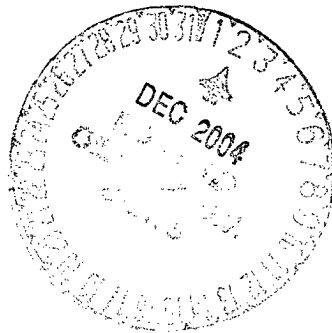


dugan production corp.

December 1, 2004

Mr. Charlie Perrin
NMOCD
1000 Rio Brazos
Aztec, NM 87410



Re: Mechanical Integrity Test Failure Joplin 1

Dear Mr. Perrin:

I request a three week extension of time to confirm the integrity of the casing at our Joplin 1, A-12-22N-8W, and API 30-045-28976. You notified me that I had until December 6, 2004 to take steps to bring this well into compliance. During the first test on September 2, the packer used to seal the casing did not hold. I re-ran the test on September 28 when problems were encountered because of the amount of gas being produced. Again on November 23 I re-tested with a different packer arrangement. Given this effort, I need a little more time to try once more. I do not think that the problem is a true hole in the casing, but is rather a loose casing collar.

Sincerely,

John Alexander
Vice President

OK
CP
12-10-04
EXP 1-1-05
Email Reply 12-10-04