ALTERING CASING   
PARTIALLY ABANDON  COMMENCE DRILLING OPS.  PLUG AND ABANDONMENT   
ALTER CASING  CHANGE PLANS  CASING TEST AND CEMENT JOB   
OTHER

Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

Plan to perforate the Gallup Formation 5265-5572, foam frac with 175,000# sand and attempt a dual completion on this well.

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SANTA FE

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DIST. 3

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

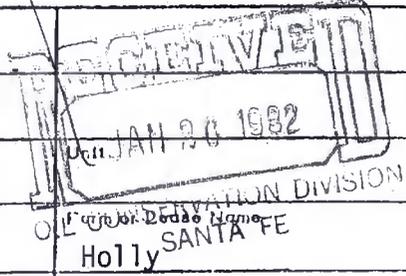
By Thomas A. Dugan TITLE Petroleum Engineer DATE 7-29-82

By [Signature] TITLE SUPERVISOR DISTRICT # 3 DATE JUL 30 1982

CONDITIONS OF APPROVAL, IF ANY:

MULTIPOINT AND ONE POINT BACK PRESSURE TEST FOR GAS WELL

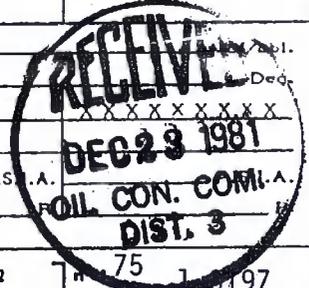
Type Test <input checked="" type="checkbox"/> Initial <input type="checkbox"/> Annual <input type="checkbox"/> Special		Test Date 12-20-81	
Company Dugan Production Corp.		Connection	
Pool Basin Dakota		Formation Dakota	
Completion Date 11-20-81		Total Depth 6500'	Plug Back TD 6465'
		Elevation 6882'	
Coq. Size 4 1/2"	Wt. 10.5	d 4.052	Set At 6500
		Perforations From 6431 To 6452	
Tbg. Size 1 1/2"	Wt. 2.9	d 1.610	Set At 6440
		Perforations From open ended To	
Type Well - Single - Brodenhead - G.G. or G.O. Multiple Single gas		Packer Set At ---	
Producing Thru tbg.		Baro. Press. - P <sub>a</sub>	
Reservoir Temp. *F @		Mean Annual Temp. *F	
L		H	G <sub>g</sub>
		0.64 est.	
% CO <sub>2</sub>		% N <sub>2</sub>	
% H <sub>2</sub> S		Prover	
Meter Run		Taps	



FLOW DATA						TUBING DATA		CASING DATA		Duration of Flow
NO.	Prover Line Size	X	Orifice Size	Press. p.s.i.g.	Diff. h <sub>w</sub>	Temp. *F	Press. p.s.i.g.	Temp. *F	Press. p.s.i.g.	
51							1182		1185	
1.										
2.										
3.	2" 1/2"	positive	Chk 3			52	-		180	
4.										
5.										

RATE OF FLOW CALCULATIONS							
NO.	Coefficient (24 Hour)	$\sqrt{h_w P_m}$	Pressure P <sub>m</sub>	Flow Temp. Factor F <sub>t</sub>	Gravity Factor F <sub>g</sub>	Super Compress. Factor F <sub>pv</sub>	Rate of Flow Q, Mcfd
1							
2							
3	5.4315		15	1.0078	0.9682	1.000	79
4							
5							

NO.	R <sub>g</sub>	Temp. *R	T <sub>r</sub>	Z	Gas Liquid Hydrocarbon Ratio _____
1.					A.P.I. Gravity of Liquid Hydrocarbons _____
2.					Specific Gravity Separator Gas _____
3.					Specific Gravity Flowing Fluid _____ X X X X X
4.					Critical Pressure _____ P.S.I.A.
5.					Critical Temperature _____



P<sub>c</sub> 1197 P<sub>c</sub><sup>2</sup> 1,432,809

NO.	P <sub>1</sub> <sup>2</sup>	P <sub>w</sub>	P <sub>w</sub> <sup>2</sup>	P <sub>c</sub> <sup>2</sup> - P <sub>w</sub> <sup>2</sup>	(1) $\frac{P_c^2}{P_w^2 - P_w^2} = 1.026$	(2) $\left[ \frac{P_c^2}{P_w^2 - P_w^2} \right]^n = 75$
1						
2						
3		192	36,864	1,395,945	5 AOF = Q $\left[ \frac{P_c^2}{P_w^2 - P_w^2} \right]^n = 81$	
4						
5						

Absolute Open Flow 81 Mcfd @ 15.025 Angle of Slope  $\phi$  \_\_\_\_\_ Slope, n \_\_\_\_\_

Remarks: \_\_\_\_\_

Approved By Division \_\_\_\_\_ Conducted By: \_\_\_\_\_ Calculated By: Dugan \_\_\_\_\_ Checked By: \_\_\_\_\_

OIL CONSERVATION DIVISION

P. O. BOX 208B  
 SANTA FE, NEW MEXICO 87501

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

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OPERATOR	

5a. Indicate Type of Lease  
 State  Free

5. State Oil & Gas Lease No.  
**LG-1035**

7. Unit Agreement Name

8. Form or Lease Name  
 Holly

9. Well No.  
 1

10. Field and Pool, or Willcut  
 DK Basin Dakota

TYPE OF WELL  
 OIL WELL  GAS WELL  DRY  OTHER \_\_\_\_\_

TYPE OF COMPLETION  
 NEW WELL  WORK OVER  DEEPEN  PLUG BACK  DIFF. RESVR.  OTHER \_\_\_\_\_

Name of Operator  
 DUGAN PRODUCTION CORP.

Address of Operator  
 P O Box 208, Farmington, NM 87401

Location of Well  
 BY LETTER L LOCATED 1850 FEET FROM THE South LINE AND 990 FEET FROM \_\_\_\_\_

West 16 TWP. 24N RGE. 9W COUNTY  
 San Juan

Date Spudded 8-31-81 16. Date T.D. Reached 9-21-81 17. Date Compl. (Ready to Prod.) 11-20-81 18. Elevations (DF, RAIL, RT, GR, etc.) 6882' GL 19. Elev. Casinghead \_\_\_\_\_

Total Depth 6500' 21. Plug Back T.D. 6465' 22. If Multiple Compl., How Many single 23. Intervals Drilled By: Rotary Tools XX Cable Tools \_\_\_\_\_

Producing Interval(s), of this completion - Top, Bottom, Name  
6431' - 6452, Dakota 25. Was Directional Survey Made NO

Type Electric and Other Logs Run  
IES, CDL, GR-CCL 27. Was Well Cored NO

CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT LB./FT.	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
8-5/8"	24	190'	12-1/4"	135 sx class B	---
4-1/2"	10.5	6500' RKB	7-7/8"	1768 cf in 2 stages	---

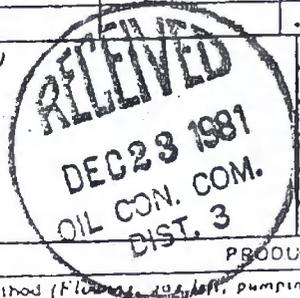
LINER RECORD

SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN
None				

TUBING RECORD

SIZE	DEPTH SET	PACKER SET
1 1/2"	6440' RKB	---

Perforation Record (Interval, size and number)  
6431 - 52, 8 holes



32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USED
6431-52	250 gal 15% HCL, 30,000 gal Mini Max III-30, 42,000# 20-40 sand, 600 gal diesel, 32 gal Aquaflo, 32 gal x-cide

PRODUCTION

First Production \_\_\_\_\_ Production Method (Flowing, gas lift, pumping - Size and type pump) flowing Well Status (Prod. or Shut-in) SI

Date of Test	Hours Tested	Choke Size	Prod'n. For Test Period	Oil - bbl.	Gas - MCF	Water - bbl.	Gas-Oil Ratio
12-2-0-81	3	1/2" pos.			79		
Flowing Tubing Press.	Casing Pressure	Calculated 24-Hour Rate	Oil - bbl.	Gas - MCF	Water - bbl.	Oil Gravity - API (Corr.)	
3 (choke)	1185 SI			81 CAOF			

Disposition of Gas (Sold, used for fuel, vented, etc.) \_\_\_\_\_ Test Witnessed By \_\_\_\_\_

List of Attachments \_\_\_\_\_

I hereby certify that the information shown on both sides of this form is true and complete to the best of my knowledge and belief.  
 Thomas A. Dugan TITLE Petroleum Engineer DATE 12-20-81



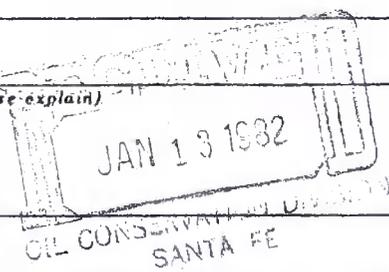
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TRANSPORTER	OIL
	GAS
OPERATOR	
PRORATION OFFICE	

REQUEST FOR ALLOWABLE  
AND  
AUTHORIZATION TO TRANSPORT OIL AND NATURAL GAS

**I. OPERATOR**  
Operator: **DUGAN PRODUCTION CORP.**  
Address: **P O Box 208, Farmington, NM 87401**

Reason(s) for filing (Check proper box)  
 New Well  Change in Transporter of:  
 Recompletion  Oil  Dry Gas   
 Change in Ownership  Casinghead Gas  Condensate

Other (Please explain):



If change of ownership give name and address of previous owner:

**II. DESCRIPTION OF WELL AND LEASE**

Lease Name <b>Holly</b>	Well No. <b>1</b>	Pool Name, Including Formation <b>Basin Dakota</b>	Kind of Lease State, Federal or Fee	STATE Fee	Lease No. Fee <b>LG 1035</b>
Location Unit Letter <b>L</b> , <b>1850</b> Feet From The <b>South</b> Line and <b>990</b> Feet From The <b>West</b> Line of Section <b>16</b> Township <b>24N</b> Range <b>9W</b> , NMPM, <b>San Juan</b> County					

