

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

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

RECEIVED
BLM
210 FARMINGTON NM

1. Type of Well

☐ Oil
Well

☒ Gas
Well

☐ Other

2. Name of Operator

Dugan Production Corp.

3. Address and Telephone No.

P.O. Box 420, Farmington, NM 87499 (505) 325-1821

Location of Well (Footage, Sec., T., R., M., or Survey Description)

Sec. 5, T23N, R10W NMPM

1200' FSL and 800' FEL, Lat. 36.25167 N.

Long. 107.91317 W.

5. Lease Designation and Serial No.
NM-42059

6. If Indian, Allotted or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Champ #90-S

9. API Well No.

30-045-34233

10. Field and Pool, or Exploratory Area

Basin Fruitland Coal

11. County or Parish, State

San Juan County, NM

12. CHECK APPROPRIATE BOX(s) 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"/> Abandonment	<input type="checkbox"/> Change of Plans
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion	<input type="checkbox"/> New Construction
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Altering Casing	<input type="checkbox"/> Conversion to Injection
	<input checked="" type="checkbox"/> Other <u>Change Pipeline</u>	<input type="checkbox"/> Dispose Water

(Note: Report results of multiple completion on Well 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.)

Original pipeline road routes submitted on APD dated 3-12-2007 were moved to address archeology concerns. Original location will remain the same.

A new Exhibit A. (Development Plan), Plat 2a. and 2b. (Pipeline Survey), Plat 3. (Cut and Fill) diagram and Exhibit E. (Topographic Map) are included to reflect the new pipeline and road location. These exhibits replace those submitted with the original APD.

All of the pipeline remains on-lease.

RCVD JUN5'07
OIL CONS. DIV.
DIST. 3

14. I hereby certify that the foregoing is true and correct

Signed

Kurt Fegredo

Title

Geologist

Date

May 11, 2007

(This space for Federal or State office use)

Approved by

[Signature]

Title

APM

Date

6/4/07

Conditions of approval, if any

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.

*See Instruction on Reverse Side

NMOC

EXHIBIT A
DEVELOPMENTAL PLAN

Champ #90-S
Lease #NM-42059
Township 23 North, Range 10 West, NMPM
Section 5, 1200' FSL - 800' FEL
San Juan County, New Mexico

1. Existing roads are shown on Exhibit E.
Plan to improve and maintain existing roads as required.
2. Planned access road(s) are shown on Exhibit E.
 - A. New or reconstructed road(s), if any, were centerline flagged at the time of location staking. 1000' of new road construction is needed.
3. Location of existing wells is shown on Exhibit F.
4. Location of Existing and/or Proposed Facilities:
 - A. Existing facilities owned or controlled by Lessee/Operator are shown on Exhibit F.
 - B. New facilities, in the event of production, are shown on Exhibit F. Construction materials and methods: Materials obtained on site; anticipated new production facilities are shown on Plat #1. Protective measures and devices to protect livestock and wildlife: As required.
 - C. Plan for rehabilitation of disturbed areas no longer needed for operations after construction completed: As required.
 - D. Pipeline will follow proposed road and will be 2893.4 feet in length (Plat 2A and 2B). A 2" water and 4" gas pipeline will be constructed.
5. Location and Type of Water Supply:
 - A. Location and type of water supply: Produced water.
 - B. Method of transporting water: Water truck.
 - C. Water well is not to be drilled on lease.
6. Source of Construction Materials:
 - A. Materials are to be obtained on site.
 - B. These materials are to be used as follows: Level location, build pits (Plat 3).
7. Methods for Handling Waste Disposal:
 - A. Waste materials will be contained/disposed of as follows:
 - 1) Cuttings: Reserve pit.
 - 2) Drilling fluids: Reserve pit.

