

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

FORM APPROVED
OMB No 1004-0137
Expires: July 31, 2010

FEB 08 2012

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.

Farmington
Bureau of Land Management

Serial No
NO-G-1008-1773
Indian Allottee or Tribe Name
NAVAJO NATION

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator
NAVAJO NATION OIL & GAS COMPANY

3a. Address
1675 BROADWAY, SUITE 1100
DENVER, CO 80202

3b. Phone No. (include area code)
303 534 8300

4. Location of Well (Footage, Sec., T, R, M., or Survey Description)
990' FSL & 1657' FEL, SEC 11-27N-14W NMPM

7. If Unit of CA/Agreement, Name and/or No.

8. Well Name and No.
CBM 11-27-14 #15

9. API Well No
30-045-35295

10. Field and Pool or Exploratory Area
BASIN FRUIT. COAL

11. Country or Parish, State
SAN JUAN CO, NM

12. CHECK THE 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 type="checkbox"/> Other |
| | <input checked="" 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 starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleate 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 must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleation in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

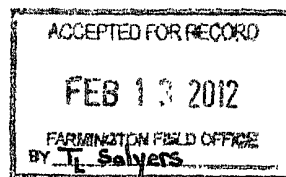
Well spud 12:30 hrs 1/23/12.

SURFACE CASING MODIFIED FROM PERMIT

1-24-12: Ran 4 joints (169.10') of 8-5/8", 24#, J-55 casing. Bottom of casing landed at 175' KB. Ran notched collar on bottom (0.50'). Surface casing cemented to the surface with 130 sx (152 cu. ft.) of Class "G" cement with 2% CaCl₂ & 1/8#/sx Polyflake.

Cement job witnessed by Val Uentillie with the Navajo Nation Division of Natural Resources - Minerals Dept.

RCVD FEB 16 '12
OIL CONS. DIV.
DIST. 3



14. I hereby certify that the foregoing is true and correct Name (Printed/Typed)

WAYNE WILLIAMS

Title

VICE PRESIDENT - EXPL. & PROD.

Signature

Wayne Williams

Date

1-25-12

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

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

Office

Title 18 U.S.C Section 1001 and Title 43 U.S.C. Section 1212, make 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 v

(Instructions on page 2)

NMOCD A

WALSH ENGINEERING & PRODUCTION CORP.

DAILY DRILLING REPORT

| | | | | | | | | | | | | | | | |
|--------------------|---------|-----------------------------------|----------|--------|--------------------|---------------|----------|-----------------------|------------------|-------------------|-----------|-----------|------------|------|-----------|
| Operator: | | NAVAJO NATION OIL & GAS COMPANY | | | | | | | | | | | | | |
| Well Name: | | CBM WELL 11-27-14 #15 | | | | Contractor: | | D&D DRILLING | | Rpt # | 2 | Time | 6:00:00 AM | Date | 1/25/2012 |
| Location: | | Sec. 11, T27N, R14W, San Juan, NM | | | | D&D DRILLING | | 2 | | 6:00:00 AM | | 1/25/2012 | | | |
| Present Operation | | Depth | Footage | | | Formation | | | Last Casing | | Est. TD | | | | |
| NU BOP | | 179' | 179' | | | Kirtland | | | 8-5/8" - 175' KB | | 1410' | | | | |
| Bit No. | Size | Make | Type | Jets | Depth In | Depth Out | Ft. | Hrs. | RPM | Wt. M | Condition | | | | |
| 1 | 12-1/4" | RTC | SDG3 | 3/18's | 0 | 179' | 179' | 4.00 | 80 | All | | | | | |
| Mud/Wt | | Vis | WL | PV/YP | Gels | PH | SND | % Oil | Solids % In/Out | | FC/32 | | Other | | |
| SPUD | | | | | | | | | | | | | | | |
| Pump | Size | Stroke | | SPM | GPM | | PSI | Annular Vel. DP/ & DC | | | | Other | | | |
| 1 | 5" | 10" | | | | | | | | | | | | | |
| 2 | 5-1/2" | 10" | | | | | | | | | | | | | |
| BHA: | | | | | | | | | | | | | | | |
| Time Breakdown | | | | | | | | | | | | | | | |
| MOL & RU: | | Cementing: | | 2.00 | | Surveys: | | | | Deviation Surveys | | | | | |
| Drilling: | | Trips: | | 1.00 | | Logging: | | | | Depth | | Degree | | | |
| Circulation: | | Run Casing: | | 1.50 | | WOC: | | | | | | | | | |
| NU and ND: | | Rig Serv/ Sfty/ Mtg: | | 0.5 | | Drill Cement: | | | | | | | | | |
| Drill/ Rat/ Mouse: | | Drill Cement: | | | | Wash/ Ream: | | | | | | | | | |
| Drain Pumps & SD: | | Other (thaw pump): | | | | Mix mud: | | | | | | | | | |
| Costs | | | | | | | | | | | | | | | |
| Daily Costs: | | Daily | Cum | | Daily | | Cum | | | | | | | | |
| Rd Loc. Fence: | | | \$18,500 | | Well Head | | \$3,300 | | \$3,300 | | | | | | |
| Rig: | | \$2,050 | \$5,535 | | Bits, mm & ss: | | | | \$900 | | | | | | |
| Casing: | | \$2,790 | \$2,790 | | Rig Move | | | | \$1,800 | | | | | | |
| Cement: | | \$7,817 | \$7,817 | | Supervision | | \$1,100 | | \$2,000 | | | | | | |
| Water: | | \$1,500 | \$2,800 | | Trucking | | \$540 | | \$2,721 | | | | | | |
| Fuel: | | | \$975 | | Rentals | | \$310 | | \$620 | | | | | | |
| Mud: | | | \$200 | | BOP Rental | | \$410 | | \$820 | | | | | | |
| BOP Pressure test: | | | | | Misc (float equip) | | \$1,800 | | \$1,800 | | | | | | |
| Coring: | | | | | Mud Logger | | \$2,580 | | \$2,580 | | | | | | |
| Casing Crew | | \$1,573 | \$1,573 | | Total | | \$25,770 | | \$56,731 | | | | | | |

