

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No. 1004-0135  
EXPIRES: July 31, 1996

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

**SUBMIT IN TRIPLICATE - Other instruction on reverse side**

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NMS3503
2. Name of Operator CNG PRODUCING COMPANY		6. If Indian, Alutian or Tribe Name
3a. Address 1450 POYDRAS ST, NEW ORLEANS, LA 70112-6000	3b. Phone No. (include area code) (504) 593-7000	7. If Unit or CA Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Surface: 834' FNL & 2,505' FEL of Sec. 31-T32N-R7W Bottom hole location: 1,047' FNL & 1,605' FWL of Sec. 31-T32N-R7W		8. Well Name and No. GRASSY CANYON #4 (CNG #3955)
		9. API Well No. 30-045-28480
		10. Field and Pool, or Exploratory Area BASIN FRUITLAND COAL
		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	TYPE OF ACTION			
<input checked="" 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 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 CAVITATION WORK AND WORKOVER
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandonment	<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 Operations (Clearly state all pertinent details, including estimated starting date of any proposed work and approximate date thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent 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 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 is once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation have been completed, and the has determined that the site is ready for final inspection.)

**SUMMARY OF OPERATIONS FOR OCTOBER 3, 1998 - OCTOBER 9, 1998**

Milled off liner top a total of 3'. Trip out of hole. Pick up 4 1/2" float bottom mill. Trip in hole. Mill ran 10.5' inside of liner. Trip out of hole. Ran casing spe caught liner, worked jars for 45 minutes - came free. Trip out of hole. Lay down 5 1/2" liner. Trip in hole with 6 1/4" bit to clean out the hole. Trip in hole to clean out using 1700 SCFPM air and 15 bbls/hr mist. Worked down to 3,865' but hole started giving up coal very heavily. Pulled up to 3,708'. Increased so concentration. Worked back down to 3,865'. Strong bridge at 3,845'. Making water, gas rate estimated at  $\pm 250$  - 400 MCF/D. Cleaned hole from 3,865' - 3,925'. Well made very large volumes of coal samples. Cleaning well at 3,897'. Drill pipe working free in hole - medium size coal returns. Well cleaning u Ran water flow test with 1700 SCFPM air at 360 PSIG. Ran gas flow test for 1 hr at 21 PSIG = 459 MCF/D dry gas flow. Ran build up test for 12 hrs - built to 965 PSIG - still increasing. Blew well down. Trip out of hole. Pick up underreamer tools and open hole to 9 1/2" from 3,616' - 3,925'. Trip out of hole. Make 3 cavitation cycles with natural gas bottoms up. No drill string in well. Presently making 4th cycle with air bottoms up. No string in well. Ran cavitation cycles 4 & 5. Cleaned out hole to MTD. Trip out of hole. Lay down drill collar. Ran cavitation cycles 6 & 7. Bridged off with #7. Trip in hole, bridge at 10' below BOP. Cleaned out - well unloaded coal. Tripped down and tag fill at 3,625'. Cleaned hole from 3,625' - 3,708'. Cleaned and circulated large volume of coal returns from interval 3,708' - 3,865'. Depth of 3,865' has a bridge that sticks the drillstring.

14. I hereby certify that the foregoing is true and correct Name (Printed/Typed)  SUSAN H. SACHITANA	Title REGULATORY REPORTS ADMINISTRATOR
Signature <i>Susan H. Sachitana</i>	Date 981009

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by	Title
Conditions of approval, if any, are attached. Approval of this notice does not warrant 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.	Office

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 matter within its jurisdiction.

FARMINGTON DISTRICT OFFICE

NMOCD