



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington District Office
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401

IN REPLY REFER TO:
NMSF-078110(WF)
3162.7-3

September 22, 1997

Mr. John Roe
Dugan Production Corp.
P.O. Box 420
Farmington, NM 87499-0420

October 23, 1997
NMOCD Case No. 11863
Dugan Production Corp.
Exhibit No. 8

Dear Mr. Roe:

Dugan submitted an application for off-lease measurement and surface commingling of gas production from the following wells:

Well Name	QTR/QTR	Location	Lease Number	CA Number	Pool
1 Camp David Com	G	36-30N-14W	State	N/A	Fruitland Coal
4 Federal I	C	1-29N-14W	NMSF-078110	N/A	FR Sand -PC
5R Federal I	J	1-29N-14W	NMSF-078110	N/A	FR Sand -PC
6 Federal I	G	1-29N-14W	NMSF-078110	N/A	FR Sand -PC
1 O'Henry	N	36-30N-14W	State	N/A	Fruitland Coal
2 Winifred	G	35-30N-14W	Fee	SCR-141	FR Sand -PC

Based upon our review of your application and the supplemental data Dugan submitted September 19, 1997, your application for the Federal I Central Gathering System is approved, effective August 1, 1997. This approval for off-lease measurement and surface commingling is subject to the following conditions of approval:

1. Dugan is required to test the gas system integrity prior to initiating operations and submit the results for our files.
2. Dugan is required to comply with the applicable provisions of Onshore Orders No. 3, 4 and 5.

If you have any questions, please call Duane Spencer at (505) 599-6350.

Sincerely,

Duane W. Spencer
Team Lead, Petroleum Management

cc:
NMOCD, Aztec, NM
State Land Office, O&G Division, Santa Fe, NM