- 3) Produced fluids (oil, water): Test tank and/or reserve pit.
 - 4) Sewage: Drilling Contractor will provide facilities.
 - 5) Trash: Facilities will be provided as required.
 - 6) Operator will be responsible for proper cleanup when the rig is moved.
 - 7) Reserve pits will be fenced on three sides during the drilling operations and on four sides when the rig is moved from location.
8. Ancillary Facilities: No permanent camp is planned; temporary trailer house may be utilized while drilling. No airstrip is planned.
9. Well Site Layout is shown on Exhibit C. Pits are to be lined.
10. Plans for restoration of surface upon completion of operations:
- A. Location will be leveled, re-contoured, and restored as needed.
 - B. Re-vegetation and rehabilitation, including abandoned access roads, will be completed per instructions from the surface management agency.
 - C. Pits will be fenced as required and so maintained until cleanup.
 - D. Rehabilitation operations will be commenced as soon as practically possible and completed soon thereafter.
11. Other Information:
- A. Other surface use activities and surface ownership of all involved lands: Federal, grazing.
12. Lessee's or Operator's Representative:

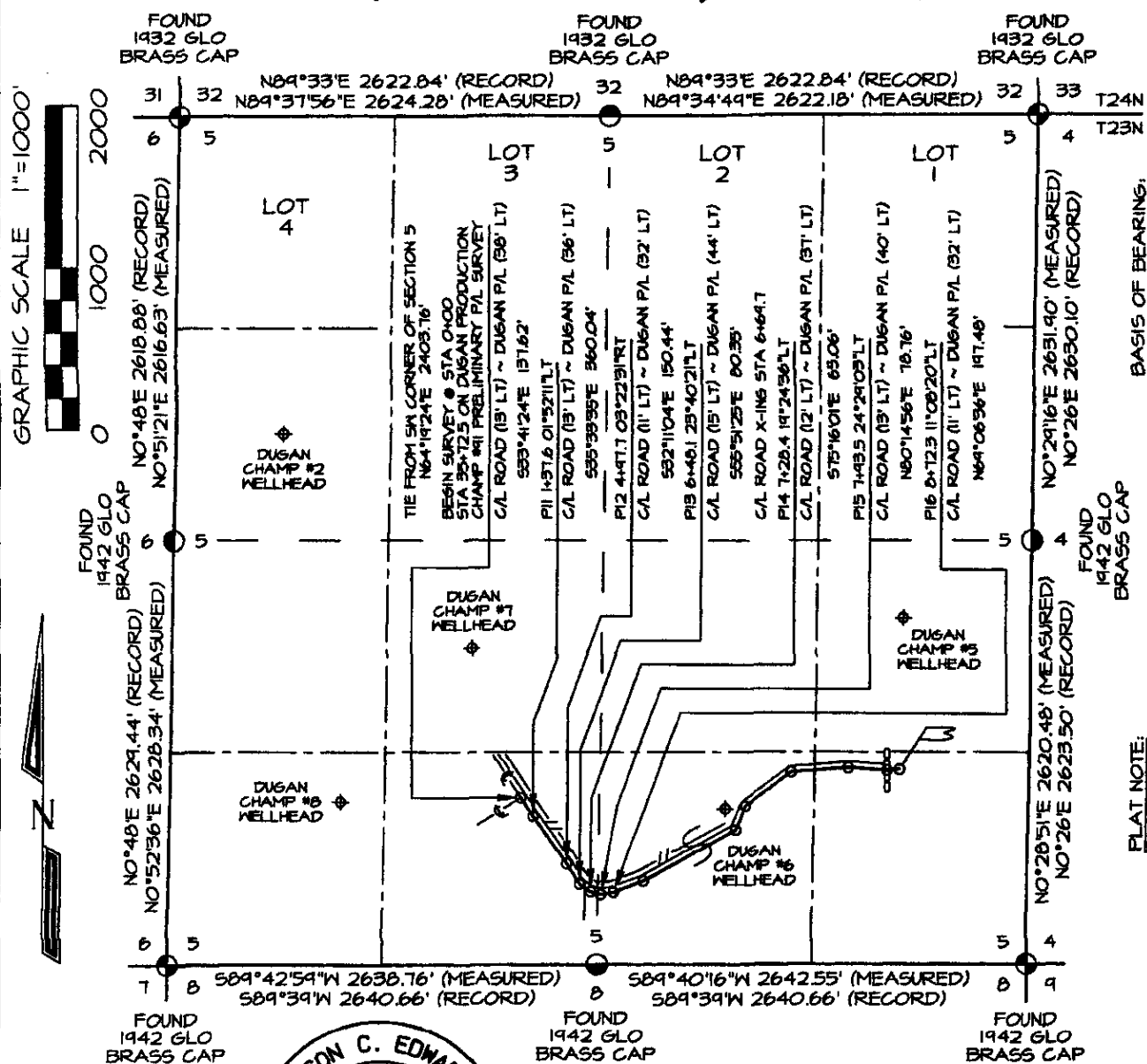
Kurt Fagrelus
Dugan Production Corp.
P.O. Box 420
Farmington, NM 87499

