

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

AUG 03 2009

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.

Management
Farmington Field Office

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. NOG09031758 |
| 2. Name of Operator DUGAN PRODUCTION CORPORATION Contact: JOHN C ALEXANDER Email: johncalexander@duganproduction.com | | 6. If Indian, Allottee or Tribe Name EASTERN NAVAJO |
| 3a. Address P. O. BOX 420 FARMINGTON, NM 874990420 | 3b. Phone No. (include area code) Ph: 505-325-1821 | 7. If Unit or C/A Agreement, Name and/or No. |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 8 T22N R8W NENW 1000FNL 1500FWL 36.15863 N Lat, 107.70864 W Lon | | 8. Well Name and No. TOM WOOD DENN 2 |
| | | 9. API Well No. 30-045-34933-00-X1 |
| | | 10. Field and Pool, or Exploratory BASIN FRUITLAND COAL |
| | | 11. County or Parish, and State SAN JUAN COUNTY, NM |

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

| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|--|---|---|--|--|
| <input checked="" 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 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 Change to Original APD |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | |
| | <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.)

Change used for production casing cement to the following: (volumes will be changed to circulate to surface) ✓

Lead Cement:

Premium Lite FM + 3% bwoc Calcium

Chloride + 0.25 lbs/sack Cello Flake + 5 lbs/sack

LCM-1 + 0.4% bwoc FL-52 + 8% bwoc Bentonite +

0.4 bwoc Sodium Metasilicate + 112.3% Fresh

Water

Weight 12.10 lb/gal, yield 2.13 cu. ft/sk.

Tail Cement:

Type III Cement + 1 lbs/sack Calcium

RCVD AUG 5 '09

OIL CONS. DIV.

DIST. 3

14 Thereby certify that the foregoing is true and correct.

Electronic Submission #72503 verified by the BLM Well Information System
For DUGAN PRODUCTION CORPORATION, sent to the Farmington
Committed to AFMSS for processing by TROY SALYERS on 08/03/2009 (09TS0005SE)

Name (Printed/Typed) JOHN C ALEXANDER

Title VICE-PRESIDENT

Signature (Electronic Submission)

Date 07/27/2009

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By TROY SALYERS

Title PETROLEUM ENGINEER

Date 08/03/2009

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.

** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED **

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Additional data for EC transaction #72503 that would not fit on the form

32. Additional remarks, continued

Chloride + 0.25 lbs/sack Cello Flake + 0.2% bwoc
FL-52 + 59% Fresh Water
Weight 14.6 lb/gal, yield 1.38 cu. ft/sk