Form 3160-5 (June 1990)

Conditions of approval, if any:

fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

FORM APPROVED

Budget Bureau No. 1004-0135

Expires: March 31, 1993

5. Lease Designation and Serial No.

6. If Indian, Allottee or Tribe Name

NMNM036252

SUNDRY NOTICES AND REPORTS ON WELLS.

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.

Use "APPLICATION FOR PERMIT --" for such proposats U.A. PAR STORY NO. N. 1 SUBMIT IN TRIPLICATE 7. If Unit or CA, Agreement Designation 1. Type of Well Oil Gas Well Well Other 8. Well Name and No. 2. Name of Operator Gracia Federal 26 No. 1 Pro New Mexico 9. API Well No. 3. Address and Telephone No. 30-045-29489 DIST. B 460 St. Michael's Drive, Suite 402 Santa Fe, NM 87505 (505) 988-4171 10. Field and Pool, or Exploratory Area 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) **Basin Fruitland Coal** 11. County or Parish, State 1710' FSL & 940' FWL L Section 26, T25N, R11W San Juan 12 CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA TYPE OF SUBMISSION TYPE OF ACTION Notice of Intent Abandonment Change of Plans Recompletion **New Construction** Subsequent Report Plugging Back Non-Routine Fracturing Casing Repair Water Shut-off Final Abandonment Notice Altering Casing Conversion to Injection Other Ran Production Casing. Dispose Water (Note: Report results of multiple completions on Weil Completion or Recompletion Report and Log form.) 13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)* Pressure tested surface casing and BOP to 800 psig for 30 min. Held OK. Drilled 6 1/4" hole to 1676' KB. Ran 37 jts (1670.50') of 4 1/2", 10.5#, J-55 casing. Casing landed at 1675' KB. PBD of 1629' KB. Ran centralizers on 2nd, 4th, and 6th joints. Ran turbulating centralizer on 21st jt at 724' KB. Cemented with 150 sx (309 cf) of Class G cement containing 2% sodium metasilicate and 1/4 #/sk cello flakes. Tailed in with 150 sx (177 cf) of Class G containing 2% CaCl and 1/4 #/sk cello flakes. Circulated 40 bbl of cement to surface. 14. I hereby certify that the foregoing is true and correct Dana J. Deluent Signed Title Agent 9/24/97 Date (This space for Federal or State office) Approved by Title ACCEPTED FOR RECORD

FARMINGTON DISTRICT OFFICE

OCT 01 1997

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,