



dugan production corp.

June 20, 1996

Mr. Frank T. Chavez
District Supervisor
Aztec District Office
1000 Rio Brazos Road
Aztec, New Mexico 87401

RECEIVED
JUN 21 1996
OIL CON. DIV.
DIST. 2

RE: Violations at the Sapp C #5, H-5-T23N-07W, 30-039-24462

Dear Mr. Chavez:

We have removed all of the oil we possibly could from the earthen drilling reserve pit and placed it on the location for remedial work. We also used your recommendation and set a fiberglass pit for produced water instead of digging an earthen pit. If further action is required bring the well into compliance, or any other problem, please let me know.

Sincerely,

Tom Blair

Tom Blair
Production Superintendent
Dugan Production Corp.