

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB NO 1004-0135
Expires: July 31, 2010**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.**

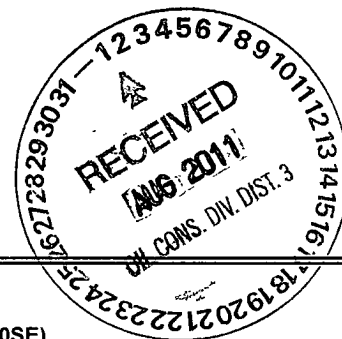
1. Type of Well <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other. COAL BED METHANE		5. Lease Serial No. NMNM6680
2. Name of Operator DUGAN PRODUCTION CORPORATION Contact: JOHN C ALEXANDER Email: johncalexander@duganproduction.com		6. If Indian, Allottee or Tribe Name
3a. Address FARMINGTON, NM 87499	3b. Phone No. (include area code) Ph: 505-325-1821	7. If Unit or CA/Agreement, Name and/or No
4. Location of Well (Footage, Sec, T, R, M., or Survey Description) Sec 29 T22N R7W SWSW 850FSL 990FWL 36.105320 N Lat, 107.604420 W Lon		8. Well Name and No. LOMBARDO COM 1
		9. API Well No. 30-043-21107-00-X1
		10. Field and Pool, or Exploratory BASIN FRUITLAND COAL
		11. County or Parish, and State SANDOVAL 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 Drilling Operations
	<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	

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 recomple 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 recomple 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 @ 1020' on 7/12/11. Run 5-1/2" 15.5# J-55 csg. Land @ 1012', float collar @ 970'. Cement w/87 sx Premium Lite FM + 3% BWOC CaCl₂ + 1/4# celloflake/sx + 5#/sx LCM-1 + 0.4% BWOC FL-52 + 8% BWOC Bentonite + 0.4% BWOC Sodium Metasilicate + 112.3% fresh water (185 cu ft total). Tail w/70 sx Type III cement + 1% BWOC CaCl₂ + 1/4# celloflake/sx + 0.2% BWOC FL-52 + 59% fresh water (97 cu ft total). Displace w/23.25 bbls water. Circulate 10 bbls cement to surface. Wayne Smith Drilling released on 7/14/11. Pressure test 5-1/2" csg to 3000 psi for 30 mins, held.



Hole Size?

14. I hereby certify that the foregoing is true and correct Electronic Submission #114158 verified by the BLM Well Information System For DUGAN PRODUCTION CORPORATION, sent to the Farmington Committed to AFMSS for processing by STEVE MASON on 07/29/2011 (11SXM0560SE)	
Name (Printed/Typed) JOHN C ALEXANDER	Title VICE-PRESIDENT
Signature (Electronic Submission)	Date 07/29/2011

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

ACCEPTED		STEPHEN MASON Title PETROLEUM ENGINEER	Date 07/29/2011
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 ******NMOCD**