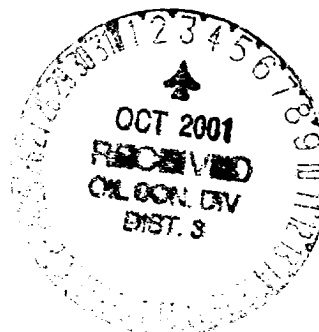


dp dugan production corp.

October 2, 2001

New Mexico Oil Conservation Division
P.O. Box 6429
Santa Fe, NM 87505



Re: Amendment Administrative Order No. PMX-206, West Bisti Unit No. 127
Conversion to Injection.

Gentlemen:

The referenced permit was issued for the West Bisti Unit No. 127, located 1980' fnl & 1980' fel, S.28-T.26N-R.13W, San Juan Co. New Mexico. In preparation for conversion, it was found that the 5-1/2" production casing would not pass the mechanical integrity test to the extent required by the permit. I propose that the application be amended as is set forth in the following paragraphs. The only change in the application will be the casing configuration. All other aspects of the application remain unchanged.

Amendment No. 1: Casing

The original application allowed use of the existing 5-1/2" production casing as the injection well casing. During preparation for conversion of the well, testing demonstrated that the existing casing would not pass the required mechanical integrity test. The operator proposes that 3-1/2" 9.2 lb/ft. casing be run inside of the 5-1/2" casing. The 3-1/2" casing will be run to 5,000'. It will be cemented back to the surface using Class B cement with friction reducer. A wellbore schematic is attached.

Amendment No. 2: Tubing

An internally plastic coated 2-3/8" with special clearance coupling will be used as the injection string. The injection packer will be a Baker AD1 set in tension inside of the 3-1/2" casing at 4980'.

Amendment No. 3: Plugging Procedure

No changes to the plugging procedure are required. The only exception is that perforation to spot plugs outside of the 5-1/2" casing will be done through the 3-1/2" and through the 5-1/2" casing. Conventional perforating guns have this magnitude of penetration. No additional expense will be incurred.

Amendment of this application is reasonable. It will allow the operator to use this well to recover additional reserves by increasing the waterflood efficiency. The internal casing will protect any useable water zones present.

Sincerely,

A handwritten signature in black ink that reads "John Alexander". The script is cursive and fluid, with the first name "John" and last name "Alexander" clearly distinguishable.

John Alexander
Vice President

CC: Mr. Frank Chavez
NMOCD
1000 Rio Brazos
Aztec, NM 87410

DUGAN PRODUCTION CORP.

West Bisti Unit No. 127, 1980' fnl & 1980' fel, S.28-T.26N-R.13W

Wellbore Schematic Amended Cement Application

