

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010**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.*5. Lease Serial No.
NMSF081231B

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

8. Well Name and No.

PAN AMERICAN FEDERAL 1

2. Name of Operator

DUGAN PRODUCTION CORPORATION

Contact: JOHN D ROE

Email: johnroe@duganproduction.com

9. API Well No.

30-045-09337-00-S1

3a. Address

FARMINGTON, NM 87499

3b. Phone No. (include area code)

Ph: 505-325-1821

10. Field and Pool, or Exploratory

BASIN DAKOTA

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

Sec 24 T30N R14W SESW 1080FSL 1835FWL
36.79526 N Lat, 108.26254 W Lon

11. County or Parish, and State

SAN JUAN COUNTY, NM

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

TYPE OF SUBMISSION

TYPE OF ACTION

☐ Notice of Intent☒ Subsequent Report☐ Final Abandonment Notice☐ Acidize☐ Alter Casing☐ Casing Repair☐ Change Plans☐ Convert to Injection☐ Deepen☐ Fracture Treat☐ New Construction☐ Plug and Abandon☐ Plug Back☐ Production (Start/Resume)☐ Reclamation☐ Recomplete☐ Temporarily Abandon☐ Water Disposal☐ Water Shut-Off☐ Well Integrity☒ Other

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 shall 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 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

The Pan American Federal well No. 1 was completed 09/11/1964 and delivered gas to El Paso Natural Gas Co. at a well site sales meter until it was connected to Dugan Production's Tabor Gathering System (TGS) on 11/30/2006. Pressure in El Paso's pipeline was averaging 250 psia and it was difficult to keep the well producing, requiring frequent periods of shut in to allow wellbore pressures to build up and unload accumulated wellbore liquids. Pressure in the TGS was averaging 45 psia and provided improved operating conditions for the Pan American Federal No. 1. Gas was first delivered into the TGS on 12/06/2006 and as of 11/01/2010 21,673 mcf has been produced following connection to the TGS. Production currently averages 19 mcf/d plus 0.1 bwpd. The well is equipped with a conventional orifice dry flow meter and a 31 day chart recorder. All gas production into the TGS has been accounted for using allocation procedures approved for the TGS. Water production is separated and stored on location with disposal by trucking to Dugan Production's Sponge Bob No. 1 water disposal well. The Pan American Federal No. 1 well is not

RCVD JAN 14 '11

OIL CONS. DIV.

DIST. 3

14. Thereby certify that the foregoing is true and correct.

Electronic Submission #99796 verified by the BLM Well Information System
For DUGAN PRODUCTION CORPORATION, sent to the Farmington
Committed to AFMSS for processing by JIM LOVATO on 01/10/2011 (11JXL0108SE)

Name (Printed/Typed) JOHN D ROE

Title ENGINEERING MANAGER

Signature (Electronic Submission)

Date 12/29/2010

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By

ACCEPTED

JIM LOVATO

Title PETROLEUM ENGINEER

Date 01/10/2011

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 Farmington

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.

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

NMOC

Additional data for EC transaction #99796 that would not fit on the form

32. Additional remarks, continued

currently approved for the TGS, however an application for surface commingling and off-lease measurement is currently being prepared to add this well to the TGS.