CHECKLIST for ADMINISTRATIVE INJECTION APPLICATIONS

Operator: Dugan Production Corp. Well: Stella Nellos A Com No. 1E

Contact: Richard Corcoran Title: Land Man Phone: 505-325-1821
(John Alexander) (Oper. Mgr.)

DATE IN 5-22-95 RELEASE DATE 6-5-95 DATE OUT 6-7-95

Proposed Injection Application is for: __ WATERFLOOD __ Expansion __ Initial

Original Order: R- _____ __ Secondary Recovery __ Pressure Maintenance

SENSITIVE AREAS X SALT WATER DISPOSAL

__WIPP __Capitan Reef __ Commercial Operation

Data is complete for proposed well(s)? __ Additional Data _____

AREA of REVIEW WELLS

2 Total # of AOR 1 # of Plugged Wells

YES Tabulation Complete YES Schematics of P & A's

YES Cement Tops Adequate __ AOR Repair Required

INJECTION INFORMATION

Injection Formation(s) Mesaverde (Point Lookout)

Source of Water Area Production FR GL DK Compatible YES

PROOF OF NOTICE

✓ Copy of Legal Notice ✓ Information Printed Correctly

✓ Correct Operators ✓ Copies of Certified Mail Receipts

__ Objection Received __ Set to Hearing _____ Date

NOTES: _____

APPLICATION QUALIFIES FOR ADMINISTRATIVE APPROVAL YES

COMMUNICATION WITH CONTACT PERSON:

1st Contact: __ Telephoned __ Letter _____ Date Nature of Discussion _____

2nd Contact: __ Telephoned __ Letter _____ Date Nature of Discussion _____

3rd Contact: __ Telephoned __ Letter _____ Date Nature of Discussion _____

6-5-95

dugan production corp.

May 17, 1995

Mr. William J. LeMay, Director
New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

RE: Application for Administrative Approval
Salt Water Disposal Well
Stella Needs A Com 1E
790 FNL, 790 FWL
Township 30 North, Range 14 West
Section 36
San Juan County, New Mexico

Dear Mr. LeMay:

Dugan Production Corp. (DPC) is the operator of the Stella Needs A Com 1E Well which is currently a shut-in Dakota gas well dedicated to the Basin Dakota Gas Pool.

DPC hereby requests administrative approval to convert the Stella Needs A Com 1E from an oil and gas well to a salt water disposal well under NMOCD Rule #701. Enclosed is Form C-108 along with attachments for your review.

By certified mail, return receipt requested, we have provided all operators of wells or owners of non-producing property within a one-half (1/2) mile radius of the proposed disposal well with a copy of this letter application. A copy of the offset operator or owner notice, along with a list of names and addresses of all operators notified, is attached for your information. Upon receiving the "return receipts", we will provide you with a copy for your records.

Should you have any questions regarding our application, please feel free to contact me.

Sincerely,

Richard Corcoran

Richard Corcoran
Land Manager

RC:pm
Enclosures

709 E. MURRAY DR. • P. O. BOX 420 • FARMINGTON, N.M. 87499-0420 • PHONE: (505) 325-1821 • FAX# (505) 327-4613

dugan production corp.

May 17, 1995 CERTIFIED

TO: OFFSETTING OPERATOR OR OWNER

RE: Salt Water Disposal Well Application
Stella Needs A Com 1E
790 FNL, 790 FWL
Township 30 North, Range 14 West
Section 36
San Juan County, New Mexico

Dear Operator or Owner:

Dugan Production Corp. (DPC) is making application to the New Mexico Oil Conservation Division (NMOCD) for administrative approval to convert the Stella Needs A Com 1E from an oil and gas well to a salt water disposal well.

As provided for in the NMOCD Rule #701, we are giving notice to you as the operator or lease owner of offsetting acreage to our proposed disposal well.

We are enclosing a copy of our letter of application, location plat, and ownership map for your reference. As an operator of a well or lease owner within one-half (1/2) mile radius of the proposed disposal well, if you wish to object to the administrative granting of approval for the subject salt water disposal well application, you should provide notice to the NMOCD within fifteen (15) days of our making application. We would also appreciate your notifying DPC if you intend to object.

If you do not have an objection to this application, we would appreciate your signing and returning one copy of the waiver provided below to Mr. William J. LeMay, Director, New Mexico Oil Conservation Division, 2040 South Pacheco Street, Santa Fe, New Mexico 87505 and return one executed copy to our office. Stamped, addressed envelopes are enclosed for your convenience.

709 E. MURRAY DR. • P. O. BOX 420 • FARMINGTON, N.M. 87499-0420 • PHONE: (505) 325-1821 • FAX# (505) 327-4613

If there should be any questions regarding this application, please feel free to contact me.

Sincerely,

Richard Corcoran
Land Manager

RC:pm
Enclosures

WAIVER

_____ hereby waives any objection to
(company/individual)
the granting of the above-requested administrative approval to convert the Stella Needs A Com 1E oil and gas well to a saltwater disposal well.

