

May 16, 2002

NMOCD
1000 Rio Brazos
Aztec, NM 87410

Attention: Mr. Bruce Martin

Re: Step-Rate-Test, SANCHEZ O'BRIEN #1 SWD
1650' FSL & 990' FWL
Sec. 6, T-24N, R-9W
San Juan County, New Mexico

Dear Mr. Martin:

I request that you approve the following step-rate-test procedure for the subject well:

1. Shut-in for 24 hours prior to commencing test.
2. Run bottom hole pressure recorder to depth specified by NMOCD.
3. Commence injection at 1/2 bpm and increase in 1/2 bpm increments each 15 minutes. Appropriate rate and pressure recording devices will be provided.

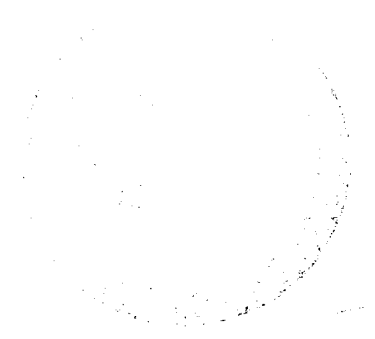
Attached is a schematic of the wellbore, including all pertinent configuration information. This interval has not been fractured. No after-frac shut-in pressures are available. You will be notified at least 24 hours prior to beginning the test.

Sincerely,


John Alexander
Vice-President

JA:sh

Attachment



DUGAN PRODUCTION CORP.

Sanchez O'Brien 1 SWD, 1650' fsl & 990' fwl, 6-T.24N-R.9W
Wellbore Schematic

