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Form C-136 Originated 12/23/91

DISTRICT!
F.O. BOX 1980, Hotton, NM 882H1-1980

DISTRICT II
P.O. Drawer D.O., Arnania, HOA Sauti 1-4719

DISTRICT III 1000 Rto Brescot Road, Azzac, NM 87410

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

State of New Mexico

Easingy, Missirals & Natural Resources Department

Submit original and 4 copies to the appropriate district office.

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: Hard Deal #2J (Ls.# NM-22046) Type: State Federal X Fee_ Location: Unit H, Section 18, T26N, R12W, San Juan County, NM Pool: WAW Fruitland Sand PC Requested Effective Time Period: Beginning 3-1-92 Ending indefinite APPROVAL PROCEDURE: RULE 403.B.(1) Please attach a separate theet 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 stach a separate theet with the following information. A separate application is required for each Central Point Delivery (CPD). Working Interest, regally and swerriding royally awarrable must be common for all wells to be connected to the lease and all of the wells to be produced through this CPB. 1) An ownership plat showing a description of the lease and all of the wells to be produced through this CPB. 2) List the wells which will be metered separately, including API No. 3) List the wells which will not be metered separately, including API No.			
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2) Describe the p oposed method of allocating production from non-metered wells.	2)	Describe the proposed method of allocating production from non-metered well-	다 CON. DIV
3) A one year production history of the wells which will not be metered showing the annual and daily volumes. 3			
4) The gas transporter(s) connected to this CPD.	l '	• •	

PERATOR	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.	
hereby certify that the rules and regulations of the Oil Conservation Division have been complied with and that the information given above is the and complete to the best of my knowledge and belief.		
Λ	Approved Until:	
Printed Name & Title: Jim I. Jacobs, V.P.	By: Original Signal by Flating to State	
Tim I Jacobs V P	Title: SUPERVISOR COSTACTS	

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.

Hard Deal #2J Unit H, Section 18, T26N, R12W, San Juan County, NM API# 30-045-22283

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

1990 Annual Production – 129 MCF 1990 Avg. Daily Production – 0.52 MCFD

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

2.16 MCFD (Agreed Volume Daily Rate)
Beginning approx. 3–1–92, Ending – indefinite

- 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.

El Paso Natural Gas Company