STATE OF NEW MEXICO

DRUG FREE

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION AZTEC DISTRICT OFFICE

GARY E. JOHNSON GOVERNOR JENNIFER A. SALISBURY CABINET SECRETARY

1000 RIO BRAZOS ROAD AZTEC, NEW MEXICO 87410 (505) 334-6178 FAX: (505) 334-6176

Dugan Production Corp PO Box 420 Farmington NM 87499-0420

RE: Wells fai ing MIT

West Bisti U1 113 J-19-26N-13W API 30-045-05749 West Bisti U1 116 K-21-26N-13W API 30-045-05748 West Bisti U1 135 K-26-26N-13W API 30-045-05663 West Bisti U1 147 D-36-26N-13W API 30-045-05637

Dear John,

As per our conversation by phone you are directed to P&A or repair the above mentioned wells prior to May 15,1996 to bring them in compliance due to the failure of the mechanical integreity test. If I can be of any assistance feel free to notify me at the OCD office in Aztec.

Thank You,

Johnny Robir son

cc: Ben Stone Sante Fe UIC Coordinator