Details

Hold safety meeting & service rig. TIH – had 4' of fill. TOH, laying down drill pipe & drill collars. RU San Juan Casing crew. TIH w/ 4 jts (169.10') of 8-5/8", 24# J-55 casing. Wash last joint to bottom. Circulate hole clean. Bottom of casing landed at 175' KB. RU Halliburton Energy Services (cementers). Hold safety meeting. Pressure test pumps & lines to 1000 psi. Precede cement w/ 20 bbls of gel water. Mix & pump 130 sx (152 cu.ft.) of Class "G" cement w/ 2% CaCl₂ & 1/8#/sx of Polyflake. Drop plug & displace cement w/ 8.7 bbls of water. Good circulation throughout job. Bump plug to 500 psi – held OK. PD at 11:30 hrs. 1/24/2012. Circulated 8 bbls of good cement to pit. Release pressure & check floats – held OK. Hole staying full. Shut in cementing head w/ 50 psi. RD Halliburton. SD overnight to WOC. Drain pumps & secure location. SDON. Cement job witnessed by Val Uentillie w/ Navajo Nation Division of Natural Resources – Minerals Dept.



1901 North 7th Street - Grand Junction, CO 81501 - Office (970) 270-4940

Tuesday, January 24, 2012

GEOLOGIC MORNING REPORT

| | | | | | |
|-------------------|------------------------|--------------|--------------|-------------|------------|
| OPERATOR | NNOGC | CO-GEOLOGIST | Mark Denler | | |
| WELL NAME: | CBM 11-27-14#15 | DRILL RIG: | D & D # 1 | | |
| SURFACE LOCATION: | SESW Sec. 11 T27N R14W | COUNTY: | San Juan | STATE: | New Mexico |
| BHL: | TBD | GL ELEV: | 5,965 | SPUD DATE: | 1/23/2012 |
| API WELL #: | 30-045-35295 | KB ELEV: | 5,970 | START DATE: | 1/23/2012 |
| GEOLOGIST: | Michael D'Anna | CELL: | 970-749-9284 | VOIP: | |

