

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

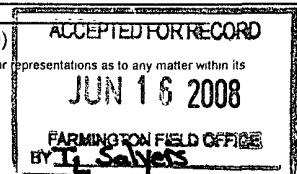
JUN 13 2008

(Other instructions on reverse side)

Expires, February 28, 1995

| | | | | | | | | | | | | | | | |
|---|--|--|--|--|--|---|--|--|--|---|--|--------------------------|--|-----------------|--|
| WELL COMPLETION OR RECOMPLETION REPORT AND LOG | | | | | | | | | | 5 LEASE DESIGNATION AND SERIAL NO NM-22044 | | | | | |
| 1 a TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> DRY <input type="checkbox"/> OTHER <input type="checkbox"/> | | | | | | | | | | 6 IF INDIAN, ALLOTTEE OR TRIBE NAME RCVD JUN 19 '08 | | | | | |
| b TYPE OF COMPLETION: NEW <input checked="" type="checkbox"/> WORK <input type="checkbox"/> DEEP-EN <input type="checkbox"/> PLUG BACK <input type="checkbox"/> DIFF CENTR <input type="checkbox"/> OTHER <input type="checkbox"/> | | | | | | | | | | 7 UNIT AGREEMENT NAME OIL CONS. DIV. | | | | | |
| 2 Name of Operator Dugan Production Corp. | | | | | | | | | | 8 FARM OR LEASE NAME, WELL NO D517.3 | | | | | |
| 3 Address and Telephone No. P.O. Box 420, Farmington, NM 87499 (505) 325 - 1821 | | | | | | | | | | 9 API Well No 30-045-34224 - 0051 | | | | | |
| 4 LOCATION OF WELL (Report location clearly and in accordance with any State requirements)* At surface 1280' FSL & 900' FWL (SW/4 SW/4) | | | | | | | | | | 10 FIELD AND POOL, OR WILDCAT Basin Fruitland Coal | | | | | |
| At top prod interval reported below same | | | | | | | | | | 11 SEC., T., R., M., OR BLOCK AND SURVEY OR AREA Unit M Sec. 33, T24N, R10W | | | | | |
| At total depth same | | | | | | | | | | 12 COUNTY OR PARISH San Juan | | | | | |
| 14 PERMIT NO. | | | | | | | | | | 13 STATE NM | | | | | |
| 15 DATE SPUDDED 10/22/2007 | | 16 DATE T.D. REACHED 10/25/2007 | | 17 DATE COMPL (Ready to prod) 6/10/2008 | | 18 ELEVATIONS (DF, RKB, RT, GR, ETC)* 6641' GL | | 19 ELEV CASINGHEAD | | | | | | | |
| 20 TOTAL DEPTH, MD & TVD 1280' | | 21 PLUG BACK T.D., MD & TVD 1223' | | 22 IF MULTIPLE COMPL., HOW MANY* | | 23 INTERVALS DRILLED BY TD | | 24 PRODUCING INTERVAL(S), OF THIS COMPLETION - TOP, BOTTOM, NAME (MD AND TVD)* 1027'-1046' (Fruitland Coal) | | | | | | | |
| 26 TYPE ELECTRIC AND OTHER LOGS RUN GR-CNL-CCL | | | | | | | | | | 27 WAS WELL CORED no | | | | | |
| 28 CASING RECORD (Report all strings set in well) | | | | | | | | | | | | | | | |
| CASING SIZE/GRADE | | WEIGHT, LB /FT. | | DEPTH SET (MD) | | HOLE SIZE | | TOP OF CEMENT, CEMENTING RECORD | | AMOUNT PULLED | | | | | |
| 8-5/8" J-55 | | 24# | | 126' | | 12-1/4" | | 95 sx Type 5 cement w/2% CaCl2 & 1/4# celloflake/sx | | 112 cu ft total slurry | | | | | |
| 5-1/2" J-55 | | 15.5# | | 1267' | | 7" | | 65 sx Type 5 cement w/2% Lodense, 2# PhenoSeal & 1/4# celloflake/sx. | | | | | | | |
| | | | | | | | | Tail w/50 sx Type 5 cement w/2# PhenoSeal & 1/4# celloflake/sx | | | | | | | |
