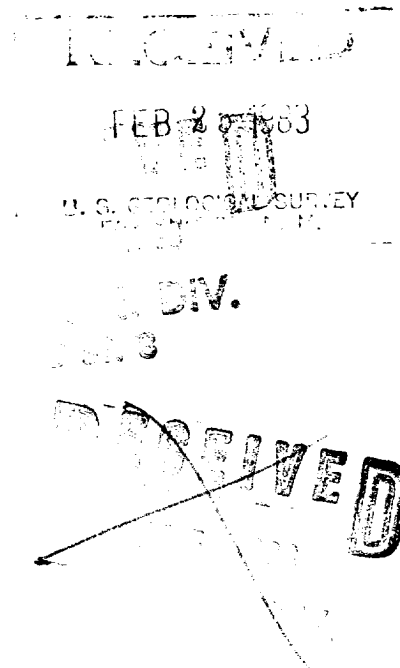


dugan production corp.

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.
Tapacitos #2
Lease No. NM 7993
Unit L of Sec. 25, T-26-N, R-2-W
Undesignated Gallup (Rio Arriba) Field
Rio Arriba County, New Mexico



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 September 15, 1981, until further notice.

The subject well was completed November 12, 1980, in the Gallup with an IP of 12 BOPD, 4 BWPD, 183 MCF of gas per day. Dugan Production made this completion as a result of re-entering a previously abandoned Dakota well. Since completion the subject well has been a marginal producer. During 1981 a total of 197 BBL was produced with gas volumes being unmeasurable, and during 1982 a total of 20 BBL has been produced. The well is currently capable of production, however, will not sustain production by flowing and requires swabbing. We are attempting to obtain a pipeline connection at which time we would install artificial lift equipment which would permit sustained production.

We request that the Bureau of Land Management recognize the current state authorization for venting a very minor amount of casinghead gas which occurs during swabbing of the well.

Sincerely,

John D. Roe

