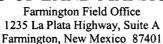


United States Department of the Interior

BUREAU OF LAND MANAGEMENT





IN REPLY REFER TO: NMNM 90471 (WC) 3162.1 (07100)

30-045-30780

Mr. John Alexander Dugan Production Corporation PO Box 420 Farmington, NM 87499

Dear Mr. Alexander:

JAN 16 2004



Reference is made to your well No. 90 Goodman, located 1830' FSL and 1570 FEL, sec. 23, T22N, R8W, San Juan County, New Mexico, Lease NMNM 90471 and our conversation on January 14, 2003, which established that the cement top behind the 4 ½" casing is at 150', based on your estimations. General Requirements, attached to the approved APD, requires either a temperature survey (TS) or cement bond log (CBL) to determine the top of cement (TOC) when cement fails to circulate. In addition, when the primary cement job fails to accomplish required objectives concerning protection of specific subsurface zones, it is the policy of this office to require remedial action. Within 60 days of receipt of this notice, you are required to run a CBL to adequately determine the TOC behind the 4 ½" casing. Remedial action may be required depending on the results of the CBL.

Under provisions of 43 CFR 3165.3, you may request an Administrative Review of the orders described above. Such requests, including all supporting documents, must be filed in writing within 20 business days of receipt of this notice with the State Director, Bureau of Land Management (NM-93000), PO Box 27115, Santa Fe, New Mexico 87502-0115. Such requests shall not result in a suspension of the orders unless the reviewing official so determines. Procedures governing appeals from instructions, orders or decisions are contained in 43 CFR 3165.4 and 43 CFR 4.400 et seq.

If you have any questions, please contact Adrienne Garcia at (505) 599-6358

Sincerely,

Adrienne Garcia

Petroleum Engineer, PMT

cc: NMOCD

bcc: Well File

DOMR

07100:AGarcia:1/20/04:Dugan