

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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 proposals

SUBMIT IN TRIPPLICATE

FORM APPROVED

Budget Bureau No. 1004-0135

Expires: March 31, 1993

5. Lease Designation and Serial No.

8F-078481A

6. If Indian, Allottee or Tribe Name

7. If Unit or CA. Agreement Designation

| | |
|--|---|
| 1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other | 8. Well Name and No. GRAHAM #98 |
| 2. Name of Operator M&G Drilling Company, Inc. C/O KM Production Company | 9. API Well No. 30-045-29916 |
| 3. Address and Telephone No. PO Box 2406, Farmington, NM 87499 (505)325-6900 | 10. Field and Pool, or Exploratory Area BASIN FRUITLAND COAL |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Section 4, T27N, R8W 1305' FNL & 990' FEL | 11. County or Parish, State San Juan, New Mexico |
| 12. CHECK APPROPRIATE BOX(es) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA | |
| TYPE OF SUBMISSION | |
| <input type="checkbox"/> Notice of Intent | <input type="checkbox"/> Abandonment |
| <input checked="" type="checkbox"/> Subsequent Report | <input type="checkbox"/> Recompletion |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Plugging Back |
| | <input type="checkbox"/> Casing Repair |
| | <input type="checkbox"/> Altering Casing |
| | <input checked="" type="checkbox"/> Other Spud, TD, Log, Run & Cement Casing |
| | <input type="checkbox"/> Change of Plans |
| | <input type="checkbox"/> New Construction |
| | <input type="checkbox"/> Non-Routine Fracturing |
| | <input type="checkbox"/> Water Shut-Off |
| | <input type="checkbox"/> Conversion to Injection |
| | <input type="checkbox"/> Dispose Water |
| | (Note: Report results of multiple completion on Well 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.

RECEIVED
JUN 29 1999
OIL CON. DIV.
DIST. 3

ACCEPTED FOR RECORD

JUN 25 1999

FARMINGTON FIELD OFFICE
BY *[Signature]*

14. I hereby certify that the foregoing is true and correct
Signed *[Signature]* Title Petroleum Engineer Date June 23, 1999
Kevin McCord

(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

NMOCD

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 ¾" hole to 123 feet. Circulate hole clean and drop deviation tool. Trip out of hole. Deviation ¼° 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 ¼ #/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.

6/17/99

Break off cementing head. Put on wellhead. Nipple up BOP and choke manifold. Pressure test BOP to 500 psi for 30 minutes, held OK. Pressure test choke manifold to 500 psi for 30 minutes, held OK. Pick up collars and trip in hole. Tag cement at 90 feet. Drill out cement and continue drilling new formation. Drill to 230 feet and circulate hole clean. Circulate hole clean. Close pipe rams, and shut down overnight.

6/18/99

Continue drilling to 650 feet. Circulate hole clean and run wireline survey. Deviation ¼° at 650 feet. Continue drilling to 800 feet. Circulate hole clean and shut pipe rams. Shut down overnight.

6/19/99

Continue drilling to 1200 feet. Circulate hole clean and run wireline survey. Deviation ½° at 1200 feet. Continue drilling to 1260 feet. Shut pipe rams and shut down overnight.

6/20/99

Continue drilling to 1400 feet. Circulate hole clean for trip. Trip for bit. Work blind rams. Trip back in hole and continue drilling to 1640 feet. Circulate hole clean. Shut pipe rams and shut down overnight.

6/21/99

Continue drilling to 1760 feet. Circulate hole clean and run wireline survey. Deviation ¾° at 1760 feet. Continue drilling to 2000 feet. Circulate hole clean and shut down overnight.

6/22/99

Continue drilling to driller's total depth of 2250 feet. Short trip and condition hole for logs. Drop survey tool and trip out of hole. Deviation 1° at 2250 feet. Rig up HLS and log well. Loggers total depth was 2265 feet. Rig down HLS. Shut pipe rams and shut down overnight.

6/23/99

Rig up casing crew to run 51 joints of new 4 1/2" 10.5 #/foot new J-55 casing as follows:

| | | |
|---------------------|------------------|------------------|
| KB to landing point | 4.00 feet | 0 – 4 feet |
| 50 joints casing | 2215.91 feet | 4 – 2220 feet |
| Insert Float | 0.00 feet | 2220 – 2220 feet |
| Shoe Joint | 44.36 feet | 2220 – 2264 feet |
| Guide Shoe | <u>0.70 feet</u> | 2264 – 2265 feet |
| | 2264.97 feet | |

Land casing at 2265 feet with centralizers at 2221, 2177, 2088, 1999, and 1911 feet. Turbolizers at 1378, 1290, and 1201 feet. Rig up Cementers Inc. and cement production casing as follows:

| | |
|----------------------|--|
| Flush | 15 bbls fresh water |
| Lead | 25 sx (29.5 cf) Class B w/ 1/4 #/sx flocele |
| Tail | 180 sx (370.8 cf) Class B w/ 2% econolite and 1/4 #/sx flocele |
| 2 nd Tail | 70 sx (82.6 cf) Class B w/ 1/4 #/sx flocele |

Good returns throughout job with 2 bbls good cement circulated to pit. Bumped plug to 1500 psi at 12:45 pm, 6/22/99. Release drilling rig and wait on completion.
