

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 checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NMSF080230
2. Name of Operator DUGAN PRODUCTION CORPORATION Contact: JOHN C ALEXANDER Email: johncalexander@duganproduction.com		6. If Indian, Allottee or Tribe Name
3a. Address FARMINGTON, NM 87499	3b. Phone No. (include area code) Ph: 505-325-1821	7. If Unit or CA/Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 5 T23N R7W NENE 0330FNL 0660FEL 36.26202 N Lat, 107.59056 W Lon		8. Well Name and No. ADOBE 1
		9. API Well No. 30-039-21136-00-S1
		10. Field and Pool, or Exploratory LYBROOK
		11. County or Parish, and State RIO ARriba 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 recomple 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 recompletion 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.)

Plan to plug well as follow:

Set CIBP at 5826' (Gallup 5826 top perf 5874')

Spot 100' Type V cement plug above CIBP

Spot 100' Type V cement plug 2850' - 2950' (Mesa Verde 2990')

Perforate 2538' (Pictured Cliffs 2488')

Set cement retainer 2488'

Pump Type V cement below retainer to cover 2388' plus 100% excess outside and spot cement inside to

2388' 2308' 2158'

Perforate 2070' (Fruitland 2020)

Set cement retainer at 2020' 2158'

Pump Type V cement below retainer to fill outside casing to 1720' (Ojo Alamo 1620') and spot cement

inside casing to fill to 1720' 2208'

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**RCVD JAN 10 '11
OIL CONS. DIV.
DIST. 3

plug Kirshland / Ojo Alamo from 1992' - 1760' inside + outside 5 1/2" casing

14. I hereby certify that the foregoing is true and correct.

Electronic Submission #99878 verified by the BLM Well Information System

For DUGAN PRODUCTION CORPORATION, sent to the Farmington

Committed to AFMSS for processing by STEVE MASON on 01/07/2011 (11SXM0404SE)

Name (Printed/Typed) JOHN C ALEXANDER

Title VICE-PRESIDENT

Signature (Electronic Submission)

Date 01/04/2011

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By STEPHEN MASON

Title PETROLEUM ENGINEER

Date 01/07/2011

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.

Notify NMOCD 24 hrs prior to beginning operations
** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED **

NMOCD

Additional data for EC transaction #99878 that would not fit on the form

32. Additional remarks, continued

plug from 461' - 361' inside outside the 5/2" casing to cover the Unconformity Top.

Perforate at 268' (surface casing 218')

Cement down casing and circulate to surface

Set dry hole monument

**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: 1 Adobe

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 Mesaverde plug from 3340' – 3240'.
 - b) Place the Fruitland plug from 2308' – 2208' inside and outside the 5 ½" casing.
 - c) Place the Kirtland/Ojo Alamo plug from 1992' – 1760' inside and outside the 5 ½" casing.
 - d) Place the Nacimiento plug from 461' – 361' 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.