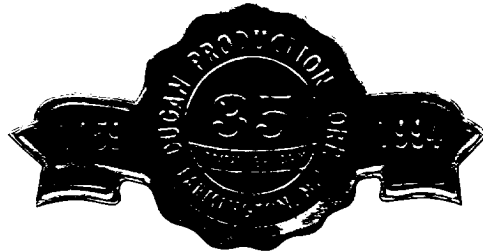




dugan production corp.



February 2, 1994



Mr. Frank Chavez  
New Mexico Oil Conservation Division  
1000 Rio Brazos Road  
Aztec, NM 87410

**Re: Dugan Production Corp.  
Regina #8  
Application for Approval to Use  
An Alternate Gas Measurement Method**

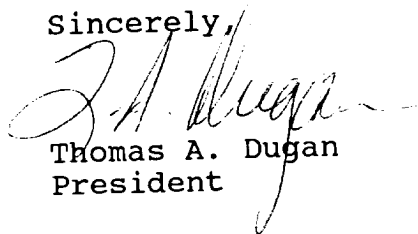
Dear Mr. Chavez:

Attached please find form C-136 requesting approval to use an alternate gas measurement method for the subject well.

Dugan Production Corp. acquired this well November 1, 1992. During the transitional period, El Paso Natural Gas Company received authorization from the previous operator to implement alternate gas measurement, and did so effective June 8, 1993. Dugan Production Corp. has just become aware of this, and requests that this approval be made retroactive to June 8, 1993.

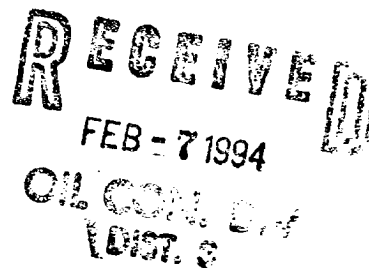
If you have any questions, please contact Cheri Gunn at 325-1821, ext. 29.

Sincerely,

  
Thomas A. Dugan  
President

cg

enc.



**EXTRACT I**  
P.O. Box 1968, Hobbs, NM 88241-0968

State of New Mexico  
Energy, Minerals & Natural Resources Department

Form C-136  
Originated 12/23/91

**EXTRACT II**  
P.O. Drawer 60, Artesia, NM 88211-0760

OIL CONSERVATION DIVISION  
P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

Submit original and 4 copies to the  
appropriate district office.

**EXTRACT III**  
1600 Rio Blanco Road, Aztec, NM 87410

**APPLICATION FOR APPROVAL TO USE AN ALTERNATE GAS MEASUREMENT METHOD**  
Rule 403.B(1) or (2)

Operator Name: Dugan Production Corp. Operator No. 325-1821  
Operator Address: P.O. Box 420, Farmington, NM 87499  
Lease Name: Regina #8 Type: State      Federal X Fee       
Location: Unit D, Sec. 35, T24N, R1W, Rio Arriba County, NM  
Pool: South Blanco Pictured Cliffs  
Requested Effective Time Period: Beginning 6-8-93 Ending indefinite

**APPROVAL PROCEDURE: RULE 403.B.(1)**

Please attach a separate sheet with the following information.

- 1) A list of the wells (including well name, number, ULSTR location, and API No.) included in this application.
- 2) A one year production history of each well included in this application (showing the annual and daily volumes).
- 3) The established or agreed-upon daily producing rate for each well and the effective time period.
- 4) Designate wells to be equipped with a flow device (required for wells capable of producing 5 MCF per day or more).
- 5) The gas transporter(s) connected to each well.

**APPROVAL PROCEDURE: RULE 403.B.(2)**

Please attach a separate sheet with the following information.

A separate application is required for each Central Point Delivery (CPD).

Working interest, royalty and overriding royalty ownership must be common for all wells to be connected to the subject CPD.

- 1) An ownership plat showing a description of the lease and all of the wells to be produced through this CPD.
  - a) List the wells which will be metered separately, including API No.
  - b) List the wells which will not be metered separately, including API No.
- 2) Describe the proposed method of allocating production from non-metered wells.
- 3) A one year production history of the wells which will not be metered showing the annual and daily volumes.
- 4) The gas transporter(s) connected to this CPD.

Applicant will be responsible for filing OCD Form C-111 for the CPD.

**OPERATOR**

I hereby certify that the rules and regulations of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

Signature: Thomas A. Dugan

Printed Name & Title: Thomas A. Dugan  
President

**OIL CONSERVATION DIVISION**

This approval may be cancelled at anytime that operating conditions indicate that re-tests may be necessary to prevent waste and protect correlative rights.

Further Notice

Approved Until:     

By: ORIGINAL SIGNED BY ERNIE BUSCH

Title: DEPUTY OIL & GAS INSPECTOR, DIST. #2

**APPLICATION FOR APPROVAL TO USE AN ALTERNATE GAS MEASUREMENT METHOD**  
**ATTACHMENT NO. 1**

**APPROVAL PROCEDURE: RULE 403.B(1)**

- 1.) A list of the wells (including well name, number, ULSTR location, and API No.) included in this application.

Regina #8  
Unit D, Sec. 35, T24N, R1W, Rio Arriba County, NM  
API# 30-039-21160

- 2.) A one year production history of each well included in this application (showing the annual and daily volumes).

1993 Annual Production - 3695 MCF  
1993 Avg. Daily Production - 12.44 MCFD

- 3.) The established or agreed upon daily producing rate for each well and the effective time period.

12.48 MCFD (Agreed Volume Daily Rate)  
Beginning 6-8-93, Ending - indefinite

- 4.) Designate wells to be equipped with a flow device (required for wells capable of producing 5 MCF per day or more).

Regina #8

- 5.) The gas transporter(s) connected to each well.

El Paso Natural Gas Company

