

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.

See 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. NM83503
2. Name of Operator CNG PRODUCING COMPANY		6. If Indian, Allocated or Tribe Name
3a. Address 1450 POYDRAS ST, NEW ORLEANS, LA 70112-8000	3b. Phone No. (include area code) (504) 583-7000	7. If Unit or CA Agreement, Name and/or No. Grassy Canyon #2 (CNG #3953)
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 624' FSL & 507' FNL of Sec. 30-T32N-R7W		8. If Well No. 30-045-28560
10. Field and Pool, or Exploratory Area Duke 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 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 WEEKLY REPORT OF OPERATIONS
	<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 duration. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers an 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 day following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed o testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation have been completed, and the operator determined that the site is ready for final inspection.)

SUMMARY OF OPERATIONS SEPTEMBER 19, 1998 - SEPTEMBER 25, 1998

Worked drill pipe from 3,845' to 3,707' cleaning coal samples and circulating fill tat continues to fall in from the side walls of the hole. Cleaned hole from 3,707' 3,770'. Turned off air and mist. Tripped up to 7" shoe, natural blow for 4 hours. Tripped back and tagged fill at 3,555'. Cleaned hole to 3,614' to 3,738'. Plugged bit on connection to clean to TD. Trip out of hole - unplugged bit. Trip in hole and tag fill at 3,480'. Put air/mist system on hole and clean to 3,770'. Hole cleaning up well. No bridges last 93' but considerable fill that was washed and rotated to get down into. Cleaned hole at TD. Increased soap/foam concentration for additional cleaning capacity. Made short trip to 3,491'. Trip back, tag at 3,595'. Circulate large volumes of coal. Worked drill pipe back to 3,645'. Cleaned hole 3,678' to 3,770'. Short trip to 3,491'. Trip back and tag at 3,620'. Cut drilling line. Trip back and tag at 3,560'. Increased air in stages while cleaning down to 3,770'. Estimated gas rate ±2.5 to 2.7 MMCF/D. Cleaned hole at TD with 1400 SCFPM air. Made short trip to 3,491'. Trip back and tag at 3,605'. Worked drill pipe through bridge plug to TD. Trip out of hole. Rig up to run 5 1/2" liner. Tag at 3,480'. Washed and rotated liner to TD using 2500 SCFPM air. Set liner hanger slips and pack off. Trip out of hole laying down drill pipe.

14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) SUSAN H. SACHITANA	Title REGULATORY REPORTS ADMINISTRATOR
Signature <i>Susan Sachitana</i>	Date 980925

APPROVED FOR STATE OFFICE USE Approved by	Title Date OCT 06 1998
--	------------------------------

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 operations thereon.

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 fraudulent statements or representations as to any matter within its jurisdiction.