UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT SUNDRY NOTICES AND REPORTS ON WELLS

Expires: March 31, 1993 5. Lease Designation and Serial No.

Budget Bureau No. 1004-01/35

SF-078481A

6. If Indian, Allottee or Tribe Name

| Do not use this form for proposals to drill or to deepen or reentry to a different reservoir, |
|---|
| Use "APPLICATION FOR PERMIT—" for such proposals |

7. If Unit or CA. Agreement Designation

FORM APPROVED

| SUBM | IT IN TRIPLICATE | | |
|--|-------------------------------------|--|--|
| Type of Well Oil Well X Gas | Well Other | 8. Well Name and No. GRAHAM #98 | |
| 2. Name of Operator | | 9. API Well No. | |
| M&G Drilling Company, In | c. C/O KM Production Company | 30-045-29916 | |
| 3. Address and Telephone No. | | 10. Field and Pool, or Exploratory Area | |
| PO Box 2406, Farmington, | NM 87499 (505)325-6900 | BASIN FRUITLAND COAL | |
| 4. Location of Well (Footage, Sec., T. | , R., M., or Survey Description) | 11. County or Parish, State | |
| Section 4, T27N, R8W | 1305' FNL & 990' FEL | San Juan, New Mexico | |
| | (s) TO INDICATE NATURE OF NOTICE, R | EPORT, OR OTHER DATA | |
| TYPE OF SUBMISSION | TYPE OF AC | TION | |
| | Abandonment | Change of Plans | |
| Notice of Intent | Recompletion | New Construction | |
| | Plugging Back | Non-Routine Fracturing | |
| X Subsequent Report | Casing Repair | Water Shut-Off | |
| | Altering Casing | Conversion to Injection | |
| Final Abandonment Notice | X Other Spud, TD; Surface, | Dispose Water | |
| | Run & Cement Casing | (Note: Report results of multiple completion on Well | |
| <u></u> | | Completion or Recompletion Report and Log form.) | |
| 13. Describe Proposed or Completed Operations (Clearly state all 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.)* | | | |

Please see attached morning report.

| 14. I hereby certify that the foregoing is true ar | nd correct | |
|--|--------------------------|--------------------|
| Signed 7-113-1 | Title Petroleum Engineer | Date June 16, 1999 |
| Price Bayless | | |
| (This space for Federal or State office use) | | |
| Approved by | Title | Date |
| Conditions of approval, if any: | | |
| | | |

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.

*See Instruction on Reverse Side

ACCEPTED FOR RECORD

July 25 1999

FARMINGTON FIELD OFFICE

M&G Drilling Company

Graham #98 1305 FNL & 990 FEL SECTION 4, T27N, R8W

MORNING REPORT-DRILLING

6/15/99

Build location and line drilling pit. Shut down overnight.

6/16/99

Move L&B rig onto location and rig up drilling rig. Spud well at 11:00 am, 6/15/99. Drill 8 3/4" hole to 123 feet. Circulate hole clean and drop deviation tool. Trip out of hole. Deviation 1/4° at 123 feet. Run 3 joints (120.40 feet) 7 " 23.0 #/ft J-55 casing, landed at 121 feet. Rig up Cementers Inc and cement casing with 65 sx (76.7 cf) Class B with 4% CaCl and 1/4 #/sack cello-flake. Good returns throughout job with 4 bbls of good cement circulated to pit. Plug down at 5:00 pm, 6/15/99. Wait on cement. Shut down overnight.