

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

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other	5. Lease Designation and Serial No. SF-078110
2. Name of Operator Dugan Production Corp.	6. If Indian, Allotted or Tribe Name
3. Address and Telephone No. P.O. Box 420, Farmington, NM 87499 (505) 325 - 1821	7. If Unit or CA, Agreement Designation
Location of Well (Footage, Sec., T., R., M., or Survey Description) 790' FNL & 1530' FWL (NESW) Unit C, Sec. 11-T-29N-R14W	8. Well Name and No. Federal I #8
	9. API Well No. 30-045-
	10. Field and Pool, or Exploratory Area Harper Hill FrSd/PC
	11. County or Parish, State San Juan Co./NM

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

TYPE OF SUBMISSION	TYPE OF ACTION	
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment	<input type="checkbox"/> Change of Plans
<input checked="" 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>Surface owner approval</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.)*

See attached letter dated 3/24/00 for surface owner (Falck) approval for well.

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

Signed

Sherman E. Dugan
Sherman E. Dugan

Title

Vice-President

Date

(This space for Federal or State office use)

Approved by

Title

Date

Conditions of approval, if any:

ACCEPTED FOR RECORD

MAY 04 2000

FARMINGTON FIELD OFFICE
BY *[Signature]*

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

NM000



dugan production corp.

2000 APR -3 PM 2:14



March 24, 2000

OTO FARMINGTON, NM

Mr. Melvin Falck
400 Palomas Drive, NE
Albuquerque, NM 87108-1624

RE: Federal I #8 Well
NE/4NW/4 Section 11-T29N-R14W
San Juan County, New Mexico

Dear Mr. Falck:

To follow up our conversation of this date, Dugan Production Corp. (Dugan) intends to drill the referenced well on your surface ownership. Dugan is locating this well in the NE/4NW/4 of Section 11 and will use an existing access road. This well is located on a Federal Oil and Gas Lease which Dugan owns.

Included with this letter is an offer for compensation showing the well and access road damage offer. Dugan will again contact you after the well is drilled to negotiate a pipeline right-of-way.

To evidence that you have been contacted by Dugan and have no objection to this location, please execute and return one copy of this letter in the enclosed self addressed stamped envelope.

If you find our offer for damages acceptable, please sign and return the Damage Release and I will immediately furnish you with a check.

Your prompt attention to this matter is appreciated. If you have any questions, please contact me at 1-800-618-1821.

Yours Very Truly,

David M. Poage
Land Manager

The above location is acceptable.

By: Melvin B. Falck Jean B. Falck
Melvin Falck Jean B. Falck
Title: Surface Owner (s)

DMP/tf