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Form 3160-5
(June 2015)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APR 21 2016

FORM APPROVED
OMB No. 1004-0137
Expires: January 31, 2018**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.

SUBMIT IN TRIPLICATE - Other instructions on page 2		5. Lease Serial No. NMSF078156A
1. Type of Well <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other		6. Offshore, Allottee or Tribe Name
2. Name of Operator Dugan Production Corp.		7. If Unit of CA/Agreement, Name and/or No. NMNM89374
3a. Address PO Box 420 Farmington, NM 87499-0420	3b. Phone No. (include area code) (505) 325-1821	8. Well Name and No. Cisco Com #91R
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec. 34, T26N, R13W NMPM NESW 2200 FSL 1500 FWL 36.443500 N Lat, 108.210340 W Lon		9. API Well No. 30-045-35483
		10. Field and Pool or Exploratory Area Basin Fruitland Coal
		11. Country or Parish, State San Juan, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Hydraulic Fracturing	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<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 must 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 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

D&D Rig #1 does not have an upper kelly cock valve as the derrick is not tall enough to accommodate one. We can pressure test b/w the BOP and a TIW valve on this rig due to this particular design configuration. We can shut off the drill pipe in case of a flow back with the TIW valve. The following test procedure can be used to pressure test from BOP up.

- Pick up a joint of drill pipe w/the TIW valve attached on top.
- Run through the BOP. Close pipe rams.
- Pressure up on the BOP.


- Test the drill pipe, TIW valve & the pipe rams for a high pressure test to 800 psi for 30 mins and a low pressure test to 250 psi for 10 mins.

We request BLM to issue a variance w/regards to the upper Kelly cock valve requirement on this particular rig. We request the variance to be used on future Dugan Production wells drilled using D&D Rig #1.


BLM'S APPROVAL OR ACCEPTANCE OF THIS ACTION DOES NOT RELIEVE THE LESSEE AND OPERATOR FROM OBTAINING ANY OTHER AUTHORIZATION REQUIRED FOR OPERATIONS ON FEDERAL AND INDIAN LANDS

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

OIL CONS. DIV DIST. 3

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed) Aliph Reena	Engineering Supervisor	APR 25 2016
Signature 	Title	Date 04/21/2016

THE SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by 	Title PE	Date 4/21/16
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 FFO	

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.

(Instructions on page 2)

Accepted For Record

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United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
6252 College Blvd., Suite A
Farmington, New Mexico 87402

IN REPLY REFER TO:

DRILLING CONDITIONS OF APPROVAL

Operator: Dugan Production

Variance approval for D&D Rig #1

The operator **must** test this TIW valve & the pipe rams for high pressure to 800 psi for 30 minutes and low pressure test to 250 psi for 10 minutes. If the valve holds this minimum pressure, the operator's variation will meet the intent of Onshore Order #2 BOPE testing procedures.