BY: _____

DATE: _____

OFFSET OPERATORS OR OWNERS

Universal Resources Corp.
1331 Seventeenth Street, Suite 300
Denver, CO 80202
ATTN: A.L. Stennentt

Amoco Production Co.
P. O. Box 800
Denver, CO 80201
ATTN: Julie T. Jenkins

Meridian Oil, Inc.
P. O. Box 4289
Farmington, NM 87499-04289
ATTN: Bobby Kennedy

Conoco, Inc.
10 Desta Drive West
Midland, TX 79705
ATTN: Tom Scarboro

Texaco Exploration & Production, Inc.
P. O. Box 46513
Denver, CO 80201-6513
ATTN: Chuck Snur

Michael Thomson
3521 Baltimore #308
Kansas City, MO 64111

Robert Gregory Thomson
4815 Jarboe
Kansas City, MO 64112

Barbara Gail N. Dersham
9601 North Tracy
Kansas City, MO 64155

Henry P. Meywes
P. O. Box 656
Fairview, NC 28730

Marcus Milton Nasal
817 Jefferson, Apt. 105
Kansas City, MO 64105

Bernice Bales Bruns
RFD 2, Box 4
Liberal, KS 67901

Louise Bales
16517 West 133rd Street
Olathe, KS 66062

Alma Bales
4829 Holly
Kansas City, MO 64112

David Barkhouse
73 Truesdale Drive
Croton on Hudson
New York, NY 10520

Rosalie Barkhouse
4829 Holly
Kansas City, MO 64112

James M. Durrett, Jr.
8513 Bellhaven Place, NE
Albuquerque, NM 87112

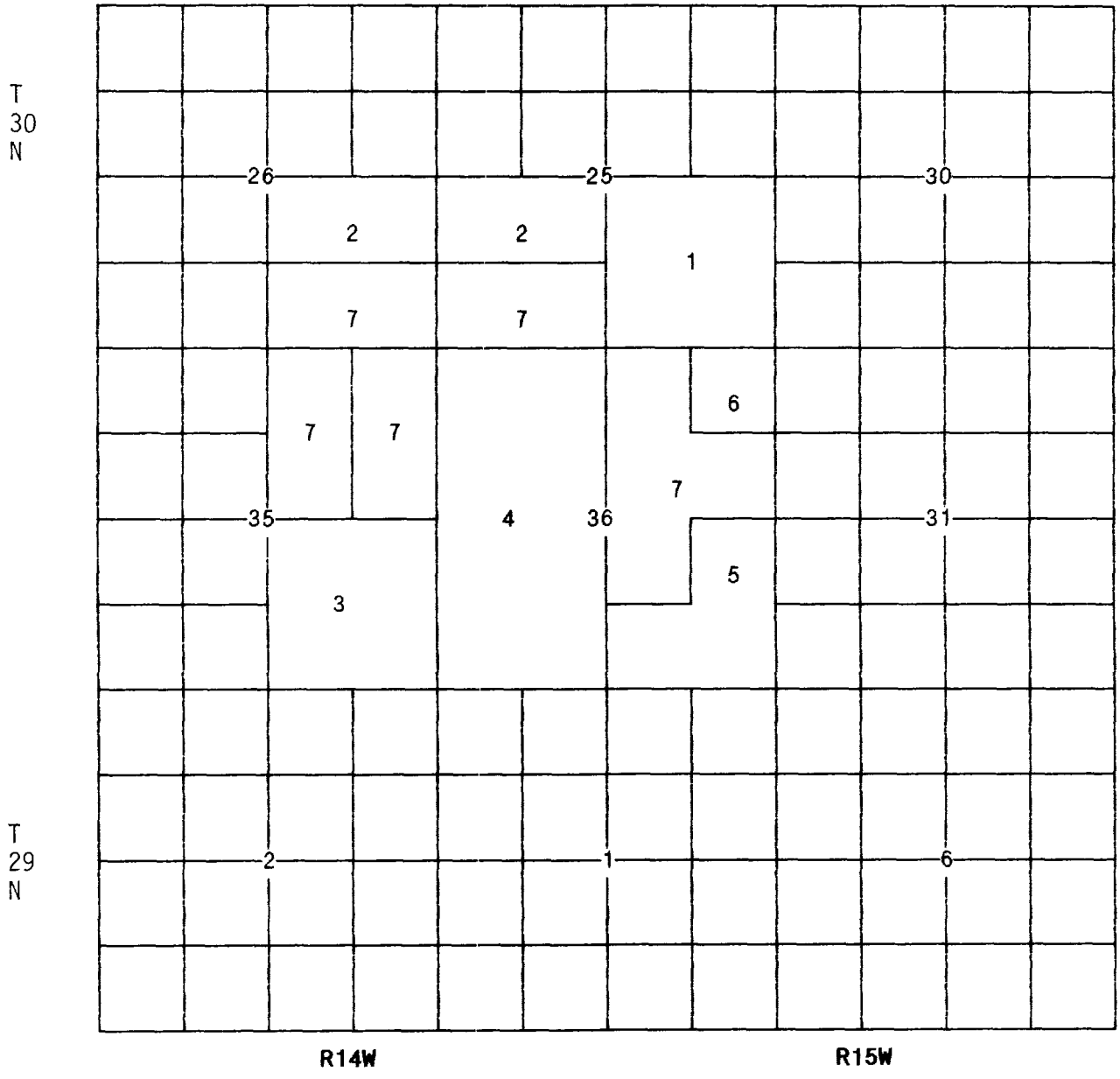
Far East Broadcasting
c/o Michael Sutin, Esquire
P. O. Box 32500
Albuquerque, NM 87190

