

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY AND MINERALS
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF DUGAN PRODUCTION CORP. FOR
COMPULSORY POOLING OF A 640-ACRE
UNIT, OR IN THE ALTERNATIVE, FOR
COMPULSORY POOLING AND APPROVAL OF
A 320-ACRE NON-STANDARD PRORATION
AND SPACING UNIT, GAVILAN MANCOS
OIL POOL, RIO ARriba COUNTY,
NEW MEXICO.

CASE: 9327

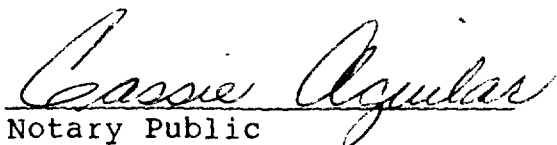
CERTIFICATE OF MAILING
AND
COMPLIANCE WITH ORDER R-8054

In accordance with Division Rule 1207 (Order R-8054)
I hereby certify that on February 9, 1988, notice of the
hearing, and a copy of the application for the above
referenced case, was mailed at least twenty days prior to
hearings originally set for March 2, 1988 to the
operators and interested parties listed in Exhibit "A" of
the Application.



W. Thomas Kellahin

SUBSCRIBED AND SWORN to before me this 15th day of
March, 1988.


Notary Public

My Commission Expires:

9-26-91

NMOC/NMOCD Case No. <u>9327</u>
Hearing Date <u>3-16-88</u>
<u>Dugan Prod. Corp.</u>
Exhibit No. <u>6</u>

KELLAHIN, KELLAHIN AND AUBREY

Attorneys at Law

El Patio - 117 North Guadalupe

Post Office Box 2265

Santa Fe, New Mexico 87504-2265

Telephone 982-4285

Area Code 505

W. Thomas Kellahin

Karen Aubrey

Jason Kellahin

Of Counsel

February 9, 1988

Mr. William J. LeMay
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

Re: Application of Dugan Production Corporation
for Compulsory Pooling
T26N, R2W, Section 22

Dear Mr. LeMay:

On behalf of Dugan Production Corporation we would appreciate the enclosed application being set for hearing on the Examiner docket now scheduled for March 2, 1988.

The following is a suggested advertisement for this case:

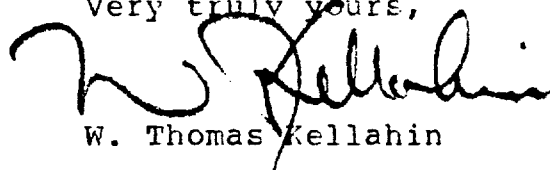
Application of Dugan Production Corporation for an order pooling all mineral interests in the Gavilan-Mancos Oil Pool underlying a certain 640-acre tract of land in Rio Arriba County, New Mexico. Applicant in the above-styled cause, seeks an order pooling all mineral interests in the Gavilan-Mancos Oil Pool underlying all of Section 22, Township 26 North, Range 2 West, to form a standard 640-acre oil spacing and proration unit in said pool. Said unit is to be dedicated to the Amoco Production Company Seifert Well No. 1 located in Unit P of said Section 22 which is presently completed in and producing from the Gavilan-Mancos Oil Pool. Also to be considered will be the cost of participation in the said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Applicant further requests that Amoco Production Company remain as operator of the well and that the effective date of any order issued in the case be retroactive to June 8, 1987. In the alternative, Applicant seeks the formation of a 320-acre non-standard spacing and proration unit consisting of the W/2 of said Section 22 and an order pooling all mineral interest in the Gavilan Mancos Oil Pool thereunder. Also to be considered will

KELLAHIN, KELLAHIN & AUBREY

Mr. William J. LeMay
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Page 2

be the costs of drilling, completing, and equipping said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of Dugan Production Corporation as operator, and the charge for risk involved in drilling and completing said well. Said well is located approximately 4.5 miles east-northwest of the Ojito Post Office, New Mexico.

Very truly yours,



W. Thomas Kellahin

WTK:ca
Enc.

cc: Mr. John Roe
Dugan Production Corporation
P. O. Box 2088
Farmington, New Mexico 87401

"Certified Return-Receipt Requested"

All Parties Listed in Application

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY AND MINERALS
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF DUGAN PRODUCTION FORMATION FOR
COMPULSORY POOLING OF A 640-ACRE
UNIT, OR IN THE ALTERNATIVE, FOR
COMPULSORY POOLING AND APPROVAL OF
A 320-ACRE NON-STANDARD PRORATION
AND SPACING UNIT, GAVILAN MANCOS
OIL POOL, RIO ARriba COUNTY,
NEW MEXICO.

CASE NO.

