

dugan production corp.

August 24, 1990

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

Attn: Steve Mason

RE: No. 1 Federal 28-22-6 Well
NW/4 NW/4 Sec. 28-T22N-R6W
Sandoval County, NM
Federal Lease NM-7008

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

RECEIVED
SEP 04 1990
OIL CON. DIV. 1
DIST. 3

MINING BRANCH
BRANCH CHIEF _____
SOLICIT _____
FILED SEP 1 1990

Gentlemen:

Reference is made to your letter dated August 7, 1990 addressed to Pitco Production Company (Pitco) which was forwarded to our office by letter dated August 21, 1990 (copy enclosed) and received August 23, 1990 regarding the commercial viability of the captioned well.

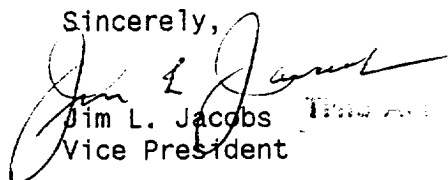
As set out in Pitco's August 21, 1990 letter, Dugan Production Corp. (DPC) purchased Pitco's interest in the subject lease by assignment dated May 10, 1990. DPC submitted the assignment (enclosed) for BLM approval at the end of May 1990 and it was approved August 7, effective July 1, 1990.

Pursuant to our phone conversation, it is our understanding that prior to the BLM's August 7, 1990 letter, the Farmington Resource area had contacted Pitco regarding the lack of production from the subject well; however, Pitco never advised DPC of said contact and this is the first notice we have had concerning this matter.

Please let this serve as a request for an additional sixty days to respond to your original notice concerning production from the captioned well. It is our belief that said well can be returned to production in paying quantities and we would like to arrange a time for you to witness a testing of the well.

Per your instructions, also enclosed is a Sundry Notice of Change of Operator. If there should be any questions, please contact me.

Sincerely,


Jim L. Jacobs
Vice President

JLJ/mm

Enclosures

Ken Townsend