



dugan production corp.

July 8, 1983

Bureau of Land Management  
P. O. Drawer 600  
Farmington, New Mexico 87499

RECEIVED

JUL 11 1983

U. S. GEOLOGICAL SURVEY  
FARMINGTON, N. M.

Attention: Mr. James Sims

Re: Application for Extension of Time to Vent Casinghead Gas  
Jerome P. McHugh Gallo Red No. 1  
NW/4 SW/4, Sec. 14, T23N, R6W, N.M.P.M.  
Federal Lease No. NM 41720  
Counselors Gallup Field  
Rio Arriba County, New Mexico

Dear Mr. Sims:

The captioned well is currently authorized to vent casinghead gas until July 11, 1983. The Gallo Red #1 is being produced 45 minutes per day on a time cycle controller and averages approximately 6 BOPD and 28 MCFD.

We have recently completed extensive negotiations with Northwest Pipeline and have executed a gas contract. We are currently in the process of negotiating with Northwest Pipeline to install a gathering system in the field. Dugan Production may have to install the necessary gathering system to deliver gas into Northwest Pipeline's system, and have applied for, and received a Right-of-Way to do so, however, we are discussing the possibility of Northwest Pipeline installing the system, in view of the fact that several other operators also have wells in this general area. We hope to have matters resolved as to who will install the gathering system in the very near future, and upon doing so, would anticipate being able to complete the installation within 2 - 3 weeks.

As previously mentioned, Dugan Production has secured the necessary Right-of-Ways. In view of the July 11, 1983 expiration of authorization to vent gas, and our current efforts to install a gathering system, we request permission to vent gas from the Gallo Red #1 for an additional 3 month period. Should this request not be granted, it will be necessary for us to shut the well in on July 11.

Sincerely,

*John D. Roe*

John D. Roe

JDR:mba

xc: Jerome P. McHugh

This Approval ~~Expires~~

Expires

10/11/83

*If not hooked to Sales line  
by 10/11/83, venting will be  
restricted to 20 MCFD.*

APPROVED

*Jim [Signature]*

DISTRICT ENGINEER