

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

**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.*

FORM APPROVED  
OMB NO. 1004-0135  
Expires: November 30, 2000

5. Lease Serial No.  
NMNM90468

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<br><input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other |   | 8. Well Name and No.<br>BELUSHI 1                         |
| 2. Name of Operator<br>DUGAN PRODUCTION CORPORATION  |   | 9. API Well No.<br>COM 30-045-31257-00-X1                 |
| 3a. Address<br>P. O. BOX 420<br>FARMINGTON, NM 874990420   | 3b. Phone No. (include area code)<br>Ph: 505-325-1821 | 10. Field and Pool, or Exploratory<br>BISTI <i>Chacra</i> |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description)<br>Sec 5 T22N R8W NWSE 1680FSL 1970FEL                    |   | 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 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.)

Perforated Chacra interval 1365'-1467' with 12 total shots. Acidized w/600 gal. 15% HCL acid and ball sealers. Good breaks were observed during treatment. Ran 2-3/8" tubing and swabbed the well down. Checked shut-in pressure at 210 psi tubing and casing. Tested well at 13 mcf/d with a final flowing casing pressure of 95 psi. The Chacra will be fractured prior to connection to a proposed sales line. Sales line connection is anticipated in May 2005. This well is capable of production and the lease should remain in good standing after February 28, 2005.

|  |                      |
|--|----------------------|
| 14. I hereby certify that the foregoing is true and correct.<br><b>Electronic Submission #54407 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 02/28/2005 (05AXB0859SE)</b> |                      |
| Name (Printed/Typed) JOHN C ALEXANDER  | Title VICE-PRESIDENT |
| Signature (Electronic Submission)  | Date 02/23/2005      |

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

|   |  |                 |
|---|--|-----------------|
| Approved By <b>ACCEPTED</b>   | ADRIENNE BRUMLEY<br>Title PETROLEUM ENGINEER | Date 02/28/2005 |
| 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 \*\***

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