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United States Department of the Interior

BUREAU OF LAND MANAGEMENT

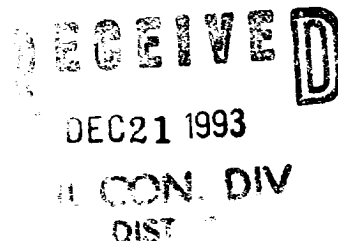
Rio Puerco Resource Area
435 Montano N.E.
Albuquerque, New Mexico 87107



IN REPLY REFER TO:

JIC 10 (WC)
3160 (017)

DEC 21 1993



Dugan Production Corporation
P.O. Box 420
Farmington, New Mexico 87499

Gentlemen:

We have completed our review of the information provided in your application for use of an Alternative Measurement method for marginal low flow wells dated November 14, 1993. Jicarilla Contract #10, well #1 located in Sec. 4, T. 24 N., R. 5 W., was evaluated to determine if they qualify for use of an Alternative Measurement method for marginal low flow wells.

We agree that Jicarilla Contract #10, well #1, meets the standards for Alternative Measurement methods for marginal low flow wells as stated in NTL 92-5 (New Mexico). Therefore, your application is approved as of November 14, 1993, and will stay in effect as long as the wells continue to meet the standards for Alternative Measurement methods.

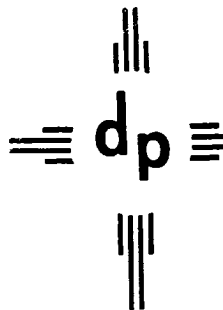
We regret any inconvenience that this late approval may have caused, but due to the work priorities set by our State Office and the recent transfer of responsibility from the Farmington District Office, we were not able to approve this action until this time. If you have any questions, please contact Robert Kent at (505) 761-8762.

Sincerely

(Original Signed) HECTOR A. VILLALOBOS

Hector A. Villalobos
Area Manager

bcc:
✓ NMOCD
BIA
AIRS/PET

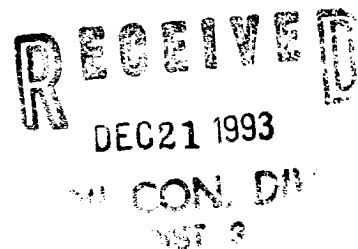


dugan production corp.

November 24, 1993

Ms. Shirley Mondy
Bureau of Land Management
Rio Puerco Resource Area
435 Montano Road N.E.
Albuquerque, NM 87107

**Re: Application for Approval to Use
An Alternate Gas Measurement Method
Rife Oil Properties, Inc.
Jicarilla 10 #1
Jicarilla Apache Contract #10
Otero Chacra Pool
Unit D, Section 4, T24N, R5W
Rio Arriba County, NM**



Dear Ms. Mondy:

Attached please find the application filed with the New Mexico Oil Conservation Division (Form C-136) for approval to use an alternate gas measurement method for the subject well. This application should contain all pertinent information required by the Bureau of Land Management. The daily production rate will be updated by an annual production test.

The pipeline operator has concluded that wells producing less than 15 MCFD do not produce sufficient volumes to support continued maintenance of meter equipment. This well falls into this category and is uneconomical to produce using conventional methods. You will note from NMOCD form C-136 we are requesting that approval for alternative measurement be retroactive to October 19, 1993, the date El Paso Natural Gas initiated alternative measurement on this well. In checking our records, we found that an application for approval had inadvertently not been submitted.

Rife Oil Properties respectfully requests that the BLM approve this application to use the alternate gas measurement method described in the attached application and that the approval be made retroactive to October 19, 1993.

Sincerely,

John D. Roe

John D. Roe
for Rife Oil Properties, Inc.

JDR/cg

attach.

DISTRICT I
P.O. Box 1988, Hobbs, NM 88241-1988

DISTRICT II
P.O. Drawer 60, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Grande Road, Aztec, NM 87410

State of New Mexico
Energy, Minerals & Natural Resources Department

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

Form C-136
Originated 12/23/91

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: Rife Oil Properties, Inc. Operator No. 325-1821
Operator Address: P.O. Box 420, Farmington, NM 87499
Lease Name: Jicarilla 10 #1 Type: State Federal Fee
Location: Unit D, Sec.4, T24N, R5W, Rio Arriba County, NM Jicarilla X
Pool: Otero Chacra
Requested Effective Time Period: Beginning 10-19-93 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: John D. Roe

John Roe

Printed Name & Title: for Rife Oil Properties

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: future notice

By: [Signature]

Title: SUPERVISOR DISTRICT # 3

DEC 21 1993

IV

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.

Rife Oil Properties, Inc.
Jicarilla 10 #1
Unit D, Section 4, T24N, R5W, Rio Arriba County, NM
API# 30 039 05678

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

1992 Annual Production – 2766 MCF
1992 Avg. Daily Production – 8.78 MCFD

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

10.32 MCFD (Agreed Volume Daily Rate)
Beginning 10-19-93, Ending – indefinite

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

Jicarilla 10 #1

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

El Paso Natural Gas Company

R E C E I V E D
DEC 21 1993
OIL CON. DIST.
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