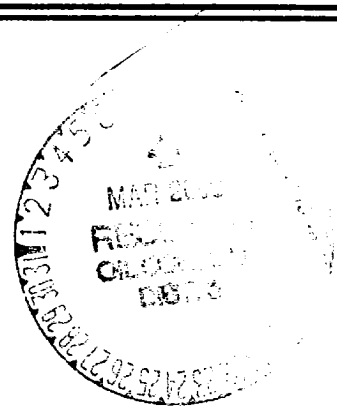


dugan production corp.



March 7, 2000

New Mexico Oil Conservation Division
2040 S. Pacheco
Santa Fe, NM 87505

Re: Application to Convert Stella Needs A Com No. 1 to Salt Water Disposal Well

Gentlemen:

Dugan Production Corp. asks for administrative approval to convert the subject well from a Dakota production well to a Mesaverde Salt Water Disposal well. The well is located 1650' fsl & 1650' fwl, Sec. 36-Twn.30N-Rng.14W, San Juan Co., NM. Dugan operates the Stella Needs A Com No. 1E as a Mesaverde disposal well, located in the same section under Administrative Order SWD-595. The subject well of this application will be operated in a similar manner.

Sincerely Yours,

John Alexander
Vice President

JA/mm

cc: NMOCD - Aztec Office ✓