

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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.

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NMNM2337
2. Name of Operator DUGAN PRODUCTION CORPORATION		6. If Indian, Allottee or Tribe Name
3a. Address FARMINGTON, NM 87499		7. If Unit or CA/Agreement, Name and/or No.
3b. Phone No. (include area code) Ph: 505-325-1821		8. Well Name and No. CHACO 3
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 1 T24N R9W SENW 1700FNL 1450FWL 36.345810 N Lat, 107.744247 W Lon		9. API Well No. 30-045-22472-00-S1
		10. Field and Pool, or Exploratory WILDCAT
		11. County or Parish, and State 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 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 type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input checked="" 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 recomplete 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.)

Dugan Production Corp. requests permission to plug the well as per the following procedure:

- 1) Set CR @ 5088'. Set plug above the retainer from 5088'-4988' inside casing with 12 sks Class B neat cement (14.2 cu ft).
- 2) Spot Mancos plug from 4333'-4433' inside casing with 12 sks Class B neat cement (14.2 cu ft).
- 3) Set CR @ 1740'. Spot Pictured Cliffs plug from 1690'-1790' inside casing with 12 sks Class B neat cement (14.2 cu ft).
- 4) Set CR @ 1535'. Spot Fruitland Coal plug from 1485'-1585' inside casing with 12 sks Class B neat cement (14.2 cu ft).
- 5) Set CR @ 1063'. Spot Ojo Alamo-Kirtland plug from 850'-1113' inside casing with 20 sks Class B neat cement (23.5 cu ft).
- 6) Perforate @ 280'. Set surface plug from 280' to surface. Tag TOC @ surface.

RCVD DEC 17 '12
OIL CONS. DIV.
DIST. 3

Notify NMOCD 24 hrs
prior to beginning
operations

* Set CR within 50' of top Gallup perms & extend Mancos plug down to 4704'

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

Electronic Submission #162360 verified by the BLM Well Information System
For DUGAN PRODUCTION CORPORATION, sent to the Farmington
Committed to AFMSS for processing by STEVE MASON on 12/13/2012 (13SXM0373SE)

Name (Printed/Typed) ALIPH REENA	Title PRODUCTION ENGINEER
Signature (Electronic Submission)	Date 12/11/2012

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By <u>STEPHEN MASON</u>	Title <u>PETROLEUM ENGINEER</u>	Date <u>12/13/2012</u>
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 <u>Farmington</u>

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 12

Additional data for EC transaction #162360 that would not fit on the form

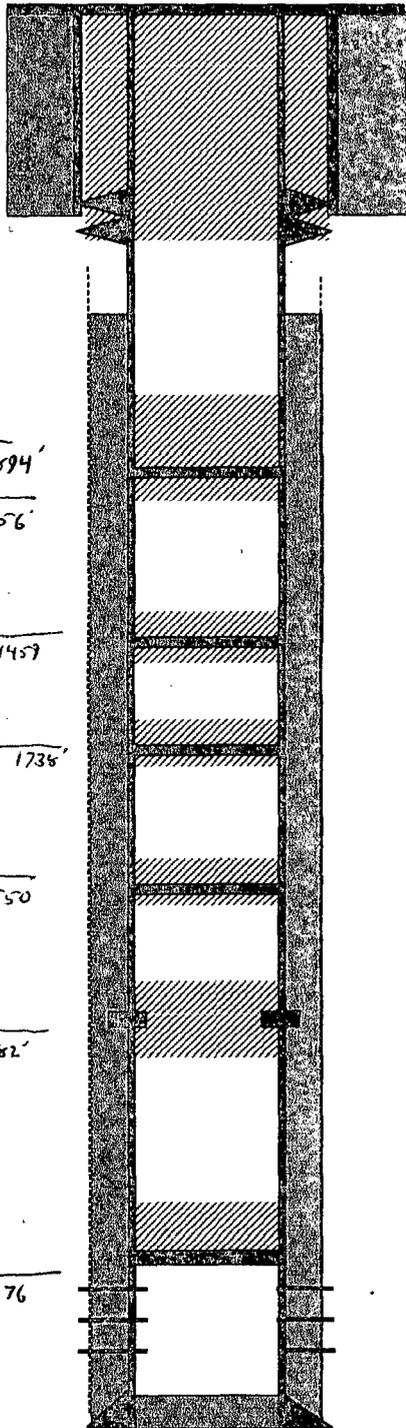
32. Additional remarks, continued

- 7) Cut wellhead and install dry hole marker.

P & A Schematic

Chaco # 003, Dakota
 300-45-22472
 1700 FNL 1450 FWL
 F S1 T24N R9W

$280 / 11.167 (1.18) = 21503$
 $57 / 4.3899 (1.18) = 10503$
 $230 / 4.046 (1.18) = 48503$
79503



8 5/8" J-55 24# casing @ 230'

Perforate @ 280'. Spot plug from 280' to surface. Tag TOC @ surface.

