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= dp = dugan production corp.
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December 6, 1977

Al Kendrick
New Mexico Oil Conservation Commission
1000 Rio Brazos Road
Aztec, NM 87410

Dear Al:

Dugan Production Corporation completed the Big Eight #1 Well in May of 1976. The well was completed in the Dakota and Greenhorn formations and a Baker Model "D" Packer was set between the two zones. The Dakota formation made 1200 MCF of gas per day plus 37-1/2 barrels of water per day. The Greenhorn formation swabbed tested 2 barrels of oil per hour with 50 MCF of gas per day.

We have been waiting since May, 1976, for a gas connection. We are requesting approval to test both zones of the well into the pipeline for a period of ninety days. As usual, we are hoping that the gas improves and the water decreases in the Dakota zone. We doubt the Greenhorn formation will flow much oil on the backside of the tubing, but we would like to test this zone also.

We are requesting approval to commingle the production on the surface and we will test each zone by shutting in the other zone for a twenty four hour period and dividing the monthly production accordingly to the results of these tests.

Following a ninety day test period we will make a formal application for a dual completion approval or secure a hearing and request permission to commingle the production in the well bore.

Sincerely,

Tom Dugan

Thomas A. Dugan
President

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