

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.

Use "APPLICATION FOR PERMIT -" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other	5. Lease Designation and Serial No. NM 8902
2. Name of Operator Dugan Production Corp.	6. If Indian, Allotted or Tribe Name
3. Address and Telephone No. P.O. Box 420, Farmington, NM 87499 (505) 325-1821	7. If Unit or CA, Agreement Designation
Location of Well (Footage, Sec., T., R., M., or Survey Description) 1850' FSL & 790' FWL Sec. 35, T22N, R8W	8. Well Name and No. Billie #2
	9. API Well No. 30 045 23386 24713
	10. Field and Pool, or Exploratory Area Rusty Chacra Ext.
	11. County or Parish, State San Juan, NM

12. CHECK APPROPRIATE BOX(s) 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"/> Abandonment
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input checked="" type="checkbox"/> Other <u>Place on production</u>
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

This well is part of an extensive gas sales line project that will be completed by 12/31/2005. The sales line will allow connection of numerous wells in addition to this one. The line is surveyed and the application is in progress. It is currently undergoing environmental assessments. The system will include gas and water lines to a planned disposal well. By gathering all wells in the area this will allow us to produce gas into the PNM lines at a large enough rate to run the compressor. We realize that this group of wells has languished for a period of time. We have spent a large amount of time planning and surveying the system. Its sheer size has caused delays beyond our original estimate. We will be able to complete the project before year end. We request we be given this time to complete this project.

14. I hereby certify that the foregoing is true and correct

Signed John Alexander Title Vice-President Date 04/13/2005

(This space for Federal or State office use)

Original Signed: Stephen Mason

Approved by _____ Title _____ Date _____

Conditions of approval, if any:

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070 FARMINGTON, NM
APR 15 2005