



dugan production corp.

8-18-00
CASE # 12364

8/15/2000

Mr. Mark Ashley, Examiner
New Mexico Oil Conservation Division
2040 S. Pacheco St.
Santa Fe, NM 87505

Re: Order No. R-11371

Dear Mr. Ashley:

Dugan Production Corp. requests an amendment to the subject order to allow injection of produced water into the Menefee interval of the Mesaverde formation. The order, as it now stands, allows injection into the Point Lookout interval of the Mesaverde between 3690' to 3820'. We seek your approval to also allow the injection interval to include the interval from 2950' to 3690' in the same wellbore.

While preparing this well for injection service. Numerous small casing leaks were discovered within the Menefee interval. The casing above 2950' (top of the Menefee) has integrity. A cement squeeze in the Menefee failed to adequately repair the problem. A cement bond log was run and the results reviewed with Frank Chavez with the Aztec OCD Office. This log showed adequate bonding across the Menefee section. We are unable to demonstrate casing integrity from the permitted packer setting depth of 3590'. The plan is to perforate additional sands within the Menefee interval to allow additional injection zones. The additional zones will be needed to compensate for the reduced allowable surface pressure that will result from the more shallow depth of the packer.

Please let me know how the OCD would want me to approach this issue. I will, of course, provide whatever technical information you need to aid in your decision.

Sincerely Yours,

John Alexander
Vice President