13. Certification: The following statement must be signed by the Lessee's or Operator's Field Representative who is identified in Item #12 of this Developmental Plan.

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in this Plan are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by Operator and its Contractors and Subcontractors in conformity with the Plan and the terms and conditions under which it is approved.

By: Kurt Fagrelius Date: March 11, 2007
Kurt Fagrelius

**DUGAN PRODUCTION CORPORATION CHAMP #90S
PROPOSED PIPELINE SURVEY LOCATED IN THE
SE/4 SW/4 & S/2 SE/4 OF SECTION 5, T23N, R10W
NMPM, SAN JUAN COUNTY, NEW MEXICO**



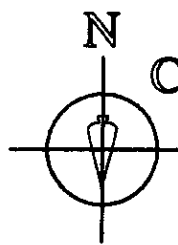
BASIS OF BEARING:
REAL-TIME KINEMATIC GPS SURVEY SOLUTION OBTAINED FROM SATELLITES TRACKED ON JANUARY 4, 2007 FROM A REFERENCE STATION POSITIONED IN NW/4 NE/4 OF SECTION 33, T24N R10W

PLAT NOTE:
BEFORE ANY CONSTRUCTION BEGINS,
CONTRACTOR IS ADVISED TO CALL
ONE-CALL FOR LOCATION OF ANY
MARKED OR UNMARKED PIPELINES OR
CABLES IN THE AREA OF THE PROJECT



I, Jason C. Edwards, a registered Professional Surveyor under the laws of the State of New Mexico, hereby certify that this plat was prepared from field notes of an actual survey meeting the minimum requirements of the standards for easement surveys and is true and correct to the best of my knowledge and belief.

JASON C. EDWARDS Date: May 9, 2007
Jason C. Edwards
New Mexico LS #15269



Land Surveyor:
Jason C. Edwards

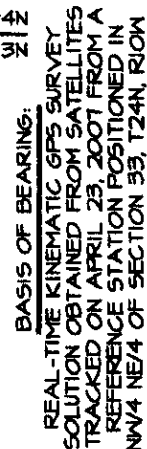
Mailing Address:
Post Office Box 6612
Farmington, NM 87499

Business Address:
111 East Pinon Street
Farmington, NM 87402
(505) 325-2654 (Office)
(505) 326-5650 (Fax)

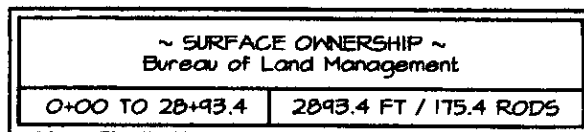
SURVEYS, INC.


SHEET 5 OF 5	CHECKED BY: JJE
FILENAME: 25102P61	DRAWN BY: SLE

PLAT 2B.



