

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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.

FORM APPROVED
OMB NO. 1004-0135
Expires: November 30, 2000

5. Lease Serial No.
NM-97108
6. If Indian, Allottee or Tribe Name
7. If Unit or CA/Agreement, Name and/or No.

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		8. Well Name and No. SANCHEZ O'BRIEN 91
2. Name of Operator DUGAN PRODUCTION CORP. Contact: KURT FAGRELIUS E-Mail: kfagrelus@duganproduction.com		9. API Well No. 30-045-30729
3a. Address 709 EAST MURRAY DRIVE FARMINGTON, NM 87401	3b. Phone No. (include area code) Ph: 505.325.1821 Fx: 505.327.4613	10. Field and Pool, or Exploratory BASIN FRUITLAND COAL
4. Location of Well (Fontage, Sec., T., R., M., or Survey Description) Sec 6 T24N R9W SWNE 1850FNL 1850FEL		11. County or Parish, and State SAN JUAN COUNTY, NM

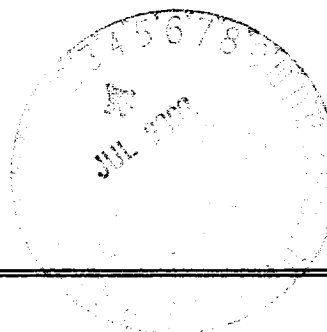
12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

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
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Change to Original A
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	PD

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.)

Will install pipeline as shown in original APD. Pipeline rights-of-way will be on the northwest side of and parallel to fence that parallels road. Pipeline length will be 3500-feet in length and 30-feet wide.

RECEIVED
2002 JUL -1 PM 4:24
070 FARMINGTON, NM



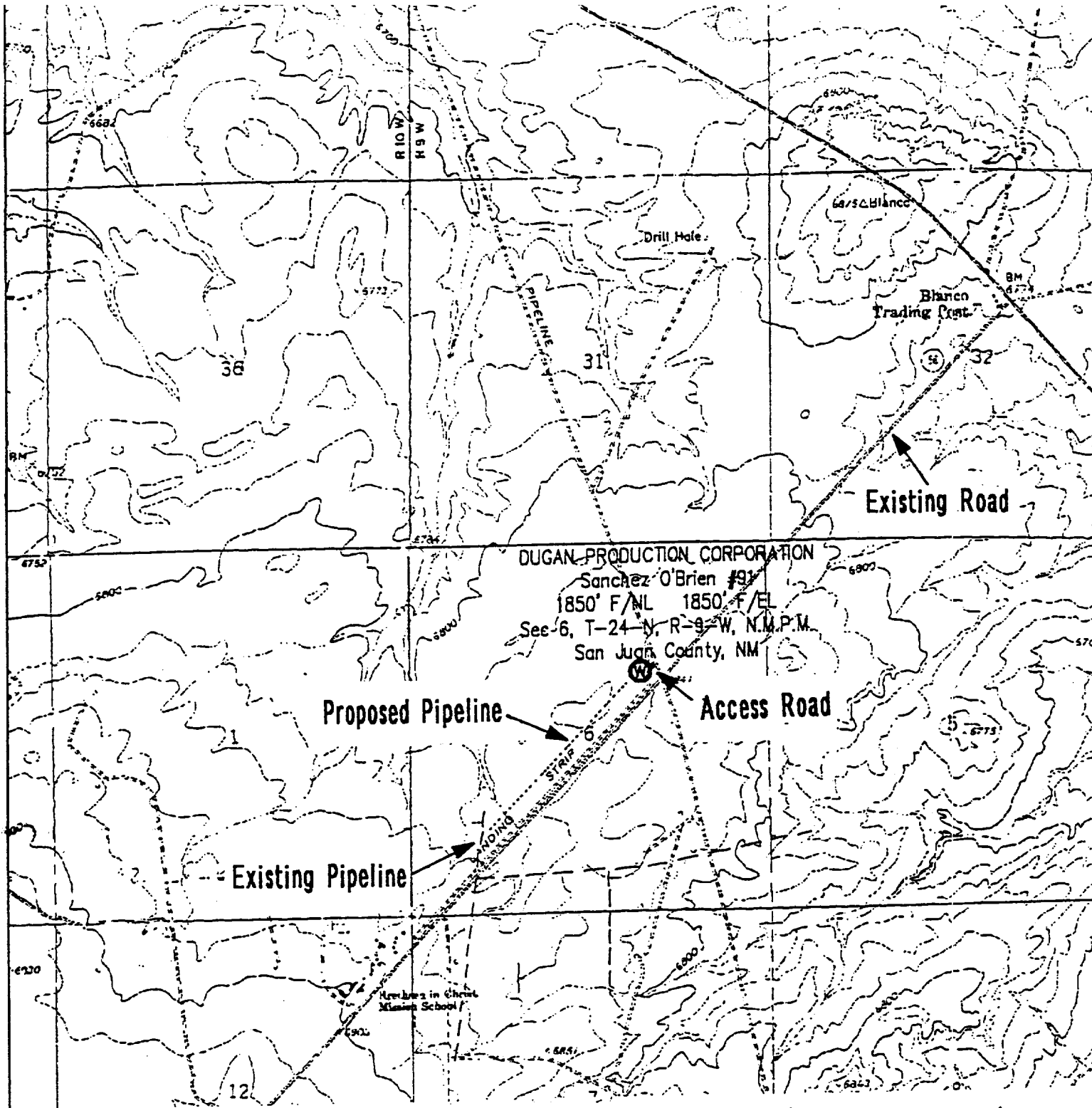
14. I hereby certify that the foregoing is true and correct.

Name (Printed/Typed) KURT FAGRELIUS	Title GEOLOGIST
Signature <i>Kurt Fagrelus</i>	Date 07/01/2002

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By <i>[Signature]</i>	Title <i>EPS/RMS</i>	Date <i>7/02/02</i>
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 <i>FFO</i>

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.



Existing Roads Exhibit E

Vicinity of nearest town or reference pt.
40 miles southeast of Bloomfield, NM

Type of surface dirt

Conditions good

Other _____

Reference map: USGS map Blanco Trading Post
DUGAN PRODUCTION CORP. - SANCHEZ O'BRIEN #91

Planned Access Road(s) Exhibit E

Width 20' Maximum grades 1%

Drainage design as required

Cuts & Fills as required

Surfacing material none

Turnouts _____

Culverts _____

Gates _____

Cattleguards _____

Fence cuts _____

Waterbars _____

Access Road & Pipeline _____

Access road(s) do/do not cross Fed/Ind land.