Lovelace Medical Foundation
c/o Michael Sutin, Esquire
P. O. Box 32500
Albuquerque, NM 87190

Estate of Milton Thomson
Barbara Thomson, Executrix
c/o Dickson & Dubois
200 Lomas Boulevard NW
Suite 900, ABC
Albuquerque, NM 87120

APPLICATION FOR APPROVAL
SALT WATER INJECTION WELL
STELLA NEEDS A COM 1E

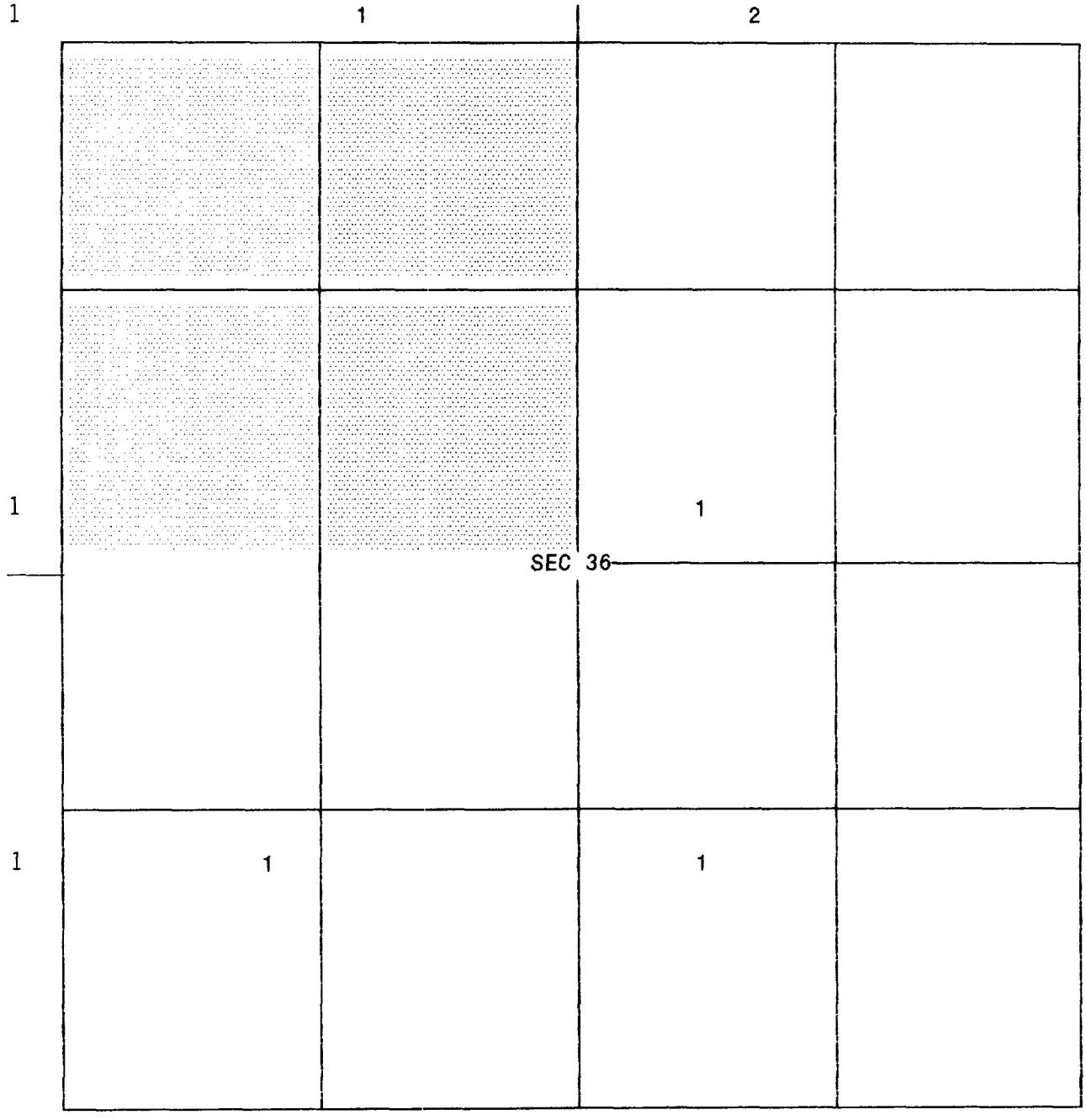
OFFSET LESSEE'S PLAT
Township 30 North, Range 14 West



1) Universal Resources Corp.
2) Amoco Production Company
3) Meridian Oil, Inc.
4) Heirs of Stella Dysart
5) Texaco Exploration & Production, Inc.
6) Conoco, Inc.
7) Dugan Production Corp.

