

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM 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

Oil
WellGas
Well

Other

2. Name of Operator

Dugan Production Corp.

3. Address and Telephone No.

P.O. Box 420, Farmington, NM 87499 (505) 325 - 1821

Location of Well (Footage, Sec., T., R., M., or Survey Description)

990' FNL & 1980' FEL (NW/4 NE/4)

Unit B, Sec. 27, T23N, R11W

5. Lease Designation and Serial No.

NM 65528

6. If Indian, Allotted or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Hop Sing #1

9. API Well No.

30 045 29378

10. Field and Pool, or Exploratory Area

Basin Fruitland Coal

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



Notice of Intent



Subsequent Report



Final Abandonment Notice

TYPE OF ACTION



Abandonment



Recompletion



Plugging Back



Casing Repair



Altering Casing



Other

Production Test



Change of Plans



New Construction



Non-Routine Fracturing



Water Shut-Off



Conversion to Injection



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.)*

Dugan Production Corp. asks that the BLM agree that the subject lease is producing in paying quantities. The operator has expended considerable time and money to establish production from this lease.

This well is producing at 25 mcf/d and 200 barrels of water daily. The high water production is encouraging because it indicates the permeability of the coal in this area. This is an economic rate. Dugan Production Corp. owns numerous adjacent leases and is planning further coal development in the area. A pipeline to gather this gas will be planned as this development expands. There is the possibility that some of the water production from this well may be curtailed by isolating one of the lower coal seams. Your concurrence will allow us to efficiently explore and develop the Fruitland Coal reserves in this frontier area.

THIS APPROVAL EXPIRES MAY 01 2001

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

Signed

John Alexander
John Alexander

Title

Vice-President

Date

5/1/2000

(This space for Federal or State office use)

Approved by

Title

Date

Conditions of approval, if any:

ACCEPTED FOR RECORD

Title 18 U.S.C. Section 1001, makes 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.

*See Instruction on Reverse Side

MAY 11 2000
S.M. - OFFICE