**III. DESIGNATION OF TRANSPORTER OF OIL AND NATURAL GAS**

Name of Authorized Transporter of Oil <input type="checkbox"/> or Condensate <input checked="" type="checkbox"/> <b>Inland Corp.</b>	Address (Give address to which approved copy of this form is to be sent) <b>P O Box 1528, Farmington, NM 87401</b>				
Name of Authorized Transporter of Casinghead Gas <input type="checkbox"/> or Dry Gas <input checked="" type="checkbox"/> <b>El Paso Natural Gas Co.</b>	Address (Give address to which approved copy of this form is to be sent) <b>P O Box 990, Farmington, NM 87401</b>				
If well produces oil or liquids, give location of tanks.	Unit <b>L</b>	Sec. <b>16</b>	Twp. <b>24N</b>	Rge. <b>9W</b>	Is gas actually connected? When <b>No</b>

If this production is commingled with that from any other lease or pool, give commingling order number:

**IV. COMPLETION DATA**

Designate Type of Completion - (X)	Oil Well	Gas Well	New Well	Workover	Deepen	Plug Back	Same Res'v.	Diff. Res'v.
		<b>XX</b>	<b>XX</b>					
Date Spudded <b>8-31-81</b>	Date Compl. Ready to Prod. <b>11-20-81</b>		Total Depth <b>6500' RKB</b>			P.B.T.D. <b>6465'</b>		
Elevations (DA, RT, GR, etc.) <b>6882' GL</b>	Name of Producing Formation <b>Dakota</b>		Top Oil/Gas Pay <b>6431'</b>			Tubing Depth <b>6440' RKB</b>		
Perforations <b>6431-52, 8 holes</b>						Depth Casing Shoe <b>6500' RKB</b>		
<b>TUBING, CASING, AND CEMENTING RECORD</b>								
HOLE SIZE	CASING & TUBING SIZE		DEPTH SET			SACKS CEMENT		
<b>12-1/4"</b>	<b>8-5/8"</b>		<b>190'</b>			<b>135 sx class B</b>		
<b>7-7/8"</b>	<b>4-1/2"</b>		<b>6500' RKB</b>			<b>1768 cf in 2 stages</b>		

**V. TEST DATA AND REQUEST FOR ALLOWABLE OIL WELL**

(Test must be after recovery of total volume of load oil and must be equal to or exceed top allowable for this depth or be for full 24 hours)

Date First New Oil Run To Tanks	Date of Test	Producing Method (Flow, pump, gas lift, etc.)	
Length of Test	Tubing Pressure	Casing Pressure	Choke Size
Actual Prod. During Test	Oil-Bbls.	Water-Bbls.	Gas-MCF

**GAS WELL**

Actual Prod. Test-MCF/D <b>81 CAOF</b>	Length of Test <b>3 hrs</b>	Bbls. Condensate/MMCF	Gravity of Condensate
Testing Method (pilot, back pr.) <b>one point back pr.</b>	Tubing Pressure (shut-in) <b>1182 psi</b>	Casing Pressure (shut-in) <b>1185 psi</b>	Choke Size <b>1 1/2" POS.</b>



**VI. CERTIFICATE OF COMPLIANCE**

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

*Thomas A. Dugan*  
(Signature) **Thomas A. Dugan**  
Petroleum Engineer  
**12-20-81**  
(Date)

APPROVED \_\_\_\_\_, 19\_\_\_\_  
BY *John T. O'...*  
**SUPERVISOR DISTRICT # 3**  
TITLE \_\_\_\_\_

This form is to be filed in compliance with RULE 1104.  
If this is a request for allowable for a newly drilled or deepened well, this form must be accompanied by a tabulation of the deviation tests taken on the well in accordance with RULE 111.  
All sections of this form must be filled out completely for allowable on new and recompleted wells.  
Fill out only Sections I, II, III, and VI for changes of owner, well name or number, or transporter, or other such change of condition.  
Separate Forms C-104 must be filed for each pool in multiply

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OPERATOR	

5a. Indicate Type of Lease  
 State  Fee

5. State Oil & Gas Lease No.  
 LG-1035

7. Unit Agreement Name

8. Farm or Lease Name  
 Holly

9. Well No.  
 #1

10. Field and Pool, or Wildcat  
 Basin Dakota

12. County  
 San Juan

SUNDRY NOTICES AND REPORTS ON WELLS

(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR.  
 USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

OIL WELL  GAS WELL  OTHER

Name of Operator  
 Dugan Production Corp.

Address of Operator  
 P O Box 208, Farmington, NM 87401

Location of Well  
 L 1850' FEET FROM THE South LINE AND 990 FEET FROM  
 THE West LINE, SECTION 16 TOWNSHIP 24 N RANGE 9 W NMPM.

15. Elevation (Show whether DF, RT, GR, etc.)  
 68882' GL 6894' KB

Check Appropriate Box To Indicate Nature of Notice, Report or Other Data  
 NOTICE OF INTENTION TO: SUBSEQUENT REPORT OF:

PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
WELL OR ALTER CASING <input type="checkbox"/>	OTHER <input type="checkbox"/>	CASING TEST AND CEMENT JOB <input checked="" type="checkbox"/>	OTHER <input type="checkbox"/>

Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

See reverse for report of 4 1/2" casing and cement.

CORRECTED REPORT  
 Replaces sundry of 9-22-81



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

SIGNED Thomas A. Dugan TITLE Petroleum Engineer DATE 9-23-81

APPROVED BY Frank T. Gray TITLE SUPERVISOR DISTRICT # 3 DATE SEP 25 1981

CONDITIONS OF APPROVAL, IF ANY:

9-22-81

Ran 163 jts. 4½" OD, 10.5#, K-55, 8 Rd, ST&C csg.  
T.E. 6506.40' set at 6500' RKB.

Cemented first stage w/ 10 bbls mud flush followed by 250 sx class "B" 4% gel and ½# flocele per sk followed by 150 sx class "B" neat w/ ½# flocele per sk. Good circ. throughoug job, reciprocated casing while cementing. Maximum cementing pressure, 1000 psi. Bumped plug w/ 2350 psi. Float held OK. Total cement slurry first stage 565 cu.ft.

Dropped opening bomb. Opened stage tool at 4470'. Circulated with rig pump three hours.

Cemented second stage w/ 10 bbls mud flush followed by 400 sx 65-35 plus 12% gel and ½# flocele per sk followed by 100 sx class "B" 4% gel w/ ½# flocele per sk. Total cement slurry 1203 cu.ft.

Good returns throughout job. Circ. trace of cement to surface. Maximum cementing pressure 1100 psi. Closed stage tool w/ 2200 psi. Held OK. Job complete at 1:10 p.m. 9-21-81.

Nippled down BOP. Set 4½" csg. slips. Cut off csg. Released rig at 2:15 p.m. 9-21-81.

1-Rock

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LAND OFFICE	
OPERATOR	

5a. Indicate Type of Lease  
State  Fee

5. State Oil & Gas Lease No.  
LG-1035

SUNDRY NOTICES AND REPORTS ON WELLS

(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT..." (FORM C-101) FOR SUCH PROPOSALS.)

OIL WELL  GAS WELL  OTHER

7. Unit Agreement Name

8. Farm or Lease Name  
Holly

9. Well No.  
#1

10. Field and Pool, or Wildcat  
Basin Dakota

11. Location of Well  
UNIT LETTER L 1850' FEET FROM THE South LINE AND 990 FEET FROM THE West LINE, SECTION 16 TOWNSHIP 24 N RANGE 9 W NMPM.

12. County  
San Juan

15. Elevation (Show whether DF, RT, GR, etc.)  
68882' GL 6894' KB

Check Appropriate Box To Indicate Nature of Notice, Report or Other Data  
NOTICE OF INTENTION TO: SUBSEQUENT REPORT OF:

PERFORM REMEDIAL WORK  PLUG AND ABANDON  REMEDIAL WORK  ALTERING CASING

TEMPORARILY ABANDON  CHANGE PLANS  COMMENCE DRILLING OPNS.  PLUG AND ABANDONMENT

WELL OR ALTER CASING  OTHER  CASING TEST AND CEMENT JOB  OTHER completion

Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

9-30-81 Perforate Dakota 6431, 33, 35, 37, 46, 48, 50, 52.

10-1-81 Acidize w/ 250 gal. 15% HCL.

SEE REVERSE FOR DETAILS OF FRAC 10-3-81 and 1 1/2" TBG. 10-5-81.



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

WITNESSED BY Jim L. Jacobs TITLE Geologist DATE 10-7-81

APPROVED BY Charles Johnson TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 3 DATE OCT 7 - 1981

CONDITIONS OF APPROVAL, IF ANY:

10-3-81 Rig up Western Co. Fraced well as follows:

6,000 gal Mini Max III-30 w/ 2% oil phase - pad  
3,000 gal Mini Max III-30 w/ 2% oil phase w/ 1/2# 20-40 sand  
3,000 gal Mini Max III-30 w/ 2% oil phase w/ 1# 20-40 sand  
6,000 gal Mini Max III-30 w/ 2% oil phase w/ 1 1/2# 20-40 sand  
6,000 gal Mini Max III-30 w/ 2% oil phase w/ 2# 20-40 sand  
6,000 gal Mini Max III-30 w/ 2% oil phase w/ 3# 20-40 sand  
4,308 gal fresh water flush

ISDP 2600 spi 15 min 200 psi  
Max press 3500 psi, Min press 3200  
Ave treating press 3250 at 18 BPM

Totals: 30,000 gal Mini Max III-30 32 gal x-cide  
42,000# 20-40 sand 25# B-5 breaker  
600 gal diesel 33 gal CL-9  
32 gal Aquaflo

10-5-81 Opened well up. Flowing back small amount of water. Went in hole w/ tbg. Tagged up at 6465'. Landed tbg. as follows:

201 jts. 1 1/2" OD, 2.9#, V-55, 10 Rd, EUE tbg.  
T.E. 6432.49' set at 6440' RKB w/ cross pin on bottom  
for swab stop.