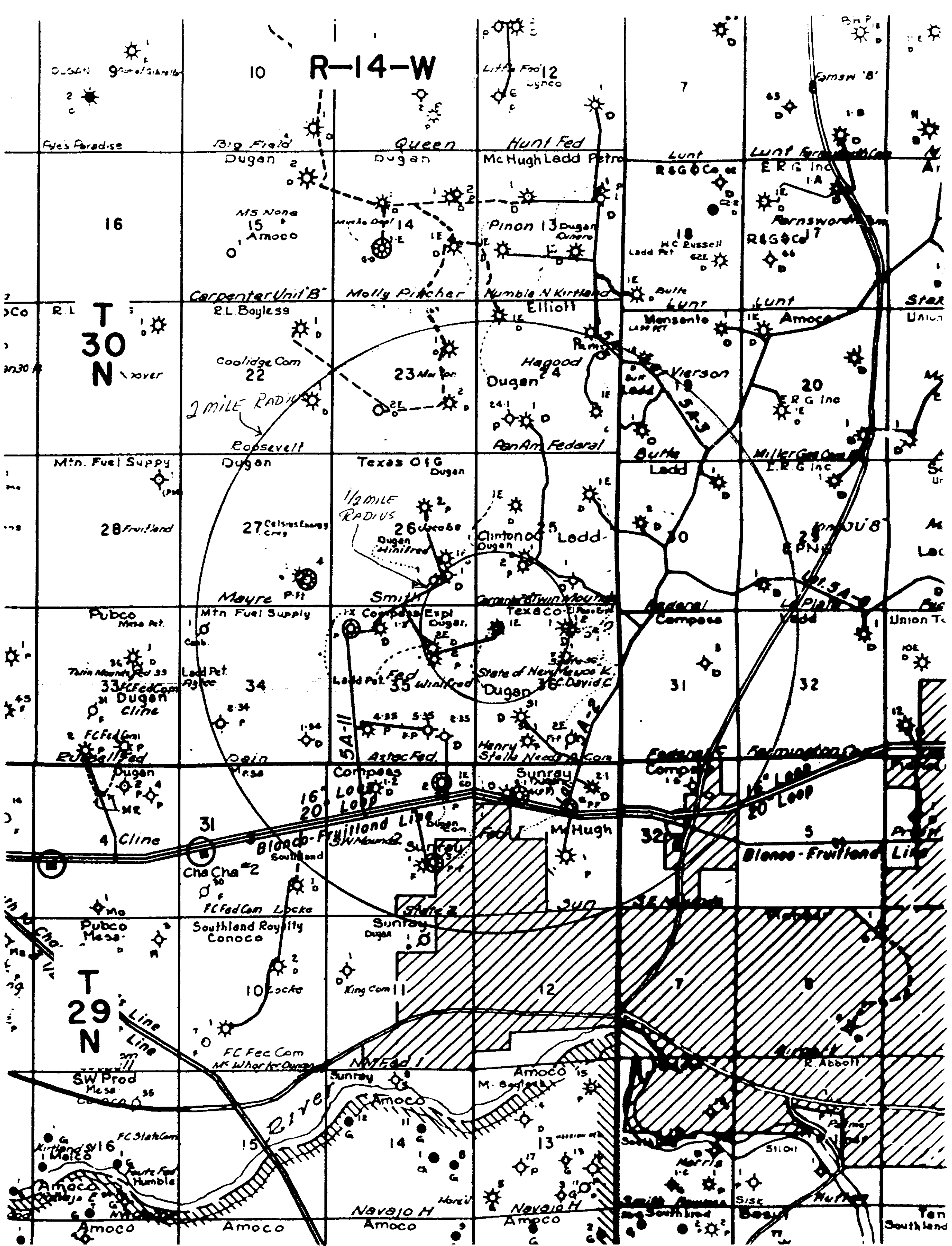
DUGAN PRODUCTION CORP.
STELLA NEEDS A COM 1E

OFFSET OPERATOR PLAT
SALT WATER INJECTION WELL
Township 30 North, Range 14 West



1) Dugan Production Corp.
P. O. Box 420
Farmington, New Mexico 87499-0420

2) Universal Resources Corp.
P. O. Box 11070
Salt Lake City, Utah 84147



R-14-W
T 30 N
T 29 N
2 MILE RADIUS
1/2 MILE RADIUS
Queen
Hunt Fed
Big Field
Dugan
McHugh
Ladd Petro
Lunt
R&G O Co
E R G Inc
MS None
Amoco
Pinon
H C Russell
Farnsworth
Carpenter Unit "B"
Molly Pitcher
Humble N Kirtland
R.L. Bayless
Elliott
Monsanto
Coolidge Com
Hagood
Vierson
Roosevelt
PanAm Federal
Butte
Mtn. Fuel Supply
Texas O & G
Miller Gas Com
Fruitland
Jacobs
Clinton
Winifred
Smith
Mayre
Compass Espl
Texaco
Pubco
Mesa Pet.
Twin Mounds Fed
Ladd Pet.
Aztec
FC Fed Com
Cline
State of New Mexico K
Federal
Compass
Union Tex
Henry Stella Needs A Com
Russell Fed
Aztec Fed.
Sunray
Farmington
16" Loop
20" Loop
Blanco-Fruitland Line
Cha Cha
Southland
Locke
Southland Royalty
Conoco
King Com
SW Prod
Mesa
River
NM Fed
R. Abbott
Humble
Navajo H
Palmer
Norris
Southland

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION
POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501

FORM C-108
Revised 7-1-81

APPLICATION FOR AUTHORIZATION TO INJECT

I. Purpose: ☐ Secondary Recovery ☐ Pressure Maintenance ☒ Disposal ☐ Storage
Application qualifies for administrative approval? ☒ yes ☐ no

II. Operator: Dugan Production Corp.

Address: P.O. Box 420, Farmington, NM 87499

Contact party: John Alexander Phone: 505-325-1821

III. Well data: Complete the data required on the reverse side of this form for each well proposed for injection. Additional sheets may be attached if necessary.

