

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

5. Lease Designation and Serial No.

SF 078481A

6. If Indian, Allottee or Tribe Name

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. Type of Work

DRILL ☒ DEEPEN ☐

b. Type of Well

Oil Well ☐ Gas Well ☒ Other ☐ Single Zone ☒ Multiple Zone ☐

2. Name of Operator

M&G Drilling Company, Inc. C/O KM Production Company

3. Address and Telephone No.

P.O. Box 2406, Farmington, NM 87499 (505) 325-6900

4. Location of Well (Report location clearly and in accordance with an State requirements*)

At surface

1305' FNL & 990' FEL This action is subject to technical and procedural review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4.

At proposed prod. Zone

Same

7. Unit Agreement Name

8. Farm or Lease Name, Well No.

Graham #98

9. API Well No.

30-045-29916

10. Field and Pool, or Wildcat

Basin Fruitland Coal

11. Sec., T., R., M., or Blk, and Survey or Area

Sec. 4, T27N, R8W

14. Distance in Miles and Direction from nearest Town or Post Office*

12. County or Parish

San Juan

13. State

NM

15. Distance from Proposed*

Location to nearest

Property or Lease Line, ft.

(Also to nearest drlg. Unit line, if any)

18 Distance from Proposed Location*

to nearest Well, Drilling, Completion, or applied for, on this Lease, ft.

16 No. of Acres in Lease

17 No. of Acres Assigned to this Well

19 Proposed Depth

20 Rotary or Cable Tools

21 Elevations (Show whether DF, FT, GR. Etc.)

22. Approx. Date Work Will Start

ASAP

5890' GR

23.

PROPOSED CASING AND CEMENTING PROGRAM

Size of Hole	Grade, Size of Casing	Weight per Foot	Setting Depth	Quantity of Cement
8 3/4"	7" J-55	23.0 #/ft	120	30 sx (35 ft3)
6 1/4"	4 1/2" J-55	10.5 #/ft	2250	225 sx (376 ft3)

Drill 8 3/4" hole to 120 feet and set 120 feet of 7" 23.0 #/ft casing. Cement with 30 sx (35 ft3) Class B cement, circulated to surface. Drill 6 1/4" hole to 2250 feet using clear water, natural mud, and fluid loss additives. No abnormal pressures or temperatures are anticipated. Induction and Density logs will be run. Set 2250 feet of 4 1/2" 10.5 #/ft J-55 new casing. Cement with 225 sx (376 ft3) Class B cement, circulated to surface. We request a variance on the use of an upper kelly cock, as the rig utilized has a double drum that uses a track to retract the kelly and the kelly cock lengthens the kelly such that connections cannot be made safely.

Estimated Formation Tops and Bottomhole Pressures:

San Jose	Surface
Ojo Alamo	1020 feet
Kirtland	1130 feet
Fruitland	1820 feet 200 psi
Pictured Cliffs	2100 feet 250 psi

DRILLING OPERATIONS AUTHORIZED ARE
SUBJECT TO COMPLIANCE WITH ATTACHED
"GENERAL REQUIREMENTS"

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present production zone and propose If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. Signed Kevin H. McCord

Title Agent/Petroleum Engineer

Date 4/21/99

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

JUN 02 1999

Application approval 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.

CONDITIONS OF APPROVAL, IF ANY:

Approved By /S/ Duane W. Spencer

Title Team Lead, Petroleum Management

Date

*See Instruction 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 manner within its jurisdiction.

RMCCD

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-29916	² Pool Code 71629	³ Pool Name BASIN FRUITLAND COAL
⁴ Property Code 16598	⁵ Property Name GRAHAM	⁶ Well Number 98
⁷ OGRID No. 141852	⁸ Operator Name M & G DRILLING COMPANY, INC.	⁹ Elevation 5890

