



# dugan production corp.

October 26, 1984

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OCT 30 1984

BUREAU OF LAND  
FARMING

Minerals Management Service  
Attn: District Supervisor  
Caller Service 4104  
Farmington, NM 87499



Re: Application to Vent Casinghead Gas

Dugan Production Corp.

Husky Federal #2 Well

Lease No. NM 14729

T-21-N, R-4-W, NMPM

Sec. 25: NW/4, NW/4

Undesignated Gallup Field

Sandoval Co., NM

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OIL CON. DIV.  
DIST. 3

Gentlemen:

We are writing to request authorization to vent casinghead gas from the above referenced well.

The well was completed December 8, 1983. The initial swab test produced ~~28~~ 50 BOPD; 50 lbs. frac water and an amount of gas too small to measure. ~~the~~ well was fraced with 72,000 gal. gelled water and 89,500 lbs. of 20/40 sand. It is our opinion that every effort has been made to effect an optimum completion and the results have been disappointing. Actual production for the months of January through July, 1984 are tabulated on Table 1. The average daily oil production is 3.1 BOPD, gas production averages 5.1 Mcf/day and produced water averages 4 BWPD. Further examination of the tabulated data shows that while gas production over the last three months (April, June and July) has remained fairly stable, the production is dropping and the GOR is increasing steadily. The seven month GOR has an overall average of 1641. The lease fuel requirements are presently 5.1 Mcf/day which leaves only a very small amount of gas to be vented on a daily basis. (Table 1)

The Husky Federal #2 was perforated 4787'-5215' RKB with a total of 38 holes. Open hole log analysis of the 38 ft. of pay, indicated shale volumes ranging from 2-36%. Average shale volume was calculated to be 11%. The indicated pay quality coupled with the lack of any oil wells in the near area render a reserve calculation difficult. However, based on the wells performance thus far, we think it is reasonable to predict the first full years production at 850 BO. The production decline history of the Husky Federal #2 for seven months indicates a slowly declining rate of production for any period after the first year (See Table 1).

APPROVED

NOV 02 1984

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M. MILLENBACH  
PHONE: (505) 325-1821  
AREA MANAGER

*NMOCD*