Rig up swab. Swabbed well down to 2400'. Shut in.

10-6-81 Csg. press "0" psi. Fluid level 1100' down from surface.  
Swabbed down to 3300'. Fluid is gas cut. Show of gas increasing.

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OPERATOR	

3a. Indicate Type of Lease  
State  Fee

5. State Oil & Gas Lease No.  
LG-1035

SUNDRY NOTICES AND REPORTS ON WELLS

(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

OIL WELL  GAS WELL  OTHER

Name of Operator  
Dugan Production Corp.

Address of Operator  
P O Box 208, Farmington, NM 87401

Location of well  
UNIT LETTER L 1850' FEET FROM THE South LINE AND 990 FEET FROM  
THE West LINE, SECTION 16 TOWNSHIP 24 N RANGE 9 W NMPM.

7. Unit Agreement Name

8. Farm or Lease Name  
Holly

9. Well No.  
#1

10. Field and Pool, or Wildcat  
Basin Dakota

12. County  
San Juan

15. Elevation (Show whether DF, RT, GR, etc.)  
68882' GL 6894' KB

Check Appropriate Box To Indicate Nature of Notice, Report or Other Data  
NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input checked="" type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
REWORK OR ALTER CASING <input type="checkbox"/>	OTHER <input type="checkbox"/>	CASING TEST AND CEMENT JOB <input type="checkbox"/>	

Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

- 9-1-81 Moved in and rigged up Morrow Drlg. Rig. Spudded 12 1/2" hole at 1:00 p.m. 8-31-81. Drilled to 170' and S.D.O.N. Prep to finish surface hole and run 8-5/8" casing.
- 9-2-81 Finished drilling 12 1/2" hole to 192' G.L. Ran 5 jts. 8-5/8" O.D., 24#, K-55, 8 Rd, ST&C csg. T.E. 190' set at 190' G.L. Cemented w/ 135 sx class "B". Cement circulated. P.O.B. at 12:30 p.m. 9-1-81. Released Morrow rig. Waiting on Four Corners Rig #5.



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

DATE 9-2-81  
TITLE Petroleum Engineer

APPROVED BY Frank T. [Signature]  
TITLE SUPERVISOR DISTRICT # 3

SEP 3 - 1981

CONDITIONS OF APPROVAL, IF ANY:

OIL CONSERVATION DIVISION  
P. O. BOX 2088  
SANTA FE, NEW MEXICO 87501

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LAND OFFICE	
OPERATOR	

SEP 2 9 10 AM '81

5A. Indicate Type of Lease  
STATE  FEDERAL   
5. State Oil & Gas Lease No.  
LG-1035

APPLICATION FOR PERMIT TO DRILL, DEEPEN OR PLUG BACK

Type of Work  
Type of Well  
OIL WELL  GAS WELL  OTHER   
DRILL  DEEPEN  PLUG BACK   
SINGLE ZONE  MULTIPLE ZONE

7. Unit Agreement Name

Name of Operator  
DUGAN PRODUCTION CORP.

8. Firm or Lessee Name  
Holly

Address of Operator  
P O Box 208, Farmington, NM 87401

9. Well No.  
#1

Location of Well  
UNIT LETTER \_\_\_\_\_ LOCATED 1850' FEET FROM THE South LINE  
990' FEET FROM THE West LINE OF SEC. 16 TWP. 24N RGE. 9W NMPM

10. Field and Pool, or Wildcat  
Basin Dakota

12. County  
San Juan

13. Proposed Depth 6250'	19A. Formation Dakota	20. Rotary or C.T. Rotary
21A. Kind & Status Plug. Bond 6882' GL	21B. Drilling Contractor Four Corners Drilg.	22. Approx. Date Work will start ASAP

PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
12-1/4"	8-5/8"	24#	225'	175 sx	circ. to top
7-7/8"	4-1/2"	10.5#	6300'	1400 cu.ft.	

Plan to drill a 12 1/4" hole w/ spud mud to approx 225' and cement 8-5/8" surface casing to surface. Will then drill a 7-7/8" hole w/ mud and gel to TD to test the Basin Dakota formation. Will run IES and CDL logs. If productive, will run 4 1/2" casing to TD, selectively perforate, frac, clean out after frac and complete well.

GAS NOT DEDICATED  
**RECEIVED**  
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OIL CONSERVATION DIVISION  
SANTA FE

APPROVAL VALID  
FOR 90 DAYS UNLESS  
DRILLING COMMENCED,  
EXPIRES 2-17-82

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OIL CON. COM.  
DIST. 3

ABOVE SPACE DESCRIBE PROPOSED PROGRAM; IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.  
Signed Jerome P. McHugh Jr. Title Landman Date 8-14-81

APPROVED BY Frank J. Chang TITLE SUPERVISOR DISTRICT # 3 DATE AUG 17 1981

CONDITIONS OF APPROVAL, IF ANY:

# OIL CONSERVATION DIVISION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

Form C-102  
Revised 10-1-78

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT

All distances must be from the outer boundaries of the Section.

Operator <b>Dugan Production Corporation</b>		Lease <b>Holly</b>		Well No. <b>1</b>	
Unit Letter <b>L</b>	Section <b>15</b>	Township <b>24 North</b>	Range <b>9 West</b>	County <b>Santa Fe</b>	
Actual Footage Location of Well: <b>1850</b> feet from the <b>South</b> line and <b>990</b> feet from the <b>West</b> line					
Ground Level Elev. <b>5882</b>	Producing Formation <b>Dakota</b>	Pool <b>Basin Dakota</b>		Dedicated Acreage: <b>320</b> Acres	

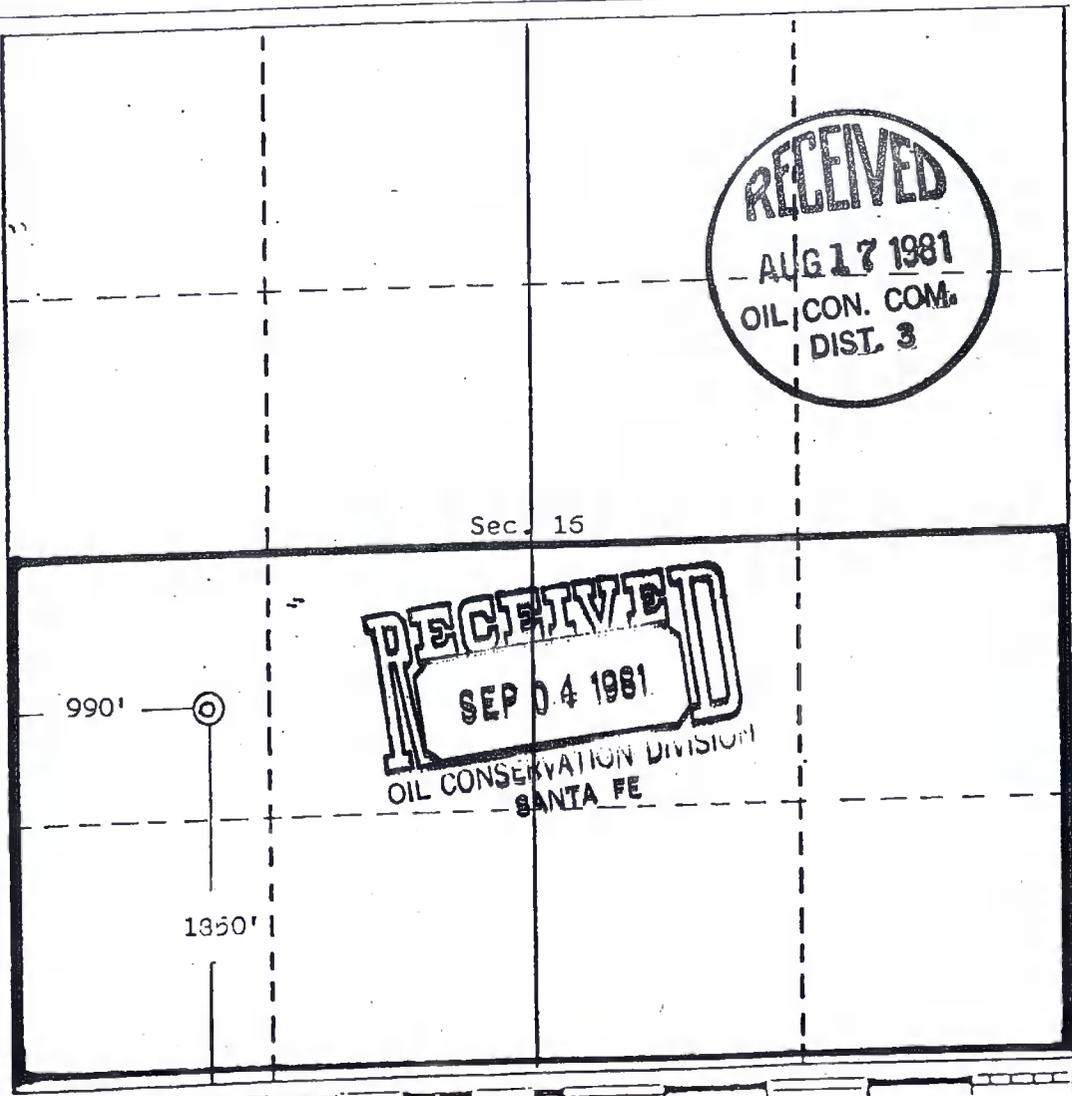
RECEIVED  
SEP 2 9 10 AM '81  
STATE LAND OFFICE  
SANTA FE, N.M.

