

American Hunter Exploration Ltd.
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american hunter

May 13, 1992

U.S. Department of the Interior
Bureau of Land Management
1235 La Plata Highway
Farmington, New Mexico
U.S.A.
87401

Attention: Duane Spencer

RECEIVED
MAY 14 1992
OIL CON. DIV.
DIST. 3

Gentlemen:

RE: Casinghead Gas Venting
Jicarilla 3F-1 Well
Township 27, North Range 1 West
Section 3: SE/4 NW/4
Rio Arriba County, New Mexico

Further to our application of May 1, 1992 and subsequent telephone conversation we wish to clarify the following points:

- Volume of Gas Being Flared:** Historic stabilized production from this well over the past two months reflects an average oil production of 370 BOPD with gas production in the order of 165 mcf/d for a producing GOR of 438 SCF/bbl.
- Gas Conservation/Utilization:** Presently the nearest connection to an existing gas conservation system is about 5 miles south of this well. As part of the longer term planning for this American Hunter project (should development be economically attractive and meet gas processing constraints in the Jicarilla tribe) we are carefully examining our need to conserve gas through re-injection into the reservoir to assist the gravity drainage mechanism. Alternatively we are examining the prospect of gas sales via an additional drilling location that we are using a project. To this end we are now in discussions with the Jicarilla tribe. The nearest gas processing plant is nearest to our exploration project.

b1312
Ken Townsend
said they had
approved the
gas months

11/12