



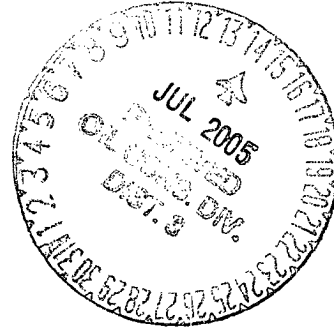
United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401

IN REPLY REFER TO:
3162.3-1 (211)

July 12, 2005



Dugan Production Corporation
Attn: Kurt Fagrelus
709 East Murray Drive
Farmington, NM 87401

Dear Mr. Fagrelus:

Enclosed is your Application for Permit to Drill (APD) for the following well:

 **Herry Monster #3, located 1980' FNL and 1650' FWL, Section 11, T24N, R11W, San Juan County, New Mexico on federal lease No. NMNM 17015 with API # 30-045-28623.**

Due to opposition of using this existing wellbore for injection, this APD is returned. The wellbore will remained plugged and will not be used for injection. An approval of the proposed Herry Monster SWD #3 (injection well into the Entrada) will follow.

Sincerely,

/s/ Adrienne Brumley

Adrienne Brumley
Petroleum Engineer,
Petroleum Management Team

Enclosures

cc: NMOCD