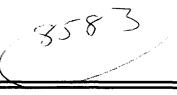


dugan production corp.



April 12, 1985

TO THE STATE OF STAN

Mr. Michael E. Stogner Chief Hearing Officer State of New Mexico Energy and Minerals Department P O Box 2088 State Land Office Building Santa Fe, NM 87501

RE: Application for Administrative Approval of Unorthodox Location for Dugan Production Corp. Lucky Billy Charlie #2, 400' FSL - 400' FWL Sec. 22, T27N, R13W, NMPM, San Juan County, NM Gallegos Gallup Extension

Dear Michael:

Please remove the above referenced application set before the Examiners Hearing set for April 24, 1985. The above referenced well has been moved to an orthodox and regularly spaced location on Dugan's lease. The application is now being processed.

Very truly yours,

Sherman E. Dugan

Geologist

SED/cq

cc: Merrion Oil & Gas Corp.
Dietrich Resources Corp.