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes  No If answer is "yes," type of consolidation \_\_\_\_\_

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) \_\_\_\_\_

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Division



### CERTIFICATION

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

*Jerome P. McHugh Jr.*  
Name  
Jerome P. McHugh Jr.  
Position  
Landman  
Company  
Dugan Production Corp.  
Date  
8-14-81

I hereby certify that the location shown on the plat was made by me or under my supervision, and that the same is correct to the best of my knowledge.

Date Surveyed  
August 1, 1981  
Registered Professional Engineer  
and/or Land Surveyor

*Edgar L. Risenhoover*  
Certificate No. 5979  
Edgar L. Risenhoover, L.S.

30-045-25149  
FORM C-101  
Revised 10-1-78

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION

P. O. BOX 2088  
SANTA FE, NEW MEXICO 87501

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LAND OFFICE	
OPERATOR	

5A. Indicate Type of Lease  
STATE  FEDERAL

5. State Oil & Gas Lease No.  
EG-1035

7. Unit Agreement Name

8. Farm or Lease Name  
Holly

9. Well No.  
#1

10. Field and Pool, or Wildcat  
Basin Dakota

12. County  
San Juan

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

a. Type of Work  
DRILL  DEEPEN  PLUG BACK

b. Type of Well  
OIL WELL  GAS WELL  OTHER

SINGLE ZONE  MULTIPLE ZONE

Name of Operator  
DUGAN PRODUCTION CORP.

Address of Operator  
P O Box 208, Farmington, NM 87401

Location of Well  
UNIT LETTER 1 LOCATED 1850' FEET FROM THE South LINE  
990' FEET FROM THE West LINE OF SEC. 16 TWP. 24N RGE. 9W NMPM



19. Proposed Depth 6250' 19A. Formation Dakota 20. Rotary or C.T. Rotary

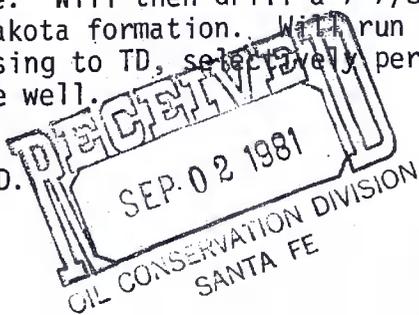
21. Elevations (Show whether DF, KI, etc.) 6882' GL 21A. Kind & Status Plug. Bond 21B. Drilling Contractor Four Corners Drlg. 22. Approx. Date Work will start ASAP

PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
12-1/4"	8-5/8"	24#	225'	175 sx	circ. to top
7-7/8"	4-1/2"	10.5#	6300'	1400 cu. ft.	

Plan to drill a 12 1/4" hole w/ spud mud to approx 225' and cement 8-5/8" surface casing to surface. Will then drill a 7-7/8" hole w/ mud and gel to TD to test the Basin Dakota formation. Will run IES and CDL logs. If productive, will run 4 1/2" casing to TD, selectively perforate, frac, clean out after frac and complete well.

GAS NOT DEDICATED.



APPROVAL VALID FOR 90 DAYS UNLESS DRILLING COMMENCED,

2-17-82



4 ABOVE SPACE DESCRIBE PROPOSED PROGRAM; IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

hereby certify that the information above is true and complete to the best of my knowledge and belief.  
Signed Jerome P. McLaughlin Jr. Title Landman Date 8-14-81  
(This space for State Use)

APPROVED BY Frank B. Gray TITLE SUPERVISOR DISTRICT # 3 DATE AUG 17 1981

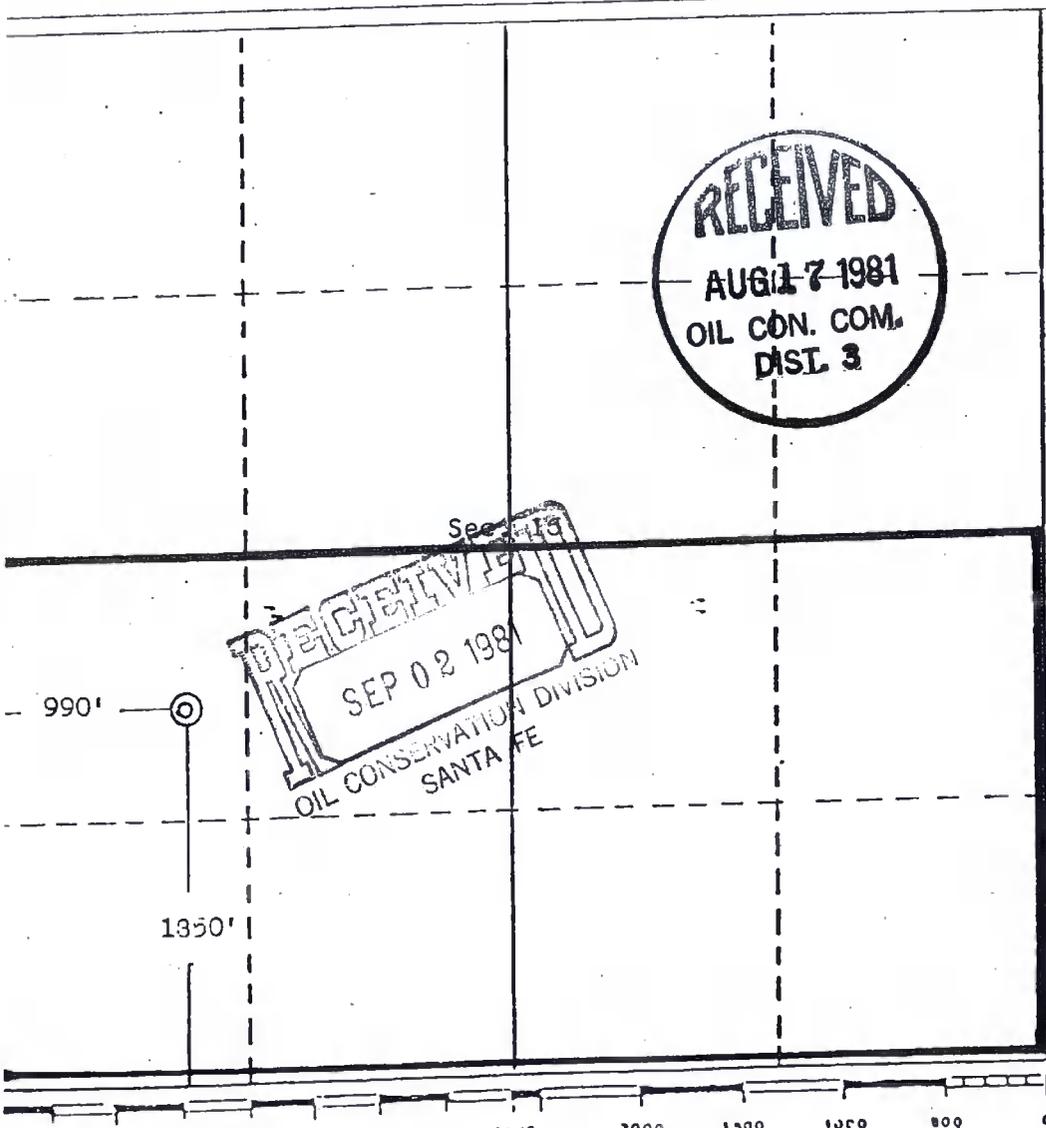
CONDITIONS OF APPROVAL, IF ANY:

All distances must be from the outer boundaries of the Section.

Owner Dugan Production Corporation		Lease Holly		Well No. 1
Section 15	Township 24 North	Range 9 West	County San Juan	
Well Location of Well: 1850 feet from the South line and 990 feet from the West line				
Well Level Elev. 5882	Producing Formation Dakota	Pool Basin Dakota	Dedicated Acreage: 320 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes  No If answer is "yes," type of consolidation \_\_\_\_\_  
If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) \_\_\_\_\_  
No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Division.



**CERTIFICATION**

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

*Jerome P. McHugh Jr.*  
Name  
Jerome P. McHugh Jr.  
Position  
Landman  
Company  
Dugan Production Corp.  
Date  
8-14-81

Date Surveyed  
August 1, 1981  
Registered Professional Engineer  
and/or Land Surveyor  
*Edgar L. Risenhoover*  
Certificate No. 5979  
Edgar L. Risenhoover, L.S.

All distances must be from the outer boundaries of the Section.