¹⁰ Surface Location

UL or lot no. 1	Section 4	Township 27 N	Range 8 W	Lot Idn	Feet from the 1305	North/South line North	Feet from the 990	East/West line East	County San Juan
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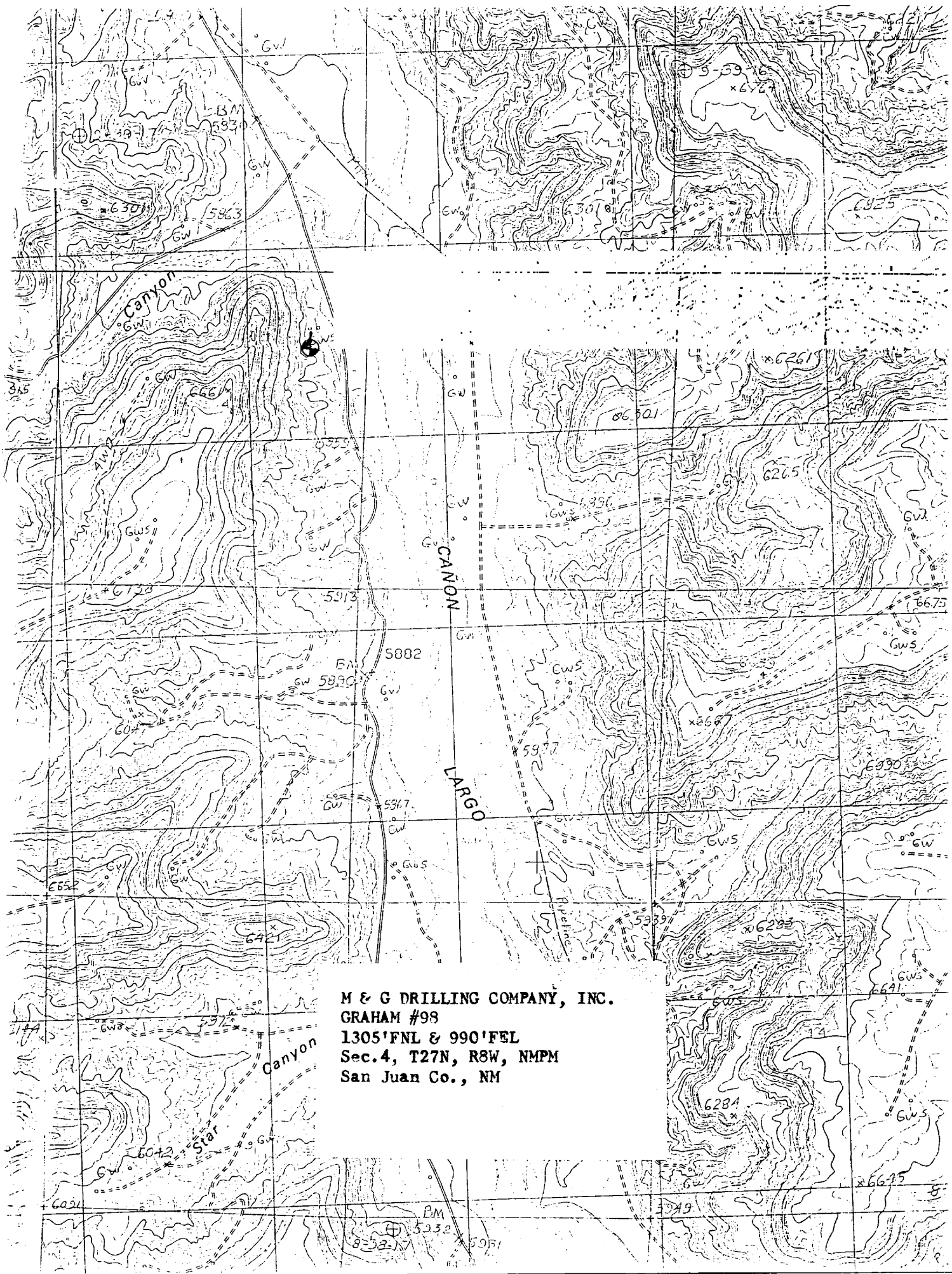
¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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¹² Dedicated Acres 320.79	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

¹⁶ N 89° 32' W 40.04cu Lot No. (TYP) 4 3 JUN - 4 1999 OIL CON. DIV. DISTRICT	N 89° 29' W 38.25cu 1305' 1 990' 20.62cu 20.42cu 20.42cu 20.42cu N 89° 03' W 78.95cu 40.97cu 40.42cu N 10° 59' E	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief Signature Kevin H. McCord Printed Name Agent/Petroleum Engineer Title 4/21/99 Date	¹⁸ 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 belief. 19 Apr 1999 Date of Survey Signature and Seal of Professional Surveyor #8466 William S. Mahake II Certificate Number 8466
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M & G DRILLING COMPANY, INC.
GRAHAM #98
1305'FNL & 990'FEL
Sec. 4, T27N, R8W, NMPM
San Juan Co., NM