



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:

NMNM 12027
3162.3-1 (07100)

MAY 22



Dugan Production Corp.
P.O. Box 420
Farmington, NM 87499

Gentlemen:

Enclosed are your Applications for Permit to Drill (APD) for the following wells:

1. No. 4 Chaco Plant, NENE, Sec. 17, T. 26N., R. 12W., San Juan County, NM., lease NMNM 12027.
2. No. 4 Red Mac, SWSE, Sec. 3, T. 25N., R. 12W., San Juan County, NM., lease NMNM 25443.

The subject APD is rescinded and returned due to drilling not being commenced within the time frame authorized by either the APD or an extension of the approval date.

You are required to request surface rehabilitation instructions from this office if construction activities occurred on the referenced drill sites. If this office does not receive comment within 30 days, we will presume that no construction occurred and proceed accordingly. Later discovery that construction activities have in fact occurred, may result in assessment of liquidated damages.

Sincerely,

Matthew Warren
Petroleum Engineer,
Petroleum Management Team

2 Enclosures

cc:

/NMOC, Aztec, NM