

Expires: February 28, 1995

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT(Other instructions on
reverse side)

WELL COMPLETION OR RECOMPLETION REPORT AND LOG*

1.a. TYPE OF WELL:

OIL WELL ☐ GAS WELL ☒ DRY ☐ OTHER ☐

b. TYPE OF COMPLETION:

NEW ☒ WORK ☐ DEEP- ☐ PLUG ☐ DIFF. ☐
Well ☒ OVER ☐ EN ☐ BACK ☐ CENTR. ☐ OTHER ☐

2. Name of Operator

Dugan Production Corp.

3. Address and Telephone No.

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

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*

At surface 1140' FSL & 1980' FWL (SE/4 SW/4)

At top prod. interval reported below same

At total depth same

5. LEASE DESIGNATION AND SERIAL NO.

SF-081231-B

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME, WELL NO.

Pan American #3

9. API Well No.

30-045-33697

10. FIELD AND POOL, OR WILDCAT

Basin Fruitland Coal

11. SEC., T., R., M., OR BLOCK AND SURVEY
OR AREAUnit N
Sec. 24, T30N, R14W

12. COUNTY OR PARISH

San Juan

13. STATE

NM

15. DATE SPUDDED

6/29/2006

16. DATE T.D. REACHED

7/6/2006

17. DATE COMPL. (Ready to prod.)

8/4/2006

18. ELEVATIONS (DF, RKB, RT, GR, ETC.)*

5649' GL

19. ELEV. CASINGHEAD

20. TOTAL DEPTH, MD & TVD

1560'

21. PLUG BACK T.D., MD & TVD

1503'

22. IF MULTIPLE COMPL.,

HOW MANY*

2 - DHC-2341AZ

23. INTERVALS

DRILLED BY

ROTARY TOOLS

TD

CABLE TOOLS

24. PRODUCING INTERVAL(S), OF THIS COMPLETION - TOP, BOTTOM, NAME (MD AND TVD)*

1266'-1370' (Fruitland Coal) - to be downhole commingled with Harper Hill FR Sand PC 1327-1384'

25. WAS DIRECTIONAL SURVEY MADE

no

26. TYPE ELECTRIC AND OTHER LOGS RUN

GR-CCL-CNL

27. WAS WELL CORED

no

28. CASING RECORD (Report all strings set in well)

CASING SIZE/GRADE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	TOP OF CEMENT, CEMENTING RECORD	AMOUNT PULLED
8-5/8" J-55	24#	121'	12 1/4"	95 sx Type 5 cement w/2% CaCl2 w/1/4# celloflake/sx	
5 1/2" J-55	15.5#	1544'	7"	100 sx 2% Lodense w/3# Gilsonite/sx & 1/4# celloflake/sx. Tail w/50 sx	
				Type 5 cement w/3# Gilsonite/sx & 1/4# celloflake/sx (318 cu ft total)	

29. LINER RECORD

SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)	SIZE	DEPTH SET (MD)	PACKER SBT (MD)
					2-3/8"	1426'	N/A

31. PERFORATION RECORD (Interval, size and number)

1266'-74'; 1278'-82'; 1348'-60'; 1364'-1370' w/4 spf

32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
1266'-1384'	700 gals 15% HCL; 99,493 gals AquaSafe gel;
	185,000# 20/40 Brady

33.* PRODUCTION

DATE FIRST PRODUCTION		PRODUCTION METHOD (Flowing, gas lift, pumping - size and type of pump)					WELL STATUS (Producing or shut in)	
N/A		flowing					shut-in	
DATE OF TEST	HOURS TESTED	CHOKE SIZE	PROD'N FOR TEST PERIOD	OIL - BBL.	GAS - MCF.	WATER - BBL.	GAS - OIL RATIO	
			→				N/A	
FLOW. TUBING PRESS.	CASING PRESSURE	CALCULATED 24 - HOUR RATE	OIL - BBL.	GAS - MCF.	WATER - BBL.	OIL GRAVITY - API (CORR.)		
		→				N/A		

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.)

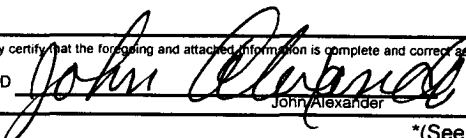
vented - to be sold - sundry notice of test will be filed

TEST WITNESSED BY

35. LIST OF ATTACHMENTS

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records

SIGNED



John Alexander

Title Vice-President

Date

8/29/2006

*(See Instructions and Spaces for Additional Data on Reverse Side)

37. SUMMARY OF POROUS ZONES: (Show all important zones of porosity and contents thereof: cored intervals; and all drill-stem, tests, including depth interval tested on used, time tool open, flowing and shut-in pressures, and recoveries):				38. GEOLOGIC MARKERS			
FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.	NAME	MEAS. DEPTH	TOP	TRUE VERT. DEPTH
				Kirtland Fruitland Pictured Cliffs TOTAL DEPTH	surface 1072' 1364' 1560'		