

Expires: February 28, 1995

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

## WELL COMPLETION OR RECOMPLETION REPORT AND LOG\*

|                                                                                                                                              |                                                                        |                                                         |                                              |                                                                                                                |                                                                                  |
|----------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|---------------------------------------------------------|----------------------------------------------|----------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|
| 1.a. TYPE OF WELL:                                                                                                                           |                                                                        | OIL WELL <input type="checkbox"/>                       | GAS WELL <input checked="" type="checkbox"/> | OTHER <input type="checkbox"/>                                                                                 | 5. LEASE DESIGNATION AND SERIAL NO.<br>NM-2337                                   |
| b. TYPE OF COMPLETION:                                                                                                                       |                                                                        | NEW <input type="checkbox"/>                            | WORK OVER <input type="checkbox"/>           | DEEP-EN <input type="checkbox"/>                                                                               | 6. IF INDIAN, ALLOTTEE OR TRIBE NAME                                             |
|                                                                                                                                              |                                                                        | Well <input checked="" type="checkbox"/>                | OVER <input type="checkbox"/>                | BACK <input type="checkbox"/>                                                                                  | 7. UNIT AGREEMENT NAME                                                           |
| 2. Name of Operator<br>Dugan Production Corp.                                                                                                |                                                                        | 14. PERMIT NO. 0087                                     |                                              |                                                                                                                | 8. FARM OR LEASE NAME, WELL NO.<br>Chaco #90                                     |
| 3. Address and Telephone No.<br>P.O. Box 420, Farmington, NM 87499 (505) 325-1821                                                            |                                                                        | DATE ISSUED JUL 2 2005                                  |                                              |                                                                                                                | 9. API Well No.<br>30 045 32273                                                  |
| 4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)<br>At surface 1850' FNL & 1850' FWL (SE/4 NW/4) |                                                                        | 15. DATE SPUNDED<br>10/11/2004                          |                                              |                                                                                                                | 10. FIELD AND POOL, OR WILDCAT<br>Basin Fruitland Coal                           |
| At top prod. interval reported below same                                                                                                    |                                                                        | 16. DATE T.D. REACHED<br>10/14/2004                     |                                              |                                                                                                                | 11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA<br>Unit F<br>Sec. 6, T24N, R8W |
| At total depth same                                                                                                                          |                                                                        | 17. DATE COMPL. (Ready to prod.)<br>06/13/2005          |                                              |                                                                                                                | 12. COUNTY OR PARISH<br>San Juan                                                 |
|                                                                                                                                              |                                                                        | 18. ELEVATIONS (DF, RKB, RT, GR, ETC.)<br>6707' GL      |                                              |                                                                                                                | 13. STATE<br>NM                                                                  |
| 20. TOTAL DEPTH, MD & TVD<br>2060'                                                                                                           |                                                                        | 21. PLUG BACK T.D., MD & TVD<br>1999'                   |                                              | 19. ELEV. CASING HEAD                                                                                          |                                                                                  |
| 22. IF MULTIPLE COMPL., HOW MANY*                                                                                                            |                                                                        | 23. INTERVALS DRILLED BY<br>TD                          |                                              | 24. PRODUCING INTERVAL(S), OF THIS COMPLETION - TOP, BOTTOM, NAME (MD AND TVD)<br>1882'-1892' (Fruitland Coal) |                                                                                  |
| 25. TYPE ELECTRIC AND OTHER LOGS RUN<br>GR-CCL-CNL                                                                                           |                                                                        | 26. WAS WELL CORED<br>no                                |                                              | 27. WAS DIRECTIONAL SURVEY MADE<br>no                                                                          |                                                                                  |
| 28. CASING RECORD (Report all strings set in well)                                                                                           |                                                                        |                                                         |                                              |                                                                                                                |                                                                                  |
| CASING SIZE/GRADE                                                                                                                            | WEIGHT, LB./FT.                                                        | DEPTH SET (MD)                                          | HOLE SIZE                                    | TOP OF CEMENT, CEMENTING RECORD                                                                                | AMOUNT PULLED                                                                    |
| 7" J-55                                                                                                                                      | 20#                                                                    | 135'                                                    | 8-3/4"                                       | 50 sx Class "B" neat w/2% CaCl2 & 1/4# celloflake                                                              |                                                                                  |
| 4-1/2" J-55                                                                                                                                  | 10.5#                                                                  | 2044'                                                   | 6-1/4"                                       | 140 sx 2% Sodium Metasilicate w/1/4# celloflake/sx. Tail w/50 sx Class "B" neat w/1/4# celloflake/sx           |                                                                                  |
| 29. LINER RECORD                                                                                                                             |                                                                        |                                                         |                                              |                                                                                                                |                                                                                  |
| SIZE                                                                                                                                         | TOP (MD)                                                               | BOTTOM (MD)                                             | SACKS CEMENT*                                | SCREEN (MD)                                                                                                    | PACKER SBT (MD)                                                                  |
|                                                                                                                                              |                                                                        |                                                         |                                              |                                                                                                                | NA                                                                               |
| 30. TUBING RECORD                                                                                                                            |                                                                        |                                                         |                                              |                                                                                                                |                                                                                  |
