CONDITIONS OF APPROVAL, IF ANY:

/S/ David J. Mankiewicz.

(This space for Federal or State office use)

PERMIT NO

Title ______D

APPROVAL DATE

*See Instructions on Reverse Side

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 op

Title 18 U.S.C. Section 1001, makes 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.

District (

PO Sox 1980, Hobbs, NM 38241-1980

District if

811 South First, Artesia, NM 88210

District III

1000 Rio Brazos Road, Aztec, NM 87410

District IV

2040 South Pacheco, Santa Fe, NM 87505

319.11 (W/2)

State of New Mexico

Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION 2040 South Pacheco Santa Fe, NM 87505

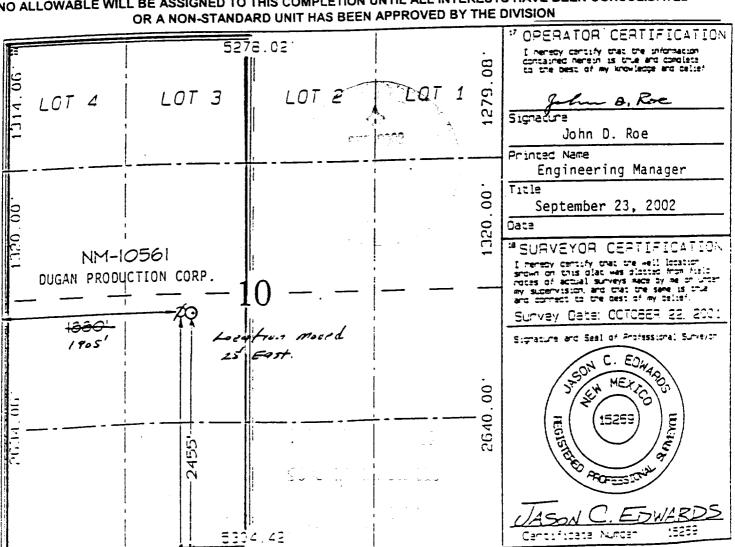
Form C-102 Revised October 18, 1994 Instructions on back Submit to Apropriate District State Lease 4 Copies Fee Lease 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

'API Number 3 (216) 30 045 31208			² Pool C	² Pool Code ³ Pool Name						
			716	29		Basin Fruitland Coal				
*Property Code			⁵ Property Name						⁶ Well Number	
00359					Big Field					91Y
OGRID No			* Operator Name							³ Elevation
006515			Dugan Production Corp.							6,158'
00001					10 Surface					
JL or lot no	Section	Township	Range	Lot idn	Feet from the	North/South line	Feet from the	East/West line	County	
K	10	30N	14W		2,455	South	1,905	West		San Juan
			¹¹ Bo	ttom Ho	le Location I	f Different Fr	om Surface	1		
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County	
					1					
Dedicated Acres 13 Joint or Infill			¹⁴ Consolidation Code		¹⁵ Order No.					

