

State of New Mexico
Energy, Minerals, and Natural Resources Department
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

CS-03-001

APPLICATION FOR NGPA WELL CATEGORY DETERMINATION

FOR DIVISION USE ONLY:	FILING FEE
APPROPRIATE FILING FEE ENCLOSED? YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>	Effective October 1, 1986
DATE COMPLETE APPLICATION FILED <u>March 19, 2003</u>	a non-refundable filing fee
DATE DETERMINATION MADE <u>April 28, 2003</u>	of \$25.00 per category for
WAS APPLICATION CONTESTED? YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>	each application is mandatory
NAME (S) OF INTERVENOR (S), IF ANY: <u>no</u>	(Rule 2, Order No. R-5878-B-3)

1. Name of Operator: Dugan Production Corp.	6. County: San Juan
2. Address of Operator: P. O. Box 420 Farmington, NM 87499-0420	7. API No: 30-045-28003
3. Location of Well: Unit Letter <u>N</u> Footage: 1250' FSL & 1800' FWL	8. Indicate Type of Lease: State <input type="checkbox"/> Fee <input checked="" type="checkbox"/>
Sec. <u>13</u> Twp. <u>30N</u> Rng. <u>15W</u>	9. State Oil & Gas Lease No.:
4. Lease Name: Sly Slav	10. Unit Agreement Name:
5. Well No: <u>3</u>	11. Pool or Formation: Basin Fruitland Coal Gas Pool (#71629)

Check the appropriate box for category sought and information submitted: Enter Required information on lines 1 and 2, below.

- Category sought NGPA Section No. 107 A1 occluded natural gas from coal seam
 A3 natural gas from a designated tight formation
- Filing Fee(s) amount enclosed: \$25.00
- All application must contain:
 - C-105 Well Completion or Recompletion Report
 - Affidavits of Mailing or Delivery

I HEREBY CERTIFY THAT THE INFORMATION CONTAINED HEREIN IS TRUE AND COMPLETE TO THE BEST OF MY KNOWLEDGE AND BELIEF.

John D. Roe, Jr.
NAME OF APPLICANT (Type or Print)

John D. Roe, Jr.
SIGNATURE OF APPLICANT

TITLE: Engineering Manager

DATE: 03/18/03

FOR DIVISION USE ONLY	
APPROVED: <input checked="" type="checkbox"/>	DISAPPROVED: <input type="checkbox"/>
The information contained herein includes all of the information required to be filed by the applicant under Subpart C of Part 270 of the FERC regulations	
EXAMINER: <u>[Signature]</u>	

A. THE NPGA WELL CATEGORY DETERMINATION IS BEING SOUGHT FOR A WELL PRODUCING:

- A1 occluded natural gas from coal seams.
- A2 natural gas from Devonian shale.
- A3 natural gas from a designated tight formation. NM17

B. FOR ALL APPLICATIONS FOR DETERMINATION PROVIDE THE FOLLOWING:

1. Well Name and No.* Sly Slav #3

2. Completed in (Name of Reservoir)* Fruitland Coal

3. Field* Basin Fruitland Coal Gas Pool

4. County* San Juan

5. State* New Mexico

6. API Well No. (14 digits maximum. If not assigned, leave blank.)

30-045-28003

9. Measured Depth of the Completed Interval (in feet)

TOP 525'

BASE 653'

C. APPLICANT'S MAILING ADDRESS AND THE IDENTITY OF THE PERSON WHO IS RESPONSIBLE FOR APPLICATION:

1. Applicant's Name* Dugan Production Corp.

2. Street* P. O. Box 420

3. City* Farmington

4. State* New Mexico

5. Zip Code 87499-0420

6. Name of Person Responsible* John D. Roe, Jr.

7. Title of Such Person* Engineering Manager

8. Signature *John D. Roe, Jr.* and Phone No. (505) 325 - 1821

* SIGNIFIES THAT LINE ENTRY MAY CONTAIN UP TO 35 LETTERS AND/OR NUMBERS.

APPLICATION FOR DETERMINATION

GENERAL INSTRUCTIONS

- 1. Purpose:** This form is to be used to provide basic data on each application for a well category determination that is filed with a Jurisdictional Agency to qualify the natural gas produced from such well as (a) occluded natural gas produced from coal seams, under section 107(c)(3) of the Natural Gas Policy Act of 1978 [15 U.S.C. 3301] (NGPA), (b) natural gas produced from Devonian shale, under section 107(c)(4) of the NGPA, or (c) natural gas produced from a designated tight formation, under section 107(c)(5) of the NGPA, in order to substantiate the eligibility of such natural gas for a tax credit under Section 29 of the Internal Revenue Code. The Commission will use this data, together with the other information contained in the Jurisdictional Agency's notice of determination, to evaluate whether substantial evidence exists to support the determination.
- 2. Who must submit:** Anyone who files an application with a Jurisdictional Agency identified under Section 270.401 of the Commission's Regulations for a well category determination.
- 3. What and where to submit:** The original of this form, and all of the information required by Section 270.302, 270.303, 270.304, or 270.306 of the Commission's Regulations must be filed with the Jurisdictional Agency. The Jurisdictional Agency making a determination must file the original of this form, with all of the other information required under the applicable Commission Regulations, with the **Office of the Secretary, Federal Energy Regulatory Commission, 888 First Street, N.E., Washington D.C. 20426**. Applicants should retain one copy of each completed form for their files for 4 years.
- 4. These are mandatory filing requirements.**
- 5. The data on this form are not considered confidential and will not be treated as such.**
- 6. Where to send comments on the public reporting burden:** The public reporting burden for this collection of information is estimated to average 0.25 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate, or any aspect of this collection of information, including suggestions for reducing this burden, to the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington D.C. 20426 (Attention: Mr. Michael Miller, CI-1) and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington D.C. 20503 (Attention: Desk Officer for the Federal Energy Regulatory Commission). Persons subject to providing this information will not be penalized for failing to respond to these collections of information unless the collection of information displays a valid OMB control number.

Statement by
John D. Roe, Jr.
Application for Section 107 Coal Seam Gas Determination
Dugan Production Corp.'s Sly Slav No. 3 (API No. 30-045-28003)
Basin Fruitland Coal Gas Pool
Unit N Section 13, T30N, R15W
San Juan County, New Mexico

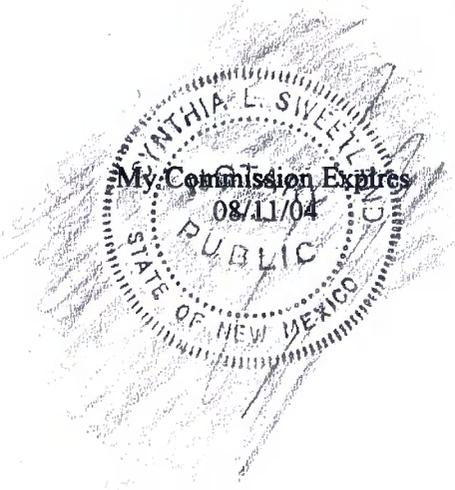
I make the following statement under oath. Natural gas produced from Dugan's Sly Slav No. 3 is being produced from a coal seam through a well, the surface drilling of which began after December 31, 1979, but before January 1, 1993. In addition, I have no knowledge of any information which is inconsistent with this application.