IV. Is this an expansion of an existing project? ☐ yes ☒ no
If yes, give the Division order number authorizing the project _____.

V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.

* VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.

VII. Attach data on the proposed operation, including:

1. Proposed average and maximum daily rate and volume of fluids to be injected;
2. Whether the system is open or closed;
3. Proposed average and maximum injection pressure;
4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and
5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).

*VIII. Attach appropriate geological data on the injection zone including appropriate lithologic detail, geological name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such source known to be immediately underlying the injection interval.

IX. Describe the proposed stimulation program, if any.

* X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division they need not be resubmitted.)

* XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.

XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground source of drinking water.

XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form.

XIV. Certification

I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

Name: John Alexander Title Operations Manager

Signature: John Alexander Date: _____

* If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be duplicated and resubmitted. Please show the date and circumstance of the earlier submittal.

III. WELL DATA

A. The following well data must be submitted for each injection well covered by this application. The data must be both in tabular and schematic form and shall include:

(1) Lease name; Well No.; location by Section, Township, and Range; and footage location within the section.

(2) Each casing string used with its size, setting depth, sacks of cement used, hole size, top of cement, and how such top was determined.

(3) A description of the tubing to be used including its size, lining material, and setting depth.

(4) The name, model, and setting depth of the packer used or a description of any other seal system or assembly used.

Division District offices have supplies of Well Data Sheets which may be used or which may be used as models for this purpose. Applicants for several identical wells may submit a "typical data sheet" rather than submitting the data for each well.

B. The following must be submitted for each injection well covered by this application. All items must be addressed for the initial well. Responses for additional wells need be shown only when different. Information shown on schematics need not be repeated.

(1) The name of the injection formation and, if applicable, the field or pool name.

(2) The injection interval and whether it is perforated or open-hole.

(3) State if the well was drilled for injection or, if not, the original purpose of the well.

(4) Give the depths of any other perforated intervals and detail on the sacks of cement or bridge plugs used to seal off such perforations.

(5) Give the depth to and name of the next higher and next lower oil or gas zone in the area of the well, if any.

XIV. PROOF OF NOTICE

All applicants must furnish proof that a copy of the application has been furnished, by certified or registered mail, to the owner of the surface of the land on which the well is to be located and to each leasehold operator within one-half mile of the well location.

Where an application is subject to administrative approval, a proof of publication must be submitted. Such proof shall consist of a copy of the legal advertisement which was published in the county in which the well is located. The contents of such advertisement must include:

(1) The name, address, phone number, and contact party for the applicant;

(2) the intended purpose of the injection well; with the exact location of single wells or the section, township, and range location of multiple wells;

(3) the formation name and depth with expected maximum injection rates and pressures; and

(4) a notation that interested parties must file objections or requests for hearing with the Oil Conservation Division, P. O. Box 2088, Santa Fe, New Mexico 87501 within 15 days.

NO ACTION WILL BE TAKEN ON THE APPLICATION UNTIL PROPER PROOF OF NOTICE HAS BEEN SUBMITTED.

NOTICE: Surface owners or offset operators must file any objections or requests for hearing of administrative applications within 15 days from the date this application was mailed to them.

Dugan Production Corp.
Application for Conversion of Stella Needs A Com 1E to Injection

III - Well Data:
A.

1. Name: Stella Needs A Com No. 1E
   Location: 790' fnl & 790' fwl
   36 - Twn. 30N - Rng. 14W

2. Casing Information:

Surface Casing:

Size: 8-5/8" 24 lb./ft.

Hole Size: 12¼"

Setting Depth: 226'

Cement: 150 sks. (177 cu. ft.) Class B + 2% CaCl2. Circulated to surface.

Production Casing:

Size: 4½" J-55 10.5 lb./ft.

Hole Size: 7-7/8"

Setting Depth: 6097' with stage tool @ 4047'.

Cement: First stage cemented with 200 sks. Class B + 8% gel, followed by 125 sks. Class B (total 520 cu. ft.). Top of cement @ 4390' calculated with a 75% cement efficiency factor. Second stage cemented with 400 sks. 65-35 Pozmix + 12% gel, followed by 100 sks. Class B + 4% gel (total 1200 cu. ft.). Top of cement @ 300' by cement bond log.

