



dugan production corp.

RECEIVED

JUL 14 2003

OIL CONSERVATION
DIVISION

July 10, 2003

Mr. William V. Jones, PE
New Mexico Oil Conservation Division
1220 S St. Francis Dr.
Santa Fe, NM 87505

Re: Dugan Production Corp. Application to Convert Mary Lou No. 1 to SWD Service

Dear Mr. Williams:

Dugan Production Corp. requests a revision to the referenced application. The injection interval will be restricted to the Point Lookout member of the Mesaverde formation. The injection interval will be 3450' to 3570'. The injection packer will be set approximately 50' above the upper most perforation. The maximum injection pressure will be 690 psi. If the Point Lookout interval is not capable of taking the volume of water required, the Cliff House Mesaverde interval from 1850' to 1950' will be added to the injection section. Your approval will be requested before adding this interval. No other changes in the application are requested.

Sincerely,

John Alexander
Vice President

Jones, William V

From: Jones, William V
Sent: Wednesday, July 09, 2003 3:51 PM
To: 'johnroe@duganproduction.com'
Cc: Hayden, Steven; Catanach, David
Subject: SWD Application for Mesa Verde in well Mary Lou #1 30-045-26460

Hello John:

I am ready to process this application sent by Hank Baca and received June 20, 2003, to inject into the Mesaverde.

Any application to inject into the Mesaverde is looked at closely to discourage injection into fluvial coal/sand sequences. After looking at the logs and talking with the Aztec Geologist Mr. Steve Hayden, the following intervals will likely be excluded from the permit:

2000 to 2100
2400 to 2550
3320 to 3450

The rest of the Mesaverde, especially the marine sands are good injection targets.

The following approximate intervals look good for injection:

1850 to 1950 Cliff House
3450 to 3570 Point Lookout

Would you please look at the log and considering the 0.2 pressure injection limitation, let me know if these footage intervals are OK? The entire Mesaverde was noticed to the surface owner and offset owners in the application. Do you want to try only the Point Lookout first then shoot the Cliff House later if you can't dispose of enough water? If the time between trying both intervals is within a few months, we would not require any re-noticing - which causes the 20 day delay. In other words, we issue the permit to dispose into the Point Lookout. You try it and it is not adequate, you request in a short letter that the permit be amended to include the Cliff House and we amend it without any delay.

Please let me know by a short faxed letter which injection interval the first SWD order should include.

Regards,

William V Jones, PE
1220 S St. Francis Dr.
Santa Fe, NM 87505
505-476-3448
505-476-3462fax
wvjones@state.nm.us <<mailto:wvjones@state.nm.us>>