

DISTRICT I  
P.O. Box 1708, Santa Fe, NM 87501-1708

State of New Mexico  
Energy, Minerals & Natural Resources Department

Form C-136  
Originated 12/23/91

DISTRICT II  
P.O. Drawer 60, Aramis, NM 82311-6700

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

Submit original and 4 copies to the  
appropriate district office.

DISTRICT III  
1000 Rio Grande Road, Aramis, NM 82400

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

Operator Name: Dugan Production Corp. Operator No. \_\_\_\_\_  
Operator Address: P.O. Box 420, Farmington, NM 87499  
Lease Name: Navajo L #1 Type: Navajo 14-20-603-295  
State Federal Fee \_\_\_\_\_  
Location: Unit I, Sec. 11, T26N, R12W San Juan County, NM  
Pool: South Gallegos ER SN PC  
Requested Effective Time Period: Beginning upon approval Ending indefinite  
(approx. 8-1-95)

**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.

RECEIVED  
JUL 14 1995

**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.

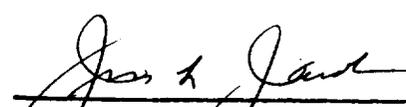
OIL CON. DIV.  
DIST. 3

- 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: 

Printed Name & Title: Jim L. Jacobs, V.P.

7-11-95

**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.

Approved Until: Further Notice

By: ORIGINAL SIGNED BY ERNIE BUSCH

Title: DEPUTY OIL & GAS INSPECTOR, DIST. #3

**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.

Navajo L #1  
Unit I, Section 11, T26N, R12W, San Juan County, NM  
API# 30-045-05930

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

1994 Production - 1484 MCF  
Avg. Daily Production - 5.45 MCFD

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

7.92 MCFD (Agreed Volume Daily Rate)  
Beginning upon approval (approx. 8-1-95), Ending - indefinite

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

Navajo L #1

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

El Paso Natural Gas Company