3. Injection tubing will be 2-7/8" J-55 Buttress threaded 6.5 lb./ft with plastic lining. Set at 3600'.

4. Packer will be Baker Model A-1 tension set at 3600'.

B.
1. Injection interval is Mesa Verde (Point Lookout).

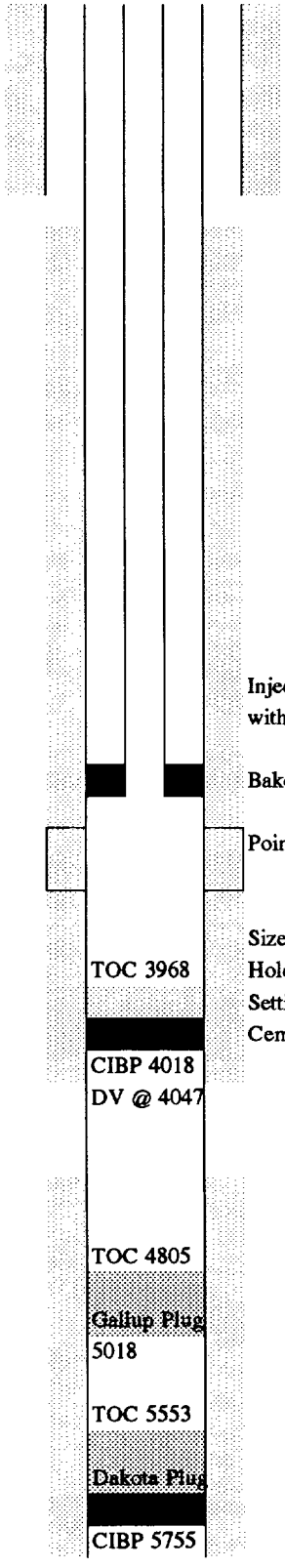
2. Perforations: 3635 - 3780 1 shot/ft.

3. Originally drilled as Dakota production well.

4. Dakota perforations: 5802-12; 5902-14; 5924-38; 5958-76; 6051-58.

Dugan Production Corp. Application for Conversion of Stella Needs A Com 1E to Disposal

III A.



Name: Stella Needs A Com No. 1E
Location: 790' fnl & 790' fwl
36 - Twn. 30N - Rng. 14W

Surface Casing:
Size: 8-5/8" 24 lb./ft.
Hole Size: 12¼"
Setting Depth: 226'
Cement: 150 sks. (177 cu. ft.) Class B + 2% CaCl2. Circulated to surface.

Injection tubing: 2-7/8" J-55 Buttress threaded 6.5 lb./ft with plastic lining. Set at 3600'.

Baker Model A-1 tension set at 3600'.

Point Lookout Injection Perforations: 3635' - 3780'

Size: 4½" J-55 10.5 lb./ft.
Hole Size: 7-7/8"
Setting Depth: 6097' with stage tool @ 4047'.
Cement: First stage cemented with 200 sks. Class B + 8% gel, followed by 125 sks. Class B (total 520 cu. ft.). Top of cement @ 4390' calculated with a 75% cement effeciency factor. Second stage cemented with 400 sks. 65-35 Pozmix + 12% gel, followed by 100 sks. Class B + 4% gel (total 1200 cu. ft.). Top of cement @ 300' by cement bond log.

Dakota - Gallup plugging operation:
A cast iron bridge plug was set @ 5755'. Spot 18 cu. ft. class "B" cement on top of plug. Spot 19 cu. ft. class "B" cement @ 5018'. Set cast iron bridge plug @ 4018'. Spot 50' class B cement on top of plug. These plugs covered Dakota and Gallup tops.

Gallup zone was not perforated.

Dakota - Gallup plugging operation:
A cast iron bridge plug was set @ 5755'. Spot 18 cu. ft. class "B" cement on top of plug. Spot 19 cu. ft. class "B" cement @ 5018'. Set cast iron bridge plug @ 4018'. Spot 50' class B cement on top of plug. These plugs covered Dakota and Gallup tops.

5. Next higher production zone: Pictured Cliffs @ 1205'.
Next lower production zone: Gallup @ 4940'.

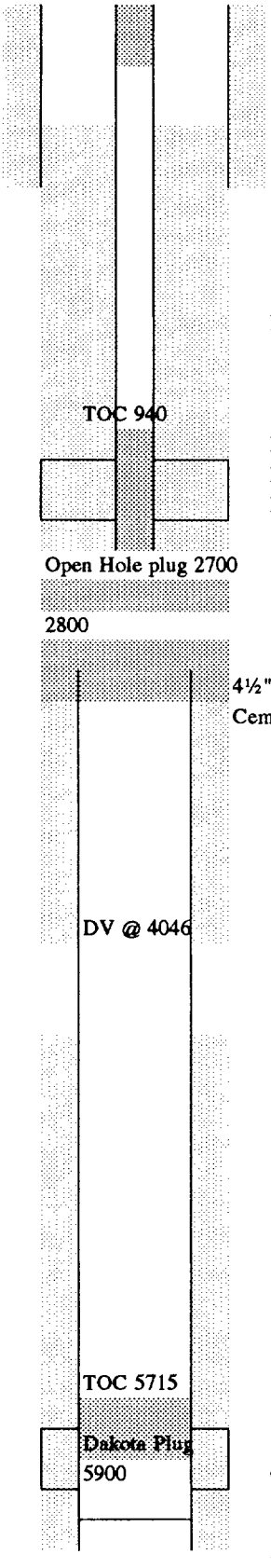
VI. Wells in Area of Review:
****
Name: Horace Smith 1
Location: 990' fsl & 990' fel, S.26-T.30N-R.14W
Type: Dakota Production
Date Drilled: 11/8/64
Depth: 6082'
Casing: 8-5/8" @ 273'. Cemented with 140 sks. "regular" w/ 2% Cacl2.