John D. Roe, Jr.
John D. Roe, Jr., P. E.
March 18, 2003

STATE OF NEW MEXICO)
) ss.
COUNTY OF SAN JUAN)

The foregoing instrument was acknowledged before me this 18th day of March, 2003 by John D. Roe, Jr., Engineering Manager of Dugan Production Corp., a New Mexico corporation, on behalf of said corporation.

Cynthia Sweetland
Cynthia Sweetland
Notary Public





dugan production corp.

March 18, 2003

Mr. Michael Stogner
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Re: NGPA Category Determination (107CB)
Dugan Production's Sly Slav #3 (API No. 30-045-28003)
Basin Fruitland Gas Pool
Unit N Sec. 13, T30N, R15W
San Juan County, New Mexico

Dear Mr. Stogner,

Enclosed for your consideration is Dugan's application, requesting a Section 107, coal seam, NGPA category determination for the captioned well.

Enclosed are the following items:

- a) Completed FERC Form 121.
- b) Completed NMOCD Form C-132.
- c) Dugan's check in the amount of \$25.00 for the NMOCD filing fee.
- d) Copy of all well completion reports.
- e) Copy of the well location plat (NMOCD Form C-102), which presents the surface location for the Sly Slav #3, along with the W/2 320 acre spacing unit for the Basin Fruitland Coal completion.
- f) Copy of the GR-Compensated Density Log over the Fruitland Coal interval. This well is located within the boundaries of the Basin Fruitland Coal pool as established by NMOCD Order R-8768 and amended.
- g) Copy of gas analysis from completed interval.
- h) My statement regarding spud date of the subject well.

There are no affidavits of mailing or delivery since Dugan Production holds 100% of the working interest in the Sly Slav No. 3 and there are no other parties to our gas purchase agreement.

Should you have questions or need additional information, please let me know.

Sincerely,

John D. Roe
John D. Roe
Engineering Manager

JDR/tmf

Enclosures

Submit to Appropriate District Office
 State Lease - 6 copies
 Fee Lease - 5 copies
 DISTRICT I
 P.O. Box 1980, Hobbs, NM 88240

State of New Mexico
 Energy, Minerals and Natural Resources Department

Form C-105
 Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088
 Santa Fe, New Mexico 87504-2088

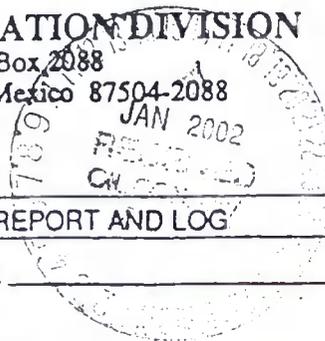
DISTRICT II
 P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
 1000 Rio Brazos Rd., Aztec, NM 87410

WELL API NO.
 30-045-28003

5. Indicate Type of Lease
 STATE FEE

6. State Oil & Gas Lease No.



WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1a. Type of Well:
 OIL WELL GAS WELL DRY OTHER

b. Type of Completion:
 NEW WELL WORK OVER DEEPEN PLUG BACK DIFF RESTVR OTHER

7. Lease Name or Unit Agreement Name
 Sly Slav

2. Name of Operator
 DUGAN PRODUCTION CORP.

8. Well No.
 3

3. Address of Operator
 P.O. Box 420 Farmington, NM 87499

9. Pool name or Wildcat
 Basin Fruitland Coal

4. Well Location
 Unit Letter N : 1,250 Feet From The South Line and 1,800 Feet From The West Line
 Section 13 Township 30N Range 15W NMPM San Juan County

10. Date Spudded 07/25/90
 11. Date T.D. Reached 07/27/90
 12. Date Compl. (Ready to Prod.) 12/14/01
 13. Elevations (DF & RKB, RT, GR, etc.) 5,315' GL
 14. Elev. Casinghead

15. Total Depth 770'
 16. Plug Back T.D. 700'
 17. If Multiple Compl. How Many Zones?
 18. Intervals Drilled By Rotary Tools Cable Tools

19. Producing Interval(s), of this completion - Top, Bottom, Name
 515'-653' (Fruitland Coal)
 20. Was Directional Survey Made No

21. Type Electric and Other Logs Run
 GR-CDL, GR-CCL
 22. Was Well Cored No

CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT LB/FT.	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
7"	20	94'	9-7/8"	40 sx Class "B" neat	
4-1/2"	10.5	766'	6-1/4"	25 sx Class "B" neat w/ 1/4# cello-flake/sx	

24. LINER RECORD				25. TUBING RECORD			
SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN	SIZE	DEPTH SET	PACKER SET
					2-3/8"	672'	

26. Perforation record (interval, size, and number) 515'-520', 642'-653' (with 2 spf) Total 36 shots	27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC.	
	DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USED
	525'-653'	830 gal. 15% HCl
		18,000 gal. 700 foam
		20,000 lb. 20/40 sand

PRODUCTION

28. Date First Production 08/06/90
 Production Method (Flowing, gas lift, pumping - Size and type pump) flow and swab
 Well Status (Prod. or Shut-in) ST

Date of Test	Hours Tested	Choke Size	Prod'n For Test Period	Oil - Bbl	Gas - MCF	Water - Bbl	Gas - Oil Ratio
12/21/01	24	3/4"		0	50	50	
Flow Tubing Press.	Casing Pressure	Calculated 24-Hour Rate	Oil - Bbl	Gas - MCF	Water - Bbl	Oil Gravity - API - (Corr.)	
10	180		0	50	50		

29. Disposition of Gas (Sold, used for fuel, vented, etc.)
 vented - to be sold
 Test Witnessed By

30. List Attachments

31. I hereby certify that the information shown on both sides of this form is true and complete to the best of my knowledge and belief

Signature John Alexander Printed Name John Alexander Title Vice-President Date 01/15/02

Submit 3 Copies To Appropriate District Office
 District I
 1625 N. French Dr., Hobbs, NM 88240
 District II
 811 South First, Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 Revised March 25, 1999

OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

WELL API NO.
 30-045-28003

5. Indicate Type of Lease
 STATE FEE

6. State Oil & Gas Lease No.

SUNDRY NOTICES AND REPORTS ON WELLS
 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well:
 Oil Well Gas Well Other

2. Name of Operator
 Dugan Production Corp.

3. Address of Operator
 P.O. Box 420 Farmington, NM 87499

4. Well Location
 Unit Letter N : 1,250 feet from the South line and 1,800 feet from the West line
 Section 13 Township 30N Range 15W NMPM County San Juan

10. Elevation (Show whether DR, RKB, RT, GR, etc.)
5,315' GL

7. Lease Name or Unit Agreement Name:
 Sly Slav

8. Well No.
 #3

9. Pool name or Wildcat
 Basin Fruitland Coal



11. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPLETION <input type="checkbox"/>	CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: <input type="checkbox"/>		OTHER: Completion <input checked="" type="checkbox"/>	

12. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompilation.