PLAT NOTE:
BEFORE ANY CONSTRUCTION BEGINS,
CONTRACTOR IS ADVISED TO CALL
ONE-CALL FOR LOCATION OF ANY
MARKED OR UNMARKED PIPELINES OR
CABLES IN THE AREA OF THE PROJECT.



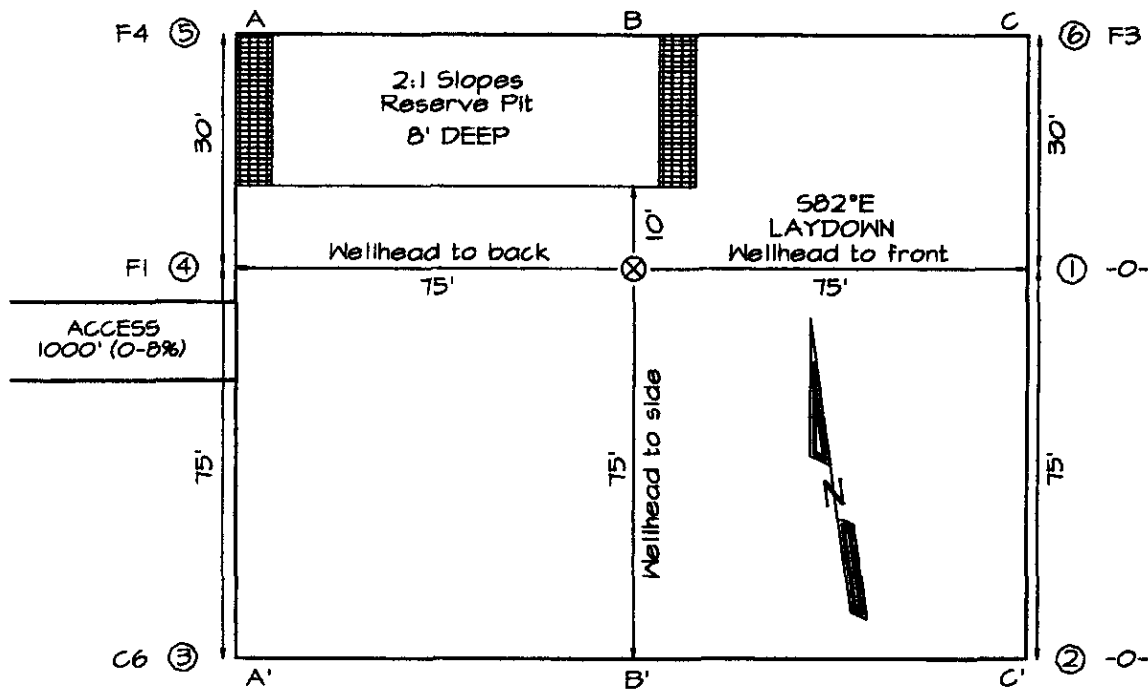
Prepared for: DUGAN PRODUCTION P.O. BOX #420 FARMINGTON, NM 87499		Land Surveyor: Jason C. Edwards	CHECKED BY: JCE FILENAME: 2300002
		Mailing Address: Post Office Box 6612 Farmington, NM 87499	SHEET 4 OF 5
		Business Address: 111 East Pinon Street Farmington, NM 87402 (505) 325-2654 (Office) (505) 326-5650 (Fax)	

SURVEYS, INC.