4½" 11.6 lb. @ 6081', DV @ 4046'. Stage 1: 100 sks 50/50 Diamix - Class C w/ 8% gel followed by 100 sks Class A w/ 2% gel. Calculated top of cement (using 75% cement efficiency) @ 5100'. Stage 2: 200 sks 50/50 Diamix - Class C w/ 8% gel. Calculated top of cement (using 75% cement efficiency) @ 2985'.

Completion: Dakota perforated 5822 - 5992. Fractured with 10,000 lb. 40-60 and 50,000 lb. 20-40.
Plugging: A 15 sk. cement plug was spotted 5715 - 5900. Casing shot off @ 2898' and pulled. A 15 sk. cement plug was spotted @ 2950 using tubing. A 35 sk. plug was spotted in open hole 2700 - 2800.
Pictured Cliffs Casing: 2-7/8" casing set @ 1330'. Cemented with 225 sks. Class A w/ 4% gel. Calculated top of cement @ 136'. Job complete 12/28/73.
P.C - Fruitland Perfs: Perforate 1138-48; 1227-32.
P.C - Fruitland Completion: Fracture with 30,000 lb. 10-20
P.C - Fruitland Plug: Spot 10 sk. cement plug 940 - 1250'. Spot 10 sk. cement plug at surface. Job complete 1/26/82.

****
Name: Aztec 2E
Location: 1600' fnl & 1600' fel, S.35-T.30N-R.14W
Type: Dakota Production
Date Drilled: 2/12/80
Depth: 6070'
Casing: 8-5/8" 24 lb./ft. @ 273'. Cemented with 170 sks. Class B + 2% CaCl2. Cement circulated to surface.

VI.



Name: Horace Smith 1
990' fsl & 990' fel
S.26-T.30N-R.14W
Type: Dakota Producton
Date Drilled: 11/8/64
Depth: 6082'

Casing: 8-5/8" @ 273'. Cemented with 140 sks. "regular" w/ 2% Cacl2.

Pictured Cliffs Casing: 2-7/8" casing set @ 1330'. Cemented with 225 sks. Class A w/ 4% gel. Calculated top of cement @ 136'. Job complete 12/28/73.

P.C - Fruitland Perfs: Perforate 1138-48; 1227-32.

P.C - Fruitland Completion: Fracture with 30,000 lb. 10-20

P.C - Fruitland Plug: Spot 10 sk. cement plug 940 - 1250'. Spot 10 sk. cement plug at surface. Job complete 1/26/82.

4½" casing shot off @ 2898 and pulled
Cement plug spotted across casing stub

4-½" 11.6 lb. @ 6081', DV @ 4046'. Stage 1: 100 sks 50/50 Diamix - Class C w/ 8% gel followed by 100 sks Class A w/ 2% gel. Calculated top of cement (using 75% cement effeciency) @ 5100'. Stage 2: 200 sks 50/50 Diamix - Class C w/ 8% gel. Calculated top of cement (using 75% cement effeciency) @ 2985'.

Completion: Dakota perforated 5822 - 5992. Fractured with 10,000 lb. 40-60 and 50,000 lb. 20-40.

Plugging: A 15 sk. cement plug was spotted 5715 - 5900. Casing shot off @ 2898' and pulled. A 15 sk. cement plug was spotted @ 2950 using tubing. A 35 sk. plug was spotted in open hole 2700 - 2800.

VII. 4 & 5

Dugan Production Corp. - Stella Needs A Com No. 1E - Convesion to Disposal

WATER ANALYSIS OF WELLS WHICH MAY HAVE WATER INJECTED AT STELLA NEEDS A COM 1E

PRODUCTION FORMATIO ----------PROPERTIES & DISSOLVED SOLIDS (mg/l)----------									
LOCATION	pH	Sp. Gr.	Na	Ca	Mg	Cl	SO4	HCO3	TDS
INJECTION INTERVAL - POINT LOOKOUT									
STELLA NEEDS A COM 1E									
36-T.30N-R.14W	6.15	1.050	20263	1483	292	30133	4000	3050	59361
Fruitland Sand									
1-T.29N-R.14W	7.57	1.015	10948	120	97	15953	0	2440	29558
Cha Cha Gallup									
11-T.29N-R.15W	6.73	1.055	25433	2446	276	42100	3700	30.5	74486
Fruitland Coal									
4-T.30N-R.14W	9.5	1.000	1484	116	--	1600	200	1281	4749
35-T.26N-R.13W	7.1	1.010	6919.9	240.5	97.2	10305	--	1830	19392.6
Dakota									
25-T.30N-R.14W	7.0	1.030	--	622	11	20000	1200	427	35283

4½" 10.5 lb./ft. @ 6065', stage tool @ 4012'. Cemented first stage with 200 sks. Class B + 8% gel, followed by 160 sks. 50-50 Pozmix + 2% gel and 1% D-19 (slurry volume 567 cu. ft.). Calculated top of cement (using 75% cement efficiency) @ 4200'. Cemented second stage with 350 sks. 65-35 Pozmix + 12% gel, followed by 320 sks. 50-50 Pozmix + 2% gel and 0.6% D-19 (slurry volume 1308 cu. ft.). Calculated top of cement (using 75% cement efficiency) @ surface (cement circulation was not addressed in reports).