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED



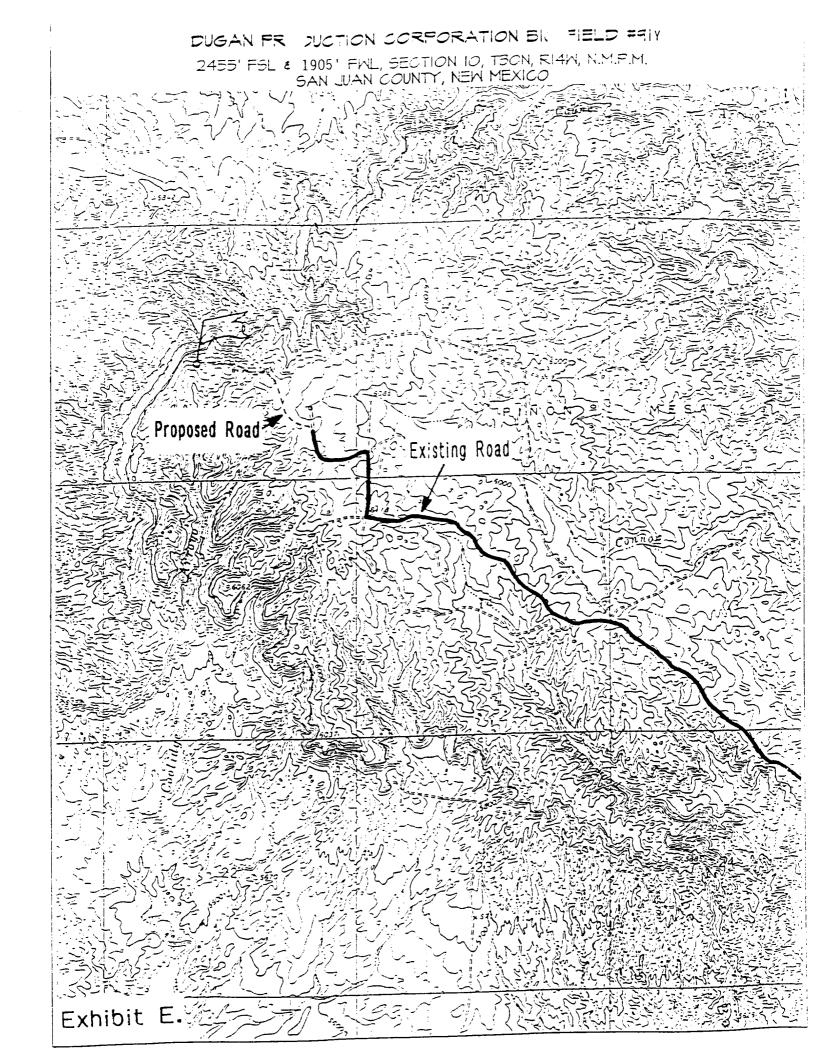


EXHIBIT B OPERATIONS PLAN Big Field #91Y

APPROXIMATE FORMATION TOPS:

Ojo Alamo/McDermott - surface Kirtland - 235' Fruitland - 1440' Pictured Cliffs - 1773'

Total Depth 1900'

LOGGING PROGRAM: Run cased hole CNL-CDL

Catch samples every 10 feet from 1450 feet to total depth.

CASING PROGRAM:

Hole	Casing		Setting	Grade and
Size	Size	Wt./ft.	Depth	Condition
12/1-4"	8-5/8 "	23#	±375 T	H-40 new
7 "	5-1/2"	14#	±1900'	J-55 new

Plan to drill a 12-1/4" hole and set 375' of 8-5/8" OD, 23#, H-40 surface casing; then plan to drill a 7" hole to total depth with gel-water-mud program to test Fruitland Coal Formation. 5½", 14# J-55 casing will be run and cemented. Cased hole CNL-CDL log will be run. Productive zone will be perforated and fractured. After frac the well will be cleaned out and production equipment will be installed.

CEMENTING PROGRAM: All volumes are contingent upon Caliper logs.

Surface: Cement with 340 cu.ft. Class "B" neat with 3# Gilsonite plus 1/4# celloflake/sack. Circulate to surface.

Production Stage - Cement with 350 cu.ft. 3% Lodense with 3#

Gilsonite plus 1/4# celloflake/sack followed by 100

cu.ft. Class "B" with 3# Gilsonite plus 1/4#

celloflake/sack.

Total cement slurry for production stage is 450 cu.ft.

Circulate to surface.

An adequate spacer will be pumped ahead of the cement slurry to help prevent mud contamination of the cement. An adequate number of casing centralizers will be run through usable water zones to ensure that casing is centralized through these zones. The adequate number of centralizers will be determined based on API standards. Centralizers to impart a swirling action around the casing will be used just below and into the base of the lowest usable water zone. These devices will assist mud displacement, increase cement bonding potential and create an effective hydraulic seal. A chronological log will be kept which records the pump rate, pump pressure, slurry density, and slurry volume for the cement job. The log will be sent to the BLM after completion of the job.

Exhibit B - Big Field #91Y

WELLHEAD EQUIPMENT:

Huber 8-5/8" x 5-1/2" casing head, 1000#WP, tested to 2000# Huber 5-1/2" x 2-7/8" tubing head, 1000# WP, tested to 2000#

BOP and Related Equipment will include for a 2000 psi system:

Annual preventer, double ram, or 2 rams with one being blind and one being a pipe ram

Kill line (2" minimum)

1 kill line valve (2" minimum)

1 choke line valve

2 chokes

Upper kelly cock valve with handle available Safety valve and subs to fit all drill string connections in use Pressure gauge on choke manifold 2" minimum choke line Fill-up line

Dugan Prod.Corp. Office & Radio Dispatch: 325-1821 Kurt Fagrelius 325-4327 Mark Brown 327-3632 John Alexander 325-6927 John Roe 326-1034