- Pressure test casing 3,000 psi.
- Run GR-CCL-CMC. *no CMC per phone*
- Perforate Fruitland Coal 515'-520' & 642'-653' with 2 shots/ft. (36 shots for 18 ft.)
- Breakdown with 200 gal. 15% HCl followed by Frac 20,000# 20/40 sand in 18,000 gal. 70 quality foam containing 30# linear gel.
- Job complete 12/14/2001.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE *Terry Kochis* TITLE Engineer DATE 12/20/2001

Type or print name Terry Kochis Telephone No. (505) 325-1821

(This space for State use)
 APPROVED BY CHARLES T. PERRIN TITLE DEPUTY OIL & GAS INSPECTOR, DIST. DATE DEC 24 2001

Conditions of approval, if any:

K

Submit 3 Copies
to Appropriate
District Office

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-103
Revised 1-1-89

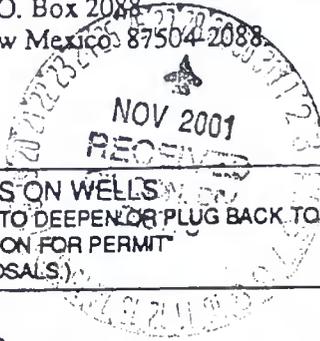
DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088



WELL API NO. 30 045 28003
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A
DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT"
(FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well:
 OIL WELL GAS WELL OTHER

2. Name of Operator
DUGAN PRODUCTION CORP.

3. Address of Operator
P.O. Box 420, Farmington, NM 87499

4. Well Location
 Unit Letter N : 1250 Feet From The South Line and 1800 Feet From The West Line
 Section 13 Township 30 North Range 15 West NMPM San Juan County

10. Elevation (Show whether DF, RKB, RT, GR, etc.)
5,315' GL

7. Lease Name or Unit Agreement Name
Sly Slav

8. Well No.
3

9. Pool name or Wildcat
Basin Fruitland Coal

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:	SUBSEQUENT REPORT OF:
PERFORM REMEDIAL WORK <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>
OTHER: <u>Fracture</u> <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
	CASING TEST AND CEMENT JOB <input type="checkbox"/>
	OTHER: _____ <input type="checkbox"/>

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

Plan to foam fracture the Fruitland Coal. Job will consist of 60,000 lb. of 20/40 sand in 70-quality foam. The well was drilled in 1990 and not fractured. Recent developments within the coal prompted the operator to consider this an appropriate action at this time.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE John Alexander TITLE Vice President DATE 11/26/01

TYPE OR PRINT NAME John Alexander TELEPHONE NO. 325-18

(This space for State Use)

APPROVED BY _____ TITLE _____ DATE NOV 28 21

CONDITIONS OF APPROVAL, IF ANY:

OIL CONSERVATION DIVISION P.O. Box 2088 Santa Fe, New Mexico 87504-2088

DISTRICT I P.O. Box 1980, Hobbs, NM 88240

DISTRICT II P.O. Drawer DD, Artesia, NM 88210

DISTRICT III 1000 Rio Brazos Rd., Aztec, NM 87410

WELL API NO. 30-045-28003
5. Indicate Type of Lease STATE [] FEE [X]
6. State Oil & Gas Lease No.

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE APPLICATION FOR PERMIT (FORM C-101) FOR SUCH PROPOSALS.)

7. Lease Name or Unit Agreement Name Sly Slav
8. Well No. 3
9. Pool name or Wildcat Basin Fruitland Coal

1. Type of Well: OIL WELL [] GAS WELL [X] OTHER
2. Name of Operator DUGAN PRODUCTION CORP.
3. Address of Operator P.O. Box 420, Farmington, NM 87499

4. Well Location Unit Letter N : 1250 Feet From The South Line and 1800 Feet From The West Line
Section 13 Township 30 North Range 15 West NMPM San Juan Country

10. Elevation (Show whether DF, RKB, RT, GR, etc.) 5315' GL

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data
NOTICE OF INTENTION TO:
PERFORM REMEDIAL WORK [] PLUG AND ABANDON [] REMEDIAL WORK [] ALTERING CASING []
TEMPORARILY ABANDON [] CHANGE PLANS [] COMMENCE DRILLING OPNS. [] PLUG AND ABANDONMENT []
PULL OR ALTER CASING [] CASING TEST AND CEMENT JOB []
OTHER: [] OTHER: []

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.
T.D. 770' reached on 7-27-90.
T.I.H. with 6-1/4" bit, collars, & drill pipe. Drilled 600' - 770'. Circulate hole. T.O.H. Ran CDL & NIES logs. T.I.H. with bit, collars & drill pipe. Circulate hole. Laid down drill pipe. T.I.H. with 19 its. 4-1/2#, 10.5#, J-55 casing landed at 766', float collar at 740'. Pump 20 bbls water. Cement with 25 sx 2% lodense with 1/4# celloflake/sk, tail with 50 sx class "B" neat with 1/4# celloflake/sk (110 cu.ft. slurry). Displace with 12 water. Plug down 6:00 P.M. on 7-27-90. 1000#. Circulate 2 bbls cement.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.
SIGNATURE [Signature] TITLE Geologist. DATE
TYPE OR PRINT NAME Jim L. Jacobs TELEPHONE NO. 325-1821

APPROVED BY Original Signed by FRANK T. CHAVEZ TITLE SUPERVISOR DISTRICT 3 DATE JUL 31 1990

RECEIVED JUL 31 1990 OIL CON. DIV DIST. 3

NO IES

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL API NO. 30-045-28003
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well:
OIL WELL GAS WELL OTHER

7. Lease Name or Unit Agreement Name

Sly Slav

2. Name of Operator
DUGAN PRODUCTION CORP.

8. Well No.
3

3. Address of Operator
P.O. Box 420, Farmington, NM 37499

9. Pool name or Wildcat
Basin Fruitland Coal

4. Well Location
Unit Letter N : 1250 Feet From The South Line and 1800 Feet From The West Line
Section 13 Township 30 North Range 15 West NMPM San Juan County

10. Elevation (Show whether DF, RKB, RT, GR, etc.)
5315' GL

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>		CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: _____ <input type="checkbox"/>		OTHER: <u>Spud, surface casing & cement</u> <input checked="" type="checkbox"/>	

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

Moved in & rigged up Salazar Drilling. Spudded a 9-7/8" hole at 3:00 P.M. on 7-25-90 with air. Drilled surface to 100'. T.O.H. with drill collars & bit. T.I.H. with 3 jts. 7", 20# casing landed at 94'. Cemented with 40 sacks class "B" neat (47.2 cubic feet). Displaced with 2.5 bbls water. Circulated 1 bbl cement. Shut in at 7:30 P.M. 7-25-90.

