



Post-It™ brand fax transmittal memo 7671		# of pages » 3
To Florene Davidson	From Daniel Lopez	
Co. NM Oil Conservation Div	Co. NAPI	
Dept.	Phone # 505-326-2970	
Fax # 505-827-8177	Fax # 505-326-3152	

P.O. DRAWER 1318 FARMINGTON, N.M. 87499, PH. (505) 327-5251, FAX (505) 326-3152

John Alexander  
Dugan Production Corporation  
709 E. Murray Dr  
P.O. Box 420  
Farmington, NM 87499-0420

00-OMSC-05

Case 12365

Re: Application to Convert West Bisti Unit No. 153 to Salt Water Disposal

Dear John;

Navajo Agricultural Products Industry (NAPI) is in receipt of your letter dated February 15, 2000 regarding Dugan Production Corporation's proposal for converting the West Bisti Unit No. 153 (T26N, R13W, S35) to a Salt Water disposal service.

NAPI objects to the conversion of West Bisti Unit No. 153 to a salt water disposal service. NAPI is concerned that the injection well is located in an area of proposed future NAPI irrigated fields. The proposed fields are part of the block 9 development of the Navajo Indian Irrigation Project.

The proposed injection well is in lands that are under the trust responsibility of the United States Government. Any authorization would have to conform to applicable laws of both the Navajo Nation and the United States Government (CFR 25).

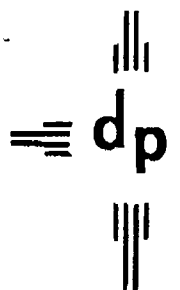
Sincerely,

Lorenzo Bates  
NAPI, General Manager

cc:files

Michael Francis, NAPI, O&M Director Intern  
Harrison Tsosie, NAPI, Legal Counsel  
Arvin Trujillo, NN Executive Director,  
Div. of Natural Resources  
Florene Davidson, Staff Specialist,  
NM Oil Conservation Division





dugan production corp.

RECEIVED

FEB 16 2000

NAPI ADMINISTRATION

February 15, 2000

CERTIFIED MAIL RETURN RECEIPT REQUESTED

Mr. Lorenzo Bates  
General Manager  
NAPI  
P.O. Drawer 1318  
Farmington, NM 87499

Re: Application to Convert West Bisti Unit No. 153 to Salt Water Disposal

Gentlemen:

Please accept this as your notification as surface owner that Dugan Production Corp. has made application to the New Mexico Oil Conservation Division and The United States Environmental Protection Administration for conversion of the West Bisti Unit No. 153 to salt water disposal service. The well is located 1990' fsl & 1960' fwl, S.35-T.26N-R.13W, San Juan Co., NM. The proposed injection interval is the Mesaverde formation at 2747'. Maximum injection rate will be 700 barrels of water daily at a maximum pressure of 550 psi. Interested parties must file objections or request for hearing with the Oil Conservation Division, 2040 S. Pacheco, Santa Fe, NM 87505 within 15 days.

Please contact John Alexander at the letterhead address if you have any questions.

Sincerely Yours,

John Alexander  
Vice President