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dugan production corp.

February 24, 1983

Bureau of Land Management
Attn: District Supervisor
P. O. Drawer 600
Farmington, New Mexico 87499

Re: Application to Vent Casinghead Gas
Dugan Production Corp.
Sapp C #2
Lease No. SF 080230
Unit D of Sec. 5, T-23-N, R-7-W
Lybrook Gallup Field
Rio Arriba County, New Mexico

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FEB 25 1983
U. S. GEOLOGICAL SURVEY
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OIL CON. DIV.
DIST. 3

Gentlemen:

Attached is a copy of our application to the New Mexico Oil Conservation Commission for exception to the state No-Flare Rule 306 which was approved April 28, 1981, until further notice. As you will note, the Form C-129 was approved for the Sapp #2. The name of this well has been changed from Sapp #2 to Sapp C #2. A copy of a sundry notice dated July 29, 1982, is attached to verify this.

Also attached for your review is a copy of the most recent Gas-Oil Ratio Test (N. M. Form C-116) for the Sapp C #2 which reflects a 24 hour test taken 10-11-82, during which time 3.36 BBL of oil, 12.7 MCF of gas, and water TSTM was tested. During 1982 production averaged 2.61 BOPD, with gas volumes of 8.03 MCFD. During January 1983, production averaged 3.45 BOPD, water TSTM, 13.04 MCFD of which 8.72 MCF was vented and 4.32 MCF was used on the lease.

We have had negotiations with Mesa Petroleum requesting the connection of this well for casinghead gas sales, however, nothing has been finalized at this time.

It is our intention to pursue getting this well connected, however, in the interim we request that the Bureau of Land Management recognize the current state authorization for venting a minor amount of casinghead gas (currently (8.72 MCFD) which is not used on the lease for Dugan Production's Sapp C #2.

Sincerely,

John D. Roe

John D. Roe

JDR:mba

Attachments

APPROVED
Feb 28 1983
Elliott
For James Lion

N/MCCD