Nipple up Bradenhead & BOP. Pressure test to 600# - held OK.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Jim L. Jacobs TITLE Geologist DATE 7-27-90
 TYPE OR PRINT NAME Jim L. Jacobs TELEPHONE NO. 325-1821

This space for State Use)

APPROVED BY Original Signed by FRANK T. CHAVEZ TITLE SUPERVISOR DISTRICT DATE JUL 31 1990

CONDITIONS OF APPROVAL, IF ANY:

Submit to Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107
Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

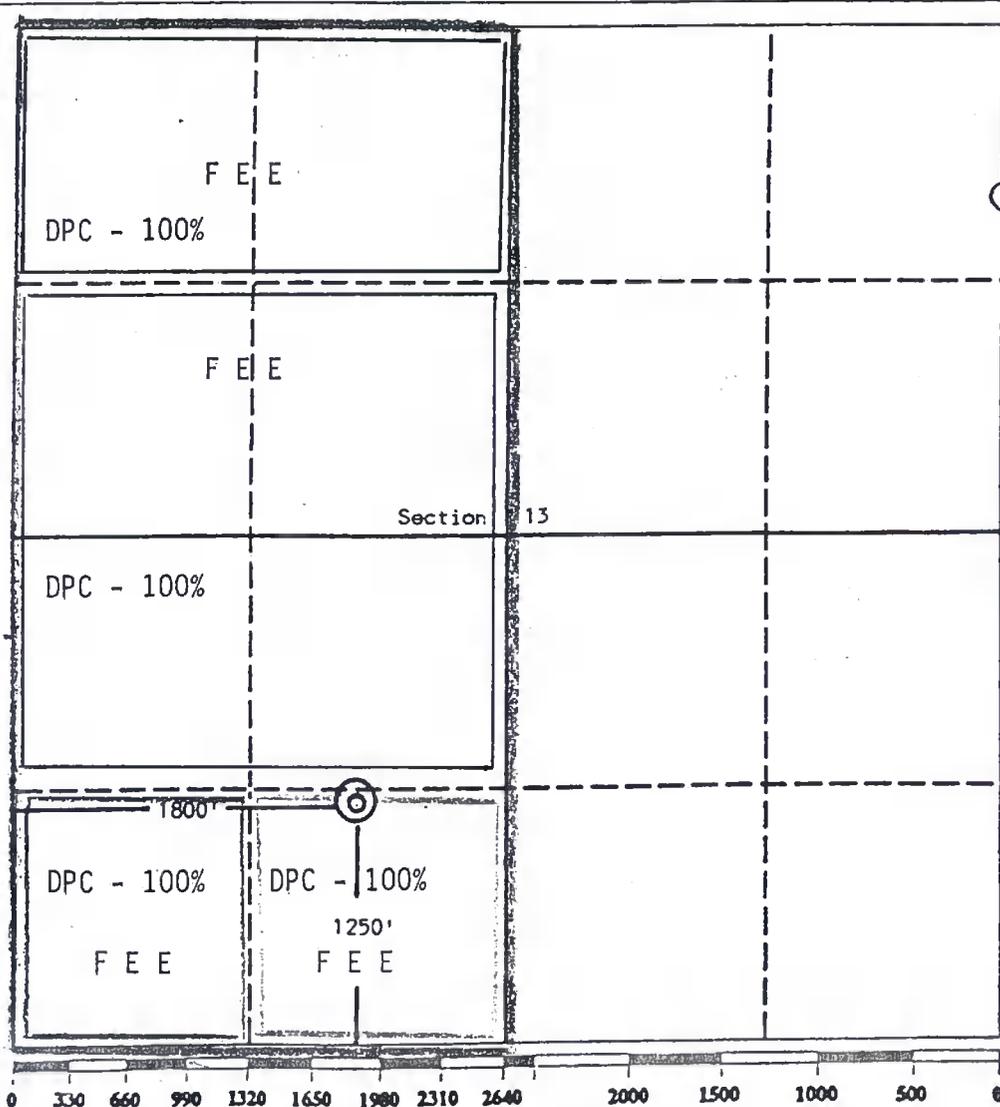
Operator Dugan Production Corporation		Lease Sly Slav		Well No. 3
Unit Letter N	Section 13	Township 30 North	Range 15 West	County San Juan
Actual Footage Location of Well: 1250 feet from the South line and 1800 feet from the West line				
Ground level Elev. 5315	Producing Formation Fruitland Coal	Pool Basin Fruitland Coal	Dedicated Acreage: 320 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?

Yes No If answer is "yes" type of consolidation Will be Communitized

If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature: *Sherman E. Dugan*

Printed Name: Sherman E. Dugan

Position: Vice-President

Company: Dugan Production Corp.

Date: 7-24-90

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed: July 23, 1990

Signature & Seal of Professional Surveyor: *Edgar L. Risenhoover*

Certificate No. 5979

Edgar L. Risenhoover

(505) 325-6622



ANALYSIS NO. DUG30041

WELL/LEASE INFORMATION

COMPANY: DUGAN PRODUCTION CORPORATION
 WELL NAME: SLY SLAV #3 LINE PRESSURE: 18 PSIG
 LOCATION: SEC. 13-T30N-R15W SAMPLE TEMP.: DEG.F
 COUNTY: SAN JUAN WELL FLOWING: NO
 FORMATION: FRUITLAND *Coal* DATE SAMPLED: 2/11/93
 METER NO.: *Not connected* SAMPLED BY: CHARLES HALL
 REMARKS: *PRESSURED WITH HELIUM TO 25#; UNNORMALIZED TOTAL=77.29%.

ANALYSIS

COMPONENT	MOLE%	GPM
NITROGEN	3.541	0.0000
CO2	0.482	0.0000
METHANE	95.517	0.0000
ETHANE	0.357	0.0955
PROPANE	0.006	0.0017
I-BUTANE	0.001	0.0003
N-BUTANE	0.003	0.0009
I-PENTANE	0.002	0.0007
N-PENTANE	0.002	0.0007
HEXANE+	0.089	0.0388
TOTAL	100.000	0.1387
COMPRESSIBILITY FACTOR	(1/Z)	1.0020
BTU/CU.FT. (DRY) CORRECTED FOR	(1/Z)	980.2
BTU/CU.FT. (WET) CORRECTED FOR	(1/Z)	963.2
REAL SPECIFIC GRAVITY		0.5784

ANALYSIS RUN AT 14.73 PSIA & 60 DEGREES F

CYLINDER PRESSURE: *14 PSIG

DATE RUN: 2/12/93

ANALYSIS RUN BY: CHELLE DURBIN



dugan production corp.

P. O. BOX 420 • FARMINGTON, NM 87499-0420 • (505) 325-1821

RECEIVED

MAR 19 2003

Oil Conservation Division

Date 3/18/03

Subject Applications for

NEPA Category

determinations -

T
O

Michael Stegner

NMOPD - Santa Fe

M E S S A G E

Michael,

I had told you earlier that I had 3 Cool Seam & 6 Tight Formation Applications. Upon researching Dugan's records, I found 2 of the Cool Seam & 3 of the Tight Formations had previously been done & one of the Tight Formation had a spud date outside the window. Thus I now have one Cool Seam (which is Attached) & 2 Tight Formation Applications which I hope to get out this week.

