

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

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.
Bureau of Land Management
Farmington Field Office

MAY 23 2011

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

| | | |
|---|--|--|
| 1. Type of Well <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other COAL BED METHANE | | 5. Lease Serial No. NMNM109393 |
| 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 BASIE COM 1 |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 21 T22N R7W NWNW 990FNL 800FWL 36.129430 N Lat, 107.586570 W Lon | | 9. API Well No. 30-043-21112-00-X1 |
| | | 10. Field and Pool, or Exploratory BASIN FRUITLAND COAL |
| | | 11. County or Parish, and State SANDOVAL COUNTY, NM |

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|---|---|---|--|---|
| <input 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 checked="" 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 checked="" type="checkbox"/> Other |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | Drilling Operations. |
| | <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 recompleat 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 recompleat 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.)

Drilled to TD @ 1400' on 05-12-11. Run 5-1/2" 15.5# J-55 csg in 7-7/8" hole. Land @ 1390' float collar @ 1348'. Cement w/140 sc Premium Lite FM w/3% CaCl₂, 1/4# celloflake, 5#/sx LCM, 0.4% FL-52, 8% Bentonite & 0.4% Sodium Metasilicate. Tail w/50 sx Type III cement w/1# sx CaCl₂, 1/4# celloflake/sx 0.2% FL-52 (368 cu ft total slurry). Displace w/32 bbls water. Circulate 20 bbls cement. Wayne Smith Drilling released on 05-13-11. Pressue test will be reported on completion sundry. ✓



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| 14. Thereby certify that the foregoing is true and correct. Electronic Submission #108362 verified by the BLM Well Information System For DUGAN PRODUCTION CORPORATION, sent to the Farmington Committed to AFMSS for processing by TROY SALYERS on 05/23/2011 (11TLS0166SE) | |
| Name (Printed/Typed) JOHN C ALEXANDER | Title VICE-PRESIDENT |
| Signature (Electronic Submission) | Date 05/16/2011 |

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

| | | |
|--|--|-------------------|
| Approved By ACCEPTED | TROY SALYERS Title PETROLEUM ENGINEER | Date 05/23/2011 |
| 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

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