



United States Department of the Interior

Case # 12936

BUREAU OF LAND MANAGEMENT

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

IN REPLY REFER TO:

3162.7-3

South Lybrook Gas Gathering System CDP
07100

RECEIVED

OCT 28 2002

October 4, 2002

Dugan Production Corporation
Attn.: John Roe
P.O. Box 420
Farmington, New Mexico 87499-0420

OIL CONSERVATION
DIVISION

Dear Mr. Roe:

Reference is made to your application for inclusion of the following wells into the Questar E&P Company (Questar) operated South Lybrook Gas Gathering System (SLGGS):

Little b No. 2, located 1850' FNL and 1850' FEL section 36, T. 23N., R. 8W., on a State of New Mexico Lease.

South Seas No. 1, located 1100' FNL and 1135' FEL section 6, T., 22N., R. 7W., on Federal Oil and Gas lease No. NM 89023.

The referenced wells both produce gas from the Rusty Chacra Pool and are considered dry gas wells with no liquid hydrocarbons anticipated. The Questar wells currently on SLGGS produce from the Alamito and Lybrook Gallup Pools and produce both oil and gas. According to your application, the referenced wells will have individual allocation meters installed with an additional meter located at the point of delivery into the SLGGS.

After reviewing your application and the allocation methodology presented, you are hereby authorized to include these wells in the Questar operated SLGGS. Questar recently provided their concurrence with the inclusion of these wells into the system. With the exception of the modified allocation methodology, all other requirements outlined in our original approval to Questar are still in full force and effect. The recognized central delivery point (CDP) is the El Paso Natural Gas Company (EPNG) CDP at the following location :

SWNW Section 25, T. 23N., R. 7W., Sandoval County, New Mexico.

Failure to operate your portion of the SLGGS facility in accordance with the conditions outlined above may subject this approval to revocation. In addition, this office reserves the right to rescind this approval should future evaluation of this method of measurement indicate that federal royalties would be reduced.

Attached is a list of the wells recognized as contributing to the South Lybrook Gas Gathering System. If you have any questions regarding the above, contact Jim Lovato at (505) 599-6367.

Sincerely,

Jim Lovato
Senior Technical Advisor
Petroleum Engineer

Attachment (List of Contributing wells)

Cc:

Questar Exploration and Production Company
Attn.: Gary Ohlman
1050 17th Street, Suite 500,
Denver, Colorado 80265

bcc:

NMOCD (Aztec & Santa Fe)
State Land Office
P.O. Box 1148
Santa Fe New Mexico 87504-1148

South Lybrook Gas Gathering File
DOMR
07100:JLovato:3/5/99:SLybrook.off

**South Lybrook Gas Gathering System Amended
Well List**

Questar Operated Wells:

<u>Well Name and No.</u>	<u>Lease No.</u>	<u>Formation</u>	<u>Location</u>
Federal B 2	NM6682	Gallup	SWNE 34-23N-7W
Federal B 3	NM6682	Gallup	NWSE 34-23N-7W
Federal B 4	NM6682	Gallup	NWSW 34-23N-7W
Federal B 5	NM6682	Gallup	NWNW 34-23N-7W
Federal B 6	NM6682	Gallup	SWSW 27-23N-7W
Federal B 7	NM6682	Gallup	NENE 21-23N-7W
Federal C 1	NM6681	Gallup	SESE 31-23N-7W
Federal C 2	NM6681	Gallup	NESE 31-23N-7W
Federal C 3	NM6681	Gallup	SESW 31-23N-7W
Federal I 2	NM16586	Gallup	NESE 33-23N-7W
Federal I 3	NM16586	Gallup	SWSW 33-23N-7W
Federal I 4	NM16586	Gallup	SWNW 33-23N-7W
Federal I 5	NM16586	Gallup	SWNE 21-23N-7W
Federal I 8	NM16586	Gallup	SWNW 21-23N-7W
Federal I 9	3NM16586	Gallup	NWNE 21-23N-7W
Federal L 1	NM58878	Gallup	SWSE 28-23N-7W
Federal G 1	NM048989A	Gallup	NENE 2-22N-7W
Federal G 2	NM048989A	Gallup	NWNE 2-22N-8W
Federal A 1	NM10087	Gallup	SWNW 23-23N-7W
Federal B 8	NM6682	Gallup	NENW 22-23N-7W
Federal B 9	NM6682	Gallup	SWNW 22-23N-7W
Federal B 20	NM6682	Gallup	SENE 21-23N-7W
Federal B 23	NM6682	Gallup	NWSW 22-23N-7W
Alamito 2	State	Gallup	SESW 32-23N-7W
Alamito 3	State	Gallup	SWNW 32-23N-7W
Alamito 4	State	Gallup	SWNE 32-23N-7W
Federal B 10	NM6682	Gallup	NENE-22-23N-7W
Federal B 11	NM6682	Gallup	NWSE 22-23N-7W
Federal B 13	NM6682	Gallup	SESE 22-23N-7W
Federal B 22	NM6682	Gallup	NWSE 22-23N-7W
Federal B 12	NM6682	Gallup	SWSE 27-23N-7W
Federal B 14	NM6682	Gallup	NENE 27-23N-7W
Federal B 15	NM6682	Gallup	NESE 27-23N-7W
Federal B 21	NM6682	Gallup	SESW 22-23N-7W
Federal B 24	NM6682	Gallup	SWSE 22-23N-7W
Federal B-25	NM6682	Gallup	NESW 22-23N-7W
State K 1	State	Gallup	SESE 36-23N-7W

Dugan Operated Wells:

Little b No. 2	State	Chacra	SWNE 36-23N-8W
South Seas No. 1	NM89023	Chacra	NENE 6-22n-7W