

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

FORM APPROVED
OMB NO 1004-0135
Expires July 31, 2010JUN 30 2011
SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

Land Management
Farmington Field Office

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

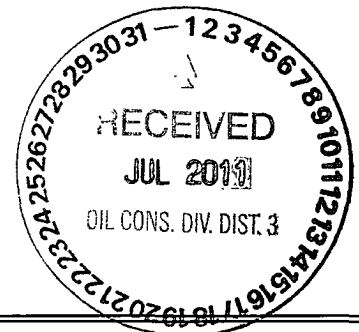
| | | |
|---|---|--|
| 1. Type of Well <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other COAL BED METHANE | | 5. Lease Serial No. NOOC14207311 |
| 2. Name of Operator DUGAN PRODUCTION CORPORATION Contact: JOHN C ALEXANDER Email: johncalexander@duganproduction.com | | 6. If Indian, Allottee or Tribe Name EASTERN NAVAJO |
| 3a. Address FARMINGTON, NM 874990420 | 3b. Phone No. (include area code) Ph: 505-325-1821 | 7. If Unit or CA/Agreement, Name and/or No NMNM124303 |
| 4. Location of Well (Footage, Sec., T, R, M, or Survey Description) Sec 4 T23N R10W SESE 1150FSL 660FEL 36.251620 N Lat, 107.894900 W Lon | | 8. Well Name and No SQUAW VALLEY COM 91 |
| | | 9. API Well No 30-045-34577-00-S1 |
| | | 10. Field and Pool, or Exploratory BASIN FRUITLAND COAL |
| | | 11. County or Parish, and State SAN JUAN COUNTY, NM |

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION |
|---|---|
| <input type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize |
| <input checked="" type="checkbox"/> Subsequent Report | <input type="checkbox"/> Deepen |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Fracture Treat |
| | <input type="checkbox"/> New Construction |
| | <input type="checkbox"/> Plug and Abandon |
| | <input type="checkbox"/> Plug Back |
| | <input type="checkbox"/> Production (Start/Resume) |
| | <input type="checkbox"/> Reclamation |
| | <input type="checkbox"/> Recomplete |
| | <input type="checkbox"/> Temporarily Abandon |
| | <input type="checkbox"/> Water Shut-Off |
| | <input type="checkbox"/> Well Integrity |
| | <input checked="" type="checkbox"/> Other Drilling Operations |
| | <input type="checkbox"/> Water Disposal |

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Drilled to TD @ 1220' on 06/23/2011. Run 5-1/2" 15.5# J-55 LT&C casing in 7-7/8" hole. Land @ 1214', float collar @ 1175'. Cement with 115/sx Premium Life FM w/3% CaCl₂, 1/4# celloflake, 5#/sx LCM, 0.4% FL-52, 8% Bentonite & 0.4% Sodium Metasilicate. Tall w/50sx Type III cement w/1# sx CaCl₂, 1/4# celloflake/sx 0.2% FL-52 (69 cu ft slurry). Displace w/28 bbls water. Circulate 5 bbls cement. Wayne Smith Drilling released on 06/24/2011. Pressure test will be reported on completion sundry. ✓



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| 14. I hereby certify that the foregoing is true and correct | |
| Electronic Submission #111571 verified by the BLM Well Information System For DUGAN PRODUCTION CORPORATION, sent to the Farmington Committed to AFMSS for processing by TROY SALYERS on 06/30/2011 (11TS0048SE) | |
| Name (Printed/Typed) JOHN C ALEXANDER | Title VICE-PRESIDENT |
| Signature (Electronic Submission) | Date 06/27/2011 |

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

| | | | |
|---|----------|--|-----------------|
| Approved By | ACCEPTED | TROY SALYERS Title PETROLEUM ENGINEER | Date 06/30/2011 |
| Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. | | Office Farmington | |

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED **

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