

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.	30-045-32284
5. Indicate Type of Lease	STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.	E-4426
7. Lease Name or Unit Agreement Name	State Com
8. Well Number	1-B
9. OGRID Number	006515
10. Pool name or Wildcat	Blanco Mesaverde

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 Prod. Corp.

3. Address of Operator

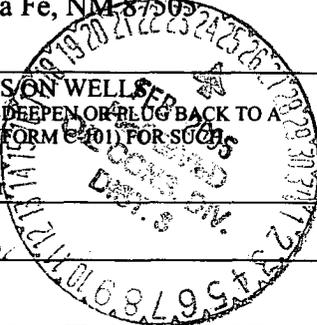
4. Well Location
 Unit Letter L: 1980 feet from the south line and 990 feet from the west line
 Section 16 Township 32N Range 12W NMPM County San Juan

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
GL-6005'

Pit or Below-grade Tank Application or Closure

Pit type Drilling Depth to Groundwater >100' Distance from nearest fresh water well 1.6mi Distance from nearest surface water 650'

Pit Liner Thickness: 12-in. mll Below-Grade Tank: Volume _____ bbls; Construction Material _____



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: <input 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.

Due to deviation problems encountered while drilling, the bottom hole location is not the same as the surface location. The directional log run after drilling the well records the following locations:

Surface Location (0')	1980' FSL & 990' FWL
Top of Blanco Mesaverde Pool (2185')	2000' FSL & 954' FWL
Top of pay zone (4354')	2204' FSL & 707' FWL L-16-32N-12W
Bottom of pay zone (4536')	2221' FSL & 680' FWL
Bottom Hole Location (4739')	2251' FSL & 655' FWL

A new C-102 reflecting that the bottom hole location is different from the surface location is attached. Also, an Application for Administrative Approval of Non-Standard Location has been filed with the Santa Fe and Aztec offices of the NMOCD.

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 NMOCD guidelines , a general permit or an (attached) alternative OCD-approved plan .

SIGNATURE Kurt Fagrelius TITLE Geologist DATE 02/23/2005

Type or print name Kurt Fagrelius E-mail address kfagrelius@duganproduction.com Telephone No. 505-325-1821

APPROVED BY: [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. #3 DATE FEB 25 2005

Conditions of Approval (if any):

HOLD C104 FOR Directional Survey

District I
PO Box 1980, Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

District II
PO Drawer DD, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

District III
1000 Rio Brazos Rd., Aztec, NM 87410

AMENDED REPORT

District IV
PO Box 2088, Santa Fe, NM 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number		*Pool Code 72319	*Pool Name BLANCO MESAVERDE
*Property Code	*Property Name STATE COM		*Well Number 1B
*GRID No. 006515	*Operator Name DUGAN PRODUCTION CORPORATION		*Elevation 6005'

¹⁰ Surface Location

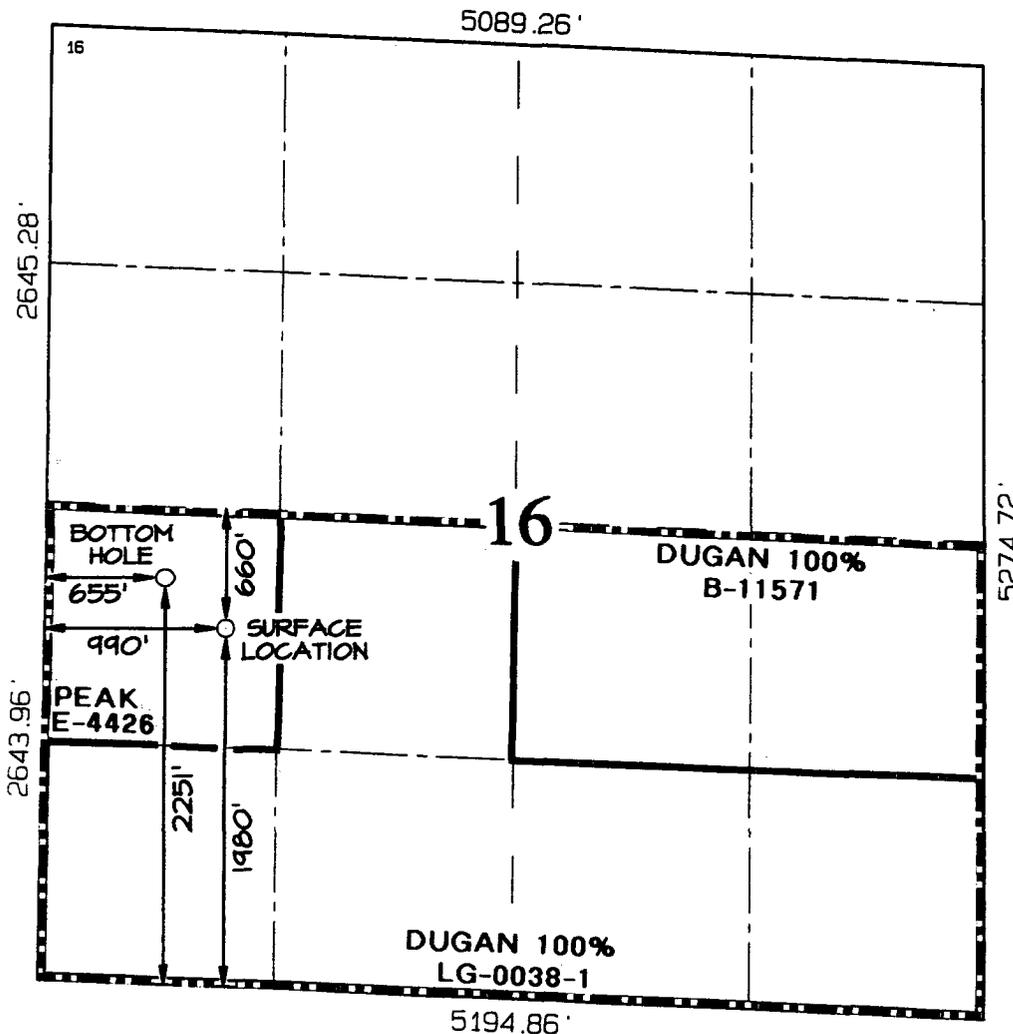
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	16	32N	12W		1980	SOUTH	990	WEST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	16	32N	12W		2251	SOUTH	655	WEST	SAN JUAN

¹² Dedicated Acres 320.0 Acres - (S/2)	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



¹⁷ OPERATOR CERTIFICATION

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

Kurt Fagrelius
Signature
Kurt Fagrelius
Printed Name
Geologist
Title
February 23, 2005
Date

¹⁸ SURVEYOR CERTIFICATION

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

Survey Date: MARCH 19, 2004
Date Revised: FEBRUARY 22, 2005

Signature and Seal of Professional Surveyor

JASON C. EDWARDS
Certificate Number 15269