

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENTFORM APPROVED  
OMB NO. 1004-0135  
Expires: November 30, 2000**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.****SUBMIT IN TRIPLICATE - Other instructions on reverse side.**

|  |  |  |
|--|--|--|
| 1. Type of Well<br><input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other                   |  | 5. Lease Serial No.<br>NMSF078156                        |
| 2. Name of Operator<br>DUGAN PRODUCTION CORPORATION  |  | 6. If Indian, Allottee or Tribe Name                     |
| 3a. Address<br>P. O. BOX 420<br>FARMINGTON, NM 874990420   |  | 7. If Unit or CA/Agreement, Name and/or No.              |
| 3b. Phone No. (include area code)<br>Ph: 505.325.1821<br>Fx: 505.327.4613  |  | 8. Well Name and No.<br>SALGE FEDERAL A 5                |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description)<br>Sec 33 T26N R13W NWSW 1730FSL 0595FWL<br>36.44206 N Lat, 108.23073 W Lon |  | 9. API Well No.<br>30-045-28578-00-S1                    |
|  |  | 10. Field and Pool, or Exploratory<br>BISTI LOWER GALLUP |
|  |  | 11. County or Parish, and State<br>SAN JUAN COUNTY, NM   |

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

| TYPE OF SUBMISSION                                    | TYPE OF ACTION   |
|---|--|
| <input type="checkbox"/> Notice of Intent             | <input type="checkbox"/> Acidize                         |
| <input checked="" type="checkbox"/> Subsequent Report | <input type="checkbox"/> Deepen                          |
| <input type="checkbox"/> Final Abandonment Notice     | <input type="checkbox"/> Fracture Treat                  |
|   | <input type="checkbox"/> Production (Start/Resume)       |
|   | <input type="checkbox"/> Alter Casing                    |
|   | <input type="checkbox"/> Reclamation                     |
|   | <input type="checkbox"/> Casing Repair                   |
|   | <input type="checkbox"/> New Construction                |
|   | <input type="checkbox"/> Recomplete                      |
|   | <input type="checkbox"/> Change Plans                    |
|   | <input type="checkbox"/> Plug and Abandon                |
|   | <input type="checkbox"/> Temporarily Abandon             |
|   | <input type="checkbox"/> Convert to Injection            |
|   | <input type="checkbox"/> Plug Back                       |
|   | <input type="checkbox"/> Water Disposal                  |
|   | <input type="checkbox"/> Water Shut-Off                  |
|   | <input type="checkbox"/> Well Integrity                  |
|   | <input checked="" type="checkbox"/> Other Shut-In Notice |

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 recomplete 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 recompletion 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.)

Operator requests that this well continue its shut-in status pending conversion to water disposal service. We are dealing with the necessary rights-of-way to gather produced water at this location. This well is within the NAPI area of operation making acquisition of the necessary gathering line permissions very time consuming. Our level of drilling and completion activity has not made this project a high priority. We do realize that the rules concerning shut-in wells are important. We will make every effort to acquire the necessary permissions and complete this work within the next 12 months.



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|---|----------------------|
| 14. I hereby certify that the foregoing is true and correct.<br><b>Electronic Submission #35941 verified by the BLM Well Information System<br/>For DUGAN PRODUCTION CORPORATION, sent to the Farmington<br/>Committed to AFMSS for processing by STEVE MASON on 09/13/2004 (04SXM2009SE)</b> |                      |
| Name (Printed/Typed) JOHN ALEXANDER   | Title VICE PRESIDENT |
| Signature (Electronic Submission)   | Date 09/10/2004      |

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

|   |                                 |                          |
|---|---------------------------------|--------------------------|
| Approved By <u>STEPHEN MASON</u>  | Title <u>PETROLEUM ENGINEER</u> | Date <u>09/13/2004</u>   |
| 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 <u>Farmington</u> |

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.

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