



dugan production corp.

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OCT 30 1984

BUREAU OF LAND MANAGEMENT
FARMINGTON, NEW MEXICO

Minerals Management Service
Attn: Mat Millenbach
Caller Service 4104
Farmington, NM 87499

RE: Application to Vent Casinghead Gas
Dugan Production Corp.
B.R.'s Stars #2 Well
Undesignated Gallup
Unit P, Sec. 17, T-21-N, R-3-W, NMPM
Sandoval County, NM



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OIL CON. DIV.
DIST. 3

Gentlemen:

We are writing to request authorization to vent casinghead gas from our B.R.'s Stars #2 well. This well was completed 12-6-83 and is producing by means of a rod pump from a perforated Gallup interval of 5112-5461' RKB with a total of 30 feet of pay. The well initially swab tested a rate of 30 BOPD, 30 MCFD and 30 BLW. Actual production has stabilized at a rate of 4 BOPD, 4 BWPD and 12 MCFD (of which 5.1 MCFD is utilized on the lease as fuel for the 14 hp pump unit motor and heater treater).

Stimulation treatment was a sand-water frac comprised of 72,082 gal. gelled water and 72,500 lbs. of 20/40 sand. It is our opinion that we have made every effort to effect an optimum completion, but to date the results have been very disappointing. Open hole log analysis of the perforated Gallup interval indicated shale volumes ranging from 6% to 29.5% with an average shale volume of 15.6%. These figures were derived from the Gamma Ray log. Any comparison of the subject well to other wells in the area is next to impossible due to the absence of producing Gallup wells. Through August 31, 1984, produced gas amounted to 1572 MCF and the volume of oil produced was 571 bbls. (See Table 1.) The average GOR over this 8 month period was 2753.

In order to market the gas produced from the subject well, the nearest pipeline is Gas Company of New Mexico's pipeline that parallels NM State Hwy. 44. (See Figure 1.) This is approximately 3 miles away and any future line would have to traverse some quite rough terrain. (See Figure 2.) In addition, the well would have to be produced with a 3 stage compressor capable of handling 600 psi line pressure. We believe the cost of the equipment and facilities needed to access a market for the gas is extremely prohibitive. At the present time, Gas Company of NM is not accepting any new contracts on gas and it does not appear that the situation will improve for quite some time. Our discussions with other operators in the area regarding the

APPROVED

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