



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
1235 La Plata Highway
Farmington, New Mexico 87401

IN REPLY REFER TO:

NMNM-43438 et al. (WC)
3162.3-4 (7100)

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

Dear Mr. Alexander:

Reference is made to the following wells located in New Mexico:

1) No. 2 Cleve Kyle, 790' FNL & 1190' FWL sec. 18, T. 22 N., R. 8 W., San Juan County,
Lease NMNM-43438. *30-045-28550*

2) No. 1 Hendrix, 1190' FNL & 1830' FEL sec. 7, T. 22 N., R. 8 W., San Juan County,
Lease NMNM-55836. *30-045-28931*

3) No. 2 Hendrix, 990' FNL & 1850' FEL sec. 7, T. 22 N., R. 8 W., San Juan County,
Lease NMNM-55836. *30-045-29172*

4) No. 2 South Seas, 1850' FSL & 1850' FWL sec. 6, T. 22 N., R. 7 W., Sandoval County,
Lease NMNM-89023. *30-043-20914*

5) No. 1 Presley, 790' FSL & 790' FEL sec. 7, T. 22 N., R. 8 W., San Juan County,
Lease NMNM-90469. *30-045-29061*

6) No. 1 Gaye, 1190' FSL & 1060' FEL sec. 1, T. 22 N., R. 9 W., San Juan County,
Lease NMNM-90475. *30-045-29063*

7) No. 1 Joplin, 1095' FNL & 830' FEL sec. 12, T. 22 N., R. 9 W., San Juan County,
Lease NMNM-90476. *30-045-28976*

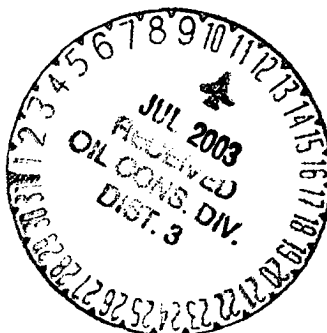
8) No. 1 Morrison, 1850' FNL & 790' FEL sec. 13, T. 22 N., R. 9 W., San Juan County,
Lease NMNM-90477. *30-045-28980*

9) No. 1 Zappa, 1450' FNL & 1550' FEL sec. 20, T. 22 N., R. 8 W., San Juan County,
Lease NMNM-90477. *30-045-29062*

10) No. 2 Zappa, 1450' FNL & 1600' FEL sec. 20, T. 22 N., R. 8 W., San Juan County,
Lease NMNM-90477. *30-045-29148*

Also referenced is your letter dated June 30, 2003, which summarized our discussion concerning the above-mentioned wells, which was conducted in our office in May 2003. To drill the additional wells, acquire right-of-ways, lay a gathering system, hook up the wells and place them on production would require addition time to complete, therefore the current shut-in status is hereby extended until June 15, 2004. Since wells No. 2 Zappa and 2 Hendrix are going to be plugged, you are required to submit

NMOC



July 3, 2003



procedures to plug and abandon by July 31, 2003. You are required to place the remaining above-mentioned wells on production by June 15, 2004.

Failure to comply within the time above may result in an assessment in accordance with 43 CFR 3163.1.

Under provisions of 43 CFR 3165.3, you may request an Administrative Review of the orders described above. Such request, including all supporting documents, must be filed in writing within 20 business days of receipt of this notice and must be filed with the State Director, Bureau of Land Management, P. O. Box 27115, Santa Fe, New Mexico 87502-0115. Such requests shall not result in a suspension of the order(s) 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 Stephen Mason with this office at (505) 599-6364.

Sincerely,

Original Signed: Stephen Mason

Stephen Mason
Petroleum Engineer, Petroleum Management Team

bcc:

Well file

DOMR

Suspense: SMason

7100:SMason:sm:07-03-03:si04t2