| SIZE                                                                                                                                         | DEPTH SET (MD)                                                         | PACKER SBT (MD)                                         |                                              |                                                                                                                |                                                                                  |
| 2-3/8"                                                                                                                                       | 1925'                                                                  | NA                                                      |                                              |                                                                                                                |                                                                                  |
| 31. PERFORATION RECORD (Interval, size and number)                                                                                           |                                                                        |                                                         |                                              |                                                                                                                |                                                                                  |
| 1882'-1892' w/4 spf (total 40 holes)                                                                                                         |                                                                        |                                                         |                                              |                                                                                                                |                                                                                  |
| 32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.                                                                                               |                                                                        |                                                         |                                              |                                                                                                                |                                                                                  |
| DEPTH INTERVAL (MD)                                                                                                                          |                                                                        | AMOUNT AND KIND OF MATERIAL USED                        |                                              |                                                                                                                |                                                                                  |
| 1882'-1892'                                                                                                                                  |                                                                        | 60,000# 20/40 Brady sand; 43,260 gals AquaSafe X-20 gel |                                              |                                                                                                                |                                                                                  |
| 33. PRODUCTION                                                                                                                               |                                                                        |                                                         |                                              |                                                                                                                |                                                                                  |
| DATE FIRST PRODUCTION                                                                                                                        | PRODUCTION METHOD (Flowing, gas lift, pumping - size and type of pump) | WELL STATUS (Producing or shut in)                      |                                              |                                                                                                                |                                                                                  |
| N/A                                                                                                                                          | flowing                                                                | shut-in                                                 |                                              |                                                                                                                |                                                                                  |
| DATE OF TEST                                                                                                                                 | HOURS TESTED                                                           | CHOKE SIZE                                              | PROD'N FOR TEST PERIOD                       | OIL - BBL                                                                                                      | GAS - MCF.                                                                       |
|                                                                                                                                              |                                                                        |                                                         |                                              |                                                                                                                |                                                                                  |
| FLOW. TUBING PRESS.                                                                                                                          | CASING PRESSURE                                                        | CALCULATED 24 - HOUR RATE                               | OIL - BBL                                    | GAS - MCF.                                                                                                     | WATER - BBL.                                                                     |
|                                                                                                                                              |                                                                        |                                                         |                                              |                                                                                                                |                                                                                  |
| 34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.)<br>vented - to be sold - A sundry notice of well test will be submitted           |                                                                        |                                                         |                                              |                                                                                                                |                                                                                  |
| 35. LIST OF ATTACHMENTS                                                                                                                      |                                                                        |                                                         |                                              |                                                                                                                |                                                                                  |
| 36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records            |                                                                        |                                                         |                                              |                                                                                                                |                                                                                  |
| SIGNED John Alexander                                                                                                                        |                                                                        | Title Vice-President                                    |                                              | Date JUL 2 2 2005                                                                                              |                                                                                  |
| FARMINGTON FIELD OFFICE                                                                                                                      |                                                                        |                                                         |                                              |                                                                                                                |                                                                                  |

\*(See Instructions and Spaces for Additional Data on Reverse Side)

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.

NMCCD

37. SUMMARY OF POROUS ZONES: (Show all important zones of porosity and contents thereof: cored intervals; and all drill-stem, tests, including depth interval tested on used, time tool open, flowing and shut-in pressures, and recoveries):

| FORMATION | TOP | BOTTOM | DESCRIPTION, CONTENTS, ETC. | GEOLOGIC MARKERS |             |                  |
|-----------|-----|--------|-----------------------------|------------------|-------------|------------------|
|           |     |        |                             | NAME             | MEAS. DEPTH | TRUE VERT. DEPTH |
|           |     |        |                             | Ojo Alamo        | 1109'       |                  |
|           |     |        |                             | Kirtland         | 1182'       |                  |
|           |     |        |                             | Fruitland        | 1554'       |                  |
|           |     |        |                             | Pictured Cliffs  | 1898'       |                  |
|           |     |        |                             | TOTAL DEPTH      | 2060'       |                  |