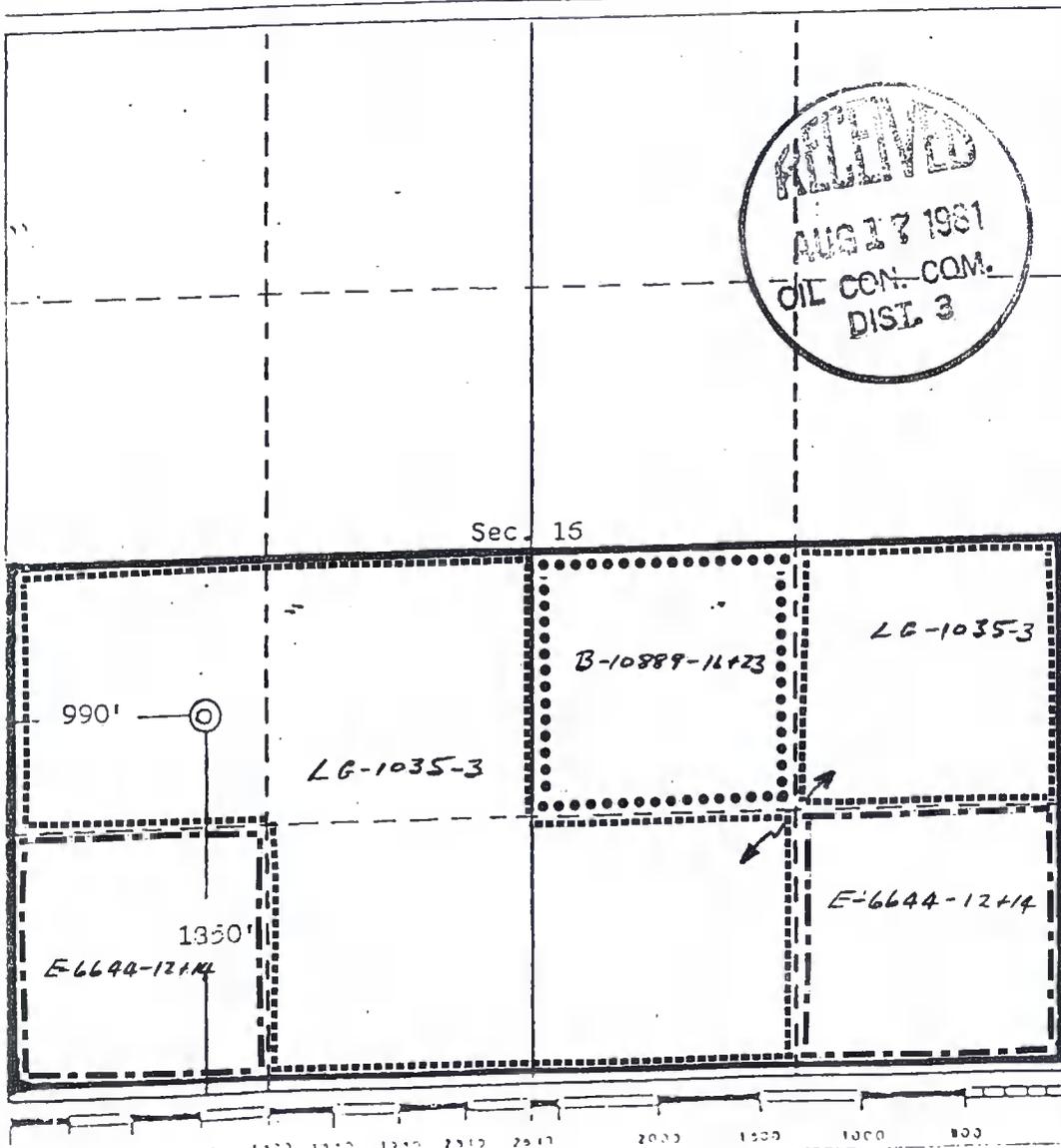
Operator Dugan Production Corporation			Lease Holly		Well No. 1
Init Letter L	Section 15	Township 24 North	Range 9 West	County San Juan	
Actual Footage Location of Well: 1850 feet from the South line and 990 feet from the West line					
Ground Level Elev. 5882	Producing Formation Dakota	Pool Basin Dakota	Dedicated Acreage: 320 Acres		

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes  No If answer is "yes," type of consolidation State Communitization

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Division.



CERTIFICATION

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

*Jerome P. McHugh Jr.*  
Name

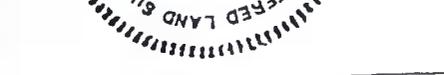
Jerome P. McHugh Jr.  
Position

Landman

Company  
Dugan Production Corp.

Date  
8-14-81

I hereby certify that the location shown on this plat was made by me or under my supervision, and that the same is correct to the best of my knowledge.



Date Surveyed  
August 1, 1981

Registered Professional Engineer and/or Land Surveyor

*Edgar L. Risenhoover*  
Certificate No. 5979

Edgar L. Risenhoover, L.S.

CMD :  
OG5SECT

ONGARD  
INQUIRE LAND BY SECTION

01/24/03 14:33:42  
OGOMES -TPEB  
PAGE NO: 1

Sec : 16 Twp : 24N Rng : 09W Section Type : NORMAL

D 40.00 CS E06644 0020 KAISER-FRANCIS OI 11/14/62 A	C 40.00 CS E06644 0020 KAISER-FRANCIS OI 11/14/62	B 40.00 CS E06644 0021 KAISER-FRANCIS OI 11/14/62	A 40.00 CS E06644 0021 KAISER-FRANCIS OI 11/14/62
E 40.00 CS E06644 0021 KAISER-FRANCIS OI 11/14/62	F 40.00 CS E06644 0021 KAISER-FRANCIS OI 11/14/62	G 40.00 CS E06644 0021 KAISER-FRANCIS OI 11/14/62	H 40.00 CS E06644 0021 KAISER-FRANCIS OI 11/14/62

M0002: This is the first page

PF01 HELP    PF02            PF03 EXIT    PF04 GoTo    PF05            PF06  
PF07 BKWD    PF08 FWD        PF09 PRINT   PF10 SDIV     PF11            PF12

CMD :  
OG5SECT

ONGARD  
INQUIRE LAND BY SECTION

01/24/03 13:20:54  
OGOMES -TPEB  
PAGE NO: 2

Sec : 16 Twp : 24N Rng : 09W Section Type : NORMAL

L 40.00 CS LG1035 0004 ENRON OIL & GAS C C 02/01/83 A	K 40.00 CS LG1035 0004 ENRON OIL & GAS C C 02/01/83	J 40.00 CS B10889 0034 QUESTAR EXPL & PR C 12/22/53	I 40.00 CS LG1035 0004 ENRON OIL & GAS C C 02/01/83
M 40.00 CS E06644 0018 VALEX PETROLEUM I C 11/14/62	N 40.00 CS LG1035 0004 ENRON OIL & GAS C C 02/01/83	O 40.00 CS LG1035 0004 ENRON OIL & GAS C C 02/01/83	P 40.00 CS E06644 0018 VALEX PETROLEUM I C 11/14/62

PF01 HELP    PF02    PF03 EXIT    PF04 GoTo    PF05    PF06  
PF07 BKWD    PF08 FWD    PF09 PRINT    PF10 SDIV    PF11    PF12

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. 7252  
Order No. R-6726

APPLICATION OF FOUR CORNERS GAS  
PRODUCERS ASSOCIATION FOR  
DESIGNATION OF A TIGHT FORMATION,  
SAN JUAN AND RIO ARRIBA COUNTIES,  
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on May 6, 1981,  
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 16th day of July, 1981, 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, Four Corners Gas Producers  
Association, requests that the Division in accordance with  
Section 107 of the Natural Gas Policy Act, and 18 C.F.R. §271.703  
recommend to the Federal Energy Regulatory Commission that the  
Dakota formation underlying the following lands situated in San  
Juan and Rio Arriba Counties, New Mexico, hereinafter referred  
to as the Dakota formation, be designated as a tight formation  
in said Federal Energy Regulatory Commission's regulations:

TOWNSHIP 24 NORTH, RANGE 7 WEST, NMPM

Sections 5 through 8: All  
Sections 17 through 20: All  
Sections 29 through 32: All

TOWNSHIP 24 NORTH, RANGE 8 WEST, NMPM

Sections 1 through 36: All

TOWNSHIP 24 NORTH, RANGE 9 WEST, NMPM  
Sections 1 through 36: All

TOWNSHIP 24 NORTH, RANGE 10 WEST, NMPM  
Sections 1 through 36: All

TOWNSHIP 25 NORTH, RANGE 7 WEST, NMPM  
Sections 5 through 8: All  
Sections 17 through 20: All  
Sections 29 through 32: All

TOWNSHIP 25 NORTH, RANGE 8 WEST, NMPM  
Sections 1 through 36: All

TOWNSHIP 25 NORTH, RANGE 9 WEST, NMPM  
Sections 1 through 3: All  
Sections 10 through 15: All  
Sections 22 through 27: All  
Sections 31 through 36: All

TOWNSHIP 25 NORTH, RANGE 10 WEST, NMPM  
Sections 8 through 10: All  
Sections 14 through 17: All  
Sections 20 through 23: All  
Sections 26 through 36: All

Containing a total of 135,040 acres, more or less.

(3) That the Dakota formation underlies all of the above described lands; that the formation consists of barrier beach deposits about 40 to 60 feet thick, composed of fine grained, quartz-rich sandstones characterized by an increase in grain size upward and low angle crossbedding; that the top of such formation is found at an average depth of 6350 feet below the surface of the area set out in Finding No. (2) above; and that the thickness of such formation is from 200 to 350 feet within said area.

(4) That the type section for the Dakota formation for the proposed tight formation designation is found at a depth of from approximately 6048 feet to 6338 feet on the Induction Electrical log dated February 17, 1975, from the Universal Resources Grigsby Federal Well No. 4 located in Unit 1 of Section 8, Township 25 North, Range 10 West, San Juan and Rio Arriba Counties, New Mexico.

(5) That the following described wells produce natural

gas from the Dakota formation within the proposed area:

Dugan Production Company, M.F. No. 1	NW/4 SW/4, Section 18, Township 24 North, Range 9 West
Dugan Production Company, April Surprise No. 2	NW/4 SW/4, Section 30, Township 24 North, Range 9 West
Kay Kimball, Liberman No. 1	SE/4 SE/4, Section 5, Township 25 North, Range 7 West
Merrion & Bayless, Stephenson No. 1	SW/4 NE/4, Section 17, Township 25 North, Range 8 West
Merrion & Bayless, South Huerfano No. 1 (Previously the Pilgram No. 1)	SW/4 SW/4, Section 35, Township 25 North, Range 8 West
El Paso Natural Gas Company, Nageezi No. 4	NW/4 NW/4, Section 1, Township 25 North, Range 9 West
El Paso Natural Gas Company, Nageezi No. 2	NE/4 SE/4, Section 1, Township 25 North, Range 9 West
El Paso Natural Gas Company, Nageezi No. 5	SW/4 NW/4, Section 12, Township 25 North, Range 9 West
El Paso Natural Gas Company, Nageezi No. 3	NE/4 NE/4, Section 13, Township 25 North, Range 9 West
El Paso Natural Gas Company, Hostein Yazza No. 1	NW/4 SW/4, Section 26, Township 25 North, Range 9 West
Petroleum Corporation of Texas, Mobil Rudman No. 1	NW/4 NW/4, Section 27, Township 25 North, Range 9 West
Universal Resources, Grigsby Federal No. 3	NW/4 NW/4, Section 8, Township 25 North, Range 10 West

Case No. 7252  
Order No. R-6726

Universal Resources, Grigsby  
Federal No. 4

NW/4 SW/4, Section 8,  
Township 25 North, Range  
10 West

(6) That the Dakota formation underlying the above described lands has been penetrated by several other wells, none of which produce natural gas in commercial quantities from the Dakota formation.

