

Submit 3 Copies To Appropriate District Office  
 District I  
 1625 N. French Dr., Hobbs, NM 88240  
 District II  
 1301 W. Grand Ave., Artesia, NM 88210  
 District III  
 1000 Rio Brazos Rd., Aztec, NM 87410  
 District IV  
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
 Energy, Minerals and Natural Resources

Form C-103  
 May 27, 2004

OIL CONSERVATION DIVISION  
 1220 South St. Francis Dr.  
 Santa Fe, NM 87505

WELL API NO. 30-039-21246
5. Indicate Type of Lease <i>Federal Lease</i> STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. NM-23048
7. Lease Name or Unit Agreement Name Sherman Edward
8. Well Number 2
9. OGRID Number 006515
10. Pool name or Wildcat Blanco Mesaverde/Gobernador PC

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" (FORM C-101) FOR SUCH PROPOSALS.)  
 1. Type of Well: Oil Well  Gas Well  Other

2. Name of Operator  
 Dugan Production Corp.

3. Address of Operator  
 P. O. Box 420, Farmington, NM 87499-0420

4. Well Location  
 Unit Letter M : 1800 feet from the North line and 1000 feet from the West line  
 Section 3 Township 29N Range 5W NMPM Rio Arriba County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)

Pit or Below-grade Tank Application  or Closure   
 Pit type workover Depth to Groundwater >100' Distance from nearest fresh water well >1000' Distance from nearest surface water >1000'  
 Pit Liner Thickness: 12 mil Below-Grade Tank: Volume 665 bbls; Construction Material earthen

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
OTHER: <u>Construct workover pit</u> <input checked="" type="checkbox"/>		OTHER: <input type="checkbox"/>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Plan to construct a workover pit. Pit size will be 30' x 25' x 5'. Pit volume will be 665 bbls. The pit will be fenced and have a 12 mil liner.

RCVD APR 29 '08  
 OIL CONS. DIV.  
 DIST. 3

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMDCD guidelines , a general permit  or an (attached) alternative OCD-approved plan .

SIGNATURE John Alexander TITLE Vice-President DATE April 28, 2008

Type or print name John Alexander E-mail address: johncalexander@duganproduction.com Telephone No. 325-1821

For State Use Only

APPROVED BY: Bob Bell TITLE Deputy Oil & Gas Inspector DATE MAY 14 2008  
 District # 3  
 Conditions of Approval (if any)