



# dugan production corp.

March 25, 1985

RECEIVED

MAR 26 1985

BUREAU OF LAND MANAGEMENT  
FARMINGTON RESOURCE AREA

Bureau of Land Management  
Caller Service 4104  
Farmington, NM 87499

RE: Application to Vent Casinghead Gas - Long Term  
Dugan Production Corp.  
Adobe A #1 Well  
Federal Lease No. SF 078868  
SE/4 NW/4, Sec. 29, T24N, R8W, NMPM  
Cuervo Gallup Field  
San Juan County, NM

RECEIVED  
APR 01 1985  
OIL CON. DIV.  
DIST. 3

Gentlemen:

Dugan Production hereby requests approval for long term venting of casinghead gas from the captioned well. Recent production history of the well indicates a stabilized rate of 5.2 BOPD and 8.0 MCFD of which approximately 5 MCFD is utilized as fuel for the operation of a pumping unit motor and heater treater on the lease.

A previous application for venting of casinghead gas was approved for a one year period for the Adobe A #1 by your office. At that time, Dugan Production was negotiating with El Paso Natural Gas Company to secure a pipeline connection. Since our original application for venting, El Paso Natural Gas has not made any new contracts. We plan to continue efforts to connect the Adobe A #1 for gas sales, however, in view of the low volumes involved, the fact that the gas is undedicated, the remoteness of the well and the current gas market conditions, we are uncertain as to when gas sales will occur.

Graph #1 shows the recent production history of the Adobe A #1. The projected oil production is based on a 5%/year decline. Gas volumes for the economic analysis were determined by using the average GOR from actual production during 1983 and 1984.

As can be seen in Table #1, the projected gas volumes do not justify the expense necessary to obtain a pipeline connection even if a pipeline company were to accept a new contract, since approximately only 3 MCFD is available for sale and the well will require approximately 4365' of line to be installed for connecting to El Paso Natural Gas's pipeline.

Therefore, Dugan Production Corp. requests approval for long-term venting.

APPROVED

MAR 29 1985

MILLENBACH

*NOTED*