A P P L I C A T I O N

Comes now DUGAN PRODUCTION CORPORATION, by and through its attorneys, Kellahin, Kellahin & Aubrey and in accordance with Section 70-2-17(c) NMSA-1978 applies to the New Mexico Oil Conservation Division for an order pooling all mineral interest in the Gavilan Mancos Oil Pool underlying a 640-acre spacing and proration unit being all of Section 22, T26N, R2W, NMPL, to be dedicated to the Amoco Production Company's Seifert Gas Com A Well No. 1, located in the SE/4SE/4 of said Section 22, or in the alternative, for an an order pooling all mineral interest in the Gavilan Mancos Oil Pool underlying the W/2 of said Section 22 and the approval of a non-standard spacing and proration unit consisting of the W/2 of Section 22, and in support thereof would show:

1. Applicant is a working interest owner in the W/2 of Section 22, T26N, R2W, NMPM, Rio Arriba County, New Mexico.

2. The New Mexico Oil Conservation Commission issued Order R-7407-E effective June ⁸~~28~~, 1987 which provides for 640 acre spacing and proration units for the Gavilan Mancos Oil Pool.

3. Thereafter, on June 28, 1987 Amoco Production Company completed its Seifert Gas Com A Well No. 1 located in the SE/4SE/4 of said Section 22 for production from the Gavilan Mancos Oil Pool.

4. In compliance with Division Order R-7407-E and in accordance with Section 70-2-17(c) NMSA-1978, applicant has sought the voluntary agreement of all appropriate mineral interest owners in Section 22 for the dedication of all of Section 22 to the Amoco Seifert Well.

5. Although Applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the Amoco Seifert Well and to share in production from June 8, 1987 in compliance with Order R-7407-E, certain interest owners have either refused or have failed to join in dedicating their interest on a voluntary basis.

6. In the event Applicant is unable to obtain a compulsory pooling order pooling all of Section 22, then in the alternative Applicant asks that the Division enter

a compulsory pooling order for the W/2 of said Section 22 and approve said 320-acre unit as a non-standard spacing and proration unit in the Gavilan Mancos Oil Pool.


7. The pooling of all interest underlying Section 22 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

8. In accordance with Division notice rules, the applicant has provided a copy of this application and notice to all parties listed on Exhibit A hereto.

WHEREFORE, applicant requests that the Division set this matter for hearing on March 2, 1988 and that after hearing the Division enter an order pooling the interest in Section 22 and provide for a fair and equitable means for participation in the costs and production from the subject well.

In the alternative, applicant seeks the formation of a non-standard spacing and proration unit consisting of the W/2 of said Section 22 and the compulsory pooling of all interest therein for the drilling of a Gavilan Mancos Well in the W/2 of said section.

Respectfully submitted,

By 
W. Thomas Kellahan, Esq.
P. O. Box 2265
Santa Fe, New Mexico 87504

Attorneys for Dugan
Production Corporation

WORKING INTEREST OWNERS

Section 22, T-26N, R-2W
Rio Arriba County, NM
(Page 1 of 2)

East Half (Currently dedicated to Amoco Production
Section Company's Seifert Gas Com A Well No. 1
Located in the SESE of Sec.22,T-26N,R-2W)

✓ Amoco Production Company	57.26562%
17th & Broadway	
P.O. Box 800	
Denver, CO 80201	
✓ Sun Exploration & Production	36.48438%
Attn: Mr. Frank Syfan	
P. O. Box 5940-TA	
Denver Colorado 80217-5940	
✓ Meridian, Inc.	6.25000%
Attn: Van Goebel	
P.O. Box 4289	
Farmington, NM 87499	

West Half Section

<u>NW/4</u>	✓ Dugan Production Corp.	50.000000%
	Attn: Rich Corcoran	
	P.O. Box 208	
	Farmington, NM 87499	
<u>SW/4</u>	✓ Reading & Bates Petroleum Co.	16.666665%
	Attn: Eric Koelling	
	3200 Mid-Continent Tower	
	Tulsa, OK 74103	
	Hooper, Kimball & Williams, Inc.	16.666665%
	Attn: Greg Owens	
	P.O. Box 520970	
	Tulsa, OK 74152	
	✓ Ibex Partnership	7.804365%
	Attn: Ron Holloway	
	P.O. Box 911	
	Breckenridge, Texas 76024-0911	

WORKING INTEREST OWNERS

Section 22, T-26N, R-2W
Rio Arriba County, NM
(Page 2 of 2)

✓ PC, Ltd. Attn: Ron Holloway P.O. Box 911 Breckenridge, Texas 76024-0911	7.804365%
✓ Carolyn Clark Oatman P.O. Box 1846 Austin, Texas 78767	0.437420%
✓ Warren Clark Trust P.O. Box 1846 Austin, Texas 78767	0.406900%
✓ Warren Clark Testamentary Trust P.O. Box 1846 Austin, Texas 78767	0.213620%

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☒ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery.

