

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0135
Expires: November 30, 2000

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. NMNM014023
2. Name of Operator DUGAN PRODUCTION CORPORATION		6. If Indian, Allottee or Tribe Name
3a. Address P. O. BOX 420 FARMINGTON, NM 874990420		7. If Unit or CA/Agreement, Name and/or No.
3b. Phone No. (include area code) Ph: 505.325.1821 Fx: 505.327.4613		8. Well Name and No. BETTY C 5-31
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 31 T24N R7W NESE 1970FSL 0840FEL 36.26878 N Lat, 107.60875 W Lon		9. API Well No. 30-039-22794-00-S1
		10. Field and Pool, or Exploratory LYBROOK
		11. County or Parish, and State RIO ARRIBA 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 checked="" type="checkbox"/> Recomplete	<input 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 recompleate 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 recompleation 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.)

Plan to plug the Gallup as follows:

Set cast iron bridge plug at approximately 5600'. 5350'
Cover Gallup top (5430') with Class "B" cement from 5380' to 5400'. 5350' - 5164' + 50' excess
Spot 100' Class "B" cement inside casing to cover Mesaverde top at 3586'. + 50' excess
Set cast iron bridge plug at approximately 2175' (stage tool is set at 2218').

TOC - Surface
parts 5442' - 5109'

Complete Fruitland Coal as follows:

Pressure test casing above CIBP at 2175'.
Perforate Fruitland Coal at approximately 2061' - 2070'.
Stimulate as needed.

A C-102 with acreage dedication is attached.

14. I hereby certify that the foregoing is true and correct.	
Electronic Submission #26259 verified by the BLM Well Information System For DUGAN PRODUCTION CORPORATION, sent to the Farmington Committed to AFMSS for processing by STEVE MASON on 01/08/2004 (04SXM0082SE)	
Name (Printed/Typed) JOHN ALEXANDER	Title VICE PRESIDENT
Signature (Electronic Submission)	Date 12/18/2003

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By STEPHEN MASON	Title PETROLEUM ENGINEER	Date 01/20/2004
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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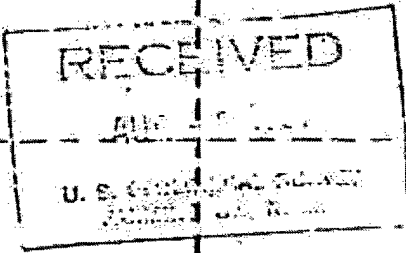
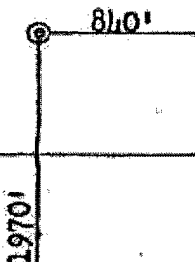
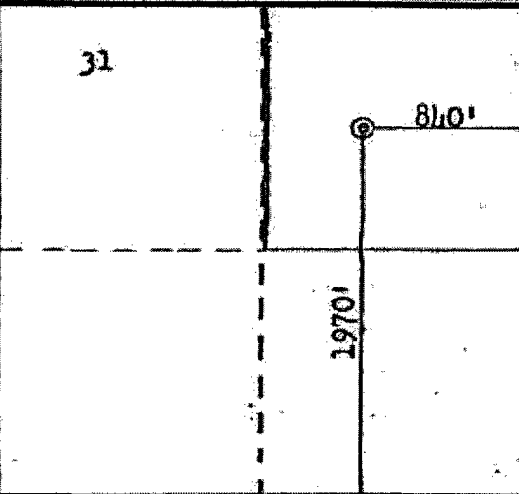
Operator Dugan Production Corp			Lease BETTY 31 "CH		Well No. 5
Unit Letter I	Section 31	Township 24N	Range 7W	County Rio Arriba	
Actual Footage Location of Well					
1970		feet from the South	line and 840	feet from the East	line
Ground Level Elev: 7019	Producing Formation Fruitland Coal		Pool Basin Fruitland Coal		Dedicated Acreage 320

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.

<div style="text-align: center;">  </div>		<div style="text-align: center;">  </div>	
		<div style="text-align: center;">  </div>	

Scale: 1"=1000'

CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

John Alexander
Name

John Alexander

Position
Vice President

Company
Dugan Production Corp.

Date
12/17/2003

I hereby certify that the well location shown on this plat was plotted from the notes of actual surveys made by me under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed

May 1, 2004
Registered Professional Engineer and Land Surveyor

Fred B. KERR, JR.
Fred B. KERR, JR.

Certification No. 3950
B. KERR, JR.