



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION IX

75 Hawthorne Street
San Francisco, CA 94105-3901

RCVD JUN 8 '09
OIL CONS. DIV.


CERTIFIED MAIL NO. 7008 1140 0004 5421 1736
RETURN RECEIPT REQUESTED

DIST. 3

Mr. Kurt Fagrelus
Vice President, Exploration
Dugan Production Corp.
709 East Murray Drive
P.O. Box 420
Farmington, NM 87499-0420

Re: West Bisti Salt Water Disposal (SWD) No. 1 Well, UIC Permit NN207000003,
San Juan County, NM, API No. 3004533828, Lease No. NMSF-078155

Dear Mr. Fagrelus:

 Thank you for participating on the phone call with my staff and Mike Mullen on June 2, 2009, regarding information which has been provided so far on the West Bisti SWD #1 well and what we believe is still needed. This letter summarizes below the information you agreed to provide during the call.

1. Any relevant water samples produced from the Entrada formation, which were analyzed for Total Dissolved Solids ("TDS") and collected from either injection wells or production wells in the area, along with a description of why these are representative of Entrada formation water. This information was discussed in our conference call on June 2, 2009 and is referenced in the document attached to the letter from Sheila Jones to Richard Campbell dated February 26, 2009 in Exhibit 1, Item 3 (pg. 3/33). You agreed to provide copies of the information that is cited from those references.
2. A detailed description of Mike Mullen's TDS log calculations, including equations and well logs used with a step-by-step discussion of the calculations, along with the basis for the approach and any assumptions made. As was discussed, you will include the values for the variables used in the calculations and further explanation and justification as to how they were obtained. For instance, in our conference call, it was agreed that Mike will provide his rationale for selecting the portion of the Entrada formation log data which best represents formation water salinity; this understanding was not immediately evident to us.

3. Stratigraphic dip and strike geologic cross-sections relative to the Entrada formation focusing on the area surrounding the West Bisti SWD #1 well, including recharge areas, elevation, thickness, and relative basin structure positions to other relevant points of data and Well SWD#1.
4. Any other information, data and copies of supportive information that is cited in the references to the February 26, 2009 document that you feel will support the case for determining the quality of the Entrada formation water at the location of the Well SWD#1.

If you have any questions on what we are requesting, please contact Dave Basinger of my staff at (415) 972-3506 or have your attorney call Rich Campbell, Office of Regional Counsel, at (415) 972-3870.

Sincerely,



for David Albright
Manager, Ground Water Office
Date June 4, 2009

cc: William Freeman, Program Manager, Navajo Nation EPA UIC Program
Steve Henke, Manager, Farmington, Field Office, Bureau of Land Management
Bertha Spencer, Regional Realty Officer, Bureau of Indian Affairs, Navajo Region
Charles Perrin, NMOCD
Sheila D. Jones, Holland & Hart LLP