| | | | | | | | | 200 cu ft total slurry | | | | | | | |
| 29 LINER RECORD | | | | | | | | | | 30 TUBING RECORD | | | | | |
| SIZE | | TOP (MD) | | BOTTOM (MD) | | SACKS CEMENT* | | SCREEN (MD) | | SIZE | | | | | |
| | | | | | | | | | | 2-3/8" | | | | | |
| | | | | | | | | | | 1111' | | | | | |
| | | | | | | | | | | N/A | | | | | |
| 31 PERFORATION RECORD (Interval, size and number) 1027'-1046' w/4 spf (total 19', 76 holes) | | | | | | | | | | 32 ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC. | | | | | |
| | | | | | | | | | | DEPTH INTERVAL (MD) | | | | | |
| | | | | | | | | | | 1027'-1046' | | | | | |
| | | | | | | | | | | AMOUNT AND KIND OF MATERIAL USED | | | | | |
| | | | | | | | | | | 66,250# 20/40 sand; 38,200 gals gel | | | | | |
| | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |
| 33 * PRODUCTION | | | | | | | | | | | | | | | |
| DATE FIRST PRODUCTION | | PRODUCTION METHOD (Flowing, gas lift, pumping - size and type of pump) | | | | | | WELL STATUS (Producing or shut in) | | | | | | | |
| N/A | | Flowing | | | | | | Shut in | | | | | | | |
| DATE OF TEST | | HOURS TESTED | | CHOKE SIZE | | PROD'N FOR TEST PERIOD | | OIL - BBL | | GAS - MCF | | WATER - BBL | | GAS - OIL RATIO | |
| 6/10/2008 | | 24 | | 2" | | | | 0 | | 60 | | 150 | | | |
| FLOW TUBING PRESS | | CASING PRESSURE | | CALCULATED 24 - HOUR RATE | | OIL - BBL | | GAS - MCF | | WATER - BBL | | OIL GRAVITY - API (CORR) | | | |
| 2 | | 60 | | | | 0 | | 60 | | 150 | | | | | |
| 34 DISPOSITION OF GAS (Sold, used for fuel, vented, etc) Vented - to be sold - a sundry notice of well test will be submitted in future | | | | | | | | | | TEST WITNESSED BY | | | | | |
| 35 LIST OF ATTACHMENTS | | | | | | | | | | | | | | | |
| 36 I hereby certify that the foregoing and attached information is complete and correct as determined from all available records | | | | | | | | | | | | | | | |
| SIGNED | | John Alexander | | | | | | Title | | Vice-President | | Date | | 6/12/2008 | |
| *(See Instructions and Spaces for Additional Data on Reverse Side) | | | | | | | | | | | | | | | |
| 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 | | | | | | | | | | | | | | | |

NMOC



37. SUMMARY OF POROUS ZONES: (Show all important zones of porosity and contents thereof, cored intervals; and all drill-stem, tests, including depth interval tested on used, time tool open, flowing and shut-in pressures, and recoveries):

38

GEOLOGIC MARKERS

| FORMATION | TOP | BOTTOM | DESCRIPTION, CONTENTS, ETC. | NAME | TOP | |
|-----------|-----|--------|-----------------------------|-----------------|-------------|------------------|
| | | | | | MEAS. DEPTH | TRUE VERT. DEPTH |
| | | | | Ojo Alamo | 76' | |
| | | | | Kirtland | 153' | |
| | | | | Fruitland | 662' | |
| | | | | Pictured Cliffs | 1050' | |
| | | | | Total Depth | 1280' | |

201/102 JT