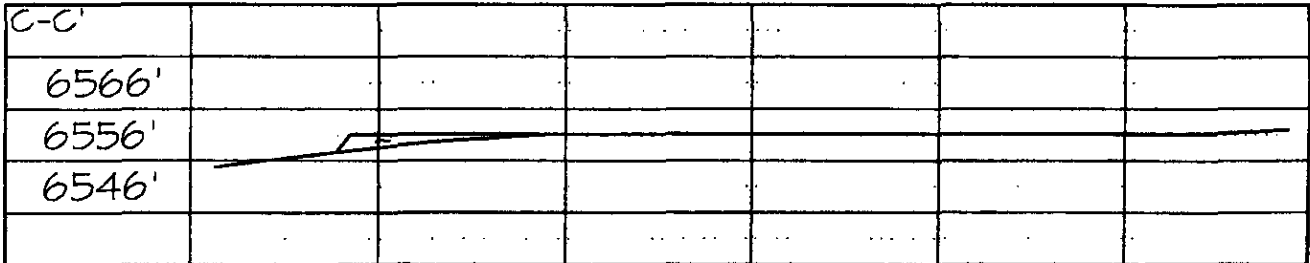
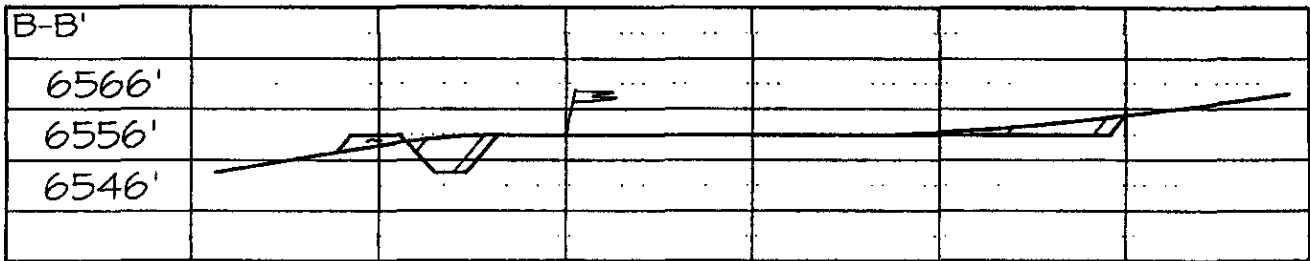
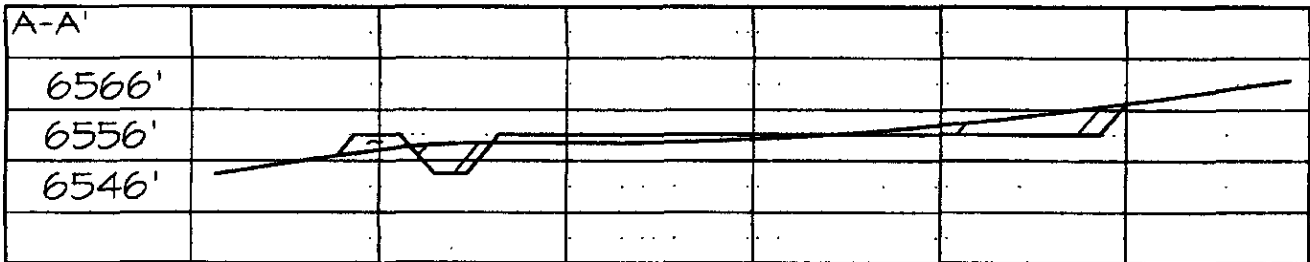
DUGAN PRODUCTION CORPORATION CHAMP #90S
1200' FSL & 800' FEL, SECTION 5, T23N, R10W, NMPM
SAN JUAN COUNTY, NEW MEXICO GROUND ELEVATION: 6556'

PLAT 3.

LATITUDE 36.25167° N
LONGITUDE 107.91317° W
DATUM: NAD1983



PLAT NOTE:
 SURFACE OWNER
 Bureau of Land
 Management



Note: Contractor should call One-Call for location of any marked or unmarked buried pipelines or cables on well pad and/or access road at least two (2) working days prior to construction

DUGAN PRODUCTION CORPORATION CHAMP #105
1200' FSL & 800' FEL, SECTION 5, T23N, R10W, N.M.P.M.
SAN JUAN COUNTY, NEW MEXICO

EXHIBIT E.