Signed James Roe

ENERGY, MINERALS AND NATURAL RESOURCES DEPT.

-521

NO. 117316

Official Receipt

Date: 3/20

~~2003~~

Received from: RC - Dugan Production

Dollar Amount

25.00

DR CR.	AMOUNT NUMBER	CENTER NUMBER	CREDIT AMOUNT	DEPOSIT NUMBER	WORK ORDER NO.
60	4290				
60	4291				
60	3450				
60	3451				
60	3410				
60	4210				
60	4240				
60	1893	0711			
60					
60					
60					

TOTAL

25.00

NGPA Filing Fees

By

MW

CMD : ONGARD 04/28/03 16:00:45
OG6IWCM INQUIRE WELL COMPLETIONS OGOMES -TP8P

API Well No : 30 45 28003 Eff Date : 12-14-2001 WC Status : A
Pool Idn : 71629 BASIN FRUITLAND COAL (GAS)
OGRID Idn : 6515 DUGAN PRODUCTION CORP
Prop Idn : 3840 SLY SLAV

Well No : 003
GL Elevation: 5315

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
B.H. Locn	:	N	13	30N	15W	FTG 1250 F S FTG 1800 F W	P

Lot Identifier:

Dedicated Acre: 320.00

Lease Type : P

Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

E6317: No more recs. for this api well no.

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 PF08 PF09 PF10 NEXT-WC PF11 HISTORY PF12 NXTREC

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

04/28/03 16:00:36
OGOMES -TP8P
PAGE NO: 2

Sec : 13 Twp : 30N Rng : 15W Section Type : NORMAL

L 40.00	K 40.00	J 40.00	I 40.00
Fee owned	Fee owned	Federal owned	Federal owned
M 40.00	N 40.00	O 40.00	P 40.00
Fee owned	Fee owned A A	Fee owned A	Federal owned A

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

Submit to Appropriate District Office
 State Lease - 6 copies
 Fee Lease - 5 copies
DISTRICT I
 P.O. Box 1980, Hobbs, NM 88240

State of New Mexico
 Energy, Minerals and Natural Resources Department

Form C-105
 Revised 1-1-89

OIL CONSERVATION DIVISION
 P.O. Box 2088
 Santa Fe, New Mexico 87504-2088

DISTRICT II
 P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
 1000 Rio Brazos Rd., Aztec, NM 87410

WELL API NO.
 30-045-28003

Indicate Type of Lease
 STATE FEE

6. State Oil & Gas Lease No.



WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1a. Type of Well:
 OIL WELL GAS WELL DRY OTHER

b. Type of Completion:
 NEW WELL WORK OVER DEEPEN PLUG BACK DIFF RESVR OTHER

7. Lease Name or Unit Agreement Name
 Sly Slav

2. Name of Operator
 DUGAN PRODUCTION CORP.

8. Well No.
 3

3. Address of Operator
 P.O. Box 420 Farmington, NM 87499

9. Pool name or Wildcat
 Basin Fruitland Coal

4. Well Location
 Unit Letter N : 1,250 Feet From The South Line and 1,800 Feet From The West Line
 Section 13 Township 30N Range 15W NMPM San Juan County

10. Date Spudded 07/25/90
 11. Date T.D. Reached 07/27/90
 12. Date Compl. (Ready to Prod.) 12/14/01
 13. Elevations (DF & RKB, RT, GR, etc.) 5,315' GL
 14. Elev. Casinghead

15. Total Depth 770'
 16. Plug Back T.D. 700'
 17. If Multiple Compl. How Many Zones?
 18. Intervals Drilled By
 Rotary Tools
 Cable Tools

19. Producing Interval(s), of this completion - Top, Bottom, Name
 515'-653' (Fruitland Coal)
 20. Was Directional Survey Made
 No

21. Type Electric and Other Logs Run
 GR-CDL, GR-CCL
 22. Was Well Cored
 No

23. **CASING RECORD (Report all strings set in well)**

CASING SIZE	WEIGHT LB/FT.	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
7"	20	94'	9-7/8"	40 sx Class "B" neat	
4-1/2"	10.5	766'	6-1/4"	25 sx Class "B" neat w/ 1/4# cello flake/sx.	

24. **LINER RECORD** 25. **TUBING RECORD**

SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN	SIZE	DEPTH SET	PACKER SET
					2-3/8"	672'	

26. Perforation record (interval, size, and number)
 515'-520', 642'-653' (with 2 spf)
 Total 36 shots

27. **ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC.**

DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USED
525'-653'	830 gal. 15% HCl
	18,000 gal. 700 foam
	20,000 lb. 20/40 sand

28. **PRODUCTION**

Date First Production	Production Method (Flowing, gas lift, pumping - Size and type pump)	Well Status (Prod. or Shut-in)					
08/06/90	flow and swab	SI					
Date of Test	Hours Tested	Choke Size	Prod'n For Test Period	Oil - Bbl.	Gas - MCF	Water - Bbl.	Gas - Oil Ratio
12/21/01	24	3/4"		0	50	50	
Flow Tubing Press.	Casing Pressure	Calculated 24-Hour Rate	Oil - Bbl.	Gas - MCF	Water - Bbl.	Oil Gravity - API - (Corr.)	
10	180		0	50	50		

29. Disposition of Gas (Sold, used for fuel, vented, etc.)
 vented - to be sold
 Test Witnessed By

30. List Attachments

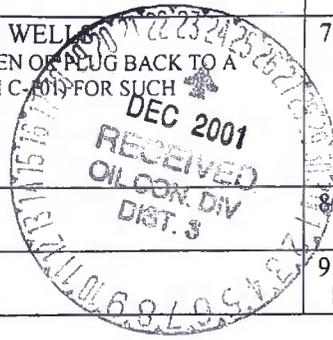
31. I hereby certify that the information shown on both sides of this form is true and complete to the best of my knowledge and belief

Signature John Alexander Printed Name John Alexander Title Vice-President Date 01/15/02

District I 1625 N. French Dr., Hobbs, NM 88240
District II 811 South First, Artesia, NM 88210
District III 1000 Rio Brazos Rd., Aztec, NM 87410
District IV 2040 South Pacheco, Santa Fe, NM 87505

OIL CONSERVATION DIVISION 2040 South Pacheco Santa Fe, NM 87505

WELL API NO. 30-045-28003
5. Indicate Type of Lease STATE [] FEE [X]
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name: Sly Slav
8. Well No. #3
9. Pool name or Wildcat Basin Fruitland Coal



SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)
1. Type of Well: Oil Well [] Gas Well [X] Other
2. Name of Operator Dugan Production Corp.
3. Address of Operator P.O. Box 420 Farmington, NM 87499
4. Well Location Unit Letter N : 1,250 feet from the South line and 1,800 feet from the West line Section 13 Township 30N Range 15W NMPM County San Juan
10. Elevation (Show whether DR, RKB, RT, GR, etc.) 5,315' GL

11. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data
NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK [] PLUG AND ABANDON [] TEMPORARILY ABANDON [] CHANGE PLANS [] PULL OR ALTER CASING [] MULTIPLE COMPLETION [] OTHER: []
SUBSEQUENT REPORT OF: REMEDIAL WORK [] ALTERING CASING [] COMMENCE DRILLING OPNS. [] PLUG AND ABANDONMENT [] CASING TEST AND CEMENT JOB [] OTHER: Completion [X]

12. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompilation.
1. Pressure test casing 3,000 psi.
2. Run GR-CCL-CNL.
3. Perforate Fruitland Coal 515'-520' & 642'-653' with 2 shots/ft. (36 shots for 18 ft.)
4. Breakdown with 200 gal. 15% HCl followed by Frac 20,000# 20/40 sand in 18,000 gal. 70 quality foam containing 30# linear gel.
5. Job complete 12/14/2001.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.
SIGNATURE [Signature] TITLE Engineer DATE 12/20/2001

Type or print name Terry Kochis Telephone No. (505) 325-1821
(This space for State use) DEPUTY OIL & GAS INSPECTOR, DIST. 3 DEC 24 2001
APPROVED BY [Signature] TITLE DATE
Conditions of approval, if any:



Submit 5 Copies
to Appropriate
District Office

State of New Mexico
Energy, Minerals and Natural Resources Department

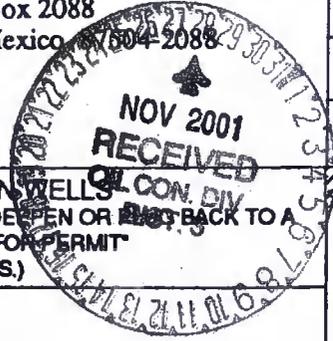
Form C-103
Revised 1-1-89

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088



WELL API NO.
30 045 28003

5. Indicate Type of Lease
STATE FEE

6. State Oil & Gas Lease No.

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR DRILL BACK TO A
DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT"
(FORM C-101) FOR SUCH PROPOSALS.)

7. Lease Name or Unit Agreement Name
Sly Slav

1. Type of Well:
OIL WELL GAS WELL OTHER

8. Well No.
3

2. Name of Operator
DUGAN PRODUCTION CORP.

9. Pool name or Wildcat
Basin Fruitland Coal

3. Address of Operator
P.O. Box 420, Farmington, NM 87499

4. Well Location
Unit Letter N : 1250 Feet From The South Line and 1800 Feet From The West Line
Section 13 Township 30 North Range 15 West NMPM San Juan County

10. Elevation (Show whether DF, RKB, RT, GR, etc.)
5,315' GL

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>		CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: <u>Fracture</u> <input type="checkbox"/>		OTHER: _____ <input type="checkbox"/>	

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

Plan to foam fracture the Fruitland Coal. Job will consist of 60,000 lb. of 20/40 sand in 70-quality foam. The well was drilled in 1990 and not fractured. Recent developments within the coal prompted the operator to consider this an appropriate action at this time.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE John Alexander TITLE Vice President DATE 11/26/01
TYPE OR PRINT NAME John Alexander TELEPHONE NO. 325-1821

(This space for State Use)

APPROVED BY Charles T. R... TITLE DEPUTY OIL & GAS INSPECTOR, DIST. #3 DATE NOV 28 2001

CONDITIONS OF APPROVAL, IF ANY:

Submit 3 Copies
to Appropriate
District Office

State of New Mexico
Energy, Minerals and Natural Resources Department

3 NMOCD
1 File

Form C-103
Revised 1-1-89

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL API NO. 30-045-28003
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER	7. Lease Name or Unit Agreement Name Sly Slav
2. Name of Operator DUGAN PRODUCTION CORP.	8. Well No. 3
3. Address of Operator P.O. Box 420, Farmington, NM 87499	9. Pool name or Wildcat Basin Fruitland Coal

4. Well Location
Unit Letter N : 1250 Feet From The South Line and 1800 Feet From The West Line
Section 13 Township 30 North Range 15 West NMPM San Juan County

10. Elevation (Show whether DF, RKB, RT, GR, etc.)
5315' GL

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>		CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: <input type="checkbox"/>		OTHER: <u>Mechanical Integrity Test</u> <input checked="" type="checkbox"/>	

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

Pressure casing to 590 psi - held for 30 min. Passed MIT. Witnessed by Bruce Martin, NMOCD. Test completed 5/24/1999.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE John Alexander TITLE Vice-President DATE 5/26/99
TYPE OR PRINT NAME John Alexander TELEPHONE NO. 325-1821

(This space for State Use)

APPROVED BY Charlie T. L... TITLE DEPUTY OIL & GAS INSPECTOR, DIST. #3 DATE MAY 27 1999

CONDITIONS OF APPROVAL, IF ANY:

Submit 3-Copies
to Appropriate
District Office

State of New Mexico
Energy, Minerals and Natural Resources Department

3 NMOCD
1 File

Form C-103
Revised 1-1-89

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL API NO. 30-045-28003
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Sly Slav
8. Well No. 3
9. Pool name or Wildcat Basin Fruitland Coal

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO REOPEN OR PLUG BACK TO A
DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMITS"
(FORM C-101) FOR SUCH PROPOSALS.)

RECEIVED
APR 27 1999
OIL CON. DIV.
DIST. 3

1. Type of Well: OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER
2. Name of Operator DUGAN PRODUCTION CORP.
3. Address of Operator P.O. Box 420, Farmington, NM 87499

4. Well Location Unit Letter <u>N</u> : <u>1250</u> Feet From The <u>South</u> Line and <u>1800</u> Feet From The <u>West</u> Line Section <u>13</u> Township <u>30 North</u> Range <u>15 West</u> NMPM <u>San Juan</u> County
--

10. Elevation (Show whether DF, RKB, RT, GR, etc.) 5315' GL
--

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input checked="" type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>		CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: _____ <input type="checkbox"/>		OTHER: _____ <input type="checkbox"/>	

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

Cancel plans to return this well to production at this time. Hydraulic fracturing will be required to produce economic quantities of gas. Gas prices at this time do not support this type of investment.

Request temporarily abandoned status. Cement was circulated to surface on the primary cement job. Any water zones present are protected. Tubing and packer will be run to 100' above the uppermost perforations. Casing will be pressure tested to 500 psi. The tubing and packer will be removed from the well. Casing will be secured with a valve. NMOCD will be notified prior to conducting pressure test.

