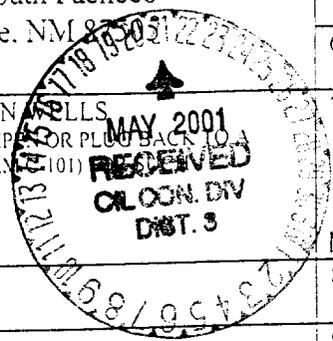


State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

WELL API NO. 30 045 30606
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name: McDaniel B
8. Well No. 2
9. Pool name or Wildcat Fulcher Kutz Pictured Cliffs
10. Elevation (Show whether DR, RKB, RT, GR, etc.) 5550' GL



SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM 1101) PROPOSALS.)

1. Type of Well:
Oil Well Gas Well Other

2. Name of Operator
Dugan Production Corp.

3. Address of Operator
P. O. Box 420, Farmington, NM 87499-0420 (505)325-1821

4. Well Location
Unit Letter M : 850 feet from the South line and 820 feet from the West line
Section 17 Township 29N Range 11W NMPM County San Juan

11. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:	SUBSEQUENT REPORT OF:
PERFORM REMEDIAL WORK <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>
PLUG AND ABANDON <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>
CHANGE PLANS <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	CASING TEST AND CEMENT JOB <input type="checkbox"/>
MULTIPLE COMPLETION <input type="checkbox"/>	OTHER: <u>Surface casing/spud</u> <input checked="" type="checkbox"/>

12. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompilation.

Spud on 5/7/01. Set 7" 20#/ft casing. Land @ 120'. Cement with 59 cu ft class "B" with 3% Calcium Chloride and 1/4# celloflake/sx. Circulate 2 bbls cement to surface. Pressure test casing and bop to 600 psi, held ok.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.
SIGNATURE Terry Kochis TITLE Engineer DATE May 17, 2001

Type or print name Terry Kochis Telephone No. 325-1821

(This space for State use)
APPROVED BY _____ TITLE _____ DATE MAY 21 2001

Conditions of approval, if any: