

dugan production corp.

Attachment A
Pg 1 of 4

FAXED TO: 505/827-8177

April 28, 2000

Mr. David Catanach
NMOCD
2040 South Pacheco Street
Santa Fe, NM 87505

RE: NMOCD Docket No. 12-00
NMOCD Case No. 12389
Application of Dugan Production Corp.
Surface Commingling & Off-lease Measurement
Dugan Production's Tabor Gathering System

Dear Mr. Catanach,

Attached is Dugan Production's pre-hearing statement for the captioned case which is scheduled for the May 4th docket.

To have this statement timely filed, we are sending by Fax and will forward the original by mail along with copies of our interest owner notice verifications.

Please let me know if you have any questions regarding this matter.

Sincerely,

John D. Roe
Engineering Manager

Attachments
cc: John Dean

"A"
Pg 2 of 4

**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. 12389

APPLICATION OF: Dugan Production Corp. (DPC) for an exception to Division Rule 303.A and 309-A by amending Division Order No. R-10655 for the surface commingling of production from the Basin Dakota Prorated Gas Pool and the Harper Hill Fruitland Sand-Pictured Cliffs Gas Pool to include Dugan's Com Well No. 4 located in Unit C, Section 2, Township 29N, Range 14W; Dugan's Federal I Well No. 99 located in Unit H, Section 3, Township 29N, Range 14W; Dugan's Tabor Com Well No. 90 located in Unit H, Section 35, Township 30N, Range 14W; production from the Basin Fruitland Coal Gas Pool and for off-lease measurement of the 3 subject wells, all located in San Juan County, New Mexico.

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

Thomas A. Dugan, President

or

John D. Roe, Engineering Manager

Contact Person:

John D. Roe, Dugan Production Corp.

P.O. Box 420, Farmington, NM 87499

Phone: (505)325-1821 Fax: (505) 327-4613

ATTORNEY

Representing himself

John A. Dean

Curtis & Dean Attorneys at Law

OPPOSITION OR OTHER PARTY

ATTORNEY

None Anticipated

STATEMENT OF CASE

APPLICANT

Dugan Production Corp. (DPC) is seeking authority to add production from 3 wells (DPC's Com No. 4, Federal I No. 99, and Tabor Com No. 90), to the central delivery gas sales meter (CDP) currently authorized by division order R-10655 for the production from two wells, (DPC's Com No. 1E and Com No. 2). This will result in the surface commingling of natural gas and water production from the Basin Dakota Prorated Gas Pool and the Harper Hill Fruitland Sand-Pictured Cliffs Gas Pool as currently authorized by Division Order No. R-10655, plus the Basin Fruitland Coal Gas Pool. In addition, the Com No. 4, Federal I No. 99, and Tabor Com No. 90 wells will require an exception to Division Rule No. 309-A since the CDP gas sales meter (located at the Com No. 1E well site) is not located on lease for these 3 wells. To facilitate all five wells delivering natural gas to a common CDP sales meter, DPC proposes to install and operate the necessary gathering system to be called the Tabor Gathering System. Natural gas production from each well will be metered at each well site using conventional metering equipment with these measurements being used to allocate the commingled CDP gas sales volumes and BTU's back to the individual wells. Water production plus any dissolved natural gas will be transported by pipeline to the central battery to be located at the Com No. 1E well site. The commingled central battery water production will be allocated to the individual wells using allocation factors determined from periodic well tests. Any natural gas recovered from the water at the central battery will be allocated to the individual wells using allocation factors determined from produced water volumes. All condensate or oil production will be separated, stored, and sold at the individual well producing the oil or condensate. There will not be any commingling of oil or condensate.

By our application dated March 29, 2000, DPC initially requested administrative approval for the proposed expansion to DPC's existing Com No. 1E CDP gas sales meter. Since the Com No. 1E CDP was initially authorized by Division Order No. R-10655, the Division has set this matter for consideration at an examiner hearing scheduled for May 4, 2000. All interest owners, (working, royalty, and overriding royalty) for all five wells have been provided copies of DPC's 3-29-00 application and have also been timely notified of the May 4th, 2000 NMOCD hearing to consider DPC's application. In the absence of objection, DPC does not plan to appear and present separate testimony and requests that the NMOCD make our application dated 3-29-00 a part of the record in this case.

We do not anticipate any objection, however, should an objection be made, we will appear and present testimony as outlined herein.

OPPOSITION OR OTHER PARTY

None anticipated.

A
pg 4 of 4

Pre-hearing Statement
NMOCD Case No. 12389
Page 3.

PROPOSED EVIDENCE

APPLICANT

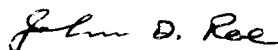
| WITNESSES (Name and expertise) | EST. TIME | EXHIBITS |
|---|------------------|-----------------|
| Thomas A. Dugan or John D. Roe | 45 min. | 7 |

OPPOSITION

| WITNESSES (Name and expertise) | EST. TIME | EXHIBITS |
|---|------------------|-----------------|
| None anticipated | | |

PROCEDURAL MATTERS
**(Please identify any procedural matters which
need to be resolved prior to the hearing)**

In the absence of objection, Dugan Production Corp. does not plan to appear and present separate testimony and requests that the NMOCD consider our application dated 3-29-00 as part of the record and as a basis for issuing an order in this case.



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