

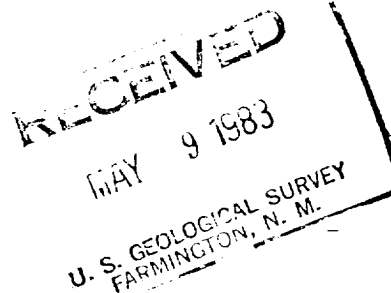
dugan production corp.

May 9, 1983

Bureau of Land Management
P. O. Drawer 600
Farmington, New Mexico 87499

Attention: Mr. James Sims

Re: Application for Extension of Time to Vent Casinghead Gas
Jerome P. McHugh Gallo Red No. 1
NW/4 SW/4, Sec. 14, T23N, R6W, N.M.P.M.
Federal Lease No. NM 41720
Counselors Gallup Field
Rio Arriba County, New Mexico



MAY 11 1983

OIL CON. DIV.
DIST. 3

Dear Mr. Sims:

The captioned well is currently authorized to vent casinghead gas until May 11, 1983. The Gallo Red No. 1 is currently being produced 45 minutes per day on a time cycle controller and is averaging 3.8 BOPD and approximately 8 MCFD.

We have recently completed extensive negotiations with Northwest Pipeline and have executed a gas contract. Under the terms of the contract Northwest Pipeline will provide a meter and pipeline connection, however, the burden of laying a gathering line will be up to the operator. Attached for your file is a copy of Dugan Production's application for transportation facilities and Right of Way. Upon receiving approval of our application, Dugan Production plans to install the necessary gathering system to deliver gas into the pipeline and would anticipate being able to complete the installation within 2 - 3 weeks upon receiving approval of our application. It is our understanding that the approval of the necessary Right of Way will require approximately one month.

In view of the May 11 expiration of authorization to vent gas and the current status of our efforts to obtain a pipeline connection, we request permission to vent gas from the Gallo Red No. 1 for an additional two month period. This should allow approximately one month to obtain the necessary Right of Way approval and sufficient time to install the pipeline. Should this request not be granted, it will be necessary for us to shut the well in on May 11.

Sincerely,

John D. Roe

John D. Roe

JDR:mba

Attachment *Jerome P. McHugh*

NTL-44-II B.L.

NAILED