

**FAX & MAIL**  
**(505) 827-8177**

October 16, 1997

Mr. Rand Carroll  
New Mexico Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, NM 87505

Re: NMOCD Case #11863  
Docket No. 32-97  
October 23, 1997

Dear Mr. Carroll:

Attached is Dugan's Pre-hearing Statement for the subject case. As we discussed earlier, Mr. Dugan, as owner and president of Dugan Production Corp, is planning to appear on behalf of Dugan Production in this matter and without counsel. Should his plans change, I will appear and will be represented by Mr. Tom Kellahin.

Please let me know if you have any questions or concerns.

Sincerely,

John D. Roe  
Engineering Manager

JDR/tmf

attach.

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

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

CASE NO. 11863

**APPLICATION OF DUGAN PRODUCTION CORP.  
SEEKING AUTHORITY TO OPERATE THE  
FEDERAL I CENTRAL GATHERING SYSTEM  
LOCATED IN SAN JUAN COUNTY, WHICH WILL  
REQUIRE SURFACE COMMINGLING OF PRODUCTION  
FROM THE HARPER HILL FRUITLAND SAND-PICTURED  
CLIFFS PLUS THE BASIN FRUITLAND COAL GAS POOLS,  
ALONG WITH OFF-LEASE MEASUREMENT PLUS  
ALLOCATION OF CENTRAL BATTERY PRODUCTION  
TO INDIVIDUAL WELLS USING ALLOCATION FACTORS  
DETERMINED FROM PERIODIC WELL TESTS.**

**PRE-HEARING STATEMENT**

This prehearing statement is submitted by John D. Roe for Dugan Production Corp. as required by the Oil Conservation Division.

**APPEARANCES OF PARTIES**

APPLICANT

ATTORNEY

Thomas A. Dugan, President

Representing himself

or \_\_\_\_\_

John D. Roe, Engineering Manager

W. Thomas Kellahin, Kellahin & Kellahin

Contact person: John D. Roe, Dugan Production Corp.,  
P. O. Box 420, Farmington, NM 87499  
Phone - (505) 325-1821 Fax - (505) 327-4613

OPPOSITION OR OTHER PARTY

ATTORNEY

None anticipated

**STATEMENT OF CASE**

APPLICANT

Dugan Production Corp. is seeking authority to operate it's recently constructed Federal I Central Gathering System located in Sections 1 of T-29N, R-14W plus Sections 35 and 36 of T-30N, R-14W of San Juan County, NM. It is proposed to send all production (gas and water) to a central battery located at Dugan's Federal I Well No. 4 (Unit C, Section 1, T-29N, R-14W). Commingled gas production will be sold to El Paso Field Services thru a CPD meter located at the central battery and commingled water production will be transferred to Dugan's Stella Needs A Com No. 1E water disposal well. Production will be allocated to individual wells based upon factors established by periodic individual well tests. This will require the surface commingling and off-lease measurement of production from 6 wells, all operated by Dugan Production Corp., and completed in the Harper Hill Fruitland Sand-Pictured Cliffs, and the Basin Fruitland Coal gas pools. The spacing units for these 6 wells include State, Federal and/or Fee leases and ownership is not common. This matter was initially submitted to the NMOCD, Bureau of Land Management (BLM) and New Mexico State Land Office (NMSLO) on 8-19-97 requesting Administrative approval from each agency. Dugan's application was approved by the NMSLO on 8-26-97 and by the BLM on 9-22-97. The uncommon ownership and proposed central battery allocation using periodic well tests required this matter to be considered before an NMOCD hearing.

OPPOSITION OR OTHER PARTY

None anticipated

**PROPOSED EVIDENCE**

APPLICANT


WITNESSES	EST. TIME	EXHIBITS
Mr. Thomas A. Dugan or John D. Roe	30 minutes	10

OPPOSITION

WITNESSES	EST. TIME	EXHIBITS
None Anticipated		

**PROCEDURAL MATTERS**

None

  
\_\_\_\_\_  
John D. Roe, Engineering Manager  
Dugan Production Corp.  
P. O. Box 420  
Farmington, NM 87499-0420  
Phone: (505) 325-1821