CURRENT OPERATIONS AS OF: 4:00:00 AM

| | | | | | | | | | |
|---------------------------|-----|--|--|----------------|------------------|----------------------|----------------------|---------------------------|----|
| 24-HR DRILL SUMMARY: | | | | | | | | | |
| CURRENT ACTIVITY: | | running casing and cement | | | | CURRENT ROP (FT/HR): | | NA | |
| DEPTH: | 179 | DEPTH 24HRS AGO: | | 0 | 24 - HR FOOTAGE: | 179 | AVERAGE ROP (FT/HR): | | NA |
| BACKGROUND GAS: | | NA | | UNITS (10,000) | | TRIP GAS: | | NA UNITS | |
| CONNECTION GAS: | | NA | | UNITS (10,000) | | DOWNTIME GAS: | | NA UNITS | |
| GEOLOGY: | | | | | | | | | |
| SAMPLE DEPTH: | | 150 | | TO | | 179 | | FORMATION: KIRTLAND SHALE | |
| CURRENT SAMPLE LITHOLOGY: | | SH: med to dark gy, blk-y-sb pty, frm-mod hd lp, predy sb wxy tex,n calc to slightly calc, trace pyrite and organic material, nsfoc, very silty and clayey | | | | | | | |
| SAMPLE QUALITY: | | GOOD | | | SHOW: | | n/a | | |

| | | | | | | | | | |
|------------------------|--|----------------------|-----|--------|----------|----------------|-----|--------|----------|
| FORMATION/MARKER TOPS: | | PROGNOSIS (ORIGINAL) | | | | FORMATION TOPS | | | |
| FORMATION | | MD | TVD | SUBSEA | INTERVAL | MD | TVD | SUBSEA | INTERVAL |
| FRUITLAND | | 605 | | | | | | | |
| PICTURE CLIFFS | | 1,210 | | | | | | | |
| LEWIS | | | | | | | | | |
| CLIFF HOUSE | | | | | | | | | |
| MENESEE | | | | | | | | | |
| POINT LOOKOUT | | | | | | | | | |
| MANCOS | | | | | | | | | |
| GALLUP | | | | | | | | | |
| DAKOTA | | | | | | | | | |
| MORRISON | | | | | | | | | |
| TD | | 1,410 | | | | | | | |

| GAS SHOWS / DRILL BREAKS / NOTABLE INTERVALS: | | | | | | | | | | | |
|---|--------------|--------------|---------------------|----------------|----------|----------|----------|----------|----------|-----------|-----------|
| MD | ROP (MIN/FT) | | PEAK GAS (UNITS) | BACKGROUND GAS | C1 (ppm) | C2 (ppm) | C3 (ppm) | C4 (ppm) | C5 (ppm) | CO2 (ppm) | LITHOLOGY |
| | BEFORE- | DURING-AFTER | | | | | | | | | |
| | | | | | - | - | - | - | - | - | - |
| | | | | | - | - | - | - | - | - | - |
| | | | | | - | - | - | - | - | - | - |
| | | | | | - | - | - | - | - | - | - |
| | | | | | - | - | - | - | - | - | - |

| | | | | | | | | | | |
|----------------------|-----|-----|----|---------------|---------------|--------------|---|------|--|--|
| DRILLING PARAMETERS: | | | | | | | | | | |
| DEPTH | WOB | RPM | PP | PUMP #1 (spm) | PUMP #2 (spm) | B/U LAG TIME | | | | |
| 179 | 8 | 56 | NA | NA | NA | MIN | 1 | STKS | | |

| | | | | | | | | | | |
|-----------------|------|------|-------|----------|-----------|---------------|--------------|---------------------|--|--|
| DRILL BIT DATA: | | | | | | | | | | |
| BIT # | SIZE | MAKE | MODEL | DEPTH IN | DEPTH OUT | TOTAL DRILLED | HOURS ON BIT | AVERAGE ROP (FT/HR) | | |
| | | | | | | | | #DIV/0! | | |

| | | | | | | | | | | | |
|-------------|----|-----|----|----|-----|----|-----|----|----|----------|------|
| MUD REPORT: | | | | | | | | | | | |
| DEPTH | WT | VIS | PV | YP | LCM | WL | SOL | pH | CL | HARDNESS | CAKE |
| | | | | | | | | | | | |

REMARKS:

Today we ran casing and cement, tomorrow we will be nipping up and drilling out.

| | | | | | |
|-----------------|----------|--------------|---|----------------------|----------|
| EST. DAILY COST | \$ 1,350 | TOTAL DAYS | 2 | MILEAGE | 1,230 |
| | | STANDBY DAYS | 0 | EST. CUMULATIVE COST | \$ 3,930 |

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PIPE RECORD

Date 1/24/2012

Pipe Tally - Show every piece of equipment going into the hole in the order run.

[illegible]