

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM 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.**

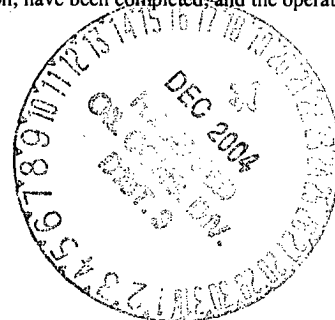
|                                                                                                                                                    |  |                                                            |
|----------------------------------------------------------------------------------------------------------------------------------------------------|--|------------------------------------------------------------|
| 1. Type of Well<br><input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other: COAL BED METHANE |  | 5. Lease Serial No.<br>NMNM70298                           |
| 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                                                                                              |  | 8. Well Name and No.<br>ATLANTIS COM 4-S                   |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description)<br>Sec 3 T30N R14W SWSE 905FSL 1725FEL<br>36.50180 N Lat, 108.17340 W Lon   |  | 9. API Well No.<br>COM 30-045-32564-00-X1                  |
|                                                                                                                                                    |  | 10. Field and Pool, or Exploratory<br>BASIN FRUITLAND COAL |
|                                                                                                                                                    |  | 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 type="checkbox"/> Deepen           | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off   |
| <input checked="" type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing         | <input type="checkbox"/> Fracture Treat   | <input type="checkbox"/> Reclamation               | <input type="checkbox"/> Well Integrity   |
| <input type="checkbox"/> Final Abandonment Notice     | <input type="checkbox"/> Casing Repair        | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete                | <input checked="" type="checkbox"/> Other |
|                                                       | <input type="checkbox"/> Change Plans         | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon       | Drilling Operations                       |
|                                                       | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back        | <input type="checkbox"/> Water Disposal            |                                           |

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 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.)

Drill to TD @ 1500' on 12/10/04. Run 5-1/2" 15.5# J-55 casing. Land @ 1489', float collar @ 1450'. Cement w/80 sx 2% Lodense w/1/4# celloflake/sx. Tail w/60 sx Class "B" neat w/1/4# celloflake/sx (total 243 cu ft). Circulate 5 bbls contaminated cement.



|                                                                                                                                                                                                                                                                                                                |                      |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| 14. I hereby certify that the foregoing is true and correct.<br><b>Electronic Submission #51859 verified by the BLM Well Information System</b><br><b>For DUGAN PRODUCTION CORPORATION, sent to the Farmington</b><br><b>Committed to AFMSS for processing by ADRIENNE BRUMLEY on 12/17/2004 (05AXB0486SE)</b> |                      |
| Name (Printed/Typed) JOHN C ALEXANDER                                                                                                                                                                                                                                                                          | Title VICE-PRESIDENT |
| Signature (Electronic Submission)                                                                                                                                                                                                                                                                              | Date 12/14/2004      |

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

|                   |  |                                              |                 |
|-------------------|--|----------------------------------------------|-----------------|
| <b>ACCEPTED</b>   |  | ADRIENNE BRUMLEY<br>Title PETROLEUM ENGINEER | Date 12/17/2004 |
| Approved By _____ |  | Office Farmington                            |                 |

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.

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.