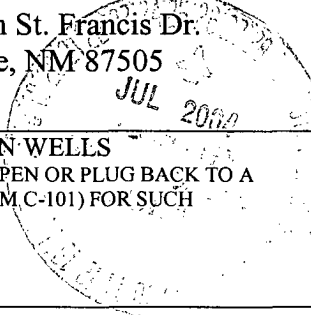


Submit 3 Copies To Appropriate District Office  
 District I  
 1625 N. French Dr., Hobbs, NM 88240  
 District II  
 1301 W. Grand Ave., Artesia, NM 88210  
 District III  
 1000 Rio Brazos Rd., Aztec, NM 87410  
 District IV  
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
 Energy, Minerals and Natural Resources

Form C-103  
 March 4, 2004

OIL CONSERVATION DIVISION  
 1220 South St. Francis Dr.  
 Santa Fe, NM 87505



WELL APL NO. 30-045- <u>32039</u>
5. Indicate Type of Lease - FEDERAL STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. Federal: SF-078156
7. Lease Name or Unit Agreement Name Salge Federal A
8. Well Number 96
9. OGRID Number 006515
10. Pool name or Wildcat Basin Fruitland Coal

**SUNDRY NOTICES AND REPORTS ON WELLS**  
 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well:  
 Oil Well  Gas Well  Other

2. Name of Operator  
 Dugan Production Corp.

3. Address of Operator  
 P. O. Box 420, Farmington, NM 87499-0420

4. Well Location  
 Unit Letter F : 1850 feet from the North line and 1895 feet from the West line  
 Section 33 Township 26N Range 13W NMPM County San Juan

11. Elevation (Show whether DR, RKB, RT, GR, etc.)  
6320' GL

**Pit or Below-grade Tank Application (For pit or below-grade tank closures, a form C-144 must be attached)**  
 Pit Location: UL F Sect 33 Twp 26N Rng 13W Pit type Lined Reserve Pit Depth to Groundwater >100' Distance from nearest fresh water well 5.4 miles  
 Distance from nearest surface water 2.1 miles Below-grade Tank Location UL      Sect      Twp      Rng      ;  
     feet from the      line and      feet from the      line

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

<b>NOTICE OF INTENTION TO:</b>		<b>SUBSEQUENT REPORT OF:</b>	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPLETION <input type="checkbox"/>	CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: Supplement to APD For Rule 50 Compliance <input checked="" type="checkbox"/>		OTHER: <input type="checkbox"/>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

APD Dated 11/28/03 did not include pit tank information for NMOCD Rule 50 compliance. During drilling and completion a lined reserve pit will exist. Upon completion, no pits will be needed at the well. All production will be transferred by pipeline to Dugan Production's Topaz Gathering System. Reserve pit will be assessed for closure requirements. If appropriate, the excess liner will be removed and disposed of at an authorized disposal site, the pit fluids allowed to evaporate and the pit covered and contoured. NMOCD guidelines will be followed until a general permit is secured.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines , a general permit  or an (attached) alternative OCD-approved plan .

SIGNATURE John D. Roe TITLE Engineering Manager DATE July 23, 2004

Type or print name John D. Roe E-mail address: johnroe@duganproduction.com Telephone No. 325-1821

(This space for State use)

APPROVED BY [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. #2 DATE JUL 26 2004  
 Conditions of approval, if any: