Form 3160-5 (June 1990)

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Conditions of approval, if any:

UNITED STATES DEPARTMENT OF THE INTERIOR **BUREAU OF LAND MANAGEMENT**

FORM APPROVED

Budget Bureau No. 1004-0135

Expires: March 31,1993

5. Lease Designation and Serial No. SUNDRY NOTICES AND REPORTS ON WELLS NM 57445 6 If Indian, Allotted or Tribe Name Do not use this form for proposals to drill or to deepen or reentry to a different reservoir. Use "APPLICATION FOR PERMIT -" for such proposals." SUBMIT IN TRIPLICATE DECENTE 070 FARHINGTO 7 If Unit or CA, Agreement Designation 1. Type of Well Well 8. Well Name and No. 2. Name of Operator Zappa #3S Dugan Production Corp. 9. API Well No. 3. Address and Telephone No. 30 045 33855 325 - 1821 P.O. Box 420, Farmington, NM 87499 (505)10. Field and Pool, or Exploratory Area Location of Well (Footage, Sec., T., R., M., or Survey Description) **Basin Fruitland Coal** 1500' FSL & 1280' FWL (NW/4 SW/4) Unit L. Sec. 27, T22N, R8W, NMPM 11. County or Parish, State San Juan, NM 12. CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA TYPE OF ACTION TYPE OF SUBMISSION Notice of Intent Change of Plans Abandonment Recompletion **New Construction** Non-Routine Fracturing Subsequent Report Plugging Back П Water Shut-Off Casing Repair Altering Casing Conversion to Injection Final Abandonment Notice Dispose Water Other TD, production casing Completion or Recompletion Report and Log form.) 13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)* Drill to TD @ 950' on 9/13/06. Run 51/2" 15.5# J-55 csq. Land @ 940', float collar @ 898'. Cement w/45 sx Type 5 cement w/2% Lodense w/3# PhenoSeal/sx w/1/4# celloflake/sx. Tail w/50 sx Type 5 cement w/3# PhenoSeal/sx w/1/4# celloflake/sx (160 cu ft). Displace w/21 bbls water. Circ 8 bbls cement. report hole size + PT on next report ACCEPTED FOR RECORD SEP 2 1 2006 14. I hereby certify that the foregoing is true Vice-President 9/14/2006 Signed Date (This space for Fed al or State office use) Approved by Title Date

Title 18 U.S.C. Section 1001, makes 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.