

dugan production corp.

February 3, 1993

Mr. John Keller
Bureau of Land Management
1235 La Plata Hwy.
Farmington, NM 87401

RECEIVED
APR 14 1993
OIL CON. DIV.
DIST. 2

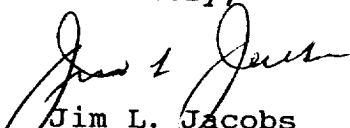
Re: Application for Approval to Use
An Alternate Gas Measurement Method
Hall No. 1
Federal Lease #SF-080536
South Blanco PC Pool
SW/4 NW/4 Unit E, Section 33, T25N, R3W
Rio Arriba County, NM

Dear Mr. Keller:

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. Therefore, Dugan Production Corp. respectfully requests that the BLM approve this application to use the alternate gas measurement method described in the attached application.

Sincerely,


Jim L. Jacobs
Vice-President

cg

APPROVED:

MINERAL STATE CHIEF
BUREAU OF LAND MANAGEMENT
RIO PUEBLO RESOURCE AREA

DISTRICT I

P.O. Box 1968, Hobbs, NM 88341-1968

DISTRICT II

P.O. Drawer DO, Arredondo, NM 88211-4719

DISTRICT III

1000 Rio Blanco 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

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BLMSubmit original and 4 copies to the
appropriate district office.

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APPLICATION FOR APPROVAL TO USE AN ALTERNATE GAS MEASUREMENT METHOD
Rule 403.B(1) or (2)

Operator Name: Dugan Production Corp. Operator No. 325-1821

Operator Address: P.O. Box 420, Farmington, NM 87499

Lease Name: Hall #1 Type: State Federal X Fee

Location: Unit E, Section 33, T25N, R3W, Rio Arriba County, NM LS.# SF-080536

Pool: Blanco Pictured Cliffs, South

Requested Effective Time Period: Beginning approx. 2-1-93 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: Jim L. JacobsPrinted Name & Title: Jim L. Jacobs, V.P.**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: By: Title:

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.

Hall #1
Unit E, Section 33, T25N, R3W, Rio Arriba County, NM
API# 30-039-05730

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

Annual Production (1/92 thru 12/92) – 4183 MCF
Avg. Daily Production (1/92 thru 12/92) – 11.75 MCFD

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

12 MCFD (Agreed Volume Daily Rate)
Beginning approx. 2-1-93, Ending – indefinite

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

Hall #1

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

El Paso Natural Gas Company