Form 3160-5
(June 1990)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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Bureau of Land Management
Farmington Field Office

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

5. Lease Designation and Serial No: NM-33021

6. If Indian, Allotted or Tribe Name:

1 Type of Well: [ ] Oil Well [X] Gas Well [ ] Other

7. If Unit or CA, Agreement Designation:

2 Name of Operator: Dugan Production Corp.

8. Well Name and No.: Coaly #90

3 Address and Telephone No.: P.O. Box 420 , Farmington, NM 87499 (505) 325 - 1821

9. API Well No.: 30 045 33905

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

660' FSL & 1000' FEL (SE/4 SE/4)
Unit P, Sec. 28, T27N, R12W

10. Field and Pool, or Exploratory Area: Basin Fruitland Coal

11. County or Parish, State: San Juan, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION		
[X] Notice of Intent	[ ] Abandonment		[ ] Change of Plans
[ ] Subsequent Report	[ ] Recompletion		[ ] New Construction
	[ ] Plugging Back		[ ] Non-Routine Fracturing
	[ ] Casing Repair		[ ] Water Shut-Off
[ ] Final Abandonment Notice	[ ] Altering Casing		[ ] Conversion to Injection
	[X] Other	Additional APD info	[ ] 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)*

Blow-out Preventor Equipment (BOPE) tests will be performed without using a test plug.

Will test the BOPE and surface casing together. The test will include a low pressure test to 250 psig held for five minutes and a high pressure test to 800 psig held for thirty minutes (with no more than a 10 percent pressure drop during the duration of the tests). If a 10 percent or greater pressure drop occurs, a packer will be run to isolate the surface casing and BOPE to locate the source of the leak.

RCVD MAY 28 '08
OIL CONS. DIV.
DIST. 3

14 I hereby certify that the foregoing is true and correct

Signed: Kurt Fagrelius (Kurt Fagrelius) Title: Vice-President, Exploration Date: 5/6/2008

(This space for Federal or State office use)

Approved by: Matt Pokop Title: Engineering Tech Date: 5-27-08

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

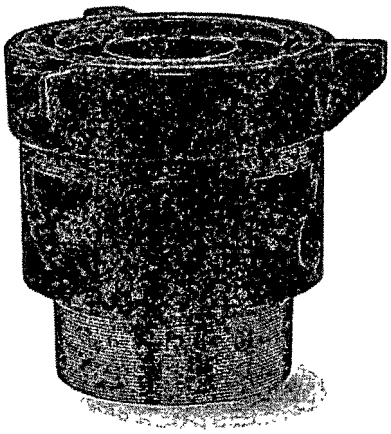
NMOCD

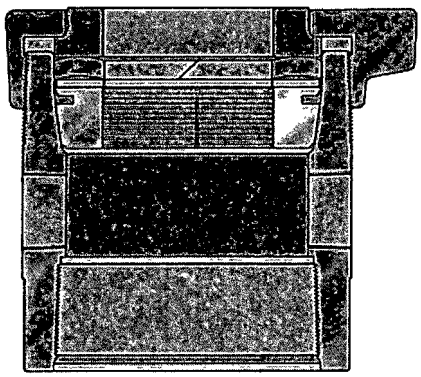
Dugan Production Corp. is asking for consent to pressure test the Blow-out Preventor Equipment (BOPE) without using a test plug because of the following reason:

Dugan uses a Gardner Denver 2000 drilling rig to drill shallow coal wells. The largest BOP that will fit under this rig is a Schafer 6" 2000 series that has an internal diameter of 7.0625". This BOP is screwed on to a Hercules LM85 casing head (1500 psi working pressure, 3000 psi test pressure, bottom thread 8-5/8" 8rd, cap thread 9-5/8" 8rd) that has an internal minimum bore of 7.920". The casing head is screwed onto 8-5/8" surface casing (24#, J-55 and 8rd thread) that has an internal diameter of 8.097".

Currently Dugan is unable to get a test plug for the casing head (7.920" ID) or surface casing (8.097" ID) that will pass through the BOP (7.0625").

Dugan will test the BOPE and surface casing together. The test will include a low pressure test to 250 psig held for five minutes and a high pressure test to 800 psig held for thirty minutes (with no more than a 10 percent pressure drop during the duration of the tests). If a 10 percent or greater pressure drop occurs, a packer will be run to isolate the surface casing and BOPE to locate the source of the leak.





Patented Positive Mechanical Stop Slip Design
- Limits slip travel.
- Reduces hoop stress in wellhead body.
- Slip load capacity equals thread joint capacity.
- Will not crush pipe ID below API drift.
- Non-restrictive to side outlet flow.

Contoured Packing Design
- For improved seal.

Improved Top Metal Ring Design
- Prevents packing extrusion.

Interchangeable Parts
- All internal parts on 1500, 2000 & 3000 PSI WP LM85 models are interchangeable.

SPECIFICATIONS

Bottom Thread	8-5/8" 8rd API*	8-5/8" 8rd API*	8-5/8" 8rd API*
Bottom Connection	Male Short or Fem. Short	Male Short, Fem. Short or Fem. Slip Joint	Fem. Short or Fem. Slip Joint
Working Pressure	1500 PSI	2000 PSI	3000 PSI
Test Pressure	3000 PSI	4000 PSI	6000 PSI
Max. Body Load (2:1 SF)	90,000 lbs.	180,000 lbs.	180,000 lbs.
Cap Thread	9-5/8" 8rd API mod.**	10-3/4" 8rd API mod.**	10-3/4" 8rd API mod.**
Cap Material	Ductile Iron	Ductile Iron	Carbon Steel
Inner String	2", 2-1/2", 3", 4-1/2", 5-1/2", 7"	2", 2-1/2", 3", 4-1/2", 5-1/2", 7"	2", 2-1/2", 3", 4-1/2", 5-1/2", 7"
Suspension	Slip or Mandrel	Slip or Mandrel	Slip or Mandrel
Side Outlet	2" LP	2" LP & 3" LP***	2" LP & 3" LP***
Minimum Bore	7.920"	7.920"	7.920"
Body Material	Ductile Iron	Carbon Steel	Carbon Steel
Height	12-1/2"	11-3/4"	11-3/4"
Weight	142 lbs.	200 lbs.	220 lbs.

* Other thread styles available.
** Caution: R&M Energy Systems recommends using only API modified threaded Hercules flanges. See pg. 22.
*** 3" LP special order only. Contact Customer Service

R&M ENERGY SYSTEMS
A Unit of Robbins & Myers, Inc.

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