Calculated TOC @ 496' from surface

Set CR @ ~~1063'~~ 1063'. Spot inside plug w/ 20 sks Class B neat (23.6 cu.ft) (850'-1113). [Ojo Alamo, Kirtland Plug]
 844' - 1206'

$1206 - 844 (50) / 11.167 (1.18) = 31.571$

CR @ ~~1535'~~ 1535'. Spot inside plug w/ 12 sks Class B neat (14.2 cu.ft) (1485'-1585'). [Fruitland Coal]
 1509 - 1409

CR @ ~~1740'~~ 1740'. Set plug w/ 12 sks (14.2 cu.ft) Class B neat cement. (1690'-1790'). [Pictured Cliffs]

CR @ ~~3285'~~ 3285'. Set plug w/ 12 sks (14.2 cu.ft) Class B neat cement. (~~3235'~~ 3335'). [Mesaverde]
 2600 2500

Spot inside plug w/ 12 sks Class B cement (14.2 cu.ft). (4333'-4433'). [Mancos]. DV Tool @ 4385'

$12 (11.167)(1.18) = 158'$

CR @ 5088'. Set Inside Plug with 12 sks (14.2 cu.ft) Class B. (4988'-5088').

Gallup Perforated @ 5188' - 6168'

4 1/2" 9.5/11.6 # casing @ 6379' RKB.
 - 10.5 #

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
FARMINGTON DISTRICT OFFICE
6251 COLLEGE BLVD.
FARMINGTON, NEW MEXICO 87402

Attachment to notice of
Intention to Abandon:

Re: Permanent Abandonment
Well: 3 Chaco

CONDITIONS OF APPROVAL

1. Plugging operations authorized are subject to the attached "General Requirements for Permanent Abandonment of Wells on Federal and Indian Lease."
2. Farmington Office is to be notified at least 24 hours before the plugging operations commence (505) 564-7750.
3. The following modifications to your plugging program are to be made:
 - a) Place the Measverde plug from 2600' – 2500'.
 - b) Place the Fruitland plug from 1509' – 1409'.
 - c) Place the Kirtland/Ojo Alamo plug from 1206' - 844'.

You are also required to place cement excesses per 4.2 and 4.4 of the attached General Requirements.

Office Hours: 7:45 a.m. to 4:30 p.m.

**UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY**

SUBMIT IN TRIPPLICATE*
(Other instructions on reverse side)

Form approved.
Budget Bureau No. 42-R1424.

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals.)

<p>1. OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER</p> <p>2. NAME OF OPERATOR Dugan Production Corp.</p> <p>3. ADDRESS OF OPERATOR Box 234, Farmington, NM 87401</p> <p>4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.* See also space 17 below.) At surface 1700' FNL - 1450' FWL</p>	<p>5. LEASE DESIGNATION AND SERIAL NO. NM 2337</p> <p>6. IF INDIAN, ALLOTTEE OR TRIBE NAME</p> <p>7. UNIT AGREEMENT NAME</p> <p>8. FARM OR LEASE NAME Chaco</p> <p>9. WELL NO. 3</p> <p>10. FIELD AND POOL, OR WILDCAT Wildcat</p> <p>11. SEC., T., R., MC, OR B.L.K. AND SURVEY OR ARRAO Sec 24N 29W</p> <p>12. COUNTY OR PARISH San Juan</p> <p>13. STATE NM</p>
<p>14. PERMIT NO.</p>	<p>15. ELEVATIONS (Show whether DP, RT, CR, etc.) 6583' GR</p>

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

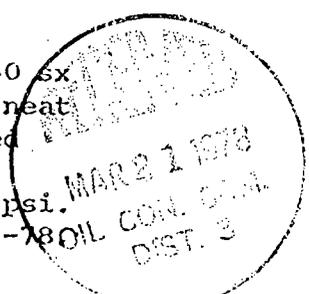
NOTICES OF INTENTION TO:		SUBSEQUENT REPORT OF	
TEST WATER SHUT-OFF <input type="checkbox"/>	PULL OR ALTER CASING <input type="checkbox"/>	WATER SHUT-OFF <input type="checkbox"/>	REPAIRING WELL <input type="checkbox"/>
FRACTURE TREAT <input type="checkbox"/>	MULTIPLE COMPLETE <input type="checkbox"/>	FRACTURE TREATMENT <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
SHOOT OR ACIDIZE <input type="checkbox"/>	ABANDON* <input type="checkbox"/>	SHOOTING OR ACIDIZING <input type="checkbox"/>	ABANDONMENT* <input type="checkbox"/>
REPAIR WELL <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	(Other) Run csg <input type="checkbox"/>	

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

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting, and 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.)*

3-7-78 TD 6400'. Ran IES and CDL logs by GO Wireline (had to make 3 attempts to get logging tool on bottom). Going in hole to lay down drill pipe.

3-8-78 Ran 209 jts 4-1/2" OD 10.5# K-55 8R ST&C CF&I csg set @6379' RKB. Halliburton cemented first stage with 375/sx Class "B" 4% gel, 1/4# gel flake per sx. Total slurry 580 cu ft. Ran 500 gal. mud flush ahead of cement. Good mud returns while cementing. POB 4:50 p.m. 3-7-78. Opened stage tool, circulated hole 3 hrs. Cemented second stage thru Baker Stage Tool at 4385' with 450 sx 65-35-12 w/1/4# flo cele per sx followed by 50 sx class "B" neat 2/1/4/# flo cele per sx. Total slurry 1180 cu ft. Preflushed hole w/500 gals mud flush. Good circulation throughout job. closed stage tool w/2500 psi. Maximum cementing press. 600 psi. Slight show of cement to surface. Job complete 8:50 p.m. 3-7-78.



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

SIGNED Thomas A. Dugan TITLE Petroleum Engineer DATE 3-8-78

(This space for Federal or State office use)

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY: XC