

**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**

RECEIVED
BLM

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

5. Lease Designation and Serial No.
SF-078481A

6. If Indian, Allottee or Tribe Name

7. If Unit or CA. Agreement Designation

SUBMIT IN TRIPPLICATE 0/0 FARMINGTON, NM

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(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<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 <u>Spud, TD, Log, Run & Cement Casing</u>
	<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.

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

OPERATOR

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 3/4" hole to 123 feet. Circulate hole clean and drop deviation tool. Trip out of hole. Deviation 1/4° 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 1/4 #/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 1/4° 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 1/2° 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 3/4° 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 .	oints of new 4 1/2" 10.5 #/foot new J-5	asing 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.

DEPARTMENT OF THE INTERIOR

(See other instructions on reverse side)

Expires: December 31, 1991

BUREAU OF LAND MANAGEMENT

RECEIVED

5. LEASE DESIGNATION AND SERIAL NO.

SF-078481A

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

WELL COMPLETION OR RECOMPLETION REPORT AND LOG *

1a. TYPE OF WELL: OIL WELL GAS WELL DRY

99 JUL 12 PM 4:25

7. UNIT AGREEMENT NAME

b. TYPE OF COMPLETION: NEW WELL WORK OVER DEEP-EN PLUG BACK DIFF. RESVR.

070 FARMINGTON, NM

8. FARM OR LEASE NAME, WELL NO.

2. NAME OF OPERATOR
M&G Drilling Company, Inc. c/o KM Production Company

Graham #98

3. ADDRESS AND TELEPHONE NO.
P.O. Box 2406 Farmington, NM 87499-2406 (505) 325-6900

9. API WELL NO.
30-045-29916

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)*
At surface

JUL - 8 1999

10. FIELD AND POOL, OR WILDCAT

1305 FNL & 990 FEL
At top prod. interval reported below

Basin Fruitland Coal

At total depth

OIL CON. DIV. DIST. 3

11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA

Sec. 4, T27N R8W

14. PERMIT NO. DATE ISSUED 12. COUNTY OR PARISH 13. STATE
San Juan New Mexico

15. DATE SPUDDED 16. DATE T.D. REACHED 17. DATE COMPL. (Ready to prod.) 18. ELEVATIONS (DF, RKB, RT, FE, ETC.)* 19. ELEV. CASINGHEAD
6/15/1999 6/22/1999 7/2/1999 5890 GR

20. TOTAL DEPTH, MD & TVD 21. PLUG, BACK T.D., MD & TVD 22. IF MULTIPLE COMPL., HOW MANY* 23. INTERVALS DRILLED BY 24. PRODUCING INTERVAL(S), OF THIS COMPLETION - TOP, BOTTOM, NAME (MD AND TVD)* 25. WAS DIRECTIONAL SURVEY MADE
2250 Ft 2212 Ft No

26. TYPE ELECTRIC AND OTHER LOGS RUN 27. WAS WELL CORED
Dual Induction - GR - Density No

Table with 6 columns: CASING SIZE/GRADE, WEIGHT. LB./FT., DEPTH SET (MD), HOLE SIZE, TOP OF CEMENT, CEMENTING RECORD, AMOUNT PULLED. Rows include 7", 4 1/2" casing sizes and cementing details.

Table with 8 columns: SIZE, TOP (MD), BOTTOM (MD), SACKS CEMENT*, SCREEN (MD), SIZE, DEPTH SET (MD), PACKER SET (MD). Rows include 'None' for size and 2 3/8" for screen.

Table with 2 columns: PERFORATION RECORD (Interval, size and number) and ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC. Rows include intervals 2024-2040, 2069-2077, 2081-2083, 2086-2091, 2093-2111 and acid treatment details.

Table with 8 columns: DATE OF FIRST PRODUCTION, PRODUCTION METHOD, WELL STATUS, DATE OF TEST, HOURS TESTED, CHOKE SIZE, PROD'N. FOR TEST PERIOD, OIL - BBL, GAS - MCF, WATER - BBL, GAS - OIL RATIO, FLOW, TUBING PRESS., CASING PRESSURE, CALCULATED 24-HOUR RATE, OIL - BBL, GAS - MCF, WATER - BBL, OIL GRAVITY - API (CORR.).

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.) 35. LIST OF ATTACHMENTS
Shut-in waiting on gas connection Albert Aranda

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records
SIGNED [Signature] TITLE Petroleum Engineer DATE 7/6/99

ACCEPTED FOR RECORD
DATE 7/6/99

*(See Instructions and Spaces for Additional Data on Reverse Side) JUL 16 1999

OPERATOR

FARMINGTON, FIELD OFFICE
BY [Signature]

37. SUMMARY OF POROUS ZONES: (Show all important zones or porosity and contents thereof, cored intervals; and all drill-stem, tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures, and recoveries):

38. GEOLOGIC MARKERS

FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.	NAME	TOP	
					MEAS. DEPTH	TRUE VERT. DEPTH
Ojo Alamo	1218	1336	Sandstone			
Kirtland Shale	1336	1856	Sandstone, shale, siltstone			
Fruitland	1856	2121	Sandstone, siltstone, shale Coal, natural gas & water	Ojo Alamo	1218	1218
Pictured Cliffs	2121	TD	Sandstone	Kirtland	1336	1336
				Fruitland	1856	1856
				Pictured Cliffs	2121	2121

M&G DRILLING COMPANY
C/O KM PRODUCTION COMPANY
GRAHAM WELL NO. 98
SEC. 4, T27N-R8W
SAN JUAN COUNTY, NM

WORKING INTEREST OWNER

M&G DRILLING COMPANY
PO BOX 9560
PALM SPRINGS, CA 92263

PERCENT
INTEREST

100.00