(7) That the evidence presented in this case demonstrated that no well formerly or currently completed in the Dakota formation within the proposed area exhibited permeability, gas productivity, or crude oil productivity in excess of the following parameters:

- (a) average in situ gas permeability throughout the pay section of 0.1 millidarcy; and
- (b) stabilized production rates, without stimulation, against atmospheric pressure, as found in the table set out in 18 C.F.R. §271.703(c)(2)(B) of the regulations; and
- (c) production of more than five barrels of crude oil per day.

(8) That based on analysis of available data from existing wells within the proposed area and utilizing generally and customarily accepted petroleum engineering techniques and measurements:

- (a) The estimated average in situ gas permeability throughout the pay section of the Dakota formation is expected to be 0.1 millidarcy or less; and
- (b) The stabilized production rate, against atmospheric pressure, of wells completed for production in the Dakota formation, without stimulation, is not expected to exceed production levels determined by reference to well depth, as found in the table set out in 18 C.F.R. §271.703(c)(2)(B) of the regulations; and
- (c) No well drilled into the formation is expected to produce, without stimulation, more than five barrels of crude oil per day.

(9) That within the proposed area there is a recognized aquifer being the Ojo Alamo, found at depths of from 500 feet to 1100 feet or approximately 5200 feet above the Dakota formation.

(10) That existing State of New Mexico and Federal Regulations relating to casing and cementing of wells will assure that development of the Dakota formation will not adversely affect said aquifers.

(11) That the portion of the Dakota formation described herein is currently authorized for development by infill drilling as defined in 18 C.F.R. §271.703(b)(6) of the regulations.

(12) That no infill drilling has occurred within the area proposed for tight formation designation.

(13) That while the Dakota formation has been extensively drilled and infill drilled to the North of the proposed area development therein has been minimal.

(14) That development of the proposed tight formation area has been inhibited by the poorer quality of the Dakota pay and the poorer prospect of commercial production therein.

(15) That that portion of the Dakota formation proposed for tight formation designation cannot be reasonably developed absent the incentive price established in 18 C.F.R. §271.703(a).

(16) That the Dakota formation within the proposed area should be recommended to the Federal Energy Regulatory Commission for designation as a tight formation.

IT IS THEREFORE ORDERED:

(1) That it be and hereby is recommended to the Federal Energy Regulatory Commission pursuant to Section 107 of the Natural Gas Policy Act of 1978, and 18 C.F.R. §271.703 of the regulations that the Dakota formation underlying the following described lands in San Juan and Rio Arriba Counties, New Mexico, be designated as a tight formation:

TOWNSHIP 24 NORTH, RANGE 7 WEST, NMPM

Sections 5 through 8: All

Sections 17 through 20: All

Sections 29 through 32: All

TOWNSHIP 24 NORTH, RANGE 8 WEST, NMPM

Sections 1 through 36: All

-6-  
Case No. 7252  
Order No. R-6726

TOWNSHIP 24 NORTH, RANGE 9 WEST, NMPM  
Sections 1 through 36: All

TOWNSHIP 24 NORTH, RANGE 10 WEST, NMPM  
Sections 1 through 36: All

TOWNSHIP 25 NORTH, RANGE 7 WEST, NMPM  
Sections 5 through 8: All  
Sections 17 through 20: All  
Sections 29 through 32: All

TOWNSHIP 25 NORTH, RANGE 8 WEST, NMPM  
Sections 1 through 36: All

TOWNSHIP 25 NORTH, RANGE 9 WEST, NMPM  
Sections 1 through 3: All  
Sections 10 through 15: All  
Sections 22 through 27: All  
Sections 31 through 36: All

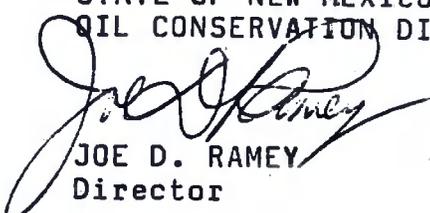
TOWNSHIP 25 NORTH, RANGE 10 WEST, NMPM  
Sections 8 through 10: All  
Sections 14 through 17: All  
Sections 20 through 23: All  
Sections 26 through 36: All

Containing a total of 135,040 acres, more or less.

(2) 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

S E A L

fd/

## 17 CFR Part 240

[Release No. 34-18300]

**Requirements for Broker-Dealer Filing and Reporting****AGENCY:** Securities and Exchange Commission.**ACTION:** Final rule.

**SUMMARY:** The Commission is eliminating the requirement imposed on broker-dealers to file Schedules II and III of Form X-17A-5, the Financial and Operational Combined Uniform Single ("FOCUS") Report. The two Schedules were designed to capture certain financial data which the Commission will be able to obtain, in less detail, from sources other than the Schedules. Broker-dealers' reporting requirements will therefore be reduced. However, Schedule I which contains operational information needed for regulatory purposes will be retained in its present form.

**DATE:** December 9, 1981.

**FOR FURTHER INFORMATION CONTACT:** William J. Atkinson, Directorate of Economic and Policy Analysis, Securities and Exchange Commission, Washington, D.C. 20549 (202) 523-5493; or James G. Moody, Division of Market Regulation, Securities and Exchange Commission, Washington, D.C. 20549 (202) 272-2370.

**SUPPLEMENTARY INFORMATION:** Rule 17a-10 (17 CFR 240.17a-10) requires broker-dealers to file Schedules I, II and III of Form X-17A-5.<sup>1</sup>

1. Schedule I of Form X-17A-5 is a calendar year unconsolidated report, designed to measure certain financial and operational characteristics of a registered broker-dealer, which must be filed by all registrants as a supplement to the regular fourth quarter Part II or IIA<sup>2</sup> of Form X-17A-5 within seventeen business days after the end of the quarter. Schedule I will continue to be required in its present form.

2. Schedule II of Form X-17A-5 requires the listing of annual revenue, expense and net income items (reflecting the aggregate of all such items during the calendar year) and certain balance sheet items (as of the end of the calendar year) and must be

filed by all registrants except those exempt from the filing requirements of paragraphs (a)(i), (ii) and (iii) with the fourth quarter Part II or IIA within seventeen business days after the end of the fourth calendar quarter. Schedule II is eliminated with the publication of this Release.

3. Schedule III of Form X-17A-5 requires detailed information pertaining to realized gains (losses) in securities trading accounts, profit (loss) from underwriting and selling groups, income from other selected securities activities and short and long positions in firm securities, commodities, joint and capital accounts, and must be filed on a calendar year basis as a supplement to the fourth quarter Part II within sixty calendar days of the end of the fourth calendar quarter by any broker-dealer which files Part II of Form X-17A-5 and has annual gross revenue related to the securities business of \$10 million or more for the calendar year. Schedule III is eliminated with the publication of this Release.

**Statutory Basis and Competitive Considerations**

Pursuant to the Securities Exchange Act of 1934 and particularly sections 15(c)(3), 17 and 23 thereof, 15 U.S.C. 78o(c)(3), 78q and 78w, the Commission is amending § 240.17a-10 of Title 17 of the Code of Federal Regulations as set forth below. There are no burdens imposed on competition by the amendments. Pursuant to section 4(b)(B) of the Administrative Procedure Act (5 U.S.C. 553(b)(B)), the Commission finds that notice and opportunity for comment are unnecessary because the amendments provide relief to broker-dealers without impairing any protections to investors. Pursuant to section 4(c) of the Administrative Procedure Act (5 U.S.C. 553(d)), the Commission has determined to make the amendments effective immediately upon publication in the Federal Register since they relieve restrictions that are currently imposed by the provisions hereby being amended.

**Regulatory Flexibility Act Consideration**

The Regulatory Flexibility Act (5 U.S.C. 601 et seq.), imposes new procedural steps applicable to agency rulemaking which has "a significant economic impact on a substantial number of small entities." The Act, however, is not applicable to rules for which the agency does not publish a general notice of proposed rulemaking, and therefore does not apply to this rule.

**Amendment**

In accordance with the foregoing, 17 CFR Part 240 is amended as follows:

**PART 240—GENERAL RULES AND REGULATIONS, SECURITIES EXCHANGE ACT OF 1934**

1. By removing paragraphs (a)(3) and (e) of § 240.17a-10 and revising paragraphs (a)(1) and (a)(2) to read as follows:

**§ 240.17a-10 Report on revenue and expenses.**

(a)(1) Every broker or dealer exempted from the filing requirements of paragraph (a) of § 240.17a-5 shall, not later than 17 business days after the close of each calendar year, file the Facing Page, a Statement of Income (Loss) and balance sheet from Part IIA of Form X-17A-5 (§ 249.617 of this chapter) and Schedule I of Form X-17A-5 (§ 249.617 of this chapter) for such calendar year.

(2) Every broker or dealer subject to the filing requirements of paragraph (a) of § 240.17a-5 shall submit Schedule I of Form X-17A-5 (§ 249.617 of this chapter) with its Form X-17A-5 (§ 249.617 of this chapter) for the calendar quarter ending December 31 of each year.

\* \* \* \* \*  
By the Commission.  
George A. Fitzsimmons,  
Secretary.

December 3, 1981.

[FR Doc. 81-35235 Filed 12-9-81; 8:45 am]

BILLING CODE 8010-01-W

**DEPARTMENT OF ENERGY****Federal Energy Regulatory Commission****18 CFR Part 271**

[Docket No. RM79-76 (New Mexico-6); Order No. 195]

**High-Cost Gas Produced From Tight Formations; New Mexico****AGENCY:** Federal Energy Regulatory Commission, DOE.**ACTION:** Final rule.