3. Article Addressed to: PC, Ltd.
Attn: Ron Holloway
P. O. Box 911
Breckenridge, TX 76024

4. Article Number P-131003432
Type of Service: ☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail

5. Signature - Addressee ☒ Always obtain signature of addressee or agent and DATE DELIVERED.
8. Addressee's Address (ONLY if requested and fee paid)

6. Signature - Agent ☒ [Signature]
7. Date of Delivery 2-12-88

PS Form 3811, Feb. 1986 Dugan 3/2/88 DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☒ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery.

3. Article Addressed to: Dugan Production Corp.
Attn: Rich Corcoran
P. O. Box 208
Farmington, NM 87499

4. Article Number P-131072001
Type of Service: ☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail

5. Signature - Addressee ☐ Always obtain signature of addressee or agent and DATE DELIVERED.
8. Addressee's Address (ONLY if requested and fee paid)

6. Signature - Agent ☒ [Signature]
7. Date of Delivery 2-16-88

Form 3811, Feb. 1986 Dugan 3/2/88 DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☒ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery.

3. Article Addressed to: Meridian, Inc.
Attn: Van Gobel
P. O. Box 4289
Farmington, New Mexico 87499

4. Article Number P-131072-002
Type of Service: ☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail

5. Signature - Addressee ☐ Always obtain signature of addressee or agent and DATE DELIVERED.
8. Addressee's Address (ONLY if requested and fee paid)

6. Signature - Agent ☒ [Signature]
7. Date of Delivery 2-10-88

PS Form 3811, Feb. 1986 Dugan 3/2/88 DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☒ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery.

3. Article Addressed to: 4. Article Number P-131-003-434
Type of Service: ☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail
Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee X
8. Addressee's Address (ONLY if requested and fee paid)

6. Signature - Agent X Greg Owens
7. Date of Delivery 2-12-88

PS Form 3811, Feb. 1986 Dugan 3/2/88 DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
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1. ☒ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery.

3. Article Addressed to: 4. Article Number P-131-072-038
Type of Service: ☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail
Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee X
8. Addressee's Address (ONLY if requested and fee paid)

6. Signature - Agent X Agent

7. Date of Delivery 2-11-88

PS Form 3811, Feb. 1986 Dugan 3/2/88 DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☒ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery.

3. Article Addressed to: 4. Article Number P-131-003-435
Type of Service: ☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail
Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee X
8. Addressee's Address (ONLY if requested and fee paid)

6. Signature - Agent X Agent
7. Date of Delivery 2-12-88

PS Form 3811, Feb. 1986 Dugan 3/2/88 DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
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1. ☒ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery.

3. Article Addressed to: 4. Article Number P-131-072-003
Type of Service: ☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail
Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee X
8. Addressee's Address (ONLY if requested and fee paid)

6. Signature - Agent X Agent

7. Date of Delivery 2-11-88

PS Form 3811, Feb. 1986 Dugan 3/2/88 DOMESTIC RETURN RECEIPT

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2. ☐ Restricted Delivery.

Warren Clark Testamentary
P. O. Box 1846
Austin, Texas 78767

4. Article Number
131072 162
Type of Service:
☒ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail

8. Addressee's Address (ONLY if requested and fee paid)
Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee
X
6. Signature - Agent
X
7. Date of Delivery
2/16/88

PS Form 3811, Feb. 1986
Dugan 3/2/88
DOMESTIC RETURN RECEIPT

1. **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

2. ☐ Restricted Delivery.

Carolyn Clark Catman
P. O. Box 1846
Austin, Texas 78767

4. Article Number
131072 164
Type of Service:
☒ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail

8. Addressee's Address (ONLY if requested and fee paid)
Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee
X
6. Signature - Agent
X
7. Date of Delivery
2/16/88

PS Form 3811, Feb. 1986
Dugan 3/2/88
DOMESTIC RETURN RECEIPT

1. **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

2. ☐ Restricted Delivery.

Reading & Bates Petro. Co
Attn: Eric Koelling
3200 Mid Continent Tower
Tulsa, OK 74103

4. Article Number
131003 135
Type of Service:
☒ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail

8. Addressee's Address (ONLY if requested and fee paid)
Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee
X
6. Signature - Agent
X
7. Date of Delivery
2-12-88

PS Form 3811, Feb. 1986
Dugan 3/2/88
DOMESTIC RETURN RECEIPT

1. **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

2. ☐ Restricted Delivery.

Warren Clark Trust
P. O. Box 1846
Austin, Texas 78767

4. Article Number
131072 163
Type of Service:
☒ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail

8. Addressee's Address (ONLY if requested and fee paid)
Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee
X
6. Signature - Agent
X
7. Date of Delivery
2/16/88

PS Form 3811, Feb. 1986
Dugan 3/2/88
DOMESTIC RETURN RECEIPT