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SUBMIT IN DUPLICATE

FORM APPROVED  
OMB NO. 1004-0137

Expires February 28, 1995

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

JUN 10 2008

(See instructions on

reverse side)

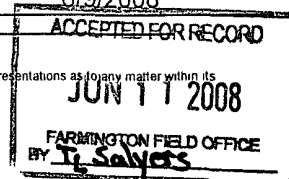
## WELL COMPLETION OR RECOMPLETION REPORT AND LOG

|   |  |   |   |
|---|--|---|---|
| 1 a TYPE OF WELL<br>OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> DRY <input type="checkbox"/> OTHER <input type="checkbox"/>  |  | 5 LEASE DESIGNATION AND SERIAL NO<br>NM-90468                                   |   |
| b. TYPE OF COMPLETION:<br>NEW <input type="checkbox"/> WORK <input type="checkbox"/> DEEP- <input type="checkbox"/> PLUG <input type="checkbox"/> DIFF <input type="checkbox"/><br>Well <input checked="" type="checkbox"/> OVER <input type="checkbox"/> EN <input type="checkbox"/> BACK <input type="checkbox"/> CENTR <input type="checkbox"/> OTHER <input type="checkbox"/> |  | 7. UNIT AGREEMENT NAME<br>Needs CA  |   |
| 2 Name of Operator<br>Dugan Production Corp.  |  | 8 FARM OR LEASE NAME, WELL NO.<br>Satchmo Com #2                                |   |
| 3 Address and Telephone No<br>P.O. Box 420, Farmington, NM 87499 (505) 325 - 1821   |  | 9 API Well No<br>30-045-34425 - 0061  |   |
| 4 LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)<br>At surface 1550' FSL & 1350' FEL (NW/4 SE/4)   |  | 10 FIELD AND POOL, OR WILDCAT<br>Basin Fruitland Coal                           |   |
| At top prod. interval reported below same   |  | 11 SEC., T., R., M., OR BLOCK AND SURVEY OR AREA<br>Unit J<br>Sec. 4, T22N, R8W |   |
| At total depth same   |  | 12 COUNTY OR PARISH<br>San Juan   | 13 STATE<br>NM                                    |
| 15 DATE SPUN<br>12/6/2007   | 16 DATE T.D. REACHED<br>12/11/2007                                     | 17 DATE COMPL. (Ready to prod.)<br>5/30/2008                                    | 18 ELEVATIONS (DF, RKB, RT, GR, ETC.)<br>6825' GL |
| 20 TOTAL DEPTH, MD & TVD<br>1260'   | 21. PLUG BACK T.D., MD & TVD<br>1205'                                  | 22 IF MULTIPLE COMPL. HOW MANY*   | 23 INTERVALS DRILLED BY<br>TD                     |
| 24. PRODUCING INTERVAL(S), OF THIS COMPLETION - TOP, BOTTOM, NAME (MD AND TVD)<br>1016'-1050' (Fruitland Coal)  |  |   | 25. WAS DIRECTIONAL SURVEY MADE<br>no             |
| 26. TYPE ELECTRIC AND OTHER LOGS RUN<br>GR-CNL-CCL  |  |   | 27 WAS WELL CORED<br>no                           |
| 28 CASING RECORD (Report all strings set in well)   |  |   |   |
| CASING SIZE/GRADE   | WEIGHT, LB./FT.  | DEPTH SET (MD)  | HOLE SIZE   |
| 8-5/8" J-55   | 24#  | 127'  | 12-1/4"   |
| 5-1/2" J-55   | 15.5#  | 1248'   | 7"  |
|   |  | TOP OF CEMENT, CEMENTING RECORD   |   |
|   |  | 90 sx Type 5 cement w/2% CaCl2 & 1/4# celloflake/sx                             |   |
|   |  | 60 sx Type 5 cement w/2% Lodense, 2# PhenoSeal & 1/4# celloflake/sx             |   |
|   |  | Tail w/50 sx Type 5 cement w/2# PhenoSeal & 1/4# celloflake/sx                  |   |
|   |  | 190 cu ft total slurry  |   |
| 29 LINER RECORD   |  |   |   |
| SIZE  | TOP (MD)   | BOTTOM (MD)   | SACKS CEMENT*                                     |
|   |  |   |   |
| 30 TUBING RECORD  |  |   |   |
| SIZE  | DEPTH SET (MD)   | PACKER SBT (MD)   |   |
| 2-3/8"  | 1111'  | N/A   |   |
| 31 PERFORATION RECORD (Interval, size and number)   |  |   |   |
| 1016'-1020' & 1038'-1050' w/4 spf (total 16', 63 holes)   |  |   |   |
| 32 ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC  |  |   |   |
| DEPTH INTERVAL (MD)   |  | AMOUNT AND KIND OF MATERIAL USED  |   |
| 1016'-1050'   |  | 34,000# 20/40 Sand; 25,500 gals fluid   |   |
|   |  | RCVD JUN 13 '08   |   |
|   |  | OIL CONS. DIV.  |   |
|   |  | DIST. 3   |   |
| 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                            |
| 5/29/2008   | 24   | 2"  | 0   |
| FLOW TUBING PRESS   | CASING PRESSURE  | CALCULATED 24 - HOUR RATE   | OIL - BBL   |
| 1   | 15   | 0   | 25  |
|   |  | GAS - MCF   | WATER - BBL                                       |
|   |  | 25  | 40  |
|   |  | OIL GRAVITY - API (CORR)  |   |
|   |  |   |   |
| 34 DISPOSITION OF GAS (Sold, used for fuel, vented, etc.)   |  |   | TEST WITNESSED BY                                 |
| Vented - to be sold   |  |   |   |
| 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 <i>John Alexander</i>  |  | Title Vice-President  |   |
| Date 6/9/2008   |  |   |   |

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

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

NMOC



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)

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GEOLOGIC MARKERS

| FORMATION | TOP | BOTTOM | DESCRIPTION, CONTENTS, ETC. | NAME            | TOP        |                 |
|-----------|-----|--------|-----------------------------|-----------------|------------|-----------------|
|           |     |        |                             |                 | MEAS DEPTH | TRUE VERT DEPTH |
|           |     |        |                             | Ojo Alamo       | 382'       | 1260'<br>426'   |
|           |     |        |                             | Kirtland        | 474'       |                 |
|           |     |        |                             | Fruitland       | 682'       |                 |
|           |     |        |                             | Pictured Cliffs | 1056'      |                 |
|           |     |        |                             | Total Depth     | 1260'      |                 |

200/1002 ST