** This Approval Expires June 1 1999*

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE John Alexander TITLE Vice-President DATE 4/23/99
 TYPE OR PRINT NAME John Alexander TELEPHONE NO. 325-1821

(This space for State Use)

APPROVED BY Charlie Thurman * TITLE DEPUTY OIL & GAS INSPECTOR, DIST. #3 DATE APR 27 1999

CONDITIONS OF APPROVAL, IF ANY:
Exp. Res June 1, 1999

Submit 3 Copies
to Appropriate
District Office

State of New Mexico
Energy, Minerals and Natural Resources Department

3 NMOCD
1 File

Form C-103
Revised 1-1-89

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL API NO. 30-045-28003
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Sly Slav
8. Well No. 3
9. Pool name or Wildcat Basin Fruitland Coal
10. Elevation (Show whether DF, RKB, RT, GR, etc.) 5315' GL

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER
2. Name of Operator DUGAN PRODUCTION CORP.
3. Address of Operator P.O. Box 420, Farmington, NM 87499
4. Well Location Unit Letter <u>N</u> : <u>1250</u> Feet From The <u>South</u> Line and <u>1800</u> Feet From The <u>West</u> Line Section <u>13</u> Township <u>30 North</u> Range <u>15 West</u> NMPM <u>San Juan</u> County

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:	SUBSEQUENT REPORT OF:
PERFORM REMEDIAL WORK <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>
OTHER: <u>Report timing</u> <input checked="" type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
	CASING TEST AND CEMENT JOB <input type="checkbox"/>
	OTHER: _____ <input type="checkbox"/>

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

Plan to place this well on production during September 1998.

RECEIVED
JUL 18 1997

OIL CON. DIV.
DIST. 3

I hereby certify that the information above is true and complete to the best of my knowledge and belief.
SIGNATURE John Alexander TITLE Vice-President DATE 7/16/97
TYPE OR PRINT NAME John Alexander TELEPHONE NO. 325-1821

(This space for State Use)
APPROVED BY Johnny Robinson TITLE DEPUTY OIL & GAS INSPECTOR, DIST. #3 DATE JUL 18 1997
CONDITIONS OF APPROVAL, IF ANY:

Submit 3 Copies to Appropriate District Office

State of New Mexico Energy, Minerals and Natural Resources Department

3 NMOCD 1 File

Form C-103 Revised 1-1-89

DISTRICT I P.O. Box 1980, Hobbs, NM 88240

OIL CONSERVATION DIVISION

DISTRICT II P.O. Drawer DD, Artesia, NM 88210

P.O. Box 2088 Santa Fe, New Mexico 87504-2088

DISTRICT III 1000 Rio Brazos Rd., Aztec, NM 87410

RECEIVED 90 AUG 9 AM 9 17

WELL API NO. 30-045-28003

5. Indicate Type of Lease STATE FEE

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name Sly Slav

8. Well No. 3

9. Pool name or Wildcat Basin Fruitland Coal

10. Elevation (Show whether DF, RKB, RT, GR, etc.) 5315' GL

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: OIL WELL GAS WELL OTHER

2. Name of Operator DUGAN PRODUCTION CORP.

3. Address of Operator P.O. Box 420, Farmington, NM 87499

4. Well Location Unit Letter N : 1250 Feet From The South Line and 1800 Feet From The West Line Section 13 Township 30 North Range 15 West NMPM San Juan County

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

PERFORM REMEDIAL WORK PLUG AND ABANDON REMEDIAL WORK ALTERING CASING

TEMPORARILY ABANDON CHANGE PLANS COMMENCE DRILLING OPNS. PLUG AND ABANDONMENT

NULL OR ALTER CASING TEST AND CEMENT JOB

OTHER:

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

T.D. 770' reached on 7-27-90.
 T.I.H. with 6-1/4" bit, collars, & drill pipe. Drilled 600' - 770'. Circulate hole. T.O.H. Ran CDL & IES logs. T.I.H. with bit, collars & drill pipe. Circulate hole. Laid down drill pipe. T.I.H. with 19 jts. 4-1/2#, 10.5#, J-55 casing landed at 766', float collar at 740'. Pump 20 bbls water. Cement with 25 sx 2% lodense with 1/4# celloflake/sk, tail with 50 sx class "B" neat with 1/4# celloflake/sk (110 cu.ft. slurry). Displace with 12 water. Plug down 6:00 P.M. on 7-27-90. 1000#. Circulate 2 bbls cement.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Jim L. Jacobs TITLE Geologist DATE _____

TYPE OR PRINT NAME Jim L. Jacobs TELEPHONE NO. 325-1821

(This space for State Use) _____

APPROVED BY [Signature] TITLE _____ DATE JUL 31 1990

CONDITIONS OF APPROVAL, IF ANY:

Submit 3 Copies to Appropriate District Office

State of New Mexico Energy, Minerals and Natural Resources Department

3 NMOCD 1 File

Form C-103 Revised 1-1-89

OIL CONSERVATION DIVISION P.O. Box 2088 Santa Fe, New Mexico 87504-2088

DISTRICT I P.O. Box 1980, Hobbs, NM 88240 DISTRICT II P.O. Drawer DD, Artesia, NM 88210 DISTRICT III 1000 Rte Brazos Rd., Aztec, NM 87410

WELL API NO. 30-045-28003 5. Indicate Type of Lease STATE [] FEE [X] 6. State Oil & Gas Lease No. 7. Lease Name or Unit Agreement Name Sly Slav 8. Well No. 3 9. Pool name or Wildcat Basin Fruitland Coal

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: OIL WELL [] GAS WELL [X] OTHER 2. Name of Operator DUGAN PRODUCTION CORP. 3. Address of Operator P.O. Box 420, Farmington, NM 87499 4. Well Location Unit Letter N : 1250 Feet From The South Line and 1800 Feet From The West Section 13 Township 30 North Range 15 West NMPM San Juan County

10. Elevation (Show whether DF, RKB, RT, GR, etc.) 5315' GL

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data SUBSEQUENT REPORT OF: PERFORM REMEDIAL WORK [] PLUG AND ABANDON [] REMEDIAL WORK [] ALTERING CASING [] TEMPORARILY ABANDON [] CHANGE PLANS [] COMMENCE DRILLING OPNS. [] PLUG AND ABANDONMENT [] PULL OR ALTER CASING [] CASING TEST AND CEMENT JOB [] OTHER: [] OTHER: Spud, surface casing & cement [X]

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

Moved in & rigged up Salazar Drilling. Spudded a 9-7/8" hole at 3:00 P.M. on 7-25-90 with air. Drilled surface to 100'. T.O.H. with drill collars & bit. T.I.H. with 3 jts. 7", 20# casing landed at 94'. Cemented with 40 sacks class "B" neat (47.2 cubic feet). Displaced with 2.5 bbls water. Circulated 1 bbl cement. Shut in at 7:30 P.M. 7-25-90. Nipple up Bradenhead & BOP. Pressure test to 600# - held OK.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. SIGNATURE [Signature] TITLE Geologist DATE 7-27-90 TYPE OR PRINT NAME Jim L. Jacobs TELEPHONE NO. 325-1821

(This space for State Use) APPROVED BY [Signature] TITLE [Signature] DATE JUL 31 1990

CONDITIONS OF APPROVAL IF ANY:

OIL CONSERVATION DIVISION
 P.O. Box 2088
 Santa Fe, New Mexico 87504-2088

Submit to Appropriate
 District Office
 State Lease - 6 copies
 Fee Lease - 5 copies

DISTRICT I
 P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
 P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
 1000 Rio Brazos Rd., Aztec, NM 87410

