



dugan production corp.

Minerals Management Service
Attn: District Supervisor
Caller Service 4104
Farmington, NM 87499

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OCT 25 1984

BUREAU OF LAND MANAGEMENT
FARMINGTON RESOURCE AREA

RE: Application to Vent Casinghead Gas
Dugan Production Corp.
Rodeo Rosie #1 Well
Lease No. NM 15654
790' FNL & 790' FEL, Sec. 22, T24N, R10W, NMPM
Bisti Lower Gallup Field
San Juan County, NM

Gentlemen:

We are hereby requesting approval to vent 1 to 2½ Mcf/day of casinghead gas from the captioned well for an indefinite period of time.

The subject well was completed 8-31-82, producing 25 BOPD, 15 Mcf/day and 10 BLWD. Actual production has been very disappointing and as of 9-1-84 cumulative production was 1355 BO + 5489 MCFG. During the 3 month period, June through August, 1984, production averaged 1.5 BOPD and 6.0 Mcf/day, of which 3½ to 5 MCFD is used on the lease to supply fuel for the 14 hp gas engine on the pump unit and the heater treater. (See Fig. No. 1.)

The Rodeo Rosie #1 is relatively isolated from other producing wells in the area and at the present time the gas from the subject well is undedicated. This well is situated approximately 1.15 miles from a possible connection to Dugan Production's Good Times Gathering System (GTGS); however, El Paso Natural Gas, the purchaser of GTGS gas, is not accepting new contracts due to lack of demand for natural gas.

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This summer Dugan Production completed two wells 1 to 2 miles to the south of the Rodeo Rosie #1 and are continuing investigating all possibilities of obtaining a gas market. We are currently making plans to install a gathering system in this general area to gather gas from several remote wells and deliver to a central point on our existing Good Times Pipeline, rather than vent the gas. As you can imagine, there are many uncertainties in this venture, considering the current gas market, the most significant of which is obtaining a gas contract and also an exchange-transportation agreement with EPNG.

Presently, the oil produced from the Rodeo Rosie #1 has a greater energy equivalence than the associated produced gas and it is our belief that should this venting application not be approved, we will be left with no alternatives but to shut the well in, which will result in the loss of revenues and possibly recoverable oil reserves.

APPROVED

WMOCD