

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

DEC 05 2011

FORM 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.*Department of Land Management
Farmington Field Office5 Lease Serial No
NOG09121764
6 If Indian, Allottee or Tribe Name
EASTERN NAVAJO
7 If Unit or CA/Agreement, Name and/or No.**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		8 Well Name and No LENNON COM 1
2 Name of Operator DUGAN PRODUCTION CORPORATION		9 API Well No 30-045-35149-00-X1
3a Address FARMINGTON, NM 874990420		10 Field and Pool, or Exploratory BASIN FRUITLAND COAL
3b Phone No (include area code) Ph: 505-325-1821		11 County or Parish, and State SAN JUAN COUNTY, NM
4 Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 19 T22N R8W NENE 1300FNL 1300FEL 36.128870 N Lat, 107.718340 W Lon		

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

TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" 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 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
	<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.)

The BOP/wellhead configuration on Wayne Smith Rig 1 does not allow the wellhead outlet valve to be pressure tested with the BOP. We request a variance to allow pressure testing of the wellhead outlet valve as part of the casing pressure test. This valve test will be reported as part of the casing pressure test and separated from the pressure test for the blowout preventer. This same procedure will be used for any wells drilled using Wayne Smith Rig 1.

RCVD DEC 12 '11

OIL CONS. DIV.

DIST. 3

* This variance will meet the minimum standards of Onshore Order #2

* This approval only pertains to Wayne Smith rig #1

TL Salyers

14 I hereby certify that the foregoing is true and correct	
Electronic Submission #124081 verified by the BLM Well Information System For DUGAN PRODUCTION CORPORATION, sent to the Farmington Committed to AFMSS for processing by TROY SALYERS on 12/06/2011 (12TS0066SE)	
Name (Printed/Typed) JOHN C ALEXANDER	Title VICE-PRESIDENT
Signature (Electronic Submission)	Date 11/23/2011

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By TROY SALYERS	Title PETROLEUM ENGINEER	Date 12/06/2011
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 **

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