



# dugan production corp.

March 20, 1984

RECEIVED

MAR 21 1984

U.S. DEPARTMENT OF THE INTERIOR

Bureau of Land Management  
Attn: Mat Millenbach  
Caller Service 4104  
Farmington, NM 87499

RE: Request Permission for Off-lease Measurement  
Dugan Production Corp.'s Uncle Sam No. 1  
SE SE of Section 22, T-27N, R-13W, NMPM  
San Juan County, NM  
Lease No. N00-C-14-20-7468

RECEIVED

MAR 23 1984

OIL CON. DIV.  
DIST. 3

Dear Mr. Millenbach:

We are writing to request permission for off-lease measurement of natural gas production from the captioned well.

The Uncle Sam No. 1 was spudded 7-23-80, and was perforated in the Pictured Cliffs formation 1328-1338'. The initial testing following perforating was not very encouraging and the well was not fracture stimulated, since it appeared that the possibility of obtaining a pipeline connection in the near future was not good. We did foam frac the well with a total of 12,000 lbs. of 10/20 sand during 8-33 and on 9-3-83, the Uncle Sam No. 1 tested a daily rate of 91 MCFD at the end of 3 hours and a flowing pressure of 5 psig. A copy of NMOC Form C-122, reflecting this test, is attached.

Following extensive negotiations to obtain a pipeline connection, we have resolved that in order to place this well on production, it will be necessary for Dugan Production to lay a flow line to the pipeline company's meter, which will be set on their line to Dugan Production's Lucky Billy Charlie No. 1, located in the SW SW of Sec. 22, T-27N, R-13W. This meter site will be located approximately 200' south of the Lucky Billy Charlie No. 1 and will be located on Lease No. N00-C-14-20-7467, which is also held by Dugan Production. We anticipate that the productivity of this well will be marginal, as evidenced by the pipeline company's refusal to make a well head connection and thus, have made an application to the Bureau of Land Management for permission to lay the flow line on the surface in order to minimize our investment necessary to place this marginal well on production. All gas produced from the well will be metered by Northwest Pipeline Company separately from the gas produced from the Lucky Billy Charlie No. 1, and to the best of our knowledge, there will not be any liquid hydrocarbons produced. We have attached a copy of a map reproduced from the Bureau of Reclamation's Delivery Unit Layout for NIIP, East Chaco Division, Block No. 6, and have outlined the boundaries of the 2 Indian leases involved (both held by Dugan Production) and have also sketched the approximate

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location of the flow line. As can be seen, this is an area that will be placed under irrigation in the near future; however, conversations with Al Keller, project manager for the Navajo Indian Irrigation Project, indicate that our installation will not interfere with any planned NIIP operation.

Should you have any questions regarding this request for off-lease measurement, please feel free to call me.

Sincerely,

*John D. Roe*

John D. Roe  
Petroleum Engineer

JDR:fp

Attachments

cc: McHugh  
Connelly

APPROVED

*[Signature]*  
APR 23 1984  
M. MILLENBACH  
AREA MANAGER  
*[Signature]*

R-13W

S-38  
R=377  
C.P. 58AC

6-4  
R=780  
C.P. 46 AC.

6-4  
(40)

PROPOSED NAPE  
MAIN LINE (TYP)

6-5A  
R=1550  
C.P. 178

Dugan Production Corp.  
LEASE: N00-C-14-20-7467  
160 ACRES - SW 1/4 SECTION 22  
LUCKY BILLY CHARLIE LEASE

Dugan Production Corp.  
LEASE: N00-C-14-20-7468  
160 ACRES - SE 1/4 SECTION 22  
UNCLE SAM LEASE

COMBINE T.O. 6-1 AND 6-2  
AND LOCATE HERE

6-1/2  
LINEAR IRRIGATOR  
284 AC.

T-27N

ELECTRIC  
POWER TRANS.  
LINE

6-1  
(153 AC.)

22

LUCKY BILLY  
CHARLIE 2

UNCLE SAM  
81

N00-C-14-20-7467

N00-C-14-20-7468

BURIED  
PIPELINE  
PROPOSED BY NWPL

APPROXIMATE  
SURFACE LINE LOCATION  
PROPOSED BY DUGAN PRODUCTION CORP.

Reproduced from THE BUREAU  
OF REDEMPTIONS "Delivery Unit  
INQUIRY FOR NIIP, EAST CHAD