Completion: Dakota perforated 5775 - 5911. Fractured with 123,000 lb. 20-40 sand with water.

VII. Operational Data

1. Average Daily Rate: 300 bbls.
   Maximum Daily Rate: 1,000 bbls.

2. System is open.

3. Average Injection Pressure: 600 psi
   Maximum Injection Pressure: 741 psi

4. Water disposed with be from Fruitland Sand, Basin Fruitland Coal, Gallup Sand, and Dakota Sand wells in the area. Attached are representative samples of each zone.

5. A water sample was obtained from this well in the proposed disposal zone during preliminary work to plug back the Dakota and Gallup zones. A copy of that analysis is attached. The sample was obtained after swabbing 485 bbls. of water from the Point Lookout interval. Prior to obtaining this analysis the injection interval was perforated with 1 shot/ 4 ft. from 3635 - 3780. That interval was then acidized with 2,000 gal. 15% HCl. The load from that treatment was 102 bbls. Once acid load was recovered, the water analysis results were consistent.

VIII. Geologic Data

Injection Interval: Point Lookout (Mesa Verde)
Depth - Thickness: 3635 - 3983 (348')
Known Aquifers: None above or below (Surface is in Kirtland, below Ojo Alamo)

IX. Proposed Stimulation

Acidize interval with 5,000 gal. 15% HCl.

X. Logging Data:

Open hole logs have been previously filed with the Division. A Cement Bond Log is attached.

XI. Fresh Water Wells:

We have been unable to identify any fresh water wells within one mile of the proposed disposal well.

XII. Existence of Open Faults and Hydrologic Connections:

I have examined geologic and engineering data available and find no evidence of open faults or any hydrologic connection between the proposed disposal well and any underground source of drinking water.

John Alexander

John Alexander, Operations Manager, Dugan Production Corp.

AFFIDAVIT OF PUBLICATION

No. 34787

STATE OF NEW MEXICO
County of San Juan:

ROBERT LOVETT being duly sworn says: That he is the Classified Manager of THE DAILY TIMES, a daily newspaper of general circulation published in English at Farmington, said county and state, and that the hereto attached Legal Notice was published in a regular and entire issue of the said DAILY TIMES, a daily newspaper duly qualified for the purpose within the meaning of Chapter 167 of the 1937 Session Laws of the State of New Mexico for publication on the following day(s):

Wednesday, May 17, 1995

and the cost of publication was: $22.69

Robert Lovett

On 5/17/95 ROBERT LOVETT appeared before me, whom I know personally to be the person who signed the above document.

Mary D. Mead

My Commission Expires

March 21, 1998

COPY OF PUBLICATION

Legals

NOTICE

NOTICE is hereby given that Dugan Production Corp. at P.O. Box 420, Farmington, New Mexico 87499, as the Operator of the hereinafter described well, has filed Application for Administrative Approval to convert said well to a salt water disposal well. Injection will be in the Point Lookout Zone of the Mesa Verde Formation into perforations between 3,635' and 3,780'. Maximum injection will be 1,000 BWPD at less than 741 psi.

Stella Needs A Com No. 1E
Location: 790' FNL & 790' FWL
Sec. 36-T30N-R14W
San Juan County, NM
Contact Party: John Alexander

Any request for information or any objections should be filed with the Oil Conservation Division, State Land Office Building, P.O. Box 2088, Santa Fe, NM 87501 within 15 days of this notice.

Legal No. 34787 published in The Daily Times, Farmington, New Mexico, Wednesday, May 17, 1995.

If there should be any questions regarding this application, please feel free to contact me.

Sincerely,

Richard Corcoran

Richard Corcoran
Land Manager

RC:pm
Enclosures

WAIVER

MARY E. MEYWES
HENRY P. MEYWES (company/individual) hereby waives any objection to the granting of the above-requested administrative approval to convert the Stella Needs A Com 1E oil and gas well to a saltwater disposal well.

Mary E. Meywes
BY: Henry P. Meywes

DATE: May 22, 1995

If there should be any questions regarding this application, please feel free to contact me.

Sincerely,

Richard Corcoran

Richard Corcoran
Land Manager

RC:pm
Enclosures

WAIVER

APPROVED BY:
TEXACO EXPLORATION AND PRODUCTION INC.
BY: G. E. COX
ASSET MANAGER

_____ hereby waives any objection to
(company/individual)
the granting of the above-requested administrative approval to convert the Stella Needs A Com 1E oil and gas well to a saltwater disposal well.

BY: G. E. Cox

DATE: June 12, 1995