

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM 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.***SUBMIT IN TRIPLICATE - Other instructions on reverse side.**

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| 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. NMNM97108 |
| 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. SANCHEZ OBRIEN 90S |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 6 T24N R9W SWNW 1500FNL 1250FWL 36.34627 N Lat, 107.83508 W Lon | | 9. API Well No. 30-045-35146-00-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 type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize |
| <input checked="" type="checkbox"/> Subsequent Report | <input type="checkbox"/> Deepen |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Fracture Treat |
| | <input type="checkbox"/> Production (Start/Resume) |
| | <input type="checkbox"/> Reclamation |
| | <input type="checkbox"/> Recomplete |
| | <input type="checkbox"/> Temporarily Abandon |
| | <input type="checkbox"/> Water Shut-Off |
| | <input type="checkbox"/> Well Integrity |
| | <input checked="" type="checkbox"/> Other Drilling Operations |
| | <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 1960' TD @ 1730 hrs 09/09/10. Ran 4 1/2" 11.6# J-55 csg and land @ 1952', float collar @ 1926'. Centralizers on jts #2,#3,#4,#5 & #6. BJ Service cemented w/125 sx Premium Lite FM, w/3% CaCl₂, 1/4#/sk celloflake, 5#/sx LCM-1, 0.4% FL-52, 8% Bentonite & 0.4% Sodium Metasilicate, followed by 50 sx Type III cement w/1#/sk CaCl₂, 1/4#/sx celloflake, 0.2% FL-52 (330 cf slurry). Displace w/30 bbls water. Circulate 15 bbls cement. Rig released 09/10/10.

RCVD SEP 15 '10

OIL CONS. DIV.

DIST. 2

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| 14. I hereby certify that the foregoing is true and correct. Electronic Submission #92726 verified by the BLM Well Information System For DUGAN PRODUCTION CORPORATION, sent to the Farmington Committed to AFMSS for processing by STEVE MASON on 09/13/2010 (10SXM0315SE) | |
| Name (Printed/Typed) JOHN C ALEXANDER | Title VICE-PRESIDENT |
| Signature (Electronic Submission) | Date 09/13/2010 |

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

| | | |
|---|---|-------------------|
| Approved By ACCEPTED | Title STEPHEN MASON PETROLEUM ENGINEER | Date 09/13/2010 |
| 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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