Issued: December 3, 1981.

**SUMMARY:** The Federal Energy Regulatory Commission is authorized by section 107(c)(5) of the Natural Gas Policy Act of 1978 to designate certain types of natural gas as high-cost gas where the Commission determines that the gas is produced under conditions which present extraordinary risks or costs. Under section 107(c)(5), the Commission issued a final regulation

<sup>1</sup>The Commission adopted the FOCUS Report as of January 1, 1978. See Securities Exchange Act Release No. 11935 (December 17, 1975) 40 FR 59706 (December 30, 1975).

<sup>2</sup>Part II of Form X-17A-5 is a comprehensive quarterly report which must be filed by every broker-dealer who clears transactions or carries customer accounts. Part IIA is a less detailed quarterly report which must be filed by broker-dealers who do not clear transactions or carry customer accounts.

designating natural gas produced from tight formations as high-cost gas which may receive an incentive price (18 CFR 271.703). This rule established procedures for jurisdictional agencies to submit to the Commission recommendations of areas for designation as tight formations. This final order adopts the recommendation of the State of New Mexico Oil Conservation Commission that the Dakota Formation be designated as a tight formation under § 271.703(d).

**EFFECTIVE DATE:** This rule is effective December 3, 1981.

**FOR FURTHER INFORMATION CONTACT:** Leslie Lawner, (202) 357-8307, or Victor Zabel, (202) 357-8616.

**SUPPLEMENTARY INFORMATION:**

The Commission hereby amends § 271.703(d) of its regulations to include the Dakota Formation in New Mexico as a designated tight formation eligible for incentive pricing under § 271.703. The amendment was proposed in a Notice of Proposed Rulemaking by the Director, OPRR, issued September 22, 1981 (46 FR 49466, September 28, 1981)<sup>1</sup> based on a recommendation by the New Mexico Oil Conservation Commission (New Mexico) in accordance with § 271.703(c) that the Dakota Formation be designated as a tight formation.

Evidence submitted by New Mexico supports the assertion that the Dakota Formation meets the guidelines contained in § 271.703(c)(2). One comment was received in response to the Notice of Proposed Rulemaking from Southern California Company (SoCal). SoCal noted that by Order No. R-1670-V, New Mexico authorized infill drilling in the Basin Dakota Gas Pool. Order No. R-1670-C, issued November 4, 1960, consolidated all Dakota gas production in San Juan and Rio Arriba Counties, created the Basin Dakota Gas Pool, and established 320-acre gas proration units. Order No. R-1670-V, issued May 22, 1979, retained the original 320-acre unit spacing, but allowed the drilling of an additional well on each unit. Citing to Commission Order No. 137-A, in Docket No. RM79-76,<sup>2</sup> wherein the Commission excluded from a tight formation designation certain fields in a formation which had been subject to an infill drilling order and had been substantially developed at the time the infill drilling order was issued, SoCal indicated that a similar situation, requiring exclusion of the infill area, may exist for the recommended Dakota Formation.

<sup>1</sup> No party requested a hearing in this docket and no hearing was held.

<sup>2</sup> Order Denying Application for Rehearing of Order No. 137, issued June 17, 1981 (46 FR 32235, June 22, 1981).

The Commission has reviewed SoCal's comments and for the following reasons does not believe that an exclusion of infill areas is required in this case. There are 422 drilling units in the Dakota formation recommended by New Mexico for tight formation designation. Wells have been drilled in 35 of these units, representing 8.3 percent of the available drilling sites. Of the 35 wells drilled, 22 have been abandoned, leaving 13 wells currently producing. All of these Dakota wells are the only wells in their drilling units. There has been no infill drilling in the area proposed for tight formation designation, and the Commission finds that the area has not been substantially developed, as was the area excluded in Order No. 137. For the reasons stated above, the Commission adopts the New Mexico recommendation.

This amendment shall become effective immediately. The Commission has found that the public interest dictates that new natural gas supplies be developed on an expedited basis, and, therefore, incentive prices should be made available as soon as possible. The need to make incentive prices immediately available establishes good cause to waive the thirty-day publication period.

(Department of Energy Organization Act, 42 U.S.C. 7101 *et seq.*; Natural Gas Policy Act of 1978, 15 U.S.C. 3301-3342; Administrative Procedure Act, 5 U.S.C. 553)

In consideration of the foregoing, Part 271 of Subchapter H, Chapter I, Title 18, *Code of Federal Regulations*, is amended as set forth below, effective December 3, 1981.

By the Commission. Commissioner Sheldon voted present.

Kenneth F. Plumb,  
Secretary.

**PART 271—CEILING PRICES**

Section 271.703(d) is amended by adding new subparagraph (60) to read as follows:

**§ 271.703 Tight formations.**

(d) *Designated tight formations.* The following formations are designated as tight formations. A more detailed description of the geographical extent and geological parameters of the designated tight formations is located in the Commission's official file for Docket No. RM79-76, subindexed as indicated, and is also located in the official files of the jurisdictional agency that submitted the recommendation.

(60) *The Dakota Formation in New Mexico.* RM79-76 (New Mexico—0).

(i) *Delineation of formation.* The Dakota Formation underlies portions of Townships 24 and 25 North, Ranges 7 through 10 West, in San Juan and Rio Arriba Counties, New Mexico. The producing interval of the Basin Dakota Field in the Dakota Formation is defined as beginning at the base of the Greenhorn Limestone, and extending to a point 400 feet below the base of the Greenhorn Limestone.

(ii) *Depth.* The average depth to the top of the Dakota Formation is 6,350 feet. The Dakota Formation begins at the base of the Greenhorn Limestone and is 200 to 350 feet in gross thickness.

[FR Doc. 81-35210 Filed 12-8-81; 8:45 am]  
BILLING CODE 6717-01-M

**DEPARTMENT OF DEFENSE**

**Department of the Army**

**32 CFR Part 504**

[AR 190-06]

**Obtaining Information From Financial Institutions**

**AGENCY:** Department of the Army, DOD.

**ACTION:** Final rule.

**SUMMARY:** This rule establishes policy and procedures governing access to and disclosure of financial records maintained by financial institutions during the conduct of Army investigations or inquiries. It delineates procedures that must be followed by Army law enforcement elements, which are authorized to request such information. Adherence to this rule will ensure that Army law enforcement elements comply with the Right to Financial Privacy Act of 1978.

**EFFECTIVE DATE:** December 9, 1981.

**FOR FURTHER INFORMATION CONTACT:** MAJ Thomas W. Anderson, 202-756-1896.

**SUPPLEMENTARY INFORMATION:** The Right to Financial Privacy Act of 1978 restricted the government's authority to have access to, or obtain copies of, the information contained in the financial records of any customer from a financial institution unless the financial records are reasonably described and—

- (1) The customer authorizes disclosure;
- (2) The financial records are disclosed in response to an administrative subpoena or summons;
- (3) The financial records are disclosed in response to a search warrant;
- (4) The financial records are disclosed in response to a judicial subpoena; or

all Sections; Township 9 South, Range 100 West, Sections 1 through 4, 9 through 14, 23 through 26, 36; Township 10 South, Ranges 96 through 98 West, all Sections; Township 10 South, Range 99 West, Sections 1 through 18, 22 through 27, 34, 35, 36; Township 11 South, Range 97 West, Sections 1 through 12, 17 through 20; Township 11 South, Range 98 West, Sections 1 through 14, 23, 24; Township 11 South, Range 99 West, Sections 1, 2, 11, 12.

(ii) *Depth.* The Dakota Formation occurs at an average measured depth of 7,705 feet.

(59) *Atoka Formation in Oklahoma.* RM79-76 (Oklahoma—1).

(i) *Delineation of formation.* The Atoka Formation is found in Washita County, Oklahoma, in Township 9 North, Range 14 West, Sections 2 through 11; Township 9 North, Range 15 West, Sections 1 through 3, 11 and 12; Township 10 North, Range 14 West, Section 5 through 8, 17 through 21, and 27 through 35; Township 10 North, Range 15 West, Sections 6 through 30, 33 through 36; Township 10 North, Range 16 West, Sections 1 through 5, 8 through 14, 24 and 25; Township 11 North, Range 16 West, Sections 16, 20 through 22, 27 through 29, and 32 through 35.

(ii) *Depth.* The Atoka Formation is defined as the uppermost sandstone development in the Atoka Series of the Lower Pennsylvania System which underlies the Cherokee/Red Fork Group and overlies the post-13 Finger Lime shale. The average depth to the Atoka Formation is approximately 14,800 feet.

(60) *The Dakota Formation in New Mexico.* RM79-76 (New Mexico—6).

(i) *Delineation of formation.* The Dakota Formation underlies portions of Townships 24 and 25 North, Ranges 7 through 10 West, in San Juan and Rio Arriba Counties, New Mexico. The producing interval of the Basin Dakota Field in the Dakota Formation is defined as beginning at the base of the Greenhorn Limestone, and extending to a point 400 feet below the base of the Greenhorn Limestone.

(ii) *Depth.* The average depth to the top of the Dakota Formation is 6,350 feet. The Dakota Formation begins at the base of the Greenhorn Limestone and is 200 to 350 feet in gross thickness.

(61) *Sussex Formation in Colorado.* RM79-76 (Colorado—16).

(i) *Delineation of formation.* The Sussex Formation is found in Weld County, Colorado, in Township 4 North, Range 66 West, 6th P.M., Sections 2, 3, and 10, Section 11-N  $\frac{1}{2}$ , Section 15-W  $\frac{1}{2}$ ; Township 5 North, Range 66 West, 6th P.M., Sections 33, 34, and 35.

(ii) *Depth.* The average depth to the top of the Sussex Formation is 4,400 and 4,500 feet.

(62) *Pictured Cliffs Formation in New Mexico.* RM79-76 (New Mexico—7).

