FORM APPROVED Form 3160-5 Budget Bureau No. 1004-0135 (June 1990) Expires: March 31, 1993 Lease Designation and Serial No. UNITED STATES DEPARTMENT OF THE INTERIOR SF-078481A 6. If Indian, Allottee or Tribe Name 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, 7. If Unit or CA. Agreement Designation Use "APPLICATION FOR PERMIT--" for such proposals SUBMIT IN TRIPLICATE Type of Well Well Name and No. GRAHAM #99 Oil Well X Gas Well Other 9. API Well No. 2. Name of Operator 30-045-29917 M&G Drilling Company, Inc. C/O KM Production Company 10. Field and Pool, or Exploratory Area Address and Telephone No. BASIN FRUITLAND COAL PO Box 2406, Farmington, NM 87499 (505)325-6900 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) County or Parish, State San Juan, New Mexico 1150' FSL & 790' FWL Section 10, T27N, R8W CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA TYPE OF SUBMISSION TYPE OF ACTION Abandonment Change of Plans Recompletion New Construction Notice of Intent Non-Routine Fracturing Plugging Back Water Shut-Off X Subsequent Report Casing Repair Altering Casing Conversion to Injection Dispose Water Other TD, Log, Run & Cement Final Abandonment Notice (Note: Report results of multiple completion on Well Production Casing 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.

DECEIVED JUL - 1 1999

OIL CON. DIV.

14. I hereby certify that the foregoing is true an	d correct	
Signed 7 - US	Title Petroleum Engineer	Date June 15, 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

,rm 28 1999

ESHAMOS STATE

M&G Drilling Company

Graham #99 1150 FSL & 790 FWL SECTION 10, T27N, R8W

MORNING REPORT-DRILLING

6/8/99

Build location and line drilling pit. Move L&B rig onto location. Shut down overnight.

6/9/99

Rig up drilling rig and spud well at 9:00 am, 6/8/99. Drill 8 ¾" hole to 125 feet. Circulate hole clean and drop deviation tool. Trip out of hole. Deviation ¼° at 125 feet. Run 3 joints (122.80 feet) 7 " 23.0 #/ft J-55 casing, landed at 124 feet. Rig up Cementers Inc and cement casing with 60 sx (71 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 1:00 pm, 6/8/99. WOC for 4 hours and break off cementing head. 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. Shut down overnight.

6/10/99

Pick up collars and trip in hole. Tag cement at 80 feet. Drill out cement and continue drilling new formation. Drill to 600 feet and circulate hole clean. Run wireline survey, deviation ½° at 600 feet. Continue drilling to 1100 feet. Circulate hole clean and run wireline survey. Deviation ½° at 1100 feet. Close pipe rams, and shut down overnight.

6/11/99

Continue drilling to 1400 feet. Circulate hole clean and drop survey tool. Trip out of hole for bit. Work blind rams. Deviation ½° at 1400 feet. Trip in hole and continue drilling to 1520 feet. Circulate hole clean and shut pipe rams. Shut down overnight.

6/12/99

Continue drilling to 1960 feet. Circulate hole clean and run wireline survey. Deviation 3/4° at 1960 feet. Shut pipe rams and shut down overnight.

6/13/99

Continue drilling to 2170 feet. Condition hole for logs and pull 200 feet off bottom. Shut pipe rams and shut down for weekend.

6/14/99

No activity.

6/15/99

Short trip and condition hole for logs. Drop survey tool and trip out of hole. Deviation 3/4° at 2170 feet. Rig up HLS and log well. Rig down HLS and rig up casing crew to run 49 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
48 joints casing	2130.03 feet	4 – 2134 feet
Insert Float	0.00 feet	2134 – 2134 feet
Shoe Joint	44.11 feet	2134 - 2178 feet
Guide Shoe	0.70 feet	2178 – 2179 feet
	2178.84 feet	

Land casing at 2179 feet with centralizers at 2154, 2043, 1955, and 1866 feet. Turbolizers at 1334, 1156, 446, and 357 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 170 sx (350.2 cf) Class B w/ 2% econolite and ¼ #/sx flocele

2nd Tail 65 sx (76.7 cf) Class B w/ 1/4 #/sx flocele

Good returns throughout job with 3 bbls good cement circulated to pit. Bumped plug to 1200 psi at 5:00 pm, 6/14/99. Release drilling rig and wait on completion.