

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.**

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NMSF079115
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. TONKIN 4
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 13 T27N R12W NENE 0990FNL 0990FEL 36.57967 N Lat, 108.05678 W Lon		9. API Well No. 30-045-06574-00-S1
		10. Field and Pool, or Exploratory KUTZ PICTURED CLIFFS
		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 type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input checked="" 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.)

This well was drilled in 1950. The casing record is unclear. Some of the casing that was run was probably pulled as was common in many cable tool drilling operations. Following is what we have in the well file as far as casing goes;

15" set a 20' and cemented with 25 sacks of cement

13" set at 385' with no cement mentioned

10" set at 698' which slid down hole to 717' with no cement mentioned

8.25" set at 1015' with no cement mentioned

5.5" set at 1758' and cemented with 50 sacks of cement, approximate TOC 1420'

Open hole from 1758' to TD at 1865'

No open hole logs were run

RCVD NOV 9 '10
OIL CONS. DIV.

DIST. 3

We propose to plug the well as follows with tops taken from the Tonkin 3R well located at 1700' fnl

14. I hereby certify that the foregoing is true and correct. Electronic Submission #96398 verified by the BLM Well Information System For DUGAN PRODUCTION CORPORATION, sent to the Farmington Committed to AFMSS for processing by STEVE MASON on 11/03/2010 (11SXM0360SE)	
Name (Printed/Typed) JOHN C ALEXANDER	Title VICE-PRESIDENT
Signature (Electronic Submission)	Date 11/01/2010

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By STEPHEN MASON	Title PETROLEUM ENGINEER	Date 11/03/2010
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 ****

NMOC

Additional data for EC transaction #96398 that would not fit on the form

32. Additional remarks, continued

& 2000' fwl, S.13-T .27N-R. 13W:

Set cast iron bridge plug at 1706' (PC top 1656')

Spot 150' Type III cement on top of plug

Perforate 5-1/2" production casing at 1383' (Fruitland top 1333') *1419' Plug 1469'-1369'*

Pump 200 % annular volume outside and 150' Type III cement plug inside

Perforate 5-1/2" production casing at 549' (Ojo Alamo top 463') *549' 727' Plug 727'-surface*

Pump Type III through this hole and attempt to circulate to the surface

We will not know until we dig out the well head if any surface casing exists. Because of this, it may be impossible to have mud and cement returns from the well to flow into a steel pit.

If you would like to review the wells files with me, please ask.

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
FARMINGTON DISTRICT OFFICE
1235 LA PLATA HIGHWAY
FARMINGTON, NEW MEXICO 87401

Attachment to notice of
Intention to Abandon:

Re: Permanent Abandonment
Well: 4 Tonkin

CONDITIONS OF APPROVAL

1. Plugging operations authorized are subject to the attached "General Requirements for Permanent Abandonment of Wells on Federal and Indian Lease."

2. Farmington Office is to be notified at least 24 hours before the plugging operations commence (505) 599-8907.

3. The following modifications to your plugging program are to be made:

a) Place the Fruitland plug from 1469' – 1369' inside and outside the 5 ½" casing.

b) Place the Kirtland/Ojo Alamo/Surface plug from 727' to surface inside and outside the 5 ½" casing.

OR

c) Place the Kirtland/Ojo Alamo plug from 727' – 499' inside and outside the 5 ½" casing.

d) Place the surface plug from 86' to surface inside and outside the 5 ½" casing.

You are also required to place cement excesses per 4.2 and 4.4 of the attached General Requirements.

Office Hours: 7:45 a.m. to 4:30 p.m.