(i) *Delineation of formation.* The Pictured Cliffs Formation is found in the San Juan Basin and underlies portions of Townships 30 and 31 North,

TIGHT GAS FORMATION DESIGNATION

FORMATION Dakota COUNTY(ies) San Juan & Rio Arriba

APPLICANT Four Corners Gas Producers Assoc CASE NO. 7252 ORDER NO. R-6726

O.C.D. RECOMMENDATIONS: DATE 7/16/81 EXAMINER Richard L. Stamets

REMARKS This portion of the Dakota formation is currently authorized for development by infill drilling. It was recommended that this portion of the Dakota formation cannot be reasonably developed without the incentive 107 price. Hearing date: May 6, 1981

F.E.R.C. RECOMMENDATIONS: FEDERAL REGISTER LISTING Vol. 46, No. 236, (12/9/81) 60193-94

(New Mexico - 6; ORDER NO. 195) EFFECTIVE DATE December 3, 1981

REMARKS

VERTICAL LIMITS: TOPS Average of 6350 feet

THICKNESS From 200 to 350 feet

REMARKS Formation consists of barrier beach deposits about 40 to 60 feet thick, composed of fine grained, quartz-rich sandstones characterized by an increase in grain size upward and low angle crossbedding.

HORIZONTAL LIMITS:

TOWNSHIP 24 NORTH, RANGE 7 WEST, NMPM  
Section 5 through 8: All  
Sections 17 through 20: All  
Sections 29 through 32: All

TOWNSHIP 24 NORTH, RANGE 8 WEST, NMPM  
Sections 1 through 36: All

TOWNSHIP 24 NORTH, RANGE 9 WEST, NMPM  
Sections 1 through 36: All

TOWNSHIP 24 NORTH, RANGE 10 WEST, NMPM  
Section 1 through 36: All

TOWNSHIP 25 NORTH, RANGE 7 WEST, NMPM  
Sections 5 through 8: All  
Sections 17 through 20: All  
Sections 29 through 32: All

TOWNSHIP 25 NORTH, RANGE 8 WEST, NMPM  
Sections 1 through 36: All

TOWNSHIP 25 NORTH, RANGE 9 WEST, NMPM  
Sections 1 through 3: All  
Sections 10 through 15: All  
Sections 22 through 27: All  
Sections 31 through 36: All

TOWNSHIP 25 NORTH, RANGE 10 WEST, NMPM  
Sections 8 through 10: All  
Sections 14 through 17: All  
Sections 20 through 23: All  
Sections 26 through 36: All

Containing a total of 135,040 acres, more or less.



## United States Department of the Interior

### BUREAU OF LAND MANAGEMENT

NGPA Processing Center  
435 Montano Road, N.E.  
Albuquerque, New Mexico 87107  
[www.nm.blm.gov](http://www.nm.blm.gov)

IN REPLY REFER TO:

1/15/02

NMOCD

Attn: Michael Stogner  
1220 So. St. Francis Dr.  
Santa Fe, NM 87505

Michael,

Enclosed are two NGPA applications from Dugan Production Corp. which are located on state land. Please accept the applications for the Emerald City #1 and Holly #1 wells for consideration.

Mr. John Roe is being notified by copy of this letter that these applications have been forwarded to you. Please call me at 505-761-8772 if you have any questions.

Thank you,

A handwritten signature in cursive script that reads "Arlene Salazar".

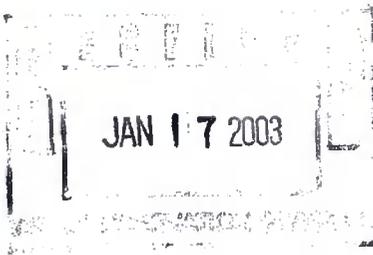
Arlene Salazar  
Natural Gas Regulatory Specialist

Enclosures

Copy for Return  
to Dugan Prod.



# dugan production corp.



January 9, 2003

Ms. Arlene Salazar  
Bureau of Land Management  
435 Montano Road, N.E.  
Albuquerque, NM 87107-4535

Re: NGPA Category Determination (107TF)  
Dugan Production's Holly #1 (API No. 30-045-25149)  
Basin Dakota Prorated Gas Pool  
NWSW Sec. 16, T24N, R9W  
San Juan County, New Mexico

Dear Ms. Salazar,

Enclosed for your consideration is Dugan's application, requesting a Section 107, tight formation, NGPA category determination for the Dakota completion in the captioned well. This well is also completed in the Bisti Lower Gallup Oil Pool from 5265'-5572' and NMOCD Order R-7143 dated 11-30-82, authorized production from the Gallup and Dakota completions to be commingled down hole. As provided by NMOCD Order R-7143, 5% of the oil and 20% of the gas production is allocated to the Dakota completion. The Gallup formation at this location has not been designated as a tight sand formation.

Enclosed are the following items:

- a. Completed FERC Form 121
- b. Copy of all well completion reports for the Dakota completion.
- c. Copy of the well location plat (NMOCD Form C-102), which presents the surface location for the Holly #1, along with the S/2 320 acre spacing unit for the Basin Dakota completion. This location is within the tight sand area designated by NM6.
- d. Copy of the Induction Electric Log over the Dakota interval.
- e. My statement regarding spud date of the subject well.

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

Sincerely,

*John D. Roe*

John D. Roe  
Engineering Manager

JDR/tmf

Enclosures



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

Bill Richardson  
Governor  
Joanna Prukop  
Cabinet Secretary

January 24, 2003

Lori Wrotenbery  
Director  
Oil Conservation Division

**Dugan Production Corporation**  
Attention: John D. Roe, Jr.  
P. O. Box 420  
Farmington, New Mexico 87499-0420

Re: *Applications for Wellhead Category Determination  
NGPA Section 107 - Tight Formation*

Dear Mr. Roe:

Last week (Friday, January 17, 2003) Ms. Arlene Salazar, Natural Gas Regulatory Specialist with the U. S. Bureau of Land Management in Albuquerque, New Mexico, forwarded two NGPA Section 107 – Tight Formation filings (see copy of letter attached) that you submitted to her on January 13, 2003 for Dugan Production Corporation's:

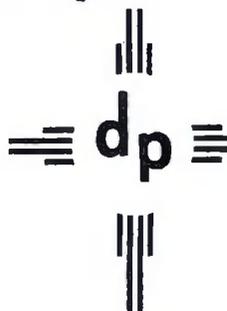
- (1) *Holly Well No. 1 (API No. 30-045-23149), located 1850 feet from the South line and 990 feet from the West line (Unit L) of Section 16, Township 24 North, Range 9 West, NMPM, Basin-Dakota Pool (71599), San Juan County, New Mexico; and*
- (2) *Emerald City Well No. 1 (API No. 30-045-26405), located 1850 feet from the North and West lines (Unit F) of Section 15, Township 31 North, Range 13 West, NMPM, Basin-Dakota Pool (71599), San Juan County, New Mexico.*

The Holly Well No. 1 is on a State lease and the Emerald City Well No. 1 is on a fee lease and in accordance with FERC requirements and procedures [Part 270, Subpart B, Section 270.401 (c) (22)] the New Mexico Oil Conservation Division is the appropriate jurisdictional agency for such initial filings. Subsequent to my review, I find that in order to complete both filings, please submit for each: (i) the required \$25.00 filing fee, as provided under Rule 2 of the Division's "Special Rules for Applications for Wellhead Price Ceiling Category Determinations," as promulgated by Division Order No. R-5878-B, as amended (see copy of Division Order attached); and (ii) completed and signed Division Forms C-132 (also attached).

Once received I can submit the completed applications to the FERC in Washington, D.C. for final review. Should you have any questions concerning this matter please contact me in Santa Fe at (505) 476-3465. Thank you.

Sincerely,

Michael E. Stogner  
Chief Hearing Officer/Engineer



# dugan production corp.

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January 29, 2003



Mr. Michael Stogner  
New Mexico Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, NM 87505

Re: Application for Wellhead Category Determination  
NGPA Section 107 Tight Formation  
Dugan Production's Holly No. 1 (API No. 30-045-23149)  
State Lease LG-1035-3  
San Juan County, New Mexico

Dear Mr. Stogner:

Attached are two copies of form C-132 and the \$25.00 filing fee for the subject well. There are no affidavits of mailing or delivery since Dugan Production Corp. holds 100% of the working interest in this well and there are no other parties to our gas purchase agreement.

Please add this to the application dated 1-9-03 and initially mailed to the Bureau of Land Management and subsequently forwarded to you by the BLM. I apologize for not sending directly to you and appreciate your handling of this application.

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

Sincerely,

*John D. Roe*

John D. Roe  
Engineering Manager

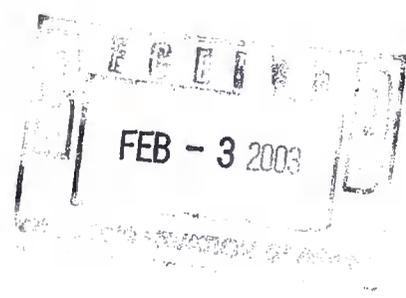
JDR/tmf

enclosures

Check Date : 1/29/2003

Check # 79458 jdr/tmf

Inv No	Date	Description	G/L Account	Amount
	1/29/2003	Application fee for Category Determination NGPA Section 107 Tight Formation Holly No. 1 (30-045-23149)		\$ 25.00
<b>Check Total:</b>				<b>\$ 25.00</b>



DUG 102 (5/02)

VERIFY THE AUTHENTICITY OF THIS MULTITONE SECURITY DOCUMENT. CHECK BACKGROUND AREA CHANGES COLOR GRADUALLY FROM TOP TO BOTTOM.


**dugan production corp.**  
 Farmington, New Mexico 87401  
 Wells Fargo Bank, N.A.

79458  
 1/29/2003  
 \$ 25.00

Twenty-five dollars & no/100's

New Mexico Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, NM 87504

TO THE ORDER OF

*John Alvarado*