

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

5. Lease Serial No.
SF-077710
6. If Indian, Allottee or Tribe Name
7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.
HARDIE #62
9. API Well No.
30-045-22311
10. Field and Pool, or Exploratory Area
Basin Fruitland Coal
11. County or Parish, State
San Juan, New Mexico

1. Type of Well
☐ Oil Well ☒ Gas Well ☐ Other
2. Name of Operator
M&G Drilling Company, Inc. C/O KM Production Company
3a. Address
PO Box 2406, Farmington, NM 87499
3b. Phone No. (include area code)
(505) 326-2659
4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
935' FSL & 1010' FEL, Sec. 14, T29N, R12W

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>Recompletion</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, A Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

Please see the attached recompletion report.

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M&G

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)
Kevin McCord

Title Agent

Signature

Date 07/27/01

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Conditions of approval, if any, are attached. Approval of this notice 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 operation thereon.

Title

Date

Office

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, makes it a crime for any person knowingly and willfully to make any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

M&G DRILLING COMPANY
HARDIE #62
935 FSL & 1010 FEL (SESE)
SECTION 14, T29N, R12W
SAN JUAN COUNTY, NEW MEXICO

FRUITLAND COAL RECOMPLETION REPORT

- 7-20-01 Moved in and rigged up JC Well Service rig. Nipple down wellhead. Nipple up BOP. Trip out of hole with 54 joints of 1¼" tubing, laying down on float. Half of bottom joint of tubing is parted, left other half of tubing in well. Shut in well. Shut down for the weekend.
- 7-21-01 Shut down, Saturday.
- 7-22-01 Shut down, Sunday.
- 7-23-01 Rigged up Blue Jet Wireline services. Ran GR-CLL from 1782 ft RKB (corrected PBTD) to 1100 ft. Ran Cast Iron Bridge Plug on wireline and set at 1769 ft RKB (4 feet above existing Pictured Cliffs perforations). Rigged up American Energy Services pump truck. Pressure tested casing and bridge plug to 2500 psi, held OK. Perforated the Fruitland Coal interval with 3 1/8" casing gun at 2 JSPF as follows:

1520 - 1525 ft	5 ft	11 holes	
1616 - 1623 ft	7 ft	15 holes	
1704 - 1710 ft	6 ft	13 holes	
1722 - 1726 ft	4 ft	9 holes	
<u>1757 - 1762 ft</u>	<u>5 ft</u>	<u>11 holes</u>	
Total	27 ft	59 holes	.40" diameter

Picked up packer and retrievable bridge plug on 2 3/8" tubing. Moved to 1762 ft and spotted 500 gallons of 7 ½% DI HCl acid across perforation interval. Broke down and injected into each set of Fruitland Coal perforations as follows:

<u>Interval</u>	<u>Packer Depth</u>	<u>Bridge Plug Depth</u>	<u>Breakdown Pressure (PSI)</u>	<u>Inj Rate (BPM)</u>	<u>Inj Pressure (PSI)</u>	<u>Shutin Pressure (PSI)</u>
1757 - 1762	1741	1767	1900	3.0	300	0
1722 - 1726	1716	1738	2000	1.5	2200	600
1704 - 1710	1663	1716	1200	2.0	1600	1000
1616 - 1623	1568	1674	1200	2.4	1400	1000
1520 - 1525	1505	1578	1800	2.1	2000	900

Tripped tubing, packer, and bridge plug out of hole. Shut in well. Shut down for the night.

- 7-24-01 Rigged up American Energy Services. Fracture stimulated the Fruitland Coal interval with 52,500 gallons of 70 quality foam using 20# linear gelled fluid containing 100,000 lbs of 20-40 mesh Arizona sand as follows:

10/1/01
M&G

10,000 gals of 70 qual foam pad	31 BPM @ 2150 psi
10,000 gals of 70 qual foam with 1 ppg 20-40 sand	30 BPM @ 2300 psi
15,000 gals of 70 qual foam with 2 ppg 20-40 sand	30 BPM @ 2200 psi
10,000 gals of 70 qual foam with 3 ppg 20-40 sand	31 BPM @ 2100 psi
7,500 gals of 70 qual foam with 4 ppg 20-40 sand	31 BPM @ 2000 psi
1,000 gals of 70 qual foam flush	31 BPM @ 2000 psi

ISIP = 1200 psi decreasing to 1000 psi after 15 minutes. All frac water contained 2% KCL, ½ gal/1000 clay stabilization agent, and bacteriacide. Sand contained multiple radioactive tracer material as follows: 4 mc Sc-46 in 1 ppg sand stage, 26 mc Ir-192 in 2 and 3 ppg sand stages, and 10 mc Sb-124 in 4 ppg sand stage. Average rate 30.5 BPM, average pressure 2150 psi, maximum pressure 2450 psi, minimum pressure 1950 psi, average nitrogen rate 11,500 scfm, total nitrogen pumped 521,515 scf. Total fluid to recover 360 bbls. Shut well in for 3 hours. Blow well back to a flowback tank through a ¼" inline choke. Well flowing to cleanup. Shut down for the night.

7-25-01 Well still flowing to the tank this morning. Fluid is very foamy with no traces of sand. Well made 59 barrels of water flowing for 17 hours after frac. Shut down rig for the day. Let well flow through the ¼" choke for 8 hours. Well made 10 more barrels of water and was still flowing. Left well flowing to tank through the ¼" choke. Well flowing to cleanup. Shut down for the night.

7-26-01 Well still flowing to the tank this morning. Well made 21 more barrels of water since yesterday evening (15 hrs). Fluid is very foamy with no sand. Opened well through 2" linepipe to tank to die down. Trip in hole with tubing. Tag sand fill at 1769 ft RKB (on top of CIBP, 7 ft below bottom perforation). Moved tubing up hole and landed as follows:

<u>Description</u>	<u>Length</u>	<u>Depth</u>
KB to landing point	8.50	0-9
54 jts of 2 3/8" 4.7#/ft J55		
EUE yellow band tubing	1708.66	9-1717
1 seating nipple	1.10	1717-1718
1 jt of 2 3/8" tubing	<u>31.64</u>	1718-1750
	1749.90	

Nipple down BOP and nipple up wellhead. Rigged to swab. Made 31 swab runs, recovering sand and heavy foamy fluid. Annulus pressure built to 175 psi during swabbing, then well started flowing, recovering gas, water, and very little if any sand. Left well flowing to the tank through the ¼" choke. Shut down for the night.

7-27-01 Well flowing to the tank this morning through the ¼" choke with 165 psi on the annulus. Well made 42 barrels of water in 13½ hours of flow. Rigged down and released rig. Left well flowing to the tank to cleanup. End of Report.

1749.90
5 2301
[Signature]