API NO. (assigned by OCD on New Wells) <i>30-045-28003</i>
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work: DRILL <input checked="" type="checkbox"/> RE-ENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>	7. Lease Name or Unit Agreement Name Sly Slav
b. Type of Well: OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>	8. Well No. 3 <i>w/320</i>
2. Name of Operator DUGAN PRODUCTION CORP.	9. Pool name or Wildcat Basin Fruitland Coal
3. Address of Operator P.O. Box 420, Farmington, NM 87499	

4. Well Location
 Unit Letter N : 1250 Feet From The South Line and 1800 Feet From The West Line
 Section 13 Township 30 North Range 15 West NMPM San Juan County

10. Proposed Depth 768'	11. Formation Fruitland Coal	12. Rotary or C.T. Rotary
13. Elevations (Show whether DF, RT, GR, etc.) 5315' GL	14. Kind & Status Plug. Bond Statewide	15. Drilling Contractor Salazar Drilling
16. Approx. Date Work will start ASAP		

17. PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
9-7/8"	7"	20#	90'	40 sx (48 cf)	surface
6-1/4"	4-1/2"	10.5#	768'	105 sx (124 cf)	surface

Plan to drill a 9-7/8" hole and set 90' of 7" OD, 20#, J-55 surface casing; then plan to drill a 6-1/4" hole to total depth with gel-water-mud program to test the Fruitland Coal formation. Plan to run IES and CDL logs. If determined productive, will run 4-1/2", 10.5#, J-55 casing, selectively perforate, frac, clean out after frac and complete well.

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 JUL 24 1990
 OIL CON. DIV.
 DIST. 3

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE *Sherman E. Dugan* TITLE Vice-President DATE 7-24-90

TYPE OR PRINT NAME Sherman E. Dugan TELEPHONE NO. _____

(This space for State Use)

APPROVED BY *Gene Rouch* TITLE DEPUTY OIL & GAS INSPECTOR, DIST. #: DATE JUL 24 1990

CONDITIONS OF APPROVAL, IF ANY:
Hold copy for CR

APPROVAL EXPIRES 1-24-91
 UNLESS DRILLING IS COMMENCED.
 SPUD NOTICE MUST BE SUBMITTED

Submit to Appropriate District Office
 State Lease - 4 copies
 For Lease - 3 copies

State of New Mexico
 Energy, Minerals and Natural Resources Department

Form C-102
 Revised 1-1-85

OIL CONSERVATION DIVISION

P.O. Box 2088
 Santa Fe, New Mexico 87504-2088

DISTRICT I
 P.O. Box 1980, Hobbs, NM 88240

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 P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
 1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

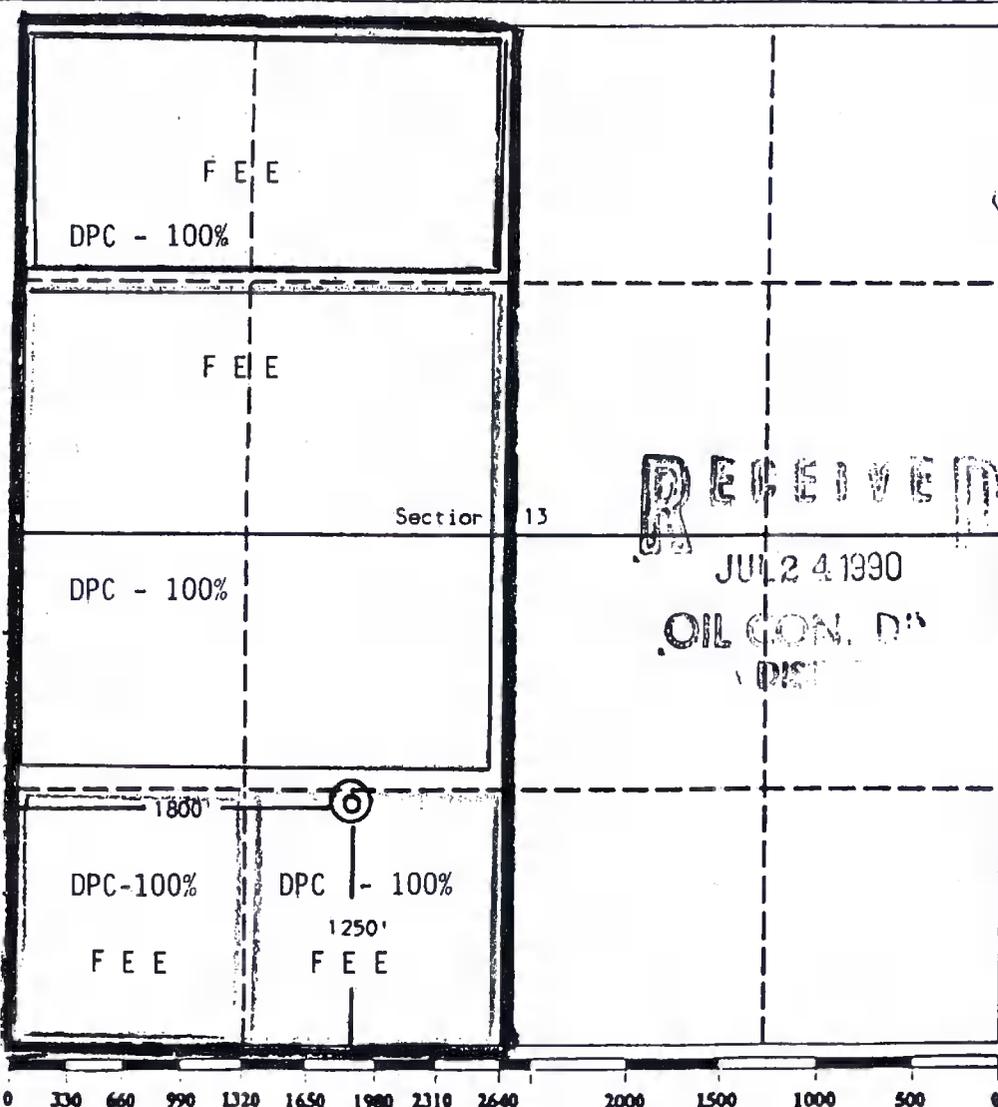
All Distances must be from the outer boundaries of the section

Operator Dugan Production Corporation.			Lease Sly Slav			Well No. 3		
Unit Letter N	Section 13	Township 30 North	Range 15 West	County San Juan		NMPM		
Actual Footage Location of Well: 1250 feet from the South line and 1800 feet from the West line								
Ground level Elev. 5315	Producing Formation Fruitland Coal		Pool Basin Fruitland Coal	Dedicated Acreage: 320 Acres				

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communization, unitization, force-pooling, etc.?
 Yes No If answer is "yes" type of consolidation Will be Communized

If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)

No allowable will be assigned to the well until all interests have been consolidated (by communization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



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 OIL CON. DIV.
 DIST.

OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature: *Sherman E. Dugan*
 Printed Name: Sherman E. Dugan
 Position: Vice-President
 Company: Dugan Production Corp.
 Date: 7-24-90

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed: July 23, 1990
 Signature & Seal of Professional Surveyor: *Edgar L. Risenhoover*
 Certificate No. 5979
 Edgar L. Risenhoover